

EU Support to Regional Integration

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EU Support to Regional Integration

EU the biggest donor to regional integration

Large increase from 9th to 10th EDF

Total Allocations under 10th EDF 1.78 Billion Euro

As of February this year 354 million Committed

Less than 100 million contracted



Outline of Presentation

Overall aim: Outline some of the issues that the Commission finds essential for the design and formulation of projects in support of Regional Integration

- Overall framework for support to regional Integration
- Implementation and Institutional Challenges for support to Regional Integration
- Implications for identification and formulation

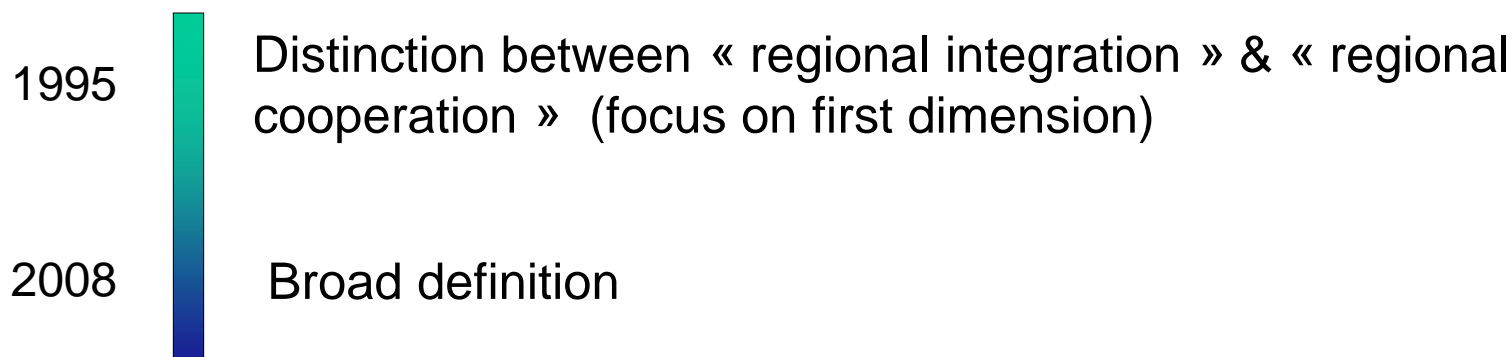




EuropeAid

The strategy of EU support to ACP regional integration

The concept has evolved over time



➤ 3 expected outcomes :

- Political stability
- Economic development
- Regional public goods



The strategy of EU support to ACP regional integration

5 priorities:

- Strengthen regional institutions;
- Support more integrated regional markets;
- Foster econ diversification and business development;
- Support infrastructure networks;
- Address common challenges in support of sustainability;



Stages of Regional Integration

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Free Trade
Agreements

Customs
Union

Common
Market

Economic &
Monetary
Union

Stages of Regional Integration

Free Trade Agreements

- Most Trade liberalised
- MS own trade policy on 3rd countries
- Incentive for trade deflection
- Importance of rules of origin

Customs Union

- Common External Tariff to third parties
- Generally a common commercial policy
- Truly Free movement of goods (cleared once)

Stages of Regional Integration

Common Market

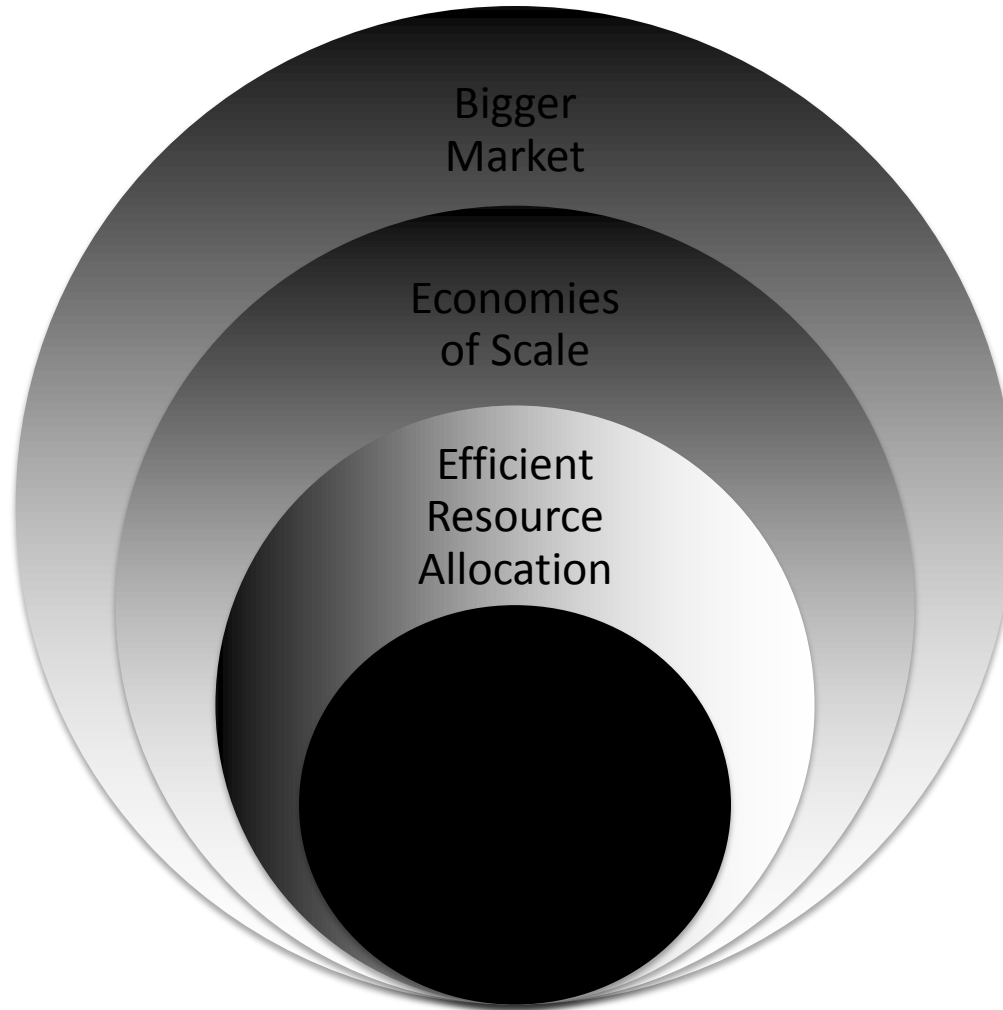
the free movement of

- Goods
- Services
- Capital
- Labour

Economic & Monetary Union

- Economic Union (common market and customs union)
 - coordination of economic policy-making
 - Coordination of fiscal policies (limits on government debt and deficit)
- An independent monetary policy run by the regional Central Bank with a single currency providing for financial stability and free access to MS capital markets

Why Integrate?



Challenges to Regional Economic Integration

Dual economies - scope for regional trade limited

Poor Connection of markets

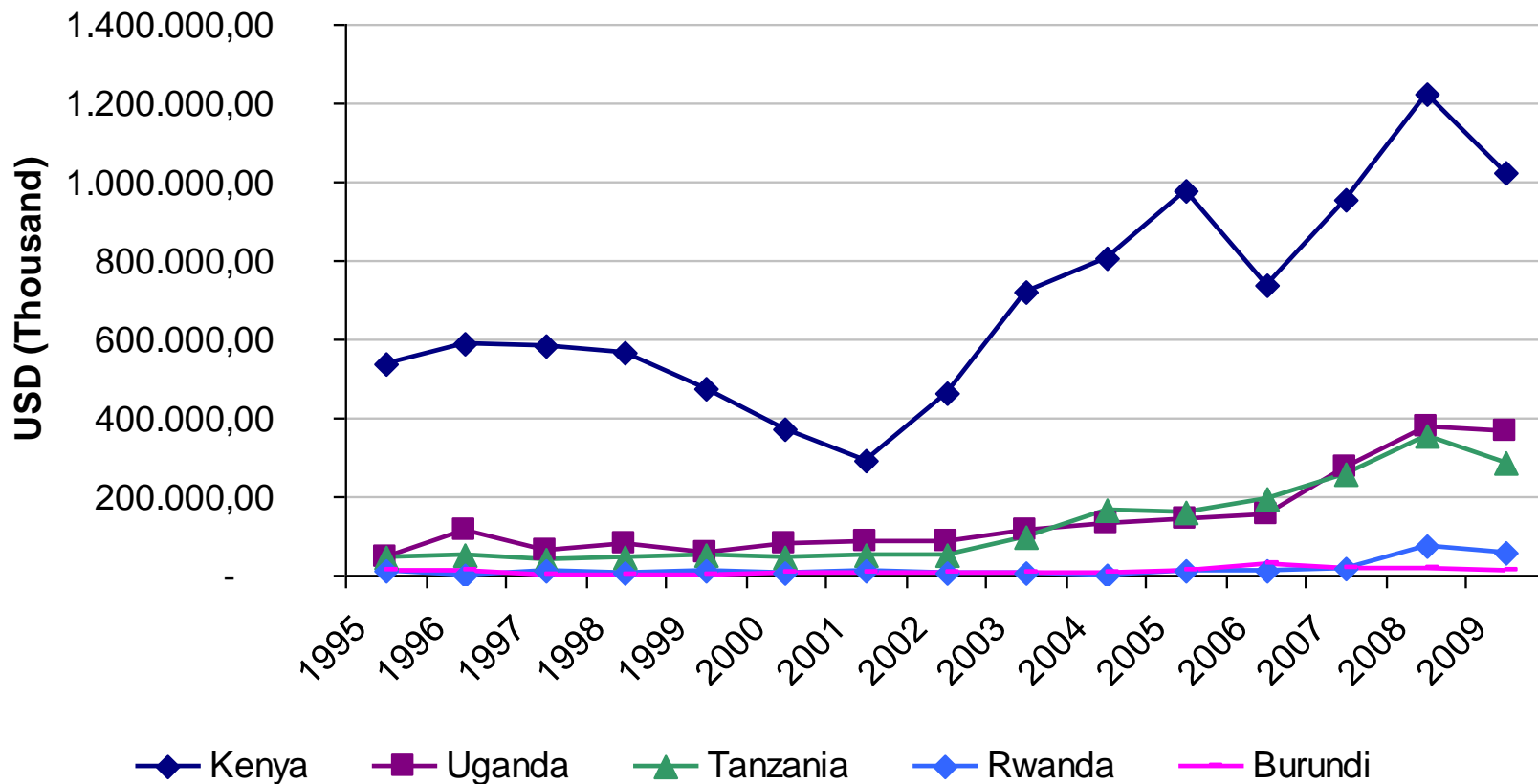
Trade Diversion vs. Trade Creation

Unequal distribution of benefits

Concentration of economic activities, FDI

Intra-EAC Exports

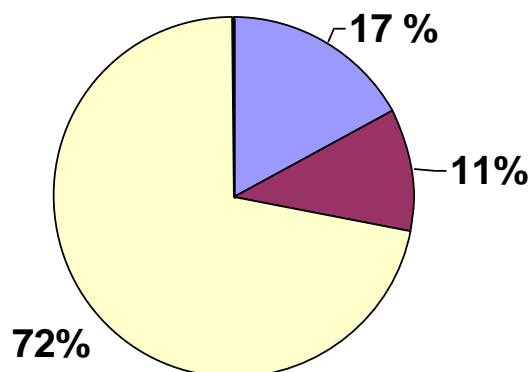
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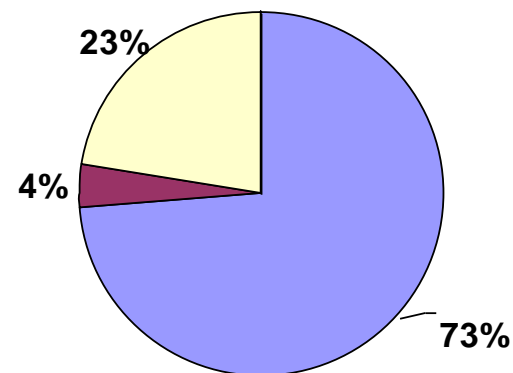
Source: UNCTAD

Kenya's composition of Exports

Kenya's Intra-EAC Exports, 2009

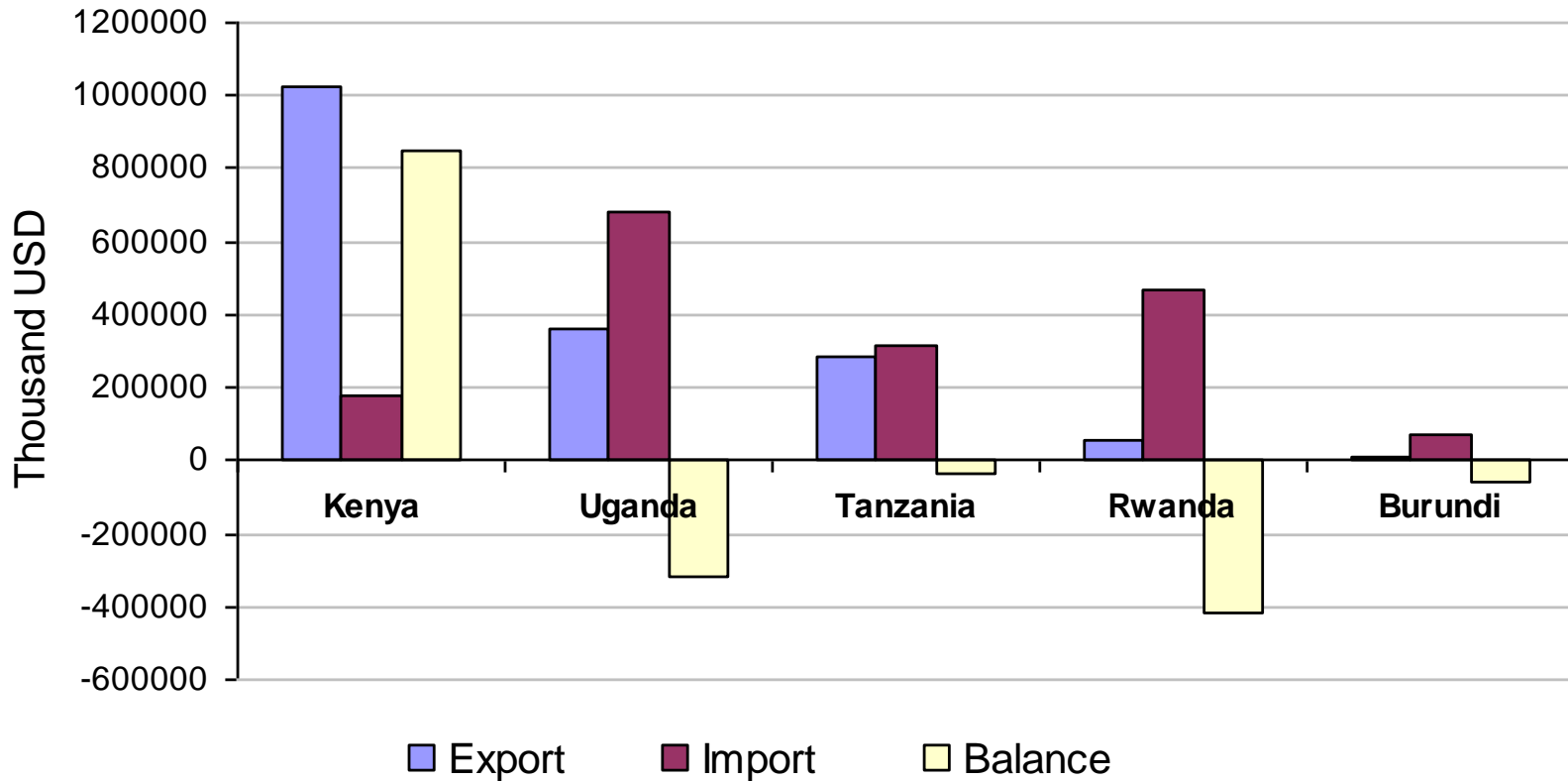


Kenya's Exports to Rest of World, 2009



- Primary commodities excl fuels and ores, metals, precious stones and non-monetary gold
- Fuels, Ores, metals, precious stones and non-monetary gold
- Manufactured goods

Intra-EAC Trade Balance (2009)



Source: UNCTAD

Implementation Issues

Regional Integration – Support to concrete steps

Trade Facilitation – Common Customs Systems

Harmonisation of Standards – MRA

Connecting Markets – Infrastructure

Investment Climate

Enhancing Productive Capacities

Coordination of Policies

Court of Auditors – Review of Support to East and West Africa – 2009

- THE COMMISSION'S REGIONAL COOPERATION STRATEGY IS RELEVANT BUT COMPLEMENTARITY VIS-À-VIS ITS NATIONAL COOPERATION STRATEGIES IS WEAK
- OVERALL COORDINATION, REPORTING AND MONITORING BY REGIONAL ORGANISATIONS IS INADEQUATE
- IMPLEMENTATION OF REGIONAL PROJECTS IS COMPLEX AND SLOW
- PROJECT EFFECTIVENESS DIFFICULT TO ASSESS BUT IN MOST CASES LIMITED

Institutional Challenges for effective support to Regional Integration

Ambitious overall objectives – but often not operationalised strategies for implementation

Mainstreaming of Regional Commitments in National Policies

Overlapping memberships

Mandate and Resources of Regional Institutions

Monitoring of Regional Integration and Programmes in Support hereof

Design Issues

Implications for Design of Support to Regional Integration

Supporting regionally owned integration policies

Importance of defining concrete achievable results

Involvements of National Administrations and links to National policies in formulation phase

Implementation at different levels – regional vs national

Capacity Building/strengthening

Arrangements for monitoring

Court of Auditors – Review of Support to East and West Africa – 2009

The Commission should increase its efforts to help Regional Organisations in:

- improving coordination between themselves and between them and their Member States;
- establishing monitoring systems which will support implementation of programmes and provide comprehensive information on the progress of the overall regional integration process, including progress in individual countries.

Court of Auditors – Review of Support to East and West Africa – 2009

The Commission should:

- formulate project objectives which are specific, measurable, achievable, relevant and subject to a realistic timeframe ('SMART');
- pay more attention to regular, good - quality progress reporting, and systematic monitoring and evaluation of project results.

Various models for support at regional-national level

Support to Regional level with involving national stakeholders

Regional programme with National Components

Regional programme aggregating fundamentally national components

Coordination of Regional and National Programmes

Capacity Building/Strengthening

An essential element of any support programme

Capacity Building is more than training and TA

Need to look at what are the functions a given institution have to be able to fulfill

What is the present level of services/functions fulfilled

Comprehensive strategy for achieving the desired level

Thank You