

Regional Dimensions of Norwegian Country Programmes in East Africa

Arne Tostensen

R 2006: 6

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CMI Reports

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Price: NOK 50

ISSN 0805-505X

ISBN 82-8062-155-5

This report is also available at:

www.cmi.no/publications

Indexing terms

Development aid
Country programmes
East Africa
Kenya
Tanzania
Uganda
Norway

Project number

25172

Project title

Regional dimensions of Norwegian aid programmes in East Africa

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Acronyms and abbreviations

AfDB	African Development Bank
AIDS	Acquired Immune Deficiency Syndrome
AWEPA	European Parliamentarians for Africa
CET	Common External Tariff
CGIAR	Consultative Group for International Agricultural Research
CIDA	Canadian International Development Agency
DRC	Democratic Republic of Congo
EAC	East African Community
EACJ	East African Court of Justice
EADB	East African Development Bank
EALA	East African Legislative Assembly
ERS	Economic Recovery Strategy for Wealth and Employment Creation
EU	European Union
GJLOS	Governance, Justice, Law and Order Sector
GTZ	Gesellschaft für Technische Zusammenarbeit
HIPC	Heavily Indebted Poor Countries
HIV	Human Immuno-deficiency Virus
IMF	International Monetary Fund
IUCEA	Inter-University Council for East Africa
JAS	Joint Assistance Strategy
LVBC	Lake Victoria Basin Commission
LVDP	Lake Victoria Development Programme
LVEMP	Lake Victoria Environment Management Programme
MERECIP	Mount Elgon Regional Ecosystem Conservation Programme
MFI	Microfinance institutions
MNRP	Management of Natural Resources Programme
NBI	Nile Basin Initiative
NELSAP	Nile Equatorial Lakes Subsidiary Action Programme
NEPAD	New Partnership for African Development
NGO	Non-governmental organisation
NOK	Norwegian kroner
NORAD	Norwegian Agency for Development Co-operation
NSGRP	National Strategy for Growth and Reduction of Poverty
NUFU	Norwegian Council for Higher Education's Programme for Development Research and Education
NVE	Norwegian Water Resources and Energy Directorate
PEAP	Poverty Eradication Action Plan
Petrad	International Programme for Petroleum Administration
PFM	Public Finance Management
PRSP	Poverty Reduction Strategy Paper
SAGA	Semi-autonomous government agencies
SVP	Shared Vision Programme
SWAP	Sector-wide Approach
UETCL	Uganda Electricity Transmission Company Ltd.
UDSM	University of Dar es Salaam
UJAS	Uganda Joint Assistance Strategy
UNBS	Uganda National Bureau of Standards

UNDP
UNIDO

United Nations Development Programme
United Nations Industrial Development Organisation

Executive summary

1. This study is an assessment of existing Norwegian aid country programmes in Kenya, Tanzania and Uganda, on how they relate to East African regional ambitions, supplemented by information on other donors' support for the EAC directly.
2. Mindful of the subsidiarity principle and acknowledging the need for policy coherence, the respective country programmes are regarded as complementary to the regional level. 'Tilting' country programmes to regional priorities is a good method of integrating country-specific interventions with regional objectives.
3. Being aware of the regional dimension when designing country-specific programmes, does not mean that *all* national interventions need to be orientated towards regional efforts. Activities that on the face of it appear national in character could be considered building blocks towards regional integration. Maintaining an awareness of the inter-relationship between the national and the regional is critical.
4. In terms of budget provision, regional 'tilting' of country programmes would not mean 'stealing' from the financial country frames. The funding of additional national activities with a regional import could be drawn from the regional budget vote.
5. The Norwegian country programmes in the three EAC member states vary considerably in size and composition. A review of them revealed a number of regional linkages and potentials. Four sectors or sub-sectors were identified for actions: energy; tertiary education; private sector development; and legal sector reform.
6. In the energy sector, the point of departure is the EAC intention to develop regional energy markets. To that end a Regional Power Master Plan has been elaborated. It is also noteworthy that Norway has comparative advantages in the energy sector. At present the country programme in Uganda has a sizable energy component. In Tanzania long-standing collaboration in the energy sector was discontinued in 2002 but should be resuscitated. Kenya would get involved indirectly.
7. Intra-regional migration of university students and professionals means that the regional relevance of tertiary education is high, especially with regard to the harmonisation of curricula and degree requirements. EAC plans for a common regional labour market underscores this point. The tertiary education component of the country programmes in Tanzania and Uganda are considerable. In addition, NUFU is very active in those countries. Therefore, the case is strong for forging closer regional links, most sensibly through the Inter-University Council for East Africa (INCEA). Kenya could be included indirectly via the IUCEA.
8. Economic growth rates depend on a thriving private sector. Developing regional markets and trade are important elements in promoting the private sector. The East African Customs Union, now being implemented, is arguably the greatest achievement of the EAC to date. But for the reduced intra-regional tariffs to have the desired effect, a number of concomitant preconditions must be created as well. One of them is quality standards of products to be traded. In Uganda a successful programme is in progress in collaboration with UNIDO on quality assurance. A similar programme is operative in Tanzania which creates scope for greater inter-country collaboration in this area. In Kenya, an ongoing micro credit programme is assisting small-scale entrepreneurs to establish businesses by offering small loans. The same international NGO as that operating in Kenya has a chapter in Kampala, which creates a ready opportunity for closer collaboration.
9. The rule of law is a fundamental principle of East African integration. But this principle cannot be upheld at the regional level if the national justice systems are faulty or inefficient. Functional justice systems of integrity are therefore critical at both national and regional levels. In both

Kenya and Uganda, Norway is currently supporting major programmes for legal sector reform. In Tanzania, Norwegian involvement came to an end in 2002 but should be revived.

10. Where joint assistance strategies have been formulated or are contemplated, regional dimensions should be raised and addressed.
11. With regard to ongoing regional programmes Norwegian assistance should continue and adjusted if need be, such as support for the Lake Victoria Basin Commission, and the Mount Elgon Regional Ecosystem Conservation Programme.
12. Direct support to the East African Legislative Assembly should be continued and given a sharper focus.
13. As a vehicle for donor basket funding and co-ordination the Partnership Fund should be given full support.
14. Elaborating a regional PRSP should be considered for the East African region, possibly in conjunction with the World Bank in line with West African experiences with a similar exercise.
15. An overview is given of other donors' support to the EAC and its programmes. The Partnership Fund could be used as a forum for co-ordination between the EAC and the donor community. Otherwise, it is recommended that a computerised projects database be compiled to keep better track of external aid.

Introduction

This study is a follow-up to a previous assessment of the feasibility of establishing an East African political federation by 2010.¹ That study pointed out, *inter alia*, that while moving towards a federation is recommendable certain deficiencies at the national level of the three federating states – Kenya, Tanzania and Uganda – create hurdles that need to be squared away. The paradox is also noteworthy that centrifugal and centripetal forces seem to be operating at the same time. The former is producing smaller sub-national units such as the increasing number of districts in Kenya and Uganda. The latter includes moves towards larger units such as the East African federation. It is hard to say which of these forces are stronger but it seems that the centrifugal tendencies have the upper hand at the moment.

Hence, it makes sense to look at how phenomena at the national level bear on efforts towards regional integration. This study is confined largely to an assessment of Norwegian aid country programmes and how they relate to East African regional ambitions, supplemented by information on other donors' support for the EAC directly. Although the study may thus seem narrow in scope, its rationale, analysis and general findings are likely to apply to the bilateral country programmes of other donors as well.

Bilateral donors and multilateral aid agencies alike acknowledge the need for interventions at different levels. Country-specific programmes are typically designed to meet the development challenges facing nation-states, including decentralisation efforts. In a complementary fashion, some donors become involved in regional ventures to address issues that cannot be handled at the national level. Norway is no exception in that regard. Aid is extended to each of the constituent member states of the East African Community (EAC) while at the same time providing direct support to the EAC as a regional venture. Thus, in this context Norway pursues a two-pronged aid strategy. However, regional initiatives impinge on activities at the national level and, similarly, what goes on at the national level may in many respects be considered the building blocks of regional ambitions. In most cases, however, national (or sub-national) and regional initiatives are rarely considered in conjunction. It is justified and long overdue, therefore, that the inter-relationship between national and regional interventions be scrutinised with a view to enhancing aid effectiveness.

In recent years, a debate on *policy coherence* has been simmering within the donor community and academic circles. Questions have been asked whether certain donor policies in one arena, e.g. trade, contradict aid policies and effectively cancel out achievements resulting from aid interventions. The emphasis has been put on eliminating whatever policy contradictions exist and on providing coherence in the overall donor stance towards the developing world. The same reasoning applies to the relationship between the national and the regional levels. In this context, however, it is not as much a matter of removing contradictions as one of creating beneficial synergies between the levels.

While promoting synergies between country programmes and regional interventions, the *subsidiarity principle* must be observed. This principle is enshrined in Article 7 of the EAC Treaty.

¹ Thomas Nzioki Kibua and Arne Tostensen, *Fast-tracking East African Integration: Assessing the Feasibility of a Political Federation by 2010*, Bergen: Chr. Michelsen Institute, 2005. (Report R 2005: 14). See also Arne Tostensen, *Supporting East African Integration: Assessing the Potential for Norwegian Support to the East African Community*, Bergen: Chr. Michelsen Institute, 2001, (Commissioned report for NORAD). For ease of reference, relevant points from these reports will be reiterated in the present one.

Emanating from the European Unions (EU) no unequivocal definition exists and the principle has been the subject of much controversy in interpretation. It has often been used or abused by national governments as a pretext for not allowing the EU to deal with matters they prefer to keep within their own preserve, even if a common, uniform policy would be more appropriate and effective.

The application of the subsidiarity principle is intended to ensure that decisions are taken and implemented at the appropriate level, i.e. as closely as possible to the people they affect directly, and that constant checks are made as to whether action at the Community level is justified in the light of the opportunities at national and various sub-national levels. The principle contains both a practical element of division of labour and a political component that defines the jurisdiction and administrative competence of the various tiers of government in a complex regional undertaking. It serves the purpose of encouraging the participation and involvement of a wide range of stakeholders at multiple levels in the integration process.

In the East African context the subsidiarity principle should be taken to mean that the Community must be careful to involve itself only in distinctly cross-border concerns, and leave all other tasks to the governments of the partner states, or the private sector and civil society of those states. It would also mean that the EAC as an organisation could entrust specific cross-border initiatives to regional entities that are not necessarily part of the EAC structures, or to the many autonomous regional organisations, affiliated to the EAC, in specialised fields of activity such as the Inter-University Council for East Africa. Applying the subsidiarity principle means allocating tasks to entities with a capability to fulfil them with a view to avoiding bottlenecks at the EAC Secretariat as the central focal point. This does not mean, however, that the EAC should not monitor and oversee the processes driven and administered by other units, and possibly intervene if progress is deemed too slow or going in the wrong direction. It is the responsibility of the EAC as the apex organisation in the region to monitor and direct the process of integration, but not necessarily to be directly involved in all activities.

Most concerns can be construed to have a regional dimension, but that does not mean that they are fundamentally regional in nature and amenable to regional intervention. For instance, despite their inclusion in the Treaty, the majority of health issues, including the HIV/AIDS pandemic, can better be addressed by the national health care systems. Likewise, educational matters at primary and secondary levels are the primary responsibility of the national education authorities. Similarly, gender relations in socio-economic development are the preserve of national governments. In the same vein, it is difficult to see how local government could be part of a regional project portfolio, except, perhaps, the formation of a regional association of local governments. Applying the subsidiarity principle in this manner does not preclude the regional exchange of information and experience from national settings. The point to drive home is simply that the regional agenda may become overloaded if the subsidiarity principle is not adhered to scrupulously.

Apart from involvement in regional projects funded from regional budget votes, the bilateral country programmes should be regarded in the context of *complementarity*. 'Tilting' country programmes to regional priorities is a good method of integrating country-specific interventions with regional objectives in a complementary fashion. For instance, construction of a stretch of road that forms part of a regional transport corridor may be financed and managed at the country level. Similarly, installing hydroelectric power generation capacity at the country level could contribute substantially to a regional power pool and market in line with the East African Power Master Plan, of which a regional distribution grid would be an integral part. The examples could be multiplied. It is important, therefore, that when negotiating country programmes the regional dimension be accommodated. It is also prudent to remind oneself that regional integration can only function well if the country-specific preconditions are in place. It would be a delusion to think that regional interventions can be a substitute for interventions at the country level.

Being mindful of the regional dimension when designing country-specific programmes, does not mean that *all* national interventions need to be orientated towards regional efforts. The partner countries would probably object to such a notion – justifiably so. It is perfectly legitimate and indeed in accordance with the subsidiarity principle that a range of activities be undertaken at the national level. That said, even activities that on the face of it appear to be national in character could be considered building blocks towards regional integration. Maintaining an awareness of the inter-relationship between the national and the regional would therefore be critical.

In terms of budget provision, ‘tilting’ or regional awareness would not mean ‘stealing’ from the financial country frames. However, if interventions at the national level could be ‘tilted’ towards regional objectives without compromising their national contribution, ‘tilting’ would be in order. Otherwise, the funding of additional national activities with a regional import could be drawn from the regional budget vote.

It is comparatively easy for a donor such as Norway to keep tabs on its policies and programmes at various levels to ensure co-ordination and coherence. It is far more difficult when a multitude of donors are involved, each with its own set of policies. About 25 donor agencies – bilateral and multilateral – and other aid organisations are currently collaborating with the EAC or are discussing some form of future involvement. It is mandatory that Norway see its function as complementary to other donors, either by venturing into new areas and sectors where no other donor has trod before, or by contributing additional inputs into ongoing activities that might be underfinanced or otherwise lacking in resources. With the vast agenda laid down in the Treaty there should be room for any donor prepared to contribute; it is a matter of finding the appropriate niche.

A new mechanism for donor co-ordination has recently been set up (see section below). The EAC Partnership Fund has replaced the erstwhile consultancy fund. Apart from being a funding facility, the Fund could very well be used as a forum for discussion and co-ordination of donor contributions and as a vehicle for harmonising interventions in line with EAC priorities. A new EAC Development Plan is in the final stages of preparation. It is expected to be a reaffirmation and continuation of previous priorities, albeit with adjustments in light of changing circumstances. It is also likely that a fast-track element will be included to insert a sense of urgency. Whatever the nature of the new development plan, the donor community is well advised to take its cues from that document.

The current situation

The Norwegian country programmes in the three EAC member states vary considerably in size and composition. By far the largest is that in Tanzania with about NOK 335 million per year, followed by Uganda (NOK 250 million per year) and Kenya with only NOK 45 million per year. This section of the report will look at the existing country programmes in Kenya, Tanzania and Uganda, respectively, with a view to examining whether regional linkages exist at present and how better synergies might be created in the future. Each of the country sections below will highlight initiatives with clear regional linkages or potential for regional synergies in the future. Other elements of the country programmes will largely be left unattended. In a concluding section the involvement of other donors will also be presented.

Kenya

Compared to those of Tanzania and Uganda, the Norwegian country programme in Kenya is rather small, in part owing to the hiatus of aid relations since 1990 when Kenya severed diplomatic ties. The programme is currently focused on governance issues, specifically anti-corruption activities, justice, law and order, as well as public finance management, planning, budgeting and control.

In principle, all aid to Kenya should be geared towards implementing the government's "Economic Recovery Strategy for Wealth and Employment Creation 2003–2007 (ERS)".² This strategy subscribes to the view that economic growth is a prerequisite for poverty reduction but also proposes other measures to stimulate pro-poor growth, e.g. employment creation and putting in place social sector programmes favouring the poor. The recovery strategy is based on four pillars: macro-economic stability; good governance; improved physical infrastructure; and investment in human capital. A macro-economic framework conducive to growth and poverty reduction entails maintaining public revenue at above one-fifth of GDP to enable the bulk of government expenditure to be financed from tax revenues; redirecting expenditure towards the poor; financing budget deficits from non-domestic sources so as not to stifle domestic private sector recovery; pursuing a monetary policy with low inflation. The governance pillar is centred on the rule of law, anti-corruption measures and enhanced levels of ethics in public service. In the area of physical infrastructure the priorities include rehabilitation, reconstruction and expansion of the roads network, including rural access roads; ensuring reliable supplies of energy; improving telecommunications through increased competition and private sector participation; restructuring the railway sector; and developing Mombasa into an efficient port. Considerable emphasis is put on the productive sectors that are the basis of recovery and carrying the cost of public expenditure in the social sectors. Measures include interventions in agriculture, an industrial master plan and an investment code to attract foreign investors.

One of the largest endeavours within the Norwegian aid country programme is the Governance, Justice, Law and Order Sector (GJLOS) reform programme, which forms part of Kenya's overall ERS. GJLOS was launched in November 2003 and is expected to be completed by 2009. It takes a sector-wide approach (SWAP) in that it covers the justice sector comprehensively, including ministries and a range of government departments, as well as semi-autonomous government agencies (SAGAs), e.g. the Kenya National Commission for Human Rights. GJLOS also has a civil society component. Apart from the Norwegian contribution, funding is drawn from an array of donors – bilateral and multilateral – into a basket funding arrangement.

The design of GJLOS did not consider regional aspects and no explicit reference was made to the East African region in the project description. It was conceived as a purely national programme. However, given the emphasis on the rule of law as one of the fundamental principles of East African integration (Article 6 of the EAC Treaty) and the establishment of the East African Court of Justice – EACJ (Chapter 8), the regional linkages immediately present themselves with clarity, even if they are not mentioned explicitly in the GJLOS programme documents. At the most basic level, the rule of law cannot function properly at the regional level if the national justice systems are faulty or inefficient.

Another major programme that fits well into Kenya's overall strategy is the Public Finance Management (PFM) Reform Programme. Acknowledging that public finance management is weak in Kenya, the programme aims to address budget credibility with a view to ensuring predictability and discipline in budget execution. Forming one component of the broader Public Sector Reform

² Government of Kenya, *Economic Recovery Strategy for Wealth and Employment Creation 2003-2007*, Nairobi: Ministry of Planning and National Development, 2003.

Programme, better public finance management is seen as a means of achieving economic growth and poverty reduction, improving service delivery, and making Kenya acceptable for budget support from donors. Norway will contribute to the implementation of this programme as from 2006.

Similar to GJLOS, the PFM reform programme was designed as a purely national programme. But again, the regional linkages are palpable though not explicitly highlighted in the programme documents. The regional economy is not likely to thrive unless the economic environment in the member states is conducive to growth. More specifically, if public finance management is below par in the member states, adverse repercussions will be felt at the regional level across all sectors. Furthermore, if progress is to be made towards a regional common market and a monetary union, functioning public finance management systems must be in place before the requisite harmonisation of policies can take place. In other words, successful implementation of the PFM reform programme will clearly contribute to the regional agenda of the EAC.

A third element of the Kenya programme is support to the local chapter of *MicroSave*, a transnational NGO with operations in several countries in Asia, Latin America and Africa. In Kenya, several micro credit institutions have emerged in recent years to supply working capital loans to poor entrepreneurs. Still, micro financing remains largely a supply-driven endeavour. To become more demand-driven, *MicroSave* has adopted a client-responsive approach. In that vein, primary field research has been undertaken to ascertain the needs and preferences of the poor micro-entrepreneurs, coupled with action research in conjunction with selected groups of microfinance institutions (MFIs). These efforts have produced training curricula and extensive information dissemination.

Improving micro-credit facilities at the national level contributes towards poverty reduction and economic growth. It is also possible that some of the loanees may use the credit to finance small-scale cross-border trade within East Africa. The fact that *MicroSave* has a chapter in Kampala suggests that there might be an opportunity for closer East African liaison. Otherwise, micro finance is probably better handled at the national level.

Tanzania

Budget support is a priority of the Tanzanian government as a response to excessive donor dominance previously. Tanzania wants to assert itself and reclaim the control of aid money and to redefine the strings attached towards greater recipient ownership. One is now talking about poverty reduction budget support because expenditure from the budget support basket is linked to the implementation of Tanzania's PRSP – National Strategy for Growth and Reduction of Poverty (NSGRP) – and reform efforts to improve governance, develop the private sector and rout out corruption. Tanzania would have wanted the lion's share of the inflow of aid to be in the form of budget support. Currently, about 30 per cent (approx. NOK 100 million) of the Norwegian country programme is given in the form of budget support. It may increase by 60 per cent in 2006 when the educational sector programme (primary level) is brought under that umbrella. Altogether 14 donors contribute to the budget support basket; the exceptions are Belgium, France and the USA. The donors and the Tanzanian government are preoccupied with developing mechanism for better management of budget support, including monitoring and evaluation. To that end, a Partnership Framework Memorandum (PFM) was signed in January 2006. The objective is to enhance the accountability of the authorities vis-à-vis the people and the donors.

The fact that a substantial and increasing proportion of the country programme takes the form of budget support leaves comparatively less scope for considering its totality in a regional perspective.

However, owing to the size of the Norwegian country programmes in Tanzania several programmes may still be relevant in a regional context.

Assistance to the roads sector dates back to 1972. It is still substantial and expected to run until 2009, mostly geared towards rural roads. The Norwegian Public Roads Administration has a technical co-operation agreement with the Tanzanian Ministry of Works and TanRoads with a view to building capacity within the areas of road safety, bridge management, and axle load control. In its present make-up the roads programme it is not particularly relevant to the development of a trunk and regional road network, except as feeder roads.

When a new Memorandum of Understanding (MoU) was signed in 2002 a tough ordering of priorities was imposed, which resulted in the energy sector ending up at the bottom end of the list, with the exception of a rural electrification project on Zanzibar. However, the energy sector is highly relevant in a regional context and Norway has comparative advantages in both hydro-electric power generation and in the petroleum and gas sub-sectors. There seems to be a case for resuscitating Norwegian support to the energy sector in a broad sense based on regional considerations. As a regional venture the EAC is very keen on developing a regional energy market. The fact that Norway already supports a sizable energy programme in Uganda adds to the rationale for such resuscitation of energy support.

The Management of Natural Resources Programme (MNRP) is currently in its third phase (2002–2006), designed to contribute to poverty reduction. Its main purpose is to provide benefits to poor rural households based on sound principles of sustainable natural resource management, with emphasis on community-based management systems, agro-forestry interventions, and income and employment generation. It is singularly national in orientation and apart from the obvious indirect contribution to national development and growth, the regional dimension is not easy to discern.

Norway is no longer involved in Tanzania's legal sector. Following the 2002 MoU the legal sector was one of the casualties along with energy. Although Norway has pulled out of the legal sector donor group, currently co-ordinated by Denmark, basket funding still exists with contributions mainly from like-minded donors. Given Norway's emphasis on good governance and the rule of law, plus the fact that both Kenya and Uganda are implementing substantial justice sector reform programmes with Norwegian support, there is definitely a case for reconsidering the 2002 decision to pull out of the legal sector. If legal sector support to Tanzania were revived, the regional tripod with all three East African countries would be complete. There would be scope for exchange of information and experiences and the regional relevance is not in question.

The educational sector has been a priority in the Norwegian country programme for a long time, principally at the primary level. However, tertiary education has also enjoyed long-standing support, notably three universities: University of Dar es Salaam (UDSM), Mzumbe University and Sokoine University of Agriculture. Complementary to direct support for these institutions with regard to institution-building – often based on collaborative arrangements with Norwegian counterparts – the Norwegian Council for Higher Education's Programme for Development Research and Education (NUFU) also channels substantial funds through collaborative agreements, especially with the UDSM.

In view of considerable intra-regional migration of university students and professionals, tertiary education policies are highly relevant in the harmonisation of curricula and degree requirements. Added importance stems from the movement of the EAC towards a common regional labour market. It is also noteworthy that the Uganda country programme comprises a sizable component of support for Makerere University. Thus, there is clearly scope for closer collaboration between the

universities of the region and the already existing Inter-University Council of East Africa (IUCEA), headquartered in Kampala, could provide the necessary vehicle for such collaboration.

Uganda

Through the joint assistance strategy (see below), about 40 per cent of the total financial frame for Uganda (approx. NOK 130 million in 2006) is extended in the form of budget support. The remainder is allocated to a number of large programmes, some of which are of regional significance. The budget support is linked to Uganda's PRSP, the Poverty Eradication Action Plan (PEAP), which determines the order of priority. The donors emphasise monitoring and evaluation of PEAP implementation, budget processes, corruption risks, and procurement practices.

Unlike Kenya and Tanzania, Uganda is a so-called NIS country in the Norwegian aid terminology. NIS is a Norwegian acronym for *Private Sector Development in the South*. The implication is that a fair share of the budget allocation be devoted to activities intended to promote economic growth and a thriving private sector. In this regard Norway has for some time supported a programme through the Uganda office of the United Nations Industrial Development Organisation (UNIDO). Phase I involved food processing, micro and small-scale industries, an investment promotion and information network, strengthening of the Uganda National Bureau of Standards (UNBS), and the establishment of the Uganda Cleaner Production Centre.

A second phase was started in 2004 with UNIDO, Austria, Denmark, Sweden, Japan and Norway as funders with the focus remaining on agro-processing and private sector development. In particular, it attempts to strengthen the competitiveness of selected agro-industries that rely entirely or partly on local raw materials, and to establish business partnerships, linkages and market access with emphasis on women entrepreneurs. Issues addressed include food safety, quality assurance, post-harvest and micro-scale processing technologies, as well as business and technical training in medium and small enterprises.

While this programme is fully aligned with Uganda's PEAP and other government policies, it fits very well into the regional framework. Quality assurance of commercial products is critical in intra-regional and international trade. In fact, failure to meet quality standards is an oft-cited impediment to trade generation. Within the context of the Protocol on the Establishment of the East African Customs Union the quality standards of commodities is important. Since the Tanzanian country programme has a similar project with UNIDO, there might be scope for closer collaboration. Furthermore, Tanzania also has a Cleaner Production Centre. Looking ahead, even Rwanda as a candidate EAC member has expressed strong interest in establishing a similar institution. All three EAC members have Bureaux of Standards and the UNIDO projects could possibly be scaled up to that regional level with a view to promoting intra-regional trade. The permutations are many and each of them must be considered carefully on their own merit.

Norway is heavily involved as a donor in the energy sector of Uganda, including the electricity and hydrocarbon sub-sectors. Uganda is a major producer of hydro-electric power at present and previously exported electricity e.g. to Kenya. There is still unexploited potential for expanding installed capacity. There are strong indications that oil and/or gas may be found in commercial quantities. But so far exploration has been unsystematic. An important aspect of Norway's assistance is institution-building. One programme stretching over the period 2005–2008 addresses the capacity-building needs of the Ministry of Energy and Minerals Development. The Norwegian co-operating partners are the International Programme for Petroleum Administration (Petrad) of the Norwegian Petroleum Directorate, and the Norwegian Water Resources and Energy Directorate (NVE). The purpose of one of the components of the programme is to strengthen the state

petroleum administration in Uganda with respect to policy elaboration, institutional framework and administrative and regulatory functions, as well as studies related to the commercial exploitation of oil and/or gas. This component endeavours to develop regional linkages by exploring regional opportunities for the utilisation of Uganda's potential gas resources. The other component aims at producing a functional analysis of the government institutions in the electricity sector, assessing the capacity needs and preparing a capacity-building plan, and taking incremental steps towards a SWAP for the energy sector.

Another programme with a somewhat narrower focus addresses the capacity needs of the Uganda Electricity Transmission Company Ltd. (UETCL). The overall objective is to make the UETCL a more efficient transmission system operator. The Norwegian counterpart is Statnett. The UETCL has a key role in facilitating the development of the Uganda electricity market and regional power exchange with neighbouring countries. In other words, this project makes explicit reference to regional linkages.

Yet another important component of Norwegian support to the Ugandan energy sector is financial support to the development of national and regional power infrastructure (transmission lines). A programme approach, involving the development partners in some form of joint support or through basket funding, is being promoted by the embassy of Norway in Kampala. Closer integration of domestic and regional power planning is needed to arrive at a clearer sense of priority, and to anchor regional investments in the national economies so as to allow the benefits of trans-boundary power trade to accrue to the national level.

Quite apart from the huge macro-economic consequences of the energy sector in the Ugandan national setting, the regional implications are obvious. The EAC has given high priority to developing a regional energy market in electricity and hydrocarbons within the framework of the EAC Power Master Plan. By developing the national energy sectors each constituent member of the EAC can contribute to the regional ambition. In creating an East African or a Nile Equatorial Lakes Power Pool lessons can be drawn from a comparable undertaking in West Africa under World Bank auspices.

Norway has provided institution-building support to Makerere University for some time and phase II (2005/6–2008/9) is currently in progress. While the previous phase focused on physical infrastructure (primarily construction of buildings), the current phase concentrates on the soft side of institution-building: strategic planning, improving academic standards and increasing the relevance of outputs to the political, economic and social needs of the country in terms of PEAP. With reference to the argument made above in the section on Tanzania, the regional significance of tertiary education is obvious. Regional dimensions of support to institutions of higher learning in Uganda and Tanzania alike could be furthered through the Inter-University Council for East Africa based in Kampala.

Joint assistance strategies

The level of donor co-ordination, harmonisation and alignment with the priorities of the host governments varies widely among the three EAC partner states. In Uganda work on a Joint Assistance Strategy (JAS) has reached an advanced stage. This move is above all spurred by the high transaction costs that Uganda incurs when receiving foreign aid. Hence, joint sector working groups were established in order to arrive at SWAPs; mechanisms for the pooling of funding were introduced. Similarly, joint missions were undertaken and silent partnerships forged, as well as joint analytical work and advisory services by the donors. These elements have gradually coalesced into one coherent document – a JAS for Uganda: UJAS – to which altogether nine of the major donors

subscribe, including multilaterals such as the World Bank and the African Development Bank (AfDB).

Apart from the reduction of transaction costs for Uganda, UJAS is intended to ensure long-term commitment and predictability of aid flows. Notwithstanding these laudable intentions, adverse political developments led Norway to suspend budget support to the tune of NOK 25 million at short notice in 2005, and the Netherlands later followed suit. During the elaboration of UJAS no regional perspectives were brought in; it was an undertaking with a purely national focus.

In Tanzania an embryo of a JAS exists but it has not been fully developed yet. Still, the pooling of budget support entails a high degree of donor co-ordination and alignment with Tanzania's PRSP. It is justified, therefore, to consider the budget support arrangement as a kind of JAS in mini format, less comprehensive than its Ugandan counterpart.

The donor community behave in a more disparate manner in Kenya, although co-ordination does take place within sectors and on governance issues. Still, the donor co-ordination arrangements are not as firm and systematic as those in Tanzania and Uganda.

Regardless of the firmness and comprehensiveness of donor assistance strategies in the three countries, a common denominator is their national focus. With very few exceptions, regional perspectives are conspicuously absent.

Lake Victoria Basin and related initiatives

An overtly regional venture is the management of a major common regional resource: Lake Victoria and its allied land-based resources in the catchment area. Its ecology and hydrology, its biological diversity, its wetlands and fish resources and the high pollution levels are common concerns for all EAC member countries. Initially the Lake Victoria Development Programme (LVDP) was established with a small management unit in the EAC secretariat. The purpose of the LVDP was to harmonise policies and legislation governing the environment of the lake and its catchment area; to continue the environmental management of the lake, including control and eradication of the water hyacinth; to manage and conserve aquatic resources, including fisheries; to develop economic activities in fisheries, industry, agriculture and tourism; and to develop infrastructure, including revamping the transport system on and around the lake.

Based on the 2003 EAC Protocol for the Sustainable Development of the Lake Victoria Basin, the previous LVDP evolved into the Lake Victoria Basin Commission (LVBC) which was formally established in Kisumu, Kenya in July 2005 as the overall management body of all interventions relating to the lake and its catchment area. Each of the member states has a focal points in line ministries (water or environment), which tends to be weak. Lake Victoria is not high on the national agendas. There is no sense of urgency because the adverse effects on households are only slow and gradual. Similar to the erstwhile Development Fund of the EAC, a separate facility was established in the Lake Victoria Partnership Fund. A larger Lake Victoria Trust Fund – intended for larger investments – is being contemplated with donor money and donor control through a board and rules and regulations.

Donors to date include Sweden as the lead donor, Norway, France, the East African Development Bank (EADB) and the World Bank. The recently established LVBC will need much institution-building and substantive support in years to come. Continued Norwegian support is certainly warranted. It would decidedly be a major contribution to an initiative that does not stem from the

country programmes but would bear beneficially on the poverty reduction efforts of the respective EAC states.

In the mid-1990s the Lake Victoria Environment Management Programme (LVEMP) was initiated with funding from the World Bank. While a large programme and managed separately it now falls under the umbrella of the LVBC.

Lake Victoria is the source of the (White) Nile. The EAC countries thus belong to a larger grouping that forms the Nile Basin Initiative (NBI) along with Egypt, the Sudan, Ethiopia, Eritrea and the Democratic Republic of the Congo (DRC). As an organisation the NBI is headquartered in Entebbe, Uganda. Of special importance under NBI auspices is the Nile Equatorial Lakes Subsidiary Action Programme (NELSAP), which comprises the five Lake Victoria Basin countries (EAC + Rwanda and Burundi) plus the DRC and the downstream riparians. Given the partially overlapping mandates of the LVBC and the NBI with its many subsidiary entities, co-ordination is mandatory. The NBI is supported by donors such as the World Bank, UNDP and CIDA, as well as Norway. The existing MoU on co-ordination between the EAC and the NBI should be revisited and made the basis of future action.

Better co-ordination is also warranted between the plethora of initiatives and networks dealing with the exploitation of water resources and river basin management, e.g. Global Water Partnership for East Africa; the African Network of Basin Organisations; and others under the auspices of the African Development Bank (AfDB), the New Partnership for African Development (NEPAD), the Food and Agriculture Organisation of the United Nations (FAO), and the Consultative Group on International Agricultural Research (CGIAR). There is an urgent need to acquire an overview of these initiatives and their inter-relationships in order to avoid unnecessary overlaps and duplication of effort. It should be recognised, however, that although most of these organisations may be justified in themselves, there are often underlying political motives and rivalries that are not conducive to collaboration.

The Mount Elgon Regional Ecosystem Conservation Programme (MERECP) is another EAC initiative to manage a natural resource common to only two of the EAC member states – Kenya and Uganda – although the ecosystem surrounding Mount Elgon is part of the greater catchment area of Lake Victoria. The programme is geared towards protecting the ecosystem of Mount Elgon with its unique biodiversity. It has evolved from an intervention with primary attention to conservation to a focus on the socio-economic development and livelihoods of communities adjacent to the protected areas. Norway is the lead donor. The management structure is rather complex and in due course responsibility for implementation may be transferred to the Lake Victoria Basin Commission.

Direct Norwegian support to the EAC

In the first instance, this report addresses the interface between bilateral country programmes and the regional integration project of the EAC. However, Norway also extends direct support to this regional venture, i.e. to the EAC secretariat in Arusha and other EAC institutions, such as the East African Legislative Assembly (EALA). The Norwegian embassy in Dar is charged with handling this portfolio.

EALA

At the end of 2006 a three-year support programme for EALA – through European Parliamentarians for Africa (AWEPA) – will expire. There is clearly need for continued assistance, however, in capacity-building with respect to computer skills, website maintenance, etc. but with a sharper

strategic focus. Above all, as one of the key EAC institutions EALA needs assistance in coming out of its cocoon and assert itself vis-à-vis the secretariat and the Council of Ministers. Furthermore, EALA should be able to make comments and criticise without fear or favour the policies and actions by the EAC member states if they are deemed to counteract regional ambitions. There has been some impatience and frustration on the part of EALA as to its role within the institutional set-up of the EAC. For example, it has never had a sitting with all the Heads of State to discuss its role. Also, EALA's request to double the number of sitting days from 60 to 120 was rejected by the Council of Ministers. Moreover, no EALA member was among the members of the fast-track committee. Significantly, EALA recently filed a case with the EACJ to adjudicate with regard to the role of the Council relative to EALA in terms of the Treaty. EALA feels aggrieved and overrun by the Council in a number of instances.

A new batch of East African parliamentarians will replace the current incumbents in November 2006. Furthermore, the probably inclusion of Rwanda (and later Burundi) in the EAC family, will raise new issues to be addressed. Although Kiswahili has been elevated to working language status, the entrance of Rwanda and Burundi will require language training and the establishment of simultaneous interpretation and document translation facilities. Moreover, when the Great Lakes complex is brought into the gambit of the EAC, conflict mediation and reconciliation expertise will be needed at all levels of the organisation. EALA now appears prepared to receive support directly without AWEPA as an intermediary. To that effect, a project document is in an advanced stage of preparation.

Partnership Fund

An EAC Partnership Fund has recently been established and rules and regulations have been adopted for its management. The basic idea is to pool resources provided by the EAC partner states and the development partners in order to finance activities to further the socio-economic development of the region. The Fund is *not* envisaged to defray the recurrent maintenance costs of the secretariat or to cater for major investments in various sectors. It is meant to be an expansion of the consultancy fund that existed previously to provide readily available money to initiate smaller studies/project or consultancies of a preparatory nature that could pave the way for larger projects and programmes, possibly also for institution-building purposes. Apart from increasing the pool of resources available for developing the EAC, the Fund is also intended to forestall the inconsistencies, overlaps, and even incompatibilities, of projects and programmes with the EAC's overall agenda. As such the proposed Fund could become a much needed vehicle for better co-ordination of donor support and better alignment with the priorities established by the EAC, which would entail enhanced dialogue between the two parties. There is little doubt that the administrative transaction costs could also be brought down through this mechanism.

The staff complement of the EAC secretariat has risen sharply from 11 in 1996 to 91 currently, and is poised to increase by 28 in 2006. The enlargement will contribute to easing the present capacity constraints. Even so, the management constraints and challenges of the EAC secretariat are not only related to staff numbers but equally much to staff composition, procedures and systems. An institutional assessment of the EAC secretariat is currently underway with funding from the EU and Finland. Its purpose is to assist donors in making decisions about joining the Partnership Fund by providing an overview of capacity needs. The first phase is intended to provide an institutional portrait of the EAC. The second phase, drawing on the first one, will make a professional assessment of the organisational systems of the EAC secretariat, notably with regard to financial management, procurement, internal control and accounting. Once this assessment has been completed, the donor community would have a better basis for making decisions about contributing to the Partnership Fund and otherwise be prepared to support EAC programmes in general. While the institutional assessment would no doubt be a useful tool in calibrating the Fund size and for

charting a strategy for the use of the Fund, the concept is sound enough in itself to justify donor contributions at this early stage.

A regional PRSP?

Poverty reduction is at the centre of the policies of all EAC partner countries and they are all in the process of implementing poverty reduction plans whether they are formulated under HIPC auspices or homegrown. An unofficial, rudimentary attempt has already been made to formulate a regional PRSP.³ The idea is to highlight how regional initiatives can buttress and accelerate national poverty reduction efforts. Conversely, regional impediments to the implementation of national strategies could be identified with a view to removing them. The subsidiarity principle should inform the entire exercise. A fully-fledged undertaking in that direction might be contemplated with funding from the Partnership Fund. A similar undertaking has been completed in West Africa with World Bank support, upon which experience could be drawn.

Other donors' support

The primary purpose of this report is to take a bird's view the Norwegian country-specific aid programmes in Kenya, Tanzania and Uganda in order to identify existing linkages and point out potentials for synergies in the future. However, other bilateral and multilateral donors are also actively supporting the integration effort: Germany, Sweden, EU, Finland, France, the IMF, the World Bank and the EADB.

Germany, principally through Gesellschaft für Technische Zusammenarbeit (GTZ), has supported the EAC since 1998 and made commitments for long-term technical assistance, short-term expertise and studies related to institution-building, including physical infrastructure (new EAC secretariat headquarters). Activities to prevent the proliferation of small arms are also part of the portfolio.

The EU has also supported the EAC secretariat with short-term technical assistance and a number of studies on taxation, investment code, Common External Tariff (CET), institutional structure of the customs union, export promotion and attraction of foreign investment, civil society, asymmetry, and the EAC development strategy.

Sweden has channelled most of its resources to the Lake Victoria Basin Commission (and its predecessors) and the East African Court of Justice, and supports the East African Business Council.

Finland has provided institutional support for the EAC secretariat and is involved in regional initiatives in substantive sectors such as agriculture and food security, environment and natural resources, as well as the EAC outreach programme.

France has supported the statistics department of the EAC secretariat and contributed to the consultancy fund. With regard to Lake Victoria, the French Agency for Development has supported phase II of the Lake Victoria Environment Management Programme.

The International Monetary Fund (IMF) has provided funding for several studies: regional harmonisation of investment incentives; monetary integration; and customs administration.

³ Gordon Repinski and Heinz-Michael Stahl, *Poverty and Poverty Reduction Strategies in the East African Community (EAC)*, Arusha: Deutsche Gesellschaft für Technische Zusammenarbeit (GTZ), 2005.

The World Bank has contributed to EAC institution-building through several studies and grants, e.g. a short-term needs assessment of the secretariat; a grant for the implementation of the Customs Protocol; a grant for a trans-boundary diagnostic analysis and action plan; and capacity-enhancement regarding the management of the LVEMP phase II. Likewise, several studies have been funded related to substantive sectors: capital market integration; impact of CET on fiscal revenues; regional private sector development strategy; power master plan; integration of textile-garment sector in EAC; and developing an EAC approach to standard setting. When completed, the Bank is likely to peer review the EAC Development Strategy 2005–2010.

Due to the lack of an “appropriate instrument” the Bank has difficulty in contributing to the Partnership Fund. In general, the Bank is constrained in supporting regional organisations as such because there is no regional loan facility. Loans can only be given to individual states. However, the Bank works in conjunction with the AfDB, i.e. the latter piggybacking on the former with Bank money. Another way around the institutional constraints is to exploit trust funds with Bank member states for regional interventions. Additionally, the soft window of the Bank Group, the International Development Association, has recently approach the EAC with a view to supporting the secretariat in a variety of sectors through a special facility that stems from the G8 meeting in Scotland in 2005.

The East African Development Bank (EADB) supports the Lake Victoria Basin Commission.

At present, the EAC secretariat does not have a computerised database on donor-funded projects and programmes with easily accessible data. The legal counsel to the EAC, however, keeps a registry of signed contracts. In the interest of better co-ordination, the Partnership Fund could be used to compile such a database with entries including completed, ongoing and planned programmes.

Future perspectives

The previous section depicted the current situation with regard to the three Norwegian country programmes in Kenya, Tanzania and Uganda and their regional linkages at present and the potential for future regional synergies. This section, on the other hand, will look towards the future and pull together some of the threads that hold promise for closer synergies with respect to regional ambitions in the context of the EAC. Since Norwegian policy seeks to promote development and poverty reduction at both national and regional levels, it is not good enough to remain passive and acquiesce in the status quo. There is definitely a case for being pro-active in order to create synergies where they do not seem to exist at the moment, and to exploit the potential for synergies that is evident upon closer examination.

From the above review of programmes within the respective national country programmes, a number of regional potentials suggest themselves. I will emphasise four of them: (a) energy, (b) tertiary education, (c) legal reform, and (d) private sector development.

Energy

The point of departure is the EAC intention to develop regional energy markets. To that end, a Regional Power Master Plan has been elaborated. It is also noteworthy that Norway has comparative advantages in the energy sector. At present the Norwegian country programme in Uganda has a sizable energy component which includes both electricity and hydrocarbons. In Tanzania there was collaboration in the energy sector for many years, but in the reordering of priorities in 2002 the energy sector lost out. Energy is, of course, a major concern in Kenya as well, but in the circumstances – given the emphasis on governance – it is probably far-fetched to envisage country-programme involvement in the energy sector for the medium-term future. The upshot is, however, that a convincing case can be made for renewed support to the energy sector. For Uganda it would mean continuation of ongoing activities, perhaps with some adjustments to accommodate regional dimensions. As for Tanzania it would entail resuscitating support to the energy sector, including the sub-sectors of hydro-electricity and hydrocarbons. The Kenyan case is rather more equivocal, but co-ordination efforts at the regional level might bring Kenya on board indirectly, even if the country programme remains more or less intact.

If the energy sector were to regain its previous prominence on account of its regional importance, it would be important, of course, to maintain close liaison with the EAC secretariat and align interventions with existing EAC policies and plans. The co-ordination of energy-related processes beyond the confines of the EAC to comprise activities under the auspices of the NBI's Shared Vision Programme (SVP) NELSAP will also be important from a regional as well as a national point of view.

Tertiary education

Intra-regional migration of university students and professionals suggests that tertiary education policies are highly relevant, especially with regard to the harmonisation of curricula and degree requirements. EAC plans for a common regional labour market underscores this point. The tertiary education component of the country programmes in Tanzania and Uganda are considerable. In addition, NUFU is very active in those countries. Therefore, the case is strong for forging closer regional links, most sensibly through the Inter-University Council for East Africa.

Again, Kenya is in a special position, largely because of the small size of the country programme. Short of new country-programme initiatives in the higher education sub-sector, however, Kenya could be included indirectly via the IUCEA in the interest of regional harmonisation of standards.

Private sector development

Economic growth rates at national and regional levels depend on a thriving private sector. Developing regional markets and trade are important elements in promoting the private sector. The East African Customs Union, now in the process of implementation, is arguably the greatest achievement of the EAC to date. But for the reduced intra-regional tariffs to have the desired effect, a number of concomitant preconditions must be created as well. One of them is quality standards of products to be traded – whether domestically, regionally or internationally. In Uganda a successful programme is in progress in collaboration with UNIDO on quality assurance. A similar programme is operative in Tanzania, although apparently not with the same measure of success. Still, there appears to be scope for greater inter-country collaboration in this area.

In Kenya, with Norwegian support through MicroSave, an ongoing micro credit programme is assisting small-scale entrepreneurs to establish businesses by offering small loans. The same international NGO has a chapter in Kampala, which creates a ready opportunity for closer collaboration.

The case can be made, therefore, for better synergies in private sector development. With regard to UNIDO involvement in Kenya, possibilities for replication the Ugandan success could be explored. Similarly, it could be explored whether MicroSave has a presence in Tanzania, or could establish one. Alternatively, collaboration with other micro credit institutions would be relevant.

Justice sector reform

The rule of law is one of the fundamental principles of East African integration. However, this principle cannot be upheld at the regional level if the national justice systems are faulty or inefficient. Functional justice systems of integrity are therefore critical at both national and regional levels.

In both Kenya and Uganda, Norway is currently supporting major programmes for legal sector reform. In Tanzania, Norwegian involvement came to an end in 2002 when the new MoU led to a different order of priority in which the legal sector lost out. Even so, the legal reform programme continues without Norwegian assistance. In view of the substantial support to legal sector reform in the two neighbouring countries, it would thus make sense to reconsider the 2002 decision to drop this programme in Tanzania. From a regional point of view it would be a great advantage to have a complete tripod of programmes to form a basis for comparison and exchange of experiences.

Continued direct support to EAC organs and programmes

Beyond the new opportunities springing from the existing country programmes, it hardly needs to be reiterated that ongoing support to such ventures as the Lake Victoria Basin Commission, the Mount Elgon Regional Ecosystem Conservation Programme, the East African Legislative Assembly; and the Partnership Fund should be continued and be adapted to changing circumstances as the case may be.

Furthermore, there is potential for additional initiatives that emanate neither from the country programmes nor from existing direct support to the EAC. One case in point is the extension of offshore territorial limits along the coast of Kenya and Tanzania, including that of Mozambique. With existing offshore gas finds in Tanzania and potential for further exploration in both Kenya and

Tanzania, it would be important to protect the continental shelf. Norway's experiences in this regard could be very valuable.

Another opportunity, within country programmes as well as on a regional scale, would be support for civil society initiatives in propagating the regional project. It will be recalled that the EAC Summit in May 2005 felt the need for more consultation on the recommendations of the fast-track report. The same could be said for any regional initiative. The EAC is aloof from the general populace. Decisions are not explained and communicated adequately to the citizenry. The EAC needs to be popularised and grow grassroots throughout the region in order to enhance its legitimacy. Civil society organisations are well placed to perform such a task by explaining to the people how regional initiatives are likely to impact on their daily lives. Norway could, in the context of the respective country programmes or otherwise and across regional border, provide support to NGOs prepared to engage in such work.

Budget and personnel implications

The respective embassies are understandably preoccupied with implementing and protecting the country programmes they have been set to administer. The priorities of the national governments largely determine the composition of the country programmes. That said, the same governments are also committed to regional objectives, including the formation of an East African political federation. Hence, if country programmes in the future can be redesigned to cater better for regional synergies without compromising the national objectives, much would be gained. National and regional ambitions are not necessarily mutually exclusive. Instead, they could be mutually reinforcing!

To the extent that the reordering of priorities within existing country programmes and financial frames are difficult – and they would be – new elements along the lines suggested above could be drawn from the regional budget vote for Africa. This budget vote is split into two: one catering for 'national' or country-specific measures with a regional significance and the other for overtly regional initiatives. Thus, the new elements needed to make the country programmes more consonant with regional ambitions would be additional to existing financial commitments and not 'steal' from or 'compete' with any of the current programmes.

The staff complement of embassies is largely calibrated to the requirements of the country programmes. If and when the country programmes are reorientated in the future new staff needs may arise. Also, as the regional integration process unfolds new needs for expertise related specifically to regional affairs are likely to emerge, e.g. in trade and monetary affairs. Since it is impossible for all embassies to have full coverage of professionals across the board plus regional expertise, consideration should be given to a division of labour between the embassies in terms of professional skills. For example, if one East African embassy has a staff member with expertise in regional trade, he/she could serve the needs of the other embassies as well. Similarly, one monetary expert could be deployed at one of the embassies while serving all three.

In recruiting personnel with specialised skills needed in the regional integration process, one would probably have to look beyond the ranks of NORAD or Ministry of Foreign Affairs staff. Even international recruitment might be considered. Otherwise, relying on other donors' staff could be an alternative option. Since recruitment is a time-consuming process, it is advisable to start thinking seriously on these personnel matters well in advance of the needs actually being manifest.

Recommendations

For ease of reference, this section presents in summary form the recommendations emanating from the examination of the country programmes and their regional dimensions. For underlying arguments, elaboration and justification of the recommendations see the preceding sections. The recommendations are numbered, but the sequence does not necessarily reflect order of priority.

1. It is recommended that the energy sector be elevated to regional status on account of its regional importance and Norwegian comparative advantages. This would entail serious consideration of the resuscitation of the energy sector in the country programme of Tanzania as was the case before 2002.
2. It is recommended that tertiary education be given regional status on account of the need for regional harmonisation of curricula and degree requirements, as well as the move towards a regional labour market. This should preferably be done through the Inter-University Council for East Africa.
3. It is recommended that private sector development be given higher priority in all country programmes on account of its importance in national and regional economic growth and poverty reduction, initially by considering the scope for collaboration in quality assurance of tradable commodities and micro credit.
4. It is recommended that justice sector reform become a part of the country programme in all three EAC countries on account of the importance of the rule of law. This would entail that the legal reform programme in Tanzania is reintegrated into the country programme as before 2002.
5. It is recommended that direct assistance to the EAC and its organs and programmes be continued: Lake Victoria Basin Commission; Mount Elgon Regional Ecosystem Conservation Programme; East African Legislative Assembly; and the Partnership Fund.
6. It is recommended that each of the embassies raise regional dimensions in the context of joint assistance strategies where they exist or are contemplated.
7. It is recommended that the Dar embassy suggest in the context of the Partnership Fund that a computerised projects database be established, covering all EAC projects and programmes – completed, ongoing and planned or under negotiation. Such a facility would contribute greatly to co-ordination between the EAC and the donor community.
8. It is recommended that regional implications be included in the check list at the design and appraisal stages of projects and programmes in order to enhance regional awareness in country programming.
9. It is recommended that serious consideration be given to the formulation of a regional PRSP for the EAC, possibly in conjunction with the World Bank and drawing on experiences from a similar exercise in West Africa.
10. It is recommended that measures be taken to provide an overview of the plethora of partially overlapping and competing initiatives relating to regional co-operation in East and Eastern Africa with a view to preventing duplication of effort.
11. It is recommended that new endeavours stemming from this study be financed over the regional budget vote, so as to provide additional resources beyond the existing country allocations.
12. It is recommended that consideration be given to the use of civil society organisation in order to popularise the regional integration project and to explain the repercussions of EAC decisions on the daily lives of the East African population.
13. It is recommended that when new staff skill needs emerge from the deepening of the regional integration process a division of labour between the East African embassies be considered as a device for securing the required expertise.

Persons consulted

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Lwasye, Amina, Programme Officer, Norwegian Embassy, Dar es Salaam, Tanzania

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Rocha, Manuel de la, Economist, World Bank, Nairobi, Kenya

Rydland, Inge Herman, Minister Counsellor, Norwegian Embassy, Dar es Salaam, Tanzania

Skuland, Lisbeth, Norwegian Embassy, Kampala, Uganda

Stahl, Heinz-Michael, Advisor East African Community Secretariat, Arusha, Tanzania

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Terms of reference

Norwegian support towards regional integration in East Africa

Background

Norway has supported regional and sub-regional co-operation in Africa for many years and views the regional organisations as important partners in development for poverty alleviation and the quest for peace and security on the continent. While maintaining broad-based relations with SADC, the AU, NEPAD and IGAD, Norwegian involvement with the East African Community (EAC) has so far been quite limited.

The Ministry of Foreign Affairs recently commissioned a study on the feasibility of establishing an East African Federation by 2010 as proposed by the so-called Fast Track Committee appointed by the East African Heads of State. While that study concluded that a political federation would be very unlikely by the target date, it strongly recommended that the donor community contribute to the EAC Development Fund as a basket fund to help speed up the integration process.

A strategic Norwegian support towards regional integration in East Africa is of high priority. There is need for a comprehensive overview of present Norwegian support that relates to the regional integration. Against this background strategic prioritization could be made on how Norway best can support the integration process, both directly through the EAC-structure as well as bilaterally through the development cooperation with the EAC partner states.

Purpose of the study

The purpose of the study is to give an overview of the various programmes and projects that Norway supports within EAC and to come up with recommendation on how the development cooperation best can contribute towards regional integration. The report shall not only cover regional programmes, but also consider programmes within the bilateral development cooperation and possible synergies towards regional integration. An assessment of present division of roles and responsibilities between the three embassies will be important for future effective coordination and harmonization of the total donor contribution towards EAC.

The report is intended to serve as a substantive input to further deliberation among the Norwegian Ministry of Foreign Affairs and the three embassies on the total Norwegian support towards EAC and regional integration.

The consultant shall:

1. Give an overview of Norwegian and other donor support to all regional programmes that relates to integration and cooperation within EAC, the division of roles and responsibilities between the three embassies, and between Norway and other donors.
2. Examine Norway's existing bilateral development cooperation with Kenya, Tanzania, and Uganda and give an overview of corresponding obligations entered into by the three states by the signing of the EAC treaty.

3. Come up with recommendations on how Norway best can support the integration process, both directly through the EAC-structure, through regional programmes as well as through possible synergies with the present bilateral development cooperation with the EAC partner states.

Scope of work and timeframe

The study will be based on a desk review of documents regarding relevant programmes for regional and bilateral development cooperation, supplemented by interviews with relevant embassy staff in the countries concerned. The consultant shall make short visits to all the three embassies in the region where the required documentation will be made available for the desk review. The consultant shall also shortly visit the EAC headquarters in Arusha to ascertain current EAC priorities and acquire information on total donor cooperation.

The study will start on 25 November 2005.

A draft report shall be submitted by the CMI to the Regional Department of the Norwegian Ministry of Foreign Affairs (MFA) with a copy to NORAD no later than 15 January 2006. The MFA and NORAD shall provide the consultant with feedback to the draft report by 31 January 2006. The final report shall be submitted by 1 February 2006.

Contractual arrangements

The costs will be covered under the General Agreement on Consultancy Services between NORAD and the consultant in accordance with the agreed budget.

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SUMMARY

This study is an assessment of existing Norwegian aid country programmes in Kenya, Tanzania and Uganda and how they relate to East African regional ambitions, supplemented by information on other donors' direct support for the East African Community. A number of regional linkages and potentials are revealed. Four sectors or sub-sectors are identified for actions: energy; tertiary education; private sector development; and legal sector reform. Where joint assistance strategies have been formulated or are contemplated, regional dimensions should be raised and addressed. With regard to ongoing regional programmes, Norwegian assistance should continue and adjusted if need be, such as support for the Lake Victoria Basin Commission, and the Mount Elgon Regional Ecosystem Conservation Programme. Direct support to the East African Legislative Assembly should be continued and given a sharper focus. As a vehicle for donor basket funding and co-ordination the Partnership Fund should be given full support.

ISSN 0805-505X
ISBN 82-8062-155-5

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