|  |  |
| --- | --- |
| **Name of Donor** | **Name of Project** |
| USAID | Regional Development Objectives Grant Agreement (RDOAG) |
| **Grant start date**:  | 28th September 2016 |
| **Grant End date:** | 30th September 2021 |
| **Grant Amount:** | 19,600,000 |
| **Disbursed before current year:** (2019) | USD 0 |
| **Balance:** | USD 19,600,000 |
| **Disbursed in 2019**:  | USD 1,044,628 |
| **Balance yet to be disbursed:** | USD18,555,372 |

1. **Brief about the programme**

In May 2016, USAID adopted a five-year East Africa Regional Development Cooperation Strategy (2016 – 2020) (RDCS) with an overall goal of “enhancing East African-led sustainable economic growth and resilience.” It focuses on three complementary and synergistic development objectives (DOs), namely: DO 1: Sustainable regional economic integration advanced; DO 2: Improved management of risks that transcend borders; and DO 3: East African institutions’ leadership and learning strengthened. This strategy was developed in consultation with stakeholders and partners across the East African region, including COMESA.

Similarly, on July 12, 2016, COMESA concluded the final review of the draft Medium-Term Strategic Plan (2016-2020) for adoption and implementation in October 2016, with an overall goal of deepening trade facilitation, market integration and ensuring the readiness of the Secretariat and region. COMESA developed this strategy after inclusive and extensive consultations with Member States and various stakeholders.

USAID and COMESA believe that working together to achieve the shared goals will be mutually beneficial. In furtherance of the partnership between USAID and COMESA, and achievement of the mutually agreed upon development objectives, the broader Regional Development Objectives Grant Agreement (RDOAG) was signed between the two parties with the first implementation letter being dated 1st September 2019.

In order to contribute towards the attainment of the COMESA strategic objectives and the USAID/KEA’s strategy, the COMESA Secretariat has selected the following three (3) programs to be implemented under the RDOAG:

● Sanitary and Phytosanitary (SPS) and Standards

● Agriculture inputs and value chains, including livestock markets

● Market linkages under the COMESA Business Council (CBC)

Implemented under the Strategic Objective 1 that addresses strengthening market integration the programme;

**Sanitary and Phytosanitary (SPS) and Standards:** The COMESA SPS program works across COMESA and the tripartite. (COMESA, EAC and SADC), to promote a harmonized risk based regulatory environment and strengthened biosecurity systems that enhance food and nutrition security and facilitate agricultural trade, exports and investments.

Implemented under the Strategic Objective 2 that addresses attracting increased investments and Strategic Objective 6 that addresses industrialization, the programmes;

**Agriculture inputs and value chains, including livestock markets:** The purpose of the Agriculture Inputs and Value Chains program is to support small-scale farmers’ access to affordable, quality and improved seeds vital in enhancing crop productivity and trading in livestock and livestock products regional value chains leading to household food, nutritional security and increased incomes.

Implemented under the Strategic Objective 2 that addresses attracting increased investments, the programme;

**Market linkages under the COMESA Business Council (CBC)**: Building industrial competitiveness is essential to participation of businesses in regional and global trade. COMESA’s participation in regional and global trade and investment flows remains low when compared with other regions. Business linkages, enterprise development and promoting a conducive policy environment are core to promoting trade and sustainable global partnerships.

The purpose of the initiative is to improve the capacities of businesses to access regional and global markets by addressing specific strategies in terms of policy environment, market access issues and the technical and productive capacity of businesses

1. **Overview of 2019 programme and expenditure implementation**

*Programme 1:* Sanitary and Phytosanitary (SPS) and Standards:

* Preparation of training materials for use by the food safety and plant health regulatory authorities and the private sector companies, aiming to export to the US and other global markets
* Training and certification of 85 food safety professionals (FSMA facilitators) on FSMA rules and FDA guidelines in Kenya and Madagascar.
* Gap assessment and development of laboratory manuals for one laboratory in member states, in addition to one country SPS case study
* Production of the sector specific Good Practice Guides and a case study video on SPS in Kenya.
* Production of bi-annual SPS reports, convening of the annual National Plant Protection Organizations (NPPO) network workshop and SPS subcommittee.

*Programme 2:* Agriculture inputs and value chains, including livestock markets:

* Printing and distributing COMESA Seed Labels and Certificates to seed companies with varieties on the COMESA Variety Catalogue. COMESA produced, printed and distributed the initial 4.5 million COMESA Seed Labels and 2,500 COMESA Regional Seed Certificates.
* Organized and facilitated a private-sector consultative meeting with seed companies (Monsanto, Seed-co, Pannar, Pioneer Dupont, East African Seed Company and HZP Holland) that varieties on the COMESA regional catalogue in close collaboration with National Seed Authorities, National Plant Protection Organizations and some customs officials
* National Seed Stakeholders Meeting in Ethiopia to discuss the revised national aligned seed regulations on Plant Quarantine Proclamation of 2017
* High-level advocacy meetings in Ethiopia's Ministry of Agriculture and Justice to present and discuss the draft aligned COMESA National Seed Regulations and Plant Quarantine Proclamation.
* Seed Key Stakeholders Meetings in Egypt and Eswatini to discuss and validate the draft COMESA Aligned National Seed Regulations
* Mapping of enterprises in exporting and importing countries and establish basic data on import and export of live animal (beef and small ruminants) and meat in major exporting countries including Sudan, Ethiopia, Kenya, Uganda, Zimbabwe and Zambia
* Development of regional grades and standards for live animals (beef cattle and small ruminant) and development of regional grades and standards for meat and capacity building

*Programme 3:* Market linkages under the COMESA Business Council (CBC):

* Expansion of a business information and market analysis system - Increase online participation of distributors and suppliers to two more countries on the COMESA BizNet in 2019.
* Provide national training in two countries in the first year that show strong cross border trading partnerships, on compliance to purchasing and standards requirements of buyers in horticulture and other related high demand sectors in selected countries.
* Backstopping and monitoring missions will be undertaken to visit Member States’ Chambers of Commerce as well as CBC members to share challenges faced.

Table 1, below presents expenditure incurred in the period in implementing the above activities

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **No.** | **Budget Line Description [as in grant contract]** | **2018** | **2019** |  |
| **Actual** | **Original Budget** | **Actual: Six months** | **Forecast: Six months** | **Revised Forecast** | **% Budget Utilisation achieved** | **% Forecast Budget Utilisation** | **Proposed budget revision** |
| **12 months** | **12 months** | **Jan - June** | **July-Dec** | **Jan - Dec: 12 months** | **Jan - June** | **Jan - Dec: 12 months** |  |
| Col 1 | Col 2 | **Col 3** | **Col 4** | **Col 5** | **Col 6** |  **Col 7=5+6** | **Col 8=5/4** | **Col 9=7/4** |  |
|   |   |  |  |  |  |  |  |  |  |
| **1** | **Sanitary and Phytosanitary (SPS) and Standards**  | 0 | 217,990 | 154,543 | 63,447 | 217,990 | 71 | 100 | 217,990 |
| **2** | **Agriculture inputs and value chains, including livestock markets** | 0 | 410,975 | 197,794 | 213,181 | 410,975 | 48 | 100 | 410,975 |
| **3** | **Market linkages under the COMESA Business Council (CBC):** | 41,335 | 293,110 | 44,177 | 248,933 | 293,110 | 15 | 100 | 293,110 |
| **4** | **Programme management** | 282,258 | 588,060 | 326,782 | 261,278 | 588,060 | 56 | 100 | 588,060 |
|  | **Total** | **323,593** | **1,510,135** | **723,296** | **335,000** | **1,510,135** | **48** | **100** | **1,510.135** |

As reflected in the above table, budget utilisation during the first half of the year was USD 723,296 representing 48% of the 2019 budget. The implementation of the project was affected by the delays in receiving the payments for the first three milestones. This resulted in constraints on the cash availability to implement activities further.

Council authorised working capital of $290,000 in April to meet the operating requirements of the project before it can claim the money from USAID. The absorption rate has improved ever since, and it is expected that all activities will be carried out before the year end.

Further the project’s budget outturn is expected to be 100% because the cashflow project expenditure as at September 2019 is at 80%.

1. **Risk Management**

Major risks faced by the programme include;

1. Working capital shortages to carryout activities. The project adopted a milestone approach; whereby USAID pays funds to the project upon successful completion on milestones. Delays in payment for milestones resulted in the project running out of working capital.
2. Delays in signing implementation letters result in delays implementation of activities.
3. **Recommendation**

Based on the budget out turn analysis and risk, management proposes the following;

1. Original budget should maintain.
2. COMESA to provide seed capital for the project to ensure smooth implementation.