



# **“Improving EAC Private Sector Awareness on the EPA and Involvement in Trade Policy” 2nd Regional EAC-EU EPA Sensitisation Workshop**

## **EAC - EPA NEGOTIATIONS: Development and Economic Cooperation**

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- 1. Why have provisions on development and Cooperation?**
- 2. What does the EAC FEPA presently provide for?**
- 3. The provisions in the draft ESA EPA**
- 4. Link with Cotonou Agreement**
- 5. What about sustainability and aftermath of Copenhagen?**
- 6. What should the EAC FEPA provide for re Development and Cooperation for Private Sector?**

# Why have provisions on Development and Cooperation?

1. What is development?
2. What is needed in this particular region?
3. The role of Government
4. The role of the private sector
5. The need for access to bigger markets and trade
6. The importance of regional integration and ....
7. Global integration
8. Investment, transfer of technology
9. Certainty and predictability
10. Where will the funds for investment come from?

## What does the EAC FEPA presently provide for?

1. **Preamble:** REAFFIRMING that the EPA shall serve as an instrument of development and shall promote sustained growth, increase the production and supply-side capacity of the EAC, foster structural transformation of EAC economies and their diversification and competitiveness and lead to the development of trade, the attraction of investment, technology and the creation of employment in the EAC Partner States
  - ▶ **ARTICLE 36**
  - ▶ The EC Party and the EAC party reaffirm their recognition of development needs of the EAC region, and their commitment to ensure that EPA is a tool for development which will, promote and consolidate regional integration, and aid the integration of EAC into the global economy.

## What does the EAC FEPA presently provide for?

- ▶ The Parties agree to work together to define and address the development needs associated with the EPA in order to promote sustained growth, strengthen regional integration and foster structural transformation and competitiveness to increase production, supply capacity and value addition of the countries concerned.
- ▶ The EC Party confirms it will contribute towards the resources required for development under the 10th EDF Regional Indicative Programme, Aid for Trade and the EU budget.

### 1. What Recommendations?



- ▶ CHAPTER IV
- ▶ ECONOMIC AND DEVELOPMENT COOPERATION
- ▶ ARTICLE 36: General provisions
- ▶ 1. The Parties agree to address the developmental needs of the ESA States in order to promote **sustained growth** in the ESA region, increase production and supply capacity of the States concerned, foster structural transformation and competitiveness of their economies and their
  - ▶ Diversification ..... regional integration.
- ▶ 2. The Parties commit themselves to cooperating in order to facilitate the **implementation of this Agreement ....**

## ESA PROVISIONS

- ▶ The Parties agree that cooperation will be based on the ESA Development Cooperation Strategy and the jointly agreed Development Matrix. The matrix is attached as Annex IV to this Agreement. The ESA Development Cooperation Strategy and the Development Matrix will be regularly reviewed subject
- ▶ to the provisions of Chapter VI on Dispute Avoidance, Settlement, Institutional, General and Final Provisions. This cooperation will be measured against jointly agreed development benchmarks to be developed and adopted and annexed to this Agreement. The cooperation shall be in the form of financial and non financial support to the ESA region.

## ESA PROVISIONS

- ▶ 3. In this regard, the financing pertaining to development cooperation between the ESA Region and the EC Party for **the implementation of this Agreement** shall be carried out within the framework of the rules and relevant procedures provided for by the Cotonou Agreement, in particular the programming procedures of the European Development Fund within successive financial frameworks of the EU during the period of this Agreement as well as within the frameworks of relevant instruments financed by the General Budget of the EU. In this context, taking into account the new challenges deriving from enhanced regional integration and competition
- ▶ on the global markets, the Parties agree that supporting the implementation of the EPA shall be one of the priorities.

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- ▶ 4. Both Parties shall cooperate to mobilise resources additional to the financial framework of the EU, from EU Member States and other donors, in particular expanding Aid for Trade commitments, relating specifically to EPA support requirements and adjustment costs. The programmes/projects
  - ▶ proposed for financing will be worked out jointly based on a detailed costed development matrix.
  - ▶ 5. Sufficient resources should be mobilised on a predictable, timely and sustainable basis including through grants and concessional loans based on the Development Matrix. The EC shall contribute to these efforts under its international commitment on the scaling up of Official Development Aid. The Parties agree to monitor and coordinate the use of these resources.
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# ESA PROVISIONS

- ▶ The Parties shall .. support the establishment of an EPA Fund
- ▶ Monitoring..... including achievements at the national level .... the effectiveness of the institutional arrangements and their achievements in meeting Aid effectiveness objectives.
- ▶ ARTICLE 38: Scope
- ▶ 1. The Parties shall set out the development objectives ....specific to the ESA region and ....regional integration
- ▶ 2. The areas that will be addressed by the cooperation are:
  - ▶ (a) regional cooperation and integration to ensure trans-regional coordination in all sectors;
  - ▶ (b) ....to assist the ESA States in participating more effectively in trade negotiations, in **implementing international trade related conventions, trade related legislation and regulatory reforms amongst others;**

## ESA PROVISIONS

- ▶ business development and activities aimed at improving information management systems, partnerships, linkages, joint ventures and exchange of information and experiences, access to credit and investment finance, trade promotion and market development, institutional support as well as support to trade in services, including financial services;
- ▶ (d) trade related infrastructure, including transport, energy and water;
- ▶ (f) research and development, innovation and technology transfer...
- ▶ 3. The cooperation shall, in particular, cover the following sectors:
  - ▶ (a) Private Sector Development, particularly Industrial Development, micro-enterprises, small and medium-sized enterprises (MSME), Mining and Minerals as well as Tourism

- ▶ (b) Infrastructure Development, namely in the Transport, Energy, Information and Communications Technology (ICT) sectors.
- ▶ (c) Natural Resources and Environment, including Water Resources and Biodiversity.
- ▶ (d) Agriculture.
- ▶ (e) Fisheries.
- ▶ (f) Services including Tourism; and (g) Trade related issues, namely Investment, Competition, Intellectual Property Rights, Standards, Trade Facilitation and Statistics.
- ▶ TITLE II: PRIVATE SECTOR DEVELOPMENT
- ▶ ARTICLE 39: Scope and Objectives

# ESA PROVISIONS

- ▶ 1. ....to develop the ESA region's **private sector** as the main engine of wealth creation.....
- ▶ 2. The scope of cooperation of private sector development will cover, inter alia, investment, industrial development and competitiveness enhancement, micro-enterprises, small and medium sized enterprises development, mining and minerals and tourism development as well as other productive sectors which are directly and indirectly covered by this Agreement.
  
- ▶ ARTICLE 40: Investment
- ▶ ARTICLE 44: Tourism Development
- ▶ INFRASTRUCTURE

- ▶ Only Trade Chapter comes to an end. What are the implications?
- ▶ Difference between general **development** assistance and specific **implementation** assistance.
- ▶ Art. 36(9) ESA “*The Parties agree that, without prejudice to the provisions of Article 95.4 of the Cotonou Agreement, the review process provided therein will constitute an opportunity for the Parties to review the achievements, constraints and way forward regarding their development cooperation strategies as provided for within the Agreement.*”

# What about sustainability and aftermath of Copenhagen?

- ▶ **A new Agenda**
- ▶ **What are our needs?**
- ▶ **WTO and Doha developments?**
- ▶ **The EC politics after Lisbon Treaty?**



# What should the EAC FEPA provide for re Development and Cooperation for Private Sector?

- ▶ **How will these objectives become part of the final agreement?**
- ▶ **Public (State) and Private interests to converge. How?**
- ▶ **Final Recommendations**