

Supporting EAC integration

By **WOLFGANG LEIDIG**

HEAD OF THE EAC-GTZ PROGRAMME 'SUPPORT TO THE EAST AFRICAN INTEGRATION PROCESS'



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majored in Mathematics and Physics to continue with a Masters in Administration. He was a research assistant at MIT (USA) and worked with the EU Permanent Mission to the UN before joining the German Federal Ministry of Research and Technology. Here he was responsible for bilateral and international cooperation, the Ministry's budget and ecological research. Elected Lord Mayor of Schwäbisch Gmünd in 2001, Mr Leidig finished his term in 2009 and moved to Arusha to serve and support the East African Community.

German cooperation with the re-established East African Community (EAC) started as early as 1997.

From the very beginning, the German government considered the revitalisation of the EAC an important and politically challenging task. Regional economic integration has been a key to peace, stability and prosperity in Europe after the Second World War. The economic recovery of Germany after the war would not have been possible without European integration. From this historical experience and because of its geographical situation at the centre of Europe, sharing borders with many countries, Germany has a long-standing commitment to economic and political regional integration. The conviction that regional cooperation is a central leverage point for the prevention of conflicts, the promotion of peace and reconciliation and for the opening of new avenues for economic and political development resulting in political stability, prosperity and peace, has been at the centre of German commitment to the EAC since the start of the cooperation 13 years ago.

Every three years, the East African Community concludes a bilateral cooperation agreement with the German government. Regular consultations take place on a yearly basis.

The primary objective of German support for the East African integration process is to improve the living conditions of the people in the region. Lending support to the four milestones of the integration process – political harmonisation and economic integration through a customs union, a common market, a monetary union and, eventually, a political federation – are steps in that direction.

Programmes and Activities

German support for the EAC brings together a number of German development cooperation organisations: GTZ, InWEnt – Capacity Building International, KfW Development Bank and the German National Metrology Institute, PTB.

A Joint Steering Committee, consisting of the heads of the relevant departments within the EAC and representatives of the German implementing agencies involved was established in 2008 to coordinate and steer all joint EAC-German activities. The head of the

EAC-GTZ Programme was commissioned by BMZ to coordinate all cooperation activities between German development organisations and the EAC.

GTZ/EAC Programme

German cooperation with the EAC through the Deutsche Gesellschaft für Technische Zusammenarbeit (GTZ) has always aimed at strengthening the capacities at the level of the Secretariat.

The pivotal point of the EAC/GTZ Programme is the support to organisational development at the EAC Secretariat. Over the past few years, the EAC Secretariat has tripled its professional staff in order to keep up with the fast-paced integration process, but the organisational structures have not yet been adjusted to this tremendous growth process. Organisational development and institutional reforms influence all areas of the Secretariat and are of paramount importance for the successful implementation of the integration agenda.

Currently, a capacity development action plan is being implemented and institutional reforms are underway, with far-reaching implications for change processes over the next few years, not only at the Secretariat, but across all EAC organs.

The greatest benefit of regional integration for the population as a whole is certainly to be seen in economic development resulting from the improved market and business opportunities. This depends largely on the negotiation skills of the partners involved and on their capacity to develop adequate economic policies on the regional and global level. Inputs into policy development and high-level negotiations are another important area of GTZ cooperation, from the customs union to the negotiations on the Common Market Protocol and its annexes to coping with the economic impact of climate change and the EAC/EU EPA negotiations.

As it is one of the declared operational principles of the community to be people-centred and market-driven, initiating and strengthening the dialogue between regional business associations and civil society organisations and the EAC Secretariat is another focal point of cooperation between GTZ and the EAC. The private sector is considered an important player in the East African integration process, and its voice can be heard in all matters pertaining to economic

integration. Civil society organisations are catching up in the process. Supported by GTZ, several CSOs are currently undergoing registration as a regional network, which will pave the way for their final recognition as official EAC observers.

The EAC/GTZ Tax Harmonisation Component has established an adequate organisational framework within the EAC and brought together the relevant players. Harmonisation efforts concentrate on excise tax, value-added tax (VAT) and double taxation. The project brings together stakeholders from revenue and tax authorities and from ministries of finance in the partner states. The programme also supports the development of a code of conduct for the avoidance of harmful tax competition.

The TRIPS Component refers to the WTO Agreement on Trade-Related Aspects of Intellectual Property Rights. It supports the EAC to make optimal use of the flexibilities provided by the WTO-TRIPS Agreement with regard to basic health products and to improve the access to affordable and high-quality medicines through regional pharmaceutical production. The establishment of a regional East African pharmaceutical umbrella organisation is also part of the project.

When EAC/GTZ embarked on a project on 'Curbing Small Arms and Light Weapons in the EAC' in 2006, the aspect of peace and security became a new important focus of German cooperation with the EAC. The fight against the proliferation of small arms and light weapons is now an integral part of the EAC Strategy for Regional Peace and Security.

KfW Development Bank (Kreditanstalt für Wiederaufbau)

The most visible German contribution to East African integration is certainly the construction of the new EAC headquarters in Arusha, Tanzania, financed through KfW Development Bank. Original plans and designs for this project were extended to accommodate the accession of Burundi and Rwanda to the EAC, bringing the financing volume to a total of €14 million. The building is expected to be inaugurated in August 2011.

National Metrology Institute of Germany (PTB)

Harmonised procedures on Standardisation, Quality Assurance, Metrology and Testing (SQMT) are very important prerequisites for the economic integration process and for free trade inside and outside the EAC. That is why the National Metrology Institute of Germany (PTB) has availed its know-how to the EAC and its partner states since 2004 to facilitate sustainable modernisation of the EAC's infrastructure.

InWent Capacity Building International

This agency started its cooperation with the EAC in 2003 with specific training measures for high-ranking officers in trade, customs and logistics. InWent continues to strengthen EAC's capacities, especially through leadership and management training, exchange programmes with other regional organisations and training for public awareness creation through the media.


German contribution to the Partnership Fund

In line with the Paris Declaration of 2005, the German government welcomed and supported the creation of the Partnership Fund in January 2006. This basket fund serves to harmonise the contributions of development partners to the EAC and enables the EAC to fund development measures in addition to pre-budgeted EAC key processes. The Partnership Fund started with a small budget of about US\$640,000 in 2006. In the financial year 2010-11, the Fund provides already almost US\$6.8 million. In the 2009 government negotiation with the EAC, the German government committed itself to a contribution of up to €3 million to the Partnership Fund, of which €1.6 million has already been disbursed.

Outlook and Future Cooperation

With a total commitment of over €48 million since 1997, Germany is a top contributor to the East African Community. In 2009, the year of the 10th anniversary of the EAC, Germany committed itself to a new grant of more than €15 million in support of the East African integration process, the establishment of a regional quality infrastructure in the EAC and for EAC activities to promote peace and security in the region.

Above all, the success of the East African Community depends on the political will of the people in its partner countries. The German government, through its various development agencies, has proven its long-term resolve to contribute to this process. As the EAC is widely acknowledged as the most successful Regional Economic Community in Africa, we may look with confidence towards the years to come.

EAC Secretary General, Ambassador Juma V. Mwapachu, expressed great optimism about our future cooperation. "Germany believed in the East African Community right from its start. It has been our strongest supporter – in terms of financial as well as political engagement. I am particularly delighted that – besides the invaluable technical support provided – Germany is funding the new EAC Headquarters in Arusha, that will stand as a tangible symbol of our strong partnership for the years to come". 

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