

Spearheads the mainstreaming of regional integration into EDPRS II



The Ministry of East African Community (MINEAC) is organizing its third EAC Week from October 27-November 4, 2012 under the theme **Mainstreaming EAC Integration into National Development Plans**. The Third EAC Week comes after the second EAC Week that was conducted in the week of November 4th and ended on 11, 2011 under the theme: **Rwandans understand EAC Integration**.

EAC week was introduced after a Council directive that passed during EAC 10th anniversary that every Partner State conducts annual EAC week as part of sensitizing its citizens on EAC projects and programmes to increase awareness on integration agenda among East Africans. Since then, Rwanda took initiative to organize annual EAC Week. The third EAC week aims to update Rwandans on Rwanda's achievements, progress and challenges from EAC integration as well as preparing MDAs and district officials for mainstreaming EAC integration into national development plans.

The theme of mainstreaming was selected as a theme of this year's annual EAC Week, because the lessons learnt from first Economic Development and Poverty Reduction Strategy (EDPRS I), showed that Regional Economic Integration was not harnessed enough to contribute to the economic development of Rwanda. As a result during the launch of the elaboration process of EDPRS II, His Excellency Paul Kagame highlighted the importance of Regional Integration. This article therefore highlights the expected outcomes of mainstreaming integration into national plans, updates the public about the progress so far made in mainstreaming integration in EDPRS II, discusses four thematic areas under which integration is involved and proposes a way forward.

The core mandate of the Ministry of East African Community Affairs (MINEAC) is to coordinate activities pertaining to Rwanda's commitments to the EAC. Hence MINEAC works closely with Ministries, Departments and Agencies (MDAs) across national government. It is against this background that MINEAC is dedicated to ensure that indicators for Regional Integration are mainstreamed into EDPRS II. In this respect Regional Integration has been chosen as one of the six Cross Cutting Issues (CCIs) that should run through the five year strategy and be included in all sector and district development plans.

Expected Outcomes of Mainstreaming

The overarching outcome of treating EAC integration as a CCI is to improve coordination of EAC activities and implementation of commitments, and thus provide Rwanda with greater benefits resulting from membership of the EAC. It is thought that mainstreaming in this way will ensure that Regional Integration contributes to the development apparatus over the next five years.

There are also specific sector-objectives that will be achieved through the mainstreaming process. Rwanda joined the EAC to capture economic, social and political benefits from closer regional integration. These range from benefits of a larger market and the linkage opportunities that it can provide for a landlocked country, to skills transfer as well as greater political union resulting in greater peace and security. Therefore the breadth of potential impact is widening and each sector needs to be in command of the potential benefits.

The EAC Customs Union led to the free movement of goods in the region, the Common Market is expanding this to include the free movement of services, labour, and capital. So as the EAC integration process develops more sectors are opening up and becoming involved. This means that Rwanda has to validate and implement many more policies across a multitude of sectors. For example, the free movement of people does not just affect immigration

laws and policies but also education, health, and social protection. Therefore Rwanda needs a more organised and structured system to implement these commitments – and ensure they are implemented effectively in the most beneficial form.

The expected outcome in this regard is increased ownership of the integration process by MDAs. With support from MINEAC each MDA can have improved mechanisms to deal with EAC commitments, research, negotiations and so forth. Mainstreaming regional integration as a CCI provides an opportunity for better planning, budgeting and M&E for EAC issues in each sector.

More specifically the mainstreaming exercise is likely to offer the following opportunities:

1. **Optimising Benefits and Reducing Risks in Key Strategic Areas** - With EAC issues integrated into five year plans all sectors should be able to assess each relevant EAC proposal; maximising benefits for Rwanda whilst mitigating the potential costs. Being on top of issues as they arise (via planning) will help prepare Rwanda with strong negotiation positions, i.e. if sectors can prioritise issues on the EAC calendar there can be strong evidence based negotiation prepared on national strategic areas.
2. **Optimising Complementarity and Reducing Duplication of Resources** - This entails knowledge of regional initiatives and prospects that are planned or on-going to avoid duplication of resources and efforts at the national level. With an integrated planning process, national level sectors can identify EAC projects that can complement national plans rather than compete for limited resources.
3. **Development of sustainable long term systems** - As integration deepens there will be greater policy alignment between the EAC partner states. For example, already the EAC has infrastructure plans for energy and transportation and an industrialisation strategy. It also has plans for alignment of fiscal policies and is working towards harmonised EAC standards for all products and services. In the future this is expected to intensify and so it will become increasingly more important for national policy makers to keep up to date with EAC issues.

If the mainstreaming exercise is carried out well Rwanda can hope to be viewed as a part of a larger single EAC market. This will bring opportunities such as:

- a. **Access to International Markets** - If the EAC speaks with a single voice on the international stage they can expect to be able to command greater power. This can bring more sustainable access to international markets in terms of negotiating international trade arrangements like the EU's Economic Partnership Agreement (EPA) and other Free Trade Agreements.
- b. **Attracting Foreign Direct Investment (FDI)** - With a market of more than 130 million people and a GDP of almost 80 billion USD, the EAC and its constituent member states become a much more attractive location for FDI. FDI offers an opportunity for technology transfer, enhancing skills and alternative sources of finance. Therefore working towards removal of barriers to the free movement of the factors of production is crucial for Rwanda's longer term development goals.

Progress so far

A long term national indicator has been incorporated into the revised Vision 2020. This provides a target for increased regional and international integration for the Rwandan economy. It looks at the proportion of trade (imports and exports of goods and services) to GDP.

For the EDPRS II the methodology for mainstreaming has emphasised that regional integration is important for Rwanda and that all MDAs should consider the EAC commitments and priorities as an opportunity rather than an additional burden of responsibility. MINEAC has been working with MDAs and identifying areas where EAC integration can supplement and benefit national priorities. This has been done on three levels:

1. Thematic Areas

The EDPRS II is built around four thematic areas

which all have some aspect of regional integration involved:

Economic Transformation for Rapid Growth - Main area for regional integration through export growth, private sector development, access to finance and infrastructure;

Rural Development - Some areas where regional integration can benefit agriculture, markets and regional resource management;

Productivity and Youth Employment Creation - EAC will impact education harmonisation and skills through common market freedom of movement of people and labour, and there is expected to be greater Foreign Direct Investment for job creation through freedom of movement of capital in the region; and

Accountable Governance - where EAC has a significant impact on the justice sector as there are a large number of laws that need to be harmonised, aligned and amended to bring about a conducive and enabling environment for regional business and cooperation.

MINEAC participates in the brainstorming process of the thematic working groups. The most significant area is that of Economic Transformation. The thematic areas identify prioritised areas for each sector to incorporate into their strategies.

2. Sectors

There are 16 sectors that are creating individual Sector Strategic Plans (SSPs) based on the priorities identified in the Thematic Areas. Each sector has varying levels of responsibility in terms of delivering regional integration commitments. Some core sectors are set out below as an example:

Infrastructure: Energy and Transport - The EAC has infrastructure plans for energy and transportation. This is expected to contribute to the national goals on energy generation and access as well as our national targets on roads. With greater energy options and more routes to markets it is expected that the cost of business and especially trade will reduce.

Financial Sector Development - With access to finance identified as a major constraint to development in Rwanda the EAC offers an opportunity to open up the financial sector. The liberalisation of this sector can help Rwanda meet its national targets on access to finance and investment to GDP ratio. Indeed with the free movement of capital, services and labour the banking sector has already seen the introduction of competitive EAC banks. If new IT systems for money transfers and payments systems are developed to work with other EAC partner states the benefits of financial integration will be multiplied. Linked systems will make it easier to trade and more attractive for EAC and international firms to locate to Rwanda if they can make financial transactions with ease across borders.

Private Sector Development - Being a landlocked country a viable growth plan is to be outward looking. This sector looks at trade as a proportion of GDP and cost of trade. The removal of tariff and non-tariff barriers through the EAC has and will continue to help reduce the cost of trade and encourage private sector businesses to trade. This is expected to provide new jobs, skills and also attract FDI.

Legal and Judicial Affairs - The Common Market brings with it multiple areas to be harmonised across the region. This necessarily entails a substantial volume of national and EAC laws to be reviewed and reformed so that they are comparable and not contradictory. A complimentary legislation environment is necessary to facilitate the free movement of goods, people, service and capital. Without this how does a worker know if he can access similar justice; a business man know he can have the same competition laws; or a service provider stand up to the same standards?

All 16 sectors are allocated responsibilities to meet Thematic Area priorities and provide solutions to overcome challenges identified. Some of these will be explicitly EAC related. MINEAC has worked with each sector to provide training and to identify EAC priorities in their field. The priority areas have been approved by MINCOFIN and circulated to districts. MINEAC is now working closely with sectors to develop their SSPs to include EAC issues.

3. Districts

The 30 districts take sector priorities and incorpo-

rate them into their District Development Plans (DDPs). Districts are, in one way of another, affected by regional integration, for example:

Education - There will be opportunities due to EAC education curriculum harmonisation. This allows for the cross border movement of students and teachers from and to EAC partner states. Schools can gain from a wider pool of high quality teaching staff, and offering fee-paying spaces to EAC partner state students. Furthermore it will be easier to identify high quality potential workers as there will be a clearer understanding of different country education grades and certificates.

Business - Districts can expect greater competition from EAC companies which are now free to trade in Rwanda; providing greater choice and cheaper products for consumers and inputs for business. Districts can encourage local firms to export to EAC partner states using the EAC Simplified Trade Regime. It is important for districts to identify their key tradable products and place them on the list of products eligible for the Simplified Certificate of Origin. This gives small traders the chance to easily sell goods to neighbouring EAC countries.

Infrastructure - The EAC transport, energy and water projects provide access to infrastructure for districts. This will have to be administered and planned for by districts.

However, border districts may incur a greater impact due to the increased levels of cross border trade; new border regulations (for example: One Stop Border Posts), and greater movement of people and goods across borders. Therefore there is a level of differentiation for districts to consider when developing their plans.

MINEAC will continue to work with districts and district consultants on mainstreaming EAC matters.

The Way Forward

The EDPRS II is quickly coming together. Thematic areas have identified their challenges and priorities; Sectors are to finalise their SSPs by end of October; and Districts are working towards their DDPs. MINEAC will continue working with their counterparts in MDAs in a supporting role. Indicators and targets are to be set for each sector and district this is expected to be carried out in the coming month.

Further general sensitisation for the public as to the importance of regional integration will be provided in the upcoming EAC Week. Mainstreaming EAC will be the main theme of Rwanda's EAC Week. This will be held between October 27th and November 4th 2012. The aim of the week is to provide Rwandan citizens information on EAC issues and a chance to discuss and debate hot regional topics.

It is hoped that the EAC week and the mainstreaming process will provide more emphasis and clarity to EAC matters in Rwanda. It should highlight the broader context of what regional integration can offer to Rwanda and its citizens.

Rwanda belongs to three regional arrangements, namely: Economic Community of the Great Lakes Countries (CEPGL); Common Market for Eastern and Southern Africa (COMESA) and the EAC. It is however, more deeply integrated with the EAC; having signed both the Customs Union and Common Market Protocols. As the EAC commitments are implemented and integration deepens further, more areas of Rwanda's economy and social factors will be affected.

Challenges

The knowledge and understanding of regional integration by our stakeholders in MDAs is at varying levels. The exercise of mainstreaming regional integration into EDPRS II provides a great opportunity in expanding this knowledge and hence the ability to draw national benefits from our commitments in the EAC. However, it also creates an uphill task in developing the right measureable indicators that can be used in the 16 sector strategic plans and 20 district development plans.

As the EDPRS II elaboration exercise comes closer to the deadline – end of 2012, it is our determined hope that regional integration under EDPRS II, will contribute to the development of our country.