

## 23rd Meeting of the Intergovernmental Committee of Senior Officials and Experts (ICSOE)



1. The 23rd Meeting of the Intergovernmental Committee of Senior Officials and Experts (ICSOE) was held from 5 to 7 November 2019, at the Asmara Palace Hotel in Asmara, Eritrea. The meeting was jointly organised by the Government of the State of Eritrea and the United Nations Economic Commission for Africa (ECA) in Eastern Africa. The theme of the meeting was: 'Leveraging New Opportunities for Regional Integration in Eastern Africa.'

2. Welcoming remarks were delivered by Ms. Susan Ngongi, United Nations (UN) Resident Coordinator in Eritrea, who applauded ECA Office for Eastern Africa for choosing Asmara to host the 23rd Annual Meeting, and the Government of the State of Eritrea for facilitating it.

Mr. Godfrey Kabera, Director General for National Planning at the Ministry of Finance and Economic Planning, Rwanda, delivered a speech on behalf of the Minister. The outgoing chair, the Honorable Minister, extended his regrets for not being able to attend the meeting. Referencing the 22nd Annual Meeting, he reminded delegates that engagement of all stakeholders, particularly the private sector, is necessary for successful implementation of the African Continental Free Trade Area (AfCFTA). He added that regional infrastructure projects will ease the flow of trade and reduce the cost of doing business, and that it is important to ensure that citizens are informed and consulted throughout the process. The Executive Secretary of ECA, Ms. Vera Songwe, welcomed participants and

applauded the organizers and host country. She mentioned that, though the growth has not been as investment- or technology-led as desired, Eastern Africa has nevertheless emerged as the fastest-growing region in Africa. Ms. Songwe touted peace as one of the key factors in having facilitated this. The ICISOE was officially opened by the Honorable Minister of Foreign Affairs of the State of Eritrea and incoming Chair of the 23rd ICISOE Bureau, Mr. Osman Saleh. After welcoming the participants to Eritrea in his key note address, he acknowledged the outgoing chair and mentioned that the landmark peace agreement between Eritrea and Ethiopia recently signed in Asmara is one of the key ingredients for improving regional integration in Eastern Africa.

3. The meeting unanimously elected the following countries onto the 2019-2020 ICISOE Bureau:

Chair: The State of Eritrea

1st Vice-Chair: Seychelles

2nd Vice Chair: Ethiopia

Rapporteur: Tanzania

The agenda was then reviewed and adopted.

4. Delegations from the following countries attended the ICISOE: Comoros, Djibouti, Eritrea, Ethiopia, Kenya, Madagascar, Rwanda, Seychelles, Somalia and Tanzania.

5. In addition to a wide number of stakeholders from the host country – Eritrea – the following national, sub-regional, regional and international institutions and organizations were also represented: African Union Commission (AUC); Common Market for Eastern and Southern Africa (COMESA); Communauté Economique des Pays des Grands Lacs (CEPGL); East African Community (EAC); Inter-Governmental Authority for Development (IGAD); Indian Ocean Commission (IOC); Northern Corridor Transit and Transport Coordination Authority (NCTTCA); Ports Management Authority for Eastern and Southern Africa (PMAESA); Nile Basin Initiative (NBI);

University of South Africa (UNISA); University of Nairobi; Kenya Youth in Trade; Centre for Sustainable Peace and Democratic Development; Life and Peace Institute; National Cohesion and Integration Commission of Kenya (NCIC); Institute for Peace and Security Studies; University of Dar-es-Salaam; Institute of Policy Analysis and Research (IPAR) of Rwanda; Makerere University; Kenya Institute for Public Policy (KIPPRA);; Tourism Confederation of Tanzania; Office National de Tourisme de Djibouti (ONTD); Leisure and Tourism; Howarth International; RES4Africa Foundation; Deloitte; International Maritime Organisation (IMO); TradeMark East Africa (TMEA); African Development Bank; Sustainable Development Center Goals for Africa (SDG) Center; Economic Commission for Europe in Africa for Public-Private Partnerships (PPPs); Kenya Convention Bureau; Invest Afrique; East African Court of Justice; Eastern African Sub-Regional Support Initiative for the Advancement of Women (EASSI); the Horn Economic and Social Policy Institute (HESPI); the Diplomatic Corps; UN Agencies; the national and international media; consultants; interpreters; and UNECA Staff.

6. The ICSSOE included the following plenary sessions:

- Macroeconomic and Social Overview of Eastern Africa;
- How to fast-track AfCFTA Implementation in Eastern Africa;
- Boosting Tourism Development in Eastern Africa;
- Crowding-in Investments for Energy and Infrastructure Development in Eastern Africa; and
- Sustainable Development in Eastern Africa: Aligning National, Continental and Global agendas.

7. The ICSSOE also included parallel breakout sessions, the outcomes of which were also discussed collectively. These Ad Hoc Expert Group Meetings (AEGMs) were:

- Promoting Regional Trade for Faster Job Creation;
- The State of Social Cohesion in Eastern Africa.

There was also a further side event on 'Harnessing the Blue Economy for Regional Integration', as well as a High-Level Dinner that considered 'Legal Perspectives on Regional Integration in Eastern Africa'.

### **KEY MESSAGES AND ACTION POINTS**

8. The meeting studied an overview of the Macroeconomic and Social Developments in Eastern Africa in 2018, based on the annual ECA report of the same name. The meeting noted the consistently high growth rate of the region, whilst acknowledging some of the economic risks, such as: the fiscal and debt situation in some countries; a lack of structural transformation; the weak trade performance of the region comparative to its potential; climate change vulnerabilities; other global risks; and a slow rate of job creation. The meeting noted the size of the regional market in Purchasing Power terms, before noting that trade deficits tend to be driven by manufactured goods, which results in the observed high dependency on imports, with 70 percent of these coming from Asian countries. The meeting took stock of SDG progress, noting that SDGs 3, 9, and 16 have been spotlighted by the SDG Centre for Africa as priority, due to slow progress in the region to date. Having reflected on the improvements to life expectancy and female political representation, the meeting recounted significant gender imbalances in literacy rates and the poor food security rating of the region. The participants recognised the solutions and new opportunities presented by the AfCFTA, such as accelerating industrialization and creating up to 2 million jobs.

9. Seychelles communicated the country's policies and strategies for development and regional integration, explaining its richness in ocean resources and its strategic approach to sustainably capitalize on this. The meeting saluted the Government's decision to create a new dedicated Blue Economy Department, as well as innovative funding mechanisms, such as blue bonds and debt swap. This supports the implementation of the Seychelles' Blue Economy Strategic Policy and Roadmap. The leading sectors of tourism and fisheries were further highlighted as key pillars of the Blue Economy, with funding available for entrepreneurs to further tap into related

opportunities. The meeting noted the Seychelles' inclination for regional integration, whilst being made aware of challenges associated with membership to multiple Regional Economic Communities (RECs).

10. The meeting similarly appreciated some of Rwanda's noteworthy recent developments, such as the progress that has been made in structurally transforming the economy from agriculture to services, the boost to the Rwandan textiles industry through the ban on imports of second-hand clothing, and the success of the Made in Rwanda policy in cultivating home-grown industries. The challenge of persistent trade deficits was stated. The meeting noted the Government of Rwanda's belief and confidence in AfCFTA, before stressing the importance of joint projects and regional competitive strategies.

11. The meeting considered that global 'risks' such as Brexit and the U.S-China trade dispute could in fact be a source of opportunity for the continent. Meanwhile, more information was requested on: the informal parts of Eastern African economies, cross-border trade and migrant remittances. Other points raised were the role of RECs in AfCFTA acceleration and the opportunities presented by shared waters in regional integration. The session ended recognising: the need for concrete plans to accelerate regional tourism; the need to involve youth in blue economy activities; and lastly the success of the Government of Rwanda in their detailed and effective Monitoring and Evaluation framework.

12. The meeting provided a common understanding of AfCFTA implementation, determining the backstory, current status and recommended ways forward. The meeting ascertained that many technical parts of the Agreement are in place. Participants understood that services liberalization will not happen instantly – with the Protocol for services merely establishing the parameters for a first round of negotiations on business, communications, financial services, tourism and transport services. The meeting recollected the five 'operational tools' that were launched at the July 2019 Summit. Having recognised the profound benefits of the AfCFTA, the meeting

recommended next steps for the African continent, including the Eastern Africa region. These were to:

- Finalize remaining critical components;
- Increase the number of state parties;
- Create institutions, establish operative mechanisms, introduce obligations into law and regulation; - Optimise implementation, through complementary measures such as national strategies;
- Conclude Phase II of negotiations; - Use the AfCFTA as a vehicle for achieving the African Single Market.

13. With the way forward mapped out, the meeting heard that Eritrea is committed to regional integration, deeming it not a choice but a necessity. Panellists pointed out that consultation of the private sector is important for the AfCFTA negotiation process. They also stressed the benefits of: financing regional infrastructure for increased productivity; collecting reliable data; boosting private sector competitiveness; and harmonising regulations.

14. With emphasis on the economic potential and importance of tourism in Eastern Africa, a sector that currently employs over 7.2 million people, the meeting received a presentation on the current state of the industry in the region. Whilst acknowledging steady growth, the meeting participants were cognised on the poor ranking of Member States in the World Economic Forum Travel and Tourism Competitive Index (TTCI) and the causes for this, namely: the narrow range of tourism products and a lack of good quality tourism statistics. The meeting also pointed to emerging opportunities, including the prioritisation of the sector by the Member States, the growing middle class across the continent with disposable incomes, and opportunities for new product development. The ICISOE recognised national and regional initiatives being undertaken by ECA to promote regional tourism. This included the IGAD Sustainable Tourism Master Plan, the Ethiopia Sustainable Tourism Master Plan, the African Union Tourism Strategy, the EAC Tourism Marketing Plan, and the tourism satellite accounts for Rwanda, Uganda and Kenya.

15. The subsequent deliberations maintained the regional focus, understanding the tourism concept's failure to appeal to the African market, stringent visa regimes and the high cost of air transport. To improve the yield of tourism, the meeting recommended that delegates support the full implementation of national, regional and continental tourism initiatives. Other recommendations were:

- to improve partnership between key tourism stakeholders drawn from the private and public sectors, the academia and the civil society;
- to diversify the tourism product range in Eastern African away from nature-based products and towards those that appeal to the African tourist market;
- to jointly promote the Meetings, Incentives, Conferences and Exhibitions (MICE) tourism concept which is high yielding; • to promote the concept of inter-regional 'city-breaking', which is a low-hanging fruit in the context of AfCFTA;
- to encourage the relaxation of visa regimes particularly for African Member States; • to support the implementation of the Single African Air Transport Market (SAATM), whilst promoting modes of transport; and
- to integrate research into tourism development and produce good quality tourism statistics. Taking stock of the advice given, the meeting was able to agree on the following actions: developing methodologies to standardise tourism data collection and analysis in Eastern Africa; developing a framework to guide the diversification of tourism products in Eastern Africa, in particular the urban tourism concept; working collaboratively under the existing regional and continental initiatives mentioned.

16. The meeting considered the importance of ensuring alignment and compatibilization of national, regional, continental and global frameworks. Taking the example of Agenda 2030 and Agenda 2063, the meeting acknowledged where there was convergence, but also deciphered areas which do not converge. The UN itself also operates on various

geographic scopes across a multitude of frameworks. Drawing on the challenges that the UN too experiences, the meeting noted that there is no 'Marshall Plan' and hence the financial pressure of alignment. With reference made to the ECA-led Integrated Planning and Reporting Toolkit, the participants concluded that the core alignment of strategies has to take place at the national level, both for planning purposes and because national developments have the 'most-felt' impact on people's lives. Methodologies were shared, including prioritization of the most ambitious goals as a tactic to vertically synchronize the various goals. Participants also applauded the basket fund approach to data collection used in Rwanda, which has facilitated the pooling of resources for meeting statistical needs by mobilizing resources and avoiding duplication.

17. The meeting recognized the transformation taking place in Africa's energy sector, evidenced by: appreciable improvements in energy access, expanding investment sources and improving infrastructure capacity. However, remaining infrastructure gaps are affecting competitiveness of the region in terms of higher freight costs, and increased trade costs. Addressing the infrastructure gap will require USD 90 billion per year for energy development.

18. The latest global SDG7 tracking report warned that current progress on access to electricity will be insufficient to achieve universal access by 2030, and almost 90 percent of the people still lacking access in 2030 will be in Africa. Given that current funding remains insufficient, crowding-in additional public, public-private and private investment resources was discussed. Diversifying the investment resources also involves expanding the scope of public finance, through: expanding the tax base, leveraging diaspora remittances, tapping into private equity markets, utilizing bank revenue streams and issuing of international sovereign bonds. The session concluded with three actionable recommendations:

- Additional investment resources should be crowded-in from public and private sectors to sustain investment in Eastern Africa's infrastructure;

- Experience-sharing through periodic regional forums should be pursued in order to bolster the Member States that are implementing various solutions to bridge the infrastructure gap; and
- Regional infrastructure projects should leverage progress on regional economic integration, especially on the AfCFTA, to make a better business case.

19. The meeting broke into the two AEGMs and the side event.

20. The AEGM on “Promoting Regional Trade for Faster Job Creation” unanimously elected the following ICISOE participants to serve on the AEGM bureau:

Chair: Anthony Mveyange, Trademark East Africa.

Rapporteur: Arnold Segawa, NTV Uganda.

The theme was introduced, explaining the fast-growing supply of new entrants to the workforce. The AEGM noted that, currently, the bulk of employment is in the agricultural sector and the growing importance of the services sector. They recognised tourism and ICT as a source of employment, before concluding that increased intra-regional trade associated with AfCFTA implementation will change the labor market, creating between 800,000 and 2 million jobs.

21. The AEGM also benefitted from contributions that mapped out the challenges for job creation (namely: importation of cheap goods, limited intra-African trade, poor interconnectivity and other non-tariff barriers) and that mentioned the need to train the youth to connect to emerging opportunities. The meeting established that reliability of energy supply is crucial to support industrial activities and highlighted the need for a competition policy and competition commission. The meeting also contemplated the employment situation in Eritrea.

22. The discussion led to the following five actionable recommendations:

- Enable labor mobility through regional harmonization of qualification standards;
- Leverage the opportunities for job creation that new technologies can offer, despite the disruption they can also sometimes cause;
- Formalize as much of the informal sectors as is possible, to encourage fair competition;
- Encourage and facilitate improvements to Technical and Vocational Education and Training (TVET) to resolve education and job mismatches; and
- Support the implementation of the AfCFTA Free Movement Protocol to enhance regional and continental labor mobility.

23. The AEGM on 'The State of Social Cohesion in Eastern Africa' unanimously elected the following ICISOE participants to serve on the AEGM bureau:

Chair: Yohannes Isaac Yehdego, Director General, Inland Revenue Department, Ministry of Finance

Rapporteur: Berhe Araya Mana, Ministry of Labour and Social Welfare, Eritrea.

The session opened with a presentation of a report by the same name. The meeting took note of the findings of the report, which are premised on a perceptions survey, disaggregated around five themes: belonging, social inclusion and a shared vision; safety, peace and security; inequality and migration; the effects of cross-border trade; as well as citizen participation and active engagement.

24. The AEGM deliberated on the threats to social cohesion coming from uneven growth and perceived inequalities, which are known to fuel social tensions and conflict. As a result, the AEGM recommended that this was one avenue through which to enhance social cohesion: by reducing inequality and improving the lived day-to-day experiences of people across Eastern Africa. With emphasis on the favorability of early intervention

for conflict prevention, the meeting noted the existence of the Social Cohesion and Reconciliation Index (SCORE). The AEGM took the Kenya example to understand themes, patterns and how existing data can build a picture of the current state of social cohesion, as well as touching on new methodologies and data gaps. Key conclusions were that governments ought to be at the forefront of social cohesion, in the name of institutional development, and that having a constitution can promote social cohesion. Experiences and reflections were also shared to emphasize the strong positive correlation between the Social Cohesion Index and Human Development Index, whilst academic insights suggested that the ageing population of the future be considered.

25. The AEGM noted Eastern Africa's reservoir of potential for increased Social Cohesion regionally, and its relative resilience in this regard historically, especially given challenges such as displacement, disparity in levels of economic development, conflict, and the prevalence of national and local identities. Clear diagnosis of the challenges allowed the meeting to put forward actionable recommendations:

- There is need to: promote policy interventions that leverage cross-border ethnic affinities; advocate for the usefulness of the concept of social cohesion at regional level; undertake a study of regional cohesion; promote peace and civic education in schools, universities, communities; and establish a specialized framework to understand the state of cohesion in the region's island states in order to cater for their specific needs. Also, regional money-transfer platforms could and should be established.
- Governments are advised to: understand the soft skills that foster a culture of entrepreneurship, and adopt and implement policies accordingly; address inequities; ratify the African Union's Protocol on the Free Movement of People; finance policies that alleviate social tensions, such as those that develop social safety nets; and facilitate cross-border trade. Also, governments should encourage the use of the language of Kiswahili – and more generally promote cultural exchange and educational programmes.

26. The side event on 'Harnessing the Blue Economy for Regional Integration' unanimously elected the following ICSEO participants to serve on the bureau:

Chair: Ambassador Tewelde Weldemichael, Director General, Department of Marine Development, Ministry of Marine Resources, Eritrea.

Rapporteur: Aboud S. Jumbe, Policy Planning Research Analyst, Department of Environment, Zanzibar, Tanzania.

The side event showcased the large Blue Economy potential of Eritrea, in particular in the fisheries and the deep-sea mining sectors. The meeting exhibited Blue Economy policy initiatives from the sub-region including Seychelles, Comoros, Madagascar, with participants also taking note of policy initiatives from the African Union, Regional Economic Communities and Intergovernmental Organizations, such as IGAD and IOC, the academia (University of South Africa) and the United Nations (International Maritime Organization).

27. The session raised issues related to the risk of scramble for Africa's water and sea resources, appreciating that this being addressed by the African Union through their recently endorsed strategy. The meeting also underlined the need to assess the real socio-economic value of the Blue Economy and put in place mechanisms to ensure that local communities also benefit from its dividend. The lack of common understanding of the Blue Economy concept and insufficient data and research for policy development were mentioned, with participants underscoring the important role of regional cooperation in fostering sustainable sharing and management of Blue Economy resources and sectors. Environmental sustainability as well as consideration of climate change was deemed crucial. Creative funding mechanisms such as Blue bonds, debt swap in Seychelles along with high-level consultation mechanisms (Blue Economy Council) and planning tools (Marine Spatial Planning) were further highlighted as success stories.

28. With insights shared and well-understood, the session unanimously recommended the following actions:

- Align methodologies on how Blue Economy progress is measured in the framework of 2030 UN Agenda and 2063 AU Agenda;
- Work together as regional platforms to avoid duplication and promote good practices so regional policies can be aligned and complementarity achieved at RECs, Intergovernmental Organisations (IGOs) and Regional Seas Programs (RSP);
- Design and formulate strategic communication on the Blue Economy in order to create awareness and mobilize all stakeholders effectively; • Promote circular economy as a strategy to conserve critical habitats, encourage entrepreneurship and address marine pollution;
- Invest in mitigation and adaptation measures to combat climate change and address issues related to natural risks;
- Strengthen maritime safety and security through regionally-owned mechanisms so as to address Illegal, unreported and unregulated fishing (IUU), marine pollution, illegal trafficking, search and rescue;
- Involve academia and research institutions in the science-policy nexus for addressing the Blue Economy in the region;
- Incorporate all stakeholders, through dialogue and consultations, including youth and private sector, so as to ensure synergies with all other regional initiatives;
- Work together at the regional and continental levels to address innovative financing in the implementation of Blue Economy frameworks, through leveraging partnerships with RECs, IGOs and RSPs and adequate budgeting and co-funding;
- Develop adequate policy and legislative frameworks to foster deep seabed mining and hydrocarbons extraction in a sustainable way, capitalizing on Marine Spatial Planning (MSP) initiatives;
- Raise awareness and organize an annual or biannual Blue Economy Forum at the regional level;

- Adopt, replicate and upscale successful regional initiatives on the Blue Economy; and
- Formulate national and sub-regional Blue Economy strategies or action plans where needed, building on the ECA Blue Economy Policy Handbook and the African Union Blueprint for Africa's Blue Economy.

29. The meeting incorporated a high-level dinner in which participants contemplated the legal aspect of regional integration, presented by Justice Isaac Lenaola, Judge of the Supreme Court of Kenya and Retired Deputy Principal Judge of the Court of First Instance, East African Court of Justice. Emphasising the lessons that can be learnt from history, it was recognised that the legal element of the EAC guarantees the prosperity and longevity of the treaty.

The EAC can be commended for gains under the EAC customs union, common market and monetary union. Public participation is an integral part of the treaty, meaning civil society – and every East African – should be champions of regional integration, especially since the legal framework exists for the people to be involved and have a say in the process.

30. Courtesy of the Government of Eritrea, international participants were taken on a tour outside of the city of Asmara, during which participants admired Gergera and Logo dams, a solar farm and Halhale Dairy Farm.

31. The rapporteurs reported back to the ICSOE on their respective sessions in a plenary session.

32. The ICSOE participants enjoyed a Q&A session with Gabriel Negatu, former Director General for Eastern Africa, African Development Bank.

33. Participants expressed a sincere vote of thanks to the Government of Eritrea for hosting the 23rd ICSOE Annual Meeting and the excellent hospitality and facilities provided. The theme and venue of the 24th meeting (2020) will be determined at a later date, in close consultation with the Bureau of the 23rd ICSOE.

