

**EUROPEAN COMMUNITY**

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**REGION of EASTERN and  
SOUTHERN AFRICA and  
the INDIAN OCEAN**

Regional Strategy Paper

and

Regional Indicative Programme

2008-2013

The **European Commission** and the **Region of Eastern and Southern Africa and the Indian Ocean** (ESA-IO Region), represented by the Common Market for Eastern and Southern Africa (COMESA), the East African Community (EAC), the Inter-Governmental Authority on Development (IGAD) and the Indian Ocean Commission (IOC), hereby agree as follows:

- (1) The European Commission (represented by Stefano Manservigi, Director-General for Development and Relations with ACP States and present and former Heads of Delegation in Zambia, Tanzania, Ethiopia and Mauritius) and the duly mandated regional organisations of COMESA, EAC, IGAD and IOC (represented by Sindiso Ngwenya, Secretary General of COMESA, Juma Mwapachu, Secretary General EAC, Eng. Mahboub M. Maalim, Executive Secretary, IGAD, and Callixte d'Offay, Secretary General, IOC), hereinafter referred to as the Parties, held discussions in the ESA-IO region from March 2006 to September 2008 with a view to determining the general orientations of cooperation for the period 2008 – 2013. The European Investment Bank was represented at these discussions by David White, Head of the Regional Representation for Southern Africa and the Indian Ocean.

During these discussions, the Regional Strategy Paper including an Indicative Programme of Community Aid in favour of the ESA-IO Region was drawn up in accordance with the provisions of Articles 8 and 10 of Annex IV to the ACP-EC Partnership Agreement, signed in Cotonou on 23 June 2000 and revised in Luxembourg on 25 June 2005. These discussions complete the programming process in the ESA-IO Region.

The ESA-IO Region includes the ACP Member States of the four regional organisations COMESA, EAC, IGAD and IOC.


The Regional Strategy Paper and the Indicative Programme are attached to the present document.

- (2) As regards the indicative programmable financial resources which the Community intends to make available to the **ESA-IO Region** for the period 2008 – 2013, an amount of **€645 million** is earmarked for the allocation referred to in Article 9 of Annex IV to the ACP-EC Partnership Agreement. This allocation is not an entitlement and may be revised by the Community, following the completion of mid-term and end-of-term reviews, in accordance with Article 11 of Annex IV to the ACP-EC Partnership Agreement.
- (3) The Indicative Programme under chapter 6 concerns the measures funded under this allocation. It is intended to cover economic and political integration, trade support, sectoral policies, and infrastructure programmes and projects at regional level, in support of the focal or non-focal areas of Community assistance. It does not pre-empt financing decisions by the Commission. Financing decisions shall be taken and implemented according to the rules and procedures laid down in the EC Council regulations on the implementation of the 10<sup>th</sup> EDF and on the financial regulation applicable to the 10<sup>th</sup> EDF and in Annex IV to the ACP-EC Partnership Agreement.
- (4) The European Investment Bank may contribute to the present Regional Strategy Paper by operations financed from the Investment Facility and/or from its own resources, in accordance with Paragraphs 2(c) and 3 of the Multi-Annual Financial Framework for the period 2008-20013 contained in Annex 1b to the ACP-EC Partnership Agreement.

- (5) In accordance with Article 11 of Annex IV to the ACP-EC Partnership Agreement, the signatories will undertake a mid-term and end-of-term review of the Regional Strategy Paper and the Indicative Programme in the light of current needs and performance. The mid-term review shall be undertaken in 2010 and the end-of-term review in 2012. Following the completion of each of these reviews, the Community may revise the resource allocation in the light of current needs and performance. Without prejudice to Article 11 of Annex IV concerning reviews, the allocation may be increased according to Article 9(2) of Annex IV to the ACP-EC Partnership Agreement in order to take account of new needs or exceptional performance.
- (6) The agreement of the Parties on the attached Regional Strategy Paper and Regional Indicative Programme will be regarded as definitive within eight weeks of the date of the signature, unless either Party communicates the contrary before the end of this period.

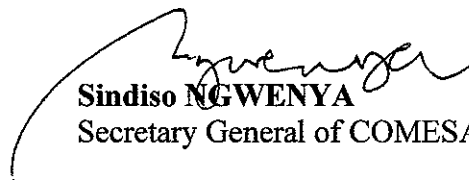
Done at Strasbourg on 15 November 2008.

For the European Commission

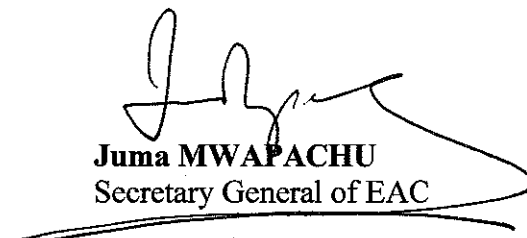


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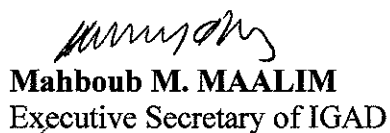
For the Region of Eastern and  
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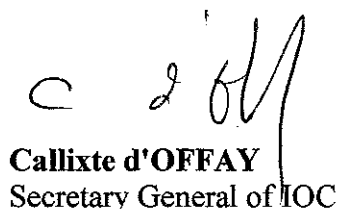
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## LIST OF ABBREVIATIONS

ACP	African, Caribbean and Pacific countries
AfDB	African Development Bank
AfT	Aid for Trade
AEC	African Economic Community
AMESD	African Monitoring of Environment for Sustainable Development
APRM	African Peer Review Mechanism
APSA	Africa Peace and Security Architecture
ARICEA	Association of Regulators of Information and Communications for Eastern and Southern Africa
ASF	African Standby Force
AU	African Union
AUC	African Union Commission
CAADP	Comprehensive Africa Agricultural Development Programme
CAP	Common Agricultural Policy (of the EU)
CASOA	Civil Aviation Safety and Oversight Agency
CENSAD	Community of Sahel and Sahara States
CET	Common External Tariff
CEWS	Continental Early Warning System
CITES	Convention on International Trade in Endangered Species
COMESA	Common Market for Eastern and Southern Africa
COMTEL	COMESA Telecommunications Company
CPIA	Country Policy and Institutional Assessment
CPMR	Conflict Prevention management and Resolution
CTN	Common Tariff Nomenclature
CU	Customs Union
DDA	Doha Development Agenda
DTIS	Diagnostic Trade Integration Study
EAC	East African Community
EAPP	East African Power Pool
EC	European Commission / European Community
EBA	Everything But Arms
EDF	European Development Fund
EEZ	Exclusive Economic Zone
EIB	European Investment Bank
EIF	Enhanced Integrated Framework
EPA	Economic Partnership Agreement
ERDF	European Regional Development Fund
ESA-IO	Eastern and Southern Africa — Indian Ocean
EU	European Union
EUMS	European Union Member States
FDI	Foreign Direct Investment
FLEGT	Forest Law Enforcement, Governance and Trade
FTA	Free Trade Area
GMES	Global Monitoring for Environment and Security
GSP	Generalised System of Preferences
GNI	Gross National Income
HIPC	Highly Indebted Poor Countries

HIV/AIDS	Human Immuno-Deficiency Virus / Acquired Immune Deficiency Syndrome
ICT	Information and Communications Technology
IGAD	Inter-Governmental Authority on Development
IF	Integrated Framework
IFIs	International Finance Institutions
IMF	International Monetary Fund
IOC	Indian Ocean Commission
IOM	International Organisation for Migration
IRCC	Inter-Regional Coordinating Committee
JAS	Joint Assistance Strategy
LDCs	Least Developed Countries
MDGs	Millennium Development Goals
MDRI	Multilateral Debt Relief Initiative
MFN	Most Favoured Nation
MoU	Memorandum of Understanding
NAO	National Authorising Officer
NEPAD	New Partnership for Africa's Development
NDTPF	National Development Trade Policy Forum
NIPs	National Indicative Programmes
NSA	Non-State Actor
NTBs	Non-Tariff Barriers
ODA	Official Development Assistance
OCTs	Overseas Countries and Territories
OR	Outermost Region
PCRD	Post-Conflict Reconstruction and Development
PFM	Public Finance Management
PMDT	Production, Marketing, Distribution and Transport
PRSP	Poverty Reduction Strategy Paper
PSC	AU Peace and Security Council
PTA	Preferential Trade Area
RAO	Regional Authorising Officer
RAERESA	Regional Association of Energy Regulators for Eastern and Southern Africa
RIFF	Regional Integration Facilitation Forum
RO	Regional Organisation
RIP	Regional Indicative Programme
RM	Regional Mechanism
RNF	Regional Negotiating Forum
RPTF	Regional Programme for Trade Facilitation
RSP	Regional Strategy Paper
RTA	Regional Trade Agreement
SDT	Special and Differential Treatment
SACU	Southern Africa Customs Union
SADC	Southern Africa Development Community
SALW	Small Arms and Light Weapons
SATCC	Southern African Transport and Communications Commission
SIDS	Small Island Developing States
SPS	Sanitary & Phytosanitary Standards
SRO	Sub-Regional Organisation
TCSPIP	Transport and Communication Priority Investment Plan

TBT	Technical Barriers to Trade
TRIPS	Trade-Related Intellectual Property Rights
UEMOA	West African Economic and Monetary Union
UNEP	United Nations Environmental Programme
VAT	Value Added Tax
WCO	World Customs Organisation
WTO	World Trade Organisation
YD	Yamoussoukro Decision



## EXECUTIVE SUMMARY

The regional organisations (ROs) concerned with the ESA-IO RSP are COMESA, EAC, IGAD and IOC. The four ROs have decided to pursue the collaboration they started under the 9<sup>th</sup> EDF, to jointly prepare and implement the 10<sup>th</sup> EDF RSP/RIP for the ESA-IO region. The Member States that form part of the ESA-IO region are heterogeneous in terms of size, economic structure, as well as endowment with resources. However, they share a common objective to address poverty reduction through regional economic integration and trade.

The regional integration process in ESA-IO was institutionalised in the late seventies, leading to the formation of regional organisations with mandates to address specific issues, with ultimate common development objectives. COMESA and EAC pursue a regional economic integration agenda. COMESA launched its Free Trade Area in 2000 and is preparing to launch its Customs Union by 2008. EAC launched its Customs Union in 2005 and plans to finalise the process by 2010. EAC plans to achieve a Common Market and a Monetary Union by 2010 and 2015, respectively. For its part, COMESA plans to achieve a Common Market and a Monetary Union by 2014 and 2018, respectively. IGAD and IOC both focus on the specificities of their Member States and follow COMESA regarding the regional economic integration agenda. In addition, EAC has the explicit objective of achieving a political federation, while COMESA, IOC and IGAD have mandates to address peace and security in the region.

The negotiation of a comprehensive ESA EPA and EAC EPA constitutes a challenge but a further opportunity to strengthen the process of regional integration. Deeper and well-functioning regional internal markets, progressively and asymmetrically opened to the EU, can contribute to economic growth.

The overall objective of the 10th EDF ESA-IO RSP is to contribute to the eradication of poverty in the region's countries and assist them in attaining the MDGs, as enshrined in the ACP-EC Partnership Agreement, by supporting economic growth and developing trade. The specific objectives are to support the regional integration agendas of the ROs, to strengthen regional cooperation and to support the integration of the region into the global economy. The underlying principles of the RSP is to align cooperation with the medium-term strategies of the ROs in line with the Paris Declaration on Aid Effectiveness and the EU Consensus on Development, to mainstream trade within the development objectives of the region and to ensure that assistance is delivered in a manner that is predictable, effective and sustainable.

Interventions are envisaged under two focal areas: Regional Economic Integration, covering regional integration policies, trade and EPA, and regional sector policies, (Focal Area 1); and furthering the Regional Political Integration/Cooperation Agenda (Focal Area 2), through the development of a series of flanking measures to assist the region in tackling regional political problems in a coordinated fashion.

Focal Area 1 aims to support deepening regional economic integration by fully implementing the Customs Unions and moving towards common internal markets (and eventually monetary unions), covering sub-regions of the whole ESA-IO region, through the implementation of the necessary regulatory framework and financial support for the trade liberalisation process and its possible economic and fiscal costs. It will also aim to leverage funds for trade-related infrastructure to deepen regional integration and ensure the sustainable management of the region's natural resources, as a core asset for livelihood systems, so that it provides a basis for sustainable food security.

Focal Area 2 aims to strengthen the political integration/cooperation process in the ESA-IO region by promoting a coherent regional perception of the concept of good governance, establishing regional mechanisms for early warning, conflict prevention, management and resolution, and post-conflict reconstruction, and overall capacity building in the areas of peace and security.

The non-focal areas will include programmes that may not be covered under Focal Areas 1 and 2 but which are consistent with the mandates and strategies of the ROs, including institutional capacity building, support for the IRCC, involvement of non-state actors, etc.

An amount of €645 million will be allocated to the Regional Indicative Programme as follows:

Regional Economic Integration:	85%
Regional Political Integration	10%
Other Programmes:	5%.

Implementation will be coordinated through the Inter-Regional Coordinating Committee (IRCC), to contribute to the harmonisation of policies in line with the recommendations of the AU.

Contribution Agreements and Financing Agreements will be the delivery mechanisms. For Contribution Agreements, the relevant regional organisation will have to undertake an institutional assessment (or implement its recommendations) in order to demonstrate that it has systems in place to ensure that the fiduciary responsibilities of the European Commission are met.

## PART I: PARTNERSHIP STRATEGY

# 1 THE FRAMEWORK FOR PARTNERSHIP BETWEEN THE EC AND THE REGION

1. The main emphasis of Article 1 of the ACP-EC Partnership Agreement is on the MDGs established in the Millennium Declaration adopted by the United Nations General Assembly in 2000, in particular the eradication of extreme poverty and hunger, and on the development targets and principles agreed in the United Nations Conferences. Cooperation between the European Community and the Eastern and Southern Africa/Indian Ocean (ESA-IO) Region should pursue these objectives, taking into account the fundamental principles laid down in Article 2 and the essential and fundamental elements defined in Article 9 of the Agreement.

2. Furthermore, in their joint statement of 20 December 2005 on EU Development Policy, the Council of the European Union, the European Parliament and the European Commission emphasised the multidimensional character of poverty eradication, and identified areas of Community action on the basis of: contribution towards reducing poverty; the link between trade and development; support for regional integration and cooperation; the importance of economic infrastructure; food security and rural development; governance and support for economic and institutional reform; and conflict prevention.

3. Article 28 of the Agreement sets out the general approach to regional cooperation and integration. 'Cooperation shall provide effective assistance to achieve the objectives and priorities, which the ACP countries have set themselves in the context of regional and sub-regional cooperation and integration. Regional Cooperation may also involve non-ACP developing countries as well as Overseas Countries and Territories (OCTs) and Outermost Regions (OR). In this context cooperation support shall aim to: a) foster the gradual integration of the ACP States into the world economy; b) accelerate economic cooperation and development both within and between the regions of the ACP States; c) promote the free movement of persons, goods, capital services, labour and technology among ACP countries; d) accelerate diversification of the economies of the ACP States, and coordination and harmonisation of regional and sub-regional cooperation policies; and e) promote and expand inter- and intra-ACP trade and with third countries'.

4. Cooperation in the area of regional economic integration and regional cooperation should support the main fields identified in Articles 29 and 30 of the Cotonou Agreement. Furthermore, Article 35 provides that 'economic and trade cooperation shall build on regional integration initiatives of ACP States, bearing in mind that regional integration is a key instrument for the integration of ACP countries into the world economy'.

5. Articles 85 to 90 of the Agreement make specific reference to least developed, landlocked and island ACP states and makes provision for their special treatment in order to enable them to overcome the serious economic and social difficulties, natural and geographical difficulties and other obstacles hindering their development, so as to enable them to step up their respective rates of development. The implementation of the Regional Indicative Programme should reflect these special provisions.

6. The above objectives and principles, together with the policy agenda for the region, constitute the starting point for formulating the RSP in accordance with the principle of ownership of development strategies.

## 2. ANALYSIS OF THE POLITICAL, ECONOMIC, SOCIAL AND ENVIRONMENTAL SITUATION OF THE REGION

### 2.1 *Political situation*

7. The ESA region has particularly complex regional, political, social and economic dimensions. These include the confluence of various cultures and religions, autonomy or territorial claims (many of them related to ethnic and religious identity), disputed borders, population growth, climate change and related pressures on natural resources, proliferation of small arms and light weapons (SALW) and arms trafficking across the region. As a result, during the post-independence period the region has suffered from numerous intra-regional conflicts. The four Regional Organisations (ROs) — COMESA, EAC, IGAD and IOC — have been actively involved in developing and implementing conflict prevention and arbitration systems.

8. On the political side, as a general rule, most one-party governments have been replaced by democratic systems and multi-party democracies. Election processes have been strengthened, though efforts are still needed on credibility and legitimacy.

#### 2.1.1 African Union

9. The countries of the ESA-IO region participate actively in the African Union (AU). In 2004, the AU Assembly adopted the AU Vision and Strategic Plan, Programme and Budget of the Commission. The Assembly also reiterated its commitment to implement the NEPAD agenda. The resolution regarding NEPAD stresses the need to implement the agenda across the African regions and, more specifically, through cooperation and collaboration with ROs. As part of the NEPAD instruments, the African Peer Review Mechanism (APRM) is a voluntary instrument acceded to by Member States of the AU as a self-monitoring mechanism.

10. On the basis of the recommendations made by the African Ministers responsible for Integration, who had met to discuss rationalisation of the Regional Economic Communities (RECs), the Assembly of the AU, at its meeting in Banjul (December 2006), suspended recognition of new RECs in the continent other than the eight already recognised, these being ECOWAS, COMESA, ECCAS, SADC, IGAD, UEMOA, CEN-SAD and EAC<sup>1</sup>. The Assembly also urged the RECs to coordinate and harmonise their policies and programmes among themselves and with the AU Commission with a view to accelerating Africa's integration process.

##### 2.1.1.1 Joint Africa-EU Strategy

11. The EU-Africa Summit in Lisbon (December 2007) hailed a new phase in the Africa-EU relationship and established a new strategic partnership between the two continents. The Joint Africa-EU Strategy focuses on four areas: (a) peace and security, (b) democratic governance and human rights, (c) trade and regional integration and (d) key development issues.

12. In the area of peace, security and stability, under the leadership of the AU:

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<sup>1</sup> Although IOC is not recognised as an African Economic Community building block, it is actively involved in implementing programmes which promote continental integration.

- (i) The African Peace and Security Architecture (APSA) is taking shape. African peace-making, peace-keeping and peace-building mechanisms are being strengthened at continental, regional and national levels. The EU and its Member States are well placed to provide continued and increased support for the AU in its efforts to operationalise the APSA, in cooperation with the relevant African ROs. This process consists of long-term capacity building for the various structures involved, including the Continental Early Warning System, the Panel of the Wise, and the African Standby Force (AFS).
- (ii) Building capacity should go hand in hand with helping to ensure adequate, coherent and sustainable financing of the activities undertaken by the AU and the Regional Mechanisms for Conflict Prevention, Management and Resolution, with respect to both civilian crisis management and post-conflict reconstruction and development.
- (iii) Over the past years, a number of new global security challenges have emerged relating to issues such as climate change, environmental degradation, water management, toxic waste deposits and pandemics. There is a need for Africa and the EU to deepen their knowledge of the security challenges involved and jointly identify responses.

13. The partnership has three priorities for the coming years: (1) strengthening dialogue on challenges to peace and security, (2) full operationalisation of the APSA and (3) predictable funding for African Peace Support Operations.

14. In order to reach early results on the key deliverables in the area of democratic governance and human rights, the AU and the EU have identified selected priority actions in the initial period 2008 - 2010 and agreed to implement them in the context of the "Africa-EU Partnership on Democratic Governance and Human Rights". This Partnership is closely linked with the AU-EU Senior Officials Human Rights Dialogue and integrates a range of priority actions in order to: 1. Enhance dialogue at global level and in international fora; 2. Promote the African Peer Review Mechanism and support the African Charter on Democracy, Elections and Governance; 3. Strengthen cooperation in the area of cultural goods. The Partnership will facilitate building a common Africa-EU understanding of democratic governance in all its dimensions and a common agenda on human rights, based on the shared approach and the set of common values, principles and commitments of the Joint Strategy, also in co-operation with sub-regional organisations.

15. In the area of trade and regional integration, Africa-EU cooperation will be underpinned by stronger bilateral development-oriented trading relationships:

- (i) Through the implementation of Economic Partnership Agreements (EPAs) with African regions. Both sides stress the need for the EPA process to be supportive of Africa's regional and continental integration agenda on the basis of the Abuja Treaty. RECs play an essential role as building blocks of the continental integration process.
- (ii) By supporting African business in its efforts to meet EU norms and standards and to upgrade its productive capacity. This will require the gradual harmonisation of trade, customs and industrial policies, laws, regulations and procedures. Africa and the EU will cooperate to put in place programmes and mechanisms to transpose and effectively apply international norms and standards and quality control.

- (iii) By cooperating in developing business plans, export strategies and business-to-business relations. Improving African standards will boost access to international markets and reduce non-tariff barriers to trade.

16. The Africa-EU Strategy goes on to note that 'one particular challenge is to simplify the institutional framework for regional integration and its articulation with the EPA-related groupings. RECs are important for the continental economic and political integration agenda and should continue to be key partners for the EU in Africa.' In this context, the process of harmonisation of regional integration policies is already underway.

17. Among key development issues, the Africa- EU Energy partnership will provide a strengthened Africa-EU dialogue on energy policies, improved access to sustainable energy services; enhanced energy security in Africa and increased investment in energy infrastructure including promotion of renewable energy and energy efficiency and development of regional electricity interconnections.

18. The EU-Africa Action Plan also includes the 8<sup>th</sup> Partnership on Science, Information Society and Space. Scientific cooperation is considered one of the fundamental elements for meeting the Millennium Development Goals. Human and institutional capacity building and strengthening is expected to have positive effects across a wide range of regional priorities addressed in the EU-ESA-IO cooperation framework.

19. The above efforts will be supported by the Community (EDF, EIB and other instruments), EU Member States and other partners in accordance with the EU Aid for Trade Strategy.

#### **2.1.1.2 African Peace and Security Architecture (APSA)**

20. Over recent years, Africa has established a continental peace and security framework, the APSA, based on the AU Protocol on Peace and Security. The APSA has several components: the AU Peace and Security Council (PSC), the Panel of the Wise, the Continental Early Warning System (CEWS) and the African Standby Force (ASF).

21. Sub-Regional Organisations (SRO)/Regional Mechanisms (RMs) such as the ESA-IO ROs are pillars and building blocks of the APSA. Their relevant structures (e.g. regional early warning systems) are to feed into the continental set-up, so the linkages with the AU are of paramount importance.

22. SROs/RMs have been developing regional components of the Continental Early Warning Systems (CEWS) and the ASF (regional brigades). However, their institutional capacity varies considerably: some SROs/RMs are much more advanced in this process than others.

23. The AU Peace and Security Council is the central element of the APSA. It is a decision-making organ for the prevention, management and resolution of conflicts. Its main role is to facilitate a timely and efficient response to conflict and crisis situations in Africa. In its tasks, the PSC is supported by the AU Commission (AUC), the Panel of the Wise, the CEWS, the ASF and a Special Fund (AU Peace Fund).

24. The role of the CEWS is to provide the AUC with timely information in order to facilitate the anticipation and prevention of conflicts. The CEWS consists of several components at continental and regional level: an observation and monitoring centre located in the AUC ('Situation Room') in charge of data collection and analysis; and observation and monitoring units at regional level, linked to the AUC Situation Room.

25. The strengthening of both early warning capacities, in particular in some regions less advanced than others, and linkages between the regional early warning modules and the AUC Situation Room still poses a challenge for the future.

### **2.1.1.3 Peace and security in ESA-IO**

26. The ESA-IO region has suffered from a number of intra-regional conflicts and tensions, including those between Eritrea and Ethiopia, the Somalia crisis, the Comoros situation, the conflicts in Sudan, and conflicts in the Great Lakes Region. The resultant instability has had a negative impact on the region as a whole but progress is being made to find long-term solutions to these problems, with an increasing willingness of states in the region to cooperate on issues of peace and security being evident. The AU and IGAD play a key role in finding sustainable solutions to the challenges faced in the Horn of Africa. At the same time, the AU and the ROs are increasing their capacity to engage in conflict mediation, peacekeeping and peace building, and the financial and political commitment of the donors to assist with the resolution of conflicts is clear. The IOC has been mandated to engage in peace building in its region. All the major conflicts are currently being addressed at international, regional or national levels (or a combination of all three).

27. The EC and the Horn of Africa countries have launched an initiative to address the above peace and security issues in the Horn, which is based on the European Commission Communication: 'European Union Regional Political Partnership for Peace, Security and Development in the Horn of Africa', and was adopted by the Commission on 20 October 2006 and by a European Parliament resolution on 10 May 2007. The initiative will be supported by the RSP to the extent it is consistent with its priorities.

28. As a first step towards regional cooperation, the initiative is focusing on two priority areas: interconnectivity in the transport and energy sectors and the regional management of water resources as an essential element for food security. Activities within the area of peace and security are part of the broader EU regional political partnership for peace, security and development in the Horn of Africa. The EC is also supporting the AU peace and security mandate using EDF funds.

## **2.1.2 Governance**

29. Since the 9<sup>th</sup> EDF RSP/RIP was signed in November 2002, there have been some overall improvements in governance in the region, although the situation regarding a few specific issues (such as democracy, human rights, rule of law, accountability, transparency in decision-making and levels of corruption in the public sector) remain a source of concern in individual countries. Issues of governance are being addressed through the New Partnership for Africa's Development (NEPAD) African Peer Review Mechanism (APRM). Of the ESA-IO countries, Ethiopia, Kenya, Malawi, Mauritius, Rwanda, Tanzania, Uganda and Zambia have acceded to the APRM. Although governments in the ESA-IO region recognise the need to work closely with civil society and the private sector, they also recognise that more needs to be done to create a truly enabling environment for the private sector. Recent evaluations and assessments have shown that wider dimensions of governance, including on good governance in the tax area, assume increasing



importance for some ESA-IO countries. Notably when it comes to effective taxation of the exploitation of natural resources or the compliance of the financial services sector with internationally recognized standards, further improvements could be made in order to protect public revenues and smooth regional integration.

### **2.1.3 Democratisation process**

30. A number of positive changes have taken place in the region, including the deregulation of media ownership and control, and the increased involvement of civil society constituents and foreign observers and monitors in the electoral process. However, many of these changes are at the procedural level and many countries are still in the process of implementing appropriate domestic legislation on democratisation-related issues. Owing to the high stakes of politics, elections in some ESA-IO countries continue to suffer from credibility and legitimacy problems. There is a need to strengthen the capacity of electoral commissions and enhance their ability to administer the electoral process independently and according to internationally acceptable rules. Low literacy and high poverty leave room for the electoral processes to be manipulated.

31. Countries in the region have gone through, or are going through, a process of constitutional revision and reform, with the result that the role of parliaments is being strengthened and the governance process is becoming more transparent.

### **2.1.4 Human rights**

32. All countries are Parties to a range of UN and regional human rights conventions. Despite improvements in human rights records in many countries, extreme poverty levels in many parts of the region, exacerbated by the HIV/AIDS pandemic, constitute a serious constraint for the effective protection of vulnerable groups such as women and children. Progress has been noted in the area of freedom of expression, although there are also instances where the relations of government with the independent media need improvement. Efforts have also been made to respond to gender concerns by establishing structures necessary for effective implementation of the Declarations. However, countries are quite slow in internalising and implementing these international commitments. Human Rights issues as well as recommendations of Electoral Observation Missions – where relevant – are also systematically included in EU political dialogue with African countries.

## **2.2 *Economic and social situation***

33. Poverty reduction is seen as the major economic challenge for the region and is the overall focus of the region's economic policies. For poverty reduction to succeed, there is a need to have sustainable economic growth in a peaceful environment coupled with equitable distribution of wealth. Minimum, but not sufficient, conditions for economic growth include diversifying the export base, reducing the costs of doing business (partly by improving the efficiency of the transport, communications and energy sectors), and creating an enabling environment for the private sector to invest and operate, so that domestic tax revenues can be mobilised in a transparent and effective manner.

34. With the majority of the ESA/IO countries classified as Least Developed Countries (LDCs), the countries of the region need strong economic growth of at least 7%, in order to reduce

significantly the high levels of poverty and to reach the Millennium Development Goals (MDGs). In this respect, a number of ESA-IO countries have prepared and revised PRSPs that outline an overall strategy for economic growth and development. In most ESA-IO countries, the PRSP, supported where applicable by the Integrated Framework, is now the main tool for mainstreaming trade and development into national development strategies (see [Annex 13](#) for a full regional picture of the MDGs).

35. Action at ESA-IO regional level can successfully help address poverty reduction and economic growth. The ability of ESA-IO countries to take advantage of improved market access will be supported by:

- acceleration, deepening, and rationalisation of the development of regional internal markets with trade in goods and services and with common rules and standards;
- negotiation of a successful EPA; and
- the outcome of the Doha Development Agenda.

Enhancing the competitiveness of the ESA-IO countries requires the removal of supply-side constraints and the upgrading of productive sectors and their suppliers. A clear prioritisation of investment and accompanying reforms linked to a substantial and flexible funding package involving all development partners will be needed.

### **2.2.1 Recent macro-economic performance**

36. The economic performance of the ESA-IO region reflects the improvements in macro-economic management and political stability, but also highlights the diversity of the economic structures of the region (See [Annex 8](#) for detailed statistics on countries in the ESA-IO region). GDP per capita remains low in this region, on average \$456 per capita in 2006 (although it is estimated at \$564 in 2007, due to stronger exchange rates relative to the US dollar as well as real growth). However, there are marked differences between countries, which range from middle-income countries (Seychelles and Mauritius with GDP per capita exceeding \$5500) to low-income countries such as Malawi, Ethiopia and Burundi (with GDP per capita between \$127 and \$300).

37. Real GDP growth in the ESA-IO region has been relatively strong in recent years, in excess of 5% every year since 2004, reaching 7% in 2006, and likely to be almost as strong in 2007. The recent hike in commodity prices (notably oil and minerals) has benefited natural-rich ESA-IO countries. In Sudan and Ethiopia, real growth was even expected to exceed 10% in 2007, although in Eritrea and the Comoros growth is very low, at around 1% in 2007. The situation in Zimbabwe is reflected in the continued decline in GDP, which has fallen by almost 20% over the last four years.

38. GDP per capita in PPP terms is substantially higher in all these countries, although the increase is more marked for some than for others. Seychelles and Mauritius still have the highest GDP per capita on this measure. GDP per capita in PPP terms remains lowest in Burundi, but is now only slightly lower than in Malawi, while both lag behind Eritrea and Madagascar. Ethiopia is notable for its improved position when measured in PPP terms, while in Zimbabwe the opposite is the case.

39. In terms of monetary and fiscal reform, the great majority of ESA-IO countries have taken steps to improve economic management. Inflation rates in the ESA-IO region diverge significantly. Nevertheless, inflation generally appears to be falling year on year or stabilising, reflecting the continued efforts made by the countries in the region, notably in ensuring sound public finances and attaining macro economic convergence.

## 2.2.2 External sector

40. As far as the external situation is concerned, countries in the ESA region show a relatively high trade openness (measured as the ratio of exports and imports to GDP), on average around 60% in 2007. This is driven by resource endowment (commodity-dependent countries) as well as the need to import a wide variety of capital and finished goods.

41. As a result, in 2007 all the ESA-IO countries are expected to show a current account deficit, on average around 7% of GDP in 2007, but with peaks of around 20-30% for some countries (Madagascar and Seychelles) and as low as 0.5% for others (Zambia, driven by the copper boom).

42. Excluding aid flows, debt has been the most important instrument in the past for financing current account deficits in the ESA-IO region, similar to other African regions, with heavy consequences in terms of debt burden (on average around 70% of GDP in 2004). However, the external debt situation in the region has gradually improved. Thirteen COMESA member states participate in the Heavily Indebted Poor Country (HIPC) initiative of the IMF and the World Bank<sup>2</sup>. In addition to HIPC, for those countries that have already reached completion point and other low-income countries, the Multilateral Debt Relief Initiative (MDRI) provides 100% debt relief covering multilateral debt from the IMF, IDA and the African Development Fund. The objective is to allow these countries to accelerate progress towards attaining the MDGs by reducing the debt overhang and thus freeing resources for development. Following HIPC and MDRI, external indebtedness has fallen significantly, so that total external debt (to official creditors) in the region averages about 35% of GDP in 2006 (even falling to 18% in 2007 estimates), compared to an average of over 70% in 2004. Debt burdens in 2006 ranged from 5% of GDP in Zambia to well over 100% in Malawi and Burundi.

## 2.2.3 The regional investment climate

43. With regard to FDI, the ESA-IO region accounts for a very small share of global FDI inflows, less than 0.2% on average between 2004 and 2006. However, the region attracted around 15% of the FDI flows to sub-Saharan Africa over the same period, reflecting interest in natural resources (e.g. copper in Zambia and oil in Sudan). In terms of overall investment, FDI inflows represent over 10% in most countries.

44. To a large extent, a conducive investment regime is dependent on improved access to a larger market, a stable and predictable economic and trading regime, and a peaceful and politically stable environment. In addition, other supply-side factors clearly play a role. Investment is attracted to economies that have good infrastructure and adequate regulatory and governance systems, but at the same time, the infrastructure sector itself can be an attractive investment opportunity if the returns are considered to be sustainable and positive. Furthermore, the levels of investment required in the infrastructure sector are certainly greater than that which can be covered by the public sector, including aid finances. The challenge that the region faces is to make the infrastructure sector attractive to private sector investors, by creating an appropriate enabling environment and by using public sector funds to co-finance and underwrite private sector investment. Other constraints to higher levels of FDI include the lack of skills, cumbersome and arbitrary customs procedures, NTBs, and low levels of competitiveness in general. The region accordingly needs to accelerate the implementation of the customs union and the common market in order to improve the investment climate, while paying attention to the appropriate protection of a

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<sup>2</sup> These are (at various stages of HIPC): Burundi, Comoros, Eritrea, Ethiopia, Madagascar, Malawi, Rwanda, Somalia, Sudan, Tanzania, Uganda, Zambia.

broad national tax base, compliance with international tax standards, notably through the avoidance of harmful tax competition within the region

## **2.2.4 Agriculture and food security**

45. The main economic activity in the region is agriculture, where the majority of the population is employed, informally or formally. Most countries in the ESA-IO region, with the notable exception of some small island economies, have policies in place to promote food production so that they are nationally self-sufficient. These policies are at times counter-productive in that they place temporary restrictions on exports of staple crops with the aim of avoiding domestic shortages. However, the overall effects of these temporary bans are to drive down the price of the commodity in question and make export markets in food crops uncertain, which, in turn, reduces the food security of the overall region. A combination of these policies, international market conditions and adverse environmental factors (including droughts, floods and cyclones) have led to a decline in agricultural incomes and an increase in food insecurity in the region. Fast population growth also contributes to higher food insecurity, and the recent hikes in food prices have made the situation worse for net food importers. To reverse this trend, the region needs to adopt an appropriate policy response for the trade in staple foods, move away from a reliance on rain-fed agriculture by taking advantage of the abundant opportunities available for irrigation, develop more varieties suited to existing regional climatic conditions, and adopt more appropriate technologies. These targets could be achieved through coherent implementation of the AU/NEPAD Comprehensive Africa Agricultural Development Programme (CAADP), which aims to make agriculture the main tool to help countries in the region reach the first MDG (cutting hunger and poverty in half by the year 2015). One of the key targets is for countries to allocate 10% of national budgets to agriculture development.

46. In addition, compliance with Sanitary and Phytosanitary (SPS) measures remain a key challenge in the region. The EU's Food and Veterinary Office (FVO) has carried out inspections in a number of ESA-IO countries and the findings confirm that more efforts are needed to bring the countries' SPS systems to compliance level with EU standards. The most common deficiencies relate to the legislative framework, enforcement mechanisms (inspection, certification, monitoring and surveillance), management structures, laboratories and infrastructure. These deficiencies are affecting the competitiveness of the agro-food sector (including fisheries), and its potential exporting capacity, and undermining the important role of agriculture as a whole in rural development, and in turn growth and employment.

## **2.2.5 Infrastructure**

47. The region continues to face challenges in ensuring that it utilises its infrastructure in an optimal way, and that maintenance schedules are adhered to so that existing investments in infrastructure are preserved. In addition, there is a need to upgrade and develop infrastructure so that the region can become a more efficient producer of goods and services.

48. The regional transport system is characterised by cumbersome administrative and customs procedures (leading to costly transit delays), poor infrastructure (especially railway networks) and missing links between national transport systems, poor maintenance of the existing transport infrastructure and incompatibility of transport systems (with some roads designed for higher axle load limits than others and three different railway gauges used in the region). In most sub-Saharan countries, the share of transport costs in terms of the value of trade is around five times greater than the duties paid and the cost of transport per kilometre is the highest in the world.

49. The air transport sub-sector saw a major breakthrough in 2000 with the adoption of the Yamoussoukro Decision (YD)<sup>3</sup>. The Decision envisages the liberalisation of intra-Africa aviation in terms of capacity, frequency and pricing and enhanced cooperation to stimulate the development of African air transport. In addition, COMESA, EAC and SADC have jointly adopted common Regulations for Competition of Air Transport Services that provide for the establishment of a Joint Competition Authority to be responsible for air transport liberalisation. EAC has also established the Civil Aviation Safety and Oversight Agency (CASOA).

50. The region also faces constraints in the energy, water and ICT sectors in terms of adequate infrastructure. Access to clean drinking water is difficult throughout the region, although the trend has been one of improvement. Irrigation systems are vital if the region is to improve its food security status. In a context of high energy prices, the region should exploit its vast potential to produce electricity from, amongst other sources, hydroelectricity, either through the development of major systems (such as the Inga Dam) or through the installation of small community-level power plants. Despite the numerous drives by the developed world to assist African countries to 'bridge the digital divide', Africa still lags far behind the rest of the world in terms of communications and connectivity. The development of these systems needs to be on a sustainable basis, which, in most cases, implies on a regional basis.

51. Although adequate action to address the region's infrastructure constraints is necessary to facilitate the production and movement of goods and reduce the cost of doing business in the region, it is also recognised that the cost implications of significantly improving the physical infrastructure would be much higher than any single source of funding would be able to afford. Accordingly, in July 2006 the EC launched the EU-Africa Partnership on Infrastructure, precisely to support Africa's efforts to identify and address missing links in existing networks (including water, energy, and ICT) and harmonise transport policies, in accordance with AU/NEPAD priorities. The Partnership will leverage EDF, EIB and EU Member State resources to this effect, including at regional level. The ongoing ESA-IO efforts, funded under EDF9, to develop a Transport and Communication Strategy and a Priority Investment Plan (TCSP/IP), which will establish criteria to identify key regional infrastructure projects and build capacity to deal with investment plans, are consistent with all these initiatives. In this context, the EC Horn of Africa initiative has developed specific infrastructure development priorities within the Horn region, which are in line with NEPAD and IGAD priorities. COMESA has established the COMESA Fund Infrastructure Facility to attract more private funds for infrastructure development financing.

## 2.2.6 Education

52. Education has a high priority in the budgets of all the countries in the region. Falling standards, almost throughout the region, have led to the agreeing of common objectives: increased enrolment (with universal primary education a common goal); increased equality of access (addressing geographical, gender and social imbalances); improved quality (in terms of number of textbooks, curriculum development, teacher training and teacher/pupil ratios) and decentralised management of decision-making and resources. Basic/primary education is now the focal area for most national authorities. This includes non-formal and adult education and increased attention to cross-cutting issues — gender, HIV/AIDS and the environment in particular. However, adult literacy (for those above 15 years) remains below 70% in around half the countries of the region. In recent years, the focus on access has often overshadowed attention to quality. Education reforms will take several years to be reflected in these indicators, so a realistic interpretation is important.

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<sup>3</sup> In November 1999 the Ministers in charge of civil aviation adopted the Yamoussoukro Decision. The Decision was formally endorsed in Togo on 12 July 2000 by the OAU Conference of Heads of State and Government.

## **2.2.7 Social protection**

53. The majority of the population in the countries of the region lacks access to even the most basic and social welfare services. It is estimated that in the broader sub-Saharan Africa, only 10 per cent of the economically active population is covered by statutory social security schemes. Income inequality also reduces the ability of the poorest to access education and health services. Migrant workers and their families, as well as people affected by HIV/AIDS and, more broadly, people in the informal economy, constitute a large population weakened by the absence or inadequacy of social protection. A challenge in the region is to extend the coverage of social security to ensure that people have access to healthcare and enjoy a minimum level of job security.

## **2.2.8 Health**

54. The ESA-IO region saw major improvements in health from the period when most countries attained independence to the early 1990s in terms of infant mortality rates (which fell from 145 per 1 000 in 1970 to 104 per 1 000 in 1992) and mortality rates for children under 5 years (which fell 17 per cent from 1975 to 1990). However, the challenge of improving health in the ESA-IO region is enormous, and other statistics belie these positive developments. For example, infant mortality rates are much higher and average life expectancy significantly lower than in the rest of the world's low-income developing countries. Maternal mortality is virtually double that of other low- and middle-income developing countries and more than 40 times greater than in the industrial nations. The situation with tuberculosis, malaria and access to essential drugs remains a concern. Moreover, the region suffers from an increasing burden of non-communicable diseases (NCD), notably due to unhealthy lifestyles such as smoking and alcohol consumption. According to the WHO, rates of diabetes, cancer and cardiovascular diseases are on the rise in its AFRO region.

## **2.2.9 HIV/AIDS**

55. Mainstreaming programmes dealing with HIV/AIDS is now common in the region. The HIV/AIDS pandemic has had a major impact throughout the region on just about all economic and social indicators. The greatest direct effect has been on the economically active cohort of the population and, within this cohort, owing to higher levels of social mobility, on the more educated. This will further reduce the region's capacity to develop economically. Therefore, there is a need for even greater emphasis on both combating the spread of this disease and addressing its social and economic consequences.

56. IGAD is currently implementing a Regional HIV/AIDS Partnership programme for the Cross-Border Mobile Population with the support of the World Bank. This will assist the IGAD region in addressing the regional challenges of HIV/AIDS and related diseases, filling the gaps in national programmes with a particular focus on vulnerable groups in the cross-border areas. The other ROs have also launched regional HIV/AIDS programmes.

## **2.2.10 Humanitarian Issues, Asylum and Migration**

57. Most of the countries in the Horn of Africa continue to suffer the consequences of internal conflicts and tensions, compounded by the extreme poverty of the population and their limited capacity to respond to natural disasters. At the end of 2006, close to 2 million refugees originated from the ESA-IO region, which contains more than 3.3 million Internally Displaced Persons (IDPs). In the Great Lakes region, the improvement in the general political, economic and security situation

will allow greater scope for development tools to assist in the process of resettling Burundians repatriated from Tanzania, reintegrating displaced people and rehabilitating essential infrastructure.

58. The EC will continue to provide humanitarian and technical assistance to many ESA-IO countries hosting refugees and IDPs, including Tanzania (485 000 refugees), Kenya (272 000 refugees), Uganda (272 000 refugees), Zambia (120 000 refugees), Uganda (more than 1.5 million IDPs), Sudan and Somalia, where there are more than one million IDPs. . The humanitarian needs of people who have been displaced and affected by conflicts will continue to receive specific attention. Some evidence of human trafficking has also been found in the region.

59. The overall region is also quite substantially affected by internal important migratory flows (directed from its poorer to the richer countries) or, externally, towards other countries in Africa, the Arabic peninsula and the South-Eastern Mediterranean shores (Libya and Egypt in particular) and, via the latter, towards Europe. There are limited data on the numbers and characteristics of migration in the ESA-IO region. It is clear, however, that the countries in the region mostly witness a net outflow of migrants, rather than a net inflow. Factors behind outward migration include economic reasons and conflicts. Evidence suggests that relatively large numbers of doctors, nurses, engineers, and technicians move from the region, mostly to neighbouring regions, but also to Europe and America every year. The positive impact of migrants for the sending country can often be quantified in terms of remittances, most of which (around 80%) are used to finance basic consumption, as well as education, health, improvement of dwellings and investment in business. With the support of the Aeneas programme, IGAD is currently working with AU and the International Organisation for Migration (IOM) to implement the IGAD migration route programme.

### **2.3 Environment and natural resources situation**

60. The ESA-IO region is richly endowed with natural resources, many of high international value in terms of both monetary and global significance and which are an asset for sustainable development. The natural resources in the ESA-IO region include fertile agricultural land, with forests, woodlands and orchards providing timber, food and other market produce, minerals, ores and precious stones. They also have abundant and rare wildlife, lakes, rivers, beaches and coasts valuable for tourism as well. Therefore, there is a need to exploit these natural resources in an environmentally sustainable manner.

61. Various environmental degradation processes threaten agricultural and pastoral lands, watersheds, surface and ground water sources, the rich forest and savannahs and the coastal and marine resources. The interaction between the environment and human livelihoods is complex. Environmental change is increasing human vulnerability and therefore the need to take adaptive measures. There is also a clear linkage between natural resources, population and security, particularly with regard to the scarcity, fair share of public revenue distribution of natural resources and access to these resources, which results in conflicts. As a direct result of environmental degradation, not just in the region but globally, the region's climate has been very variable, with droughts and floods becoming increasingly common.

62. Resource issues are by nature trans-boundary. Issues such as deforestation, land degradation, and illegal logging affect many countries in the region; adherence to the Forest Law Enforcement, Governance and Trade (FLEGT) initiative<sup>4</sup> will help alleviate these problems. Trans-boundary wildlife corridors must be maintained for migratory species and a coherent approach

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<sup>4</sup> EC Council Regulation No 2173/2005 of 20 December 2005 on the establishment of a FLEGT licensing scheme for imports of timber into the European Community, Official Journal of the EU, L/347, 30 December 2005.

adopted for the maintenance of wildlife numbers through initiatives such as the Convention in International Trade in Endangered Species (CITES). Conservation, exploitation and sustainable management of marine and inland fisheries also require an inter-regional initiative, since most of these resources are shared among various countries. The rich marine biodiversity of the ESA-IO region is threatened by pollution rising from inland activities such as industrial development, agricultural practises, shipping activities and the introduction of alien species. In order to predict and control the impact of human activities, effective monitoring, management and regulatory and conservation measures need to be established. Regional initiatives such as the UNEP African Environmental Outlook and the IOC Coral Reef network should be further strengthened, as well respect of international Conventions.

63. With the increasing importance of environmental issues, and the resulting effects on food security, the EC has placed greater emphasis on preparing environmental profiles at national and regional levels; the regional environmental profile is presented in Annex 2. IGAD with the support of the United Nations Environmental Programmes (UNEP) has finalised and prepared an IGAD environmental outlook. The EC is also financing pan-African regional programmes for monitoring the environment, such as AMESD, and the RIP will take account of these pan-African initiatives.

64. On 22 November 2004, the EU adopted a Climate Change Strategy and Action Plan in the context of development cooperation<sup>5</sup>. It seeks to support developing countries in meeting the challenges posed by climate change, especially in the implementation of the UN Framework Convention on Climate Change and Kyoto Protocol. The mainstreaming of climate change within EC/ESA-IO development cooperation will be an important step towards supporting environmental protection in the region. This will be reflected in the natural-resource governance programmes, especially for capacity building, and policy programmes for renewable energy development as part of climate change adaptation.

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<sup>5</sup> EU General Affairs and External Relations Council, 22 November 2004.



### 3. THE PROCESS OF REGIONAL INTEGRATION

65. The economic integration agenda is being developed in parallel by COMESA and EAC, the ultimate goal of both being to achieve a full customs union, a common market and a monetary union. In this context, the role of IGAD and IOC is to promote their sub-regional specificities, such as vulnerable small island economies, the sustainable management of natural resources (notably coastal and marine resources), and ensuring productivity gains in agriculture to guarantee food security. The political agenda is explicitly addressed by EAC, which aims to achieve a political federation. In addition, COMESA and IGAD have a mandate to promote peace and security under the broader umbrella of the AU, while EAC and IOC also address such issues. See Annex 17 for a description of the members of the various ROs. Ultimately, the process of convergence in the ESA-IO region should allow the AU objective of an African Economic Community to be achieved in the long term.

66. This chapter sets out the rationale behind EC support for the regional integration process in the ESA-IO region. It starts by reviewing the achievements of the four ROs in the various areas to date, and then looks at the next steps for deepening the regional integration process over the coming five to six years.

#### ***3.1 Achievements so far in the regional integration process***

##### **3.1.1 Building the trade agenda**

67. COMESA, which comprises 19 countries, was established in 1981 as a Preferential Trade Area for Eastern and Southern Africa (PTA) and is recognised as one of the building blocks of the AEC under the Abuja Treaty and the AU Constitutive Act. COMESA's main focus is on strengthening outward-oriented regional integration by promoting cross-border trade and investment.

68. An FTA was created in October 2000, and has so far been signed by fourteen member countries<sup>6</sup>. The other countries are moving towards joining the FTA and are currently trading on preferential terms, having reduced tariffs by varying margins.

69. The FTA has benefited intra-COMESA trade. During 2000-2007, intra-COMESA trade grew by an annual average of 9%, while trade among FTA member countries grew by 16% annually over the same period, to reach nearly US\$9 billion in 2007 from less than US\$3 billion in 2000. Although the overall trade of the region has also risen during the same period, a WB study<sup>7</sup> has concluded that the FTA has had a positive effect on trade and growth in the countries that joined the FTA. The FTA has in particular facilitated trade in the tea, sugar, and tobacco sectors, where trade among FTA countries exceeds trade with other regions in the same commodities. Further, intra-industry linkages have developed significantly, as trade in semi-manufactured goods between FTA members has overtaken trade in similar products with the rest of the world. The FTA also seems to have had a positive effect on cross-border investment flows in the region.

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<sup>6</sup> Members of COMESA FTA: Burundi, Comoros, Djibouti, Egypt, Kenya, Libya, Madagascar, Malawi, Mauritius, Rwanda, Seychelles, Sudan, Zambia and Zimbabwe.

<sup>7</sup> De Melo, Yagci and Dijofack, 'Meeting the challenges to reap the benefits from deeper regional and global integration' — July 2007.

70. COMESA has also initiated a programme to establish the COMESA Customs Union (CU) by 2008. To this effect, the structure for the Common External Tariff (CET) and the Common Tariff Nomenclature (CTN), to be applied by the CU when it enters into force, were adopted in 2007. It includes a four-band schedule: 0% for both capital goods and raw materials, 10% for intermediate goods, and 25% for final goods. A number of related issues are being addressed, such as the list of sensitive products to be excluded from trade liberalisation.

71. In order to support the full implementation of the FTA and the move towards the CU, COMESA has established a number of programmes addressing trade facilitation and trade-related issues, such as Customs Systems and Procedures Harmonisation, Transit and Cross-Border Insurance Schemes, Standards and SPS harmonisation, and mutual recognition systems. The IOC supports the COMESA regional integration agenda by ensuring that its sub-regional specificities are promoted, also within the EPA and multilateral fora, particularly as regards the needs of small island economies.

72. The Treaty establishing EAC was signed in November 1999 by Kenya, Tanzania and Uganda. EAC aims for a comprehensive integration process comprising trade, economic, and political integration. Membership was enlarged in 2007 to include Rwanda and Burundi.

73. The Protocol on the establishment of an EAC CU was signed in 2004, and came into effect in 2005. A five-year programme for the elimination of internal tariffs began in 2005/06, starting with the uniform implementation of the Customs Union Protocol, the EAC Customs Management Act and the Common External Tariff, which was effectively applied as of February 2005. The adoption of the CET (with three bands at 0%, 10% and 25%) was accompanied by the elimination of a number of surcharges and excise duties by Tanzania and Uganda. The elimination of internal tariffs is asymmetrical, with imports originating from Uganda and Tanzania to Kenya and to each other's territory being duty-free, while duties on certain imports from Kenya to Uganda and Tanzania will be phased out gradually over five years.

74. The next priority for EAC is the Common Market, to be achieved by 2010, which provides for free movement of persons, labour, services and goods and the right of establishment. One major achievement in this process is the completion and adoption of the Study on the Establishment of the East African Common Market in September 2007. In addition, in order to ensure the right regulatory framework, the Competition Act and the Standards, Quality Assurance, Metrology and Testing Act were enacted in 2006 by the East African Legislative Assembly.

75. The issue of overlapping memberships and mandates, and their possible effects on the pace of regional integration in Africa, is of concern not only to African countries themselves, but also to the wider international community. However, if it is to be sustainable and viable, the pace and direction of regional integration in Africa will be determined by the African countries concerned, taking into account social, cultural, historical, economic and political factors. In the ESA-IO region, the COMESA/SADC/EAC Tripartite Task Force is addressing the harmonisation of trade and customs programmes.

76. Coordination between COMESA and EAC on putting into practice their CUs is being pursued in a very pragmatic way. For example, the EAC member states have extended the derogation that allows EAC member states not to impose the EAC CET on COMESA and SADC member states from 2006 to 2010. This will ensure harmonisation of EAC, COMESA, and SADC trade policies and programmes so that the growing inter- and intra-regional trade is not disrupted. Annex 9 presents the roadmaps for the COMESA and EAC CUs.

77. Another way in which harmonisation is being addressed is through the development of the North-South Corridor Pilot Aid for Trade Programme, which concerns the transport and transit corridor running from Dar es Salaam to the copperbelt and south to the South African ports. The North-South Corridor Pilot brings together all the ongoing initiatives along the corridor for transport infrastructure improvements and trade facilitation measures under one umbrella, identifying missing links and activities, so that they can be managed in a holistic manner.

78. As far as investment policies are concerned, steady progress has been made at national level in simplifying and liberalising investment approval procedures and publishing investment codes and regulatory instruments. The trend in the ESA-IO region is to establish national investment agencies to act as 'one-stop' investment centres that provide all the services needed by a potential investor to invest in countries of the region. In addition, the ROs recognise the need to address investment at regional level, with COMESA and EAC having regional investment programmes in place. In particular, the COMESA Common Investment Area was established in May 2007 by the COMESA Authority. It aims to promote and protect cross-border investment, thus enhancing COMESA's attractiveness and competitiveness within the region. Its programme is implemented through the Regional Investment Agency with the support of other COMESA institutions such as the African Trade Insurance Agency and the Eastern and Southern Trade and Development Bank.

79. The European Union's experience suggests that while building an integrated internal market requires single rules for all Member States (with for example a CET and the free movement of goods and services), this objective may be achieved through a step-by-step approach, with elements of variable geometry and a mix of policy reform measures, infrastructure development and adjustment support at national level.

80. For instance, there are significant benefits in taking a regional approach to the implementation of food safety and SPS programmes, as trade in agro-food products is subject to costly checks and certification at borders. This could be done by harmonising procedures and legislative instruments, sharing laboratory analyses through a network of regional laboratories, and having a regional strategy for monitoring water quality.

81. Finally, the countries in the region are also integrated within the WTO agenda. Eleven ESA-IO countries are full members of the WTO<sup>8</sup>. Comoros, Ethiopia, Seychelles and Sudan are observers and in the accession process, while Eritrea and Somalia have not expressed an interest in being members of the WTO. The ESA-IO countries that are WTO members (and Sudan and Ethiopia, who have representation in Geneva) are active in the Doha negotiations. Under the coordination of Zambia, the LDC Group has presented proposals on Duty-Free Quota Free Market Access, Rules of Origin, Food Aid and Services. The LDC Group has also been very active in the Enhanced Integrated Framework and Aid for Trade Task Forces. Individual LDCs have either co-sponsored or presented other proposals to the WTO, such as on Trade Facilitation and Disclosure of Origin (CBD-TRIPS). As a group, they have also been active participants in the discussions on non-agricultural market access (NAMA) and on agriculture. Zambia represented the LDC Group in the 'Green Room' negotiations in Hong Kong and in all subsequent Ministerial meetings until July 2006. Kenya was a leading country in negotiations on special and differentiated treatment, and Mauritius, as Chair of the ACP Group, was a lead country in negotiations on preference erosion. ESA-IO countries have also actively participated in all other areas of the negotiations, including NAMA, agriculture, trade facilitation, services and rules.

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<sup>8</sup> These are Burundi, Djibouti, Kenya, Madagascar, Malawi, Mauritius, Rwanda, Tanzania, Uganda, Zambia and Zimbabwe.

82. There is increasing recognition of the importance of relevant and good quality statistical information to inform the regional policy agenda, in particular regional integration policies. Both COMESA and EAC disseminate statistics compiled from data received from their member states<sup>9</sup>.

83. A National (or Regional) Strategy for Development of Statistics (NSDS) or similar process provides a prioritisation of demands for statistics, based on national or regional development plans. An NSDS or similar analysis will also consider the capacity of statistics organisations, as well as the sustainability of statistics production and dissemination. Many countries in the ESA region have carried out such analyses, although the quality varies greatly.

### 3.1.2 Developing common sectoral policies

84. As far as the **Monetary Union** objective is concerned, both COMESA and EAC have adopted macro-economic convergence plans and road maps for limited currency convertibility. COMESA has adopted a road map for fast tracking the Monetary Union by 2018, and a plan to create a Monetary Institute. In addition, in order to facilitate and reduce overseas payment transaction costs, COMESA, through the COMESA Clearing House, is setting up a Regional Payment and Settlement System. The system will be networked with the central banks of the region and enable the clearing of hard currency transactions. In the same regard, the consolidation of the EAC CU and the establishment of a common market by 2010 will lay the foundations for achieving Monetary Union by 2015 (EAC intends to establish a monetary institute by 2012).

85. Free circulation of goods, capital and people also implies adherence to a common set of rules on competition policy. The COMESA Competition Commission has been established to enforce the competition policy and regulations adopted in 2004.

86. The reduction of transport and communication costs features prominently in COMESA's integration agenda. Since 1989, COMESA's transport programme has actively supported member states in implementing the Yamoussoukro Decision on Air Transport Liberalisation. COMESA is furthermore collaborating with EAC and SADC to establish a Joint Air Transport Competition Regulation. A Joint Competition Authority for air transport is due to be launched in 2008 to cover COMESA, EAC and SADC. COMESA also has programmes for establishing regulations on other modes of transport as well as communication. A study examining a Transport and Communication Strategy and a Priority Investment Plan is being undertaken in this respect (under the 9<sup>th</sup> EDF) to help COMESA and other ESA-IO ROs prepare a comprehensive development programme for transport and communications infrastructure. EAC, for its part, has identified five major corridors for development and rehabilitation under the East African Road Network Project. It is in the process of finalising the East African Railways Master Plan and a 10-year East African Road Transport Strategy.

87. More generally, the development of the ESA-IO region's transport infrastructure has usually proceeded on a 'corridor' basis, for example the TAZARA corridor, the Northern corridor and the Ethiopia-Djibouti corridor. The development of the infrastructure for these transit corridors has almost always been funded by grants or concessional loans, leaving maintenance to the responsibility of the governments through which these corridors run. Road maintenance is usually financed through national road funds. However, these road funds do not usually collect sufficient revenues to cover road maintenance owing to low vehicle numbers and low fuel levies. Road funds often suffer from diversion of revenues into other areas of the national budget and, in some cases,

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<sup>9</sup> COMESA data, focused on international trade and other statistics relevant to regional integration, can be found at <http://comstat.comesa.int/>.

from tax evasion. In addition, low traffic flows in the region mean that there are very few opportunities for introducing toll fees.

88. In the railway sub-sector, a common trend is concessioning railway operations on a public-private basis. Such concessions set what is considered to be viable freight tariffs and passenger fares and should result in more efficient management systems. However, concessioning to the private sector is only a partial answer, since private enterprises taking over the management of big ex-state companies are very dependent on a sound business environment. Their success also depends on strict law enforcement for the competing transport modes (and for road transport in particular). Well-organised interfaces between the respective transport modes are also of great importance, notably the interface between road and rail systems and ports.

89. The region has a number of maritime ports that are reforming their operations and services, infrastructure utilisation and management. This process focuses mainly on improving operational links with the private sector by contracting out operations and services, particularly container handling, although the pace of reform needs to be increased to enable customers to benefit from faster clearance of goods and more competitive services. The issue of shipping in general needs to be addressed to ensure an improved shipping service in the region at competitive prices.

90. Another constraint is the limited **energy** supply. Despite a high potential for energy generation, the COMESA region is facing serious energy deficits and high energy costs. The deficit in electricity supply, currently estimated at 20% of demand, is expected to worsen in the forthcoming years to 46% in 2011 as demand grows. The average cost of electricity in the region is also one of the highest in the world at US\$ 0.09 per kilowatt hour, compared to South Africa, where the price is US\$ 0.013 per kilowatt hour. Key factors that contribute to COMESA's energy problem include inadequate investment in the energy sector, increased demand due to economic growth and the gap between installed capacity and effective generation (20% to 30%).

91. However, the region has significant potential to increase its energy-generating capacities, either using regional deposits of coal and oil or through solar plants or hydro schemes. In recent years, with advances in technology, the trend is towards small, decentralised new and renewable energy delivery systems that are nearer to sources and users, require relatively little investment and minimum transport infrastructure. The advantages of small modular systems are that they can function independently of others and are not prone to generalised power blackouts. The priority for the region is to develop an energy policy that takes account of new and renewable technology advances and then to design a system that can be networked to take account of increasing demand for power and be flexible enough to accommodate peak and off-peak demand levels.

92. Against this background, COMESA has recently embarked on an energy programme whose main thrust is to promote regional cooperation in the development of regional energy infrastructure, energy policy and regulatory harmonisation, facilitating cross-border trade and capacity building through its specialised institutions such as the Eastern Africa Power Pool (EAPP) and the Regional Association of Energy Regulators for Eastern and Southern Africa (RAERESA), to be established soon, in addition to the COMESA Model Energy Policy Framework. Strengthening regional energy interconnectivity is important. The East African Power Pool is an example of such an initiative: it has great potential for developing regional power networks and increasing capacity for national power delivery. In this regard, it should be noted that the EU-ACP Energy Facility will play an active role in establishing and managing a regional energy market. The bulk of the €220 million funding under the Energy Facility will be devoted to co-financing missing infrastructure links. However, €10 million has been dedicated to capacity building and technical assistance for the four Sub-Saharan African Power Pools (Eastern, Southern, Central and Western), as well as the African Forum for Utility

Regulators (AFUR). This will provide for a range of activities to enhance the capacity to run an effective regional network, including measures such as training, advice, coordination and information systems, regulatory systems, planning support, and pilot programmes.

93. In the **telecommunications** sector, most ESA-IO countries are embracing liberalisation and competition together with the introduction of value-added services alongside basic telephony. However, the development of the sector in this direction is not uniform, and a number of countries still have a regulatory environment geared to a single monopolistic operator of basic services controlling access to the network with, for example, the ability to dictate interconnection terms to prospective new entrants. There are, however, indications that the regulators are realising the need to liberalise the regulatory framework, and significant work has been done at regional level to develop model legislation for use by national governments. For example, the Association of Regulators of Information and Communications for Eastern and Southern Africa (ARICEA) is working towards harmonisation of the regulatory framework at national and regional levels.

94. Two existing initiatives with the potential to make a significant impact on the connectivity of the region are the COMTel Programme and the EASSy Cable. The COMTel Programme will improve gateway-to-gateway linkages and will also allow switching to take place within the region. The EASSy Cable will link the countries of the East African region to the rest of the world by completing the final fibre optic telecommunications link across the African continent. In addition, IOC is developing the SEGANET initiative.

95. As far as the **environment** is concerned, the policy agenda of the ESA region is to further develop and manage natural resources for the economic development of the region, but in an environmentally sustainable manner. The development of common strategies and tools and the establishment or strengthening of networks and regional bodies to promote the regional management of natural resources should ensure the coordination of trans-boundary resources such as watersheds, grazing lands, wild life, coastal areas, marine and coastal resources management, tropical forests etc. Such coordinated (or even joint) management could also avoid further deterioration, and possibly bring about improvement, in the food security situation. This approach highlights the fact that the issue of sustainable exploitation of trans-boundary natural resources provides a very strong basis for regional integration. Furthermore, no ESA country has the capacity to individually ensure the sustainability of resources. In this context, for example, joint initiatives to modernise and reduce the environmental impact of the mining industry have particular potential benefits.

96. In this respect, both IGAD and IOC play an important role. One of the principal mandates of IGAD is environmental protection and food security, which includes the original mandate of combating desertification and mitigating the effects of drought. IOC contributes to strengthened regional integration by implementing programmes mainly in environmental protection, meteorology, sustainable management of natural resources (essentially in the fisheries sector) and coastal zone management.

97. Regarding **health**, the countries of the region are converging towards implementing international agreements. Most are signatories to the Framework Convention on Tobacco Control (FCTC) and the International Health Regulations (IHR), which aim to ensure global health surveillance and response and are currently being implemented in the region.

98. The issue of **social protection** is also increasingly debated at regional level. In 2008 a wide range of national and regional consultations were held on social protection in Africa, under the AU umbrella. These meetings came up with recommendations on building a political consensus for

social protection, developing national plans based on a minimum package of social protection, strengthening technical capacity, expertise and mechanisms for coordination, awareness rising and measuring impact. Regarding workers' rights, the region is on its way towards ratification of the eight fundamental human rights conventions of the ILO on the freedom of association and collective bargaining, the abolition of forced, compulsory and child labour, and fighting discrimination in respect of employment and occupation. The main challenges now are translating these commitments into effective protection and guarantees and implementing the Decent Work Agenda in the ESA-IO region. The European Consensus on Development and the relevant national CSPs and NIPs for the region prescribe that human rights, children's rights and the rights of indigenous peoples need to be safeguarded.

### **3.1.3 Building the political cooperation agenda**

99. To accelerate regional economic integration, the member countries of the ROs recognise the need to increase commitment by linking economic integration measures like CUs and Common Markets with a minimum of joint legislative and political structures. To this end, EAC has adopted a comprehensive political integration agenda.

100. EAC's ultimate objective is to establish a political federation. It has held sensitisation and consultation meetings in its member countries since 2007. These countries have now signed an MoU on defence, which will be translated into a protocol. Multi-sectoral committees have been formed on human rights, electoral councils and anti-corruption bodies with a view to agreeing a common framework for the region. The views of the people and consensus are the cornerstones for sustainable political federation. This work has been taken forward by the East African Legislative Assembly.

101. In its Article 163, the COMESA Treaty recognises, that peace and security are fundamental prerequisites for social and economic development and also vital to the achievement of the regional economic integration objectives of the Common Market. COMESA's role in addressing issues of peace and security currently focuses on conflict prevention through preventive diplomacy. COMESA has held annual consultations between different stakeholders such as parliamentarians and civil society on issues of peace and security. It has now embarked on two key programmes: Post Conflict Reconstruction and Development (PCRD) and Early Warning, aimed at strengthening the capacity of national institutions to promote peace and security.

102. IGAD also plays role in this area, as its mandate was expanded in 1996 to include cooperation in political affairs, the promotion and maintenance of peace and security, and humanitarian affairs. In particular, conflict prevention, management and resolution is a priority area, and IGAD member states have signed a Protocol on Conflict Early Warning and a Response Mechanism. IOC's role in political cooperation was expanded in 2008 to include the promotion and maintenance of peace and security.

### **3.1.4 Establishing regional development financing instruments**

103. Regionally owned development financing instruments have considerable potential as a means to improve local ownership of externally supported programmes, to reduce transaction costs and to improve the harmonisation and alignment of aid. At the same time, extending the aid effectiveness agenda to regional level is a declared commitment on the part of both the EC and the EU Member States.

104. To assist Member States with the regional integration process, Article 150 of the COMESA Treaty provides for the establishment of a 'special Fund for Cooperation, Compensation and Development for tackling the special problems of underdeveloped areas and other disadvantages arising from the integration process'. The COMESA Fund was accordingly established in 2002 by a Protocol ([Annex 10](#)), and operates with two 'windows': an Adjustment Facility and an Infrastructure Facility. The two windows are interlinked in that the creation of an efficient regional market requires both policy reforms and physical infrastructure development. The Adjustment Facility, which became operational in 2007, aims to support member states in implementing regional integration policies and programmes, which because of their potential short-term negative impact on fiscal revenue or the economic and social costs of adjustment cannot be sustained through their national budgets and other national aid programmes. The purpose of the Infrastructure Facility is to provide a mechanism through which member states, cooperating partners and private investors can all contribute to seeding regional infrastructure projects. In March 2008, the COMESA Fund Committee, which comprises the Ministers of Finance of Fund member states, agreed a Road Map for the operationalisation of the Infrastructure Facility by 2009. The Fund can receive contributions from member states, cooperating partners and international financing institutions. The EC has already made an initial contribution of €78 million to the Adjustment Facility under the 9<sup>th</sup> EDF.

105. Similarly, EAC established a Partnership Fund ([Annex 11](#)) in 2006, under which development partners contribute to short-term activities aiming to promote implementation of the Treaty and to boost EAC's integration agenda. The Partnership Fund is the focus for aid coordination activities within EAC. In addition, to address the issue of revenue losses as a result of the CU, EAC has also launched preparations for establishing an EAC Development Fund. This Fund also has the potential to attract funds for major projects and to be the principal channel for upscaled external aid. A protocol to establish the Fund will be completed by December 2008.

## ***3.2 Next steps for deepening regional integration***

### **3.2.1 Convergence of the trade agenda**

106. The overall objective of the regional economic integration process remains the convergence of all regional economic communities on the continent in accordance with the Accra Declaration. Regional integration policies should contribute to this objective by promoting the cohesion, unity and economic integration of the ESA-IO region.

107. All ROs recognise the need for the coordination and harmonisation of trade policies and programmes. Since 2001, the COMESA, EAC and SADC Summits have contributed to this process through specific declarations leading to the establishment of a Tripartite Mechanism, including a Task Force at Secretariat level. Following several meetings of the Tripartite Task Force, a Tripartite Summit is planned for 2008. The Summit is expected to provide political impetus for a more proactive harmonisation of regional agendas and programmes.

108. From a technical point of view, there is potential to harmonise the trade regimes of COMESA and EAC. Although COMESA's CET is based on a four-band tariff structure, two of them are zero-rated and relate to the same categories of products covered by EAC's first tariff band, which is also zero-rated. If COMESA and EAC are to merge their CUs, they will also have to adopt the same CET and CTN.



109. COMESA, with EAC and SADC, sees the need to address the issue of non-tariff barriers (NTBs) and their removal if the cost of trade is to be reduced. The organisations are working on an NTB monitoring mechanism, with significant inputs from non-state actors, which will allow NTBs to be recorded and eliminated. In a similar vein, continued efforts are required to adjust to international SPS standards in order to improve the region's access to markets in the developed world, in particular for agricultural products.

110. COMESA and EAC use the same Rules of Origin, which apply to all tariff lines and are based on either wholly produced or substantial transformation criteria. Controls on the issuing of certificates of origin and validation procedures are in operation. There is also a dispute settlement mechanism, with the final level of recourse being the COMESA and EAC Courts of Justice.

111. The potential for economic growth through trade in services is very high, and countries in the ESA-IO region are undertaking needs assessments and making preparations for services negotiations at regional, bilateral (EPA) and multilateral (WTO) levels, taking into account the special conditions applying to LDCs. The main challenge ahead is to establish the necessary national institutions (e.g. Regulatory Authorities) to manage increased competition across the wide range of services, whether telecoms, energy, or financial services. In the meantime, COMESA is working on a framework for trade in services, which is expected to be adopted by the end of 2008. In parallel, the member countries will be negotiating regional procurement regulations intended to define the parameters for regional procurement access.

### **3.2.2 Building Common Markets through common policies**

112. COMESA plans to establish a Common Market by 2014. A medium-term strategic plan for 2007-2010 was adopted by the COMESA Heads of State and Government in December 2006. In terms of the regulatory and policy framework, the major challenges to be addressed by COMESA in establishing a Common Market are the implementation of a COMESA Common Investment Area and the application of the principle of the free movement of people. While a Protocol on Free Movement of Persons, Labour, the Right of Establishment and Residence has been adopted, the member states will in future years have to develop the common policies needed on labour mobility, social welfare, immigration, and the rights of migrants.

113. As regards macro-economic convergence, as a precondition for monetary union, COMESA will have to implement the road map for fast-tracking the monetary union by 2018, and create the Monetary Institute.

114. The next stage of integration for EAC is the establishment of a Common Market by 2010, to be followed by a monetary union and ultimately a political federation. For the Common Market, the key priorities will be harmonising labour policies and legislation (negotiations on a Protocol on Free Movement of Persons and Right of Residence have already commenced), harmonising procedures for issuing work permits, harmonising investment incentives, internationalising the East African Passport, harmonising land policies and operationalising the strategy for managing the distribution costs and benefits of the East African Common Market. In the next phase, EAC also plans to harmonise revenue systems and customs administration, establish an East Africa Customs Authority and promote policy harmonisation and convergence.

115. More generally, the objective of the ROs up to 2013/2014 is to focus on forging regional competitiveness and transforming existing raw materials in the region into consumable goods through design, marketing, and distribution. Programmes to proactively support value addition and

diversification activities in member states, such as the Comprehensive African Agricultural Development Programme (CAADP) will be expanded to include other key sectors. The priority sectors, in line with the EPA Development Matrix, include: agriculture and livestock, fisheries, mining, manufacturing, services and tourism. Identified supply-side constraints (notably in infrastructure) will have to be addressed.

116. The preparation, implementation and evaluation of regional development policies should be informed by relevant and good quality statistics which are widely disseminated. If the statistics are absent or are of poor quality, the information gap should be addressed. Although much improved in recent years, the quality and comparability of macroeconomic and other data for regional integration is not yet sufficient.

### **3.2.3 The role of EPAs in supporting the regional integration process**

117. The ESA-IO region embarked on negotiations on an Economic Partnership Agreement (EPA) in February 2004, the main objectives being to fight poverty, strengthen the regional integration process, improve market access to the EU and assist with the economic development of the region.

118. In market access terms, EPA negotiations aim to achieve in the long term a free trade area between the EU and ESA. In all EPAs EU offers full duty and quota free market access for those ACP countries that initialled the agreement (with transitory periods for sugar and rice). This implies liberalisation of nearly all trade on a reciprocal basis, even though the need for a certain element of asymmetry is recognised by the EC, given that most of the countries in the region need to build their productive capacity to become competitive and/or are LDCs. Asymmetry is ensured by providing for long transition periods and a list of 'sensitive products' not subject to trade liberalisation. LDCs can already access EU markets duty-free through the Everything But Arms (EBA) scheme under the GSP. However, it should be noted that EBA is a unilateral arrangement that could be reversed, and that the EU's market offer under EPAs contains more flexible Rules of Origin on cumulation than any other scheme on offer.

119. The EC has clearly stated its opinion that prolonging the artificial insulation of ACP countries from the global economy through discriminatory preferential arrangements, and the risks of enforced dependency on commodity exports and vulnerability to export revenues, not only contravenes WTO rules but it is not in the best long-term interests of the ACP countries. It has recognised the need for transitional measures in this respect. In the case of sugar, it has introduced the Action Plan on accompanying measures for Sugar Protocol countries<sup>10</sup>.

120. Furthermore, the implementation of SPS measures is a key element in the future EPAs for the ESA-IO Region. In this regard, the EDF 9 RISP, together with resources from the African Development Bank, has contributed to COMESA's SPS programme with a view to developing a harmonised regional SPS policy and enhancing the capacity of regional producers to conform to international SPS regulations. Future support in this area will continue under EDF 10. The EC has also established a budget for providing specific targeted technical assistance in the area of food safety and human, animal and plant health for developing countries, in response to commitments made under the Doha Development Agenda and the SPS Agreement. This will be in the order of €2 million for the year 2008.

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<sup>10</sup> Under the Action Plan, out of the 18 countries identified for EC assistance, seven are in the ESA-IO region: Kenya, Madagascar, Malawi, Mauritius, Tanzania, Zambia and Zimbabwe.

121. EPA negotiations entered a crucial and intense phase during 2007, especially towards the second half of the year, when the deadline set under the WTO waiver was approaching. Most negotiations focused on the parameters that a WTO-compatible EPA should have (according to Article XXIV of GATT), i.e. the duration of the transitional period and the percentage of excluded trade, as well as on the 'development component' of an EPA, i.e. accompanying measures to assist with its implementation. Within the ESA-IO region, the gap widened between LDCs (most of the region) and non-LDCs<sup>11</sup> in terms of willingness to sign an agreement, with the latter group much more keen to avoid trade disruption from 1 January 2008 (exporters would have faced higher tariffs under the GSP<sup>12</sup>).

122. By the end of 2007, it also became clear that a 'full EPA' could not be agreed, i.e. covering all the aspects originally planned, such as agriculture, trade in services, sustainable development, rules on investment, competition, intellectual property rights or public procurement. A pragmatic approach was adopted whereby only 'Interim Agreements establishing a framework for an EPA' would be initialled, covering the minimum necessary to ensure WTO-compatibility (reciprocal market access offers for trade in goods) as well as all other aspects where agreement was reached (development component and improved Rules of Origin, especially in areas such as textiles, fisheries and agriculture). Such stepping-stone agreements include built-in 'rendez-vous clauses' for continuing negotiations in 2008.

123. On behalf of its partner states (Burundi, Kenya, Rwanda, Tanzania and Uganda), EAC initialled an EAC Interim EPA on 23 November 2007, and expects to complete negotiations by mid-2009. Within the rest of the region, the ESA Interim Agreement was initialled on 28 November, 2007 by Seychelles, Zambia and Zimbabwe and on 4 December 2007 with Mauritius and on 11 December 2007 with Comoros and Madagascar. Other countries are free to join in subsequent phases, while negotiations for a full EPA are expected to be completed at the end of 2008 for ESA-EC EPA and by mid 2009 for EAC-EC EPA. Both Interim Agreements are WTO-compatible, with full market access (duty-free, quota-free) on the EU side and, on the other side, transitional periods not longer than 15 years and sensitive lists covering a maximum 20% of trade (and sometimes less).

124. Regarding the development component, the ESA Interim Agreement refers to the Development Matrix developed by the region as a basis for cooperation. The Matrix (annexed to the Agreement) identifies the main areas where support is envisaged in order to enhance the regional integration process and respond to EPA-related needs so as to maximise the benefits from this reinforced regional setting. These comprise supply-side constraints (infrastructure development, productive capacity upgrade, private sector development), trade policy and regulations, and adjustment costs. The EAC Interim Agreement also recognises the value of highlighting development needs for the EAC, which is also preparing its own matrix. The national indicative programmes (NIP) and the present regional indicative programme (RIP) constitute part of the response to the EPA-related needs. The CSP/NIP and RSP/RIP will be complemented by related aid for trade initiatives with EU Member States and other donors (see section 4.2).

125. The ESA-EC Ministerial meeting and the EAC-EC senior official meeting in March 2008 (in Lusaka and Arusha, respectively) adopted joint conclusions for the way forward. The parties agreed that the Interim EPAs, initialled at the end of 2007, were a step towards comprehensive EPAs which would replace the Interim Agreements. Negotiations would continue in 2008, and the parties reaffirmed their commitments to address issues of concern to both ESA and EAC in the Interim Agreements as well as all outstanding issues in the *rendez-vous* clause for negotiating the full

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<sup>11</sup> Kenya, Mauritius, Seychelles and Zimbabwe.

<sup>12</sup> However, a number of LDCs in the region, though benefiting from the EBA scheme, still signed an interim EPA, recognising the importance of such an agreement and its positive effect on their economic integration process.

EPAs. They also confirmed their commitment to finalise a full and comprehensive EPA by the end of 2008 for ESA-EC and by mid-2009 for EAC-EC, so that both EPAs could deliver their full development potential in the region.

### **3.2.4 Taking forward the regional political cooperation agenda**

126. For COMESA, the main focus in the political area over the medium term is to address the issue of 'war economies', from the perspective of post-conflict reconstruction and development. In addition, COMESA will seek to establish a strong early-warning mechanism as part of the overall objective of conflict prevention.

127. In order to prepare the ground for the ultimate objective of achieving a political federation, EAC plans to involve its citizens fully by designing and implementing an Information, Education and Communication Strategy. Plans exist for formulating an East African Foreign Policy, transforming the Regional Court into a Court of Appeal and transforming the Legislative Assembly into a Regional Parliament. EAC countries have signed an MoU on defence, which will be translated into a protocol. Multi-sectoral committees have been formed on human rights, electoral councils and anti-corruption bodies with a view to agreeing a common framework in the region.

128. IGAD member states have signed a Protocol on Conflict Early Warning and a Response Mechanism with a view to enhancing the focus on conflict prevention, management and resolution.

### **3.3 Sustainability of policies and the medium-term outlook**

129. The issue of overlapping membership of COMESA, EAC and SADC has been under debate for some time<sup>13</sup>. There is potential for the region to have parallel trade agendas, in that COMESA, SADC, EAC and SACU are either preparing for a CU or are already in a CU and there is a risk of overlap. Consequently, the *convergence* of the trade and integration agenda is an important issue for the region.

130. In terms of coordination, there are a number of measures to ensure that there are no discrepancies between policies at national and regional levels. The structure of the ROs, with their technical committees feeding into the policy organs of senior government officials up to their Councils of Ministers and the final authority represented by the Heads of State and Government, means that the policies adopted at regional level are usually not at variance with those of the national governments of the RO members. Countries belonging to ROs with an economic integration agenda use regional integration as a stepping stone to globalisation.

131. At national levels, the mainstreaming of trade liberalisation and economic integration policies is supported by instruments such as the working groups of the Integrated Framework (IF) and the National Development and Trade Policy Fora (NDTPF), the latter having been established in the course of the EPA negotiations. NDTPF and IF working groups can contribute to coordination,

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<sup>13</sup> For example, the OAU's 1987 Summit Declaration '.....FURTHER REQUESTS the Secretary-General of the OAU, the Executive Secretary of the UNECA and the authorities of sub-regional and regional groupings, particularly ECOWAS, PTA, SADC and ECCAS, to take the necessary steps to ensure coordination, harmonisation and rationalisation in their respective regions in order to avert overlaps, power conflicts and wastage of efforts and resources'.

coherence and complementarity between national trade and integration policies and the financial and technical support provided by the development partners, including EU Member States and others. In some ESA-IO countries, considerable progress is being made in this respect through the definition and implementation of Joint Assistance Strategies. The ROs will ensure that experiences are shared and that the entire region is at the forefront of progress in implementing the principles of, among other things, the Paris Declaration on Aid Effectiveness. ROs could also consider developing and adopting their own Joint Assistance Strategies.

132. The established mechanisms, such as the IRCC and the Tripartite Mechanism, ensure that the coherence and complementarity of trade and integration policy formulation and implementation are strengthened. The IRCC will be strengthened to support ROs under the 10<sup>th</sup> EDF to address issues of coordination with pan-African programmes, within the ACP, with other regions (including OCTs and ORs) and with other cooperating partners.

133. Coherence between national strategies and the ESA-IO regional strategy will be further supported through the IRCC mechanism. It has already been agreed (Mauritius, July 2006) that the NAOs and RAOs of the region will meet on a yearly basis to monitor coherence in the implementation of the respective CSPs/NIPs and the RSP/RIP.

134. The sustainability of policies and the medium-term outlook depend very much on whether the private sector will be able to take advantage of the improved market access openings that should result from the current mix of liberalised policies. In this respect, the role of intermediary and/or regional business associations should be strengthened, to ensure that their input is taken into account in designing policies.

## 4. OVERVIEW OF PAST AND ONGOING EC COOPERATION

### ***4.1 Past or ongoing EC cooperation: results, analysis, lessons and experience***

135. Under the 6<sup>th</sup>, 7<sup>th</sup> and 8<sup>th</sup> EDFs, the ESA-IO region had three separate regional indicative programmes, aimed mainly at functional cooperation. The majority of the projects were implemented by NAOs, either as regional projects or as top-ups of national projects. The fact that there were many parties involved and that the projects did not necessarily support regional policies resulted in slow implementation, little follow-up of the regional projects, difficult coordination and scattered activities. This inevitably led to potential overlapping and duplication of responsibilities for activities undertaken by the ROs and their member states. It also led to a large number of 'sleeping' projects.

136. With the 9<sup>th</sup> EDF (€287 million), regional cooperation now has a completely different approach, with a shift from predominantly functional cooperation to policy support and, more particularly, support for the regional integration agenda of the ROs and the EPA negotiations (see Annex 6 for a full list of EC-funded projects/programmes). The RIP is designed to encourage the ROs to work towards harmonisation of overlapping policy agendas. Nevertheless, implementation of the ESA-IO RIP requires considerable coordination, both among ROs and within Commission departments.

137. The Economic Integration and Trade focal sector accounts for almost half of the 9<sup>th</sup> EDF RIP and is executed mostly through Contribution Agreements. The Regional Integration Support Programme (RISP, €33.5 million) was signed in 2005. It is being implemented under a Contribution Agreement between COMESA and the EC and has given fresh impetus to the regional integration process. The purpose of the programme is to develop the capacity of the ROs and their member states in policy formulation, the implementation and monitoring of regional integration, and multilateral and regional trade and trade-related areas in accordance with their own mandates. The direct results to be delivered by the programme include the consolidation and expansion of the COMESA FTA, the implementation of the COMESA Customs Union road map, and the EAC Customs Union road map.

138. The Regional Integration Support Mechanism (€78 million) was signed in November 2007. Its objective is to alleviate the transitional budgetary constraints at country level resulting from further trade liberalisation and the consequent loss of import tax revenues. The programme is an essential component of the initiatives and mechanisms developed by the region, such as the Adjustment Facility under the COMESA Fund, to meet the transitional adjustment costs of member states moving toward regional and global economic integration.

139. Under the second focal sector of the 9<sup>th</sup> EDF RIP, projects support the integration of the region through regional activities for the sustainable management of natural and marine resources. Programmes aim to protect the environment from further degradation (including programmes covering Lake Victoria and its drainage basin and other major watershed and catchment areas, the preservation of wetlands, and the Regional Programme on the Sustainable Management of the Coastal Zones), to help increase the productivity of the livestock sector (also including pan-African programmes such as the Pan-African Programme for Control of Epizootics and the AU-IBAR Animal

Resources Development Strategy), and to support the fisheries sector (such as the Regional Tuna Tagging Programme and the Pilot Programme on Monitoring, Control and Surveillance of Pelagic Resources). A three-year regional plan for the surveillance of fisheries was launched in 2007 in partnership between the IOC and the EC for the south-west Indian Ocean. The initial project (2007-2010) could be followed up with 10<sup>th</sup> EDF resources. Sanitary questions remain a vital issue for fish products to be exported to the EU.

140. The 9<sup>th</sup> EDF focal sector Transport and Communications supports the Transport and Communications Priority Investment Plan (TCS-PIP, included in the RISP programme), in addition to funding infrastructure and ICT projects. It contributes to identifying priority projects to be financed under the 10<sup>th</sup> EDF and other complementary initiatives such as the EU-EIB Partnership on Infrastructure, and to ensuring better coordination with other cooperating partners. It is undertaken in close cooperation with NEPAD and SADC.

141. In the non-focal sector, the main objective of the capacity-building programme in Conflict Prevention, Management and Resolution (CPMR), which only started in 2007, is the establishment of a common regional CPMR framework for ESA. The purpose is to enhance the capacities of the ROs and NSAs to exercise their CPMR activities within a consistent and coordinated continental and regional framework.

142. In addition to the regional programme, the EC is supporting several projects in the field of trade-related assistance using the Intra-ACP 9<sup>th</sup> EDF financial envelope. These include: Trade.Com (€50 million), aiming to improve the capacity of ACP countries and ROs to design and implement their own trade strategies and effectively participate in international trade negotiations; the BizClim facility (€20 million), aiming to enhance the business-enabling environment in ACP countries and regions through technical assistance in improving legislation, institutional arrangements, and the financial sector, and reforming state-owned enterprises; ProInvest (€110 million), aiming to promote investment and technology flows to enterprises operating within key sectors in ACP States; the EU/ACP Microfinance Framework Programme (€15 million), aiming to improve the overall effectiveness of microfinance operations in ACP countries; the Programme on Strengthening Food Safety Systems through SPS measures in ACP countries (€30 million), aiming to improve the contribution of food and feed trade to poverty reduction in beneficiary countries.

143. Moreover, several countries in the region participated actively in the 6<sup>th</sup> Research Framework Programme (FP6: 2002-2006). The thrust of this research was mostly in high priority areas for the region, such as food security, neglected diseases, reproductive health and health systems and sustainable use of land and coastal ecosystems to rebuild or maintain productivity. Several research projects addressed reconciling multiple demands on coastal zones and fisheries issues, a significant concern in past development programmes and in the future. Some preliminary lessons learnt from this research cooperation is documented in global and thematic reviews and suggests that the impact for development can be increased through building trust between the 'development community' and the 'research community', through a perception of greater direct relevance of the research for the social and economic challenges and opportunities and through more engaged two-way communication.

144. In order to maximise coordination under the 9<sup>th</sup> EDF, an Inter-Regional Coordinating Committee (IRCC) was created, given the complexity of implementing an RSP/RIP for four ROs with different policy agendas and different geographical coverage. The IRCC serves as a forum in which the four ROs, SADC and the EC, with the ACP Secretariat as an observer, work together on EDF programming, agree on common projects and develop a common understanding. An IRCC

Support Project has been set up to help the IRCC carry out its mandate. The IRCC has ensured a regional approach to both programming and implementation among the ESA-IO ROs.

145. The IRCC mid-term evaluation highlighted the challenges of ESA regional coordination, and the need to improve coordination with SADC as well as access to the Intra-ACP programmes mentioned above. Indeed, the region (as opposed to national governments) has found it difficult to access resources allocated at pan-African or all-ACP level and, given the increasing importance of these larger programmes, IRCC will need to find a way both to improve coordination with these programmes and to access resources allocated at these levels. In spite of these challenges, the ROs have expressed the wish to continue with the same structure and to continue being mandated ROs under the 10<sup>th</sup> EDF, adopting the IRCC mechanism.

146. For the first time, the 9<sup>th</sup> EDF for the ESA region was fully committed before the sunset clause of 31 December 2007, but a number of large programmes have started only recently while others are still ongoing until 2009 and 2010. This explains why it is difficult to draw many lessons as yet on the impact of EC support for the region.

147. Some lessons, however, have been learned, notably regarding EC delivery mechanisms, with the move towards increased use of Contribution Agreements. So far, only COMESA has benefited from this move (which is very much in line with the EC's commitments under the Paris Declaration on Aid Effectiveness), since it underwent an institutional assessment with a favourable outcome. EAC is benefiting indirectly through COMESA. In general, use of Contribution Agreements has enhanced the alignment of EC support with COMESA and EAC strategies and systems, increased the predictability of resources and facilitated the implementation of programmes. The mid-term evaluation of the RISP, to be carried out in the second half of 2008, will inform the subsequent identification and formulation phase.

148. In addition, an independent evaluation of the 9th EDF ESA Regional Programme, undertaken for the EuropeAid Cooperation Office, is being finalised. It is looking at the following dimensions: strategy and global architecture; coordination, complementarity and added value; efficiency; and impact, together with the specific objectives and results of each focal area. The programming process can take account of the preliminary findings. These indicate a number of important lessons:

- The need for continued focus on strengthening the capacity of the four ROs to implement their own specific strategies and priorities;
- Appropriate devolution within the programme can be achieved through broader use of Contribution Agreements, while at the same time IRCC should improve harmonisation and convergence among the ROs, and strengthen its linkages with the Tripartite Task Force;
- Specific support to facilitate and enhance investment in infrastructure is needed, including project preparation and brokerage of different sources of investment;
- Enhanced coordination among EC and other donors should be promoted;

In terms of impact, the evaluators found that EC regional programmes have contributed to the improvements registered in trade and transport regulation, to the reduction of tariff and non-tariff barriers, and thereby to increased trade growth. Support for marine and inland fisheries and for tourism has contributed to regional economic growth.

The final report, which will be published along with the Commission's response, will make recommendations regarding the identification and formulation phases for 10th EDF support, notably in the Natural Resources and CPMR areas. The final report will be taken into account



in defining specific interventions in each focal sector, and will complement a number of project-level evaluations as well as those of the RISP and IRCC

## **4.2 Programmes of EU Member States and other donors**

149. The main areas of donor intervention are trade, regional integration, agriculture, infrastructure, telecommunications including information technology, environment and marine resources management, food security, disaster management, peace and security, and capacity building. In this respect, there is a need to enhance donor harmonisation and coordination at regional level as well. This process has started in the ESA region, with a number of donor coordination meetings initiated by the EC (March 2007) and the IRCC (June 2007). Each RO is developing its own mechanism for donor coordination, which could eventually evolve into a Joint Assistance Strategy at regional level. Donor coordination was also discussed at the IRCC High Level Meeting in Dar es Salaam on 17 July 2008.

150. In 2008, donor networks have been strengthened with a view to sharing information on various interventions at regional level and creating synergies. One main example is the development of the North South Corridor Pilot Aid for Trade Programme, for the transport and transit corridor running from Dar es Salaam to the copperbelt and the South African ports. The Pilot brings together all of the ongoing initiatives taking place along the corridor, in terms of transport infrastructure improvements and trade facilitation measures, identifying missing links and activities, under one umbrella so that they can be managed in a holistic manner. Discussions among donors have also started on the World Bank Regional Integration Assistance Strategy, and the draft Strategy of the African Development Bank.

151. At EU level, donor coordination should be facilitated by the 10<sup>th</sup> EDF, which mentions the possibility of co-financing between the EC and EU Member States<sup>14</sup>. [Annex 7](#) contains tables showing the main ongoing projects and programmes financed by the EU Member States and ongoing regional programmes financed by other donors. The funding received at national level by the ESA countries from the EU (Member States plus European Commission) covers the areas of trade policy and regulation, the building of productive capacity, and trade-related infrastructure, for a total of €3.3 billion over the 2001-2005 period. In addition, the countries in the region have had access to global and regional programmes.

152. Over recent years, there has been a growing tendency to emphasise the role that trade can play in the economic development of countries, with the result that there is more emphasis on trying to ensure that aid policies, and the programmes financed by donors, do not conflict with one another. There have also been more concerted attempts to ensure that the trade policies of recipient countries are coherent across the local, regional and multilateral levels. At national level the emphasis is on trade policies as part of the PRSPs (or similar policies). At regional level, the focus is on ensuring that countries do not adopt contradictory and incompatible trade policies and programmes through being members of more than one regional economic organisation. At the multilateral level, emphasis is on ensuring that the Doha Development Agenda is implemented in such a way as to emphasise the development component of the Round and to ensure that

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<sup>14</sup> Council Regulations (EC) No 617/2007 of 14 May 2007 on the implementation of the 10<sup>th</sup> European Development Fund under the ACP-EC Partnership Agreement.

developing countries have adequate flexibility and policy space, through access to special and differential treatment, so as not to stifle economic development.

153. In 2007, the EU adopted its strategy on Aid for Trade (AfT), one pillar of which is 'building upon, fostering and supporting ACP regional integration processes'. In this strategy, the EU reaffirms its 2005 pledge to increase its collective expenditure on trade-related assistance, i.e. trade policy and regulation and trade development, to €2 billion a year from 2010 — €1 billion in Community aid and €1 billion in bilateral aid from the Member States. Around 50% of the increase will be available for ACP needs. The funding allocation will reflect policy and programming decisions at regional level. The EU will participate on a voluntary basis in regionally owned funding mechanisms, such as the regional funds, and step up efforts to prepare joint response strategies relating to AfT for regions during the period until 2010. In May 2008, the EU Council confirmed its commitment to the AfT agenda, and stated its readiness to design EU regional AfT packages for the ACP, building on the 10<sup>th</sup> EDF regional programming process. The objective is to support an ACP-owned regional integration agenda, including by addressing needs arising from EPAs and fostering donor coordination in the spirit of the Paris Declaration on Aid Effectiveness.

154. In order to support strengthened regional integration within ACP regions, the EU will in particular focus on initiatives for deepening regional integration, such as the elimination of remaining intra-regional barriers to trade in goods and services, strengthening and modernising regional customs rules and arrangements, strengthening and harmonising standards and technical regulations, promoting and strengthening regional conformity assessment institutions, as well as the integration of financial and capital markets and the free movement of persons.

155. The EU will support capacity development in ACP regions for trade-related rules and regulations in the areas of competition policy and law, investment, transparency in public procurement and intellectual property rights, as well as the technical capacity of regional institutions for identifying, prioritising, designing, implementing and monitoring AfT regional programmes.

### **4.3 Policy coherence**

156. The coherence of EU policies can only be achieved through rational assessment of the policy mix in the region, especially as regards issues with a potential impact on achievement of the MDGs and regional integration objectives. Key areas in this respect are trade, fisheries, agriculture, security, the environment and migration. In cases where the EC and EU Member States have developed 'coherence for development' commitments<sup>15</sup>, these have been reflected in the response strategy.

157. Trade policy is one of the most important policy areas for the region, and the response strategy fully integrates trade and development. In the wider context, the EC is strongly committed to ensuring a development-friendly and sustainable outcome for the Doha Development Agenda. Following the reform of the Common Fisheries Policy (CFP) in 2002, fisheries agreements were transformed from access arrangements with a financial contribution into genuine partnerships for the development of sustainable and responsible fisheries. The idea is to help third countries put in place their own fisheries policies to help meet their aim of economic development while protecting fish resources. Four Fishery Partnership Agreements (FPA) have been signed in the region with the Comoros, Madagascar, Mozambique, and the Seychelles, and an FPA is being negotiated with Mauritius. The response strategy envisages continued close collaboration in support of programmes

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<sup>15</sup> In line with the 'Policy coherence for development' Communication, COM(2007) 545.

for effective marine and coastal zone management and support for efforts to combat illegal, unreported and unregulated (IUU) fishing.

158. The Common Agricultural Policy (CAP) has sought to increase the productivity of EU agriculture, ensure reasonable living standards for farmers, stabilise farm produce markets and guarantee a stable food supply. These policy objectives have been modified to reflect the evolution of the global economy, so as to make European food producers more competitive, and the need to implement WTO commitments to reduce market distortions. Few agricultural commodities covered by the CAP are in competition with products from the ESA region. A notable exception is sugar. The sugar producers of the ESA-IO region (Kenya, Madagascar, Malawi, Mauritius, Tanzania, Zambia and Zimbabwe), will benefit from the 'Action Plan on accompanying measures for Sugar Protocol countries affected by the reform of the EU sugar regime'. These countries will continue to require support as the EU continues its efforts to minimise the trade distortions due to its support measures for the agricultural sector, and to facilitate the region's agricultural development.

159. In the area of conflict prevention, the EC's cooperation programmes will focus on addressing the root causes of conflict in an integrated, regional manner. The response strategy takes this into account under the Peace and Security component of the second focal sector. In addition, an EC Communication on an 'EU regional political partnership for peace, security and development strategy for the Horn of Africa' provides policy guidance for the implementation of the Regional Response Strategy with regard to the Horn of Africa<sup>16</sup>. Consideration will be given to using resources under the thematic programme budget lines to underpin the priority areas of this strategy, including Food Security, Environment, Investment in Human Resources, Non-State Actors, Human Rights and Democracy, and Migration.

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<sup>16</sup> Cf. Communication from the Commission to the Council and the European Parliament, 'Strategy for Africa: A European regional political partnership for peace, security and development in the Horn of Africa' COM(2006) 601 Final, 20 October 2006.

## 5. THE RESPONSE STRATEGY

160. In accordance with the principle of alignment, the RSP will support the strategies of the ESA region. The focus of the response strategy is therefore on:

1. Consolidating the regional economic integration agenda. To achieve this objective, interventions will focus on trade policy issues, addressing supply-side constraints, adjustment costs and building productive capacities, and on deepening regional integration by preparing for a common internal market and a monetary union by achieving free movement of people and labour, right of establishment and macroeconomic convergence, with support for sectoral policies. For both these themes, the development matrices will be taken into account.
2. Promoting political integration and cooperation in the region, also by addressing peace and security and good governance.

The response strategy is consistent with other ongoing processes, in particular the EPA negotiations with their development agenda and the Horn of Africa Initiative.

161. The Strategy also takes into consideration the harmonisation process among ROs leading to policy convergence.

### **5.1 Underlying principles of the response strategy**

162. The underlying principles reflect the commitments made in the Paris Declaration on Aid Effectiveness, in line with the EU Consensus on Development, including:

- Ownership — ROs exercise effective leadership over their integration policies and strategies and coordinate policies and activities;
- Alignment — donor support is based on the ROs' own integration mandate, implementation plans and procedures;
- Predictability of funds — donor funds reach the intended beneficiaries in a timely manner;
- Harmonisation — actions of the EC, EU Member States and other cooperating partners are harmonised, transparent and collectively effective in reducing the transaction costs for the ROs;
- Managing for results — managing resources in a result-oriented way (linking programming of external resources to the ROs' internal programming and budgeting processes);
- Mutual accountability — ROs and donors are mutually accountable for achieving the objectives of the RSP; and
- Policy convergence.

163. The underlying principles also reflect the recommendations of the WTO Task Force Reports on Aid for Trade (July 2006) and the Enhanced Integrated Framework (June 2006). These include mainstreaming trade within the development objectives of the region and ensuring that trade-related assistance is delivered in a predictable, effective and sustainable manner.

164. The EC and the ESA-IO Region recognise that, in order to meet the region's development objectives, there is a need for additional resources over and above EDF resources. This is facilitated by the architecture of the financing instruments to be used, which aim to allow the disbursement of EDF 10 and other funds through regionally owned delivery mechanisms. The EC and the ESA-IO

will work together to mobilise additional resources from EU Member States, the EC general budget and other cooperating partners.

165. Another underlying principle is that the four ROs are responsible for implementing the strategy, according to their respective mandates, and that the IRCC regional coordination mechanism will be maintained and enhanced. The principles of subsidiarity, complementarity and sub-regional specificity will be applied in the development and implementation of projects. Attention will also be given to the issue ensuring complementarity between the EDF and the EU Budget.

166. However, to take into account the recommendations of the mid-term evaluation of the IRCC Support Project, the end-of-term review of the EDF9 RSP/RIP and the recommendations of the joint NAO/RAO and Ministers of Trade meeting held in Mauritius in July 2006, the function of the IRCC is being reviewed with a view in particular to ensuring closer coordination between national and regional integration and cooperation policies (including all the EDF instruments) and using the IRCC as a forum for improved donor coordination (beyond EDF) and enhanced policy convergence among the various ROs (COMESA/EAC/SADC, also through the Tripartite Task Force). To this effect, revised terms of reference were considered in 2008 for the IRCC, which in May 2008 adopted a new set of principles and tasks for its expanded role under the 10<sup>th</sup> EDF (see [Annex 1](#)).

167. Regional integration policies will be mainstreamed at both national and regional levels through increased NAO/RAO consultation using existing mechanisms such as NDTPF, RPTF and possibly the EIF, etc. This will ensure coherence in the regional integration process. The strategy recognises the need for the early commitment of ESA-IO countries to participating in regional programmes and ensuring linkages between national and regional policy formulation and implementation, where IRCC could play a major role. [Annex 2](#) provides a synoptic view of the interventions envisaged in the ESA NIPs, and should be borne in mind when formulating programmes under the RIP.

168. In order to strengthen consultative processes for regional integration, meetings with the NSAs of the region have been held, for example with the regional business associations (notably during the IRCC High Level Meeting in Dar es Salaam on 17 July 2008). NSAs will be encouraged to participate fully in the implementation of the RIP. In formulating the proposals for specific interventions under the programme, particular attention will be given to cross-cutting issues of gender equality, equity and the environment.

169. Before going into the details of the areas to be supported, it is important to highlight some of the risks that could hamper the successful implementation of this strategy. A major political risk is linked to genuine and concrete commitment and willingness on the part of countries to foster regional integration, which also depends on political stability in the region (including post-conflict reconstruction) and rationalisation of the membership and convergence of the agendas of different regional organisations pursuing the same objective. With reference to this risk, it has to be said that the economic and policy environment in which the EDF10 RSP/RIP programme will be implemented will encourage the ESA-IO countries to adopt more coherent and sustainable regional integration decisions. Regional integration policies will be mainstreamed at both national and regional levels through increased national/regional consultation using existing mechanisms such as NDTPF, RPTF and possibly the EIF, etc. This will ensure coherence in the regional integration process. The strategy recognises the need for the early commitment of ESA-IO countries to participate in regional programmes and ensure linkages between national and regional policy formulation and implementation.

170. The impact of globalisation and the emergence of new vigorous economic players (China, India, etc.) are now being felt by most of the countries in the region. International trade negotiations, as well as recent major trends on international markets (oil, commodities, food products, etc.), are also challenging these countries, which need to strengthen their political and economic links and combine forces in the international arena to avoid further marginalisation. It is also increasingly assumed that regional groupings such as COMESA, EAC and SADC are building blocks towards this ultimate goal. Responses to looming shocks linked with food accessibility and energy shortages, or to the increasing need for the sustainable management of natural resources (also including the extractive industries), can be much more effective if approached and coordinated at regional level.

171. With regard to security and peace risks, it is assumed that the countries of the ESA-IO region will support the mandated ROs in developing their responsibilities for conflict prevention/management/resolution (protocol with the AU), and seek peaceful solutions to all types of conflicts. It is also assumed that those countries will take the necessary measures to root out corruption and profiteering related to a war economy and arms trafficking.

172. More specifically, the EU regional political partnership for peace, security and development in the Horn of Africa follows the principles of the response strategy. It is based on a comprehensive regional approach to regional integration and cooperation, which strengthens the regional organisations and assures them and the participating countries ownership of the initiative. Partnership, the other pillar of the initiative, ensures harmony between the activities of the initiative and the peace-building and development needs and priorities of the Horn of Africa.

173. At the level of implementation, the main risk relates to the available capacities (in-country, at RO and EC service level) to absorb the resources made available through the regional programme, and to achieve the expected results in a timely fashion. This risk can be managed within the EDF10 RSP/RIP itself, through significant efforts to develop managerial, financial and technical capacities in the different ROs, allowing them to efficiently assume further implementation responsibilities, as well as by reinforcing the intra-regional coordination structures (in particular, by strengthening the institutional and technical capacities of the IRCC to play the extended role mentioned earlier). All these measures should foster dialogue and cooperation between the different ROs, and between them and their member countries. On the EC side, some measures are also expected to improve the organisation and management of its regional tasks, notably within the Delegations most involved.

## **5.2 Focal areas of support**

174. Two Focal Areas have been identified, the first covering the economic aspects of regional integration and the second its political dimensions. They are:

1. Regional Economic Integration (focusing on implementing and deepening the economic integration agenda of the region, including regional sector policies in the priority sectors of Infrastructure (including energy), Management of Natural Resources, Environment and Food Security);
2. Regional Political Integration/Cooperation.

175. For the ESA-IO countries, Regional Economic Integration (Focal Area 1) is seen as a key factor for poverty alleviation, using trade and integration as development tools for sustained growth. The interventions envisaged target the establishment of a common internal market in goods and

services, through an enabling regulatory environment (to be addressed with Trade Related Technical Assistance) and by supporting member states in implementing regional integration policies and programmes aimed at addressing the possible short-term fiscal adjustments and related socio-economic costs. The need for economic development through regional integration reflects the fact that markets in the region remain small and fragmented, the costs of cross-border business remain high and more needs to be done to create a truly enabling environment to allow the private sector to operate more effectively while at the same time maintaining an adequate regulatory framework.

176. To take full advantage of a regional integrated market, there is also an ongoing need to address physical supply-side constraints, for example by improving the economic infrastructure of the region (including transport, aviation, but also communications, energy and water management). The infrastructure projects identified will be consistent with pan-African priorities (e.g. within the AU/NEPAD) and those planned by the region (as per the TCS/PIP). They will also be closely coordinated with the projects planned at national level under the 10<sup>th</sup> EDF or other resources.

177. The need to address the management of natural resources, the environment and food security reflects the fact that the major economic activity in the region is agricultural production, including livestock and fisheries. This economic activity, upon which the livelihood of the majority of the population in the ESA-IO region depends, relies on the successful and sustainable management of the natural resource and environmental base. Food security, which is both a production and distribution (trade) issue, needs to be strengthened if the region is to develop economically in a sustainable manner.

178. Regional Political Integration/Cooperation (Focal Area 2) is based on the fact that large parts of the ESA region are still engulfed in conflict or instability while other areas are in a post-conflict situation. The response strategy has to take these situations into account if regional integration is to have any chance of success. Without peace and security, development and poverty eradication will not be possible; and without development and poverty eradication no sustainable peace can be ensured. Achieving the MDGs is in the interest of collective and individual long-term peace and security. Moreover, regional challenges can only be addressed by a coordinated regional policy response. Within the ESA region, the East African Community is a striking example of a deeper political integration agenda, one which may be supported as part of the RSP policy response. This focal sector will enable the ESA region to play its full role in the pan-African political architecture.

### **5.3 Regional economic integration**

179. The general objective of this Focal Area is to increase economic growth and reduce poverty by enhancing regional economic integration, trade liberalisation and regional cooperation, and by addressing supply-side constraints in the area of infrastructure as well as in the area of natural resources management, environment protection and food security.

180. The programme objectives are:

- To support the implementation and consolidation of existing CUs and FTAs;
- To support the region's efforts to move towards common markets and monetary unions with integrated rules and standards, free movement of production factors, competition policy, and macroeconomic convergence;
- To strengthen the development and implementation of regional trade arrangements in goods and services, EPAs, and multilateral trade arrangements, specifically under the WTO;

- To provide those countries liberalising their trade regimes with support so that they are able to make the necessary economic adjustments and to address the possible short-term revenue losses;
- To reduce the cost of doing business through the removal of supply-side constraints, including improvement of regional economic infrastructures;
- To ensure the sustainable management of the natural resources of the region as a core asset for the livelihood systems of the people and to ensure that it provides a basis for sustainable economic growth and food security;
- To develop sustainable energy policies based on improved access to sustainable energy services and regional electricity markets integration,

181. The countries of the ESA region are well aware of their need to create larger markets through deeper regional integration if they are to achieve the 6-7% growth rates necessary to reduce poverty. The COMESA Strategic Plan and the EAC Development Strategy include policies aimed at creating:

- **A Customs Union.** The response strategy will support further development of customs and other border procedures to facilitate the free movement of goods and the monitoring and removal of NTBs. It will also support the development and implementation of instruments and legislation for trade liberalisation and tariff reform.

This includes supporting compliance with SPS/TBT regulations. Requirements in this field are often country-specific, although the final objective is to have a regional system. Activities are consequently relatively broad, covering aspects such as advice on administrative issues, explanation of the EU legislation on the export of animal or plant products to the EU or improving the understanding of SPS systems. Activities equally extend to addressing technical difficulties (such as laboratory techniques or construction, analytical methods, etc.) that have posed obstacles to export growth in the past.

It is also proposed to support regional mechanisms to assist Member States in making economic adjustments arising from the implementation of regional integration policies. These adjustments relate to CU implementation and preparation for the Common Market and fall mainly under the following areas:

- trade facilitation and export diversification;
- production and employment adjustment;
- skills development and productivity enhancement.

- **A move towards a Common Market** (and eventually a monetary union) to allow the free movement of people, capital, labour, services and right of establishment. This also covers investment policies, trade in services and a common competition policy. The response strategy will support fiscal, judicial, legal and financial-sector reforms to facilitate private sector investment in the region, particularly cross-border investment, and the facilitation of trade promotion activities in the region. It will support putting in place domestic regulations addressing market access issues in the services sector, so that ESA-IO countries can benefit more from trade in services. Within the overall ESA-IO integration process, there are sub-regional initiatives and examples of a political will to move faster. These are not in conflict with the broader ESA process, but rather show the way forward and may be supported as such.

- **Development of sector policies in priority sectors like infrastructure, natural resources and agriculture:** The costs of transport can be reduced by expanding the use of Trade and Transit Transport Facilitation Instruments, by reducing delays at border posts through the



development of One Stop Border Posts as well as by improving physical infrastructure along the main trading routes.

The response strategy is to support the development of a comprehensive regional transport policy and develop infrastructure proposals on the basis of the regional Transport and Communication Sector Priority Investment Programme (TCS/PIP). It will provide a set of criteria to prioritise regional projects. The EC response will also support the implementation of the Yamoussoukro Decision on aviation, as well as trade and transport facilitation instruments, including one-stop border posts.

182. Since ecosystems are transboundary, there is need to manage them through sub-regional transboundary programmes and agreements, with interventions focusing on community or collaborative natural-resource management approaches. Synergies will be sought with pan-African initiatives like the Comprehensive Africa Agriculture Development Programme (CAADP) or the Global Monitoring for Environment and Security (GMES), which is a follow-up to the African Monitoring Environment for Sustainable Development (AMESD).

183. The EU's Food Security Thematic Programme (FSTP) will further make a positive contribution to improving food security, highlighting the importance of cooperative and cross-border approaches to problems that are international in nature. It will, in particular, support agricultural research and its dissemination, and help decision-makers through improved information systems on the food security situation. It will also promote the priorities set out in the new partnership approach established between the EU and the AU (disaster and risk reduction; agricultural policy development and harmonisation; sustainable management of natural resources), while seeking to generate a high profile for food security policy at international level. Synergies will be sought with ongoing projects on food security under the 9<sup>th</sup> EDF such as REFORM.

184. The response strategy will particularly focus on:

- Using natural resources efficiently and sustainably (notably in agriculture exploitation and value addition) to derive maximum benefits for the ESA-IO region, including for food security, mitigating the constraints and negative effects associated with the use of these resources;
- Maximising the total value of ESA-IO's natural assets;
- Making a case for safeguarding and improving the remaining assets while contributing to the regional integration process.

185. It will build on the achievements of programmes financed under previous EDFs, including: programmes aimed at protecting the environment from further degradation; addressing increasing the productivity of the livestock sector; and supporting the fisheries sector.

186. The EC Horn of Africa initiative (to be implemented in association with IGAD and COMESA) aims to enhance activities so as to strengthen:

- Interconnectivity in the transport and energy sectors. In the area of transport, the initial focus is on transport facilitation and the creation of an enabling environment for trade. The long-term vision is to interconnect the countries of the Horn through road, rail and energy networks.
- The regional management of water resources as an essential element for food security. A regional water dialogue forum is planned, as are coordinated hydrological observation systems, followed by the creation of a comprehensive regional surface and ground water information system to identify long-term investment needs.
- The overall framework for natural resources governance and its implications for future human security.

187. Building the capacity of relevant institutions/individuals managing the implementation and monitoring of the CU and the common internal market is a key element for strengthening regional integration and is therefore a key component of the response strategy. The four main strands of the EAC integration process are all strongly relevant: the free trade area and customs union, cooperation in the provision of public goods and services, the process of negotiating a common market, and the eventual goal of political union under a federal constitution (following monetary union).

188. EDF resources cannot fully meet the development requirements of the ESA-IO region. For large infrastructure projects, EDF regional resources will be used primarily for preparatory work, leveraging funds from other sources, including the EU–Africa Partnership for Infrastructure, ADB, and EU Member States, in accordance with AU/NEPAD priorities. In specifically justified cases, the EDF could be used for investment in high-priority infrastructure projects.

189. As regards aid channelling modalities, the COMESA Fund and the EAC Development Fund (when developed and assessed positively for eligibility) may be used to channel EDF and related Community resources. The choice of using these Funds or other aid channelling mechanisms (standard EDF contract modalities) will be guided by institutional procedural, and effectiveness and efficiency criteria in terms of aid delivery. Interventions may include, if so foreseen in the mandates of the respective Funds, socio-economic and short-term fiscal adjustment support and for infrastructure projects in the region. The experience with the implementation of ongoing programmes using the COMESA Fund will also be taken into account. In procedural and procurement terms, depending on the capacity of the ROs, their institutional assessment, and the nature and size of the projects, both Contribution Agreements and Financing Agreements will be used to deliver EDF funds.

190. The added value of using Community resources lies in the fact that the EC has a long experience in designing and implementing programmes for deepening and strengthening regional integration and in funding programmes for the sustainable management of natural resources and the environment. For instance, the Cross-Border Initiative, and its successor RIFF, ensured the fast-tracking of COMESA programmes and helped, in the late 1980s and early 1990s, to put in place the Preferential Trade Area for ESA countries. In the mid-1990s, regional integration in the ESA-IO region showed signs of losing momentum. It regained impetus with the resurrection of the EAC and the official launching of the COMESA FTA in October 2000, to which EDF support contributed. The mainstreaming of trade in national and regional development policies has consistently been supported by the EC, and this new dynamic is now delivering positive results, with the ESA-IO region recording increased levels of intra-regional trade and positive levels of economic growth.

#### **5.4 Regional political integration/cooperation**

191. The general objective of this focal area is to assure peace and security and provide a framework for balanced development through higher levels of regional cooperation, including deeper political integration, as many conflicts in the region have a regional dimension. Both EU–Africa strategic documents and individual poverty reduction programmes articulate the crucial importance of peace, security and good governance as prerequisites for development. Wars and conflicts have an impact on all stages of the development cycle, so there is a crucial need for a comprehensive approach to all issues relating to conflict prevention, management and resolution (CPMR), post-conflict reconstruction and peace-building. At regional level, integration within stable

regional blocs has the potential to stabilise countries in a post-conflict situation. Peaceful development is in itself a force for stability. Progress towards the MDGs is in the interest of sustainable peace and security, since it has the potential to reduce tensions over scarce resources such as land and water, and to provide a firm foundation for both individuals and communities to flourish. The prevention of conflict through sensitive development efforts is one objective of the overall national and regional development effort. But in addition to the mainstreaming of conflict prevention, there are specific activities that may be mobilised to this end. One promising field is support for cross-border reconciliation and confidence building; another is supporting civil society in its efforts. The objective is to ensure that there is no relapse into conflict in the region. This will include greater efforts to ensure post-conflict reconstruction and more targeted efforts in conflict prevention and resolution.

192. The existence of a coherent regional perception of the concept of good governance, including in the economic field, will lead to political stability and confidence and will create a stable and predictable business climate, which in turn will attract foreign and local investment.

193. The active participation of economic actors and citizens in regional integration, through increased freedom of movement backed by viable cross-border institutions, can itself exert a powerful influence in encouraging and maintaining stability and interdependence.

194. The EU regional political partnership for peace, security and development in the Horn of Africa provides a political strategy for concrete regional initiatives, and strives to address the root causes of instability in the region. It focuses on three main areas of action: addressing regional cross-cutting and cross-border challenges; encouraging effective regional political and economic cooperation and integration; and addressing country-level strategic political issues with regional ramifications. Concrete activities under the partnership could include joint regional planning in key sectors, intercultural dialogue, the management of migration and the protection of refugees, internally displaced people and persons in need of international protection, the fight against anti-personnel landmines and prevention of smuggling and the trafficking in human beings, the fight against transnational organised crime and proliferation of Small Arms and Light Weapons (SALW).

195. The purpose of the programme is to support the regional pillar of the pan-African architecture for conflict prevention, peace and security and associated flanking policies. In particular, it will strengthen the substantial peace and security component, namely the Partnership on Peace and Security, of the Joint Africa-EU Strategy for Africa. It will be implemented in close coordination with interventions envisaged for the AU under the intra-ACP envelope.

196. At a broader level, IGAD, COMESA, IOC and EAC have been mandated by their members to carry out conflict prevention activities. While CPMR is an explicit component of IGAD's mandate, COMESA has a proven commitment to tackling the effects of conflict on economies across its region, while EAC is implementing the Small Arms and Light Weapons (SALW) component.

197. The Regional Strategy will also support the Initiative for the countries of the Great Lakes (CEPGL) through functional cooperation and by applying the principle of subsidiarity, since the activities under the Initiative aim at consolidating peace processes and economic integration within the region, among other things by focusing on developing areas such as energy, transport, rural development, environment and education.

## **5.5 Non-focal areas**

198. The non-focal areas will include programmes that are consistent with the mandates and strategies of the ROs, including capacity building, support for the IRCC, involvement of Non-State Actors, and addressing cross-cutting issues.

199. The non-focal areas will also include activities supporting the use of results and competencies from past and on-going scientific cooperation, as well as programmes supporting the implementation of the 8<sup>th</sup> Partnership, as it pertains to the ESA-IO region. Special attention would be given to human and institutional capacity building and encouragement for participation in European Research Framework programmes.

## PART II: REGIONAL INDICATIVE PROGRAMME

## 6. PRESENTATION OF THE INDICATIVE PROGRAMME

### 6.1 Introduction

200. Within the general framework of the present Regional Strategy Paper, and in accordance with the provisions of Article 10 of Annex IV to the Cotonou agreement, the Parties have agreed on the main priorities for their cooperation and on the areas on which the support of the Community will be concentrated. A detailed Indicative Programme is presented in this chapter, followed by annexes containing a series of tables presenting the intervention frameworks for each focal area ([Annex 3](#)), an indicative activity pipeline timetable ([Annex 4](#)) and the indicative commitment and expenditure schedules ([Annex 5](#)).

201. The countries of the ESA-IO region are well aware of their need to create larger markets through deeper regional integration if they are to achieve the 6-7% growth rates that are necessary to reduce poverty. In line with the response strategy, the Regional Indicative Programme will assist ESA ROs in meeting the challenges of implementing their medium-term strategies, which focus on establishing customs unions and moving to common markets and monetary unions in order to increase equitable prosperity across the whole region.

202. Through the first focal sector, Regional Economic Integration, the RIP will provide support for appropriate regional policies to be put in place in core areas (customs union, common internal market, services, rules) and tackling supply-side constraints as well. The analysis has shown that an inadequate regulatory environment adds significantly to the cost of doing business and impedes the creation of new markets, as do deficient regional infrastructure — in particular for transport — and insufficient management of natural resources, environment and food security. With 70% of the population depending on agriculture, strategies to improve food security also merit continued support.

203. The second focal sector focuses on regional political integration/cooperation issues such as policies to embed peace and democracy, since they are vital to attract investment and to achieve sustained development in the region.

204. In each of the focal sectors, ROs have formulated objectives for the medium term, which are reflected in the seven areas of the EPA development matrix ([Annex 14](#)). The RIP will seek to contribute to their achievement by supporting the development of harmonised regional policies and their implementation in these areas. Where consistent with the regional priorities, activities under the Horn of Africa Initiative can be funded by the RIP.

205. Cross-cutting issues will be mainstreamed through all interventions supported by the RIP, in line with the ROs' mid-term strategies, in order to achieve gender equality and equity and to protect the environment through sustainable use of natural resources.

206. The amounts mentioned in this chapter indicate the overall distribution of funds between focal area(s) and other programmes. This distribution can be modified following mid- and end-of-term reviews.

## **6.2 Financial instruments**

207. This Indicative Programme is based on the indicative initial allocation for the ESA-IO region, amounting to around €645 million.

208. The indicative allocation will be distributed as follows:

- **Regional Economic Integration** (including Infrastructure (comprising energy), and Natural Resources, Environment and Food Security): 85% of the total allocation (€548 million).
- **Regional Political Integration/Cooperation**: 10% of the total allocation (€64 million).
- **Other programmes**: 5% of the total allocation (€32 million).

209. The projects financed under this programme will be implemented in accordance with the relevant provisions of the Financial Regulation applicable to the 10<sup>th</sup> EDF, in particular Article 29. Two financing mechanisms will be employed. Contribution Agreements will be used where appropriate and where the lead RO has demonstrated, by means of an institutional assessment, that it meets international standards in management, accounting, audit and procurement. In all other cases (in particular taking into account the size and nature of projects), traditional financing agreements will be the preferred financing mechanism.

### **6.2.1 Other Financial Instruments**

210. Specific activities may be supported by external actions funded by the general budget of the European Community carried out under the financial framework for 2007 – 2013 subject to special procedure and availability of funds, and out of the own resources of the EIB. Actions funded by the general budget include, among others, programmes funded under the Development Cooperation Instrument such as the thematic programmes "investing in people", "non state actors in development", "migration and asylum", "environment and sustainable management of natural resources" and "food security" and the programme for accompanying measures for ACP Sugar protocol countries, as well as actions funded from other instruments such as the stability instrument, the instrument for the promotion of human rights and democracy or the instrument for humanitarian and emergency assistance. [In relation to Agriculture, the 1 billion Facility that covers short and medium term interventions to address the high food prices would also be available to the countries of the ESA-IO region and to the ROs therein.] For the Sugar Protocol countries benefiting from accompanying measures, the actions envisaged in that context shall be complementary to above financial instruments.

### **6.2.1 Monitoring and evaluation**

211. Monitoring of results and evaluations of impact of individual activities (programmes, projects, sectors) under this RSP will be undertaken in line with the Technical and Administrative provisions that are attached to each individual Financing Agreement prepared to implement this RSP.

The results and impact of the Community's cooperation with the ESA-IO region implemented through the RIP and through external actions funded by the general budget of the European Community, will be

assessed by means of an independent external evaluation. This region-level evaluation may be undertaken jointly with EU Member States and possibly also with other donor agencies.

## **6.3 Focal areas**

### **6.3.1 Regional economic integration**

212. The following objectives will be pursued:

- Supporting actions for implementing customs unions and moving to a common market and monetary unions. The actions will concentrate on RO priorities taking into account what is to be achieved by the process of regional integration and EPA-related needs;
- Support for RO actions in developing and implementing harmonised regional policies to remove supply-side constraints and expand competitive supply capacities in priority sectors like agriculture, wildlife and coastal and marine resources and fisheries;
- Trade-related assistance and capacity development in ESA-IO countries for trade policy, negotiation of regional/multilateral trade agreements, and trade facilitation, including for the small and vulnerable economies in the ESA-IO region;
- Support for member countries in participating fully in the regional trade arrangements as well as in the implementation of other trade arrangements by alleviating the impact of social, economic and fiscal adjustment costs;
- Support for private sector development to enable firms to take full advantage of regional integration policies and to foster higher productivity and more value-adding activities in the region;
- Removal of supply-side constraints, particularly in physical infrastructure;
- Support the region in developing sustainable energy policy based on improving access to sustainable energy services and regional electricity markets integration;
- Support for the region to improve land and water resources management with a view to enhancing its capacity to increase agricultural production and to become more self-sufficient in food production;
- Enhancing the capacity of the region in the conservation of natural resources and management of environment;
- Addressing of regional integration issues affecting small and vulnerable economies;
- Strengthening data quality and harmonisation at RO level;
- Institutional capacity building.

213. The major policy measures to be taken by the ESA-IO region for the successful implementation of the response strategy are:

- Further harmonisation and convergence of the ROs' integration agendas;
- Adoption of trade policies that will result in movement towards a customs union and implementation of a common external tariff and in movement towards a common market and monetary union;
- Implementation of EPA commitments;
- Further mainstreaming of trade within the development agenda of the region;
- Implementation of trade liberalisation measures in line with WTO (where applicable);
- Consistency with national programmes as well as pan-African programmes.

For indicative purposes, €548 million is reserved for this focal area.

214. The major interventions envisaged are as follows:



### **Trade-related assistance and capacity building**

215. Assistance to the ROs in implementing their economic integration mandates, namely through:

- Improved availability, quality and comparability of statistical information to support regional economic integration;
- Development and implementation of instruments and legislation for trade liberalisation and tariff reform (including TRIPS regulations and monitoring and removal of NTBs);
- Support for the development of expertise and capacity to analyse and comply with SPS/TBT regulations and for establishing the appropriate physical infrastructure, such as laboratories. Coordination, exchange of experience and dissemination of good practice can also play a role in this field.
- Putting in place domestic regulations and addressing market access issues in the services sector, so that ESA-IO countries can benefit more from trade in services;
- Further development of customs procedures, as well as support to Customs systems modernization through means of best practices, tools and international standards, including the implementation of the WCO SAFE Framework of Standards leading to trade facilitation and simplified measures. Costs will also be reduced through trade and transport facilitation instruments, including one-stop border posts;
- Implementation and monitoring of the EPA in member states;
- Support for harmonisation of policies between ROs;
- Improving the availability, quality and comparability of statistical information to support regional economic integration. Support for trade facilitation measures through the EC Horn of Africa Initiative, including creating customs management compatibility, harmonised procedures and one-stop border posts in the Horn of Africa region;
- Enhancing development capacity in trade-related issues such as competition policies, transparency in public procurement, and the legal and regulatory framework.

216. Support for ROs in enhancing their capacities for the implementation of customs unions as well as support for RO initiatives to move towards a common internal market and monetary union, and to improve the harmonisation of policies.

### **Alleviation of the impact of economic and fiscal adjustments on public expenditure**

217. Support for regional mechanisms such as the COMESA Fund Adjustment Facility and EAC Development Fund to assist Member States in addressing short-term budgetary constraints and facilitate the economic adjustments required for the implementation of regional integration policies.

218. These adjustments are related to major policies linked to customs union implementation and preparation for the common market and monetary unions. To take full advantage of regional integration, support will address the following areas:

- Compensation for potential revenue losses; and
- Social and economic costs of adjustment, such as production restructuring and the effects of unemployment;

### **Support for private sector development**

219. Support for ROs in the drafting and implementation of regional programmes for:

- Undertaking fiscal, judicial, legal and financial-sector reforms to facilitate private sector investment in the region, particularly cross-border investment;

- Addressing production, marketing, distribution and transportation (PMDT) constraints and increasing regional added value in production supply chains and in marketing and distribution channels;
- Promoting investment in the region;
- Improving competitiveness;
- Supporting the participation of business institutions and intermediary organisations in regional integration; and
- Facilitating trade promotion activities in the region.

### **Removal of supply-side constraints**

220. In line with the ROs' medium-term strategies, the 9<sup>th</sup> EDF RIP will support a study for (i) developing a comprehensive regional Transport and Communication Strategy (TCS), and (ii) developing infrastructure proposals on the basis of the regional Priority Investment Plan (PIP), both under the 9<sup>th</sup> EDF RISP programme (9 ACP RSA 19, TCS/PIP component):

(i) TCS: this should propose the necessary steps for further regional harmonisation of the policy, institutional and regulatory framework in the transport and communications sectors, as well as an integrated strategy encompassing all modes of transport (roads, railway, ports, aviation) and inter-modal transport, as well as ICT. It must also provide recommendations for additional actions to develop and extend transport facilitation instruments already agreed in the region (Transit Charges, Road Design and Signs, Axle Load Limits, Vehicle Dimensions, Carrier License).

(ii) PIP: this should update the existing COMESA 5-year Priority Plan for Regional Infrastructure, based on submissions by member states, and propose an appraisal and decision-making process, including specific criteria and methodologies for project selection and prioritisation. Public-private partnership options and modalities for infrastructure investment would also be promoted and given consideration.

The different actions (institutional development, technical capacity building, physical projects, etc.) resulting from the TCS/PIP study will constitute the basis for support under the 10<sup>th</sup> EDF. However, EDF resources cannot fully meet the development requirements of the ESA-IO region. For large infrastructure projects, EDF regional resources will be used primarily for preparatory work (sector plans, feasibility studies, project proposals, and business plans), leveraging funds from other sources, including the EU–Africa Partnership for Infrastructure, ADB, and EU Member States, and should facilitate private investment in regional infrastructure development in accordance with AU/NEPAD priorities. In specifically justified cases, the EDF could be used for investment in high-priority infrastructure projects, also using credit enhancement mechanisms and other financial instruments.

221. Support to move projects from the identification stage to bankable status, and leverage funds to:

- Upgrade available infrastructure and transport systems;
- Improve communication and telecommunication systems, namely through the implementation of the COMTEL, EASSy and SEGANET initiatives;
- Improve marine transportation and port facilities;
- Address energy requirements

In accordance with paragraph 183 regarding the aid delivery modalities this support may be channelled through the planned Infrastructure Facility component of the COMESA Fund and EAC Development Fund.

222. Support the ROs in developing a regional framework to enhance sustainable energy production, management, distribution and technology transfer, based on improved access to sustainable energy services, increased investment in energy infrastructure, including promotion of renewable energy and energy efficiency and improving of electricity interconnections.

223. Supporting regulatory and legislative harmonization in the region, facilitating cross-border trade, promoting regional integration of electricity markets and capacity building through the specialised regional institutions in the energy sector such as the Eastern Africa Power Pool (EAPP), the Regional Association of Energy Regulators for Eastern and Southern Africa (RAERESA) (which will be established soon) or the already existing African Forum for Utility regulators

#### **Improvement of land and water resources management to develop agricultural and food production**

224. Support for ROs in the elaboration and implementation of regional programmes aimed at:

- Contributing to the implementation of CAADP, in particular: extension of the area under sustainable land management and reliable water control systems; increasing food supply, reducing hunger, and improving the response to food emergency crises; and agriculture research, plant protection approach and practices, technology innovation and dissemination;
- Implementation of livestock and pastoralism as a core asset for the livelihood of the people of the region;
- Developing meteorology, disaster risk management, and adaptation to climate changes;
- Capacity building, training and institutional support.

#### **Improving the capacity of the region to derive economic benefit from its marine resources and manage them in a sustainable way**

225. Support for ROs in the elaboration and implementation of regional programmes aimed at:

- Enhancing institutional capacity to enable the region to derive economic benefit from marine resources in a more sustainable manner (aquaculture could be such an alternative);
- Combating illegal, unreported and unregulated fishing activities;
- Ensuring a proper balance in the benefits gained by populations from using marine resources through programmes to assist the development of small and medium-scale fisheries; and
- Supporting measures to mitigate the environmental impact of mineral and extractive industries.

#### **Conservation of natural resources and management of the environment**

226. Support for ROs in the elaboration and implementation of regional programmes aimed at:

- Contributing to the implementation of the African Monitoring of the Environment for Sustainable Development (AMESD) initiative and the Global Monitoring of the Environment and Security for Africa (GMES-Africa) activities;
- Developing capacity for integrated environmental assessment and reporting with a particular focus on climate change and sea-level rise, depletion of freshwater aquifers, coral reef bleaching and coastal erosion, in line with the conclusions of the UN International Conference on SIDS, so as to address problems related to coastal

- vulnerability and adaptation planning in the context of climate change and sea-level rise;
- Contribute to ensure the sustainability of the IOC Network for the Coral Reef Monitoring and surveillance, contribute to the enlisting of vulnerable coral reefs and identification of environmental sensitive areas for protection and restoration, identification and control of alien species and contribute towards the conservation of marine biodiversity.;
  - Strengthening of national plans, programmes and legislation for forest management, inventory and monitoring, including the sharing of information on trade in illegally harvested forest products;
  - Following up the pilot project on environmental education (EDF 8 ACP RIN 4) with a particular emphasis on: biological assessment; socio-economic valuation of restored ecosystems and eco-tourism; cost analysis of restoration and maintenance; and island management plans.

### **6.3.2 Regional political integration/cooperation**

For indicative purposes, €64 million is reserved for this focal area.

227. The major interventions envisaged are as follows:

#### **Support for the regional pillar of the pan-African architecture for conflict prevention, peace and security.**

This focal sector focuses on improving governance and security, in particular in the border regions, and on developing and supporting policies and programmes that address competition in natural resources. It will follow up 9<sup>th</sup> EDF conflict prevention, management and resolution (CPMR) in partnership with the countries of the region and with NSAs. It will assist in the implementation of preventive crisis management and post-conflict measures to address peace and security issues in the region, since one of the priorities in the mid-term strategies of the ROs is to establish capacity and operations to cover the whole conflict cycle notably through early warning mechanisms, early reaction and post-conflict reconstruction programmes.

For countries seeking deeper regional cooperation in political, defence and security matters, the following strategic interventions could be supported:

- Establishment of a regional mechanism for disaster/crisis preparedness and reaction including by capacitating and involving civil society This will include the establishment of a regional mechanism for stability and peace-building (ranging from early warning systems to post-conflict peace-building), thus responding to the requirements of conflict prevention, management and resolution (CPMR). The emphasis will be on preparing a strategy to anticipate conflict by addressing the root causes of violent conflicts, establishing procedures and agreeing on the division of roles with AU and UN agencies, based on experiences in the region. In addition, promotion of CPMR in partnership with civil society, including the setting up of a networking mechanism within civil society;
- Establishment of Regional Border Commissions to handle boundary disputes and promote border co-operation;
- Establishment of joint measures to combat the proliferation of illicit small arms and light weapons, to control terrorism and to enhance the exchange of criminal intelligence, together with joint operations and patrols between partner states;

- Establishment of mechanisms to address conflicts over resources e.g. fresh water, the sea, ports and inland mineral deposits;
- Capacity building in the area of peace and security will include support for new cross-border confidence-building measures such as the establishment of dialogue and research-policy linkages and the harmonisation of police training in the region;
- Promotion of good governance and democracy through the APRM.

#### **Support for post-conflict reconstruction**

In order to achieve a smooth transition between humanitarian and long-term post-conflict strategies, interventions in the following areas could be warranted for conflicts or crises with a regional dimension:

- Reinforcement of public institutions and provision of public services;
- Reinforcement and training of police forces;
- Provision of instruments for food security;
- Rehabilitation and construction of rural infrastructures; and
- Creation of conditions for the reception of refugees and IDPs.

**Launching of structured dialogue with regional partners on governance and security**, which will serve to develop common perceptions of challenges to democracy and stability, to exchange best practices, to promote civil society involvement in governance and security issues, and to develop concrete proposals for the region.

Support for the peace and security activities developed under the EU's regional political partnership for peace, security and development in the Horn of Africa, such as intercultural dialogue, the management of migration the protection of refugees, internally displaced people and persons in need of international protection, the prevention of smuggling and trafficking in human beings, the fight against transnational organised crime, and proliferation of Small Arms and Light Weapons (SALW).

## **6.4 Other programmes**

228. An indicative amount of €32 million has been reserved for the following purposes:

- Assisting the region in knowledge development and capacity building (including for non-state actors); and
- Enhancing the capacity development of ROs and improving inter-regional coordination.

229. The major interventions envisaged are:

Support for ROs in the elaboration and implementation of regional programmes aimed at:

- Setting up a platform for international and bilateral donors and other partners to promote sustainable development in the SIDS in line with the conclusions of the UN International Conference on SIDS in January 2005 and to contribute to the achievement of the millennium development goals in the SIDS;
- Establishment of a pilot regional centre of excellence that would address the issue of human resources development;

- Strengthening cooperation between the region's higher education and research institutions with special emphasis on fostering cooperation in the fields of economics, science and technology, conflict studies and academic capacity-building. This shall be done taking full account of the range of recently completed or on-going cooperation initiatives in the region together with the policy position of the RO in these areas. Institutions that may be considered for support under this heading are: the Indian Ocean University 'without walls'; the East African Inter University Council; the African Economic Research Consortium; Nyerere Centre for Peace and Research.
- Support for the IRCC;
- Promotion of good governance in the tax area and
- Capacity building in addressing cross-cutting issues such as gender issues, HIV/AIDS, malaria and TB, and involvement of non-state actors;
  - Supporting the use of results and competencies from past and on-going scientific cooperation
  - Development of programmes supporting the implementation of the 8<sup>th</sup> Partnership as it pertains to the ESA-IO region, with special attention to human and institutional capacity building and encouragement for participation in European Research Framework programmes

Support for ROs in enhancing their capacities in the implementation of the 10<sup>th</sup> RIP and improving coordination among ROs as well as supporting RO initiatives to improve the harmonisation of policies.

## **6.5 Duly mandated organisations**

230. For the implementation of this Indicative Programme, the regional organisations duly mandated through the IRCC Mechanism are:

- Common Market for Eastern and Southern Africa (COMESA)
- East African Community (EAC)
- Inter-Governmental Authority on Development (IGAD)
- Indian Ocean Commission (IOC)

231. In order to implement the activities set out in the present Indicative Programme, the duly mandated regional organisations and governments will appoint Regional Authorising Officers. The function of Regional Authorising Officer is defined by analogy with the description of the function of National Authorising Officer in the Cotonou agreement (Annex IV, Articles 13, 14 and 35).

232. The list of duly mandated organisations and governments of ACP States, as well as their respective responsibilities in the implementation of the Indicative Programme, can be amended by an exchange of letters between the Regional Authorising Officer(s) and the Chief Authorising Officer.

## **6.6 Cooperation with other countries or regions**

233. The ROs may collaborate with other countries or regions as well as Overseas Countries and Territories (OCTs) and Outermost Regions (ORs) of the EU to implement projects under this Regional Indicative Programme. Specific attention will be given to the development of concerted EDF and European Regional Development Fund (ERDF) programming with parallel co-financing arrangements, with a view to strengthening ACP/OR functional cooperation at ESA regional level<sup>17</sup>. The concerned ROs will set up appropriate coordination mechanisms for appraising joint EDF/ERDF initiatives with the Outermost Regions (see [Annex 12](#)).

234. Participation requests, including an indication of the funding source, are to be submitted to the duly mandated ROs holding the presidency of the IRCC. Funding to enable the participation of OCTs and OR will be additional to the funds allocated to the ACP States under the RIP.<sup>18</sup>

235. Activities under the Initiative for the countries of the Great Lakes (CEPGL) cut across various areas, including energy, transport, rural development, environment and education. Indicatively, €30 million will be set aside for these. Moreover, complementary actions will be included in the Central Africa RIP, and could be envisaged in the NIPs for the countries concerned.

236. For the purpose of the implementation of the activities aiming at supporting the CEPGL under the present Indicative Programme, the European Commission will assure the responsibilities of Delegate Regional Authorising Officer. These responsibilities will be carried out until a permanent CEPGL Executive Secretariat will be appointed, with full capacity to assure the delegated RAO responsibilities.

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<sup>17</sup> Cf. Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of Regions, 'Strategy for the Outermost Regions: Achievements and Future Prospects', COM(2007) 507 Final, 12 September 2007.

<sup>18</sup> Annex IV, Article 6.2, Revised ACP/EC Partnership Agreement, 25 June 2005.

237. The ROs may also participate in projects of other regions, notably neighbouring regions. Adequate funding for such participation will be made available under this RIP. The region itself may cooperate in pan-African and intra-ACP cooperation schemes, including those involving non-ACP developing countries.

238. The participation of other countries / regions / outermost regions in projects under this RIP or the participation of countries of this region in projects of another region may not entail delays in the implementation of this RIP in order to avoid negative consequences for its mid-term and final reviews.



## **ANNEXES**

- 1 Task Force Report on revised IRCC ToRs**
- 2 Linkages between the ESA NIPs and the RIP**
- 3 Intervention framework**
- 4 Schedule of activities**
- 5 Timetable for indicative commitments and disbursements**
- 6 Table of main ongoing projects and programmes financed by the Community**
- 7 Donor matrix (EAC, IGAD, IOC, COMESA)**
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- 17 Membership of the ROs**

**REPORT OF THE  
2<sup>ND</sup> TASK FORCE MEETING ON THE REVISION OF THE INTER-REGIONAL  
CO-ORDINATING COMMITTEE (IRCC) TERMS OF REFERENCE  
15<sup>TH</sup> MAY 2008, DAR-ES-SALAAM**

## **1.0 Background**

Under 9<sup>th</sup> EDF RSP/RIP, COMESA, EAC IGAD and the IOC decided to establish an Inter-Regional Co-ordinating Committee (IRCC), in 2002 in order to achieve the emerging programming and co-ordination tasks in the ESA-IO region.

This strategy has proved constructive and has allowed a common understanding of the regional integration agendas in the ESA-IO region with efficient synergies for a harmonised process, ensuring coherence in the programming process, and optimum utilisation of scarce resources.

Given the positive results of the collaboration, under the aegis of the IRCC mechanism, the regional organisations obtained a further mandate from their Member States to undertake a similar joint coordination and programming role, including a reinforced role for implementation, monitoring, review and evaluation in the context of regional development and integration strategies with resources of the 10<sup>th</sup> EDF.

A Task Force (TF) has been set up, by the IRCC, for the preparation of the revised ToR (2008) as opposed to the original ToR (2002) for a reinforced coordinating mechanism.

The TF has worked on the basis of new developments as from 2002 taking in consideration recommendations made in the 9<sup>th</sup> EDF End of Term Review, the Mid Term Evaluation of the IRCC Support project, the current regional integration agendas, the evolving situation related to the EPA negotiations and the Paris Declaration on Aid Effectiveness.

The TF met for the 2<sup>nd</sup> time on 15<sup>th</sup> May 2008 in Dar-Es-Salaam and was represented by all the RIOs, (except SADC) and the EC. The TF discussed a presentation (attached) by the IOC which was prepared on the basis of the outcome of the 1<sup>st</sup> TF meeting held in Nairobi in February 2008. The TF agreed on a set of underlying principles and objectives, structure of the revised IRCC and a way forward.

## **2.0 BROAD PRINCIPLES and OBJECTIVES**

**The broad principles and objectives of the IRCC can be summed up as follows:**

- Encourage inter-RO cooperation and coordination;
- Avoid duplication of programmes and projects;
- Maximize utilization of scarce development aid;
- Ensure optimum use of RIOs scarce human resources;
- Improve access to development aid for the RIOs;
- Improve regional solidarity;
- Improve the visibility of a coherent regional integration process;
- Promote the development, setting up and use of regionally owned delivery instruments;
- Contribute to the building block of the region in line with the AU objectives;
- Comply with the double principle of specificity and subsidiarity and regional ownership of programmes/projects.

### 3.0 SPECIFIC OBJECTIVES

Based on the above, the TF proposed that the revised IRCC ToRs should have the following three specific objectives:

1. **Improve the coordination on the development and monitoring of regional programmes;**
2. **Coordinate regional policy agendas;**
3. **Improve Aid effectiveness in the region.**

#### 3.1 Improve the coordination on the development and monitoring of regional programmes

##### 3.1.1 Reinforce the current roles and functions of the IRCC as follows:

- Prioritise programmes/projects to be implemented by the region;
- If necessary, constitute the Steering Committee of the major joint programmes, especially those concerned by regional integration;
- Facilitate the development and implementation of joint programmes on the basis of SADC-EAC-COMESA Tripartite;
- Designate RAOs & DRAOs for the implementation of specific projects and programmes;
- Monitor and evaluate the common regional 10th EDF RSP/RIP;
- Improve the visibility of a coherent regional integration process;
- Support each RIO in formulation, development, implementation of the programmes/projects;
- Undertake mid-term and an end-of-term review to adapt the indicative programmes to evolving circumstances and to ensure effective and efficient implementation. Guidelines for the review process will be developed and agreed by both parties;
- Ensure continuation of monitoring of the RIP implementation and prepare the joint IRCC/EC mid term review (end 2010/early 2011) of the RSP and RIP implementation;
- Serve as the forum for dialogue between the regional organisations and the EC on the conclusions to be drawn from the review, and the recommendations to be presented to the respective policy organs. Recommendations will, in accordance with the Cotonou provisions, include budgetary reallocations.

**New roles of IRCC arising from resources allocated to the ESA-IO region under the 10EDF+ other resources**

- Assess resource gaps and additional resources, including Intra-ACP, EC MS, DCI and other donors and partners;
- Ensure that development assistance is delivered in a manner which is predictable, effective and sustainable to cover EPA development needs, facilitating access to resources and their effective use;
- Development and implementation of regional AFT mechanism;

**3.2 COORDINATION OF REGIONAL POLICY AGENDAS**

- Reinforce the system of reporting on progress in the implementation of all programmes and the results achieved and outcomes;
- Coordination among RIOs on the various aspects of EPA implementation;
- Coordination of regional Aid for Trade Strategy/ies;
- Support RIO's in linking to COMESA/SADC/EAC Tripartite to ensure that there is no duplication or conflicting approaches in regional integration activities but rather to ensure complementarity between the structures, IRCC and Tripartite; especially in identifying projects and programmes.

**3.3 AID EFFECTIVENESS****3.3.1 Donor coordination**

- Engage the EU (EC+MS) and other partners on their international aid effectiveness commitments, specifically on ownership and alignment, predictability of aid, additionality of resources and the use of regionally owned delivery instruments.
- Monitor the Aid Effectiveness in the region, including monitoring the EU and other donors' commitments;
- Engage the development partners on developing a methodology and delivery modalities on additional funds;
- Organise regular conference on financing for development to review progress in the implementation of programmes and projects and identify funding gaps;
- Contribute to the setting up and use, sharing of experiences, best practices, of regionally owned mechanism for accessing funds;
- Provide a platform for donor coordination and mobilisation of additional resources from EU and non EU MS and other donors and IFIs.

### 3.3.2 NIP/RIP Coordination

- IRCC would provide a platform for sharing of information on projects and programmes which contribute to Regional Integration Agendas and Regional Cooperation. This will contribute to the optimal use of scarce resources, national and regional programming and help in ensuring national/regional dialogue and coherence, including national-regional AfT strategies. Annual regional forum of the NAOs/RAOs/Ministers of Trade of all the IRCC members will be held preceded by a well prepared technical level meeting.

### 3.3.3 Capacity building of the RIOs

- Monitor existing and upcoming instruments, projects and programmes where RO's would be eligible to apply for funding and then support the concerned RO to access these resources;
- Develop RO capacities to access EDF funds allocated to Pan African or to All ACP projects and EC General Budget resources as well as from other donors.

### 3.3.4 Monitoring results and outcomes of regional integration and cooperation

- Monitoring the extent to which the regional programmes and projects are contributing to the agendas of the RIOs.

## 4.0 STRUCTURE AND FUNCTIONING OF IRCC

- The IRCC will comprise of the following types of members; ordinary members, members invited on an ad hoc basis and observers. The members will comprise of:
  - heads of the regional organisations (COMESA, EAC, IGAD, IOC, SADC) or his/her representative, accompanied by a maximum of two staff members of each organisation;
  - representatives of the European Commission and the concerned EC Delegations;
  - representative of the ACP Secretariat;

The AU and other partners can be invited on an ad hoc basis to an IRCC meeting.

An annual forum of the NAOs/RAOs and an annual donors' forum will be organised by the IRCC. All the IRCC members will participate in both these forums.

- The IRCC members will ensure that decisions of the IRCC are endorsed by their respective policy organs and ensure coordination with the NAOs of their respective MS.

- The IRCC will be chaired by one of the Regional Organisations and will be held for one year and will rotate in alphabetical order (English language).
- The IRCC will meet on a regular basis, and at least twice yearly.
- In order to facilitate full exchange of information amongst the members, over and above IRCC meetings, the IRCC will encourage each organisation to invite representatives of the partner organisations to its policy organs (as observers).
- The main secretariat will continue to be based at the COMESA Secretariat and will service the rotating presidency.

**5.0 WAY FORWARD**

- Recommend the above key elements relating to the principles and objectives of the new IRCC ToRs to the 15<sup>th</sup> IRCC meeting to be held on the 16-17th May 2008.
- On the basis of the above, recruit an expert who would consult the IRCC members to finalise the ToRs by mid-October 2008. The task Force for the IRCC ToRs will meet prior the next IRCC meeting to discuss the work of the consultant and present progress to the forthcoming IRCC meeting. The expert will also be required to prepare the financing proposal for the IRCC Support Programme under 10<sup>th</sup> EDF RSP/RIP which should be ready by the end of the year for presentation to the EC beginning next year.
- The key elements of the ToRs, specifically the principles, objectives and structure and functioning as approved by the 15<sup>th</sup> IRCC Meeting should be included as an annexe to the 10th EDF RSP/RIP.
- The experts to be recruited in the IRCC Bridging support project will be working on the basis of the new IRCC ToRs.

## Linkages between the ESA-IO National Indicative Programmes and the Regional Indicative Programme



This Annex provides a synoptic view of the linkages and complementarities between the 10<sup>th</sup> EDF National Indicative Programmes (NIPs) and the ESA-IO Regional Indicative Programme (RIP).

It builds on work carried out by a consultant in June 2008 (based on a sub-set of the countries part of the ESA-IO region), as well as work carried out in the EC EuropAid office, based on all the NIPs available as of June 2008.

The 10<sup>th</sup> EDF ESA-IO RSP/RIP, with an indicative allocation of €645 million, foresees interventions in two main focal areas, namely (1) Regional economic integration (85% of RIP), covering regional integration policies, trade and EPA, supply-side constraints (including infrastructure), adjustment costs, and regional sector policies (such as agriculture); and (2) Regional political integration/cooperation (10% of RIP), such as Peace and Security and Conflict Prevention. Other programmes in the non-focal areas include Capacity Building, support to the IRCC, and regional education networks.

As of July 2008, not all the countries of the ESA-IO region have finalised their NIP. In fact, 13 NIPs were available for the analysis. Overall, these NIPs amount to nearly €3.7 billion. Of these, on average 37% is allocated to General Budget Support, usually in support of the national PRSPs.

To analyse more in particular the linkages with the RIP, it is useful to look into the amounts allocated into the five categories of Aid for Trade (Aft) as agreed at the WTO. These are: (1) Trade policy and regulations (TPR); (2) Trade development (TD); (3) Trade-Related infrastructure (TRI); (4) Building productive capacity (excl. Trade development); (5) Trade-related adjustment (TRADJ); (6) Other trade-related needs. These should be the main categories where the overlap with the RIP is highest, and that would benefit from enhanced coordination in order to strengthen the synergies between national and regional interventions.

By looking at these specific categories (see Table 1), the following can be observed: the largest amount in the NIPs is allocated in support of infrastructure development. This amounts to over €1.3 billion, or 36% of all NIPs. The linkage with the regional context is more evident for the ESA landlocked countries, which aspire at connecting with the broader regional networks.

The next large amount is allocated to building productive capacity (over €500 million, 14% of all NIPs), often in support of agriculture, which remains the backbone of the ESA-IO economies. Again, this is in line with the RIP first focal area.

Less prominent in volume terms is the support for Trade Development (2% of NIPs), and Trade policy and regulations (less than 1%); However, these are often very specific interventions with a high impact on EPA implementation, compliance with Sanitary and Phyto-sanitary standards, that accompany the process of building productive capacity.

In addition to these specific AfT categories, in some NIPs specific interventions are foreseen in the good governance area, which links up with the second focal area of the RIP.

In conclusion, generally the NIPs of the ESA-IO region have substantial linkages with the RIP. Complementarities clearly lie in the areas of internal (national-level) dimensions of regional economic integration interventions. All countries clearly see the need to address supply-side constraints in infrastructure, and try as much as possible to inscribe interventions within the regional framework. This is fully in consonance with the RIP, which would allocate a large portion of its first focal area to this sector. For large regional infrastructure projects, the RIP recognises that the cost implication would be much higher than any single source of funding would be able to afford. It therefore tries to establish synergies with other initiatives, such as the EU-Africa Partnership on Infrastructure, in accordance with AU/NEPAD priorities. Similar synergies are foreseen in the NIPs.

Other areas of consistent complementarity between the NIPs and the RIP cover private sector development, food security, rural development and agricultural development, as well as specific activities for supporting the implementation of the regional and bilateral trade agenda (FTAs, customs unions, monetary unions, EPA, etc).

During implementation the linkages between the NIPs and the RIP would be exploited further, by enhancing cooperation between the four RAOs and the ESA-IO NAOs, notably by organising annual meetings to discuss implementation of the 10 EDF RIP and the NIPs.

**Table 1: breakdown of NIP intervention by AfT categories**

<b>Indicative allocations for AfT 10th EDF NIPs (in M euros) note</b>	(1) Trade policy and regulations	(2) Trade development	(3) Trade-Related infrastructure	(4) Building productive capacity (excl. Trade development)	(5) Trade-related adjustment	Total TRA	Total NIP	Share TRA
<b>RIP</b>						<b>645</b>		
Burundi	1		22	10		33	188	17.6%
Comoros			27			27	45	60.0%
Djibouti	1					1	40.5	2.5%
Eritrea			34			34		
Ethiopia			250	130		380	644	59.0%
Kenya		16.8	126.8	103.4		247	383	64.5%
Madagascar	6		230.8	60		296.8	577	51.4%
Malawi	12		65.4	109		186.4	436	42.8%
Mauritius						0	51	0.0%
Rwanda	6		50	40		96	290	33.1%
Sudan	2		80			82		
Tanzania		55.5	139			194.5	555	35.0%
Zambia	2		117	30		149	475	31.4%
<b>Total ESA</b>	<b>30</b>	<b>72.3</b>	<b>1314</b>	<b>512.4</b>	<b>0</b>		<b>3684.5</b>	
<i>Shares</i>	<i>0.8%</i>	<i>2.0%</i>	<i>35.7%</i>	<i>13.9%</i>				<i>36.1%</i>

Note: The figures are taken from the NIPs and allocated to one or several of the AfT categories on the basis of the description given in the NIP. In some cases the allocation is straightforward whilst in other cases the description is too general to allow a unique allocation to one of the AfT categories. Trade related infrastructure: all road infrastructure is considered trade related; no other infrastructural projects included (eg water and sanitation). Building productive capacity: wherever mention is made of support to agriculture the full amount is included.

**10<sup>th</sup> EDF RSP/RIP – ESA-IO Region - INTERVENTION FRAMEWORK****Focal sector: REGIONAL ECONOMIC INTEGRATION**

	<b>Intervention Logic</b>	<b>Indicators</b>	<b>Source of Verification</b>	<b>Assumptions</b>
<b>Overall objective</b>	To increase economic growth and reduce poverty through - higher levels of regional economic integration and trade liberalisation and - higher levels of regional co-operation in the area of infrastructure and natural resources management	Improved welfare of region's population (HDI Index etc.)  Implementation of ROs regional integration policies, trade creation and integration into the global economy	RO policy organ meeting reports  Economic and trade statistics from ROs (COMSTAT) and international institutions (IMF, World Bank, AfDB, UNECA)  International indices (such as HDI) IRCC reports International institution reports on status of natural resources, (FAO, CTOI etc)	countries of the region mainstream trade an integration into national policy formulation and implementation  ROs harmonise their programmes coherently with national policies of their member states ROs are able to design, manage and implement sectoral policies for the whole region.
<b>Programme purpose:</b>	- To strengthen the development and implementation of regional trade arrangements; EPAs; and multilateral trade arrangements, specifically WTO  - To reduce the cost of doing business through removal of supply-side constraints including improvement of regional economic infrastructures.  - Alleviate economic and fiscal impact of adjustments to allow countries to pursue their regional integration policies.	Active membership of regional trading arrangements (COMESA and EAC CU) and WTO; Signing of EPA Effective mechanism to monitor notify and eliminate NTB in place  Intra- and extra regional trade; gross and as % of global trade Efficiency in the regional transport, energy and communications networks	WTO country assessments  RO policy organ meeting reports  National legislations  Reports on competitiveness and production costs in the region (World Bank, AfDB etc)  EPA implementation monitoring mechanisms (in RECs, ACP and EC/ACP levels)	Countries develop and implement policies to restructure their domestic economies to ensure no loss of net revenue and to improve competitiveness.  Country policies are reflected in mandates and work programmes of the ROs  The countries of the region can work together to agree on a transport and communications master plan and to agree on a

	<p>To ensure the sustainable management of the natural resources and environment of the region as a basis for sustainable growth and food security;</p> <p>Improve land and water resources management</p> <p>Derive economic benefits from the region marine resources</p>	<p>Environmental indicators for ESA IO region improve</p> <p>Share of natural resources in intra and extra regional trade</p> <p>Share of food in intra regional trade increased</p>	<p>Statistics of the member states</p> <p>Survey data</p> <p>Reports from international institutions UNEP, FAO etc.</p>	<p>prioritisation of projects for the benefit of the region as a whole</p> <p>Energy , communications and energy masterplan and PIP are available</p> <p>Countries are committed to their implementation</p>
<b>Results:</b>	<p>Higher levels of economic growth.</p> <p>Increased intra-regional trade through implementation of RTA: Non tariff barriers identified and eliminated</p> <p>Improved interconnectivities in ESA-IO infrastructures (transport, communications, ICT, energy); development of regional PIP for transportation and communications</p> <p>Operationalise COMESA FUND and EAC Fund for leveraging public and private resources for investments in interconnectivities in transport, energy and communications;</p> <p>Increased competitiveness of ESA-IO private sectors</p> <p>Improved food security situation through sustainable management of</p>	<p>GDP growth at 7% on average</p> <p>Reduction of tariffs as per agreed schedules (COMESA and EAC CUs)</p> <p>Reduction of NTBs as per agreed commitments.</p> <p>Pipeline of infrastructure projects developed (PIP) and ready for financing</p> <p>Reduced costs of transport, energy and communications; share of costs in value of traded goods reduced.</p> <p>Transport cost per ton and km down</p> <p>Duration of intraregional trips reduced</p> <p>Number of days spent at the border posts reduced.</p> <p>COMESA FUND (Infrastructure Facility and Adjustment Facility) and EAC Development Fund operational by 2010.</p>	<p>Economic and trade statistics</p> <p>National tariff books</p> <p>National accounts</p> <p>Economic and trade statistics</p>	<p>The region is stable economically and politically.</p> <p>The global economy continues to grow.</p>

	<p>resources;</p> <p>Adoption of appropriate food security policies;</p> <p>Implementation of African initiatives (CAADP, AMESD, GMES, Horn of Africa) to improve coordination of policies related to sustainable land, marine and water management</p> <p>Biodiversity potential of ESA-IO region preserved and developed</p> <p>Put in place a regional disaster risk management</p>	<p>Private sector contribution to investment and exports increased</p> <p>Share of natural resources in intra and extra regional trade</p> <p>Share of population requiring food aid reduced (attainment of MDG 1)</p> <p>Share of foodstuffs in intra regional trade increased</p> <p>Development and application of regional approach</p> <p>Coral reef areas protected</p> <p>Removal of invasive alien species</p> <p>Establishment of regional disaster risk response and marine pollution contingency plan</p>	<p>Statistics from MS and regional and international organizations (FAO,UNEP, IOTC etc.)</p> <p>Survey data</p> <p>RIO Policy organ reports</p>	<p>There is free exchange of information between RIOs and member States.</p> <p>Strong measures are taken and implemented on sustainable management of natural resources and food policies</p>

**Focal sector: PEACE AND SECURITY**

	<b>Intervention logic</b>	<b>Indicators</b>	<b>Source of Verification</b>	<b>Assumptions</b>
<b>General objectives:</b>	Increase economic growth and reduce poverty through higher levels of regional cooperation in the areas of peace and security	Reduced number of conflicts in the region.		Countries willingness to coordinate relevant policy formulation and implementation
<b>Specific Objective :</b>	Support the regional pillar of the pan African architecture of conflict prevention, peace and security	Number of conflicts resolved		
<b>Expected Results :</b>	<ul style="list-style-type: none"> <li>- Conflict prevention, management and resolution (CPMR)</li> <li>- Launch structured dialogue with regional partners on governance and security.</li> <li>- Identify specific actions identified with regional partners to support border commissions.</li> <li>- Support IGAD-led CEWARN (Conflict Early Warning and Response Mechanism).</li> <li>- Support the Regional Centre for Small Arms and Light Weapons (RECSA).</li> </ul>	<ul style="list-style-type: none"> <li>Establishment of fora with relevant stakeholders on governance and security matters</li> <li>CEWARN supported</li> <li>Support the RECSA</li> </ul>		

EDF 10 RSP RIP - Annex 4 Chronogramme of Activities

Indicative allocation (Mio eur)	645	2008		2009				2010				2011				
		Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	
<b>1st FOCAL AREA: Regional Economic Integration</b>	<b>548</b>															
<i>Trade-related technical assistance and Capacity Building:</i>	80		PIF	AF	AAP	FD	FA									
<i>Alleviation of economic and fiscal adjustments:</i>	70											PIF	AF	AAP	FD	FA
<i>Support private sector development</i>	20		PIF	AF	AAP	FD	FA									
<i>Removal of supply-side constraints</i>	250	FS	FS/PIF	FS/AF	FS/AAP	PIF/FD	PIF/FA	AF	AAP	FD	FA					
<i>Land and water resource management for agriculture and food security</i>	20		PIF	AF	AAP	FD	FA									
<i>Marine resources</i>	25		PIF	AF	AAP	FD	FA									
<i>Natural resources and environment</i>	83		PIF	AF	AAP	FD	FA									
<b>2nd FOCAL AREA: Regional Political Integration/Cooperation</b>	<b>64,5</b>	<b>Q3</b>	<b>Q4</b>	<b>Q1</b>	<b>Q2</b>	<b>Q3</b>	<b>Q4</b>	<b>Q1</b>	<b>Q2</b>	<b>Q3</b>	<b>Q4</b>	<b>Q1</b>	<b>Q2</b>	<b>Q3</b>	<b>Q4</b>	
<i>Support to regional pillar of Pan-African architecture of CP, P&amp;S</i>	20						PIF	AF	AAP	FD	FA					
<i>Support post-conflict reconstruction</i>	24,5						PIF	AF	AAP	FD	FA					
<i>Dialogue with regional partners</i>	20						PIF	AF	AAP	FD	FA					
<b>Other Programmes</b>	<b>32,5</b>		PIF	AF	AAP	FD	FA	AF	AAP	FD	FA					
<b>Total commitments</b>	<b>645</b>															

LEGEND

PIF: Project Identification Fiche; FS: Feasibility Study; AF: Action Fiche; FD: Financing Decision;

■ : Project implementation



## Global commitments

Indicative allocation (eur million)

645

Years		2009		2010		2011	
		1	2	1	2	1	2
<b>SEMESTERS</b>							
<b>1st FOCAL AREA - Regional economic integration (85% of RIP)</b>	<b>548</b>						
<i>Trade-related technical assistance and Capacity Building:</i>	80		80				
<i>Alleviation of economic and fiscal adjustments:</i>	70						70
<i>Support private sector development</i>	20				20		
<i>Removal of supply-side constraints</i>	250		65		185		
<i>Land and water resource management for agriculture and food security</i>	20				20		
<i>Marine resources</i>	25				25		
<i>Natural resources and environment</i>	83		83				
<b>2nd FOCAL AREA - Regional Political Integration/Cooperation (10%)</b>	<b>64,5</b>						
<i>Support to regional pillar of Pan-African architecture of CP, P&amp;S</i>	20		10		10		
<i>Support post-conflict reconstruction</i>	24,5				24,5		
<i>Dialogue with regional partners</i>	20		10		10		
<b>Other programmes (5 % of RIP)</b>	<b>32,25</b>						
- IRCC Support 2: 15 meur			15				
- Knowledge development (including RMCE): 13 meur			7		6		
- CB for cross-cutting issues: 4.5 meur					4,5		
<b>Total Commitments</b>		0	270	0	305	0	70
<b>Total Cumulative Commitments</b>		<b>0</b>	<b>270</b>	<b>270</b>	<b>575</b>	<b>575</b>	<b>645</b>

## Global commitments

Indicative allocation (eur million)

645

Years		2009		2010		2011	
		1	2	1	2	1	2
<b>SEMESTERS</b>							
<b>1st FOCAL AREA - Regional economic integration (85% of RIP)</b>	<b>548</b>						
<i>Trade-related technical assistance and Capacity Building:</i>	80		80				
<i>Alleviation of economic and fiscal adjustments:</i>	70						70
<i>Support private sector development</i>	20				20		
<i>Removal of supply-side constraints</i>	250		65		185		
<i>Land and water resource management for agriculture and food security</i>	20				20		
<i>Marine resources</i>	25				25		
<i>Natural resources and environment</i>	83		83				
<b>2nd FOCAL AREA - Regional Political Integration/Cooperation (10%)</b>	<b>64,5</b>						
<i>Support to regional pillar of Pan-African architecture of CP, P&amp;S</i>	20		10		10		
<i>Support post-conflict reconstruction</i>	24,5				24,5		
<i>Dialogue with regional partners</i>	20		10		10		
<b>Other programmes (5 % of RIP)</b>	<b>32,25</b>						
- IRCC Support 2: 15 meur			15				
- Knowledge development (including RMCE): 13 meur			7		6		
- CB for cross-cutting issues: 4.5 meur					4,5		
<b>Total Commitments</b>		0	270	0	305	0	70
<b>Total Cumulative Commitments</b>		<b>0</b>	<b>270</b>	<b>270</b>	<b>575</b>	<b>575</b>	<b>645</b>

## Annex 6 Ongoing projects of the 9th EDF ESA RIP

As at 19 february 2008

Project number	Project name	RAO	End date	Planned	Contracts	Paid	RAC	RAP
9 ACP RSA 1	VMS fisheries IOC	IOC	31-déc-10	3.415.796,57	3.025.019,57	1.706.593,23	390.777,00	1.318.426,34
9 ACP RSA 2	Northern corridor rehabilitation	KENYA	30-juin-11	5.000.000,00	4.770.604,00	1.646.522,84	229.396,00	3.124.081,16
9 ACP RSA 3	Support to IRCC Secretariat	COMESA	1-août-09	8.700.000,00	7.801.033,90	4.746.511,32	898.966,10	3.054.522,58
9 ACP RSA 4	EAC evaluation of 7 ACP RPR 721	EAC	closed	27.352,29	27.352,29	27.352,29	-	-
9 ACP RSA 5	Tuna tagging (IOC EDF 8)	IOC	31-déc-11	4.300.000,00	4.081.297,22	3.136.039,87	218.702,78	945.257,35
9 ACP RSA 6	Tuna tagging project	IOC	31-déc-11	9.700.000,00	9.546.447,50	9.149.338,51	153.552,50	397.108,99
9 ACP RSA 7	Technical Assistance to IOC	IOC	30-sept-09	1.650.000,00	1.642.888,97	1.476.252,01	7.111,03	166.636,96
9 ACP RSA 8	Trade Negotiation facility	COMESA	closed	1.635.513,05	1.635.513,05	1.635.513,05	-	-
9 ACP RSA 9	Djibouti Ethiopian Railway line - minimum safety works	DJIBOUTI	30-sept-09	30.000.000,00	30.000.000,00	11.200.050,00	-	18.799.950,00
9 ACP RSA 10	Reginal livestock programme	ETHIOPIA	31-mai-12	5.710.000,00	5.489.945,00	2.293.777,00	220.055,00	3.196.168,00
9 ACP RSA 12	Evaluation of Comesa projects	COMESA	closed	74.355,61	74.355,61	74.355,61	-	-
9 ACP RSA 13	Road South Corridor	DJIBOUTI	31-déc-10	10.900.000,00	10.900.000,00	4.942.911,06	-	5.957.088,94
9 ACP RSA 14	Rehabilitation -Road South Corridor	DJIBOUTI	31-déc-10	14.100.000,00	14.100.000,00	-	-	14.100.000,00
9 ACP RSA 15	Road project in Kampala Mbaramba	UGANDA	31-déc-10	5.000.000,00	2.632.488,00	-	2.367.512,00	2.632.488,00
9 ACP RSA 16	Regional Information & Communication Tech Supp Proj	COMESA	30-juin-11	21.000.000,00	20.597.139,65	8.385.107,73	402.860,35	12.212.031,92
9 ACP RSA 18	Road Gitarama Akunyara	RWANDA	29-déc-06	3.300.000,00	3.300.000,00	3.300.000,00	-	-
9 ACP RSA 19	Regional Integration Support Project(RISP)	COMESA	30-juin-12	33.500.000,00	33.500.000,00	18.015.465,60	-	15.484.534,40
9 ACP RSA 20	Regional programme for sustainable Management	MAURITIUS	31-déc-14	18.000.000,00	9.377.923,00	2.579.762,40	8.622.077,00	6.798.160,60
9 ACP RSA 21	ECOFAC	GABON	31-déc-13	5.000.000,00	-	-	5.000.000,00	-
9 ACP RSA 22	Lake Victoria Environmental Management	UGANDA	23-juin-09	2.500.000,00	2.500.000,00	2.500.000,00	-	-
9 ACP RSA 23	Rergional Food and Risk Management Prog(REFORM)	IGAD	31-déc-13	10.000.000,00	2.516.810,00	422.714,00	7.483.190,00	2.094.096,00
9 ACP RSA 24	African Monitoring of Envir. For sustainable Development	ETHIOPIA	31-déc-14	5.000.000,00	1.297.493,00	-	3.702.507,00	1.297.493,00
9 ACP RSA 25	Regional Integration Support Mechanisim (RISM)	COMESA	31-déc-13	74.788.292,10	74.788.292,10	-	-	74.788.292,10
9 ACP RSA 26	Regional Integration Support Mechanisim (RISM)	COMESA	31-déc-13	3.211.707,90	3.211.707,90	-	-	3.211.707,90
9 ACP RSA 27	Conflict Prevension Manangement Resolution(CPMR)	IGAD	31-déc-14	10.000.000,00	2.288.462,00	-	7.711.538,00	2.288.462,00
9 ACP RSA 28	Institutional strenghening - IGAD	IGAD	31-déc-13	808.858,69	-	-	808.858,69	-
9 ACP RSA 29	Institutional strenghening - IGAD	IGAD	31-déc-13	191.141,31	-	-	191.141,31	-
9 ACP RSA 40	Support to IRCC bridging project	COMESA	30-juin-12	1.400.000,00	-	-	1.400.000,00	-
<b>Total 9 ESA EDF Projects</b>				<b>288.913.017,52</b>	<b>249.104.772,76</b>	<b>77.238.266,52</b>	<b>39.808.244,76</b>	<b>171.866.506,24</b>
9 ACP RPR 2	Seminar on sustainable energy for ACP states	KENYA	30-juin-07	400.000,00	399.770,00	-	230,00	399.770,00
9 ACP RPR 32	Rider 1 increase of ceiling of PACE	KENYA	28-févr-07	4.525.494,00	4.378.994,50	3.693.356,00	146.499,50	685.638,50
9 ACP RPR 36	Regional livestock programme	ETHIOPIA	31-mai-12	500.000,00	500.000,00	250.000,00	-	250.000,00
<b>Total</b>				<b>294.338.511,52</b>	<b>254.383.537,26</b>	<b>81.181.622,52</b>	<b>39.954.974,26</b>	<b>173.201.914,74</b>

<b>RAL</b>
1.709.203,34
3.353.477,16
3.953.488,68
-
1.163.960,13
550.661,49
173.747,99
-
18.799.950,00
3.416.223,00
-
5.957.088,94
14.100.000,00
5.000.000,00
12.614.892,27
-
15.484.534,40
15.420.237,60
5.000.000,00
-
9.577.286,00
5.000.000,00
74.788.292,10
3.211.707,90
10.000.000,00
808.858,69
191.141,31
1.400.000,00
<b>211.674.751,00</b>
400.000,00
832.138,00
250.000,00
<b>213.156.889,00</b>

**COMESA: Summary of Externally Funded Projects**

Ref	Project	Project Objective	Donor	Beneficiary	Amount	Status/Remarks
<b>A: Trade, Customs &amp; Monetary Division</b>						
1	Regional Integration Support Programme (RISP)	The programme being implemented by COMESA through a Contribution Agreement is to develop the capacity of the 4 RIOs and their member states in the ESA region in policy formulation, implementation and monitoring of regional integration, multilateral and regional trade and in trade related areas to support regional integration	EC (9 <sup>th</sup> EDF)	COMESA, EAC, IOC and IGAD Secretariats and member states.	Euro 33.5 mill	Implementation is done through Contribution Agreement with 9 result areas which include consolidation of the customs unions; improved trade negotiating capacities in ESA member states; improved and harmonised statistical data; improved tax policy and capital market harmonisation; and the transport and communication strategy priority investment plan ( TCSPIP)  Both COMESA and EAC are now implementing joint work programmes to avoid duplication and to bring harmony and coherence
2	WTO/FTA Workshops	To build capacities of member States by conducting modular seminars on WTO/FTA	USAID	Selected members States	US\$ 221,000	Awareness creation workshops have been conducted in 13 countries with USAID assistance. But the Programme is now closed. Workshops are now being organised with funding from RISP.
3	Regional Customs Transit Guarantee/Bond Scheme-(RCTG)	To facilitate the movement of goods in the region	USAID	COMESA	\$1,000,000	Ten member States have ratified the RCTG agreement and the scheme was launched on 22 <sup>nd</sup> September, 2006 in Kampala , Uganda.  In preparations for the commencement of operations of the scheme, the piloting of the COMESA CARNET in the Northern Corridor Counties : Kenya , Uganda , Rwanda and Burundi , which started in September , 2007 will continue until March 2008 . In addition activities are undertaken to assist member States who have not ratified the scheme to do so and join the scheme, as well as to establish National Sureties. The scheme is envisaged to be operational by June/July 2008.
4	Regional Dimension of Poverty Reduction	To formulate a regional strategy for Poverty Reduction	UN-ECA	Selected member states as sample space	Through technical assistance	UN-ECA financed the project and a study has been completed which will be examined by a stakeholders workshop.
5	Trade Negotiation and Trade Policy Development	Strengthening capacity for Trade Negotiations and Trade Policy Development for COMESA Secretariat and member states	ACBF	COMESA	\$543,146	The end of term review was carried out in September 2006 and the Project was extended to 31 March 2009. Discussion is ongoing on a successor project to be implemented from April 2009.

6	The Hub & Spokes Project on Trade Policy formulation and negotiation	To improve the capacity of ACP countries and their regional integration organisations to manage & increase participation in multilateral and regional trading arrangements: WTO, ACP-EU.	EC/COMESA	COMESA member States and Secretariat	Revolving funds provided upon request	The programme is ongoing. It is part of the wider EU Trade.com programme on capacity building. A Regional Trade Policy Advisor (the Hub) and TPA (side) placed at COMESA Secretariat. Initially Trade Policy Analysts-TPAs (spokes) were placed in trade ministries of Zambia, Malawi & Uganda, Seychelles, Ethiopia and Swaziland, Comoros. Priority has been to provide TPAs to LDCs members of COMESA, organise workshops and other capacity building activities in the region.
7	Regional Integration Support Mechanism (RISM)	To assist countries in addressing short-term constraints met at national level to implement trade liberalisation policies	EC	COMESA and EAC member states	Euro 78 mill	The Contribution Agreement between EC and COMESA was signed in November 2007.  Support to countries will be channelled through the COMESA Fund for COMESA member States.
8	Strengthening the FTA and development of the Customs Union	This programme is providing technical and financial support to COMESA in strengthening the FTA, the development of the Customs Union, development of competition policy, implementation of safeguard and trade remedy measures, capacity building in member States on regional trade matters and in multilateral trade negotiations.	DFID	COMESA, EAC and SADC Secretariats and member States.	UK£10 million (2004-09)	Implementation is done through the placement of 2 long-term staff at COMESA, 2 long term staff at the SADC Secretariat, one long-term Manager for the One-Stop Border Post programme, and several short-term infrastructure experts. The programme also supports the development of the measures to make the COMESA Fund operational through interventions of the Programme Director.
9	Elimination of NTBs	This programme is providing technical and financial support to COMESA in strengthening the FTA through activities aimed at eliminating NTBs.		All member States		Implementation is done through direct funding of activities such as the development of the NTB database, meetings and consultative meetings,
10	One Stop Border Post	To facilitate trade by streamlining the clearing process at border posts.		Selected members		The programme is supporting the development of the Chirundu One-Stop Border Post between Zambia and Zimbabwe. Implementation is done through funding of a long-term Project Manager and short-term infrastructure and traffic-flow experts.
11	COMESA-EAC-SADC Programme Harmonisation	COMESA, EAC and SADC are implementing joint or similar work programmes. The programme aims to help the 3 RECs avoid duplication, share synergies and bring about harmony and coherence.		All COMESA, EAC and SADC member States		The programme is facilitating the harmonisation of integration programmes among COMESA, EAC and SADC and serves as a secretariat to the Tripartite Task Force of the 3 Chief Executives of 3 RECs.

## B: Investment Promotion and Private Sector Development

1	Comprehensive Africa Agriculture Development Programme (CAAdp°	CAADP serves as a common framework for agricultural development and growth for African Countries. CAADP defines four Pillars for improving Africa's agriculture:  (i) Extending the area under sustainable land management and reliable water control systems;  (ii) Improving rural infrastructure and trade related capacities for market access;  (iii) Increasing food supply, reducing hunger and improving responses to food emergency crises; and (iv) Improving agricultural research, technology dissemination and adoption.	G8, USAID, W/Bank, DBSA, AfDB, DFID and others.	All COMESA member States	US\$ 2 million (initial direct support to COMESA to be effective August 15, 2006). Funding by SIDA & DFID through IFPRI	The CAADP road map has been prepared by the Secretariat and approved by the African Partnership Forum (APF) . The AU Commission and the different (RECS) have organised 5 regional Implementation planning meetings to specify regional priorities , define governance and coordination procedures and principles and explore opportunities and Alliances to support the implementation of the CAADP.  The regional CAADP Work Plan has been discussed and reviewed by both the donors and key regional stakeholders. Consequently, G8 donors and multilateral partners have provided technical support to COMESA to help in the fine tuning of the regional CAADP compact.
2	Regional Food Security and Risk Management (REFORM)	The major objective is sustainable reduction of vulnerability to food insecurity and poverty in East and Southern Africa. This will be done through improved regional and national trade, social and disaster risk management strategies and policies.	EC	IGAD and COMESA member states	Euro 10 mill under EDF 9, out of which the COMESA Component on Cross Border trade is Euro 2.3 mill.	Financing Agreement Signed in 2007 between IGAD and EC. Contribution agreement signed between COMESA and EC as an individual commitment in 08
3	Africa Agricultural Markets Programme (AAMP)	To enhance policies in agricultural outputs/inputs	DFID	COMESA region	US\$ 2.25million	Grant signed JUNE 2008. The fund is channelled through World Bank.
4	Alliance for Commodity Trade in ESA (ACTESA)	To improve trade in staple crops	USAID, WFP,EC,DFID,SIDA	COMESA region	US\$10million	Design Team identified USAID grant IL signed i3/6/08.
5	AGOA Linkages in COMESA (ALINC)	To assist businesses in COMESA states to access US markets through AGOA and to engage the US government on trade and investment matters.	USAID	14 AGOA eligible COMESA member states	US\$200,000	COMESA has signed contracts with 2 firms in Washington to facilitate its engagement .

6	Regional Agricultural Trade Expansion Support Program (RATES)	To increase the value and volume of regional agricultural trade, promote regional industry linkages and value addition and enhance the capacity of the private sector.	USAID	Implemented in selected member States in central, eastern and southern Africa	US\$2.5 million	RATES is a joint programme between USAID & COMESA. It is a five year project which has been running from 1 <sup>st</sup> October 2002 and was initially supposed to end on 30 <sup>th</sup> September 2007. The Project is extended to 30 <sup>th</sup> September 2008. Through the Partners Fund, RATES has helped to develop/strengthen the following regional industry associations with whom it works closely: - EAFCA – Eastern African Fine Coffees Association - ESADA – Eastern and Southern African Dairy Association - ACTIF – African Cotton and Textile Industry Federation - EAGC - East African Grain Council
7	Regional Enhanced Livelihoods in Pastoralist Areas (RELPA)	To improve and broaden options for livelihoods of households linked to pastoralist livestock systems in the Mandera Triangle (Kenya, Ethiopia and Somali) and initiate CAADP Roundtables in Kenya, Djibouti and Ethiopia.	USAID	Kenya, Djibouti, Ethiopia and Somali, Pastoral Communities and national governments.	US\$ 14.8 million for the region (of which \$750,000 is direct support to COMESA Secretariat.	The Agreement between USAID/ East Africa and COMESA signed. The recruitment of the technical staff has been completed and project has started in august 2007 and ends July 2009.
8	Irrigation development	To implement the Irrigation Master plan; To assist member States to establish national water use committees; Carry out a comprehensive hydrological survey	India , BADEA, AfDB	All member States	Funding proposed via NEPAD of  COM\$ 962,450  BADEA Com\$257,000 India (TA)	Several Member States have expressed interest to work with the Indian Government and the COMESA Secretariat to harness their irrigation potentials. They require technical support to implement the programme. To date, the Indian experts have visited Zambia and Eritrea .Plans to carry out feasibility studies for pilot projects in Sudan, Ethiopia, Djibouti, Rwanda, and Eritrea are underway.
9	COMESA Common Investment Area (CCIA)	To operationalise the Common Investment Area by:  (i) Preparing a Regional Policy Paper on CCIA and a Draft Legal Framework (ii) Conduct national consultations through regional workshops	USAID	All member states	US\$300,000,	The Investment Agreement for CCIA was adopted by the COMESA Authority in May 2007. The Action Plan for the implementation of the investment Agreement has been adopted by the Co-ordinating Committee on
10	Production and Marketing of Value added Fisheries Products (Pilot Project)	Development and promotion of trade in value added fish products focussing on Nile Perch & Dagaa	CFC, FAO, FAO-COMSEC COMESA	Kenya, Uganda, Tanzania	US\$544,005	The project is ongoing.
11	Agricultural Marketing Promotion and Regional Integration Project	(i) To improve incomes from agriculture, promote food security and nutrition in member states through Agricultural trade promotion	AfDB	All member states	UA 5.164 (8.5 million USD)	The project commenced in January 2005. The project coordination Unit has been established and the project activities are being extended to December 2008 to complete the remaining activities without extra cost.



		(ii) Marketing Information (iii) improved Sanitary and Phytosanitary systems				
12	Strengthening Trade in agricultural input	To enable the region set up mechanisms for promoting access to inputs by Member States	Funded by Hewlett Foundation and executed by IFDC	COMESA member States	US\$ 300,000	On going. Review of constraints to fertiliser access has been done and strategies to address the constraints are being pursued.
13	A Regional Response to the Catastrophic Spread of Cassava Mosaic Virus Disease (CMVD) and Banana Xanthomonas Wilt (BXW) in the African Great Lakes Countries (Great Lakes Crop Crisis Control Project,C3P,)	To assist member states coordinate activities that will both reduce the incidence of serious famines and food insecurity.  To develop and multiply clean planting material for Banana and Cassava for distribution in the region	USAID	Uganda, Kenya, Rwanda, Burundi, Tanzania, and Democratic Republic of Congo	USD 5 Million for the region with \$75,000 direct support to COMESA Secretariat.	COMESA and ASARECA have agreed to play a convening and coordinating role. They will work together with USAID -EA to plan the process and organize a regional Task Force and national Task Forces in each of the participating countries that will guide the program. A consortium of NGOs will be given the responsibility of managing the funds and coordinating the day-to-day activities of partners at the regional and national levels.  Project ongoing
14	COMESA Pharmaceutical Harmonisation Project	(i) To harmonise practices, procedures & regulations relating to Trade and Manufacture of Pharmaceutical products in the region.  (ii) To facilitate Trade and Investment in high quality and safe pharmaceutical products in the region.	COMSEC	all member states	US\$20,000	The programme is on-going  A Regional Pharmaceutical Workshop will be organised during the second quarter of 2008.
15	COMESA Business Council (CBC)	Establish a Forum in which private sector can participate in the elaboration, development & implementation of economic policy in COMESA  To organise Business Forum – to facilitate interaction between policy makers and the private section	Ec-Pro-Invest & USAID	Chambers of Commerce and Private sector associations in all M/States	Euro 96,425 US\$90,000	The project is ongoing  Business Forum is organised every year back to back with Summit

**C: Infrastructure Development**

1	COMTEL Project	To establish a holding company to be known as COMTEL to link national systems through ATM and Optic fibre Systems	AfDB, DBSA	All member states	\$500,000 (ADB)	A new strategy has been adopted to establish the COMTEL network as an Overlay Network utilizing the existing national Optic fibre links . Additional financing amounting to US\$800,000 has been provided through the NEPAD mechanism to develop
2	Implementation of Vehicle Overload Control	To implement Vehicle Overload control along key road corridors in the region	SSATP	Selected countries		COMESA, ECA, SADC are developing a common programme of action to facilitate implementation of the project. Funding has been secured under the (SSATP) to carry out a study to prepare implementation guidelines and to identify country requirements that need to be dealt with before the programme can be launched. The process of procurement of consultant is on-going

3	Northern Corridor Transit Facilitation	To undertake national assessment on the status and constraints faced in implementing the COMESA Transit Facilitation Instruments in the NCTTA. To develop measures to speed up implementation.	USAID	Burundi, DRC, Kenya, Rwanda, Sudan, Uganda	US\$ 650,000	The project is ongoing
4	Establishing One-Stop Border Posts across borders	To facilitate movement of goods and persons in a manner that contribute to reduction of cost of trade and exchange	EU/DFID/USAID	Zambia/Zimbabwe Kenya /Uganda		A pilot project is currently ongoing at Malaba on the Kenya/Uganda border. USAID funded partial facilitation activities through the ECA-Hub. Another pilot project is also ongoing in Chirundu funded by DFID. The Chirundu project has made significant progress and trial implementation is scheduled for June, 2008.
5	ICT policy and Regulatory Harmonisation Programme (ICT-RHP)	To develop a harmonised ICT policy and regulatory Framework by studying the current Telecommunications regulatory environment in member states and identifying areas of improvement and reform	USAID CATIA (DFID & SIDA)	All member states	US\$2.0 mill.	The project is ongoing
6	Communication & Navigation/Air Traffic Management System (CNS/ATM)	To provide for a common Air space management in COMESA region	USTDA	All member states	\$300,000	The Project is ongoing
7	Regional ICT Support Programme	Create a positive enabling ICT environment, To contribute to the ESA Region's integration agenda through an	EC	All member States, IOC, IGAD & EAC	Euro 21 million under 9 <sup>th</sup> EDF	The Project is jointly implemented by COMESA, EAC, IGAD and IOC  (i) Implementation through Danish Management with a PMU based at COMESA Sec and ICT regional coordinators based at each of the 4 Rios. The project has a Technical Steering Committee that meet at least 2 times every year  A Mid Term evaluation carried out in March 2007 recommended speeding up of implementation to put it back on track.  A component on ASYCUDA is being implemented through a Contribution Agreement with UNCTAD in DR Congo, Comoros, Eritrea, Seychelles and Swaziland
8	Postal sector reform	Establish positive postal policy environment in countries and speed postal reform process	COMESA, UPU	All member States	US\$ 200,000	The project is ongoing
9	Development of the Shire-Zambezi Waterway Project	Project on the Zambezi Waterway to develop and restart water transport down to the Indian Ocean	RISP + Malawi	Malawi, Mozambique, Zambia and Zimbabwe		Procurement process ongoing for consultant to undertake Feasibility Studies to determine investments to be made in water channel development, navigation facilities river ports and transport equipment

**D: Legal and Institutional Affairs**

1	Enhancing Procurement Reforms & Capacity Projects	<ul style="list-style-type: none"> <li>Promote good Governance through Transparency and Accountability ;</li> <li>Build capacity in Public Procurement among Member States;</li> <li>Harmonise Public Procurement Laws and regulations</li> </ul>	AfDB	All Member States	US\$9.1M	This 4 years project was recently commissioned. The Project has 3 main components; (i) Enhancing procurement reforms (ii) Capacity building (iii) Up-grading and improvement of the Procurement Information Systems. So far the Project Management Unit has been set up and is involved in the selection and recruitment of various consultancy firms & individuals to help in the implementation of the different project components. One contract for the implementation of the capacity building component has been awarded already.
2	Capacity Building for Public Procurement Reforms in COMESA	Build capacity in Public Procurement among member states ; Harmonise Public Procurement laws and regulations	World Bank	Rwanda and Zambia	US\$ 472,000	This is a 2years project which aimed to maintain the reforms process and also consolidate the achievements of the previous reform initiatives under the PPRP. The project is currently involved in the selection of consultants to help in capacity building by ToT and legal and regulatory reforms in the named countries.
3	Enhancing the role of non-state actors in conflict prevention and peace building	To promote regional stability as a major prerequisite for regional integration and economic development	USAID	All member states	\$1,122,000	<p>Got an extension up to March2008 to:</p> <p>(i) To conduct seven (7) national consultations for civil society and private sector organisations.</p> <p>(ii) To continue to pay the consultant on trading for peace).</p>
4	Study the Cost of Conflict in the COMESA Region	To improve the capacity of COMESA in CPMR and in PCRDR through improved knowledge on the costs of conflicts in the region.	IDRC	Countries in the COMESA Region	CAN121,000	Implementation of the project ended in January and Financial report should be submitted to IDRC before 21 <sup>st</sup> February.
5	Capacity Building for conflict prevention and Peace Building	To enhance the capacity of COMESA and other RECs in conflict prevention and peace building	EC through the AU African Peace Facility (APF)	COMESA Member states and Secretariat	Short /Long term: Euro 928,176; Long term: Euro 545,980	A total of EURO 529,777 has been transferred to COMESA account for both the long and short term. The remaining fund will be transferred in the course of the project The Procurement for new staff and equipment has started
6	Trading for Peace project (TfP)	To enhance the sustainable and equitable use of natural resources in the DRC in the interests of regional stability and poverty eradication	DFID-UK; USAID-EA	Focus on DRC, with link in Uganda, Rwanda, Burundi, Zambia	900.000 USD in 2008	-Capacity building and cross-border trade facilitation; - Financial flows and Banking research; - Advocacy, dissemination and networking

7	Conflict Prevention Management and Resolution Programme (CPMR)	The purpose of the project is to enhance the capacity of COMESA to address conflicts by focussing on war economies and their linkage to conflict propagation.	EC	IGAD, COMESA, EAC and their member states	Euro 2.25 Million.	The programme is jointly financed by COMESA, EAC and IGAD. The proposal has been approved and was signed by both EC and COMESA. on 13 <sup>th</sup> February 2007.
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**F: GENDER MAINSTREAMING**

1	Development of a COMESA Gender Mainstreaming Strategy	To develop a COMESA Gender Mainstreaming Strategy	EU under RISP/ USAID (Consultant salary )	All member states		<b>Project completed end of February 2008</b>
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**G Institutional Strengthening**

1	Institutional Strengthening of COMESA Secretariat	To reinforce capacity of COMESA Secretariat by: • Recruiting Consultants to assist in the TCRM unit; ISO coordination and Agriculture Advisor • Strengthening the Finance & IT Divisions	USAID	COMESA	US\$1.8 mill.	The Project is ongoing.
2	IRCC Support Programme	To assist the regional organisation in the harmonisation and coordination of implementation of programmes under the 9 <sup>th</sup> EDF ESA RSP/RIP	EC	COMESA, EAC, IGAD, IOC and SADC	€ 8.7 mill	Implementation period ended in July 2008. Now in closure phase.
3	Continuation IRCC support programme	To provide a bridging between the IRCC support project under the 9 <sup>th</sup> EDF and the envisaged phase 2 under the 10 <sup>th</sup> EDF	EC	COMESA, EAC, IGAD, IOC and SADC	€ 1.4 mill	FA signed in 2008 and implementation started in September 2008.

**H PUBLIC RELATIONS**

1	Institutional Strengthening of COMESA Secretariat	To reinforce public relation services of COMESA Secretariat by publishing; - COMESA song. -Pre summit publications; -Calendars -Outdoor multimedia advertising in each FTA participating State.	USAID	Secretariat		All activities were completed
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**EAC: Summary of Externally Funded Projects**

Ref	Project	Project Objective	Donor	Beneficiary	Amount (\$)	Status/Remarks
1	Implementation for the Regional Strategy for Scaling-up access to Modern Energy Services	1) To achieve the MDG's and poverty reduction.  2) To have access to modern cooking practices for 50% of traditional biomass users  3) Access to reliable modern energy 4) Access to electricity for all schools, clinics, hospitals and community centres: 5) Access to mechanical power within	UNDP, GTZ, EUEI-PDF, Other Development Partners	EAC Partner States	1.700.000	On going
2	Harmonization of Labour Legislation and Employment Policies in EA	Harmonization of labour related policies in the region.	ILO, EAC Budget	EAC Partner States		Total USD 79,588 has already been spent. Awaiting funds from Finland to extend Study to Rwanda/Burundi
3	Regional Harmonization of Medicines Policy and Regulation in EAC Partner States	Contribute to regional integration through a harmonized policy in the region	WHO / EC Through Dar es Salaam	EAC Partner States	742.478	On going

4	EAC/AMREF/LVBC Lake Victoria Basin HIV & AIDS Partnership Programme	Enhance HIV/AIDS cooperation among regional organizations.	EU through WHO-ACP, Swedish, Norwegian Regional HIV Team for Africa in Lusaka	EAC Partner States	6.000.000	On going
5	EAC/UNFPA Regional Sexual and Reproductive Health and Rights Programme	To contribute to regional collaboration in improving SRHR status of the people of EA region within the plan period in line with EAC's Vision, Mission and Goals.	UNFPA United Nations Population Fund	EAC Partner States	250.000	On going
6	EA situational and Feasibility Study on the Regional Pooled Bulk Procurement of Essential Medicines and Health Supplies in EA	Harmonization of procurement procedures in EAC Partner States	WHO, Other Partners	EAC Partner States	100.000	On going
7	Regional Comparative Study of the Provisions of EAC Partner States' Patent Laws Relevant for the access to Generic Essential Medicines in EA	Harmonization of common laws relating to access to generic medicines	GTZ on behalf of German Federal Ministry for Economic Cooperation & Development (BMZ)	EAC Partner States	70.000	On going
8	Regional EAC Health (REACH) Policy Initiative	Be a brokerage institution and reduce gap between policy makers & researchers/ coordinate the formation of the EAHealth Research Commission(EAHRIC)	IDRC Swiss Tropical Institute WHO pledged 33,000 USD - so far we have received 13,400	EAC Partner States	177.500 30.000 13.400	IDRC Grant expires 30/06/2008 Project to be undertaken by EAHRIC. Funding proposal sent to donors SIDA, CIDA,
9	EAC Trade Capacity Building Projects	Building capacities in agro industry sectors with the aim of promoting exports from the region	NORAD/UNIDO	EAC Partner States	2, 800,000.00	Awaiting 1,200,000.00 USD for Rwanda/ Burundi
10	Establishment of regional quality infrastructure EAC Region. Phase 2.	Strengthening the existing structures dealing with standardization , in particular, National standards institutions	PTB-German Ministry of Technical Cooperation	EAC Partner States	2, 700,000.00	
11	Options for Strengthening EA Trade Intergration	To provide options for strengthening EAC's trade intergration through: 1) Consolidating the Customs union, 2) Developing a common trade policy, 3) Streamlining overlapping commitments	World Bank / Dutch Fund	EAC Partner States	400.000	First phase completed, next phase to start soon.
12	Trade and Transport Facilitation Project	To support trade growth in the region, by securing an effective EAC Customs Union, reducing transit time, non-tariff barriers&uncertainty along the region's main logistics chains.	AfDB	EAC Partner States	6.000.000	On going
13	Feasibility study for the EAC Upper Flight Information Region Project	To create a single block of upper airspace (i.e. airspace above FL 245) over Tanzania, Kenya and Uganda; operating from a single area control center (Location to be determined).	US Trade and Development Agency	EAC Partner States	566.000	On going

14	EA Trade and Transport Project	To prepare a regional transport policy&harmonize regulations in the transport sector so as to reduce transportation costs in the region.	AfDB	EAC Partner States	3.400.000	On going
15	Feasibility Study on Multinational Road Projects	To upgrade existing cross-border road links to international standards& remove 'missing-links' for the regional road networks.	AfDB	EAC Partner States	5.500.000	On going
16	Arusha-Namanga-Athi River Project	To upgrade the road linking Nairobi&Arusha to an international class highway that will form part of the continental Trans African Highway	AfDB /JBIC-Japanese Bank for International Cooperation	EAC Partner States	145.000.000	On going
17	Support to the Intergration of Common Markets in East Africa	To have a harmonised Common Market in the EA region	IFC	EAC Partner States	850.000	On going
18	EAC Headquarters Construction	To have EAC offices under one building for better coordination, performance, and operational efficiency.	KfW on behalf of BMZ 8,000,000 Euro	EAC Partner States	10.800.000	Amount to be topped up by 8.100.000 later ion 2008
19	Cubbing Small Arms & Light Weapons	Assisting EAC in the establishment of a political, institutional and legal framework to reduce the uncontrolled and illegal spread and misuse of small arms in the region	GTZ on behalf of BMZ 1,7000,000.00€)	EAC Partner States	2.295.000	On going
20	Tax Harmonization in EA Region	To have a harmonized tax system in the region	GTZ on behalf of BMZ 2,000,000.00€)	EAC Partner States	2.700.000	To begin
21	Support to EAC Intergration Process	Support mainly the economic intergration in the region.	German Govt. through (GTZ 4,920,000.00€)	EAC Partner States	6.642.000	On going
22	Management Training	Support to EPA Negotiations, Capacity building for common Market Negocations, Capacity building for peace and security in the region, and capacity building for Rwanda/burundi to facilitate their accession to EAC	InWent on behalf of BMZ 1,500,000.00€)	EAC Partner States	2.025.000	To begin

23	World Bank Capacity Building Project	Enhance & solidify the capacity of staff to facilitate EAC's strategies in line with increased responsibilities arising from the expanded mandate created after the accession of Rwanda & Burundi & expected increase in staff number.	World Bank	EAC Partner States	460.000	Approved
24	CPMR Project-SALW	Strengthen the capacity of the ESA region to implement Conflict Prevention, Management & Resolution (CPMR) activities within the respective mandates of the regional of the regional organizations (IGAD, EAC, COMESA)	EC 2,800,000€	EAC Partner States	3.700.000	Short-term expert started 1st April. Long-term expert expected by August 08
25	RISM-2008	Provide budgetary support to countries that may suffer loss of customs revenues as a result of implementing Free Trade Area & Customs Union	EC 78,000,000€	EAC Partner States	105.300.000	To be implemented by COMESA & EAC. Modalities being worked out. A MoU is being finalized. Amount for EAC not yet decided
26	RICTSP	Contribute to the Eastern & Southern Africa region's intergration agenda through the creation of an effective & efficient ICT environment, aiming to reduce the digital divide & cost of trade & investment, thereby stimulating economic growth & reduce poverty	EC 645,673€	EAC Partner States	871.659	On going. 1st Installment received in February 2008
27	Preparation for 10th EDF Projects & Programmes	Consultancy to assist EAC secretariat to undertake an identification & feasibility study as well as to stimulate a draft (EDF) Financing Proposal for a strategic, intergrated support programme.	IRCC 150,000€	EAC Partner States	200.500	Tender Dossier Approved by EC Zambia. Tender to be Launched 4th March 08. To be finished by August 08
28	EALA Capacity Building Project	Enhance the capacity and efficiency of EALA members, staff & institutions to discharge their mandate more efficiently	ACBF- African Capacity Building Foundation	EAC Partner States	1.500.000	On going
29	RISP-2008	Contribute to the Eastern & Southern Africa (ESA) region's intergration process, by supporting EAC, COMESA in implementing their programmes	EC	EAC Partner States	5.336.483	On going
30	Partnership Fund	Promote the Treaty with a view to: 1) Enhance regional intergration and socio-economic development of the EAC 2) Rationalise the use & facilitate planning & accounting of DP funds available for EAC development 3) Encourage DP & EAC Partner States to jointly contribute to the fund	Development Partners	EAC Partner States	3.665.000	On going



**IGAD: Summary of Externally Funded Projects**

	<b>Project Title</b>	<b>Objectives</b>	<b>Donor</b>	<b>Beneficiary</b>	<b>Amount</b>	<b>Status/Remarks</b>
<b>1</b>	Assessment, promotion and monitoring of economic integration trends		0		1.450.000,00	
<b>2</b>	Development o an IGAD strategy on Conflict Management		EC		400.000,00	
<b>3</b>	Post-Conflict Peace Building in Somalia		Basket		2.250.000,00	
<b>4</b>	Gender Mainstreaming in regional integration		UNIFEM		750.000,00	
<b>5</b>	Capacity Building for Women in Peace Making and Conflict Resolution		UNIFEM		1.250.000,00	
<b>6</b>	Post-conflict Peace Building in Sudan		UNIFEM		2.000.000,00	
<b>7</b>	Follow up of the Implementation of Multi-lateral Environment Agreements		UNEP		400.000,00	
<b>8</b>	Disaster Risk Management Programme in IGAD Region (REFORM, DRM only)		EC		5.411.000,00	
<b>9</b>	Control of illicit Trafficking of Small Arms and Light Weapons in the Region		GTZ		750.000,00	
<b>10</b>	Assessment and Mapping of Water Resources in the IGAD Region		AfDB/AWF		4 500 000	
<b>11</b>	Promoting Seed Production Companies to Service the Dry Lands		0		798.000,00	
<b>12</b>	Strengthening the Regional Livestock marketing Information System LMIS		CIDA		400.000,00	
<b>13</b>	Strengthening library and Information Services				1.550.000,00	
<b>14</b>	Strengthening Remote Sensing Applications Phase II		0		1.351.000,00	
<b>15</b>	Establishment of an Integrated Information System for the IGAD Region		0		2.540.000,00	
<b>16</b>	Enhanced Role of Information in Regional Integration		0		1.000.000,00	
<b>17</b>	Strengthening ICT Capacity in the IGAD Region		EC		3.075.000,00	
<b>18</b>	Capacity Building in Integrated Water Resources Management in the Region		0		1.441.000,00	
<b>19</b>	Capacity Building for Sustainable Management of Trans-boundary NRM & BD		UNCCD		75.000,00	

20	Household Energy for Women Economic and Political Empowerment		#REF!		1.355.000,00	
21	Development of CEWARN for the IGAD Region		USAID/GTZ/EC		3.550.000,00	
22	Strengthening the reporting system of IGAD				100.000,00	
23	Socio-economic analysis of the IGAD Region		0		714.000,00	
24	Building capacity for Community Based NRM in IGAD region		IUCN		523.000,00	
25	Environment Education and Training in the IGAD Region		0		2.245.000,00	
26	Human resources and gender equality for semi-arid agricultural research		0		2.381.000,00	
27	Establishment of IGAD HYCOS		0		1.823.000,00	
28	Water Harvesting and Small Scale Irrigation (Pilot Project)		AfDB		1.700.000,00	
29	Support to regional Infrastructure Networking		EC		650.000,00	
30	Support project to Infrastructure Development (roads)		EC		2.100.000,00	
31	Support project to Infrastructure Development (ports)		EC		500.000,00	
32	Support project to Infrastructure Development (railways)		EC		1.000.000,00	
33	Support project to Infrastructure Development (Telecommunications)		EC		500.000,00	
34	Revision of the IGAD Environment Strategy		UNEP/GTZ		54.000,00	
35	IGAD Environment Outlook		UNEP		20.000,00	
36	Livestock Policy Initiative		EC		5.720.000,00	
37	Fertilizer Policy		ADB		600.000,00	
38	Coordination of EASBRIG		USAID/GTZ/EC		1.890.000,00	
39	Coordination of CSO/NGO Forum		GTZ		200.000,00	
40	Inter-Parliamentary Union		GTZ		100.000,00	
41	Joint UNIFRM/IGAD Peace Building and Reconstruction for Sudanese Women		UNIFEM		6.000.000,00	
42	Food Security Strategy Development		Canada		190.000,00	
43	Somalia Peace Initiative (archiving, documenting, etc. peace initiatives)		Basket		500.000,00	
44	Community NRM Exchange and Training		UNCCD		100.000,00	
45	Regional CPMR Programme (funded by EC)		EC		3.100.000,00	
46	African Monitoring of Environment for Sustainable Development (AMESD)		EC		3.600.000,00	

47	Crop Zones		FAO		800.000,00	
48	HIV/AIDS Monitoring & Evaluation for Cross-border Population Phase I		World bank		495.000,00	
49	Institutional capacity building		EC		1.600,000	
50	HIV/AIDS Monitoring & Evaluation for Cross-border Population Phase II		World Bank		15.000.000,00	
51	REFORM (Social Protection only)		EC		3.817.000,00	
52	Counter-Terrorism Capacity Building (ICPAT)		Denmark		8.577.000,00	

## IOC: Summary of Externally Funded Projects

	Project Title	Objectives	Donor	Beneficiary	Amount	Status/Remarks
<b>A</b>	<b>Infrastructure &amp; Communication</b>					
1	Regional ICT programme (budget with COMESA as RAO)	To achieve a reduction in the digital divide by removing some of the constraints to the efficient use of information and communications technologies, including those to do with the regulatory environment, poor communications infrastructures, and poor access to information useful to entrepreneurs and	EU	All IOC Partner States	Euro 21 million (for the 4 RIO: COMESA, IGAD, EAC, IOC)	Project implementation as from October 2005. The IOC implements some activities that are sub-regional in nature and specific to the Island States through two successive PEs in the context of delegated power from the RAO.  Has enabled specific issues relating to the IOC region to be tackled and a major ICT initiative, the SEGANET has emerged.  The IOC Council has mandated the IOC SG to mobilise all necessary resources, including those from 10 <sup>th</sup> EDF for SEGANET.
<b>B</b>	<b>Natural Resources &amp; Environment.</b>					
2	Education for environment	Sensitize teachers and young students, of the IOC member states, on the need for protecting the environment and their role in its management by the development and experimentation of an adapted educational tool in some schools.	EU	All IOC ACP States	Euro 1.98 m	This was a pilot project and has provided some key results. The duration of the project was extended by one year to prepare for its sustainability and application of developed educational adapted tools in all the schools and registration and recognition of the project within the framework of the decade of education with the aim of the sustainable development (2005 - 2014) of UNESCO. The next phase of the project will involve all the IRCC countries. The IOC Council has already mandated the IOC SG for the next phase of the project.
3	Tuna tagging	To reinforce the regional management capacity, leading to the sustainable exploitation of tuna resources in the Indian Ocean.  To reinforce the scientific knowledge of tropical tuna stocks and the rate of exploitation in the Indian Ocean by obtaining the crucial model parameters for stock assessment	EU	All IOC Partner States	Euro 14 m	The tuna tagging operations have been completed. At end of the operations, more than 168,272 tunas were tagged and as at end April 2008, 23,000 tags were recovered.  The IOTC, supervising organisation of the project is currently developing the model for the stock evolution with the help of international experts.

						Activities are on for strengthening the capacity of the IOTC and the participating national institutions of the region to enhance their ability to translating the results of the analyses into recommendations about management to assist the decision makers in the focus countries. The mid-term evaluation is on course. The results will be submitted to the next Steering Committee meeting.
4	MCS	Define and test the conditions of implementation of a regional collaboration in the domain of monitoring, control and surveillance (MCS) of fishing with a view to achieving sustainable management of the large pelagic resource in the EEZ of the IOC member states.  In its final phase the project notably aims at implementation of a harmonized administrative and statutory framework of the MCS of the fishing, intensification in the regional plan of the capacities of monitoring of vessels etc...	EU, France, IOC ACP States	All IOC Partner States	EU : Euro 3.5 m  France : Euro 1.1 m  IOC states : Euro 0.86 m	Project has been implemented in a satisfactory manner. The operational phase has been extended until end of 2008 in order to put in practice the tested systems.  An evaluation of the pilot phase is currently initiated with a view to provide elements for the next phase of a project under the 10 <sup>th</sup> EDF which would include all the IRCC member States.  The IOC Council has provided the mandate to the IOC SG for the preparation of the phase II project and for its submission to the EC for funding under the 10 <sup>th</sup>
5	Western Indian Ocean Regional plan for control and surveillance of fisheries activities.	The objective is to reduce the number of IUU fishing vessels operating in the region and to contribute towards the conservation and management of tuna fishing in the region.	EU, France, IOC ACP States	All IOC Partner States	EU: 6,5	The regional plan has been operational since September 2007 and several joint multilateral missions has been organised with the participating states. On hand training has been given to fisheries inspectors and support being provided to the respective national Fisheries Surveillance Centres. The three year plan is expected to end in August 2010.
6	Regional Plant Protection programme	The general objective of the programme is to enhance the standard of living of the horticultural producers within the IOC member States by improving the quality and quantity of horticultural produce with due respect to the environment and Specific Objective: Promote and develop operational scientific and technical co-operation in the field of phytosanitation amongst the IOC member states with the view to develop and to adopt a regional plant protection strategy.	EU, France, IOC ACP States	All IOC Partner States	EU : Euro 4.85 m  France : Euro 1.24 m  IOC states : Euro 0.51 m	The project has realised most of its objectives and is currently in the final phases of closure due to end in December 2008.  An evaluation of the project is currently under way. Its findings will enable the IOC to prepare for the next phase.

7	Coastal & marine resources The regional programme on the sustainable management of the coastal zones of the countries of the Indian Ocean	To enhance sustainable management and conservation of natural coastal and marine resources thereby contributing to poverty alleviation amongst the coastal population of South Western Indian Ocean.  To strengthen the regional capacities of local communities and public/private bodies in order to achieve a sustainable integrated coastal zone management.	EU	All IOC Partner States	Euro 18 m	The implementation of the programme started in August 2006. Emphasis has been laid on the strengthening of national ICZM Committees, sensitization of youth on the issues pertaining to coastal and marine resources management through national school contest and the participation of non state actors through call for proposals. The 1 <sup>st</sup> Call for Proposal has been launched and the financing of awarded projects is due to start. Baseline studies in mariculture, eco tourism, waste management and coral reef has been undertaken. The IOC has been designated the Regional Authorising Officer. Thus the novelty in this project is that Tanzania, Kenya and Somalia, the eastern African countries, in addition to the member States of the IOC are also beneficiaries of the project. This puts some more challenges to the IOC.
8	Western Indian Ocean Marine Highway development and the prevention of marine pollution project.	The objective of the project is to assist the participating states to increase the safety and efficiency of navigation of the western Indian Ocean and to enhance knowledge in the prevention of coastal and marine contamination within the region.	GEF, OMI, IHO, UKNO, SHOM, SAMSA, etc. + member States contribution	IOC and Eastern African States	US\$ 26 million	The project is being implemented through a tripartite agreement between the Ministry of Transport of South Africa, the SAMSA and the IOC is in the start up phase. The short term thematic specialists are being recruited to conduct activities in sensitivity mapping, economic evaluation of marine resources and oil spill contingency plan.
9	AMESD	Increase African institutions capacity (national OR regional) responsible for the management of environmental risks by using information gathered through spatial observation techniques and to make optimum use of these information in their daily management procedures.	EU	All IOC Partner States  5 regional organisations (CEMAC, CEDEAO, SADC, IGAD, IOC)	Euro 21m	The African Union is the Delegated RAO for this Pan-African project. The Financing Convention was signed in October 2006 and the TA recruited by October 2007.  The first Steering Committee was held in July 2008.
10	The Regional Network of the Marine Protected Areas Project (MPA)	Contribute to the conservation of marine and coastal biodiversity in the Eastern Indian Ocean, through the establishment of an operational regional MPAs network  The aim of the project is to:	France, WWF,  International Conservation (IC)	All IOC Partner States	FR-FFEM:  Euro 0.7m,	The project follows recommendations from international institutions so as to extend protected marine park areas network worldwide.

		identify priority sites (eco-regional analysis); create/reinforce protected areas within sites identified; to implement management system in the protected areas; create an awareness within the major stakeholders			FR-MAE:  0.3m, WWF Euro 0.5m and IC: Euro 0.444m	The activities of the programme are on going and due to end in June 2009. The network of MPA managers has been set up and appropriate training is being provided. Support to existing MPA of the member States of the IOC for effective management is on going and support to NGO's to protect marine biodiversity is being provided. The economic evaluation of the marine resources has been initiated and due to end early 2009.
11	Adaptation to climate change	The general objective is to establish an effective regional corporation on issues pertaining to adaptation to climate change. The specific objective is to strengthen the capacity of the IOC countries for the adaptation to climate change.	FFEM, MAE and other partners	All IOC Partner States	3,635 m euro	The financing agreement has been signed in March 2008. The technical assistant has been recruited and the project implementation is due to start in September 2008.
<b>C Non- focal area</b>						
12	TA Support	Reinforcing IOC capacity for an effective management and sound alignment of projects in process	EU	All IOC Partner States	Euro 1.65m	Project ended in 2007. Further support is expected through the upcoming IRCC support programme.
13	Civil protection	Develop cooperation and mutual assistance within member states of the IOC through the implementation of an action plan dedicated to the security of the population to fight against natural and technological calamities, as a result of minimising human and economic losses	France	All IOC Partner States	Euro 1.67m	Due to huge national deployment diversities, the project was judged to be too ambitious (organisations, missions, formations, functionalities, lack of mutual and exchange know-how within the region). As an alternative, a regional network should be set up to protect the population. A feasibility study is under way.
14	Support project for harmonisation of the regional network for the surveillance of epidemic diseases of animals.	Strengthen Member States capacity in controlling the wellbeing of their herds by favouring regionalisation and harmonisation of epidemiologic surveillance and control of animal diseases.	France	All IOC Partner States	Euro 0.5m	The fund for the implementation of the sub regional components has ended in July 2008. Most of the activities undertaken were aimed at enhancing the institutional and human resource capacity of the beneficiary countries to improve regional surveillance of epidemic disease of animals. The veterinary services of the sub region has been given the opportunity to undertake an auto evaluation of their existing capacity and training for technicians has also been undertaken.
15	Higher education and research	<ul style="list-style-type: none"> <li>- consider the diversities of regional aims and interests</li> <li>- strengthen the regional close knit inter-Universities network relation and partnership</li> <li>- privileged partnership deeds</li> <li>- take advantage of regional solidarity so as to take into account exceptional situations prevailing in Comoros and Seychelles</li> </ul>			All IOC Partner States	This is a key area for cooperation given that individually the Member States cannot provide for all the human resources development requirements. A feasibility study is under way.

16	Regional support of prevention of VIH/AIDS within IOC Member States	1) create an awareness through the the population about the infection(risks, modes of transmission, prevention 2) improve preventions and therapeutics standard dispensed by NGOs  3) Introduce a common surveillance system of the epidemic in the sub-region.  Targeted population: mainly teenagers, women, workers and in particular the migrants, sailors and tourists	AfBD, UN AIDS, IOC States	All IOC Partner States	AfBD Euro:  7.25m, UN AIDS Euro:  0.38m, IOC States Euro:  0.57m	The project has started in 2006 and the activities are on going
17	Support to IOC in the coordination of emergency cases and fight against VIH/SIDA infection		France	All IOC Partner States	Euro 1.5 m	The project has started in 2006 and the activities are on going
18	Child's Right surveillance	Reinforce the situation of children in the region, improve the decision making in favour of the development of strategies and advocacy in international fora	UNICEF	All Partner states	UNICEF : Euro 0.39 m; CG Réunion. :Euro 0.1 m	Two key publications, one on adolescence and the other on violence have already been undertaken. These are now subject to dissemination amongs key stakeholders. A third publication on poverty has been initiated. The findings of these publications will be used as input for developing a project under 10 <sup>th</sup> EDF
19	Advocacy on environment	Promotion of insular issues in the UN and international fora	UNEP	All Partner states	No budget	On going activity based on a yearly MOU. Training of technicians of the IOC member states for the preparation of the respective national Environment outlook which is to be incorporated into the 3 <sup>rd</sup> Edition of the Africa Environment Outlook.
20	SIDS/SS/SE Issues	Promoting SIDS/SS/SE issues and support to concerned Member States	COMSEC	All Partner states	No budget	Advocacy in regional and international for a. A project will be initiated under the 10 <sup>th</sup> EDF RSP/RIP.

## Economic and Trade Statistics

## Population

	2004	2005	2006	2007
Burundi	7 344 000	7 491 000	7 641 000	7 794 000
Comoros	600 000	613 000	626 000	639 000
Djibouti	716 000	728 000	747 000	765 000
Eritrea	4 522 000	4 635 000	4 747 000	4 861 000
Ethiopia	71 037 000	73 026 000	75 071 000	77 173 000
Kenya	32 808 000	33 445 000	34 046 000	34 653 000
Madagascar	18 135 000	18 643 000	19 159 000	19 683 000
Malawi	12 608 000	12 862 000	13 122 000	13 386 000
Mauritius	1 231 000	1 241 000	1 252 000	1 262 000
Rwanda	8 590 000	9 038 000	9 200 000	9 366 000
Seychelles	81 000	81 000	83 000	83 000
Somalia				
Sudan	34 474 000	35 300 000	36 218 000	37 159 000
Tanzania	36 700 000	37 500 000	38 200 000	38 964 000
Uganda	27 821 000	28 816 000	29 854 000	30 928 000
Zambia	11 323 000	11 595 000	11 873 000	12 158 000
Zimbabwe	11 732 000	11 732 000	11 732 000	11 732 000
<b>ESA-IO</b>	<b>279 722 000</b>	<b>286 746 000</b>	<b>293 571 000</b>	<b>300 606 000</b>

Source: IMF World Economic Outlook database, October 2007

## Population growth (annual%)

	2004	2005	2006	2007
Burundi	2,0	2,0	2,0	2,0
Comoros	2,0	2,2	2,1	2,1
Djibouti	1,6	1,7	2,6	2,4
Eritrea	2,5	2,5	2,4	2,4
Ethiopia	2,8	2,8	2,8	2,8
Kenya	2,0	1,9	1,8	1,8
Madagascar	2,8	2,8	2,8	2,7
Malawi	2,2	2,0	2,0	2,0
Mauritius	0,9	0,8	0,9	0,8
Rwanda	2,7	5,2	1,8	1,8
Seychelles	1,3	0,0	2,5	0,0
Somalia				
Sudan	2,6	2,4	2,6	2,6
Tanzania	2,2	2,2	1,9	2,0
Uganda	3,5	3,6	3,6	3,6
Zambia	2,4	2,4	2,4	2,4
Zimbabwe	-0,3	0,0	0,0	0,0

Source: IMF World Economic Outlook database, October 2007, own calculation

## GDP (current \$, bn)

	2004	2005	2006	2007
Burundi	0,66	0,80	0,91	0,99
Comoros	0,36	0,39	0,40	0,44
Djibouti	0,67	0,71	0,77	0,83
Eritrea	0,64	0,96	1,16	1,43
Ethiopia	9,49	11,37	13,32	15,88
Kenya	16,25	19,13	22,82	29,50
Madagascar	4,36	5,03	5,50	7,31
Malawi	2,63	2,86	3,16	3,44
Mauritius	5,93	6,12	6,29	7,03
Rwanda	1,84	2,15	2,49	2,84
Seychelles	0,70	0,72	0,78	0,73
Somalia				



Sudan	21,69	27,90	37,44	46,71
Tanzania	11,34	12,61	12,81	14,11
Uganda	6,82	8,73	9,44	11,14
Zambia	5,44	7,27	10,94	10,89
Zimbabwe	4,70	4,55	5,54	16,17
<b>ESA-IO</b>	<b>93,49</b>	<b>111,31</b>	<b>133,77</b>	<b>169,43</b>

Source: IMF World Economic Outlook database, October 2007

#### Growth in constant price GDP

	2004	2005	2006	2007
Burundi	4,8	0,9	5,1	3,5
Comoros	-0,2	4,2	1,2	1,0
Djibouti	3,0	3,2	4,8	4,8
Eritrea	2,0	4,8	2,0	1,3
Ethiopia	13,1	10,2	9,0	10,5
Kenya	4,6	5,8	6,1	6,4
Madagascar	5,3	4,6	4,9	6,5
Malawi	5,0	2,3	7,9	5,5
Mauritius	4,7	3,1	3,5	4,7
Rwanda	4,0	6,0	5,3	4,5
Seychelles	-2,9	1,2	5,3	6,1
Somalia				
Sudan	5,1	8,6	11,8	11,2
Tanzania	6,7	6,7	6,2	7,1
Uganda	5,7	6,7	5,4	6,2
Zambia	5,4	5,2	5,9	6,0
Zimbabwe	-3,8	-5,3	-4,8	-6,2
<b>ESA-IO</b>	<b>5,5</b>	<b>6,2</b>	<b>7,3</b>	<b>6,7</b>

Source: IMF World Economic Outlook database, October 2007 (ESA-IO weighted by population)

#### GDP per capita in US \$, current

	2004	2005	2006	2007
Burundi	90	107	119	127
Comoros	605	633	642	682
Djibouti	931	973	1030	1090
Eritrea	140	207	244	293
Ethiopia	134	156	177	206
Kenya	495	572	670	851
Madagascar	240	270	287	371
Malawi	208	222	241	257
Mauritius	4 816	4 929	5 026	5 572
Rwanda	214	238	271	303
Seychelles	8 626	8 899	9 368	8 852
Somalia				
Sudan	629	790	1034	1257
Tanzania	309	336	335	362
Uganda	245	303	316	360
Zambia	480	627	921	895
Zimbabwe	401	388	472	1378
<b>ESA-IO</b>	<b>334</b>	<b>388</b>	<b>456</b>	<b>564</b>

Source: IMF World Economic Outlook database, October 2007

#### Growth in constant price GDP/capita

	2004	2005	2006	2007
Burundi	2,8	-1,1	3,1	1,5
Comoros	-2,3	2,1	-0,8	-1,1
Djibouti	1,5	1,3	2,3	2,3
Eritrea	-0,5	2,3	-0,4	-1,1
Ethiopia	10,1	7,2	6,0	7,5
Kenya	2,6	3,8	4,3	4,6

Madagascar	2,4	1,7	2,1	3,6
Malawi	2,8	0,3	5,7	3,4
Mauritius	3,8	2,2	2,7	3,9
Rwanda	1,2	0,7	3,4	2,7
Seychelles	-3,7	1,1	3,4	6,1
Somalia				
Sudan	2,5	6,1	8,9	8,4
Tanzania	4,4	4,4	4,3	5,0
Uganda	2,1	3,0	1,8	2,5
Zambia	2,9	2,7	3,5	3,5
Zimbabwe	-3,6	-5,3	-4,8	-6,2
ESA-IO	<b>4,3</b>	<b>4,0</b>	<b>4,4</b>	<b>4,8</b>

Source: IMF World Economic Outlook database, October 2007 (ESA-IO population w

#### GDP per capita in PPPs

	2007
Burundi	705
Comoros	2 078
Djibouti	2 665
Eritrea	1 011
Ethiopia	1 239
Kenya	1 456
Madagascar	1 014
Malawi	750
Mauritius	14 153
Rwanda	1 520
Seychelles	21 535
Somalia	
Sudan	3 093
Tanzania	869
Uganda	1 728
Zambia	1 155
Zimbabwe	2 395

Source: IMF WEO data, September 2007

#### Total investment (%GDP)

	2004	2005	2006	2007
Burundi	13,3	10,8	16,3	18,1
Comoros	9,4	9,3	9,8	13,7
Djibouti				
Eritrea	21,4	19	18,1	19,8
Ethiopia	21,4	20,5	19,8	22,2
Kenya	15,2	18,1	21,8	20,1
Madagascar	24,3	22,5	24,8	30,2
Malawi	25,3	21,5	21,8	26,8
Mauritius	22,8	23,4	22,5	24,1
Rwanda	20,5	22,6	21,4	23,8
Seychelles	12,7	30,2	32,7	44,3
Somalia				
Sudan				
Tanzania	21	22,2	23,3	24,9
Uganda	22,3	21,1	23,1	24,2
Zambia	24,3	23,5	23,5	25
Zimbabwe	5,1	4,4	13,8	17,5

Source: IMF, Regional Economic Outlook - Sub-Saharan Africa, October 2007

#### Exports of Goods and Services (%GDP)

	2004	2005	2006	2007
Burundi	9,6	11,5	10,5	9,4
Comoros	12,7	12,5	11,7	12,4
Djibouti				

Eritrea	10,1	6,5	5,2	4,4
Ethiopia	15,8	16,3	15,8	16,2
Kenya	26,6	27,9	24,7	24,5
Madagascar	32,6	26,9	29,9	25,7
Malawi	20,6	19,6	18,8	18,8
Mauritius	55,5	57,2	60,6	58,7
Rwanda	10,3	10,6	11,9	11,6
Seychelles	97,8	99,2	111	138,5
Somalia				
Sudan				
Tanzania	20,4	22,2	24,1	24
Uganda	14,2	13,8	14,4	15,6
Zambia	38,2	34,3	37,5	42,1
Zimbabwe	42,6	42,7	34,7	11,2

Source: IMF, Regional Economic Outlook - Sub-Saharan Africa, October 2007

#### Trade (exports+imports as % GDP)

	2004	2005	2006	2007
Burundi	43,5	51,2	58,5	56,9
Comoros	45,3	47,2	47,3	48,5
Djibouti				
Eritrea	98,7	62,2	47,5	43,9
Ethiopia	49,2	54,7	57,5	55,4
Kenya	59,2	63,1	59,4	59,5
Madagascar	80,1	68	70,9	73
Malawi	59,4	65,9	61,3	57,5
Mauritius	110,5	118,8	128	127,2
Rwanda	38,9	41,6	43,4	45,6
Seychelles	193,6	224,9	244,5	310,1
Somalia				
Sudan				
Tanzania	46,6	52,6	60,6	62,2
Uganda	41,9	40,9	44,5	45,7
Zambia	80,8	71,7	66,5	76,1
Zimbabwe	93,9	96,4	72	22,8

Source: IMF, Regional Economic Outlook - Sub-Saharan Africa, October 2007

#### Current account balance (% of GDP)

	2004	2005	2006	2007
Burundi	-8,1	-9,6	-12,0	-14,2
Comoros	-2,9	-3,4	-5,6	-3,7
Djibouti	-1,3	1,2	-8,9	-14,5
Eritrea	5,6	0,4	-2,1	-3,7
Ethiopia	-4,2	-6,8	-10,4	-5,9
Kenya	0,1	-0,8	-2,4	-3,7
Madagascar	-9,1	-10,9	-8,6	-19,7
Malawi	-7,3	-11,6	-6,2	-3,0
Mauritius	0,8	-3,5	-5,3	-8,8
Rwanda	-3,0	-3,2	-7,5	-7,3
Seychelles	-0,3	-27,6	-23,2	-30,4
Somalia				
Sudan	-6,5	-10,7	-14,7	-10,7
Tanzania	-3,9	-4,5	-8,6	-10,6
Uganda	-1,2	-2,1	-4,1	-2,4
Zambia	-11,8	-10,0	0,5	-0,5
Zimbabwe	-8,3	-11,2	-4,0	-0,9

Source: IMF World Economic Outlook database, October 2007

#### Government revenue excluding grants (%GDP)

	2004	2005	2006	2007
Burundi	20,1	20	18,8	20,2
Comoros	15,6	15,7	13,6	15,2

Djibouti				
Eritrea	27,5	29,6	28,3	28,4
Ethiopia	17	15,8	16,9	17,3
Kenya	21,2	20,8	20,9	20
Madagascar	12	10,9	11,2	10,9
Malawi	16,8	18,5	17,4	18,2
Mauritius	19,9	19,8	19,9	18,9
Rwanda	13,9	15,1	14,8	14,8
Seychelles	50	50,2	52,5	48,3
Somalia				
Sudan				
Tanzania	11,8	12,5	13,3	14,8
Uganda	12,7	12,8	13,2	13
Zambia	18,2	17,4	16,8	17,7
Zimbabwe	33,8	43,7	51,3	40,3

Source: IMF, Regional Economic Outlook - Sub-Saharan Africa, October 2007

#### External debt to official creditors (%GDP)

	2004	2005	2006	2007
Burundi	207,3	182,2	161,9	149,6
Comoros	81,6	67,7	69,9	55,9
Djibouti				
Eritrea	94,3	64,3	54,5	46,8
Ethiopia	76,8	52,2	41,8	10,1
Kenya	29,4	24,9	20,7	16,9
Madagascar	77,5	70,7	30,3	27,0
Malawi	450,4	416,0	143,2	94,7
Mauritius	14,2	13,3	12,7	12,1
Rwanda	91,7	70,1	14,6	14,7
Seychelles	39,6	44,9	34,3	42,1
Somalia				
Sudan				
Tanzania	50,9	48,1	48,3	15,2
Uganda	63,2	44,4	41,4	13,9
Zambia	114,4	56,8	4,9	6,2
Zimbabwe	77,0	56,0	44,8	14,9
<b>ESA-IO</b>	<b>73,5</b>	<b>57,7</b>	<b>35,0</b>	<b>18,5</b>

Source: IMF, Regional Economic Outlook - Sub-Saharan Africa, October 2007 (ESA-

#### Foreign direct investment, inflows as % of Gross Fixed Capital Formation

	2004	2005	2006
Burundi	-	0,5	127,8
Comoros	2,1	2,8	2,2
Djibouti	28	23,2	107,6
Eritrea	-	3,7	-
Ethiopia	30,1	8,9	13,9
Kenya	1,8	0,6	1,3
Madagascar	11,3	7	17,8
Malawi	13,5	13,5	14,4
Mauritius	1	3	6,8
Rwanda	2,1	2,3	3,1
Seychelles	47,8	105,3	169,4
Somalia	-	1,1	5,4
Sudan			
Tanzania	13,6	15,8	12,6
Uganda	12,2	12,7	14,3
Zambia	27,3	21,2	18,5
Zimbabwe	10,7	176,4	65,1

Source: UNCTAD, World Investment Report 2007

#### Consumer price index (2000=100)

	2004	2005	2006	2007
<b>Burundi</b>	128,9	146,3	150,3	158,2
<b>Comoros</b>	118,5	122,1	126,2	130,0
<b>Djibouti</b>	107,7	111,0	114,9	118,9
<b>Eritrea</b>	205,6	231,3	271,3	332,8
<b>Ethiopia</b>	109,9	117,4	131,8	155,2
<b>Kenya</b>	132,2	145,8	166,9	178,3
<b>Madagascar</b>	140,0	165,8	183,6	202,1
<b>Malawi</b>	178,8	200,7	218,8	234,1
<b>Mauritius</b>	122,0	128,1	135,1	149,5
<b>Rwanda</b>	126,8	138,4	150,6	163,0
<b>Seychelles</b>	114,0	115,0	114,6	119,6
<b>Somalia</b>				
<b>Sudan</b>	132,7	144,0	154,3	166,7
<b>Tanzania</b>	119,6	124,8	133,8	141,4
<b>Uganda</b>	113,6	122,7	130,8	140,6
<b>Zambia</b>	213,0	252,0	274,8	305,8
<b>Zimbabwe</b>	8 462	28 587	319 221	51 938 006

Source: IMF World Economic Outlook database, October 2007

#### Inflation (change in Consumer Price Index)

	2004	2005	2006	2007
<b>Burundi</b>	8,0	13,5	2,7	5,3
<b>Comoros</b>	4,5	3,0	3,4	3,0
<b>Djibouti</b>	3,1	3,1	3,5	3,5
<b>Eritrea</b>	25,1	12,5	17,3	22,7
<b>Ethiopia</b>	8,6	6,8	12,3	17,8
<b>Kenya</b>	11,6	10,3	14,5	6,9
<b>Madagascar</b>	14,0	18,4	10,8	10,1
<b>Malawi</b>	11,6	12,2	9,0	7,0
<b>Mauritius</b>	4,7	4,9	5,5	10,7
<b>Rwanda</b>	12,0	9,2	8,8	8,2
<b>Seychelles</b>	3,9	0,9	-0,4	4,4
<b>Somalia</b>				
<b>Sudan</b>	8,4	8,5	7,2	8,0
<b>Tanzania</b>	4,1	4,4	7,3	5,6
<b>Uganda</b>	5,0	8,0	6,6	7,5
<b>Zambia</b>	18,0	18,3	9,1	11,3
<b>Zimbabwe</b>	350	238	1 017	16 170

Source: IMF World Economic Outlook database, October 2007

## Revised Roadmap for the COMESA Customs Union, May 2008

Objective	Activity	Sub-Activity	Time Table	Responsibility	Status
<b>1. Member States adopt road map for CET/CU implementation</b>	Prepare revised Roadmap for adoption by Council as decided in June 2004	Consultations on CET programme with Member States	January -June 2005	Secretariat	<b>Done</b> -Roadmap adopted May 2007 and implementation progress report submitted
<b>2. Implementation structure for Customs Union programme established</b>	Technical sub-committees of the Trade and Customs Committee on CET, Customs legislation, Standards, Free Trade Area and Capacity Building established	Prepare detailed ToRs and Work programmes for sub-committees and submissions to Council	December 2005	Member States and Secretariat	<b>Done</b> – Technical Task forces established
		Member States establish Custom Union liaison Offices	December 2005	Member States and Secretariat	<b>Done</b> – Coordinating Ministries of Trade given this role
<b>3. CET harmonisation programme is implemented by member States.</b>	Development of COMESA regional trade policy;	Development of a regional policy to guide tariff policy, trade relations with third countries and other regional commercial policies	September 2008	Secretariat	<b>Principles for Trade Policy adopted. Developing implementing rules, institutional framework and operational modalities</b>
	Member States agree on CTN categorisation, on sensitive products and exclusions from CET, harmonization of exemption and other duty relief measures.	Member States submit proposals on re-categorization of goods under the CTN	December 2008	Member States and Secretariat	CTN Adopted November 2007. Structure of CET adopted.
		Member states submit proposals on sensitive products	December 2008	Member States	Four meetings on sensitive products held
	Member States agree on implementation plan for adjustment of national tariffs to CET ranges	Member States prepare national schedules for the adjustment of national tariffs to CET.	December 2008	Member States	Alignment schedules to follow finalization of negotiations on sensitive products

	Review of compatibility of CET to WTO obligations	Assessment of CET against WTO provisions at regional and national WTO commitments.	December 2008	Member States/ Secretariat	Study on tariff bindings undertaken  Study to be updated following finalization of negotiations on sensitive products
	Reconciliation of COMESA CET with other regional trading arrangements and necessary consultations	Engage SADC and EAC on common CET rates	December 2009	Member States/ Secretariat	Tripartite taskforce established  Inter-REC principles on categorization of goods and sensitive products being elaborated
	Develop budgetary assistance measures to minimize revenue gap arising from implementation of CET rates;	Determine level of revenue loss arising from implementation of CET	December 2010	Member States/ Secretariat	<b>COMESA --Fund in force</b> 78Million Euro provided by EU by adjustment facility Operational guidelines developed Disbursement to be triggered by national alignment schedules
	Develop measures to assist industries in member States to successfully compete under a CET/CU environment.	Identify industry sectors that will be negatively affected by implementation of the CET	December 2010	Member States/ Secretariat	1. Inventory of production structures in progress 2. Regional industrialization strategy being formulated 3. LLPI strategy developed 4. Programme of upgrading and modernizing

					industries being developed 5. Regional strategy for developing agriculture being developed
<b>4. Intra-COMESA trade increased</b>	Develop a programme to have all COMESA member States join FTA	Consultations with member States outside the FTA to determine constraints on joining FTA and activities to be undertaken to overcome given constraints	December 2008	Member States/ Secretariat	Annual intra COMESA Trade growing by 10%
	Implement a programme to remove remaining non-tariff barriers on intra-COMESA trade	Prioritise elimination of NTBs into immediate, short-term and long-term	September 2008	Member States/ Secretariat	<b>Studies conducted and prioritization done</b>
		Implementation of NTB monitoring, reporting and evaluation mechanism	June 2008	Member States/ Secretariat	Online system of monitoring NTBs developed
	Implement a programme to have information on trade opportunities in COMESA available to all stakeholders	Develop a trade information database with business contact information for COMESA	December 2008	Secretariat	Trade flow analysis conducted Tradeafrica database developed Comstat database developed
		Publish trade procedures and business information on COMESA website	December 2008	Secretariat	Tradeafrica database in place COMESA Aid for Trade programme developed
		Conduct marketing campaigns on the opportunities arising from the COMESA FTA	December 2008	Secretariat	National workshops held Buyer seller meetings to be organized



		Produce and distribute bulletins on trade opportunities within COMESA	December 2008	Secretariat	Online publications available To produce sectoral analytical papers and other trade information bulletins	
	Increase intra-industry trade and cross-border investment	Complete work in progress on establishing the CCIA	December 2008	Member States/ Secretariat	<b>Done</b> – CCIA Agreement finalised and RIA established and functional	
		Fast-track monetary harmonization programme to facilitate trade payments arrangements	December 2010	Member States	REPSS to be launched in May 2008 Monetary policy harmonization programme under implementation	
		Member States to implement provisions of the Agreement on the issuance of visas	December 2008	Member States	Being considered by Ministers of Home Affairs	
		Compilation and dissemination of information on cross-border investments and opportunities for regional production linkages	December 2008	Secretariat	Part of RIA work programme	
<b>5. Customs procedures harmonised</b>	<b>Legislation simplified and</b>	Implement measures to simplify and harmonize customs legislation and procedures	Adoption of Customs Management regulations	December 2008	Member States/ Secretariat	draft CMR being finalized
		Adopt regional and international customs management instruments	Alignment of national legislation to CMA and Implementing provisions for CMA	December 2009	Member States/ Secretariat	CMR established on basis of revised Kyoto
			Guidelines on customs reform and modernisation developed and implemented	December 2008	Member States/ Secretariat	Strategic plan developed Study on Customs Reform and Modernization under SADC/COMESA/EAC

					being undertaken by RTFP
		All member States adopt WTO Valuation System	December 2008	Member States	<b>Done and assistance given to Member States where required</b>
		All member States adopt HS 2007	December 2008	Member States/ Secretariat	<b>Done:</b> Assistance to Member States to migrate to HS 2007 to be provided
		Regional Customs Training programme implemented	June 2009	Member States/ Secretariat	Plan being developed under COMESA/EAC/SADC tripartite task force
		Regional Customs IT programme finalised and implemented	June 2009	Member States/ Secretariat	ASYCUDA being implemented in Comoros, Seychelles, Eritrea, DRC and Swaziland; Transit data transfer module developed; Aid for trade strategy to incorporate regional customs IT projects
		Complete work on the Regional Customs Bond Guarantee Scheme	December 2008	Member States/ Secretariat	<b>Done RCTG Launched on a pilot basis</b>
<b>6. Harmonisation of Standards</b>	Development of regional standards for intra-COMESA trade and for the Customs Union	Review of national standards applied on intra-COMESA trade and third country imports	December 2009	Member States	<b>Modalities for adoption and implementation of Regionally harmonised standards developed</b>
		Adoption of regional standards	December 2009	Secretariat	On-going
<b>7. Capacity building for implementation and administration of COMESA Customs Union</b>	Development of a coordinated capacity building programme for member States and Secretariat on requirements for managing a Customs Union	Assessment of training needs	December 2008	Member States/ Secretariat	Strategic plan developed Implementation under Tripartite task force framework

		Development of training programme	June 2009	Member States/ Secretariat	Strategic plan developed Implementation under Tripartite task force framework
		Funding for the programme	December 2009	Member States/ Secretariat	Strategic plan developed Implementation under Tripartite task force framework
		Implementation and review	December 2010	Member States/ Secretariat	Strategic plan developed Implementation under Tripartite task force framework

## ROADMAP FOR THE EAC CUSTOMS UNION

	<b>Areas</b>	<b>Activities</b>	<b>Indicators/Status</b>	<b>Time frame</b>	<b>Responsibility</b>
1	<b>Initiate Policy and guide Partner States on implementation</b>	<p>Issue policy guidelines to Partner States</p> <p>Develop regulations on working arrangement between the Directorate and Customs administration</p> <p>Compilation of all Council decisions on Customs union of policy nature not included in the legal documents of the Customs Union</p> <p>Notifications to WCO and WTO on the establishment of Customs Union</p> <p>Issue guidelines on how to channel enquiries on Customs policy matters in Partner States and EAC Secretariat</p> <p>Request Partner States to submit Policy related issues that need review</p> <p>Channel policy matters for review to Council</p> <p>Monitor implementation and impact of Customs policies in Partner states</p> <p>Develop and circulate an EAC Customs code of conduct</p> <p>Hold consultation meetings with Customs officials in Partner states</p> <p>Hold Consultative meetings with Stakeholders in Partner states</p> <p>Participate in International meetings related to Customs</p>	<p>Policy guidelines are regularly prepared and circulated to Partner states</p> <p>Draft Regulations on working arrangement have finalised and are awaiting Council for adoption in 2008</p> <p>Council decisions are regularly compiled and published for implementation</p> <p>User guides are developed and circulated for use</p> <p>The Customs Union has been notified to WTO and the process of finalising the notification is underway</p> <p>Partner States regularly submit to the directorate issues for clarification and guidance</p> <p>The EAC Customs Code of Conducted is yet to be developed</p> <p>Consultative and sensitisation workshops of Stakeholders have been held in Partner States</p> <p>The Directorate participates in International meetings</p>	Dec 2007	Secretariat in conjunction with Partner States

2	<b>Continuous coordination and monitoring for effective implementation of the Customs union in the Partner states</b>	<ul style="list-style-type: none"> <li>a) Compilation and circulation of binding rulings on classification and valuation to Partner States</li> <li>b) Compilation of omissions, inconsistencies in the CET and CMA for submission to Council for review</li> <li>c) Develop and publish user guides and explanatory notes on EAC Customs Union Protocol, EAC CMA 2004, EAC CET and EAC Rules of Origin</li> <li>d) Establish a mechanism and monitor application of the Protocol, CMA and CET by Customs in the Partner States</li> <li>e) Publish and circulate Certificates of Origin and user guide</li> <li>f) Compilation and publication of administrative rulings</li> <li>g) Guidelines for establishment of inquiry points and advance ruling systems in classification, valuation, admissibility, rules of origin and duty drawback</li> <li>h) Design and coordinate studies on procedures and reengineering of business processes in partner States</li> <li>i) Hold consultation meetings with Customs officials in Partner states</li> <li>j) Fact finding tours of operational areas</li> </ul>	<ul style="list-style-type: none"> <li>a) A mechanism for compilation of rulings made in partner States is being developed</li> <li>b) Partner states regularly submit omissions, and inconsistencies to the Secretariat for necessary amendments</li> <li>c) Abridged information guides are being developed for circulation</li> <li>d) Certificate of origin were printed and distributed in Jan 2007</li> <li>e) Administrative rulings are compiled and circulated</li> <li>f) EAC focal points have been set up in Partner states customs administrations</li> <li>g) Consultation meetings are regularly held with customs Officials at Arusha and in Partner States</li> <li>h) Studies are being undertaken</li> </ul>	continuous	Secretariat in conjunction with partner States
3	<b>Develop a comprehensive job description and performance criteria of staff in the Directorate</b>	<ul style="list-style-type: none"> <li>a) analyse structure of the Customs Directorate and develop a well defined job performance profile indicating scope and relationships</li> <li>b) develop a tailored job specification as criteria for selection</li> <li>c) each officer develops detailed work plans and performance benchmarks/indicators for use in measurement</li> </ul>	<ul style="list-style-type: none"> <li>a) job description and performance profiles for staff were developed in 2007</li> <li>b) work plans are produced on annual and quarterly basis for the Directorate of Customs 2007 &amp; 2008</li> </ul>	July- Dec 2006- Jan – June 2007 July- June 2007/08	Secrétariat

4	<b>Training of customs officers and clearing agents on customs union</b>	<ul style="list-style-type: none"> <li>a) Design short term induction programmes for Customs officers in Partner States</li> <li>b) Develop course content framework for training delivery</li> <li>c) Arrange specialised training in Rules of origin, valuation and classification</li> <li>d) Design training programmes in risk management</li> </ul>	<ul style="list-style-type: none"> <li>a) Trainin Rules of origin was done in Partner states</li> <li>b) More training is being arranged in 2008</li> <li>c) Customs curriculum is being developed and will be finalised in 2008</li> </ul>	2007 2008	Secretariat in conjunction with partner States
5	<b>Publicity and sensitisation of stakeholders on customs union</b>	<ul style="list-style-type: none"> <li>a) engage a consultant to design a public awareness and media/publicity campaign on EAC Customs union</li> <li>b) Implement awareness media campaign through adverts in major newspapers,</li> <li>c) Design, publish and circulate brochures</li> <li>d) Erect bill boards across the three partner states at entry points</li> <li>e) Hold workshops for traders at entry points, professionals and media on Customs union</li> </ul>	<ul style="list-style-type: none"> <li>a) TORs for a consultant have been developed</li> <li>b) Consultant has developed the Strategy on Sensitisation</li> <li>c) Awareness campaigns are implemented in the Partner States</li> <li>d) Brochures are under publication</li> <li>e) Bill boards at major entry points are to be erected</li> </ul>	2007 and 2008	Secretariat in conjunction with partner States
6	<b>Development of harmonised regulations and documentation</b>	<ul style="list-style-type: none"> <li>a) convene and coordinate meetings of experts to draft regulations and documentation</li> <li>b) circulate draft regulations to partner states for comments</li> <li>c) convening meetings of HLTF to discuss and consider the draft regulations and documentation</li> <li>d) prepare and arrange for Council to approve regulations</li> <li>e) publish and distribute the regulations and documentation</li> </ul>	meetings for experts have been held and are ongoing draft customs procedures are under development draft procedures are to be discussed after development	August 2007 – July 2008	Secretariat in conjunction with Partner States
7	<b>Development a harmonised EAC Customs procedures</b>	<ul style="list-style-type: none"> <li>a) carry out a study to look at the procedures in use in the Partner states</li> <li>b) convene and coordinate meetings of experts to develop customs procedures</li> <li>c) circulate draft procedures to partner states for comments</li> </ul>	<ul style="list-style-type: none"> <li>a) time table of meetings has been prepared</li> <li>b) Financial requirements have been arranged</li> <li>c) meetings for experts commenced in November</li> </ul>	2007 and 2008	Secretariat in conjunction with Partner States

		<ul style="list-style-type: none"> <li>d) convening meetings of HLTF to discuss and consider the draft procedures</li> <li>e) prepare and arrange for Council to approve procedures</li> <li>f) publication of the approved procedures</li> <li>g) distribution of the Customs procedures to Partner</li> </ul>	<ul style="list-style-type: none"> <li>2007</li> <li>d) draft customs procedures are under development</li> <li>e) publication will be done after finalising the Procedures</li> </ul>		
8	<b>Interconnectivity of Customs IT systems to enhance exchange of information</b>	<ul style="list-style-type: none"> <li>a) engage a consultant to undertake a study of the and develop concept paper and roadmap on Customs IT system</li> <li>b) convene meeting of Customs Commissioners to discuss concept paper</li> <li>c) constitute a team of experts/consultant to develop an integrated IT system</li> <li>d) convene a meeting of Commissioners of Customs discuss the experts report</li> <li>e) forward the outcome to council for approval</li> <li>f) Identify funding</li> <li>g) Develop an implementation framework</li> <li>h) Project implementation</li> </ul>	<ul style="list-style-type: none"> <li>a) TORs for study have been finalised</li> <li>b) Process to procure the consultant has commenced</li> <li>c) Funding has been partially mobilised</li> <li>d) Integrated system is to be implemented in EAC by 2010</li> </ul>	2007/2008	Secretariat in conjunction with Partner States
9	<b>Formulation of an EAC Customs Strategic Plan</b>	<ul style="list-style-type: none"> <li>a) development of the strategic framework by the directorate</li> <li>b) discussion of the strategic framework by the whole department</li> <li>c) make a final Customs strategic Plan</li> </ul>	<ul style="list-style-type: none"> <li>a) Strategy framework is developed and discussed internally</li> <li>b) Concept document has been developed for discussion with Partner States Officials</li> <li>c) Process to procure the consultant has commenced</li> </ul>	October 2006r – January 2007	Secretariat in conjunction with Partner States
10	<b>Development of an EAC Customs training curricula</b>	<ul style="list-style-type: none"> <li>a) request Partner States to submit Customs curricula to the directorate and develop a harmonised working document for discussion</li> <li>b) Engage consultants to design a customs curricula</li> <li>c) convene a meetings of customs training managers to discuss and consider the consultants report</li> </ul>	<ul style="list-style-type: none"> <li>a) Process to procure a consultant commenced</li> <li>b) meetings of experts have been convened to develop an EAC Customs curricula</li> <li>c) Draft Report of the experts is under discussion</li> <li>d) Training programme is to be designed and centres for</li> </ul>	November 2007- January 2008	Secretariat in conjunction with Partner States

		<ul style="list-style-type: none"> <li>d) convene meetings of Commissioners to adopt the curricula</li> <li>e) identify regional training centres where to hold training</li> <li>f) develop an implementation plan</li> <li>g) compile a resource database of trainers</li> <li>h) training of Customs staff is undertaken</li> </ul>	training identified		
11	<b>Prevention, Investigation and suppression of Customs Offences</b>	<ul style="list-style-type: none"> <li>a) develop regulations on preventive services/anti-smuggling</li> <li>b) Convene and coordinate meetings of experts responsible for prevention of smuggling in the region</li> <li>c) Arrange studies on transit control</li> <li>d) Identify and recommend on suitable harmonised transit control systems</li> <li>e) Arrange training of preventive officers in anti smuggling, drug trafficking and money laundering</li> <li>f) Develop and circulate procedures for joint border controls</li> <li>g) Design programmes for mutual administrative assistance with other countries</li> </ul>	<ul style="list-style-type: none"> <li>a) Meetings of the working group have been held to draft regulations</li> <li>b) Draft regulations are to be further refined by a Consultant</li> <li>c) Process to procure a consultant has commenced</li> </ul>	2007 & 2008	Secretariat in conjunction with partner States
12	<b>Capacity building of staff in the directorate</b>	<ul style="list-style-type: none"> <li>a) Assess training needs of officers in the Directorate</li> <li>b) Develop a capacity building programme of officers in the Directorate</li> <li>c) identify technical assistance from development Partners</li> <li>d) Study tours to acquaint and make findings on established customs union</li> <li>e) Hold a workshop of EAC Secretariat staff on Customs Union</li> </ul>	<ul style="list-style-type: none"> <li>a) Training needs are being assessed</li> <li>b) A capacity building programme is being developed for adoption</li> <li>c) Study tours are being arranged in 2008</li> <li>d) In-house on job training are conducted</li> </ul>	2008 & 2008	Secretariat in conjunction with partner States



13	<b>Develop an EAC Trade policy and Strategy</b>	<ul style="list-style-type: none"> <li>a) Compile all Council decisions relating to trade and incorporate them into trade policy framework</li> <li>b) Arrange the undertaking of studies on trade policies and strategies of Partner states and their harmonisation</li> <li>c) Convene and coordinate meetings of experts to discuss report of consultants</li> <li>d) Develop an EAC Trade policy</li> <li>e) Formulate an EAC trade strategy</li> <li>f) Design road map for auctioning priority trade strategies</li> <li>g) Analyse and advise partner States on global trade trends particularly relating to WTO and other Multilateral bodies</li> <li>h) Update Partner States on new developments on international trade</li> </ul>	<ul style="list-style-type: none"> <li>a) council decision relating to trade are compiled and incorporated into trade policy</li> <li>b) Studies are arranged and undertaken</li> <li>c) Meetings of experts are convened</li> <li>d) Trade policy and strategy are developed</li> <li>e) Road map is designed</li> <li>f) Global trade trends have been analysed and partner states advised</li> </ul>	2007 -2009	Secretariat in conjunction with partner States
14	<b>Coordinating and monitoring of International trade</b>	<ul style="list-style-type: none"> <li>a) Develop mechanism on how EAC relates to other trading blocs</li> <li>b) Prepare policy briefs on trade negotiation and Partner States common negotiation positions</li> <li>c) Participate in trade negotiations</li> <li>d) Arrange meetings on trade matters</li> <li>e) Communicate to Partner States on decisions of Council, and enacted EAC laws on Trade</li> <li>f) Study and advise on required institutional and legal framework on trade in EAC</li> </ul>	<ul style="list-style-type: none"> <li>a) Mechanism is developed</li> <li>b) Participation in trade negotiations has been done</li> <li>c) Meetings have been arranged</li> <li>d) Decision of the council have been communicated to partners states</li> <li>e) Institutional and legal frameworks have been studied and advised to partner states</li> </ul>	2007- 2009	Secretariat in conjunction with partner States
15	<b>Coordination and monitoring effective implementation of harmonised standards in the Partner states</b>	<ul style="list-style-type: none"> <li>a) Circulate and Issue guidelines on application of standards including reviewing and updating them</li> <li>b) Develop mechanisms for monitoring compliance in the region and develop indicators that allow an impact-oriented monitoring</li> <li>c) Strengthen the coordination mechanism for SQMT activities at the EAC Secretariat and contribute to an increased awareness about</li> </ul>	<ul style="list-style-type: none"> <li>a) Guidelines are issues and reviews are done</li> <li>b) Mechanism for monitoring is developed</li> <li>c) Coordination strengthened</li> <li>d) Implementation of SQMT protocol, strategic plan and regional projects is monitored and strengthened</li> <li>e) Committee meetings are</li> </ul>	2006-2009	Secretariat in conjunction with partner States

		<p>SQMT issues</p> <p>d) Oversee and monitor the implementation of the EAC SQMT Protocol, the Strategic Plan and the EAC SQMT regional projects</p> <p>e) Organise meetings of the East African Standards Committee and the Sub-Committees on Standardisation, Quality Assurance, Metrology and Testing; Contribute to the Development of annual work plans for the Technical Sub-Committees</p> <p>f) Facilitate publishing of the EAC Standards and establishment of an EAC Standards information centre</p> <p>g) Maintain and update the EAC Standards information centre server</p> <p>h) Maintain a harmonious relationship with the heads and technical officers in the National Bureaux of Standard (NSBs)</p> <p>i) Liaise with stakeholders concerning awareness / networking on SQMT activities</p> <p>j) Act as a focal point with regional and international SQMT organisations like SADC SQAM, ARSO, ISO;</p>	<p>organised</p> <p>f) Standards are published and distributed</p> <p>g) Standard information centre is established and maintained</p> <p>h) Relationships between SQMT stakeholders is harmonious</p> <p>i) Awareness of SQMT issues is increased.</p>		
16	<b>Developing mechanisms for promotion of intra-regional trade</b>	<p>a) Design cross border sensitisation programmes</p> <p>b) Arrange and coordinate trade exhibitions</p> <p>c) Organise and participate in small and medium scale trade exhibitions</p> <p>d) Develop trade promotion programmes and implement them</p> <p>e) Identify and implement support for trade development</p> <p>f) Coordinate studies on trade opportunities in the region</p> <p>g) Compile trade data and maintain data bases</p> <p>h) Develop intra-region trade policies</p>	<p>a) cross border sensitisation programmes are designed and implemented</p> <p>b) trade exhibitions are arranged and coordinated</p> <p>c) small and medium scale trade exhibitions are organised</p> <p>d) trade promotion programmes are designed and implemented</p> <p>e) trade support development programmes are identified</p> <p>f) Studies on trade opportunities are coordinated</p> <p>g) Trade data are compiled and</p>	2006-2009	Secretariat in conjunction with partner States

		i) Organise meetings for relevant export promotion committees.	data bases maintained h) Intra regional trade policies are developed		
17	<b>Eliminations of Non-Tariff barriers</b>	a) Liaise with partner states to compile existing non tariff barriers b) Develop a mechanisms for monitoring the removal of non tariff barriers, c) Coordinate studies on existing non tariff barriers d) Convene meetings of experts to develop mechanisms for elimination of NTBs e) Make follow up to ensure partner states are implementing agreed mechanisms	Existing non tariff barriers are complied Mechanism for monitoring of NTBs is developed Studies are coordinated Meetings of experts are convened Follow ups with partner states are made	Continuous	Secretariat in conjunction with partner States
18	<b>Monitoring implementation of EAC Competition Act in the partner states</b>	a) Oversee and advise on the developments of East African Community Competition Bill b) Publication and distribution of regulations on competition law c) Develop procedures for implementing competition law d) Coordinate the activities of the competition Committee Authority e) Issue guidelines to the partner states on how to channel disputes on competition matters f) Coordinate the formation and practice of the consumer protection groups	a) The Bill is developed into Law b) Regulations on competition law are developed and published c) Procedures for implementing competition law are developed d) Guidelines are issued e) Consumer protection groups are formed and working	continuous	Secretariat in conjunction with partner States
19	<b>Monitoring implementation of Antidumping and countervailing measures</b>	a) Monitoring of Anti Dumping and Countervailing measures b) Develop procedures on anti dumping and countervailing c) Develop rules of procedure for the Trade remedies Committee d) Issue guidelines on how partner states can channel disputes to the trade remedies committee e) Convene and coordinate meetings of Trade remedies committee	a) Procedures for antidumping measures are developed b) Rules and procedures for trade remedies committee are developed c) Guidelines for channelling disputes for trade remedies are issued. d) Meetings of the committees are convened	2007 and continuous	Secretariat in conjunction with partner States

20	<b>Coordinate application of uniform EAC regulations in management of Export Promotion Schemes and Promotions of Special Economic Zones</b>	<ul style="list-style-type: none"> <li>a) Take stock of the existing export promotion schemes and special Economic Zones in partner states</li> <li>b) Publish and distribute EAC regulations on Export processing Zones and Free ports</li> <li>c) Develop and issue guidelines on trade and customs relating to export promotion</li> <li>d) Arrange and coordinate meetings of officials of EPZ and Free ports Authorities to harmonise operational procedures and national legislations</li> <li>e) Monitor implementation of export promotion in EAC and advise on best practices</li> <li>f) Arrange and facilitate meetings of export promotion committees</li> </ul>	<ul style="list-style-type: none"> <li>a) Existing export promotion schemes and other special economic zones are identified</li> <li>b) EAC regulations on EPZs and Free ports are published and distributed</li> <li>c) Guidelines on trade and customs are developed and issued</li> <li>d) Meetings of officials of EPZ and free ports are arranged and coordinated</li> <li>e) Monitoring of EPZ is made and advise on Best practices is done</li> </ul>	2008 and continuous	Secretariat in conjunction with partner States
21	<b>Transforming of EAC as one economic bloc in multilateral and bilateral trade negotiations</b>	<ul style="list-style-type: none"> <li>a) Harmonisation of Trade Policy regarding preferential trade agreement, i.e. AGOA, EPA, WTO</li> <li>b) Development of Regional and international Policy on negotiations</li> <li>c) Coordinate available resources in the Partner States for effective negotiations of various agreements</li> <li>d) Develop a mechanism to effectively link the development of investment and international in the region</li> <li>e) Conduct researches, commission studies or papers on matters relating to negotiations</li> <li>f) Prepare position papers on negotiation positions in partnership with Partner States</li> <li>g) Coordinate training on negotiation</li> <li>h) Regularly update partner States on development in international and regional negotiations</li> <li>i) Maintain data bases on international and regional trade</li> </ul>	<ul style="list-style-type: none"> <li>a) Trade policy regarding preferential trading agreements is harmonised</li> <li>b) Regional and international negotiations policy is developed</li> <li>c) Mechanisms for linking development of trade and investments is developed</li> <li>d) Available resources for negotiations are coordinated.</li> <li>e) Researches are conducted</li> <li>f) Position papers are prepared</li> <li>g) Data bases are maintained and partner states are updated on international development</li> </ul>	2007-2009	Secretariat in conjunction with partner States
23	<b>Maintain close</b>	a) Develop joint programs on trade	a) joint programmes are	continuous	Secretariat in

	<b>relationships with partner states programmes and network with other research institutions on international and intra region trade matters.</b>	<p>development with partner states</p> <p>b) Develop joint training programmes and supervise the implementations</p> <p>c) Conduct joint studies and maintain networks</p> <p>d) Initiate other networking modalities.</p>	<p>developed</p> <p>b) Joint training programmes are developed</p> <p>c) Studies are conducted</p>		conjunction with partner States
24	<b>Compilation of Trade Statistics</b>	<p>a) Development of EAC trade statistics database</p> <p>b) Studies/ research /investigations/ analysis related to imports/exports, NTB's</p> <p>c) Publications of regional trade bulletins</p>	<p>a) Trade statistics data bases are developed</p> <p>b) Studies are conducted</p> <p>c) Publication of regional statistics bulletins is done</p>	<p>November 2006</p> <p>February 2007</p> <p>February 2008</p> <p>February 2009</p>	Secretariat

# COMESA Fund Protocol

## **COMESA Fund Protocol**

### **PROTOCOL RELATING TO THE FUND FOR CO-OPERATION, COMPENSATION AND DEVELOPMENT OF THE COMMON MARKET FOR EASTERN AND SOUTHERN AFRICA**

#### **THE HIGH CONTRACTING PARTIES**

**Recalling Article 150 of the Treaty Establishing the Common Market for Eastern and Southern African States whereby provision is made for the establishment of a special Fund for Co-operation, Compensation and Development; and**

**Recalling further paragraph 2 of Article 150 of the said Treaty which provides for the conclusion of a Protocol which shall, inter-alia, determine the machinery and formula to be used in granting compensation under Article 150;**

**AGREE AS FOLLOWS:**

#### **PART I**

##### **PRELIMINARY**

###### **Article 1**

###### **Definitions**

In this Protocol:

“Base Fund” means the Base Fund as constituted under Article 2 of this Protocol;

"Chairperson" means the Chairperson of the Committee of the Fund;

"COMESA" or “Common Market” means the Common Market for Eastern and Southern Africa established by Article 1 of the Treaty;

"Committee" means the Committee of the Fund established under Article 23 of this Protocol responsible for the Fund and for the Special Facility;

“cooperating partner” means a bilateral or multilateral partner who contributes finance to the General Fund or through the Special Facility;

"Fund" means the Base Fund and General Fund established under this Protocol;

“General Fund” means the General Fund as constituted under Article 5 of this Protocol;

"Manager" means the Manager of the Fund appointed under Article 26;

“member” means a Member State of COMESA that qualifies for membership under paragraph 2 of Article 2 of this Protocol;

"Member State" or "Member States" means a Member State or Member States of COMESA;

"Secretary General" means the Secretary General of COMESA appointed under Article 17 of the Treaty;

"Special Facility" means the special facility established under Article 9 of this Protocol;

"Treaty" means the Treaty Establishing the Common Market for Eastern and Southern Africa.

## **PART II**

### **MEMBERSHIP, STRUCTURE AND PURPOSES OF THE FUND**

#### **Article 2**

##### **Membership and Structure of the Fund**

1. The Fund shall be composed of the Base Fund and the General Fund.
2. The Member States that ratify this Protocol shall constitute the membership of the Base Fund.
3. The cooperating partners admitted by the Committee shall constitute the membership of the General Fund.

#### **Article 3**

##### **Purposes of the Fund**

The Fund shall be used to:

- (a) provide grants or loans for financing research and development activities and feasibility studies promoting regional integration;
- (b) provide means to facilitate the sustained mobilization of internal and external financial resources for the Member States;
- (c) address the objectives set out in Chapter Twenty Two of the Treaty; and promote regional integration through development projects in the Member States.

#### **Article 4**

##### **Ordinary Capital Resources of the Base Fund**

In the context of this Protocol, the term "ordinary capital resources" of the Base Fund shall include:

- (a) the capital of the Base Fund, including both paid and unpaid contributions determined under Article 6 and authorised in pursuance of the provisions of Article 7 of this Protocol;
- (b) income derived from loans made from the resources obtained under subparagraph (a) of this Article;



- (c) any other resources or income received by the Base Fund.

## **Article 5**

### **Capital Resources of the General Fund**

In the context of this Protocol, the term “capital resources” of the General Fund shall include:

- (a) receipts from bilateral and multilateral sources; and
- (b) income derived from loans made from the resources obtained under sub-paragraph (a) of this Article.

## **Article 6**

### **Contributions by Members**

The contributions by the members shall be assessed on the formula in force, pursuant to paragraph 5 of Article 166 of the Treaty.

## **Article 7**

### **Payment of Contributions and Liability to the Fund**

Each member shall in such installments as may be determined by the Committee, pay into the Base Fund the amount assessed to be paid by it under the provisions of Article 4 of this Protocol.

Unless otherwise decided by the Committee, 100 per cent of the amount assessed to be paid by a member under this Article shall be paid and kept in the United States Dollar or any other currency as determined appropriate by the Committee.

The unit of account in which the budget of the Base Fund shall be prepared shall be determined by the Committee.

The liability of a member to the Base Fund shall be limited to the unpaid contributions due from it under the provisions of this Protocol.

The Committee shall determine the penalties to be imposed on a member that fails to pay its contributions to the Fund.

## **Article 8**

### **Additional Resources**

1. The Committee shall periodically review the adequacy of the resources of the Fund and may, if it deems it fit propose, for the approval of the Committee an increase in the contributions to be paid by member States and the way in which such payment should be made.

2. The Committee may also propose other methods of increasing the resources of the Fund.

### **PART III**

#### **ESTABLISHMENT, PURPOSES AND OPERATIONS OF THE SPECIAL FACILITY**

##### **Article 9**

##### **Establishment of Special Facility**

There shall be established a Special Facility for the purposes provided for under Article 10.

##### **Article 10**

##### **Purposes of Special Facility**

1. A Special Facility shall be established to provide budgetary support to members so as to enable them to continue with macro-economic and trade liberalization programmes of COMESA.
2. The term "Special Facility" as used in this Protocol shall refer to the arrangements referred to in paragraph 1 intended to provide budgetary support to an eligible member.
3. The Committee in conjunction with the co-operating partners' sources providing funding to the Special Facility shall determine the conditions under which member will be eligible to receive funds from the Special Facility.

##### **Article 11**

##### **Operations of the Special Facility**

The Special Facility designated for that purpose shall be used to provide budgetary support to members in such manner and to such extent as the Committee and the cooperating partners may decide.

### **PART IV**

#### **OPERATIONS OF THE FUND**

## **Article 12**

### **Operations**

The resources of the Fund shall be used exclusively to implement the purposes of the Fund as set forth in Article 3 of this Protocol.

## **Article 13**

### **Operations, Leveraging and Expenses**

1. The operations of the Funds shall consist of ordinary operations. Ordinary Operations shall be those financed from the ordinary capital resources of the Fund referred to in Articles 4 and 5 of this Protocol.
2. In determining the ordinary operations to be financed from the ordinary capital resources of the General Fund, regard shall be given to the need to leverage the General Fund from the Base Fund in such ratios as shall be determined by the Committee.
3. Expenses relating directly to ordinary operations shall be charged to ordinary capital resources of the Fund. Any other expenses shall be charged as the Committee shall determine.

## **Article 14**

### **Methods of Operation**

Subject to the conditions set forth in this Protocol, and for the purposes of the Fund, the Fund may provide finances for and facilitate the financing of projects promoting regional integration between members in any of the following ways to any agency, entity or enterprise:

- (a) by making or participating in direct subventions and loans with its unimpaired paid- up capital;
- (b) by making or participating in direct loans with funds raised by the Fund in capital markets or borrowed or otherwise acquired by the Fund for inclusion in its ordinary resources; or
- (c) by the investment of funds referred to in sub-paragraphs (a) and (b) of this Article in equity capital of an institution or enterprise.

## **Article 15**

### **Limitations of Operations**

In the case of funds invested in equity capital out of the ordinary capital resources of the Fund, the total amount invested shall not exceed such percentage, as the Committee may determine, of the aggregate amount of the unimpaired paid-up capital of the Fund.

The amount of any equity investment in any entity or enterprise shall not exceed such percentage of the capital of that entity or enterprise as the Committee shall in each specific case determine to be appropriate.

The Fund shall not seek to obtain by any investment made under paragraph 2 a controlling interest in the entity or enterprise concerned, except where necessary to safeguard the investment of the Fund.

## **Article 16**

### **Operating Principles**

The operations of the Fund shall be conducted in accordance with the following principles:

- (a) the Fund shall be guided by sound banking principles in its operations and shall not make loans or undertake any responsibility for the discharge or re-financing of earlier commitments by borrowers;
- (b) in selecting projects, a prioritized master plan of programmes and projects which promote regional integration will be drawn up by members and funding will be allocated in pursuance with the implementation of the master plan and guided by the need to pursue the objectives set forth in this Protocol;
- (c) the operations of the Fund shall provide principally for the financing directly of specific projects which benefit more than one Member State;
- (d) the Fund shall seek to maintain a reasonable diversification of its investments;
- (e) the Fund shall not finance any undertaking in the territory of a member if that member objects to such financing;
- (f) before a loan is granted or an investment made, the applicant shall have submitted an adequate proposal to the Fund, and the Manager shall have presented to the Committee a written report regarding the proposal together with his recommendations;
- (g) in considering an application for a loan, the Fund shall pay due regard to the ability of the borrower to obtain finance or facilities elsewhere on terms and conditions that the Fund considers reasonable for the recipient, taking into account all pertinent factors;
- (h) in making a loan, the Fund shall pay due regard to the prospects that the borrower will be able to meet its obligations under the loan contract;
- (i) in making a loan, the rate of interest, other charges and the schedule for repayment of principal shall be such as are, in the opinion of the Fund, appropriate for the loan concerned;
- (j) in the case of a direct loan made by the Fund, the borrower shall be permitted by the Fund to draw the loan funds only to meet payments in connection with the project as they fall due;

- (k) the Fund shall take all necessary measures to ensure that the proceeds of any loan made, or participated in by the Fund are used only for the purposes for which the loan was granted and with due attention to considerations of economy and efficiency;
- (l) the Fund shall ensure that every loan contract it enters into shall enable the Fund to exercise all necessary powers of entry, inspection and supervision of operations in connection with the project and shall further enable the Fund to require the borrower to provide information and to allow inspection of its books and records during such time as any part of the loan remains outstanding.

## **Article 17**

### **Prohibition of Political Considerations**

The Fund and the Manager shall not interfere in the political affairs of any member, nor shall they be influenced in their decisions by the political character of a member. Only economic considerations shall be relevant to their decisions and such considerations shall be weighed impartially to achieve and carry out the purposes and functions of the Fund.

The Fund shall not accept loans, or assistance that may in any way prejudice, limit, deflect or otherwise alter its purposes or functions.

## **Article 18**

### **Terms and Conditions for Direct Loans**

In the case of direct loans made or participated in by the Fund, the contract shall establish in conformity with the operating principles set out above and subject to other provisions of this Protocol the terms and conditions for the loan concerned, including payment of principal, interest, commitment fee and other charges, maturities and dates of payment in respect of the loan.

The contract shall provide that all payments to the Fund under the contract shall be made in the currency loaned, unless, the regulations of the Fund provide otherwise.

The loan contract shall be in the currency provided for under paragraph 2 of Article 7.

Notwithstanding the provisions of sub-paragraph (i) of Article 16, paragraph 1 of this Article and paragraph 1 of Article 19 relating to the need to charge interest on a direct loan, the Committee may waive the charging of interest in respect of direct loans to a member State whose national laws do not permit the charging of interest.

The Committee shall prepare standard terms and conditions for the provision of any loans or grants from the Fund.

## **Article 19**

### **Commission and Fees**

In addition to interest, the Fund shall charge a commission on direct loans made or participated in as part of its ordinary operations at a rate to be determined by the Committee and computed on the amount outstanding on each loan or participation.

Other charges, including commitment fee, of the Fund in its ordinary operations and any commission, fees or other charges in relation to its special operations shall be determined by the Committee.

## **Article 20**

### **Defaults on Loans and Methods of Meeting Liabilities of the Fund**

In cases of default on loans made or participated in by the Fund in its ordinary operations, the Fund shall take such action as it considers appropriate to conserve its investment including modification of the terms of the loan.

Whenever necessary to meet contractual payments of interest, other charges or amortization on borrowings of the Fund in its ordinary operations, the Fund may in accordance with Article 8 of this Protocol, propose an increment in the resources of the Fund.

## **Article 21**

### **Power to make Regulations**

The Committee may make such regulations including financial regulations as it considers necessary or appropriate to further the purposes and functions of the Fund, provided that such regulations shall not be inconsistent with the provisions of this Protocol.

## **PART V**

### **ORGANISATION AND MANAGEMENT OF THE FUND**

## **Article 22**

### **Organisation of the Fund**

The Fund shall be administered by a Committee and a Manager.

## **Article 23**

### **Committee**

All the powers of the Fund shall, subject to the provisions of this Protocol be vested in the Committee.

The Committee shall consist of Ministers who are members of the Council and whose States have paid into the Base Fund appointed one each for that purpose by each member, and one representative each of the cooperating partners.

The Committee shall elect in rotation according to an order to be determined by the Committee, one of its members to be its Chairman who shall hold office for a term of one year.

When a Chairman ceases to be a member of the Committee before the end of his term as Chairman, the person appointed in his place shall become Chairman for the remainder of that term.

In the case of representatives of members of the Base Fund, the appointment of a member of the Committee may be revoked by the member which appointed him.

Each member and cooperating partners shall appoint an alternate to its representative on the Committee who shall be a person possessing high competence and wide experience in economic, financial and banking affairs.

## **Article 24**

### **Procedure of the Committee**

1. The Committee shall normally meet at the headquarters of the Secretariat but may meet at other places as the Committee may decide. The Committee shall meet at least every twelve months or more frequently if the business of the Fund so requires.
2. Meetings of the Committee shall be convened by the Manager on the directions of the Chairman or at the requisite two-thirds of the members of the Committee.
3. Two-thirds of the members of the Committee shall constitute a quorum for any meeting.
4. The Secretary General shall attend meetings of the Committee without the right to vote.
5. Subject to the provisions of this Protocol, the Committee may determine its own procedure.

## **Article 25**

### **Voting and Agreements**

Each Member State on the Committee shall have voting rights apportioned equal to their proportionate contributions to the Base Fund.

All members shall collectively have a total voting block of up to fifty per cent in the General Fund.

Representatives of the cooperating partners shall be entitled to a voting block of fifty per cent of the Fund with voting rights apportioned equal to their proportionate contributions to the General Fund.

The Members and each co-operating partner participating in the General Fund shall conclude such agreements as are necessary to govern their relationship within the context of this Protocol.

## **Article 26**

### **Manager of the Fund**

There shall be a Manager of the Fund who shall be appointed by the Committee and who, while he or she remains Manager, may not hold office as a Committee Member or an alternate to a Committee Member but will attend and participate at meetings of the Committee without the right to vote.

The Manager shall be responsible for the day-to-day administration of the Fund and shall conduct the current business of the Fund under the direction of the Committee.

Subject to paragraph 5 of this Article, the Manager shall hold office for a term of four years and may be re-appointed.

The Manager shall vacate his office if the Committee so decides for good cause.

Until such time as the Manager is appointed, the Secretary General shall act as the Manager of the Fund.

If the office of Manager becomes vacant for any reason, a successor shall be appointed by the Committee.

The Manager shall be the legal representative of the Fund.

## **Article 27**

### **Channel of Communication**

Each member shall designate an appropriate official, entity or person with whom the Committee may communicate in connection with any matter arising under this Protocol.

## **PART VI**

### **GENERAL PROVISIONS**

## **Article 28**

### **Working Languages**

The working languages of the Committee shall be English and French.

## **Article 29**

### **Accounts and Reports**

1. The Committee shall ensure that proper accounts and proper records are kept in relation to the operations of the Fund and such accounts shall be audited in respect of each financial year by auditors of high repute appointed by the Committee.



2. The Manager shall prepare and transmit to the Committee and to the members through the Secretary General, and shall also publish, an annual report containing an audited statement of its accounts.
3. The Manager shall prepare and transmit to the members quarterly a summary statement of its financial position.
4. All financial statements of the Fund shall show the ordinary operations of the Fund.
5. The Manager may also publish such other reports as are considered desirable in carrying out the purposes and functions of the Fund and such reports shall be transmitted to the Committee.

## **Article 30**

### **Termination of Operations**

The Authority may, on the recommendation of the Committee and upon giving one years notice to, terminate any of the operations of the Fund, other than those in respect of the provision of budgetary support as prescribed in Article 10 of this Protocol, and the Fund shall after such termination, forthwith, cease all activities in respect of any such operation except those incidental to the orderly realisation, conversion and preservation of its assets and the settlement of its obligations.

## **Article 31**

### **Liabilities of Members and Payment of Claims**

In the event of termination of the operations of the Fund, under the provisions of Article 30 of this Protocol, the liability of all members for their unpaid contributions to the capital of the Fund shall continue until all claims of creditors, including all contingent claims, shall have been satisfied.

All creditors holding direct claims shall first be paid out of the assets of the Fund and then out of payments to the Fund of contributions not yet paid. Before making any payments to creditors holding direct claims, the Committee shall make such arrangements as are necessary, in its judgement, to ensure a pro rata distribution among holders of direct and contingent claims.

## **Article 32**

### **Liability of the Committee**

No personal liability shall attach to the members of the Committee for any thing done in the exercise of their functions in conformity with this Protocol.

## **Article 33**

## **Location of the Fund**

The Committee shall determine the location of the Fund.

## **Article 34**

### **Arbitration**

1. Any dispute regarding the interpretation or application of this Protocol shall be amicably settled by direct agreement.
2. In the event of failure to settle such dispute, the matter may be referred for arbitration in accordance with Article 28 of the COMESA Treaty to the COMESA Court of Justice by a party to such dispute and the decision of the Court shall be final and binding on the parties.

## **Article 35**

### **Status, Privileges and Immunities**

The Fund shall be recognised as an integral part of the Common Market enjoying the status, privileges and immunities of the Common Market provided for under Article 186 of the COMESA Treaty.

## **Article 36**

### **Commencement of Operations**

1. As soon as this Protocol has been ratified by the requisite number of members in accordance with the provisions of paragraph 1 of Article 37 of this Protocol, the Committee shall be appointed in accordance with the provisions of Article 23 of this Protocol and the Manager of the Fund shall call the first meeting of the Committee.
2. At its first meeting, the Committee shall elect its first Chairman and determine the date on which the Fund shall commence its operations.
3. The Secretary General shall notify all Member States of the date of the commencement of the operations of the Fund.

## **Article 37**

### **Transitional Measures, Entry into Force and Deposit**

1. Upon the signature of this Protocol by the Heads of State or Government of the Member States, the Secretary General shall commence implementation of the provisions of this Protocol and carry out such activities as are necessary pending the entry into force of the Protocol.

2. This Protocol shall enter into force upon ratification by at least one-third of the membership of COMESA.
3. The Protocol and all the instruments of ratification shall be deposited with the Secretary General. The Secretary General shall transmit certified true copies of this Protocol to all Member States and notify them of the dates of deposit of the Instruments of Ratification and shall register this Protocol with the Organisation of African Unity/African Union, the United Nations and such other organisations as the Council shall determine.

**IN FAITH WHEREOF, WE, THE HEADS OF STATE AND GOVERNMENT OF  
THE COMMON MARKET FOR EASTERN AND SOUTHERN AFRICA HAVE  
SIGNED THIS PROTOCOL**

EAST AFRICAN COMMUNITY

REGULATIONS FOR THE EAC PARTNERSHIP FUND

**PREAMBLE**

*WHEREAS the East African Community is committed to fostering co-operative arrangements with other regional and international organisations and Development Partners interested in the pursuit of the objectives of the Community;*

*AND WHEREAS in the pursuit of the objectives mentioned above, the Community has established working relationships with some Development Partners for purposes of technical and financial assistance;*

*AND WHEREAS the Secretariat of the East African Community is accordingly charged with the general administration and financial management of the Community and the mobilisation of funds from Development Partners and other sources for the implementation of projects and programmes of the Community;*

*AND WHEREAS the Secretariat, in consultation with Development Partners, has established an EAC Partnership Fund for purposes of effective management and utilisation of the funds;*

*NOW the East African Community and the Development Partners have adopted these regulations for the EAC Partnership Fund.*

**Regulation 1**

**Citation and Application**

These Regulations shall be cited as the EAC Partnership Fund Regulations and shall be applied in line with the provisions of the Treaty for the Establishment of the East African Community.

**Regulation 2**

**Definitions**

In these Regulations the following expressions shall have the meaning referred to below:

"**Audit Commission**" means the Audit Commission of the East African Community established by Article 134 of the Treaty for the Establishment of the East African Community (hereafter referred to as "the Treaty");

"**Committee**" means the Committee established under Regulation 4 of these Regulations for the management of the EAC Partnership Fund (hereafter referred to as "the Fund");

"**Development Partners**" means States and the regional and international organisations and bilateral and multilateral agencies with which the East African Community fosters co-operative arrangements;

"**Partner States**" means the Republic of Kenya, the Republic of Uganda, the United Republic of Tanzania and any other country granted membership to the Community.

"**The Secretariat**" means the Secretariat of the East African Community;

"**Secretary General**" means the Secretary General of the East African Community.

### **Regulation 3**

#### **Objectives of the EAC Partnership Fund**

- a) The overall objective of the Fund is to :
  - (i) promote the implementation of the Treaty with a view to enhance regional integration and socio-economic development of the EAC;
  - (ii) rationalise the use and facilitate planning and accounting of Development Partners' funds available for EAC's development;
  - (iii) encourage Development Partners and EAC Partner States to jointly contribute to the Fund.
  
- b) The specific objective of the Fund is to provide funding for activities to boost EAC's regional integration agenda, in particular for
  - (i) procurement of regional and international consultancy services for studies on policies required to support the work of the Secretariat and of other organs of the Community;
  - (ii) sectoral studies containing recommendations to the Council of Ministers;
  - (iii) the publication of EAC reports, concept papers and studies designed to inform stakeholders and civil society;
  - (iv) working papers, project proposals and terms of reference;
  - (v) meetings of experts;
  - (vi) follow-up measures with target groups (especially from the private sector), including workshops and seminars;
  - (vii) studies on policies required to support EAC integration (strategy and concept

papers), including publication of such studies;

- (viii) activities under the EAC outreach programme to educate and mobilise civil society for EAC integration;
  - (ix) training and other types of capacity building for the Staff of the Community; and
  - (x) any other projects, programmes or activities approved by the Committee established under Regulation 4 of these Regulations.
- c) Notwithstanding Regulation 3 b (x) above, any other support to EAC shall be handled in accordance with the approved EAC mechanisms.

#### **Regulation 4**

##### **Committee for the EAC Partnership Fund**

- a) There is hereby established an EAC Partnership Fund Committee which shall be responsible for overseeing the work of the EAC Partnership Fund.
- (b) The Committee shall consist of:
  - (i) one representative of the East African Community (EAC) appointed by the Secretary General;
  - (ii) one representative of each of the East African Community (EAC) Partner States; and
  - (iii) one representative of each Development Partner who has contributed to the Fund.
- c) The Committee shall appoint a chairperson, for a period of one year, from among its members representing Development Partners and Partner States.
- d) The Secretary General shall appoint one staff member of the EAC Secretariat to act as Secretary to the Committee.
- e) The Committee shall meet at least twice a year. Committee members can approve issues in writing rated by the Committee Chairperson as non-controversial.
- f) The Chairperson shall call an extraordinary meeting of the Committee if:
  - (i) in his/her opinion such a meeting is required; or
  - (ii) at least one third of the total number of the members of the Committee so demand.
- g) Notice of meetings shall be sent by the Secretary to the address given by each Member of the Committee so as to be received by the Member at least three weeks

before an ordinary meeting and at least two weeks before an extra-ordinary meeting. The notice for a meeting of the Committee shall include the provisional agenda and other documents for consideration by the Committee.

- h) Meetings shall be held at the Headquarters of the East African Community in Arusha. If exigencies so require, meetings can be held at such other place within the East African region as shall be decided by the Chairperson of the Committee, in consultation with the other members of the Committee.
- i) A quorum for any meeting of the Committee shall be formed if the following members are present:
  - (i) one member from each of the Partner States;
  - (ii) at least four members representing the Development Partners; and
  - (iii) one East African Community (EAC) representative.
- j) Members of the Committee shall not be entitled to receive any remuneration for participation in the meetings of the Committee.
- k) The Secretariat shall be responsible for preparation and administrative arrangements of the meetings of the Committee.
- l) The Committee may invite to its meetings, as observers, those Development Partners who have not contributed to the Fund.
- m) Unless otherwise provided for in this Regulation, the Committee shall determine its own Rules of Procedure.

## **Regulation 5**

### **Work of the Committee**

- a) The Committee shall take decisions on the management of the Fund and shall, in this capacity e.g. approve all projects, programmes and other activities financed through the Fund.
- b) The day-to-day operation of the Fund shall be handled by the Secretariat. In this respect the Secretary General shall form a Fund Management Team. The Terms of Reference for the Fund Management Team shall be approved by the Committee.
- c) The Committee shall take decisions by consensus.
- d) A member of the Committee may, in writing, appoint a proxy.
- e) The Secretariat shall prepare a draft annual Activity Plan and Budget as well as a medium-term development and financial plan in respect of the Fund. The budget year

for the Fund shall be the same as for the EAC budget. The final annual Activity Plan and Budget as well as the medium-term development and financial plan must be approved by the Committee. The annual Activity Plan and Budget shall include the following elements:

- (i) a comprehensive report on ongoing and proposed new activities to be financed from the Fund;
  - (ii) a brief description of the purpose and contents of the proposed new activities including their budgets and time schedules.
- f) The Committee may amend the Activity Plan and Budget at its regular or extraordinary meetings.
  - g) The Committee shall evaluate the Secretariat's report reviewing the preceding year's programme financed through the Fund.
  - h) The Committee shall submit an annual report to the Council in accordance with established EAC procedures.

### **Regulation 6**

#### **Contributions to the EAC Partnership Fund**

- a) Any Development Partner or organisation may contribute to the Fund provided it subscribes to these Regulations. Applications for membership of the Fund will be approved by the Committee.
- b) Contributions to the Fund shall be accepted as grants.
- c) Development Partners' contributions to the Fund shall be governed by respective agreements between the East African Community and each Development Partner.
- d) EAC Partner States' contributions to the Fund shall be considered to be an integral part of their contributions to the EAC budget.

### **Regulation 7**

#### **Loans and Guarantees**

- a) Neither the East African Community (EAC) nor the Committee shall be empowered to raise funds for the Fund on a loan basis.
- b) The Fund shall not be used as collateral for any obligations nor may any guarantees be issued on the basis of its capital.



## **Regulation 8**

### **Conditions for Disbursements**

- a) Disbursements from the Fund shall be effected in conformity with the Financial Regulations of the East African Community.
- b) The Secretary General or any of his / her appointees shall authorise all requests for disbursement based on the activity plan and budget as approved by the Committee.
- c) The Secretariat shall be responsible for ensuring that the services in respect of which disbursements are made from the Fund are procured in accordance with the respective contracts and the provisions of Regulation 9 of these Regulations.
- d) The Secretariat shall present financial and status reports for approval at the ordinary meetings of the Committee.
- e) No offer, gift or payment, considerations or benefit of any kind that could be construed as illegal or corrupt shall be accepted, either directly or indirectly, as an inducement or reward for award or execution of contracts financed from the Fund.

## **Regulation 9**

### **Procurement**

- a) The Tendering Procedures of the East African Community shall apply to all procurement under the Fund.
- b) Procurement shall be effected in accordance with EAC Procurement procedures.
- c) The Secretariat shall take deliberate measures to encourage suppliers from the East African region to participate in the tendering process.
- d) The EAC shall inform Partner States and Development Partners contributors to the Fund about envisaged procurement within a reasonable time of the planned bidding.

## **Regulation 10**

### **Accounting**

- a) The Fund shall be established and managed in accordance with the Financial Regulations and the Accounting System of the East African Community.
- b) EAC undertakes to ensure that the following exemptions are granted by Partner States' Governments in respect of goods and services procured through the Fund:
  - (i) import licenses for materials supplied, except for security, safety or

environmental reasons;

(ii) levies, duties and taxes.

- c) Any interest accrued shall be added to the Fund and bank charges shall be paid from the Fund.

## **Regulation 11**

### **Audit**

- a) An annual audit of the Fund shall be carried out by the Audit Commission of the Community.
- b) Any member of the Committee may effect further independent audits. In such case, the costs for such audits shall be borne by the requesting member.
- c) Audited financial statements covering the operations of the Fund, as well as management and other relevant reports of the Audit Commission shall be presented to the meetings of the Committee. Reports shall be availed to all contributing Development Partners for consideration and noting.
- d) The Secretariat shall prepare an annual report on the operations of the Fund by 31<sup>st</sup> July of each year. The report shall be submitted to the Committee immediately after their approval by the competent EAC organs.
- e) The audit shall be discussed by the Committee once it has been adopted in accordance with the EAC Financial Rules and Regulations.

## **Regulation 12**

### **Withdrawal from the EAC Partnership Fund**

- a) A Development Partner may withdraw from the Fund by giving at least ninety days written notice of such an intention to the Secretary General.
- b) A withdrawing member shall not claim funds already paid into the Fund.

## **Regulation 13**

### **Investment of Funds**

- a) The Secretary General may invest funds upon approval of the Committee.

- b) Funds shall be invested in secure assets such as treasury bills, bonds or in fixed deposits with reputable banks.
- c) The Secretariat shall annually submit a report on investments made and interest earned which shall be presented at the next meeting of the Committee.
- d) Proceeds on investments of unused capital from the Fund are to be deposited into the Fund.

### **Regulation 14**

#### **Entry into Force**

These Regulations shall enter into force 30 days after signatures by the Secretary General and the representatives of respective Development Partners subscribing to the Fund.

### **Regulation 15**

#### **Review and Amendment**

These Regulations may be reviewed, amended and / or modified upon approval by all the parties subscribing to the EAC Partnership Fund.

**PARTICIPATION DE LA REUNION A LA MISE EN OEUVRE DE LA STRATEGIE REGIONALE ET DU PROGRAMME INDICATIF REGIONAL AFRIQUE ORIENTALE ET AUSTRALE (AOA) DU 10<sup>ème</sup> FED**

Fruit autant de l'histoire que de la géographie, comme en atteste en particulier sa diversité culturelle liée aux origines multiples de son peuplement (Europe, Afrique, Madagascar, Inde, Chine...), La Réunion est la seule région française et européenne située dans l'océan Indien. Elle s'est donnée pour objectif de valoriser pleinement sa double appartenance, et donc de réussir son intégration harmonieuse, à ces deux grands ensembles géo-économiques que forment l'Union Européenne (UE) et l'espace indianocéanique, composé pour l'essentiel d'Etats ACP qui entretiennent des relations privilégiées avec l'UE dans le cadre de l'Accord de Cotonou. L'intégration de la Réunion dans son espace géographique immédiat constitue un enjeu majeur pour le développement du territoire.

Cette volonté, et cette démarche, s'inscrivent désormais dans un nouveau contexte institutionnel instauré, au plan européen, par l'Article 299§2 du Traité d'Amsterdam, qui consacre le statut juridique de Région Ultrapériphérique (RUP) de l'UE de la Réunion, et qui autorise désormais une meilleure prise en considération des spécificités de celle-ci, notamment dans le cadre de ses relations avec les pays de son environnement régional.

La Commission Européenne (CE) a également fait de l'insertion régionale une des priorités de son action en faveur des RUP en cohérence avec les dispositions de l'accord de Cotonou. Le renforcement de la coopération régionale ACP/RUP au cours de la programmation du 10<sup>ème</sup> FED fera l'objet d'une attention particulière pour la CE afin de faciliter une meilleure coordination des instruments financiers communautaires respectifs (FED/FEDER). A ce titre, la CE a approuvé le 27 mars 2008 le nouveau Programme Opérationnel (PO) "Océan Indien" pour la période 2007-2013 au titre de l'objectif de coopération territoriale du FEDER. Le coût total du programme est de 47.3 millions d'euros. Ce programme prévoit explicitement la possibilité de soutenir des projets de coopération régionale multilatérale entre la Réunion et des Organisations Régionales (ORs) de l'AOA (COI et COMESA).

De surcroît, au plan national, la Loi d'Orientation pour l'Outre-Mer (LOOM) ouvre la possibilité que soient confiées aux exécutifs des collectivités locales des responsabilités au nom de la France et avec l'accord de son gouvernement dans le domaine de l'action internationale ce qui permet à ces collectivités de prendre davantage d'initiatives sur le plan régional voire de devenir membre associé des organismes régionaux de l'Océan indien et de l'Afrique orientale et australe, ou observateur auprès de ceux-ci.

Compte tenu de sa situation particulière, la Réunion ambitionne par conséquent de devenir une véritable «frontière active» de l'UE dans l'Océan Indien. A ce titre, elle ne saurait rester à l'écart du processus de régionalisation et d'intégration économique en cours dans cette zone. C'est pourquoi la Réunion, qui entend pleinement s'inscrire dans ce processus, fortement encouragé d'ailleurs par l'UE, a résolument inscrit l'ouverture internationale et l'intégration régionale au cœur de sa stratégie de développement. C'est dans ce cadre qu'elle souhaite promouvoir une politique active de coopération régionale et de codéveloppement durable avec les Etats de l'Océan Indien, grâce en particulier à la valorisation des atouts et avantages comparatifs découlant de sa double appartenance à l'Europe et à l'Océan Indien, une telle démarche contribuant, à son tour, à renforcer le processus de régionalisation.

Depuis 1986, la France participe activement aux travaux de la COI, pour le compte de la Réunion. En ce qui concerne son intégration dans l'environnement économique, et afin de donner suite aux décisions prises lors des XXI<sup>ème</sup> Conseil et 3<sup>ème</sup> Sommet des Chefs d'Etat et de Gouvernement de la COI en juillet 2005, il sera nécessaire de mettre en place un groupe de travail pour définir les modalités de cette intégration renforcée, en particulier sur le plan de la mise en place de l'Accord de Partenariat Economique (APE) entre le groupe des pays de l'AOA. La Réunion participe également à titre du statut d'observateur de la France, aux travaux des instances dirigeantes du COMESA et souhaite renforcer ces actions de coopération avec celle-ci.

Aussi, et dans la perspective de la Programmation Indicative Régionale du 10<sup>ème</sup> FED, ainsi que des futurs APE, la Réunion doit, encore plus qu'aujourd'hui, devenir un partenaire actif dans le cadre des divers projets envisagés, en participant avec les Etats ACP de la région AOA à des projets de coopération régionale, utilisant ses ressources humaines et techniques, ainsi que ses pôles de compétences dans de multiples domaines (éducation/formation, facilitation du commerce, recherche/développement, TIC, énergies renouvelables, changements climatiques, santé...). Ces actions peuvent également inclure le renforcement des capacités et d'assistance technique mutuelle entre la Réunion et les ORs de l'AOA.

Elle pourrait, à ce titre, mobiliser notamment des ressources propres et du nouveau PO FEDER ainsi que faciliter une meilleure programmation et utilisation coordonnée des fonds FED/FEDER.

## ESA IO region and progress with MDGs

### Background

The Millennium Development Goals (MDGs) agreed by the United Nations (UN) provide tools for monitoring progress in Development and for guiding investment. The framework of the MDGs covers 8 Goals, 18 Targets and 48 indicators which are included within the UN Statistics Division data base ([www.un.org](http://www.un.org)). The 8 Goals are for:

1. Eradication of extreme poverty and hunger,
2. Achievement of universal primary education,
3. Promotion of gender equality,
4. Reduction in child mortality,
5. Improvement in maternal health,
6. Combating major diseases,
7. Ensuring environmental sustainability, and
8. Developing global partnership for development.

The UN Statistical Division and the World Bank publish figures compiled from reports from the countries themselves. Most of the goals and targets were set by the UN with a 1990 baseline and a target year for achievement of 2015.

These statistics are also recorded in the 10<sup>th</sup> EDF Country Strategy Paper for each ESA country from which this information has been extracted. Performance on selected indicators for each of the ESA IO countries has been assessed as a desk study within this framework.

### Critical goals for development

Substantial progress has been made in ESA IO countries towards specific target within the MDG structure. The Table below derived from the specific 10<sup>th</sup> EDF country strategy papers, shows that (excluding incomplete data), the ESA/IO countries have made progress on most of the selected indicators and already achieved the targets on goals covering education, child health, safe water provision and advances telecommunications. Incomplete data amounts to 34% of items reviewed.

Despite the advances made in certain cases it is highly unlikely that the rate of progress may be sufficient to reach the targets by the due date (i.e. 2015). Moreover, in planning terms, reported progress made on many of these targets needs to be re-examined in light of the expected 34% increase (about 115 million) in the population in ESA/IO countries by 2015. This will affect the extent to which economic growth can be translated into improved standards of living, and provision for improvement in basic facilities such as food, housing, schools, jobs, water and sanitation, energy production, waste management and the protection of the natural environment.

**Table 1**  
**Progress towards MDGs in ESA IO countries on selected indicators <sup>1</sup>**

<b>ESA IO countries</b>	<b>MDG 1 Poverty[1]</b>	<b>MDG 2 Education[2]</b>	<b>MDG 4 Health: Child Mortality[3]</b>	<b>MDG 5 Maternal Health/Mortality[4]</b>	<b>MDG 6 Disease control HIV/AIDS[5]</b>	<b>MDG 7 Environment - safe water[6]</b>
Burundi	n/a	n/a	n/a	n/a	n/a	n/a
Comoros	44.8%	68.8%	73 per 1000 births	67.1%*	n/a	91%
Congo DR	n/a	n/a	n/a	n/a	n/a	n/a
Djibouti	46.1%	73%	75%	85%*	3.0%*	88%
Eritrea	66%	46%	80 per 1000 live births	450 per 100,000 live births <sup>^</sup>	2.4% <sup>^</sup>	33%
Ethiopia	34%	37%	n/a	871 per 100,000 <sup>^</sup>	4.4% <sup>^</sup>	36
Kenya	56%	81.5%	110 per 1000 births	51%*	9.2%*	48%
Madagascar	68.7%	82%	76.6%	24%*	19.5%*	11.8%
Malawi	52.4%	93%	133 per 1000 live births	38%*	16.9%*	66.3%
Mauritius	n/a	97%	17.1 per 1000 births	99.6%*	19 cases*	99%
Rwanda	60.3%	92%	198 per 1000 births	1,071 per 10,000 births <sup>^</sup>	3%*	41%
Seychelles	n/a	n/a	10.4 per 1000 births	100%*	0.3*	n/a%
Somalia	43.2%	18%	224 per 1000 births	1100 per 100,000 <sup>^</sup>	n/a	77%
Sudan	n/a	n/a	n/a	n/a	n/a	n/a

<sup>1</sup> As reflected in the CSP based on the latest information and figures

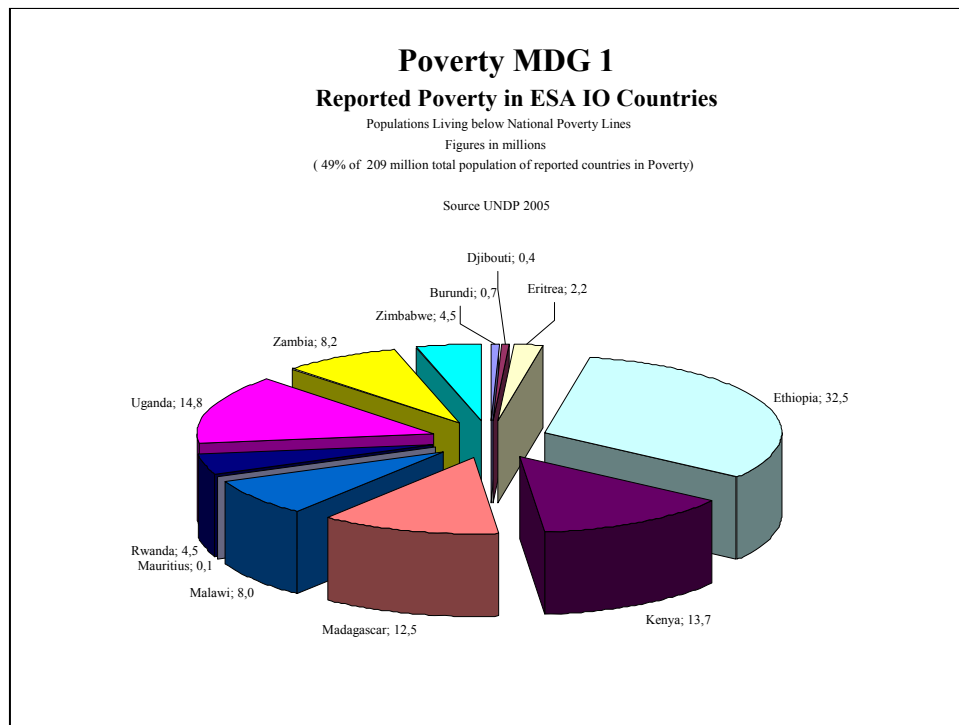
ESA IO countries	MDG 1 Poverty[1]	MGD 2 Education[2]	MDG 4 Health: Child Mortality[3]	MDG 5 Maternal Health/Mortality[4]	MDG 6 Disease control HIV/AIDS[5]	MDG 7 Environment - safe water[6]
Swaziland	69%	85%	153%	86*	39*	48%
Tanzania	19%	94.8%	83%	46%*	6.8%*	63% (average)
Uganda	n/a	n/a	n/a	n/a	n/a	n/a
Zambia	64%	95%	168 per 1,000 births	43.5%*	n/a	67%
Zimbabwe	36%	91.4%	82%	69%*	n/a	0

Source: 10<sup>th</sup> EDF Country Strategy Papers (CSP), based on UN/WB data

### **Notes**

- 1) MDG 1 – proportion of people living in extreme poverty levels i.e. below the income lines
- 2) MGD 2 – Net enrolment rate in elementary education (primary education)
- 3) MDG 4 – Reduce under 5 mortality rate
- 4) MDG 5 – reduced maternal mortality rate;
  - ^ reduced rates of expectant mothers dying from birth complications
  - \* Proportion of births attended by skilled medical personnel
- 5) MDG 6 – Control of HIV/AIDS prevalence rates;
  - \* Rate of HIV/AIDS infected people (men and women)
  - ^ Rate of HIV/AIDS infected pregnant women
- 6) MDG 7 – proportion of population with access to sustainable water recourses
- 7) n/a indicates data not available for this indicator from the source document

Detailed examination of the range of progress in each ESA IO countries for these selected indicators and targets is set out in the set of figures below derived from the statistics from UN and World Bank data tables downloaded in September 2005, ([www.worldbank.org](http://www.worldbank.org)) and ([www.un.org](http://www.un.org)) downloaded 3 July 2006 respectively.



### MDG 1: Poverty

One measure of poverty reported for the MDGs is the population living below the national poverty line. Data are reported from 12 of the ESA IO countries covering 61% of the total 345 million ESA IO population. (Missing data is a significant issue in assessing progress with MDGs in this region).

These data show that 49% of the populations of these 12 countries are living in poverty, below the National Poverty Lines. (UN definition: National Poverty Line. 'An income level considered minimally sufficient to sustain a family in terms of food, housing, clothing, medical needs and so on.)

The total numbers in poverty in millions are shown in this chart. Taking the total 102 million in poverty in the reporting countries, four countries contain 74% of the total in poverty: i.e.

33 million in poverty in Ethiopia

14 million in Kenya

13 million in Madagascar, and

15 million in Uganda

The percent in poverty in reporting ESA IO countries includes

71% in poverty in Madagascar

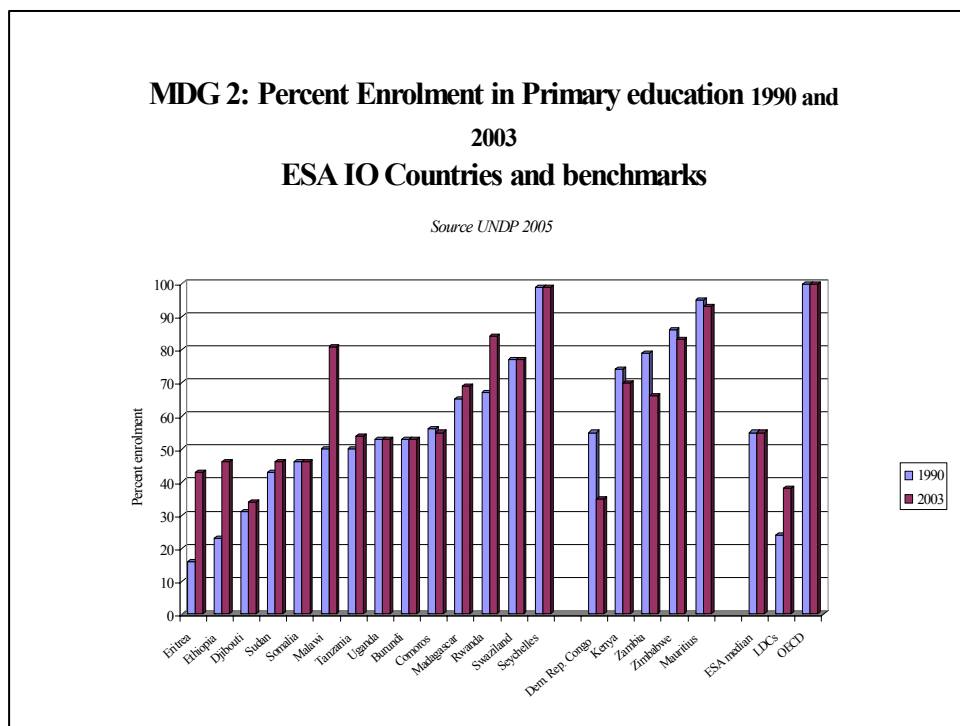
65% in Malawi

53% in Eritrea and

51% in Rwanda

The ESA IO region has a key role in promoting poverty relief for over 100





### MDG 2: Enrolment in primary education

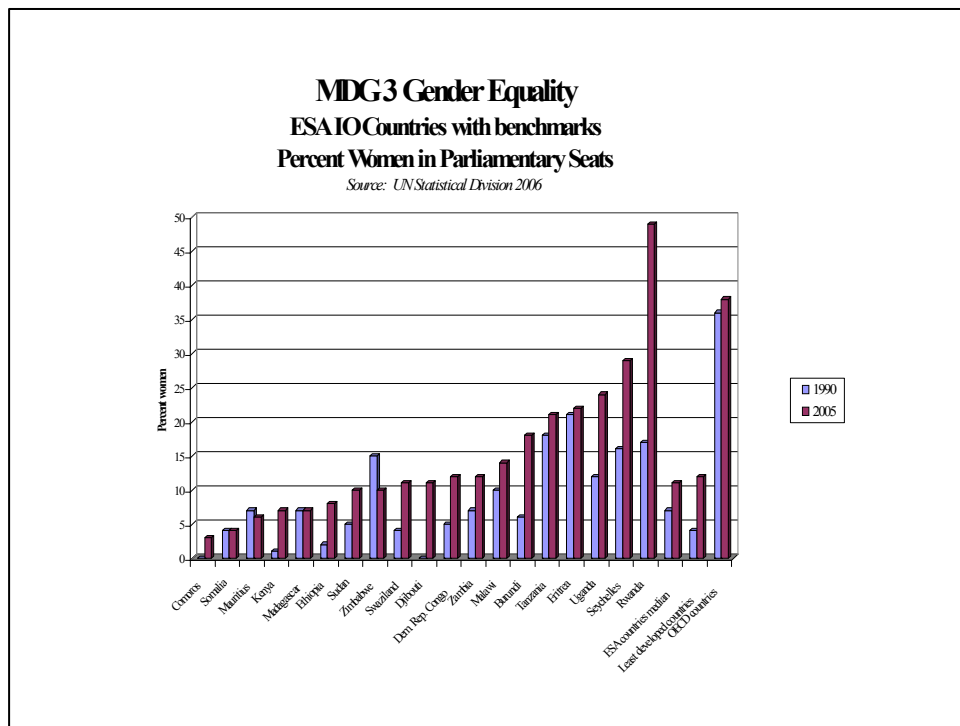
In 14 of the ESA IO countries the level of enrolment in primary education has either increased or remained constant since 1990, despite increases in population size in all the countries. The median value has remained constant at 55% reflecting both increases and decreases in the levels of enrolment in ESA IO countries.

But in 6 of the countries (Eritrea, Ethiopia, Djibouti, Sudan, Somalia and D R Congo) fewer than 50% of the children are enrolled in primary education. These six countries contain 51% of the total ESA population.

In 5 ESA countries more than 80% of children are enrolled in primary education.

The LDC benchmark shows an increase from 24 to 38% enrolled in the period.

Progress has been made in many ESA IO countries in achieving greater enrolment in primary education in the period; but more needs to be done especially in the countries with larger populations to move faster towards the target of universal primary education.



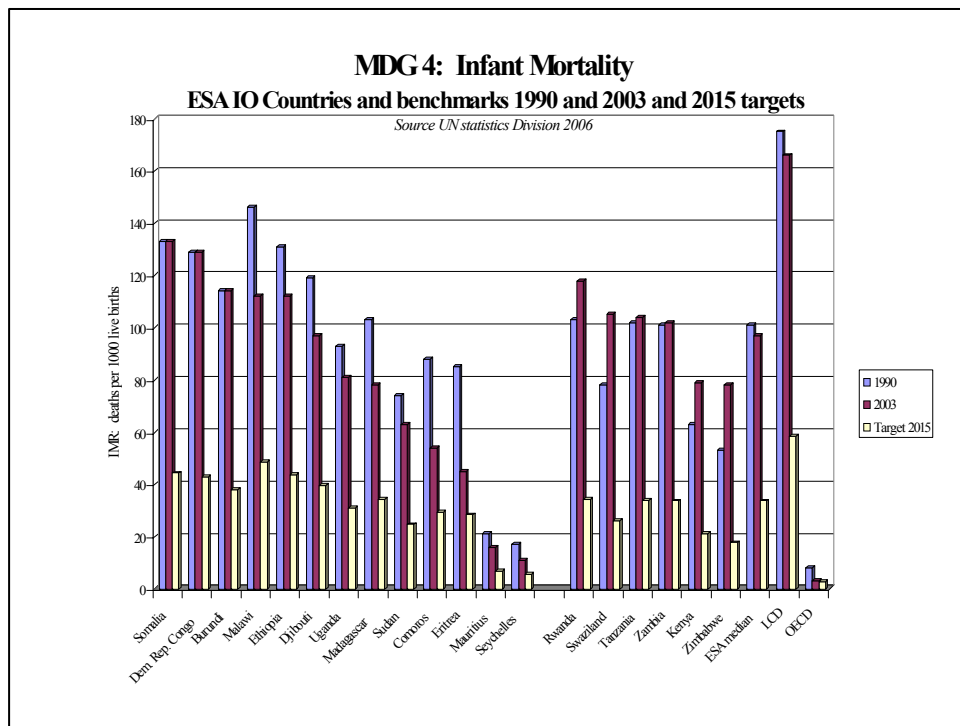
### MDG 3: Gender Equality: Percent Parliamentary seats held by Women

In all but two of the ESA IO countries (Mauritius and Zimbabwe) the percent Parliamentary seats held by women increased between 1990 and 2005.

The median value of Parliamentary Seats held by women in the ESA IO countries rose from 7% in 1990 to 12% in 2005. In LDCs similarly overall the median value rose from 4% to 12% in the same period.

In 5 ESA countries more than 20% of Parliamentary seats are now held by women -Tanzania, Eritrea, Uganda and Rwanda- the latter country at 49% is closest to the target of equality for women in this field.

The lowest level of Parliamentary representation by women in ESA IO countries is in Comoros (3%), Somalia (4%) and Mauritius (6%)



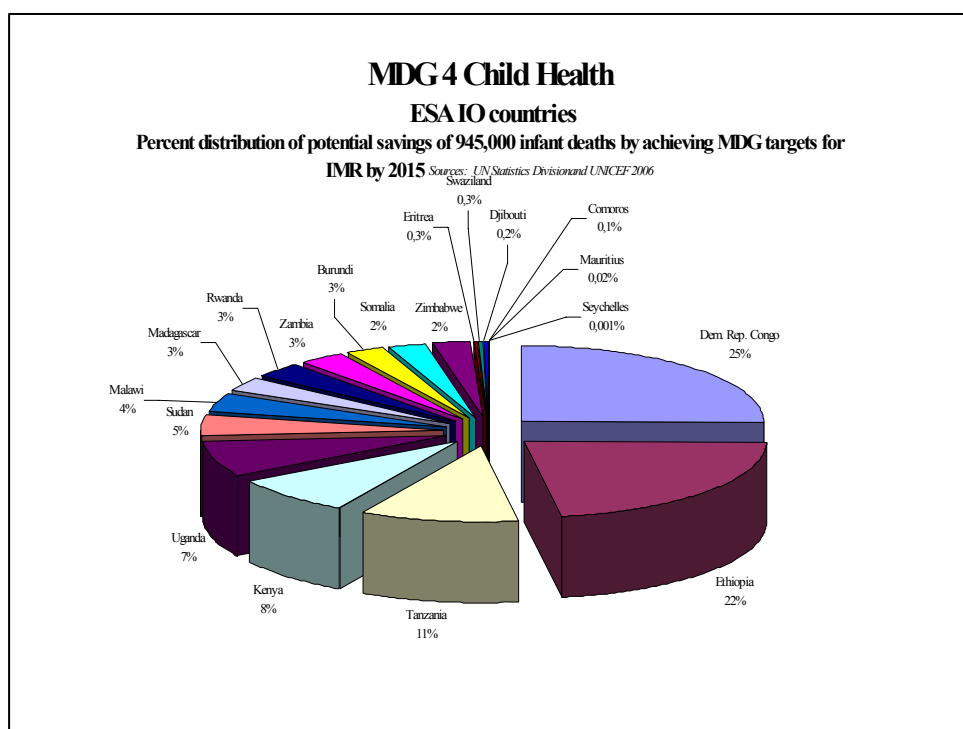
### MDG 4: Infant Mortality

The reported Infant Mortality Rate (IMR) - which is the number of deaths in the first year of life per per thousand live births - ranges from 133 in Somalia to 11 in the Seychelles.

In ESA IO countries the median level of IMR in 1990 was 101, in the latest figures reported to the UN, the median level has reduced to 97. In 13 of the ESA IO countries the IMR in this period (1990-2003) has either reduced or remained constant. In six ESA countries the IMR has increased in this period. The MDG target is to reduce by 2/3rds the IMR 1990 level in each country.

For the ESA IO countries overall the median target level is 34 on the 1990 median level of 101. Thus by 2015 the median level should be reduced from 97 to 34.

The current range of IMR **targets** in ESA IO countries is from 44 in Somalia to 6 in Seychelles. The latest reported median IMR in ESA IO countries (IMR 97). In 2003 there were 1.46 million infant deaths in ESA IO countries.



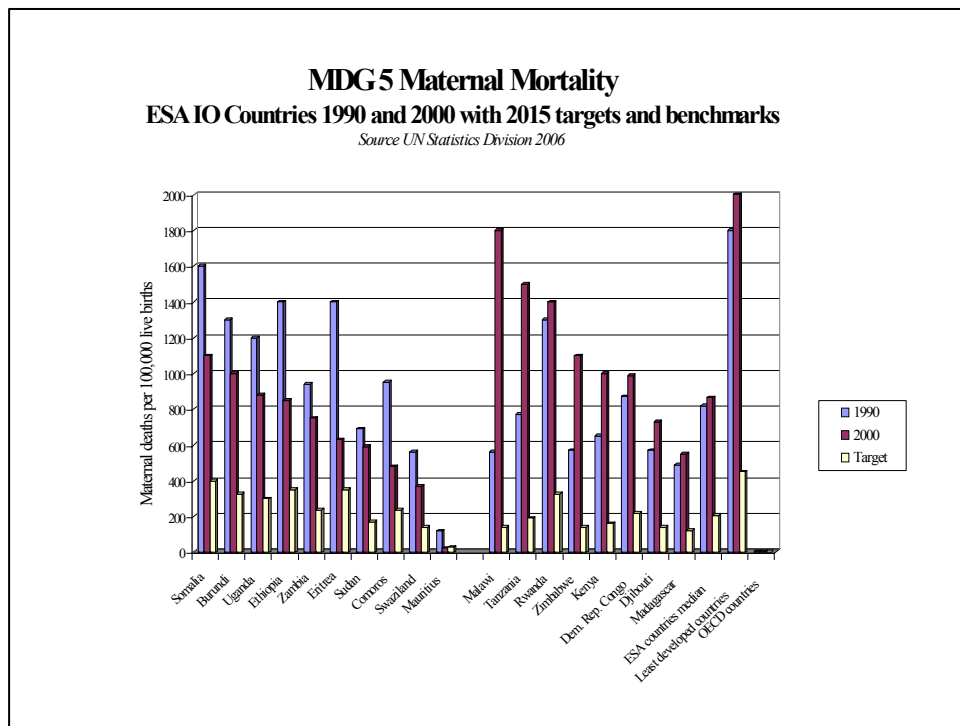
#### MDG 4: Saving infant deaths

In 1990 in the ESA IO region there were 1.56 million infant deaths. By 2003 this had been reduced by 92,000 to 1.46 million infant deaths.

The target for 2015 is to reduce the 1990 IMR for each country by two thirds. This would reduce the number of deaths by a further 945 thousand to a total for the ESA IO region of 519,000 a year, at the current birth rates.

To achieve this target over 70% of the reduction in infant deaths needs to be made in 5 countries (See Figure above). The percent distribution of the total further saving of 945 thousand infants in these five countries is 25% of the total from D R Congo, 22% of the total from Ethiopia, 11% of the total from Tanzania, 8% of the total from Kenya and 7% of the total from Uganda.

In order to make progress towards this MDG target, the principal interventions in these countries are to improve access to safe water, safe sanitation, to improve food security and basic public health and to maintain peace and public security.



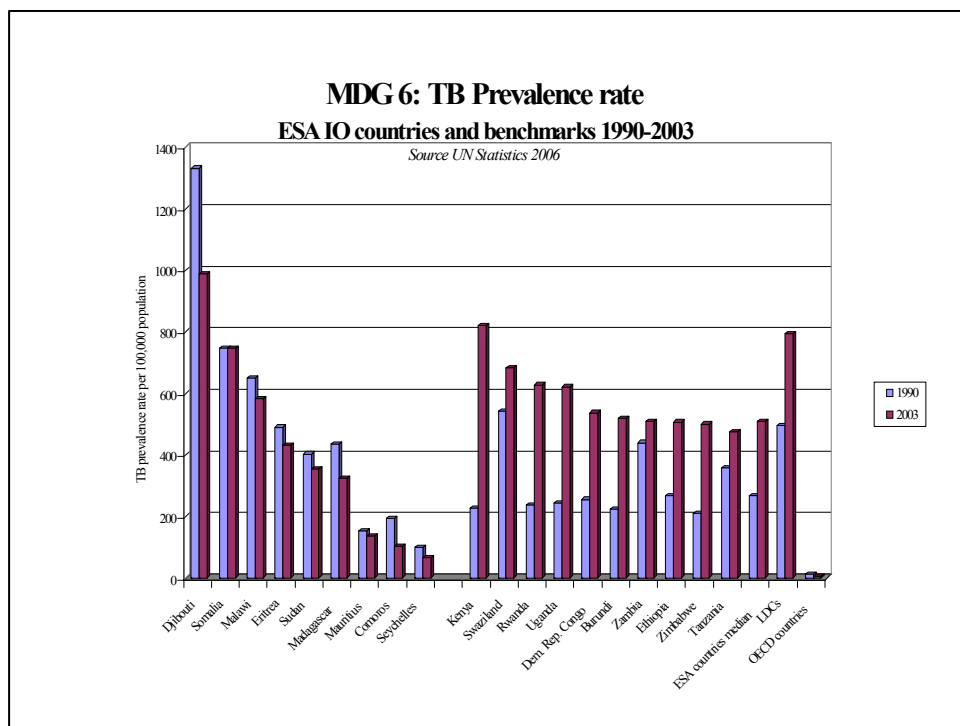
### MDG 5: Maternal mortality

The Maternal Mortality Ratio (MMR) – the number of maternal deaths per 100,000 live births – varied in the ESA IO countries between 1800 in Malawi to 24 in Mauritius (UN Statistics Division 2006).

Since 1990 in 10 ESA IO countries there has been progress towards the target reductions in MMR. In Mauritius the target of reducing the 1990 level of MMR by three quarters, from 120 to 30, has been achieved with the latest UN reported value being 24.

In 8 ESA IO countries the 1990 reported MMR value has increased. There are now 7 ESA countries with an MMR value of 1000 or greater, which means that the risk of a mother dying in child birth in these ESA IO countries is 40 times or more greater than in Mauritius and 166 times greater than the OECD benchmark MMR of 6 maternal deaths per 100,000 live births.

For the ESA IO region there are 142,000 maternal deaths a year, of which 80% are in five countries Ethiopia, Tanzania, D R Congo, Kenya and Uganda. [Sources: UNDP 2005 and UNICEF 2006]



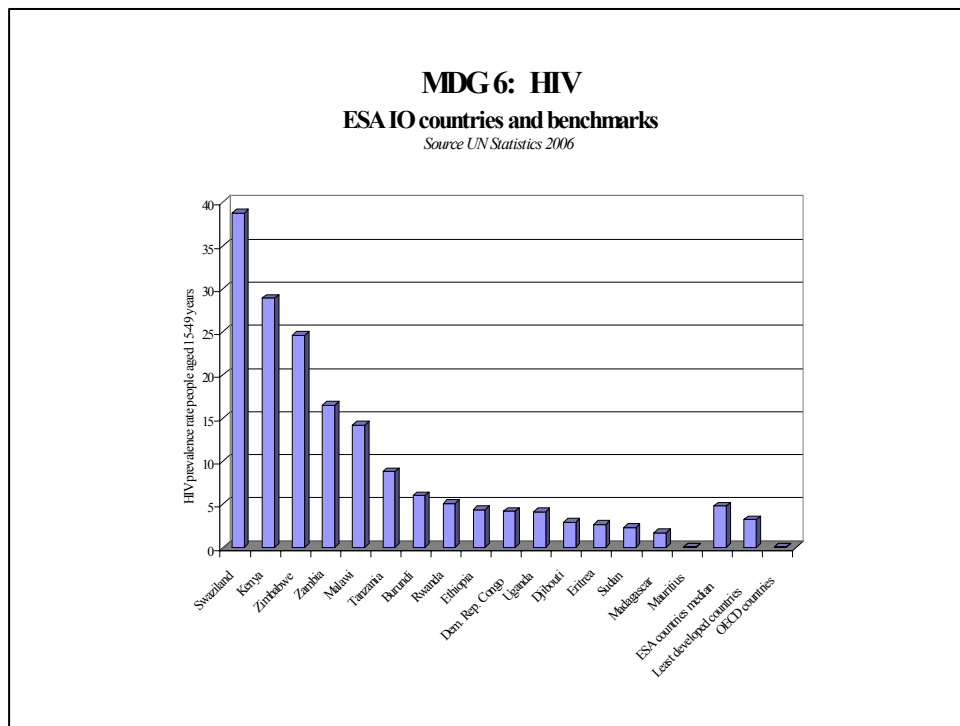
### MDG 6: Disease control: TB prevalence rate 1990-2003

UN reports on TB prevalence show that 9 of the ESA IO countries have halted or reversed the rise in TB in the period 1990-2003, in line with MDG 6.

In ten ESA IO countries however the reported prevalence rate has increased and the median level for the ESA IO countries has increased from 266 to 508 cases per 100,000 population per year in the period 1990-2003. That is an increase of over 90% on the 1990 level.

The median prevalence rate for TB in the ESA IO countries in 2003 was however lower than that for the LDC benchmark. But the ESA IO country median level in 2003 was over 100 times higher than the OECD benchmark of 5 cases per 100,000 population per year.

Detecting, reporting and curing TB is a key to addressing poverty and inequality. Susceptibility to TB is increased among underweight and malnourished people. The strategy for intervention includes reduction in poverty, systematic clinical detection in primary care and consistent observation and treatment (The DOTS method). There are 1.8 million TB cases per year in ESA IO countries. To meet the MDG target these need to be reduced by over 700,000 cases a year to the 1990 level of 1.1 million cases.



### MDG 6: Disease Control: HIV/AIDS

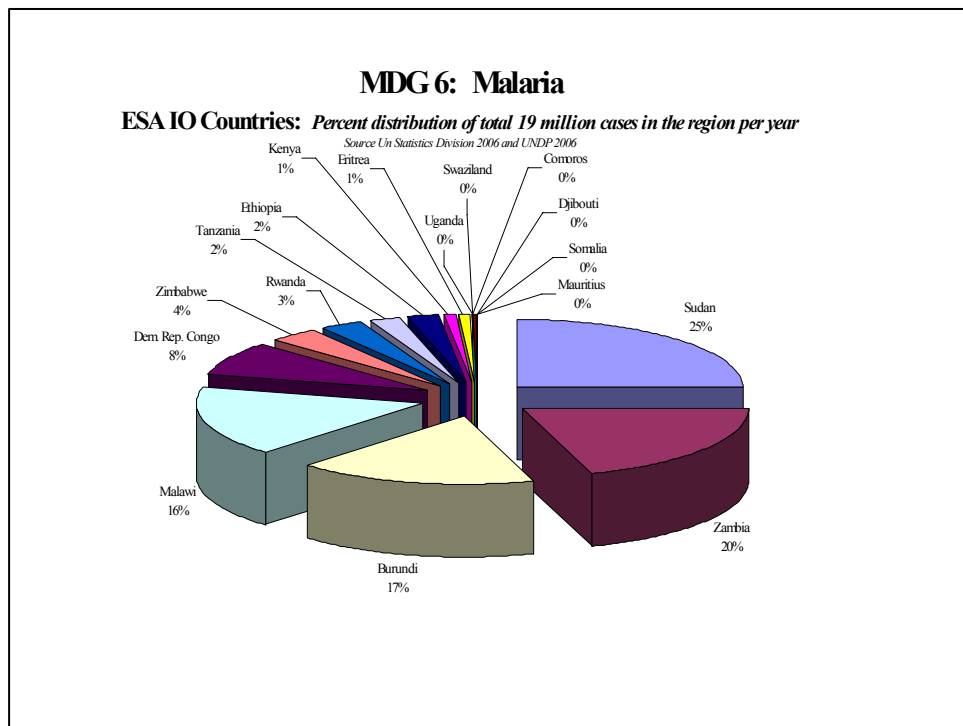
The UN reports that the prevalence of HIV in the 15-49 age group in 2003 in ESA IO countries varied from 39% in Swaziland to 0.1% in Mauritius. (No data are reported for Comoros, Seychelles or Somalia).

The ESA IO median level of HIV prevalence at 4.8% in 2003 was above that reported by the UNDP for the average of all LDCs at 3.2%.

The average prevalence rate in 15-49 age group in OECD countries is reported by UNDP as 0.3%.

In some ESA IO countries with low prevalence rates, the infection is largely confined to high risk groups such as sex workers and intravenous drug users. But in many ESA IO countries with high prevalence rates it widely affects the general population and without treatment it is readily transmitted from women to unborn babies.

The risk for the region is that without preventive and treatment methods being readily available in all countries and scaled up to meet the needs, the pandemic established in Swaziland, Kenya and Zimbabwe could be repeated in the five other ESA IO countries with prevalence rates already above 5%, namely Zambia, Malawi, Tanzania, Burundi and Rwanda.



### MDG 6: Disease Control: Malaria

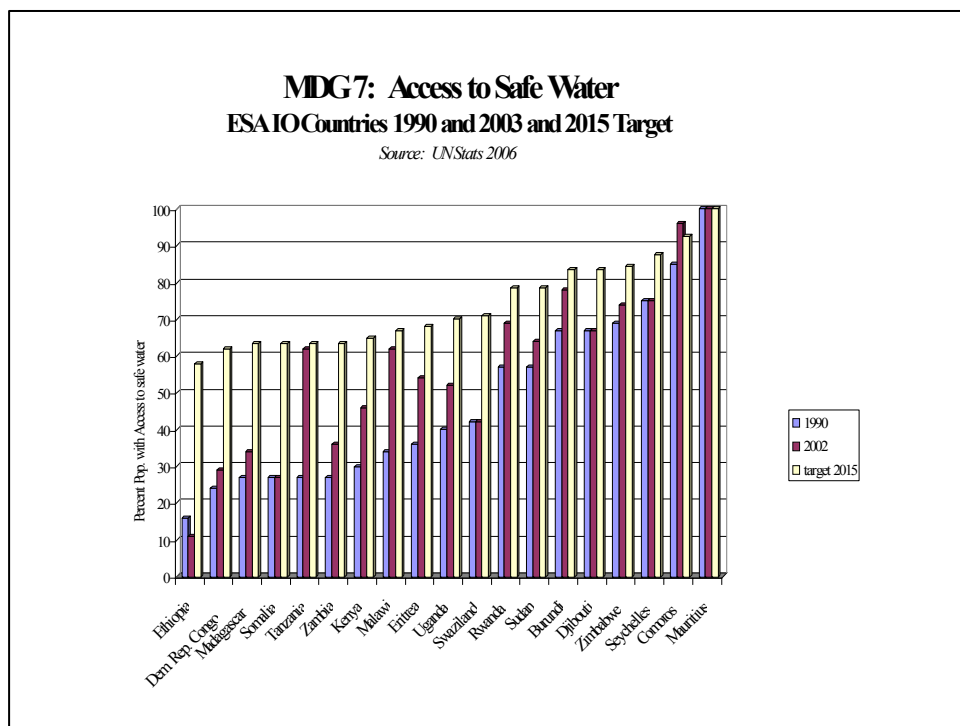
There are over 19 million cases of malaria reported in the ESA IO region per year. 86% of the total is to be found in just 5 countries: Sudan (25%), Zambia (20%), Burundi (17%), Malawi (16%) and DR Congo (8%).

Control of malaria requires systematic prevention, detection and effective treatment. This entails securing sustainable political, financial, managerial, professional and community support over a long period of time, which from country experience means not less than 30-40 years.

It has been estimated that countries that have succeeded in reducing malaria enjoy better health and substantial social and direct economic benefits.

Effective control programme can be cost-effective, at low cost, but need to be adapted to the needs of each country.





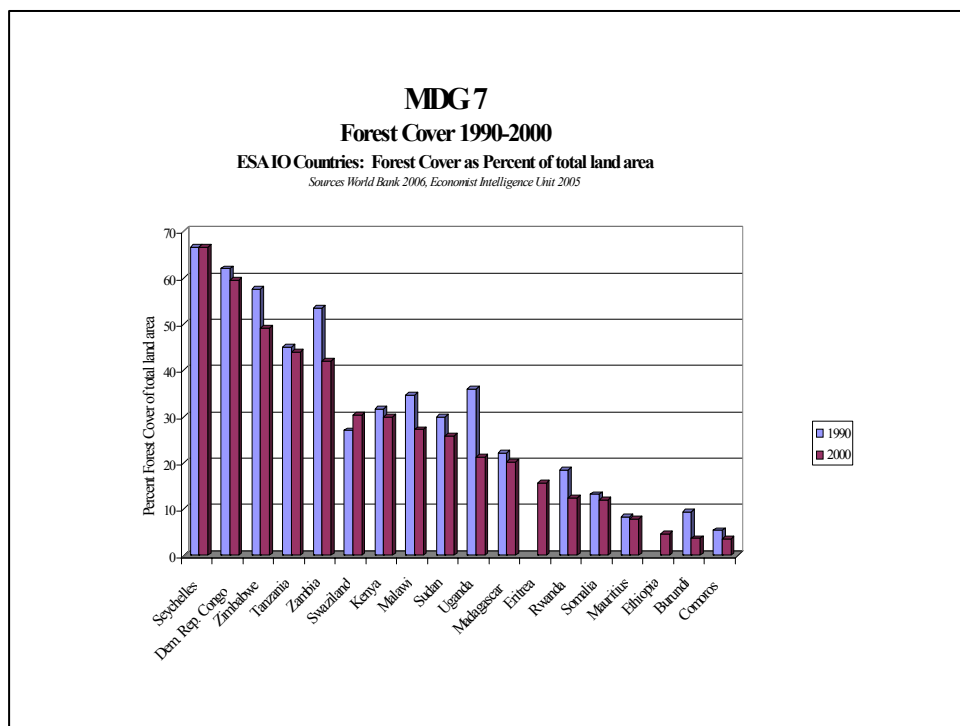
### MDG 7: Access to Safe water

In the ESA IO countries in 1990 the percent of population with access to safe water ranged from 16% in Ethiopia to 100% in Mauritius. In the latest reported year access to safe water has been increased in 10 of the ESA countries in line with the MDG 2015 target of reducing by half the 1990 percent of population without safe water.

By the latest reported year 201 million (58%) of the population of the ESA IO region lacked access to safe water.

To meet the 2015 MDG target a further 85 million of the present population need to be provided with safe water of which over 60% are in Ethiopia and the D. R Congo.

In addition plans need to be made to meet the needs for safe water of the projected increase of the ESA IO population which is expected to grow from the present 345 million to 461 million by 2015.

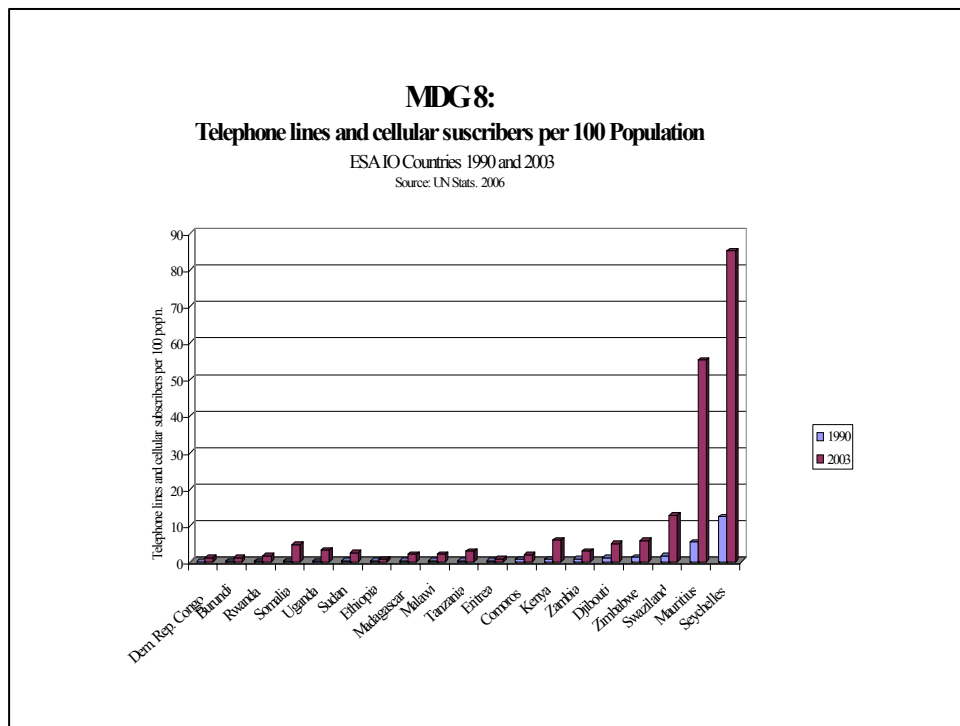


### MDG 7: Forest Cover

In 1990 the extent of land covered by forest in the ESA IO countries, with data reported by the World Bank, varied from 67% in the Seychelles to 5% in the Comoros. The total reported forest cover for the ESA IO region was in 1990 was 3.8 million sq km.

In 2000 the extent of land covered by forest in the ESA IO countries varied from 67% in the Seychelles to 4% in the Comoros.

In 2000, the latest year for which there is reported data from the World Bank forest cover in the ESA IO countries had reduced by 300,000 sq km, to 3.5 m sq km that is a loss of 30,000 sq km a year. (*Sources World Bank 2006, Economist Intelligence Unit 2005*)



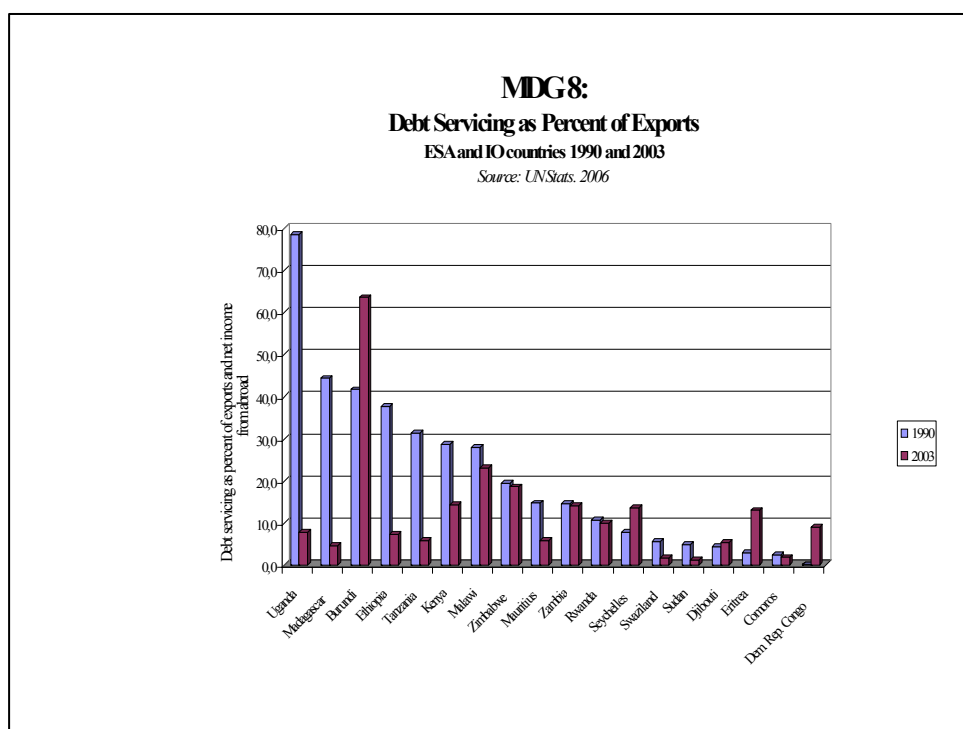
### MDG 8: Telephone lines and cellular subscribers

9 million (under 3%) of the ESA IO population of 345 million have telephone lines or are subscribers to cellular phones.

Since 1990 the number of telephone lines and cellular subscribers has increased by 8 million in the ESA IO region accordance with the MDG target to make more available communication technology.

In only three countries is this rate of telephone and cellular access above 10% (Swaziland 13%, Mauritius 55%, Seychelles 85%).

77 million telephone lines or cellular subscribers are needed in the ESA region to bring up the rate of access in all countries to 25%.



### MDG 8: Debt servicing as percent of Exports

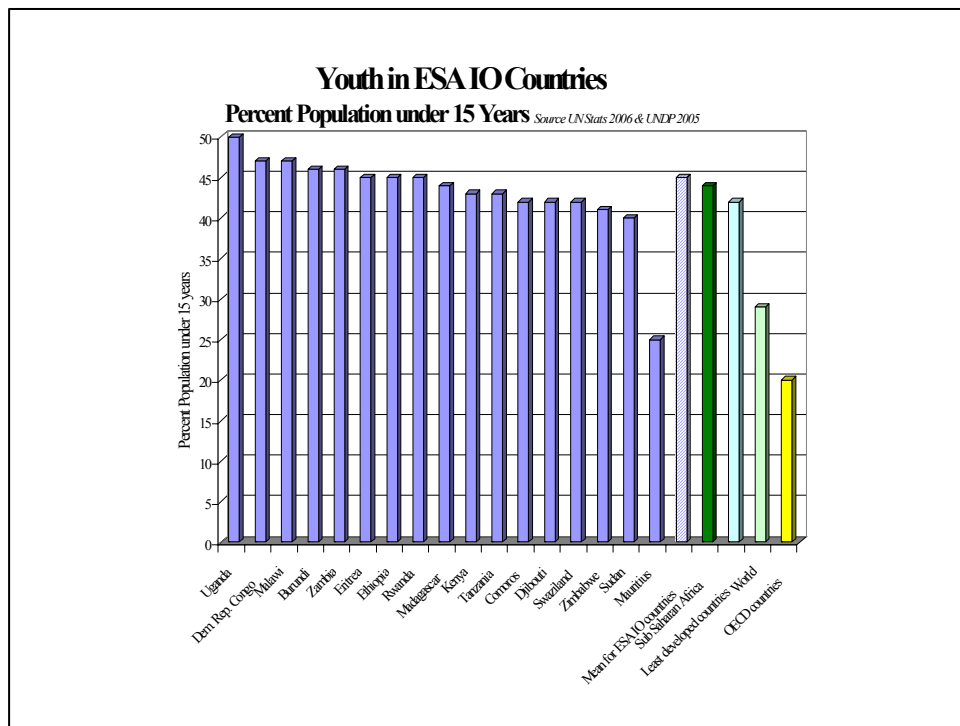
Debt servicing as a percent of exports has declined in ESA IO countries in general since 1990.

In 1990<sup>1</sup> there were 7 ESA IO countries with debt servicing as a percent of exports greater than 25%; by 2003<sup>2</sup> there was only one country above this level of debt servicing.

Since 1990 in 13 of the 18 ESA IO countries, with reported data, the debt servicing rate has declined. In only five ESA IO countries has debt servicing increased (Burundi, Djibouti, D R Congo, Eritrea and the Seychelles.)

In 1990 the median level of debt servicing for the ESA countries was 14.7%; by 2003 it had fallen to 8.3%.

- *Figures are for 1990 or the earliest subsequent reported year*
- *Figures are for 2003 or the latest year reported to the UN Stats. Division.*



### Youth in ESA IO countries

45% of the population of ESA IO countries<sup>1</sup> are below 15 years of age. The highest percent of Youth is found in Uganda, with 50% under 15 years of age; all the ESA IO countries with reported figures, except Mauritius (25%), have 40% or more of their populations under 15 years of age.

The mean of 45% of Youth in the ESA IO countries compares with 44% for Sub Saharan Africa, 42% for LDCs, 29% for the World and 20% for OECD countries. From these figures it can be estimated that the of total ESA IO population of 345 million, 155 million are under 15 years.

*(Sources: UN Stats. 2006 and UNDP 2005)*

1. Figures for the population under 15 years are reported in UN statistics for all ESA countries except Seychelles and Somalia.

## EPA DEVELOPMENT MATRIX

Key Areas	Objective and illustrative activities
<b>1. Infrastructure Development</b>	<b>Improve existing and priority needs in infrastructure. Develop new infrastructure, in particular shared infrastructure. Secure financing from appropriate sources</b>
<b>a. Energy</b>	<p><b>Increasing the regions energy generation capacity, regional networks, distribution and transmission.</b></p> <p>Activities could be:</p> <ul style="list-style-type: none"> <li>(i) Expansion of energy generation, transmission and distribution infrastructure and networks to facilitate regional energy trade</li> <li>(ii) Research and development of alternative environmentally sustainable sources of energy, innovation and technology transfer including improving energy efficiency and reduction of cost</li> <li>(iii) Legal and regulatory frameworks for establishment/strengthening and harmonization of regional and national energy institutions to provide frameworks for cross border energy trade</li> <li>(iv) Capacity building and design of instruments to mobilize resources for investment</li> </ul>
<b>b. Transport (Roads, Railways, Air and waterways,)</b>	<p><b>Improving national and regional connectivity to facilitate deepening of regional integration in the movement of people, flow of goods and services and better access to markets</b></p> <p>Activities could be:</p> <ul style="list-style-type: none"> <li>(i) Construction of, modernization, rehabilitation and up grading of national and regional transport corridors and ports and related transport facilities</li> <li>(ii) Research and development of suitable and affordable construction materials; service standards; inter-modal transport, transit systems and technology transfer</li> <li>(iii) Establish, strengthen and reform national and identified regional institutions for research, training, policy dialogue and service delivery</li> <li>(iv) Improve enforcement procedures, as well as undertake policy, legal and regulatory transport reforms including policies to facilitate EU-ESA partnerships, linkages and joint ventures</li> <li>(v) Liberalization of the air transport services, provision of common management systems and institutions</li> <li>(vi) Design instruments for attracting/mobilizing resources for investment</li> </ul>
<b>c. Telecommunications</b>	<p><b>Strengthening of the telecommunication networks, notably the improvement of the ICT infrastructure to foster competitiveness, innovation and smooth transition to an information society</b></p> <p>Activities could be:</p> <ul style="list-style-type: none"> <li>(i) Development and harmonization of ICT policy and infrastructure sharing, reforms in legal and regulatory frameworks and systems</li> <li>(ii) Capacity building for human resource development; service standards to facilitate trade, commerce and business transactions; ICT enabled services particularly for young professionals and institutional reforms to allow for integrated electronic information systems</li> <li>(iii) Development of the backbone ICT infrastructure through EU ESA partnerships, innovation and joint ventures for regional connectivity and to facility infrastructure sharing in public and private sector</li> <li>(iv) Design of instruments to facilitate EU ESA partnerships, innovation and joint ventures to mobilize resources for investment and facilitate private sector investment in ICT infrastructure</li> </ul>
<b>d. Water Supply for production</b>	<p><b>Develop water supply infrastructure for water harnessing, treatment and disposal management systems and sustainable utilization of trans-boundary water resources for productive purposes</b></p> <p>Activities could be:</p> <ul style="list-style-type: none"> <li>(i) Construction of water dams, irrigation and hydro-electric infrastructure and promotion of sustainable irrigation schemes, programmes for pollution control, reuse and recycling of waste water</li> <li>(ii) Establishment of strategic water catchments and water storage areas in rural and urban areas</li> <li>(iii) Technical assistance for exchange programmes and capacity building on water governance, service standards and regional water partnerships</li> <li>(iv) Facilitate EU ESA partnerships, innovations and joint ventures between economic operators and under "Water for Life Initiative".</li> <li>(v) Establishment of a regional research centre and other centres of excellence in R&amp;D</li> </ul>
<b>2. Productive Sectors</b>	<b>Increase competitiveness of the productive sectors in the areas of Processing (value addition), Marketing and Distribution of products and services</b>
<b>a) Agriculture and Livestock</b>	<p><b>Promote sustainable agriculture, Improve production, productivity and diversification, develop agro-industry, trade, and ensure food security</b></p> <p>Activities could be:</p> <ul style="list-style-type: none"> <li>(i) Development of harmonized regional policies, legal and regulatory frameworks, Standards and Quality Assurance and certification instruments accredited to international standards and capacity building on sustainable production systems</li> <li>(ii) Construct and improve irrigation facilities and infrastructure, rural infrastructure linking production areas to markets, cold storage chains and related infrastructure</li> </ul>

	<p>(iii) Promotion of Agricultural/Livestock R&amp;D and its implementation; gender mainstreaming in access to production factors; strengthening of the value chain and technology transfer</p> <p>(iv) Development of special vehicle insurance schemes and instruments for access to finance</p> <p>(v) Establish and strengthen institutions to promote modalities of disease handling, implement national and trans-boundary disease control programme and establishment of national and regional early warning systems and centres of excellence for agricultural workers</p>
<b>b) Fisheries</b>	<p><b>Promote, and ensure sustainable utilization of fishery resources including fish farming development and market technical standards requirements</b></p> <p>Activities could be:</p> <p>(i) Institutional strengthening for standards development and related capacity building and quality assurance programmes to meet market technical requirements in accordance with international standards</p> <p>(ii) Support for updating policy, legal and regulatory reforms and institutional developments and reforms to meet the international standards</p> <p>(iii) Capacity building on fish production, productivity, food safety and hygiene, marketing, aquaculture farming, post harvest handling technologies for both large and artisan fishers. And capacity building for fishery officers in public sector</p> <p>(iv) R&amp;D on fish stock assessments and conservation, monitoring, control and surveillance programmes for sustainable fish resource utilization and development and improvement of infrastructure for inland fisheries and aquaculture farming; export market chains; product development, diversification and branding</p> <p>(v) Support and facilitation of private sector participation in the establishment of cold storage chains</p> <p>(vi) Design policies and instruments to facilitate EU ESA partnerships, innovations, joint ventures; and related finance facilities for industrial and SME fishers</p>
<b>c) Mining</b>	<p><b>Address vulnerability of mineral dependent countries, ensure environmentally sustainable mining and improve investment climate to facilitate private sector participation and protect small scale miners and community rights</b></p> <p>Activities could be:</p> <p>(i) Design policies and regulatory frameworks to promote EU ESA partnerships, linkages and joint ventures for technology transfer</p> <p>(ii) Capacity building and institutional support for exploration, exploitation, marketing and information exchange; R&amp;D, value addition and product diversification; promotion of health and safety standards</p> <p>(iii) Support programmes that ensure local community participation and protect small scale miners and community rights</p> <p>(iv) Information exchange on mining and mineral resources and geo-science to aid in exploration and mining investment and institutional and enterprise support for adoption of environmental friendly technologies in the mining productive processes</p> <p>(v) TA to create mineral beneficiation and processing capacities and in particular support value addition and establish training programmes in the manufacture of jewellery and lapidary industries. Establishment of a regional post-graduate training centre on mineral law and administration, mineral and resource economies and business management</p> <p>(vi) Develop policy and mechanisms to manage vulnerability of mineral export dependency countries</p>
<b>d) Services</b>	<p><b>Expand services and improve existing including quality, access and competitiveness. Facilitate trade in services</b></p> <p>Activities could be:</p> <p>(i) Policy and legal framework to support trade in services in the region</p> <p>(ii) Enhance ICT infrastructure sharing and capacity building on ICT enabled services</p> <p>(iii) Rehabilitation and upgrading of institutional infrastructures and establishing institutions to coordinate private sector trade in services</p> <p>(iv) Support to carry out studies for selective liberalization and support to deepen financial reforms; and diversification of financial instruments</p> <p>(v) Support for centres of excellence for quality leadership training, management and entrepreneurship; establish training centres for service providers and strengthen statistics institutions. Training on Monetary Policy and the Financial Sector</p> <p>(vi) Macro econometric Modelling in the services sector</p>
<b>e) Tourism</b>	<p><b>Sustainable development of a competitive tourism industry nationally and regionally; linked to other economic sectors while preserving, safeguarding and promoting natural, historic, cultural, integrity and interests of local communities</b></p> <p>Activities could be:</p> <p>(i) Development of sustainable, harmonized tourism policies that link public, private and local communities</p> <p>(ii) Joint development and promotion of diversified tourism products in partnership with local communities</p> <p>(iii) Support to public/private in the expansion of tourism infrastructure in high potential areas</p> <p>(iv) Establishment of Regional Tourism Centres of excellence for leadership training, management and entrepreneurship and support for participation in international tourism promotion fairs and exhibitions</p> <p>(v) Capacity building in human resources, improvement in service standards and institutional structures</p>
<b>f) Manufacturing</b>	<p><b>Create a conducive investment climate with complementary capacity and institutional</b></p>

<b>(Industry)</b>	<p><b>frameworks</b></p> <p>Activities could be:</p> <p>(i) Policy, legal and regulatory reforms, capacities and strategies to create and maintain a predictable and secure investment climate in support of regional integration and globalization</p> <p>(ii) Support the development of appropriate instruments, institutions and intermediary organizations to promote investment, EU ESA public/public sector partnerships, access to finances- in particular to access EC financial institutions and investment funds. Support R&amp;D in research institutions</p> <p>(iii) Develop and strengthen national and identified regional centres of excellence for human resource development, skills training, strengthen institutional capacities of investment promotional agencies, business associations and chambers of commerce</p> <p>(iv) Capacity building for business support services to SME sector in product/design development, modernization of the manufacturing sector; entrepreneurship development; marketing, technology innovations development. Technology for increased productivity in both large and SMEs sectors</p> <p>(v) Support to promote the development of activities in areas of processing, marketing, distribution and transportation and promotion of productivity programmes, value addition and harmonization of national/regional SQMT standards</p> <p>(vi) Support for the establishment/adoption/upgrading of environmental protection plants for treatment of industrial effluent, uptake of clean air production technology for environmental protection</p>
<b>g) Gender</b>	<p><b>Promotion of female entrepreneurship through targeted interventions</b></p> <p>Activities could be:</p> <p>(i) Support Programmes that help women improve access to all resources in particular those for trade and development</p> <p>(ii) Promote female entrepreneurship to facilitate participation in regional and global markets</p>
<b>3. Regional Integration</b>	<p><b>Strengthen and deepen regional integration</b></p>
<b>a) Regional economic integration</b>	<p><b>Development of regional markets, harmonization of policies, strengthening of fiscal administrations and policy, macroeconomic stability, trade facilitation, harmonization of standards, enforcement and arbitration, facilitate movement of people, goods and services, and capital; and establish and invest in regional institutions and structures</b></p> <p>Activities could be:</p> <p>(i) Support for development and harmonization of regional trade/ investment/ fiscal and financial policies and regulatory frameworks consistent with WTO rules, instruments and standards</p> <p>(ii) Facilitate trade in services and right of establishment and movement of goods, services, capital and people and support to exploit fully trans-boundary opportunities, improve coordination, cooperation and communication including support for e-commerce</p> <p>(iii) Support to establish/strengthen institutions of regulatory bodies for enforcement and arbitration and support towards amending and development of commercial laws to address emerging trade arrangements and products/services. Support towards R&amp;D, in particular to centres of excellence</p> <p>(iv) Harmonization of statistical methods of data collection, analysis and interpretation and support to increase human resource capacity</p> <p>(v) Budgetary support for sequenced liberalization linked to regional integration. Development of facilities and instruments for mobilizing resources for trade and investment</p> <p>(vi) Support to build human and institutional capacities and strengthen related institutional governance to facilitate faster implementation of customs administration and procedures to meet emerging security requirements,</p>
<b>b) Management of Trans-boundary programmes</b>	<p><b>Facilitate movement of people, goods and services and capital. Exploit fully trans-boundary opportunities; improve coordination, cooperation and communication among ESA countries</b></p> <p>Activities could be:</p> <p>(i) Coordinated approach to regional/continental management of trans-boundary programmes which include among others disease control and environmental management</p> <p>(ii) Support towards regional programmes that facilitate free movement of people, goods, services and capital and support to establish or strengthen regional/continental institutions coordinating trans-boundary programmes</p> <p>(iii) Strengthening regulatory frameworks for trans-boundary programmes</p>
<b>c) Management of the environment and natural resources</b>	<p><b>Protect the environment and enhance biodiversity conservation, genetic preservation, protection and sustainable utilization of natural resources; and facilitate and encourage sustainable utilization of shared natural resources taking into account the linkage between trade and environment</b></p> <p>Activities could be:</p> <p>(i) TA to implement Bonn Guidelines and facilitate participation in international environment agreements, conventions and treaties and support for stakeholder awareness programmes and support for building partnerships. Promotion of joint ventures, partnerships and linkages between ESA and EU institutions and enterprises</p> <p>(ii) Support to strengthen environment policy, strategies, legislation, administration and resource management and sustainable development; and institutional capacity to enforce environment legislations</p>



	<p>and standards and programmes to involve communities in the management of natural resources</p> <p>(iii) Support towards the development of infrastructure and technology transfer, and support for water pollution control, purification and conservation, solid and water waste management, treatment and sanitation; and disposal of industrial and toxic wastes. TA for R&amp;D, management and capacity building on environmental standards</p> <p>(iv) Support to mitigate against natural disasters, prevention of environmental disasters and loss of biodiversity</p> <p>(v) Promotion and protection of indigenous/traditional knowledge associated with biological resources and eco-systems</p>
<b>d) Regional peace, stability and security.</b>	<p><b>Promote and enhance regional initiatives on peace and security</b></p> <p>Activities could be:</p> <p>(i) Capacity building for conflict prevention actors (public sector, security forces, civil society and politicians)</p> <p>(ii) Promote appropriate mechanisms for early warning and promote appropriate mechanisms for conflict management and resolution</p> <p>(iii) Support to institutions that are the backbone to peace and security (media, civil society and public)</p> <p>(iv) Enhance capacities for peace keeping</p>
<b>e) Cultural development</b>	<p><b>Promote and protect culture, heritage and indigenous traditional knowledge and practices for development</b></p> <p>Activities could be:</p> <p>(i) Develop and promote cultural industries and enhance market access of indigenous products</p>
<b>4. Trade policy and Regulations</b>	<b>Strengthen business and support enterprise development</b>
<b>a) Support to regional trade arrangements and Negotiations</b>	<p><b>Analyze and implement Multilateral Trade Agreements and financing. Strengthen partnerships in the region and between the region and the EC</b></p> <p>Activities could be:</p> <p>(i) Support to strengthen analytical capacities for policy making and negotiations and support successful towards implementation of regional and international agreements</p> <p>(ii) Stakeholder sensitization programmes regional/multilateral trade agreements including financing mechanisms in place</p> <p>(iii) Strengthen regional partnerships and improve the national and regional negotiation</p>
<b>b) Trade Facilitation</b>	<p><b>Improve efficiency, governance and smooth transit arrangements. Support trade/ investment facilitating organizations/institutions and the putting in place of guarantee funds and risk capital</b></p> <p>Activities could be:</p> <p>(i) Built regional policies and institutional capacities to facilitate regional trade in TRI, consumer protection</p> <p>(ii) Implementation of one-stop transit arrangements and where applicable customs collections at first port of entry including improvement of ports capacities with the private sector to provide quality services</p> <p>(iii) Compliance and enforcement of internationally accredited harmonized standards, technical regulations and simplification of ROO and safeguard mechanisms for ease of application</p> <p>(iv) Employment of technology (scanners, computerization) for effective service provision and enhanced capacities of trade/investment facilitating organization and institutions and business support services</p> <p>(v) Establishment of guarantee funds and risk capital to the business communities</p>
<b>c) Disputes settlement mechanisms</b>	<p><b>Establish new and strengthen existing national and regional dispute settlement institutions. National and International recognition of arbitration decisions</b></p> <p>Activities could be:</p> <p>(i) Establishment/ strengthening of arbitration institutions and safeguard mechanisms</p> <p>(ii) Training and capacity building for trade lawyers to interpret and enforce trade laws, settle disputes arising thereof</p> <p>(iii) Domestication of international agreements/conventions/treaties to facilitate international obligations and recognition of arbitration decisions</p> <p>(iv) Support to create awareness to stakeholders on dispute settlement mechanisms</p>
<b>d) Legal and Regulatory Frameworks</b>	<p><b>Support strengthening of judicial security and legality of private investment. Harmonization of commercial laws. Development and adoption of employment laws. Facilitate and protect foreign investments. Protection of Consumer rights and Intellectual Property Rights including folklore and traditional knowledge</b></p> <p>Activities could be:</p> <p>(i) Domestication of international agreements/conventions/treaties to strengthen judicial security and private investment</p> <p>(ii) Support for capacity building for the development of legal frameworks responsive to Agreements on trade and investments and support for modernization and development of commercial laws and for creating awareness of legal and regulatory frameworks</p>
<b>5. Trade Development</b>	<b>Improve and encourage an enabling business climate, and access to business related services</b>
<b>a) Business climate</b>	<b>Support policy development (of business friendly laws and regulations). Facilitate</b>

	<p><b>removal of barriers to trade</b> Activities could be:</p> <ul style="list-style-type: none"> <li>(i) Review business laws/commercial laws</li> <li>(ii) Enhance capacities of enforcement agencies and personnel to reduce barriers to trade</li> </ul>
<b>b) Business Support Services and Institutions</b>	<p><b>Establish mechanisms to encourage Public Private Partnerships and Community Private Partnerships. Develop and strengthen intermediary institutions/organizations. Develop and strengthen management information systems. Strengthen research and development capacities</b> Activities could be:</p> <ul style="list-style-type: none"> <li>(i) Capacity and institutional development to entrench public/private sector and local community partnerships and sharing of benefits from trade and sustainable exploitation of natural resources</li> <li>(ii) Development of appropriate financial and intermediary institutions/organizations for business support services and strengthen networked information management systems to facilitate trade</li> <li>(iii) Strengthen research capacities and institutions to inform business decisions</li> </ul>
<b>c) Access to trade finance</b>	<p><b>Establish, promote and strengthen finance institutions. Facilitate and improve access to finance. Development of innovative financing</b> Activities could be:</p> <ul style="list-style-type: none"> <li>(i) Establish, promote and strengthen financial institutions and deepen financial reforms to assist in mobilizing resources for trade and investment</li> <li>(ii) Design of instruments for businesses to access trade/investment resources and innovating financing mechanisms</li> </ul>
<b>d) Trade promotion and market development in the productive and services sectors</b>	<p><b>Develop and enhance institutional and enterprise development</b> Activities could be:</p> <ul style="list-style-type: none"> <li>(i) Establish/ enhance, restructure and commercialize trade/ investment agencies</li> <li>(ii) Development of entrepreneurship</li> <li>(iii) Strengthen capacities of business service providers</li> </ul>
<b>e) Private Sector Development</b>	<p><b>To support in particular industrial development, MSMEs, mining, minerals and tourism. Identify and support privatization/ commercialisation as appropriate</b> Activities could be:</p> <ul style="list-style-type: none"> <li>(i) Capacity strengthening of business institutions in public and private sector and civil society</li> <li>(ii) Strengthen and facilitate trade information access, networks and information sharing and training for professionals on trade facilitation, export promotion and market research etc</li> <li>(iii) Development of facilities and institutions for private sector participation</li> <li>(iv) Facilitation for adoption of new technology particularly for the micro and SMEs</li> </ul>
<b>6. Adjustment Cost</b>	<p><b>To mitigate against fiscal revenue losses and economic costs of adjustment</b></p>
<b>a) Restructuring of industries, trade and policies and support to social services</b>	<p><b>Ensure competitiveness and ensure alignment of policies. Provide support for social sector development, social services and human resource development and education</b> Activities could be:</p> <ul style="list-style-type: none"> <li>(i) Restructuring of industrial sector and adoption of economic policies for competitiveness and diversification into new economic sectors</li> <li>(ii) Retraining of redundant labour to acquire new skills for restructured industries and new economic section</li> </ul>
<b>b) Loss of fiscal revenue</b>	<p><b>Macroeconomic support to mitigate against revenue loss, protect basic service sectors e.g health &amp; education and provide interventions for net food importing countries</b> Activities could be:</p> <ul style="list-style-type: none"> <li>(i) Provision of resources for loss of revenue from tariff dismantling, deepening of regional integration and negative implication of BOP</li> <li>(ii) Provision of safety net for social sector development, social services, human resource development and net food importing countries</li> </ul>
<b>c) Debt Relief</b>	<p><b>Debt swap particularly for non-LDCs who have not benefited from HIPC</b></p>
<b>7. Institutions</b>	<p><b>Support capacity building for trade and investment promotion to ensure the effective implementation of EPAs and the regional reforms through the national regional and international private sector</b> Activities could be:</p> <ul style="list-style-type: none"> <li>(i) Refocusing the activities of EPA preparatory institutional arrangements towards monitoring EPA related commitments</li> <li>(ii) Strengthen partnerships at national and regional level</li> </ul>

## ANNEX 15 - ENVIRONMENTAL CONTEXT OF THE ESA IO REGION

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## **1. The Environmental Situation in a Development Context**

### **1.1 Common Features of the Environmental Situation**

Environmental resources and issues in the East and Southern Africa and Indian Ocean Region (ESA IO) vary enormously according to spatial extent, altitude and topography, continental or oceanic location, population density and economic condition. In overall terms the ESA IO region is richly endowed with natural resources many with high international value in both monetary terms and in global significance. These resources constitute significant assets that can be utilised for sustainable development.

Nevertheless, despite the richness of its biological, mineral, water and human resources, much of the ESA IO region remains undeniably poor. Climate and security-related food insecurity threatens millions each year, especially in the Horn of Africa but frequently also in southern African states. This compounds a generally high relative proportion of malnourished people and morbidity.

Various processes of environmental degradation threaten agricultural and pastoral lands, watersheds, surface and ground water sources, and the rich forest and savannahs and the coastal and marine resources. Other contributors are negative mining and industrial sector emission, dumping and dereliction impacts, and increasingly significant in livelihood and security context are the major challenges in the rapidly expanding urban environments. Combined with high levels of population growth these processes are limiting, or denying full access to natural resources, thereby contributing to the cycle of poverty, external dependency and national and regional insecurity.

There is also increasing evidence for climate change effects in the form of the increased frequency of extreme events and the forecast reduction in mean annual rainfall in most parts of the region<sup>1</sup>. A large proportion of the region's population may be threatened by these phenomena. When coupled with the rise in sea level the potential impacts on Small Island Developing States (SIDS) and low-lying estuarine areas, which support high local population densities, have been catastrophic and may worsen.

### **1.2 Mitigating Strategies**

There has been no lack of mitigating actions. Most ESA IO States are signatories to most of the United Nations environmental framework conventions (Conventions on Biodiversity, Climate Change, Combating Desertification). There is also widespread ratification of and involvement in the Convention on Wetlands of International Importance Especially as Waterfowl Habitats (RAMSAR), the Convention on International Trade in Endangered Species of Wild Fauna and Flora (CITES), and the revised Algiers African Conservation of Natural Resources.

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<sup>1</sup> Intergovernmental Panel on Climate Change, 2007: Fourth Assessment Report, Geneva

At a more generic and continental level most ESA IO States support:

- the World Summit for Sustainable Development Plan of Implementation;
- the Millennium Development Goals (MDG);
- the New Partnership for Africa's Development (NEPAD) and its various thematic action plans, particularly the Comprehensive African Agriculture Development Programme (CAADP), and its second and third pillars (rural infrastructure and trade-related capacities for improved market access; and increasing food supply and reducing hunger);
- the African Ministers' Conference on Environment (AMCEN);
- the UN International Conference on SIDS – the Mauritius Strategy;
- other international and regional environment agreements such as the UN Nairobi Convention on East African coastal resources and the European Union action plan for Forest Law Enforcement, Governance and Trade (FLEGT).

In recent years there has also been wide development of adaptation strategies at the national level to foreseen climate change impacts.

These agreements all have laudable aims in the framework of sustainable development:

- adding value to the resources that still exist or remain;
- using natural resources efficiently and sustainably to derive maximum benefits;
- mitigating the constraints and negative effects;
- maximising the total value of ESA IO's natural assets; and
- making a case for safeguarding and improving the remaining assets.

But although the member states of the ESA IO adhere to most of these regional and international environment agreements, they often lack the capacity to implement them. Further, these conventions frequently tie up limited national human resources simply in administration and reporting, while the potential benefits that they offer remain elusive and sometimes subordinate local initiatives.

### **1.3 Governance Issues in Natural Resources Conversion**

Meanwhile unsustainable forms of natural resource use remain as key elements of the poverty cycle. There is nothing inherently wrong or unsustainable about the exploitation of natural resources, provided that such use results in a sustained overall increase in the overall wealth of the concerned society, including its natural and social capital and physical and monetary assets. Particularly in the early part of their development, most societies draw on their 'natural capital', sometimes to a very high degree. In the broad view of sustainable development, this is acceptable provided that the conversion of this capital into other forms of shared wealth is efficient. For instance, the long-term increases in social capital through education and health improvements, or manufactured capital through the development of industries; agriculture or a service sector should be at least as large as the loss of natural capital.

This efficiency is largely a function of the governance of resource use rights. Where individuals are able to use the common wealth without returning a sufficient fraction through taxes or local reinvestment (often by corrupting the natural resource regulation institutions), the efficiency is low.

#### **1.4 Sustainable Solutions**

Regional cooperation and integration is one of the main responses to such challenges. While not without its difficulties, a principal benefit to be gained from economic integration among ESA IO countries should be the development of practical, but common and shared approaches to the sustainable exploitation of natural resources – which often have critical regional dimensions.

When coupled with common natural resource utilisation governance codes and increased emphasis on the synergies available from equitable regional initiatives, these should contribute to harnessing real and sustained economic and social development benefits.

## **2. Key Environmental Issues**

There are a cluster of environmental issues have important aspects of opportunity and threat to sustainable development in the ESA IO States. These range from the policy aspects of conserving natural resource value chains and ensuring the maintenance of the inherent diversity of those resources as pools of future opportunity; to the management aspects creating opportunities for sustainable investment and value-addition while limiting the threats that will result from undue emphasis on primary resource exploitation and poor regulation.

### **2.1 Biodiversity**

African biodiversity is in need of wise management, not simply to satisfy international pressures and obligations. It is the basis of most rural livelihoods in the region and is the basis for major new economic sectors that offer the prospect of better, more sustainable lives for millions of African people. The NEPAD view is that African development will be achieved not by dependence on outside resources, but on best use of uniquely African resources. One example is the international trade in flowers bred from a large number of plant species originating in Africa, which is worth billions of dollars annually.

This example also raises one of the most important aspects of biodiversity utilisation in Africa. The largest elements of the flower export trade value chain accrue outside Africa, through capital formation, research and development, input supply, processing and onward trading. Until a larger proportion of these functions and the associated cash flows and cash benefits can be internalised there will be little incentive for biodiversity conservation in the region.

#### **2.1.1 Functional Diversity and Ecosystems Services**

In the past attention has been mostly on compositional diversity (i.e. how many different species are present, also known as “species richness”). The current policy

focus is broadening to include structural and functional diversity – the variation that is necessary to ensure the integrity of ecosystems and the ongoing flow of benefits to humanity – and hence a more pragmatic linkage between biodiversity and the human condition.

Less obvious, but now recognised as just as important, are the services that allow natural and human-altered ecosystems (such as agricultural and urban landscapes) to function properly – regulating the climate, soil fertility, the outbreak of pests and diseases, for example. The concept of “ecosystem services” – the benefits that humans derive from nature – has provided a compelling and policy-relevant way to approach this issue. The term “functional redundancy” is now also employed to frame this ability of undamaged ecosystems to sustain the impacts of climate, disease and over-exploitation. A reliable flow of ecosystem services is now recognised to underpin most components of human wellbeing, including health, security, satisfactory social relations, freedom and choice.

### **2.1.2 Domestication**

Biodiversity also has a more immediate relevance. Because of the exclusive focus on already domesticated species just ten crops provide approximately two-thirds of the calorie intake in Africa <sup>2</sup>. Similarly, of the approximately 15,000 known species of mammals and birds, some 30 to 40 have been used extensively for agriculture, with fewer than 14 accounting for over 90% of global livestock production. Now, because of continual genetic refinement some 30% of domesticated breed found internationally are at risk of extinction.

By way of contrast studies in Africa and elsewhere indicate that rural people obtain about one third of their nutritional requirements from wild foods such as fruits and insects. This proportion rises at time of stress, such as when crops fail or employment is scarce. The use of multiple varieties spreads production and market risks, phases, maturity dates and caters to different uses. Similarly, natural and semi-natural ecosystems, both terrestrial and marine, appear to be more resistant to invasion by non-native species if the number, types and relative abundance of native species are preserved.

The biodiversity in ecosystems therefore not only offers opportunities for sustaining ecosystems services; developing new trade opportunities; and re-vitalising domesticated gene pools; but also acts as a food security safety-net, particularly in hard-to-service rural areas.

### **2.1.3 Trade in Wild Species and Bio piracy**

These opportunities come with attendant risks. Key issues in the trade in wild species are: the illegal (and often wasteful) harvesting from wild populations of often-rare species and the accrual of benefits to individuals, while the costs are borne by society as a whole. Associated with the international trade in wild species is the issue of inadequate reinforcement of international intellectual property rights and patent

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<sup>2</sup> FAO Statistical Databases. Food and Agriculture Organization of the United Nations. <http://apps.fao.org/>. access April 2005.

agreements, which often deprive local people of benefits than will ultimately sustain these trades. Together these issues are often labelled “bio piracy”.

#### **2.1.4 Biodiversity Benefits**

A quarter (1,229 species) of the approximately 4,700 mammal species in the world occur in Africa and Madagascar. In addition, more than 2,200 bird species (including migrants), occur in Africa and Madagascar, constituting more than a fifth of the approximately 10,000 bird species in the world. Approximately 1,600 bird species are endemic to sub-Saharan Africa. The eastern and southern African savannas host large populations of mammals and bird diversity. Africa’s conspicuous megafauna, in particular the “big five” (Elephant, Rhinoceros, Buffalo, Lion and Leopard), as well as three of the four globally existing anthropoid apes, the closest animal relatives to modern man, are one of the main drivers of tourism in Africa. Africa’s diversity of mammal and bird life in an increasing contributor to its tourism industry, which although small (only 3% of global tourist arrivals), is growing in the region at between 10% and 20% per annum.

Reptiles and amphibians remain under-researched in the ESA IO region of Africa. Although they have limited value as a tourism driver, the pharmaceutical and other medicinal values of products derived from these groups have considerable potential value.

Certain regions of Africa are very rich in endemic plant species. At least a sixth of the estimated 270,000 plant species on Earth are endemic to Africa and Madagascar combined. The Cape Floral Kingdom in South Africa is a global centre of plant endemism. More than 12,000 plant species occur in Madagascar, at least 81% of which are endemic, an exceptionally high proportion of endemics by global standards. This floral richness has forward linkages to wealth creation in a wide swathe of areas: flower and plant exports; timber production and exports; pharmaceutical products and tourism.

#### **2.1.5 Biodiversity Conservation and Management**

A cost efficient and robust strategy for biodiversity conservation in Africa is required to support these valuable resources. Two core pillars are recognised: 1) protected areas, and 2) actions taken in the intervening matrix. The first pillar is the classical approach of identifying those parts of the land, waters and sea where the conservation value exceeds any other conflicting use value, and providing effective protection for them. The other pillar recognizes that even with such a safety net in place, the majority of wild organisms will live in places that are used primarily for purposes other than biodiversity conservation. Adaptations to the way in which these ecosystems are used can lead to a high degree of biodiversity preservation, without unacceptable decreases in the output of other services.

The coincidence of areas of high cultural diversity with areas of high biological diversity in many parts of Africa means that an integrated approach to parks and people, based on the concept of ‘biosphere reserves’ is likely to be the best solution in many cases. In recent innovative approaches in terrestrial, freshwater and marine environments, evidence is being accumulated indicating that human population



growth without a vested interest in adjacent protected areas results in loss of both species diversity and biomass. The challenge in biodiversity conservation and management in the ESA IO region lies in matching the transient and complex dynamics of socio-economic and cultural change with the long-term objectives of sustaining biodiversity.

## **2.2 Coastal and Marine Resources**

The coastal and marine resources are potentially the most important social and economic assets of western Indian Ocean Island States (WIO). With 5,836 km of coastline, 6.7 million people living near the coast, a total land area of 592 thousand square km, of which 99% is in Madagascar, they command a marine area of around 6 million km<sup>2</sup> of Exclusive Economic Zone (EEZ)<sup>3</sup>.

### **2.2.1 Coral Reef Zones**

There are extensive coral reefs, covering some 5 000 km<sup>2</sup> with 320 species of hard corals, with high biodiversity and, notably on Madagascar, coastal wetlands. The reefs constitute an important resource for fishing, tourism and recreation, as well as providing protection to vulnerable shores against potentially damaging waves. There are many endemic species; also endangered species including turtles, dugongs and cetaceans.

### **2.2.2 Fisheries**

Inshore and reef-related fisheries have been a traditional mainstay of the coastal populations and continue to be an essential resource for their livelihood (UNEP 1998, FAO 2002c, FAO 2004c, PERSGA/GEF 2003). The Red Sea coasts of Eritrea and Djibouti support extensive reef-based artisanal fisheries; there are also productive offshore fisheries due to the seasonal the Gulf of Aden.

Industrial fishing practices dominated by foreign fleets are becoming prevalent, with production far outstripping that of the artisanal fishers (FAO 2002c). Most commercial operations in the prolific fisheries of the Somali Current upwelling are carried out by foreign vessels, many of them illegally (Coffen-Smout 1998, Hassan 2001, UNEP 2002). In Kenya, most fishing activity takes place close inshore along the reef, with mainly reef- and sea-grass-associated fish species being exploited, while a few freezer trawlers fish for shrimp in the shallow waters of Ungwana Bay (FAO 2001a). Little is known of the potential of the offshore fisheries resource in southern Somali and Kenyan waters.

#### **The Socio-economic context of small-scale marine fisheries in Kenya**

Small-scale marine fisheries in Kenya are multi-species and multi-gear. They are economically very valuable, generating in excess of US\$ 3.2 million/a for local fishers, which would represent significantly more for the wider community if the income for traders was known. The small-scale fishers land at least 95% of the marine catch. It is estimated that more than 60 000 coastal people depend on these fisheries. In some coastal communities over 70% of households depend on fisheries, but an estimated average for the coast as a whole is 45% of households. It is highly likely that the numbers above, which have been extrapolated from a few detailed studies, are greater.

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<sup>3</sup> In accordance with the United Nations Convention on the Law of the Sea, 1982.

Although very few coastal households depend solely on fishing for their livelihood, many depend only on fisheries resources for income. Fishing and trading fish is one activity amongst a range livelihood activities (both subsistence and income earning) carried out by coastal households. Fish is an important source of animal protein for coastal communities, 70% of fisheries dependent households and 50% of non-fisheries dependent households eat fish more than once a week. Fisheries dependent households in Kenya are poor, which is the perception of fishers and is reflected by food security and material style of life indicators.

Fisheries resources are thus very important for food and income in rural Kenyan coastal communities. The high levels of dependence reflect the paucity of alternative income earning options. This situation makes coastal communities highly vulnerable to mismanagement or loss of fisheries resources. The lack of effective management, by both formal and informal institutions, and the high dependence on these resources have been identified by fisheries stakeholders as important contributors to poverty in coastal communities. The prevalence of destructive fishing gear, primarily small meshed nets, coupled with growing numbers of fishers are key management issues to tackle.

Source: A. King, based on Malleret-King and others 2003; Malleret-King 2003a, 2003b.

While artisanal and inshore fisheries are generally over-harvested, some countries have not yet developed the capacity to fully exploit or enforce regulation of their offshore fisheries. While artisanal and inshore fisheries are generally over-harvested, not all countries yet have the capacity to fully exploit or enforce regulation of their offshore fisheries. But this is changing. Eritrea now places a high priority on the development of commercial fisheries (Kotb and others 2004), aiming to increase production three- to four-fold, up to between 50 000 and 60 000 t/a. Some 80-85 per cent of this production is expected to be generated by the foreign industrial fleet, especially trawlers, but the contribution from artisanal fisheries may also be increased (FAO 2002c). In Djibouti, pelagic and small tuna species are considered to be significantly under-exploited (FAO 2004c). Djibouti is aiming for an annual Maximum Sustainable Yield of 5 000t, compared with a 2001 level

Fisheries contribute significantly to all the national economies in the IO States. Stocks within EEZs are exploited under licence by foreign fleets, licence fees forming a significant proportion of national revenue (FAO 2004a). The fisheries are known to be nearly fully exploited and localized overfishing may have already occurred in many coastal areas, with most of the largely artisanal coastal fisheries being exploited beyond their Maximum Sustainable Yield (UNEP 2004). Overall catches in the region have increased over the past three decades to a level that has been more or less stable in recent years, but with a decline in Mauritius and Comoros (Figure 00; FAO 2004b). It is not known if fisheries production has reached its limits, but there are indications that many stocks are now severely depleted.

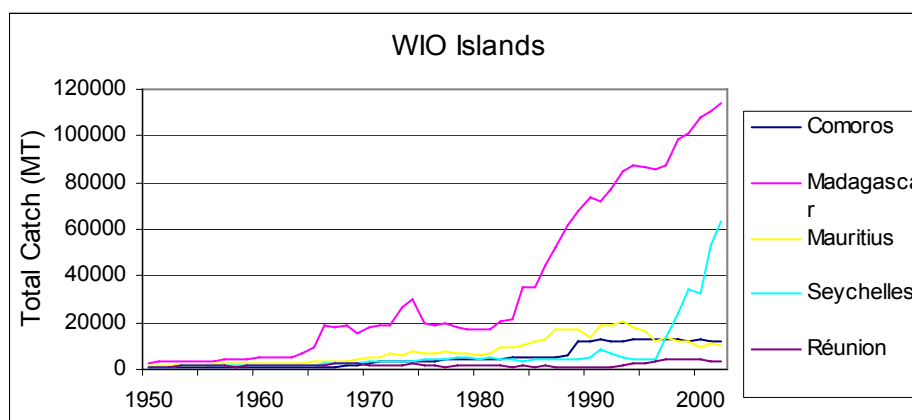


Figure: Marine fish catches in the Western Indian Ocean countries since 1950 (FAO 2004b)

There is scope for improvement in the quality of fisheries catch data for the purposes of policy making and management. Some marine fisheries may have scope for development, subject to enforcement of regulation at national and international levels. In Seychelles, where there is now a highly developed tuna industry including a canning factory employing 1 800 workers (FAO 2001b), fishing has become the largest money earner after tourism, contributing 12-15 per cent to GDP (Seychelles Fishing Authority, unpublished data). Licence fees of US\$8 million are collected every year, with income from indirect expenditure (port dues, food supplies, services, etc.) amounting to over US\$2 million. Seychelles, particularly, and Mauritius also have important canning and trans-shipment facilities for tuna.

With regards to fisheries, Illegal, Unreported and Unregulated (IUU) fishing activities are a major threat to the sustainable management of marine resources. The most obvious impact of IUU fishing is the often disastrous damage it inflicts on marine biodiversity. IUU fishing does not only damage the marine environment. It represents the theft of common fisheries resources and results in considerable losses to those fishermen who do abide by the law. IUU fishing also has dramatic consequences for coastal communities in developing countries, for which fish resources may play a major role in food security and poverty alleviation. Coastal developing countries often lack the means and capacity to manage and control properly the maritime waters under their jurisdiction. Unscrupulous illegal operators take advantage of those weaknesses to pursue fishing activities without authorization from the coastal states and to plunder resources which are vital to local fishermen.

#### **Fisheries Management in Seychelles: Combining Traditional and Novel Approaches**

Seychelles has well-developed industrial and artisanal fisheries. As a regional hub for the Western Indian Ocean tuna fisheries, the industrial fishing sector constitutes a main pillar of the economy, contributing more than 40% to foreign currency earnings in 2003 (Seychelles Fishing Authority, 2004). The economic importance of the industry, combined with the hosting of the Indian Ocean Tuna Commission in Seychelles, affords a sophisticated management system based on comprehensive data collection and stock assessments. Revenue from industrial fishing has also enabled development of artisanal fisheries, which are subject to one of the most comprehensive monitoring systems in the region, allowing timely assessment of trends in catches and fishing effort. Despite slight fluctuations between years, the total catch has generally fallen between 4 000 and 5 000 tonnes and the overall composition of the catch has remained fairly stable. However, utilising traditional stock assessment methods for multi-species, multi-gear artisanal fisheries are not without problems and novel approaches need to be adopted to deal with the uncertainty inherent to these approaches.

Ecosystem-based approaches to management are increasingly viewed as a tool to complement traditional methods. Applied research projects are being undertaken to locate and protect spawning aggregations, and there is now a greater emphasis on the role of marine protected areas in fisheries management. Co-management of resources and the institutionalization of property rights regimes are further avenues that may be explored in order to promote a more representative management regime, where traditional ecological knowledge complements scientific information to set fisheries objectives. Fisheries management in Seychelles will require a dynamic and adaptive approach to find solutions to the many complex problems inherent to this diverse and economically important sector.

Source: J. Robinson (Seychelles Fisheries Authority)

### 2.2.3 Aquaculture

Aquaculture is a developing industry in all coastal ESA IO countries except Comoros. The islands' coastlines are well suited for several types of aquaculture development. Such developments present scope for increasing food security, in particular for coastal populations, and provide new sources of income for local economies and export markets. In Madagascar, there has been extensive conversion of coastal wetlands and mangrove areas to pond culture. Environmental concerns chiefly involve the loss of mangrove areas to create aquaculture ponds; effluent discharges into reef systems and the accidental release of exotic species.

### 2.2.4 The Oil and Gas Industries

In- and offshore geophysical and geological exploration for oil and gas has taken place in many areas since the 1970s, including the Seychelles Bank, and more recently the Tanzanian, Mozambique, Madagascar and South African coasts. Several of these exploration ventures are now transitioning to production status.

Because of the exponential rise in the oil price these resources now represent both significant national and regional resources, but also serious threats to other coastal resources. Air pollution and accidental discharges of oil into reef systems will represent a major threat to coastal fishery production and to coastal fishing communities. Of equal concern is that oil industry infrastructure investments are not generally known for their sensitivity to the rights of local communities and their livelihoods, nor of habitat loss.

### 2.2.5 Coastal Zone Mineral Extraction, Urban and Industrial Development, Tourism and Coastal Agriculture Impacts

Table 1 lists opportunities and constraints for other elements of coast zone management in the ESA IO region.

<b>Opportunities for development</b>	<b>Issues, threats and constraints related to development</b> <i>NEPAD issues in italics</i>
Coastal mineral extraction	Habitat loss through excavation, siltation, pan construction Restoration of industrial mining sites Coastal erosion from beach sand mining
Urban, industrial and port development	Urban sprawl and habitat loss through construction, siltation Solid waste, sewage discharge and industrial effluents; hazardous waste Pollution of coastal wetlands and seas Invasive species especially from shipping ballast waters Coastal erosion Inundation due to sea-level rise; extreme wave events
Tourism growth	Urban sprawl and habitat loss from construction and tourist pressures Solid waste and sewage discharge; chemical effluents Loss of amenity value Coral bleaching Coastal erosion, beach loss Sea-level rise; extreme wave events
Coastal agriculture sustainability	Habitat and biodiversity loss Coastal siltation from increased run-off

	Reduced freshwater discharge from rivers through irrigation Reduced flooding and sedimentation through damming Salinization of groundwater Control of fertilizers and pesticides Impact of urban sprawl Coastal erosion; sea-level rise
Solid waste management	Habitat loss Air pollution Pollution of inshore areas and tidal flats Need for more regulation and planned facilities
Marine-transported litter	Pollution of beaches and reef areas Impacts on shoreline species (including turtle breeding) Need for regional/international regulations

**Table 1 Opportunities and constraints for coastal and marine resources**

## **2.3 Land Resources**

### **2.3.1 Mountains and Uplands**

African mountain ranges are the headwaters of most of the large African rivers such as the Nile, and support the livelihoods of millions of people in the region. For example, the Mount Kenya range is the headwaters of the extensive Tana River system. Mountains facilitate cloud formation and ultimately precipitation and high soil moisture and runoff, and consequently often house high levels of flora and faunal biodiversity.

In turn these assets often support high economic activity; forestry and tourism; hydropower development; irrigated agriculture and processing industry. Mountains and uplands, because of their ecosystems contributions, therefore represent significant assets that warrant careful protection and management.

### **2.3.2 Lakes and Rivers**

Lakes and rivers also offer enormous resource opportunities in (relatively low emission) hydropower generation; sources of irrigation water; water transport; fisheries; and tourism. The Great Lakes of East Africa (including Lake Malawi) support important artisanal and commercial fisheries and feed river systems with major installed and planned hydropower (the Nile and the Shire). Lakes Victoria, Tanganyika and Malawi also have well established commercial transport investments, providing vectors for the passage of regional goods and services. Lakes and rivers are also an area of increasing interest for tourism development.

Environmental concerns are focused on increasing demands for water resources, particularly in southern Africa. This issue has steered the development of regional river basin management systems, but these fora will doubtless become more contentious as water demands increase and expected climate change-related drying increases. Other issues are the increasing pollution of lake waters, the associated spread of invasive water weed species and uncontrolled fishing, all of which are contributing to declining catches – and impacting on the livelihood of lake and river communities.

### 2.3.3 Forests and Woodlands

Forest and woodlands occupy an estimated 650 million hectare or 21.8 per cent of the land area in Africa and the region accounts for 16.8 per cent of the global forest cover. The distribution of forest and woodlands varies from one sub-region to the other (see Figure 2), but the Congo Basin in central Africa is home to the second largest contiguous block of tropical rain forest in the world. Of the total area of forests and woodlands, only 5 per cent is protected area.



**Figure 2 The Distribution of Vegetation Cover in Africa**

The forest sector plays an important role in economic development of many countries and livelihoods of many communities in Africa, particularly in Western, Central and Eastern Africa. Africa has higher per capita forest at 0.8 hectares compared to 0.6 hectares for the world. On average, forests accounts for 6 per cent of GDP in the Africa region, which is the highest in the world. Forests and woodland contribute to the long-term social and economic development goals of NEPAD. They are resources for use as energy, food, timber and non-timber products and potential for wealth.

Forests and woodlands are key environmental components, and are critical to the success of efforts combating: land degradation; and climate change (for example the UNFCCC initiative to reduce deforestation in developing countries): conserving wetlands, coastal and freshwater resources and controlling alien invasive species.

Some of the national values include catchment protection for water quality, hydropower, regulation of river flows, prevention of soil erosion (water and wind), timber products, non-timber forest products (food, materials, medicinal substances),

energy and leisure. Forest and woodlands are the principal sources of wood fuel, which is the most important forest product in many countries in Africa as a source of household energy.

The high levels of deforestation for agriculture and charcoal production as well as hardwood timber exports in many ESA IO States are areas of concern now being addressed through an integrated suite of international, regional and national programmes.

### **2.3.4 Agricultural Lands**

The most important issue linked to land resources, and agricultural land resources in particular, is land degradation. In many less-populous ESA IO States only a minor fraction of total cleared land is under cultivation at any time; the remainder being fallow, or slowly reverting to woodland. The key issues are usually the availability of virgin land; an absence of land-use planning and management controls; poor agricultural practices and an inability to buy fertilizers and other crop inputs and pest controls.

In more highly populated countries in the Great Lakes region and elsewhere in drier zones land degradation is also closely related to limited land-use planning and management controls, particularly those regulating cultivation on steep slopes and the implementation of erosion control measures; and poor controls on livestock management (especially goats), and on the collection of fuel wood.

Key consequences of poverty-induced and unregulated, poor agricultural practices are: very limited use of irrigation systems; the continuation of transient (shifting) agricultural systems; the progressive “mining” of soil nutrients leading to loss of soil structure, moisture-retaining capacity and soil fertility; deforestation; loss of surface vegetation cover; gullying and loss of cultivable land; and progressive loss of agricultural productivity and production. For example:

- a mere 7 per cent (barely 3.7 per cent in Sub-Saharan Africa) of Africa’s arable land is irrigated compared to 10 per cent, 29 per cent and 41 per cent for South America, East and Southeast Asia and South Asia respectively.
- sixteen per cent of all soils in the region are classified as having low nutrient reserves while in Asia the equivalent figure is only four per cent<sup>4</sup>.

Agriculture in Africa is not limited to food crops and livestock production but cash crops as well such as tobacco, cotton and flowers. Horticulture, which includes vegetables, fruits and cut flowers, has become a major activity in Africa. It has grown to be the single largest category in world agricultural trade, accounting for over 20 per cent of such trade in recent years. While in Sub-Saharan Africa, horticultural exports now exceed \$2 billion, this is only 4 per cent of the world’s total. Significant opportunities for expansion, therefore, exist in Africa to boost employment as well as foreign currency earnings. The challenges will be to deal adequately with

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<sup>4</sup> FAO Corporate Document Repository, 2002.

environmental problems, which include pollution from chemicals and high irrigation water demands.

One of the major responses to land degradation issues is the CAADP, which was endorsed by African governments in late 2002 in the NEPAD context. The Programme has three immediate “pillars” and a long-term one, which together plan to help tackle Africa's agricultural crisis. The mutually reinforcing pillars on which to base the immediate improvement of Africa's agriculture, food security and trade balance are:

- Extending the area under sustainable land management and reliable water control systems.
- Improving rural infrastructure and trade-related capacities for market access.
- Increasing food supply and reducing hunger. Agricultural research, technology dissemination and adoption.

A budget of US\$251 billion was estimated for the period 2002-2015 to successfully implement these four pillars. If Africa were to invest in agriculture the total of about S\$22 billion it spends annually on food imports and food aid, it would take the region less than a decade to implement the four proposed agricultural pillars highlighted in the CAADP.

## **2.4 Tourism**

The tourism industry is closely linked to faunal and flora richness, unspoiled scenery and water bodies (freshwater and marine). As such it has the potential to enhance sound environmental management, but also to have significant negative impacts on the environment.

On one extreme, Madagascar, where tourism is the country's second largest foreign-exchange earner, the country had established 40 new protected areas by 1998, covering roughly 2 per cent of the country's land area, as a strategy to support revenue growth and livelihood enhancement. By contrast Zambia had roughly 30% of its land area under wildlife protected areas by the late 1970s, has added very little since, but has since struggled to find sources of revenue to cover the high costs of protected area management.

### **2.4.1 Tourism Benefits**

Tourism also generates many jobs (for example, numerous people live off the Bwindi Impenetrable Forest in Uganda, where foreign tourists trek to view gorillas). It has been argued that tourism has larger multiplier effects, with revenue spreading from hotel accommodation, food and beverages, shopping, entertainment and transport to income of hotel staff, taxi operators, shopkeepers and suppliers of goods and services. In Kenya this has been calculated at more than 2 and a recent Zambian study produced an economic multiplier of 2.1<sup>5</sup>.

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<sup>5</sup> Natural Resources Consultative Forum, 2007: [The real economic impact of nature tourism in Zambia, Lusaka.](#)



## **2.4.2 Negative Tourism Impacts**

But the tourism industry in Africa also has human and environmental costs, contributing to the displacement of communities, dislocation of natural population movements, the generation of waste, pollution and the excessive use of water. In Africa, tourism's effects on indigenous peoples have sometimes been profound: communities have been evicted from their lands, in addition to economic dislocation and the breakdown of traditional values.

The island states of the ESA IO region are valued for their outstanding natural beauty and tropical biodiversity, but are under local pressure from land based pollution and degradation of coastal wetlands and beaches. In the WIO countries between 1990 and 2002 there was a 98% increase in tourist arrivals. As a consequence of tourist development, coastal-built infrastructure is putting increasing pressure on environmental services and natural resources especially water, sanitation, energy, roads, bridges, beach facilities, boats and road transport, and the fragile ecology of coastal areas.

A response to these circumstances is increasing emphasis on more ecologically sensitive tourism that is also more responsive to the diverse cultural and environmental heritage of the region.

One frequent contradiction in the development of tourism is the sector regulator is often also the tourism promoter. In these circumstances the best codes of practice and protected area management plans can be compromised from within by the need for government institutions to find the resources to pay salaries and cover their operating costs.

Currently tourism is one of the world's largest industries, with major growth in most geographic regions (including sub-Saharan Africa), and major contributions to national economies and to rural livelihoods. From an environmental perspective this phenomenon is a present threat by the subordination of ecological principles to short-term cash benefits. However, it also represents a future risk should tourism-related benefits decline significantly, and community be forced to adopt coping strategies that reverse current achievements.

## **2.5 Mining and Industry**

Mining activities always force a compromise between environmental concerns and the economic benefits flowing from the significant financial investments they represent. Experiences in South Africa, Zambia and the DRC, and now increasingly in Tanzania and elsewhere in the ESA IO region, demonstrate that the cumulative impacts of mining wastes, liquid effluent and smoke discharges and land dereliction represent high present and future costs to society. With the expansion of environmental impact assessment and environmental management methodologies and regulations these negative impacts should be better controlled and mitigated. On the other hand the exceptional world metal prices and the massive demand for mined produce from China and elsewhere in the world represents a major challenge to the political resilience of regulatory institutions.

Similar difficulties face controls on other industrial developments, particularly in sensitive coastal and lakeside situations and in areas of scenic attraction and existing urban development.

### **3. Conclusion**

The ESA IO Region demonstrates both significant challenges to sustainable environmental management and huge resource opportunities. In most countries environmental policy and legislation is improving and civil society generally, and local communities particularly becoming more involved in determining the way environmental resources are used and how the benefits are shared.

Two key issues for the future are:

- 1) identifying common, comparable and acceptable methodologies for monitoring environmental performance (such as the Environmental Performance Index [EPI]), and developing the management systems at the national and regional levels that are able to use these data effectively; and
- 2) developing long-term natural resource development strategies that will cushion and survive the inevitable economic cycles of growth and economic stagnation.

Current evidence suggests that more developed states may deal more effectively with these issues than those most subject to the spikes of resource demand. Nevertheless, although food and personal security, HIV/AIDS-related human impacts, and a lack of regulatory resources are all significant issues in many countries, an overall impression is that the environmental situation in most parts of the region is, for the time being, relatively stable.

**ESA - COMESA / EAC /IGAD / IOC - Population Statistics from  
UNFPA - State of World Population Report, (2006 Sept)  
and data by Free University Berlin, (1961)**

	Demographic Data and Estimates COMESA						Area & Density*		
	Total Population 1961 FU Berlin (millions)	Total Population 2006 (millions)	Projected Population (millions) 2050	Ave Pop. <i>growth</i> rate % 2005- 2010	Percent Urban (2005)	Urban growth rate 2005-2010 %	Population/ha arable & permanent crop land	Area of Countries (km2)	Population density per km2
<b>WORLD</b>		6.540	9.076	1,1	49	2,0		51.789.601	125
<b>AFRICA</b>		926	1.937	2,1	38	3,2		11.698.111	77
<b>COMESA countries</b>	84	340	840	1,8	26,2	7,9		8.966.700	117
<b>Angola</b>	5	16	44	2,8	53	4,0	3,0	124.670	12
<b>Burundi</b>	2	8	26	3,7	10	6,8	4,7	27.830	263
<b>Comoros</b>		1	2		37	4,3	4,1	2.230	364
<b>Congo Dem.</b>	14	59	177	3,1	32	4,9	4,3	2.344.860	24
<b>Djibouti</b>	0	1	2	1,9	82	95,0		23.200	31
<b>Eritrea</b>	0	5	11	3,1	19	5,2	5,5	117.600	38
<b>Ethiopia</b>	21	79	170	2,3	16	4,0	5,1	1.104.000	67
<b>Kenya</b>	7	35	83	2,6	21	3,9	4,7	580.370	57
<b>Madagascar</b>	5	19	44	2,6	27	3,5	3,6	587.040	31
<b>Malawi</b>		13	30	2,2	17	4,7	3,6	118.480	106
<b>Mauritius</b>		1	2	0,8	42	1,1	1,2	2.040	610
<b>Rwanda</b>	3	9	18	2,3	19	6,5	5,4	26.340	327
<b>Seychelles</b>		0						460	178
<b>Sudan</b>	12	37	67	2,1	41	4,2	1,2	2.505.810	14
<b>Swaziland</b>	0,3	1	1	-0,4	24	0,7	1,7	17.360	63
<b>Uganda</b>	7	30	127	3,6	13	4,8	2,8	241.040	115
<b>Zambia</b>		12	23	1,7	35	2,1	1,4	752.610	15
<b>Zimbabwe</b>	8	13	16	0,6	36	1,9	2,3	390.760	33
<b>COMESA non-ACP</b>	27	81	136	1,9	64,0	2,3		2.760.990	39

<b>Egypt</b>	26	75	126	1,8	43	2,3	7,2	1.001.450	75
<b>Libya</b>	1	6	10	1,9	85	2,2	0,1	1.759.540	3

	Demographic Data and Estimates EAC						Area & Density*		
	Total Population 1961 FU Berlin (millions)	Total Population 2006 (millions)	Projected Population (millions) 2050	Ave Pop. growth rate % 2005- 2010	% Urban (2005)	Urban growth rate 2005-2010 %	Population/ha arable & permanent crop land	Area of Countries (km2)	Population density per km2
<b>WORLD</b>	na	6.540	9.076	1,1	49	2,0		51.789.601	125
<b>AFRICA</b>	na	926	1.937	2,1	38	3,2		11.698.111	77
<b>EAC countries</b>	22,5	104	276,8	2,7	19,3	4,1		1.766.500	24
<b>Kenya</b>	6,5	35	83	2,6	21	3,9	4,7	580.370	57
<b>Uganda</b>	6,5	30	127	3,6	13	4,8	2,8	241.040	115
<b>Tanzania</b>	9,5	39	67	1,8	24	3,5	5,6	945.090	41

	Demographic Data and Estimates IGAD						Area & Density*		
	Total Population 1961 (millions) Free Univ. Berlin	Total Population 2006 (millions)	Projected Population (millions) 2050	Ave Pop. growth rate % 2005- 2010	% Urban (2005)	Urban growth rate 2005-2010 %	Population/ha arable & permanent crop land	Area of Countries (km2)	Population density per km2
<b>WORLD</b>	na	6540	9076	1,1	49	2,0		51.789.601	125
<b>AFRICA</b>	na	926	1937	2,1	38	3,2		11.698.111	77
<b>IGAD countries</b>	48,4	195	481	2,7	33	4,1		5.209.680	48
Sudan	11,5	37	67	2,1	41	4,2	1,2	2.505.810	14
Djibouti	0,1	1	2	2,1	86	2,1	592,0	23.200	31
Eritrea	0	5	11	3,1	19	5,2	5,5	117.600	38
Ethiopia	21,8	79	170	2,3	16	4,0	5,1	1.104.000	67

Kenya	6,5	35	83	2,6	21	3,9	4,7	580.370	57
Somalia	2	9	21	3,1	35	4,3	5,0	637.660	17
Uganda	6,5	30	127	3,6	13	4,8	2,8	241.040	115

(\* Area and Density figures from FAO 'Aquastat database')

	Demographic Data and Estimates IOCs						Area & Density*		
	Total Population 1961 FU Berlin	Total Population 2006 (millions)	Projected Population (millions) 2050	Ave Pop. growth rate % 2005- 2010	% Urban (2005)	Urban growth rate 2005-2010 %	Population/ha arable & permanent crop land	Area of Countries (km2)	Population density per km2
<b>WORLD</b>	na	6.540	9.076	1,1	49	2,0		51.789.601	125
<b>AFRICA</b>	na	926	1.937	2,1	38	3,2		11.698.111	77
<b>IOC countries</b>		22,1	47,9	0,7	50	2		591.770	237
<b>Comoros</b>	na	0,8	1,8		37	4,3	4,1	2.230	364
<b>Madagascar</b>	5	19,1	43,5	2,6	27	3,5	3,6	587.040	31
<b>Mauritius</b>	na	1,3	1,5	0,8	42	1,1	1,2	2.040	610
<b>Seychelles</b>	na	0,1			50			460	178
<b>Réunion</b>	na	0,8	1,1		92	1,7	0,5		

**MEMBERSHIP OF THE VARIOUS REGIONAL ORGANISATIONS  
IN EASTERN AND SOUTHERN AFRICA**

<b>Grouping</b>	<b>SADC</b>	<b>SACU</b>	<b>COMESA</b>	<b>COMESA FTA</b>	<b>EAC</b>	<b>IOC</b>	<b>IGAD</b>	<b>LDC</b>
Angola								
Botswana								
Burundi								
Comoros								
D. R. of the Congo <sup>1</sup>								
Djibouti								
Eritrea								
Ethiopia								
Kenya								
Lesotho								
Madagascar								
Malawi								
Mauritius								
Mozambique <sup>2</sup>								
Namibia								
Rwanda								
Seychelles								
Somalia								
South Africa								
Sudan								
Swaziland								
Tanzania								
Uganda								
Zambia								
Zimbabwe								

<sup>1</sup> D.R. Congo participates in the Central Africa (CEMAC/CEEAC) EPA negotiations.

<sup>2</sup> Mozambique is considering joining SACU.