



# Towards the EAC Vision

EAC –GIZ programme 'Support to Regional Integration'  
Annual Report 2011



## Foreword

The treaty of the East African Community (EAC) states the vision of the region as a prosperous, competitive, secure, stable and politically united East Africa. The mission of the Community is to widen and deepen economic, political, social and cultural integration in order to improve the quality of life of the people of East Africa through increased competitiveness, value added production, trade and investment.

The 'Deutsche Gesellschaft für Internationale Zusammenarbeit' (GIZ), on behalf of the German Federal Ministry for Economic Cooperation and Development (BMZ) fully supports the vision and mission of the East African integration process. As such, the EAC-GIZ programme 'Support to the EAC regional integration' has introduced in 2011 a planning process called 'Plan and work together towards the EAC vision'. In this process, joint EAC-GIZ activities are agreed upon in a participatory planning process in support of the four milestones of the integration process: political harmonisation and economic integration through a customs union, a common market, a monetary union and, eventually, a political federation. The joint planning process forms now an integral part of the cooperation between EAC and GIZ.

In its current phase from 2009 to 2012, the EAC-GIZ programme specifically focuses on harmonisation of economic policies, establishing dialogue mechanisms between EAC and the private sector as well as civil society, tax harmonisation, WTO-Trade Related Aspects of Intellectual Property Rights (TRIPS) agreements in the pharmaceutical sector as well as organizational development within the EAC Secretariat.

### The different components of the EAC – GIZ programme



This EAC-GIZ Annual Report 2011 is the first of its kind. It aims to provide a quick reference to the status of programme implementation in 2011 highlighting the achieved outputs and analysing delayed or postponed activities.

GIZ staff would like to thank their EAC counterparts for their energy, enthusiasm and excellent cooperation throughout 2011. We are looking forward to 2012!

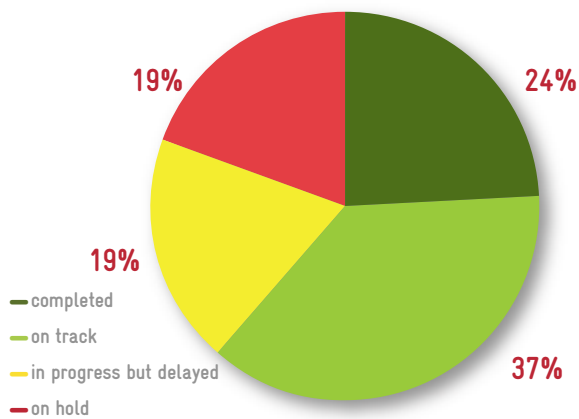
## Total progress in EAC-GIZ work plan implementation

The EAC-GIZ work plans were jointly developed per programme component at the beginning of 2011. They were endorsed by the EAC-German Joint Steering Committee in February 2011, and consecutively implemented in a spirit of excellent cooperation between GIZ experts and the EAC counterparts.

As the diagram below depicts, 24 % of all agreed activities were completed in time and 37 % are on track. This translates into 14 activities completed and 23 on track out of a total of 62 activity lines. A total of 38 % of activities (24 out of 62) were delayed or had to be put on hold for reasons mostly beyond control of either EAC or GIZ staff. Reference is made to e.g. pending Council approvals for policies & strategies (e.g. EAC Institutional Review) and non-consensus among Partner States about certain policies & strategies (e.g. EAC TRIPS Policy and Protocol) which led to delays in implementation. One major challenge for implementation was severely understaffed EAC counterpart departments.

The implementation of the EAC-GIZ work plan is monitored against the agreed time line. Activities are categorized either as completed, on track, in progress but delayed, or on hold. This monitoring system of the EAC-GIZ programme is based on the EAC results-based monitoring system.

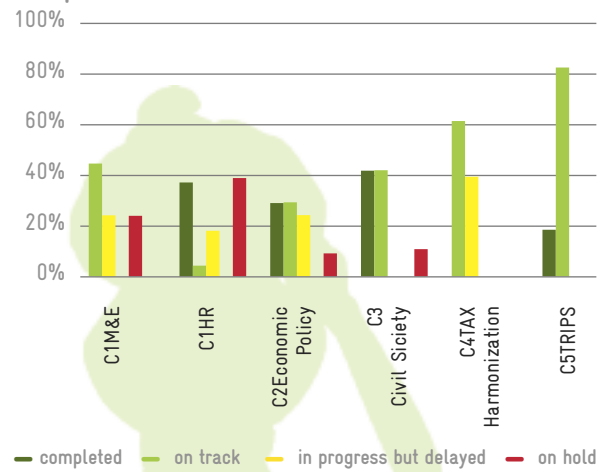
### Progress of total work plan implementation



## Progress in work plan implementation per component

Progress at the component level is developing also at a satisfactory pace. For detailed information in regard to component activities, please refer to the 'Component Reports'.

### Progress of work plan implementation per component



## Overview of GIZ supported workshops, trainings and conferences in 2011

Type of event	Number of events	Number of participants
<b>Workshops:</b>		
- Validation workshops		
- consultative workshops		
- inception workshops		
- stakeholder meetings	20	640
<b>Trainings:</b>		
- Executive secretary training		
- media trainings for journalists		
- training on proposal writing		
- leadership training		
- training on EAC Double Taxation Agreement	15	178
<b>Conferences:</b>		
- EAC symposium		
- EAC Industrialisation conference		
- EAC Pharmaceutical Manufacturers Conference	3	280

## Overview of approved policies & strategies supported by GIZ in 2011

- "EAC Industrialization Policy and Strategy": approved by the 13th Ordinary Summit of Heads of State, Bujumbura, November 2011
- "Dialogue Framework for Private Sector and Civil Society Organisations and the East African Community": approved by the 24th Council of Ministers, Bujumbura Nov 2011
- "East African Pharmaceutical Manufacturing Plan of Action (EAPMPOA)": approved by the 6th Sectoral Council of Ministers of Health, April 2011; launched officially in December 2011
- "EAC TRIPS Policy and Protocol": approved by the 6th Sectoral Council of Ministers of Health, April 2011
- "EAC Climate Change Strategy and Master Plan": approved by the 23rd Council of Ministers, Sep 2011
- "Agreement on the Avoidance of Double Taxation and the Prevention of Fiscal Evasion": signed by Partner States November 2011 (awaiting ratification by national parliaments)
- "EAC Customs Management (Enforcement and Compliance) Regulations": approved by the 24th Council of Ministers, Dec 2011

## GIZ-sponsored staff within the EAC

1 Junior Expert	In support of the Directorate Social Sectors
1 Assistant	In support of the Directorate Human Resources
1 Intern	In support of the Monitoring & Evaluation Department of the Directorate of Planning
2 Short-Term Experts	In support of the Education Department of the Directorate Social Sectors In support of the Registry Department of the Directorate HR & Administration

## GIZ activity-related budget in 2011

In 2011, the EAC –GIZ programme financed activities of a total of 1,094.277 USD.

In addition, Germany, through the GIZ programme budget, contributed 750.000 USD to the EAC Partnership Fund.

# Component reports

The following reports depict the progress status of each component.

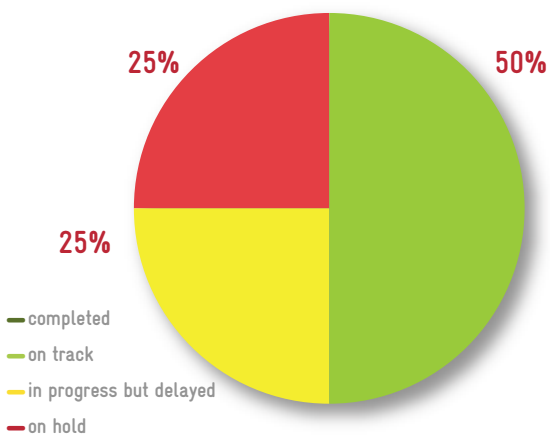
## 1. Component 'Organizational Development'

### Component objective

The component aims at strengthening the operational capacity of the EAC Secretariat in order to improve efficiency and service delivery. The three major areas of work are planning, monitoring & evaluation and HR management and development.

<b>M&amp;E</b> System for measuring integration process in place through	<ul style="list-style-type: none"> <li>• computerized EAC-wide M&amp;E system</li> <li>• operational results-based monitoring system</li> </ul>
<b>Planning</b> Improved planning process through	<ul style="list-style-type: none"> <li>• streamlined strategic and operational planning</li> <li>• quality management system</li> </ul>
<b>HR</b> Improved HR management and development through	<ul style="list-style-type: none"> <li>• efficient administrative HR systems</li> <li>• performance-based HR-Management</li> <li>• development of leadership and management skills systems</li> </ul>

### Progress on Planning/Monitoring & Evaluation



#### On track

- Set-up of M&E Management Information System MIS for EAC Secretariat: A beta version for the automated M&E MIS is installed for review and testing
- Results-based M&E framework: framework was developed
- M&E function strengthened: GIZ has recruited and finances a M&E MIS expert for one year (Jan-December 2012); as well as a M&E intern for 6 months (Jan-July 2012).
- Quality Management System (QMS) for the EAC Planning Function (pilot exercise): The EAC Planning Policy and Manual/Standard Operating Procedures which documents streamlined and standardized strategic & operational planning procedures for EAC Secretariat, is developed. Validation and QMS awareness training with EAC Executive Management planned for Jan/Feb. 2012

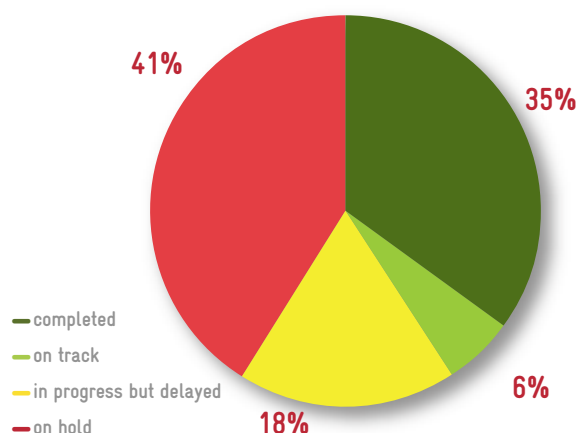
#### In progress but delayed

- Result-based M&E system and M&E MIS operationalised: Training on the operationalization of the EAC result-based M&E system as well as the application of the M&E MIS system was postponed to February 2012 to allow the newly assigned M&E focal points of all EAC organs, institutions and Ministries of EAC Affairs (MEACAs) to join the meeting.
- Gender-sensitive outcome indicators for the EAC Development Strategy: The results of a comprehensive Gender Audit and subsequent Gender Action Plan were to be awaited before engaging in this activity (expected for January 2012).

#### On hold

- Team-building for Directorate of Planning: delayed due to time constraints of the Directorate.
- Work plan implementation on track: Quarterly review meetings delayed due to EAC time-constraints; bi-annual review meetings are now agreed upon

b) Progress on Human Resource Management and Development



**Completed**

- Integration of InspiroPeople administration system and SUN systems: completed
- EAC Staff trained on Inspiro: 7 EAC staff and 15 EAC Executive EAC staff trained
- HR assistant: HR assistant in place since September 2011
- Total Records Information Management (TRIM) up-to-date: TRIM consultant recruited for 6 months for TRIM data input/operationalisation – up-date complete
- Capacity development:
  - Training of 16 EAC executive secretaries (November 2011)
  - Several TRIM trainings implemented by TRIM consultant

**On track**

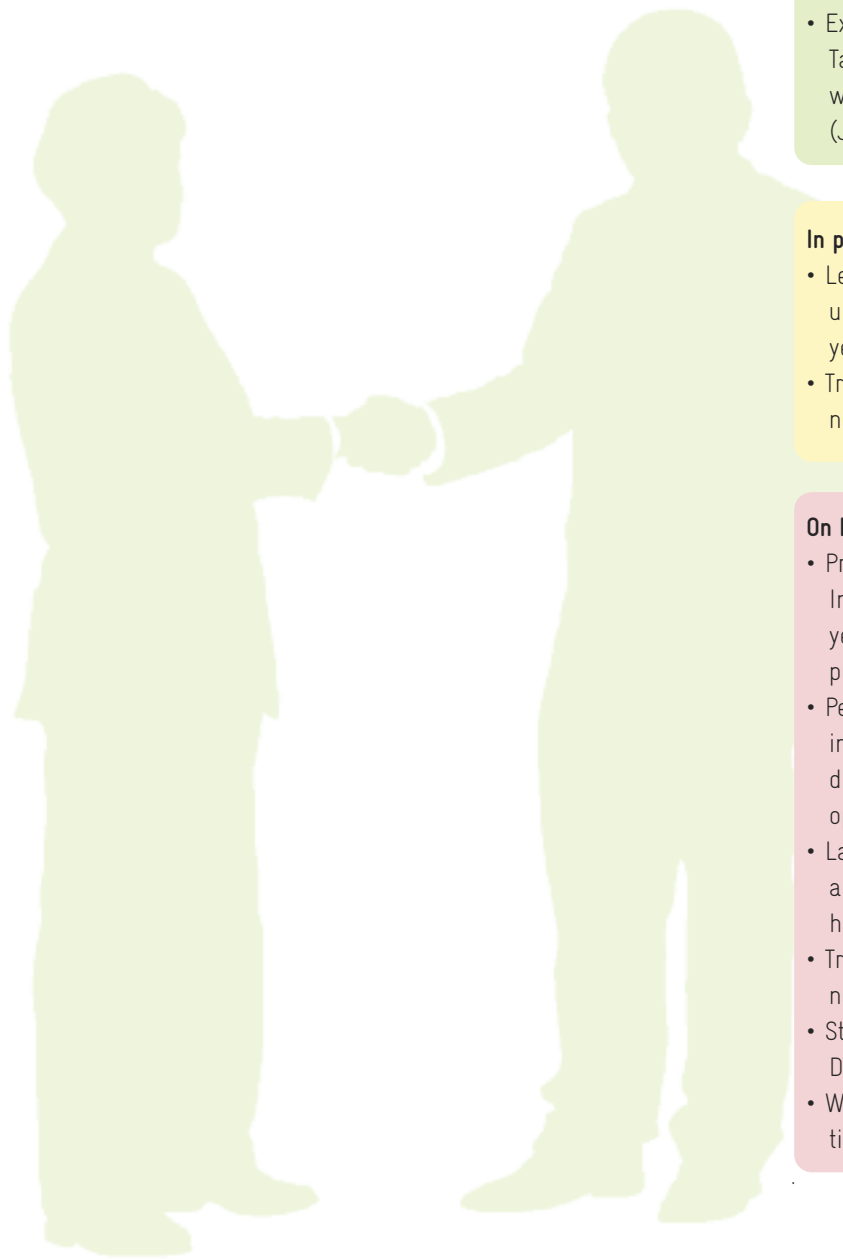
- Exchange between EAC and EU: EAC High-Level Task Force on the East African Monetary Union will go on a study visit to Germany/Belgium (Jan 14-23, 2012)

**In progress but delayed**

- Leadership training: 1st phase needs to be wound up formally & the scope of the second phase is yet to be defined with the EAC Executives.
- Training plan: Draft EAC training plan in place, but needs to be linked to strategic HR plan (on hold)

**On hold**

- Proposal for EAC change process in view of EAC Institutional Review: as the Institutional Review is yet not approved by Council, this activity line was put on hold until approval
- Performance-based human resource management in place: performance-based contracts were introduced in 2011, but accompanying capacity development was not pursued by EAC
- Launch of HR Manual: As the HR Manual was only approved by Council in November 2011, activities have to be moved to 2012
- Training on use of video conferencing: VC facilities not in place yet, activities moved to 2012
- Strategic HR plan: on hold until launch of EAC Dev. Strategy and Institutional Review
- Work plan review: No meetings held due to EAC time-constraints

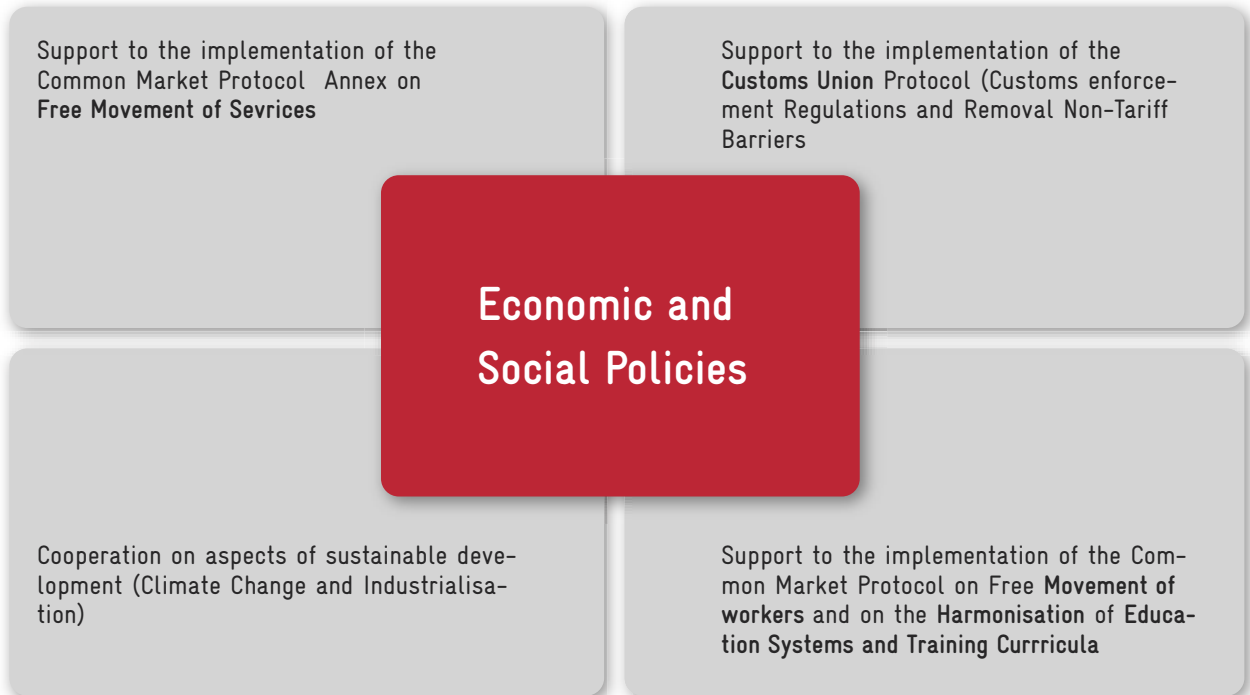


## 2. Component 'Economic and Social Policies'

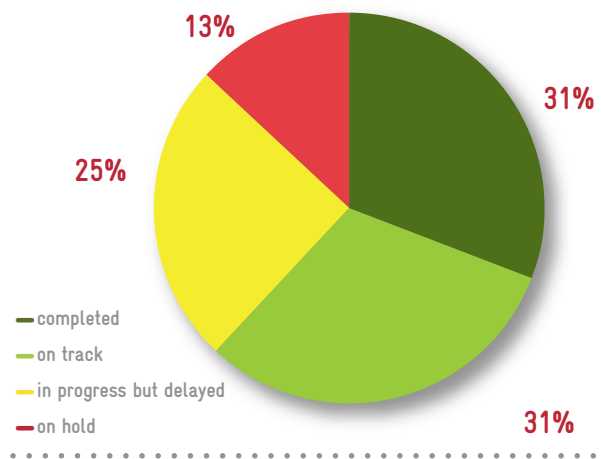
### Component objective

The component aims at strengthening the economic and social policy competencies of the EAC Secretariat. GIZ supports the EAC Secretariat in effectively design-

ing, coordinating and monitoring processes for establishing the Common Market in the East African region by strengthening its sector specific capacities and its steering competency.



Progress of component 'Economic and Social Policies'





### Completed

- Support to the implementation of the Non-Tariff Barriers (NTBs) Monitoring and Elimination Mechanism: The national NTB Monitoring Committee meetings of the EAC Partner States were held in 2011 to discuss and update on the progress of removing NTBs to trade.
- Support to the development of EAC Customs Management (Enforcement and Compliance) Regulations: Two expert meetings to finalize the drafting of the EAC Customs Management (Compliance and Enforcement) Regulations took place in 2011 and got approved for implementation by the decision making bodies of the EAC. The regulations define a sound EAC operational framework in all customs enforcement matters and help the EAC Secretariat to coordinate and monitor the implementation of the EAC customs laws.
- Update and finalize the Industrialisation Policy and Strategy: The EAC Industrialization Policy and Strategy was adopted by the EAC Council of Ministers and the Summit of Heads of States in 2011. GIZ supported the EAC Secretariat in providing strategic inputs to the discussions between Partner States by facilitating several experts meetings and providing technical expertise from regional and international industrialization specialists.
- Support to the development of the EAC Climate Change Strategy: The EAC Climate Change Strategy was finalized and adopted in 2011. The GIZ component supported several expert meetings and provided regional and international expertise in the process.
- Information dissemination and sharing on EAC regional integration: The EAC library in Dar Es Salaam opened and contributes to the dissemination and sharing of information on EAC regional integration.

### On track

- Support to the development and implementation of the Customs Enforcement Implementation Strategy: The elaboration of the implementation strategy for the Customs Management (Compliance and Enforcement) Regulations will start in the first quarter of 2012.
- Support to the implementation and negotiations process of services liberalization in the EAC: A regional workshop on trade in services in the EAC, deliberated on a number of issues related to trade in services negotiations and implementation. Formal discussion will be re-launched during the expert meeting to take place in March 2012.

- Support to the recognition of qualification: A template for professional bodies to negotiate Mutual Recognition Agreements in the EAC was developed, awaiting approval of the decision making bodies of the EAC. Furthermore, benchmarks for recognition of foreign academic qualifications were developed.
- Harmonisation of Labor Laws and Employment Policies: A study on the harmonization of labor laws and employment policies in the EAC was updated by national studies for Rwanda and Burundi.
- Support to the EAC symposium / Exchange with other Regional Economic Communities (RECs): Exchange with other RECs on the implementation of the Common Market was supported at the beginning of 2011. Furthermore, representatives of other African RECs participated at EAC meetings on services liberalization and industrialization to share their different experiences.

### In progress but delayed

- Strengthening the NTB Monitoring and Elimination Mechanism: The EAC Business Climate Index report is currently being developed to provide empirical evidence on removal of NTBs and support the process of private sector advocacy to decision makers.
- Support to the implementation and negotiations process of services liberalization in the EAC: A tendering process for a study to assess the actual degree of liberalization undertaken by EAC Partner States in the services sector was started in August/September 2011; the final decision on the selection of the consultancy is still pending.
- Sensitization workshops on provisions of the CMP on Free Movement of labour: The sensitization workshops have been postponed to 2012.
- Harmonisation of education systems and training curriculum: To support the harmonization of education systems and training curriculum, draft terms and a road map were developed and will be discussed during the first meeting of the Technical Committee which was postponed to 2012.

### On hold

- Support to the regional competition policy
- Technical contribution to analyze potential impacts of EPA negotiations: Way forward needs to be discussed

### 3. Component 'Private Sector and Civil Society Dialogue'

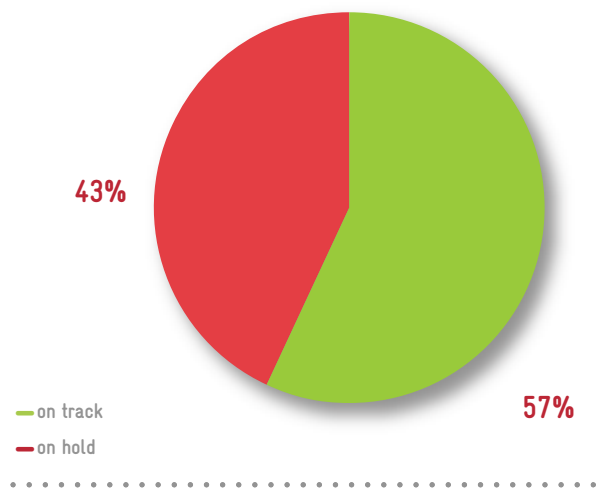
#### Component objective

The Treaty for the Establishment of the East African Community, particularly in its article 127, sets forth the creation of an enabling environment for the private sector and the civil society in the region. It is generally acknowledged that the lack of participation of the private sector and civil society was one of the factors that actually led to the collapse of the first East African Community in the 1970s. Therefore it is crucial that the EAC draws its legitimacy directly from the people of East Africa by involving the relevant stakeholders of the private sector and the civil society. Therefore, the component focuses on the institutionalisation of a dialogue between the EAC Secretariat and the private sector and the civil society by setting up a framework to advance their interests within the East African Community.

In this regard, the component has collaborated with the EAC Secretariat in 2011 in the following three areas:

<b>Functioning Institutional Dialogue Framework</b>	<ul style="list-style-type: none"> <li>• systematic cooperation between Private sector and civil society</li> <li>• Annual Forum convened by the Secretary General</li> </ul>
<b>Inputs from Private sector / Civil Society into 4th EAC Dev Strategy</b>	<ul style="list-style-type: none"> <li>• Involvement of key actors from private sector and civil society</li> <li>• recommendation on key areas and strategic interventions taken into consideration in the final document</li> </ul>
<b>Improvement of NTBs and intra EAC trade</b>	<ul style="list-style-type: none"> <li>• Relaunching of the Business Climate Index</li> <li>• Collection and dissemination of information on EAC business Climate</li> <li>• Business community to voice concerns on NTBs</li> </ul>

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 Progress of component 'Private Sector and Civil Society Dialogue'



#### **On track**

- The EAC dialogue framework has been developed and validated by all stakeholders from Private Sector and Civil Society as well as Partner States and has been discussed at the 24th Council of Ministers Meeting. Also the 15th Sectoral Council of Ministers in charge of EAC affairs and planning in January 2012 has considered the Dialogue Framework for submission to the 25th Council Meeting for adoption
- The component supported the participatory process of developing the fourth EAC Development Strategy. The component provided the opportunity for consultation and feed-back and ensured the participation of the people of East Africa through their various organisations.
- In order to train representatives of selected civil society and private sector organisations in EAC processes and reporting / advocacy techniques, a guide to EAC structures and processes was developed and widely distributed to all involved and cooperating stakeholders from Civil Society and Private Sector. A broad sensitization campaign is planned in line with the implementation of the dialogue framework for 2012.
- 3 resolutions by the Annual EAC Civil Society Forum reflecting the concerns of Civil Society Organizations (CSOs) were submitted to the CoM for consideration. The EAC Secretariat has taken up the draft Gender Protocol developed by CSOs to submit it to the Forum of Ministers in charge of Social Development. The draft Civil Society Mobilization Strategy was presented before the Ministers who requested further consultations before presentation to the CoM. The component is supporting the EAC Secretariat in the finalization of the strategy.
- The Regional gender framework was prepared with the participation of civic groups. An expert meeting was held during the meeting of Forum of Ministers for Social development, which took place from 29th June to 6th July 2011. The Forum of Ministers directed the EAC Secretariat to develop an EAC Gender Protocol. A final decision from relevant organs of the Community is pending.

#### **In progress but delayed**

- The development of the Business Climate Index was initiated by conducting structured and guided interviews with the business community as well as all related government authority involved in cross border trade. Due to delays in the return of the questionnaires, the finalization of the BCI is expected for February 2012 and the launching for March 2012.

#### **On hold**

- Revised Private Sector Development Strategy that incorporates Rwanda and Burundi: draft TORs are available, but not finally approved by the EAC Directorate responsible for Private Sector Development

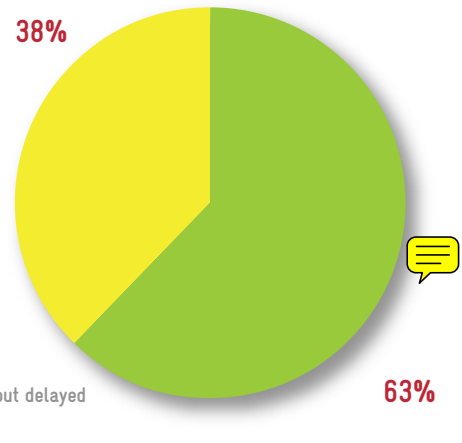
## 4. Component 'Tax Harmonization'

### Component objective

The component aims at promoting tax harmonisation in the East African Community (EAC), with a particular emphasis on Value Added Tax (VAT) and Excise Taxes. The harmonisation of taxes and procedures is vital for the success of the Common Market and the upcoming Monetary Union as it facilitates the free movement of goods, capital, services and people and contributes to fiscal stability within the region. The component supports consultations and negotiations of different tax instruments which can be grouped in the following categories:

<p><b>VAT and Excise Tax Harmonisation</b></p>	<ul style="list-style-type: none"> <li>• Joint proposals on harmonising excise Taxation/VAT are prepared by technical working groups at regional level</li> <li>• Study on impact of excise harmonisation</li> </ul>
<p><b>Implementation of the agreement on the Avoidance of Double Taxation between EAC PS</b></p>	<ul style="list-style-type: none"> <li>• Development of a handbook of EAC</li> <li>• Train the Trainers Workshops</li> <li>• Operationalisation of signed MOU on Information exchange</li> </ul>
<p><b>Further measures to support tax harmonisation</b></p>	<ul style="list-style-type: none"> <li>• Development of a Code of Conduct on harmful tax competition</li> <li>• Development of a DTA model for future negotiations with third parties</li> <li>• Harmonisation of domestic tax training systems</li> </ul>

### Progress of component 'Tax Harmonisation'



### On track

- Implementation of the Agreement to Avoid Double Taxation (DTA): terms of reference for the Double Taxation Avoidance Handbook for EAC have been drafted and approved by EAC, regional and international consultants have been contracted.
- DTA training in the region and in specific Partner States: regional trainings of trainers were conducted in Kenya and Tanzania - training for Rwanda and Burundi are scheduled for February 2012 in Rwanda.
- Operationalisation of signed Memorandum of Understanding (MoU) and information exchange: best practice report from a Partner State was drafted and completed - a date for a workshop is currently discussed at the EAC Secretariat.
- Harmonisation of tax curricula: the tender was completed and a consulting was selected, the inception report is scheduled for 30th of January 2012. Validation of study is scheduled for April 2012
- Regularly component review meetings: took place, instead of quarterly reviews, bi-annual review meetings should be agreed to.

### Pending

- Excise and VAT laws are harmonized and passed by East African Legislative Assembly (EALA): the Technical Committee on VAT is scheduled for March 2012; excise will further delay as a study on the revenue implication of excise tax harmonisation has to be completed first; the Technical Committee on VAT adopted the pillars of the VAT Bill - the next step is to draft the bill.
- Study on revenue implication of excise harmonisation: the Committee on Fiscal Affairs adopted the terms of reference, the tender process is expected to start in February 2012
- DTA model and Code of Conduct on Harmful Tax Competition: both have to be adopted by the Committee on Fiscal Affairs Committee (CFA) - the CFA took note of the report; the next step is to review the drafts and negotiate the legal instruments within the Income Tax Technical Working Group scheduled for 13th-17th of February 2012 in Arusha.



## 5. TRIPS and Pharmaceutical Sector Promotion

### Component objective

The component aims to improve the planning and co-ordination of the EAC Secretariat regarding measures for the use of the TRIPS flexibilities and the promotion of pharmaceuticals production with the participation of the regional private sector.

Cooperation with the EAC Secretariat in the field of TRIPS and Pharmaceutical Sector Promotion concentrates on three main areas:

1. Establishing the EAC TRIPS Policy and the EAC TRIPS Protocol,
2. Establishing the EAC Regional Pharmaceutical Manufacturing Plan of Action (EAC-RPMP OA)
3. Supporting the establishment of the Federation of East African Pharmaceutical Manufacturers (FEAPM)

#### EAC TRIPS Policy and EAC TRIPS Protocol

- Harmonised Intellectual Property (IP) legislation in the region
- Full utilisation of TRIPS flexibilities related to public health

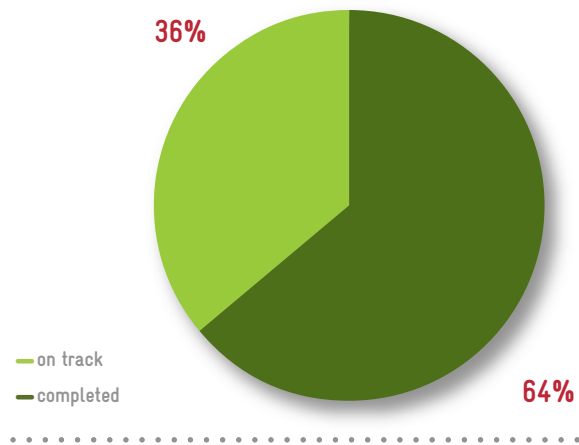
#### -RPMP OA- EAC Regional Pharmaceutical manufacturing Plan of Action

- Improved Framework conditions for investments in local pharmaceutical manufacturing
- Sustainable access to affordable, highquality essential medicines

#### -FEAPM- Federation of EAST African Pharmaceutical Manufacturers

- Regional representation of the interests of local manufacturers
- High-level public-private dialogue on public health, access to medicines and local pharmaceutical manufacturing

### Progress of component 'TRIPS and pharmaceutical sector promotion':

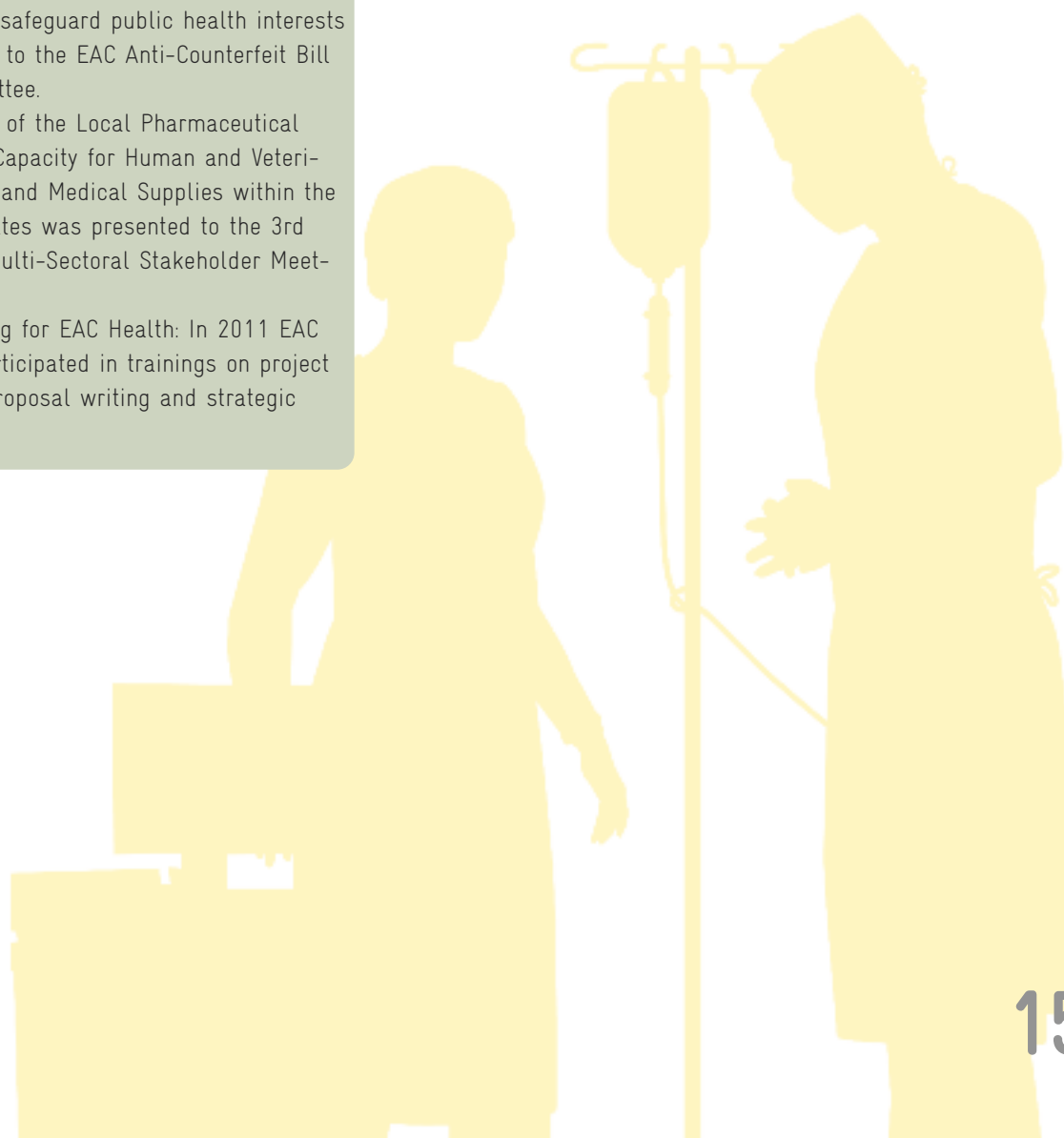


### Completed

- Component support to EAC activities such as participation in coordination of the African Medicines Regulation Harmonization (AMRH) project, discussions on pooled procurement of medicines and Active Pharmaceutical Ingredients (APIs), EAC Health HIV/AIDS programme workplan and strategic planning of the EAC Health Department.
- Approval of the EAC TRIPS Policy and the EAC TRIPS Protocol by the 6th EAC Sectoral Council on Health.
- Approval of the EAC Regional Pharmaceutical Manufacturing Plan of Action (RPMPOA) by the 6th Sectoral Council on Health.
- Registration of the Federation of East African Pharmaceutical Manufacturers (FEAPM) in Arusha, Tanzania as company limited by guarantee and launch of the FEAPM website ([www.feapm.com](http://www.feapm.com)).
- EAC Health recommendations on required amendments of the draft EAC Anti-Counterfeit Bill in order to safeguard public health interests were submitted to the EAC Anti-Counterfeit Bill Drafting Committee.
- Baseline Survey of the Local Pharmaceutical Manufacturing Capacity for Human and Veterinary Medicines and Medical Supplies within the EAC Partner States was presented to the 3rd EAC Regional Multi-Sectoral Stakeholder Meeting.
- Capacity Building for EAC Health: In 2011 EAC Health staff participated in trainings on project management, proposal writing and strategic planning.

### on track

- Supporting approval of the EAC TRIPS Policy and the EAC TRIPS Protocol by the EAC Full Council and/or the EAC Summit as well as the EAC Sectoral Council on Legal and Judiciary Affairs.
- Coordination of the implementation of the EAC Regional Pharmaceutical Manufacturing Plan of Action (RPMPOA)
- Strengthen national pharmaceutical manufacturers and associations through the Federation of East African Pharmaceutical Manufacturers (FEAPM) in cooperation with the East African Business Council.
- Further capacity building activities for EAC Health staff.



## Outlook





**Veröffentlicht von**

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Werbedruck |

**Fotos**

Cover: Ralf B

S. 4: Stefan E

S. 8 – S. 14:

S. 19: Ralf B;

S. 23 Giorgi I

Volker Stampe,  
ceski, S. 17 –  
ersion-foto,  
an Erber

**Papier**

Umschlag: Envirotop 250 g/m<sup>2</sup>

Innenteil: Envirotop 120 g/m<sup>2</sup>

Eschborn, 2011





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