

The EU Signs Euro 118 Million Grant Agreement with regional groupings



The European Union and four regional organisations early this week (15th March 2010) signed a Euro 118 million grant agreement meant to support a number of regional economic integration and development projects. The regional organisations that signed the agreement are COMESA, EAC, IGAD and IOC.

The ceremony, which took place at the Hilton Hotel Nairobi, Kenya, was presided over by the Kenyan Deputy Prime Minister and Minister of Finance, Hon. Uhuru Kenyatta. The EU was represented by Mr Gary Quince, Director of the Directorate responsible for Africa, the

Caribbean and the Pacific (ACP) at the Europe Aid office of the European Commission in Brussels. The regional organisations were represented by the Chief Executive Officers of COMESA, IGAD and IOC, namely: Mr Sindiso Ngwenya, Eng. Mahboub Maalim and Amb. Callixte d'Offay respectively. EAC was represented by Deputy Secretary General Dr. Julius Rotich. COMESA Assistant Secretary General Programmes Mr Stephen Karangizi also attended the ceremony. SADC was also represented at the ceremony.

The projects to be supported under this grant are the first recipients of a very significant allocation granted under the

10th European Development Fund (EDF10), where Euro 645 million has been allocated to the Eastern and Southern Africa and Indian Ocean (ESA-IO) for the period between 2008 and 2013. The EDF Regional Strategy for the ESA-IO region, which guide this cooperation programme, was developed and jointly agreed upon by the European Commission and the four Regional Organisations in 2008

Seven projects will be supported by the grant, with different organisations taking the lead of different projects. Out of the seven projects worth close to Euro 118 Million, COMESA will lead three of them, worth over Euro 67 million. These are the continuation of the Regional Integration Support Programme (RISP) worth Euro 50 Million, the Regional Multidisciplinary Centre of Excellence (RMCE) start up project worth Euro 5.6 million and the Inter Regional Coordination Committee (IRCC) support worth Euro 11.5 million.

The EU strategy in the ESA/IO region lends support to the agreed integration process, and as such the regional organisations themselves will, as indicated above, lead the implementation

continued to page 3

2 EU grant will go a long way in improving regional economic performance and Integration ambitions.



Kenyana Deputy Prime Minister and Minister for Finance Hon. Uhuru Kenyatta, has praised the grant agreement between the EU and four ESA-IO regional organisations adding that it will go a long way in improving regional economic performance and in the achievement of integration ambitions.

Mr Kenyatta called on benefiting countries to ensure projects undertaken support and complement those at national level. In addition he called upon a mid-term review of the Regional Strategy Paper as this will enable the development partners to encompass the recent developments, both local and international, that require a reorganization of the strategy. "A mid-term review of the Regional Strategy Paper is required due to developments made since. In Kenya, for instance, we have placed greater emphasis on the transport infrastructure sector," he pointed out.

The Deputy Prime Minister

said at the 19th Inter Regional Coordination Committee - IRCC that it was crucial to increase investment in infrastructure to facilitate intra-regional trade in goods and services.

He gave the example of the expansion of Jomo Kenyatta International Airport, projects like the Northern Corridor from Mombasa to Malaba, Athi River to Namanga and Isiolo to Moyale and construction of a new standard gauge railway line planned to connect Uganda and Kenya as some of the very important projects that will enhance trade in the region boosting intra-Africa trade.

Speaking during the same ceremony, Mr Gary Quince, Director of the Directorate responsible for Africa, the Caribbean and the Pacific (ACP) at the Europe Aid office of the European Commission, said that the projects being funded are the first of a very significant allocation granted under the 10th European Development Fund (EDF) where Euro 645 million has been

allocated to the ESA-IO region.

He called on the regional blocs to decide on the regions' infrastructural priorities, and to ensure all the projects are bankable.

"It is important to decide on an appropriate balance between hard and soft investment, knowing that measures to harmonise immigration, custom procedures and addressing the chronic problem of overloading trucks can also have a positive impact on regional trade," he said.

Mr Quince asked players to look into other infrastructure developments that can have a major impact on the region's growth.

"In addition to the North-South corridor, for example, there are important requirements for other corridors, such as the Northern corridor," said Mr Quince.

He said that there was need to close the financial gap in the stretch linking Rwanda and Uganda, along the Northern corridor adding that early decisions on priorities will determine the feasibility of financing approaches.

"Soft investments are much less suited to a trust fund, compared to revenue earning investments such as railways, ports and ICT," he said. Mr. Quince urged the regional bodies to increase resources allocated to manage donor funds.

"The large increase in funding is a mixed blessing; it requires a counter-part increase in resources to manage these funds," he said.

USAID/East Africa Support to COMESA – 2009/10

Under the last Financial Year 2008/2009 the USAID/East Africa supported four separate Agreements with COMESA: the Famine Prevention Fund – Market Linkages; COMESA Regional Economic Trade and Integration Programme (CRETIP); Famine Prevention Funds – Regional Enhanced Livelihoods in Pastoralist Areas (RELPA); Trading for Peace – Regional Conflict Mitigation and Governance.

The Famine Prevention Fund is still ongoing and is now fully under ACTESA management. USD 1.3 million will be allocated for its continuation in 2009/2010.

The CRETIP programme expired end September 2009, however, the remaining balance under this programme is to be used in the next FY 2009/2010..

The RELPA project, which supports Livestock policy development, livestock marketing activities, incorporation of livestock issues into the food security aspects of the CAADP agenda as well as the CAADP Roundtable in Kenya and Ethiopia, ended on 31 December 2009, but has now been extended to 31 September 2010 under no-cost extension to utilise the remaining balances.

In 2009/10 USAID/East Africa will continue to support COMESA through direct funding and by implementing programmes that complement COMESA's agenda. Funds will continue to support programmes in areas of common interest to COMESA and the USG such as: 1) increasing regional and international trade; 2) improving food security and ending hunger in Africa; and 3) increasing regional stability and integration

To alleviate the increasing level of involvement in managing the different agreements, it has been agreed between COMESA and USAID to have an integrated agreement that incorporates all the activities that are funded by USAID in future. This means that starting 2010, the funding from USAID will be allocated through one

agreement, the Integrated Partnership Assistance Agreement (IPAA). On-going agreements will run concurrently until they expire before USAID funds are all turned into the IPAA. No new funds will be allocated to the on-going agreements except through the IPAA.

The main programme areas under this new agreement will focus on: trade and investment, infrastructure, agriculture, food security, conflict mitigation and reconciliation and capacity building.

The COMESA Secretariat has continued to consult with the USAID Competitiveness and Trade Expansion (COMPETE) project and through Work Planning Meetings has identified areas and specific activities for support in the implementation, under the COMESA Work Plan for 2010. Priority programmes will be identified for financing during 2010.

The Strategic Objective Grant Agreement (SOAG), which seeks to enhance African capacity to achieve regional food security, will expire September 2010.

COMESA Secretariat recruited Mr. Walter C. Talma as the new Programme Coordinator for all USAID assistance under the new Integrated Partnership Agreement. He has been on the post since late August 2009.



Walter C. Talma

The EU Signs Euro 118 Million Grant Agreement with regional groupings

of the programmes. In the case of COMESA since the year 2005, it implements EU-funded programmes under what is known as contribution agreements, a system which allows COMESA to receive advances and implement programmes using COMESA procedures. This highly reduces bureaucracy and accelerates implementation.

The programmes signed this week will contribute to the achievement of regional strategic objectives, with the view to provide direct support to the economic integration process by facilitating trade and reducing barriers to free movement of goods and services across Eastern and Southern Africa.

Among the new programmes is the Regional multi-disciplinary Centre of Excellence to be established, which will seek to increase the understanding of the benefits and opportunities offered by deeper regional integration among both public and private sector participants.

Meanwhile, at the same venue and date, the IGAD Executive Secretary Eng. Mahboub Maalim handed over the chairmanship for the IRCC to Amb. Callixte d'Offay of the IOC, who will lead the members of IRCC, namely COMESA, EAC, IGAD and IOC. The African Union, SADC and ACP participated in the IRCC meeting as observers.

Upcoming Events

19th March – Launching of the Simplified Trade Regime between Malawi and Zambia at the Mchinji/Mwami Border Post

23rd to 25th March – Sixth technical Committee Meeting on Information Technology Nairobi, Kenya

Australia prepares to engage ACTESA

4



A design team from Australian Aid (AusAID) is currently visiting the Alliance for Commodity Trade in Eastern and Southern Africa (ACTESA), to design a strategic partnership with the Agency. ACTESA is a Specialized Agency of the Common Market for Eastern and Southern Africa (COMESA) that seeks to rapidly increase agricultural market linkages and agro-based trade.

The program to be designed will focus on, among other issues, SPS regulations implementation, agricultural markets policy harmonization, establishing mechanisms to support commodity exchange forums, creating farmer-buyer market

linkages, and building ACTESA's capacity to deliver practical approaches to the region's agricultural challenges.

On March 17, 2010, the team met with COMESA Secretary General, Mr. Sindiso Ngwenya at the COMESA Secretariat. The team leader, AusAID Principal Adviser for Rural Development and Environment, Dr. Alwyn Chilver, was accompanied by ACTESA CEO, Dr. Cris Muyunda.

During the meeting, Mr. Ngwenya urged the team to place emphasis on implementation of practical activities to enhance the achievement of ACTESA's objectives particularly in the trade of food staples.

The design team will also incorporate in its programme,

submissions from various ACTESA stakeholders in the region.

The team will be at the ACTESA Secretariat in Lusaka, Zambia, for two weeks to finalize the program.

ACTESA aims to practically implement the vision of the Comprehensive Africa Agriculture Development Programme (CAADP) by integrating small scale farmers in national, regional and international markets, thereby increasing farmer productivity and incomes in the COMESA region through trade in staple crops. It is an answer to the region's agricultural challenges, which include trade related constraints, low productivity, technological and policy related constraints.