

Building an Inclusive East African Community
(BIEAC)

Regional Conference

Report

Arusha, Tanzania

2 November 2010

Introduction

A Regional Conference on strengthening the role of civil society in deepening East African regional integration from the perspectives of the BIEAC project was held on 2nd November 2010 at Snow Crest Hotel in Arusha, Tanzania.

The Conference had three main objectives. The First objective was to present the synthesized findings emanating from the CUTS BIEAC project and give participants the opportunity to raise questions and give comments in order for them to better understand the outcomes of the project as well as to receive inputs to finalise the synthesis paper. The Second objective was to present and deliberate on the key outcomes and recommendations of the BIEAC project. And the third objective was to discuss and deliberate on the way forward for continuing the activities of the project.

The conference was attended by all BIEAC outreach partners and representatives from various civil society organizations in the EAC region. Mr. David Nalo (PS EAC Affairs Kenya), Mr. Robert Karanja (Kenya Program Manager, Trade Mark East Africa), Mr. Walter Thomas (head of GTZ TRIPS flexibilities project at EAC), and Hon. Akhaabhi Gervase (EAC legislator) were some key invitees.

The proceedings were structured into three sessions:

- 1) The welcome and introduction to the conference accompanied by remarks from Robert Karanja, an inaugural address from David Nalo and a vote of thanks from Clement Onyango;
- 2) Presentations of the BIEAC synthesis paper by Dick Kamuganga with floor discussions followed up by key messages from the outreach partners and related discussions; and
- 3) Closing remarks and concluding statements on the way forward.

Inaugural Session

In the inaugural session, Karanja presented a number of key points regarding the EAC and its initiatives for regional integration. He stated that the East African Community is one of the most progressive regional integration blocs in Africa. Member states have made significant progress in establishing a customs union, signing of the common market protocol, taking steps towards a monetary union and are moving towards a full EPA with the EU. Some of the benefits of deeper integration were also highlighted such as the reduction of costs for doing business and hence the likelihood of expanding intra-EAC trade and investment. He identified some of the remaining challenges for full integration, including supply-side constraints, barriers to full factor mobility, non-competitive productive capacity, a regional policy & regulatory framework that is less enabling and harmonized, and weak institutional capacity. His presentation also helped to inform participants of the goals, purpose, strategic themes and structure of TMEA, which is centred on the issue of regional integration.

Nalo began his address by highlighting the need for involving all stakeholders in the spirit of EAC integration. He stated that globalization dictates the need for regional

consolidation. He identified some of the milestones that have been reached in the EAC's current regional integration, as well as the lessons learnt thus far. The milestones include: WTO recognition of the EAC as a customs union; improvements in trade figures, which includes improvements in intra-regional trade; and the important steps that have been taken towards a common market protocol where the willingness and resolve of leaders is paramount. The key lessons learnt thus far included the need to think beyond national states and come to terms with the reality that countries cannot stand alone against much larger competitors in the international arena; the need for a good political wing to carry issues forward and create an enabling environment for other sectors to flourish; the need for adequate preparation to go beyond emotions and avoid some of the unforeseen pitfalls that have occurred in earlier efforts; the need to increase awareness and understanding amongst the general populace on what it is all about and to let people recognise the necessity of order and enforcement in the process; and the need for delivery of a Common Market Protocol. According to him, the common external tariff regime was a regime that ensures the growth of domestic industries and development of local capacities. He acknowledged that there has not been enough engagement of the civil society in the integration process and that ministries may have the mandate to address issues and carry messages forward but they suffer from a lack of capacity. In this regard it is extremely important to make sure that Civil Society plays a major role. He finished his address by making a personal plea to CSOs and the participants of the conference to believe in the process and take their destiny into their own hands.

In his vote of thanks, Clement Onyango mentioned the constraining factors in the integration process: political, economic and infrastructural, external, and the design and implementation issues relating to the regional economic community. He proposed setting of appropriate objectives; establishing benchmarks; improving REC design and structures; creating a strategic model for regional integration that focuses on domestic conditions and utilizes creative, out of the box ideas; ensuring local ownership and financing with donor finance as a supplement and to create an effective and committed pro-integration lobby represented by public and private sector.

The Synthesis Paper

Dick Kamuganga presented the BIEAC synthesis paper, which integrates all the research work undertaken in the BIEAC project dealing with the under negotiation EU-EAC EPA (phase 1) and EAC regional integration (phase 2). These papers can be found on the CUTS-GRC website at the following URL: <http://cuts-grc.org/BIEAC-Projects.htm>. From the research, Kamuganga culled out 12 pillars for the success of the integration process:

- 1) Facilitation of faster and full EAC economic integration
- 2) Strong Political Will
- 3) Regulatory harmonization and coordination
- 4) Increased public – private collaboration
- 5) Secure collective responsibility
- 6) Increased authority for EAC secretariat and its agencies to monitor implementation of EAC treaty
- 7) Avoid spaghetti bowl of regional integration initiatives
- 8) Trade facilitation

- 9) Encourage and strengthen existing cultural and historical ties within the region and exploit them for deeper integration
- 10) Encourage greater utilization of empirical backed policy options
- 11) Improve production networks
- 12) Safeguard regional public goods

He also addressed the major issues that were covered in the 6 EPAs related research papers under the BIEAC project:

- 1) Revenue Implications of the EC-EAC EPA (Case study of Tanzania),
- 2) Leveraging the Agriculture Sector through Trade: Opportunities and Challenges in the EC-EAC EPA,
- 3) The Most Favored-Nation Provision in the EC-EAC EPA and its Implications,
- 4) Trade in Services and EPAs: The way forward for the EAC,
- 5) Standards and Market Access under EPAs: Implications and Way Forward for EAC,
- 6) Export taxes and EPAs-Another Policy Tool under Threat from the EC?

He asserted that a successful and beneficial EU-EAC EPA will require the following developments: adequate technical preparation for negotiations; increased use of empirically backed public policy options; elimination of structural constraints (institutional and physical infrastructure) that limit the region's competitiveness; attracting investments in some sectors of the regional economy to promote competitiveness; and finally, deeper reforms to attract FDI.

Discussants

The BIEAC project partners were the initial discussants in the discussion session.

Monica Hangi of ESRF expressed her happiness with BIEAC performance in awareness raising and agreed with Nalo on the issue of intra-regional trade, asking the participants: "can we realise that we need to trade amongst ourselves?" She proposed to have a project that assesses how to assist COMESA-EAC-SADC tripartite integration process and stated that segmented ideas and meandering should be avoided by harmonization of national policies. Nestory Masswe of TANGO pointed out that the language used in the EAC is not friendly for Tanzanians who are predominantly Swahili speakers and is too technical for ordinary people in all the partner states. He suggested that the language be demystified. He added that CSOs are not engaging fully in decision making, the customs union and protocol is not being fully implemented and there is a lack of political will to take integration forward. He suggested that CSOs should take on more of a monitoring role on these issues. He had a power point presentation identifying key activities and lessons for Tanzania.

Godefroid Mnarinkunda of ADIR Burundi identified the fulfilments, challenges and way forward for the BIEAC project in Burundi. According to him the remaining challenges include: the lack of human resources, the use of French as official language and the absence of EU funding for COMESA work. He stated that workshops should be held in the local language, there should be a mainstreaming of EIF into PRSP and a study should be undertaken of both Burundi's and the EAC's 2010-15 development strategy. Jane Nalunga of SEATINI Uganda stated that the project has achieved four tasks: awareness raising, engagement, enhancing capacities and providing platforms. Her key question to the

participants was how the presently weak private sector can facilitate the private sector lead development envisioned by the EAC. She suggested the following measures be taken for the way forward: BIEAC project be extended, enhance capacities to identify integration opportunities, enhance monitoring capabilities and introduce legally binding mechanisms for stakeholder engagement to ensure an inclusive approach to integration.

Francois Munyantware of ACORD Rwanda called for numbers and figures to guide policy and a proactive migration policy to be put in place in order to attract investment. He went on to state that there needs to be a change in mindset towards discrimination amongst east Africans and there should be a right to food and a balance between cash crops and food crops so as to ensure food security. He identified the lack of involvement of civil society and the general public in the EPAs decision making process as a major challenge and suggested a periodic assessment, public education campaign and mobilization of resources to ensure citizen participation and dialogue.

Finally, Victor Ogalo of CUTS Africa Resource Centre, Nairobi made a presentation of the main challenges and key recommendations from the BIEAC project. His presentation appeared to sum up the variety of experiences of the project partners and their associate civil society organisations in the region.

Discussion

The presentation of the synthesis paper and remarks by the discussants was followed by questions and suggestions from the participants on what CSOs can/should do. A basic observation was that CSOs can and should take their destiny into their own hands. It became immediately evident that the presentations had been successful in generating a lively and productive discussion. The institutional structures of the integration process were brought up repeatedly. Nalunga captured the essence of this issue by her suggestion that we need to take a second look at the EAC and analyse its capacity then decide what kind of institutions we want. She also brought up a number of other key issues that were reiterated by others during the course of discussions. Her questions and comments, mentioned in the box below triggered a good discussion.

- What kind of development paradigm do we want? We need a holistic approach to issues such as transport systems and this approach should move away from disjointed and scattered aspirations to a united global strategy.
- We should learn from the global crisis on issues such as government intervention which has proven to be necessary in many instances where the private sector is lacking.
- Can Kenya take the role that is being given to it as a regional leader and dynamo for growth? Despite being the giant of the region it is likely that they will be acting more in self interest rather than the interest of the region as a whole.
- There is a 'lack of space' for civil society. Even though its capacity is growing it is still very small.
- Civil society is not an effective part of the negotiations. What can to be done about that?

- There are abundant resources within the region and these are public goods. How do we manage them for our people?

Another important topic brought up was the issue of infrastructural development and the private vs. public paradigm. John Bosco referred to the current vision to have a private sector led economy and asked what do we do in regard to public infrastructure since it has a tremendous effect on the private sector? We know the theory behind it but not enough is being done and how do we push our politicians to do more? Linda Lunqvist, taking up the subject of technology and knowledge transfer, pointed out that the development matrix suggested as part of the EPA was all about infrastructural development but was lacking in transfer of technology and skills where investments take a much longer time to mature but are essential for value addition and development.

Participants had serious misgivings on the under negotiation EPA. Hon. Akhabi stated that the approach being taken by the EAC worries him because of its similarity to the colonial economic model of resource extraction and raw material exports to Europe for manufacturing. According to him it would be far more beneficial to expand south-south trade, which he said is often more complementary and could put African countries on a better footing to compete. He added that the solution is therefore to focus on enhancing intra-regional trade first. Other participants questioned the necessity of EPAs or at least the proposed timeline. They pointed out that emerging economies offer increasingly attractive alternatives to the EU making EPAs less essential and EAC countries should not be coerced or feel pressured to sign. They also added that the rush to sign should be balanced with the need for adequate research and preparation in order to ensure an EPA that will maximise benefits for EAC countries.

Godefroid Manirankunda among others called on Africans to take their destiny into their own hands and abjure overreliance on donor assistance. He asked why African countries cannot finance development with our own trade in natural resources. He also brought up the need to better administer EAC's external borders with third party states in order to make a more conducive and productive region. Rebecca Muna stated that it was important to first ask and answer some questions before moving forward, questions such as: what do we want to achieve with export taxes and is it feasible?, and what kind of technology do we want. Looking at deeper integration without properly analyzing the benefits should be avoided. She added that the EU has a strategic focus and the EAC should follow a similar strategic approach and focus on specific economic benefits rather than broad and diffused social and political objectives for integration in order to reap maximum benefits.

Jovita Mlay remarked on the agricultural sector by contesting the suggestion to place overwhelming priority in agriculture. She argued that every country in the EAC is dependent on agriculture but they are all at different levels of development in this sector. On top of this agriculture is dependent on all other sectors as well. So, she asked, how do we prioritize in this context? Nestory Masswe stated that CSO's should use the resources they have at their disposal and cooperate more instead of quibbling on their differences. Henry Kimera Richard emphasised the need to work more on competition and consumer rights issues in the region if benefits of integration are to flow down to the masses.

Several participants spoke up on the issue of overlapping membership in regional groupings and initiatives. Different viewpoints were expressed on this matter. Some spoke of the need to minimise these overlaps whilst others asked if the overlap is really harmful or is it something that happens normally.

Responses

David Nalo and Dick Kamuganga responded to some of the questions and comments.

Nalo began by agreeing with the suggestion for a common vision on united global strategy and operation. He argued that it was possible to distil such a common vision and use it to form a common EAC strategy. The focus of the global strategy should be on moving from micro to macro perspectives, because unless we think big we will continue to fight in the bedroom while the war is in fact taking place in the sitting room. He emphasized the private sector within the region should not be seen in the context of multinational corporations but rather as small and micro enterprises and through this lens once can see that the region does in fact have a fairly dynamic private sector. He also added that the private sector is continuing to support the development of micro industries.

Responding to the issue of standardization, he pointed out that the enforcement of standards may kill infant industries because of the inability of small scale producers to meet them. He reminded everyone that these industries need time to develop. Therefore, standardization must align itself with their needs and give them enough leeway and breathing space to grow. In addition, he stated that the EAC standards body should focus on the 'mutual recognition' (versus harmonization) of policies that will help rather than hinder traders. He also expressed his agreement with the Hon. Akhabi that first priority be given to increasing intra-EAC trade.

On the issue of increasing engagement with civil society Nalo admitted that the proper infrastructure for engaging civil society has not yet been developed and should take the shape of an institutional mechanism that engages organizations at the national level in a continuous and sustainable manner and should identify common entry points. He added, however, that governments are willing to collaborate with CSOs but the latter should take a more active role in formulating the suitable framework for engagement so that the government can interact with their representatives. He highlighted the strength of civil society in advocacy and stressed that they use it more. In regard to signing the EPA Nalo stated clearly that despite its shortcomings the EAC should stick to its commitment and continue to negotiate because international trade continues to be vital for the economy and the potential benefits of the EPA's could be great. He called on the participants to self reflect and be honest with themselves so that real progress can be made. East Africans should believe in themselves, realize their capabilities and prepare themselves well so that they can negotiate effectively with the E.

Kamuganga expressed his agreement with Nalunga that a guiding hand from the government is necessary; however he also added that it is still possible to combine the basis of neo-liberalism with the guiding hand principle as an optimal solution. He expressed

pessimism on the willingness of EAC national governments to surrender their sovereignty on some key areas where national viewpoints and/or interests are strong. This would of course affect the efforts for integration in the region. He agreed with Nalo on the centrality of globalization for the whole regional integration process and the need for the region to speed up its integration into the world economy. He also highlighted the need for WTO compliance and mentioned that several of the issues under negotiation in the EPA are still being debated in the WTO. He stated that there may be a need to have a second look at EPAs and it is better to take time signing a beneficial agreement rather than rush into an agreement that could be harmful.

Conclusion

In the closing session Clement Onyango took up Nalo's suggestion for CSOs to organise themselves and to begin formulating an integrated framework for their representation and engagement. It was proposed that first and foremost an umbrella framework for CSOs dealing with trade be established at the national level so that they engage their governments more effectively. It was then observed that most of the EAC countries already had such organizations and those that did not were in the process of establishing them. At the regional level it was proposed that an umbrella organization for CSOs dealing with trade and economic issues be formed. It was named East African Civil Society Network on Economic Issues (EACSONEI), and will cover various thematic areas and take the East African Business Council as a good example for its structure. EACSONIE would be aimed at complementing EACSOE on economic issues, thereby strengthening EACSOE through the related thematic areas. All CSOs present in the Conference resolved to create the EACSONEI. CUTS volunteered to create a space on its website for such an idea to come into form. The initial concept design would be circulated amongst the participants for inputs and would thus take the form of a work in progress to benefit public sector engagement of CSO.

The project partners also identified the following five activities as follow up of the BIEAC project:

1. Identify and work on more specific suggestions on some of the broad recommendations emanating from the project.
2. On recommendations that are quite specific, monitor their implementation by the relevant authorities at the national and regional levels.
3. Continue raising awareness among citizens of East Africa of the benefits of regional integration to them and to their livelihoods.
4. Carry out research based advocacy on the ongoing work in the region on the proposed COMESA-EAC-SADC tripartite arrangement.
5. Work on competition and consumer rights related issues emanating from the regional integration initiatives.

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