EU-EAC COMMON OBJECTIVES IN REGIONAL ECONOMIC INTERGRATION (CORE) PROGRAMME

PROJECT CONTEXT

The treaty establishing the East African Community (EAC) sets out important goals for bringing the region together. A key part of this plan is to create a unified and competitive region where goods, services, capital and people can move freely, as described in the common market protocol and the customs union protocol

COMMON OBJECTIVES IN REGIONAL ECONOMIC INTEGRATION (CORE PROGRAMME)

01 — **FUNDED BY:** EUROPEAN UNION

CONTRACTING INSTITUTION EAST AFRICA COMMUNITY SECRETARIAT — **02**

03 — **PROJECT COUNTRIES** EAC PARTNER STATES

**DURATION** 4 YEARS (2023 TO 2027) — **04**

The EAC is rated highly for integration by the Africa Regional Integration Index (ARII), but issues like non-tariff barriers (NTBs) and protectionist behaviours still hinder the full implementation of these protocols protocols. Even though trade within the EAC grew from $7.1 billion in 2019 to $10.17 billion in 2022 and 257 NTBs have resolved since 2007, NTBs still cost the region $16 million and threaten trade within the EAC.

To meet the challenge, the EAC has put in place a substantial regulatory and institutional framework to eliminate NTBs. The EAC Treaty provisions prohibiting NTBs have been augmented with the EAC NTB Elimination Act (currently under amendment) and Regulations, which set out a clear process by which NTBs can be monitored, identified, and eliminated.

OUR APPROACH: EU-EAC CORE PROGRAMME

The European Union - East African Community Common Objectives in Regional Economic Intergration (EU-EAC CORE) Programme, which is financed under the 11th European Development Fund (EDF), aims to support the deepening of EAC regional economic integration by advancing the implementation of the Customs Union and the Common Market Protocols.
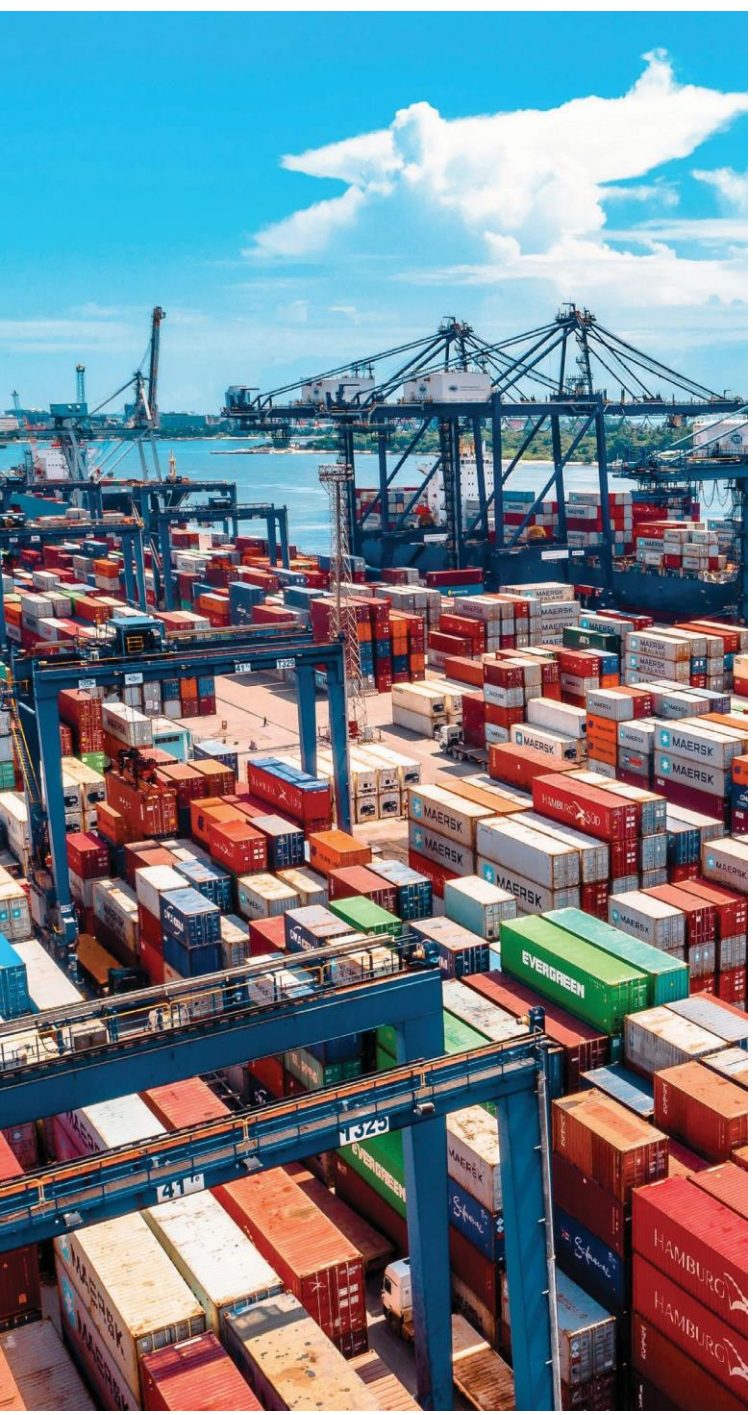
THE EU-EAC CORE PROGRAMME HAS THREE SPECIFIC OBJECTIVES WITH CORRESPONDING EXPECTED KEY RESULTS AS FOLLOWS:

SO 1: SUPPORTING MORE ROBUST ICT-BASED DATA EXCHANGE PROTOCOLS FOR THE CLEARING OF GOODS

SPECIFIC OBJECTIVE (SO)	EXPECTED KEY RESULT
Trade Facilitation and Customs Compliance: SO 1: Supporting more exchange protocols for the clearing of goods	• An integrated regional Customs ICT Platform is rolled out. • Regional risk management and valuation functions are. • Strengthened coordination and monitoring role of the EACSecretariat.
Trade in Services: SO 2: Providing new impetus to promoting free movement of services	• To foster free movement of services within the East African Partner States
Institutional Strengthening: SO 3: Improving project management and reinforcing the use of internationally as per EU Pillars for with budget implementation tasks	• EAC Secretariat's capacity to manage programmes is • The EAC Secretariat is better able to deliver on its mandate.

WORK STREAM 1: EAST AFRICAN COMMUNITY REGIONAL CUSTOMS INTERCONNECTIVITY INTEGRATION SYSTEM

The task here is to develop, install and configure a Regional Custom Interconnectivity Integration Solution (RCIIS). This will:-

- Integrate the EAC Partner States' Customs and other cargo clearance agency systems, including Port Authority Systems, regional Customs valuation and risk management systems and several customs-related modules like Electronic Cargo Tracking system, Transit Bond management, One Stop Border Post systems, Electronic Single Window, Regional Authorised Economic OperatorSolution

- Install and configure hardware for the Regional Custom Interconnectivity Integration Solution as per the hosting and integration architecture, provide user capacity building, and ensuresystem maintenance.

WORK STREAM 2: SUPERVISION OF DELIVERY OF WORK STREAM 1, EAC CUSTOMS INTERCONNECTIVITY INTEGRATION

• This work-stream constitutes a supervision mechanism to ensure timely and effective completion of key activities under Work stream 1, Regular monitoring of project performance, and ensuring compliance with agreed quality specifications.

• The contractor is charged with advising the EAC and the EU on technical and operational matters relevant to the timely and effective completion of the Work stream 1 assignment, including proposing solutions to any identified challenges.

This maintains too much of the fragmented status quo, where the costs of trading services in the region remain high, reducing the relative competitiveness of the region's services and service providers.

This workstream will foster the free movement of services and the Common Market Protocol. Its goal is to deepen the EAC regional economic integration by advancing the competitiveness of services sectors and promoting the free movement of services in the EAC. In summary, work stream 3 involves a combination of mutually supportive activities that will allow the EAC Secretariat to implement the CORE programme successfully, thus advancing regional and maximise the impact of all three Work streams through monitoring and evaluation, and evaluation, planning, reporting, and communication & visibility.

WORK STREAM 3: TRADE IN SERVICES LIBERALISATION AND EAC INSTITUTIONAL STRENGTHENING

As highlighted in the 2020 EAC Common Market Score-card (CMS), Partner States' progress in implementing their service commitments under the CMP remains slow. In some instances, new restrictions have been introduced. Moreover, efforts to deepen service integration by adopting service regulations under the Common Market Protocol (CMP) and undertaking new commitments remain unfinished business. Restrictions in laws and regulations, other forms of procedural and business environment, and obstacles across a range of service sectors continue to impede services and service suppliers from easily operating across regional borders.
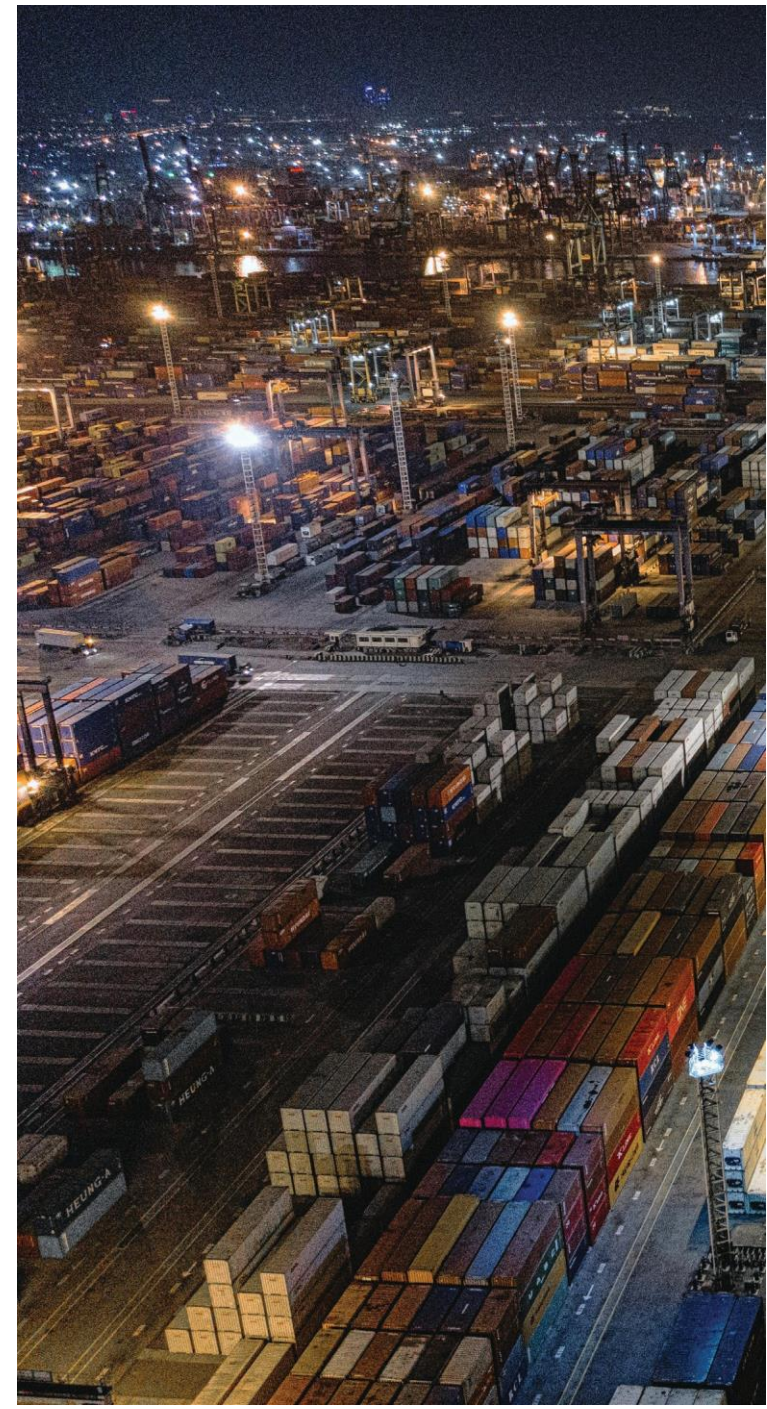
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This maintains too much of the fragmented status quo, where the costs of trading services in the region remain high, reducing the relative competitiveness of the region's services and service providers.

IMPORTANCE OF SERVICES IN THE GLOBAL VALUE CHAINS

HEALTH, EDUCATION,

RETAIL, FRANCHISE, WHOLESALER,

TRANSPORTATION

DISTRIBUTION CENTRE

MARKET

LIVESTOCK, PLANTATION AGRICULTURE

TRANSPORTATION

MAINTENANCE AND REPAIR, RESEARCH AND DEVELOPMENT, DESIGN, ENGINEERING, COMPUTER, LEGAL, ACCOUNTING, CONSTRUCTION,

MARKET RESEARCH, ADVERTISING, MARKETING, MANAGEMENT CONSULTING

MINING, SMELTER

TRANSPORTATION

FACTORY

STORE

TOURISM, SPORTING, CULTURAL, AND RECREATIONAL

FINANCE, TELECOMMUNICATION, ENERGY

BENEFICIARIES OF THE PROJECT

REGIONAL LEVEL:
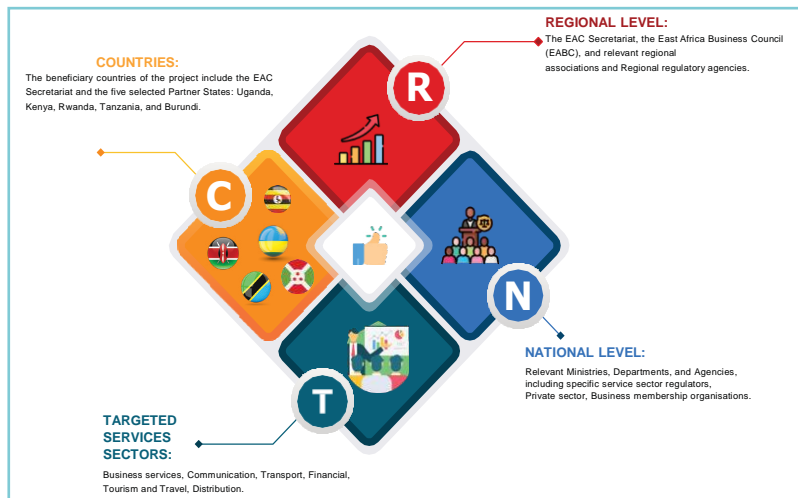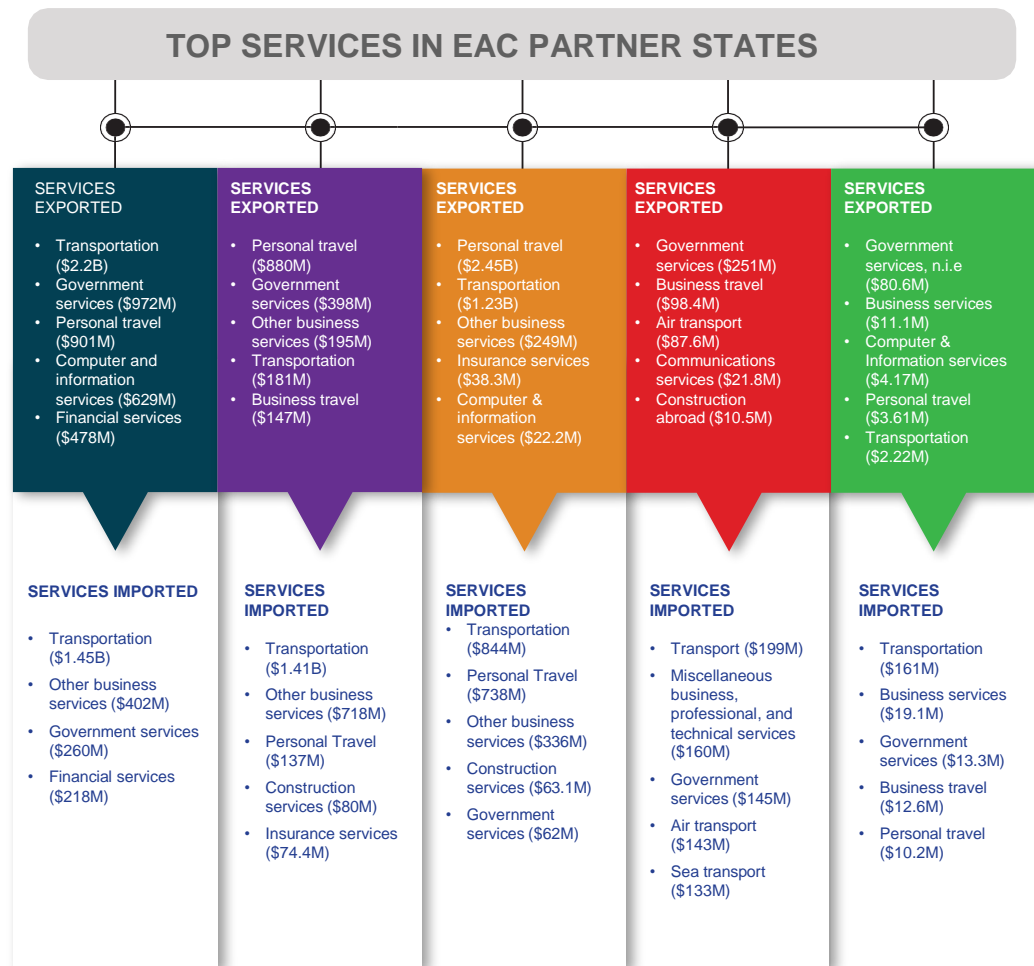The EAC Secretariat, the East Africa Business Council (EABC), and relevant regional associations and Regional regulatory agencies.

COUNTRIES:
The beneficiary countries of the project include the EAC Secretariat and the five selected Partner States: Uganda, Kenya, Rwanda, Tanzania, and Burundi.

NATIONAL LEVEL:
Relevant Ministries, Departments, and Agencies, including specific service sector regulators, Private sector, Business membership organisations.

TARGETED SERVICES SECTORS:
Business services, Communication, Transport, Financial, Tourism and Travel, Distribution.

TOP SERVICES IN EAC (SOURCE OECD 2019) THE OBSERVATORY OF ECONOMICCOMPLEXITY (OECD. WORLD)

TOP SERVICES IN EAC PARTNER STATES

SERVICES EXPORTED

- Transportation ($2.2B)
- Government services ($972M)
- Personal travel ($901M)
- Computer and information services ($629M)
- Financial services ($478M)

SERVICES EXPORTED

- Personal travel ($880M)
- Government services ($398M)
- Other business services ($195M)
- Transportation ($181M)
- Business travel ($147M)

SERVICES EXPORTED

- Personal travel ($2.45B)
- Transportation ($1.23B)
- Other business services ($249M)
- Insurance services ($38.3M)
- Computer & information services ($22.2M)

SERVICES EXPORTED

- Government services ($251M)
- Business travel ($98.4M)
- Air transport ($87.6M)
- Communications services ($21.8M)
- Construction abroad ($10.5M)

SERVICES EXPORTED

- Government services, n.i.e ($80.6M)
- Business services ($11.1M)
- Computer & Information services ($4.17M)
- Personal travel ($3.61M)
- Transportation ($2.22M)

SERVICES IMPORTED

- Transportation ($1.45B)
- Other business services ($402M)
- Government services ($260M)
- Financial services ($218M)

SERVICES IMPORTED

- Transportation ($1.41B)
- Other business services ($718M)
- Personal Travel ($137M)
- Construction services ($80M)
- Insurance services ($74.4M)

SERVICES IMPORTED

- Transportation ($844M)
- Personal Travel ($738M)
- Other business services ($336M)
- Construction services ($63.1M)
- Government services ($62M)

SERVICES IMPORTED

- Transport ($199M)
- Miscellaneous business, professional, and technical services ($160M)
- Government services ($145M)
- Air transport ($143M)
- Sea transport ($133M)

SERVICES IMPORTED

- Transportation ($161M)
- Business services ($19.1M)
- Government services ($13.3M)
- Business travel ($12.6M)
- Personal travel ($10.2M)

Funded by
the European Union

EU-EAC CORE
PROGRAMME
TRADING IN GOODS & SERVICES
CREATING OPPORTUNITIES

EAC
JUMUIYA YA AFRIKA MASHARIK

CONTACTS:
INQUIRIES & GENERAL INFORMATION
EAST AFRICAN COMMUNITY
EAC CLOSE AFRIKA MASHARIKI ROAD

P.O BOX 1096 ARUSHA
UNITED REPUBLIC
OF TANZANIA

Simon Owaka
Senior Public Relations Officer
EMAIL: sowaka@eachq.org