AGREEMENT
BETWEEN
THE GOVERNMENT OF THE REPUBLIC OF FINLAND
AND
THE EAST AFRICAN COMMUNITY
ON
FINLAND'S SUPPORT TO THE EAC PARTNERSHIP FUND

The Government of the Republic of Finland (hereinafter referred to as "Finland") and the East African Community (hereinafter referred to as "EAC") hereinafter jointly referred to as "the Parties",

RECALLING the Millennium Declaration and the Millennium Development Goals;

CONFIRMING as the objectives of co-operation:

- eradication of extreme poverty;
- promotion of sustainable growth and equitable development; including the rational use of the natural resources and protection of the environment;
- promotion of economic dialogue;
- enhancing the participation of the private sector and the civil society in development;
- mainstreaming gender and enhancing the role of women in development;
- promotion of good governance, including adherence to the rule of law, accountability, transparency, social justice, equal opportunities, and gender equality; and
- promotion of peace and stability;

REAFFIRMING their commitment to harmonisation of development cooperation activities;

OBSERVING that the overall responsibility for the Activities under this Agreement lies with the EAC;

HAVE AGREED as follows:

ARTICLE I
Scope and Objective

1. The EAC has established an EAC Partnership Fund the overall objectives of which are to

   (i) promote the implementation of the EAC Treaty with a view to enhance regional integration and socio-economic development of the EAC;
   (ii) rationalise the use and facilitate planning and accounting of Development Partners' funds available for EAC’s development; and
   (iii) encourage Development Partners and EAC Partner States to jointly contribute to the Fund.
2. The objective of Finland’s support to the EAC Partnership Fund is to support the East African integration agenda and to promote economical and political stability in the region.

3. The Regulations for the EAC Partnership Fund (hereinafter referred to as "EAC Partnership Fund Regulations") are attached as Annex 1 to this Agreement and constitute an integral part of this Agreement.

ARTICLE II
Principles of Co-operation

1. Respect for human rights, democratic principles, good governance and the rule of law shall form the basis for the co-operation between Finland and EAC and constitute the essential elements of this Agreement.

ARTICLE III
Competent Authorities and Implementing Agency

1. The Ministry for Foreign Affairs of Finland, represented by the Embassy of Finland in Tanzania, and the Secretariat of the East African Community represented by its Secretary General shall be the Competent Authorities in matters relating to this Agreement.

Contact details of the competent authorities are the following:

For EAC                      For the Government of the Republic of Finland

Secretary General           Embassy of Finland
East African Community      P.O. Box 2455
P.O. Box 1096               Dar es Salaam
Arusha                      Tanzania
Tanzania                    tel. +255 22 2196 565
fax: +255 27 2504 253/8     fax: +255 22 2196 573

2. The responsibility for the implementation of this Agreement lies with the Secretariat of the EAC.

ARTICLE IV
Contribution by Finland to the EAC Partnership Fund

1. Finland shall make available, on a grant basis and subject to annual parliamentary approval in Finland, a contribution amounting up to a maximum of Two million Euros (€ 2,000,000) to support the EAC Partnership Fund during the period of 01.07.2010-30.06.2012.

ARTICLE V
Management of the Finnish contribution to the EAC Partnership Fund
1. EAC shall use the Finnish contribution to the EAC Partnership Fund in accordance with the EAC Partnership Fund Regulations. The use of the Finnish contribution and the management of funds shall comply with professionally accepted bookkeeping rules and practices. EAC shall ensure that no illegal or corrupt practices relate to the use of Finland’s contribution.

**ARTICLE VI**

Disbursements relating to the Finnish contribution to the EAC Partnership Fund

1. The contribution of Two million Euros (€ 2,000,000) shall be paid to EAC in two (2) instalments.

2. The first payment of One million Euros (1,000,000 €) shall be made against a written request by EAC to Finland into the bank account of the Partnership Fund, upon the entry into force of this Agreement.

The bank details are as follows:
EAC Partnership fund account
Account number 8708014516900
Standard Chartered (T) Ltd
Arusha Branch
P O Box 3000 Arusha
Swift Code SCBLTZTX

The first payment will be used to cover the costs of EAC’s financial year 2010/2011.

3. The second payment shall be made at the start of the financial year 2011/2012 in accordance with the actual progress of the activities and on the basis of the financial needs for the coming period, against a written request by EAC. The request shall be accompanied by a progress report and statement of accounts in respect of the foregoing period, as well as a cash flow budget and a plan of activities for the coming period.

The second payment shall be of a maximum of One million Euros (€ 1,000,000). It shall be made only after the approval by Finland of the above-mentioned reports and statements.

The second payment will be used to cover the costs of EAC’s financial year 2011/2012.

4. Any amount, including interest, which has already been disbursed by Finland but has not been fully used shall be taken into account when requests are made.

**ARTICLE VII**

Procurements

1. All procurements shall be made in accordance with generally accepted principles and good procurement practices. Invitations to tender as well as procurement contracts shall include a clause on the possibility of the tender being rejected and the contract being cancelled, in case any illegal or corrupt practices have been connected with the award or the execution of the contract.
2. No offer, gift, payment or benefit of any kind, which would or could be construed as an illegal or corrupt practice, shall be accepted, either directly or indirectly, as an inducement or reward for the award or execution of procurement contracts.

ARTICLE VIII
Information

1. The Parties shall ensure that all relevant authorities and organisations are informed of this Agreement.

2. EAC shall provide Finland with such other information on its activities as may be reasonably requested from time to time for public information, dissemination or other purposes. Both Parties shall have the right to disseminate information about Finland's support, including this Agreement, to the general public and other interested parties.

3. EAC and Finland shall promptly inform each other of any event or situation which might affect the implementation of the activities and which may necessitate a modification or alteration of the scope, implementation, the agreed budget or other aspects of this Agreement.

4. In case any change occurs in the schedule or implementation of the activities, EAC shall promptly inform Finland.

5. EAC shall in all its publications and reports concerning the Activities, specifically mention that Finland has provided the financial resources for the Activities.

ARTICLE IX
Reporting and monitoring

1. Reporting and monitoring of the use of the Finnish contribution to the EAC Partnership Fund shall be performed in accordance with the EAC Partnership Fund Regulations. The annual final report of the Partnership Fund shall be released within 3 months of the end of the EAC financial year and include an audited financial statement on the use of the Partnership Fund contributions, specifying the funding sources and itemised expenditure of Partnership Fund activities against the approved budget and work plan.

ARTICLE X
Auditing

1. Auditing of Finland's contribution to the EAC Partnership Fund shall be carried out in accordance with the provisions of the EAC Partnership Fund Regulations.

2. In addition, EAC shall permit the representatives of Finland to carry out any inspection or audit in respect of the use of the Finnish contribution to the EAC Partnership Fund. EAC shall provide the representatives of Finland all information they may need for the carrying out of such an inspection or audit.

ARTICLE XI
Consultations

1. The Parties shall be available to each other for mutual consultations in order to:

   (a) follow up the co-operation; and
   (b) assess the attainment of the objectives of co-operation as well as the objectives and purposes of this Agreement.

2. The Parties shall provide each other with all necessary information for the purposes of the consultations.

ARTICLE XII
Representatives of Finland

1. EAC shall facilitate the participation of the officials or designated representatives of Finland in any preparation, review or evaluation missions or other activities relating to the implementation of this Agreement. Prior to the sending of such missions Finland shall consult with EAC.

ARTICLE XIII
Suspension

1. Finland shall have the right to suspend in whole or in part its support to the EAC Partnership Fund if:

   (a) Finland considers that EAC has failed to fulfil one of the essential elements of this Agreement referred to in Article II or any other obligation under this Agreement;

   (b) the suspension is warranted by a fundamental change in the circumstances under which this Agreement was done.

2. The suspension shall cease as soon as the event or events which gave rise to suspension have ceased to exist.

3. Finland reserves the right to claim repayment in full or in part of its contribution to the EAC Partnership Fund if funds are found to be misused or not satisfactorily accounted for.

4. Before suspending financing or claiming repayment Finland shall consult EAC and the other donors ("Development Partners"), with a view to reaching a solution in the matter.

ARTICLE XIV
Special Provisions

1. Any remaining balance of Finland's contribution to the EAC Partnership Fund and the interest accrued thereto shall, at the completion of the Activities or upon the termination of this Agreement, be returned to Finland.
2. In case of any inconsistency between this Agreement and the EAC Partnership Fund Regulations, this Agreement shall prevail.

3. Finland shall not accept any responsibility or liability to any third party for any claims, debts, demands, damage or loss as a result of the implementation of this Agreement.

ARTICLE XV
Settlement of Disputes

Any dispute arising from the implementation or interpretation of this Agreement shall be settled amicably by negotiations between EAC and Finland.

ARTICLE XVI
Entry into Force and Amendments to the Agreement

1. This Agreement shall enter into force 30 days after its signature by Finland and the EAC and remain in force until all the obligations have been duly fulfilled by Finland and the EAC, unless terminated earlier by either Party by giving a notice in writing to the other Party three months prior to the termination.

2. Any amendment or modification to this Agreement shall be agreed on between Finland and the EAC in writing.

Done in Arusha on 26th October 2010 in two originals in the English language

For the East African Community

For the Government of the Republic of Finland

(Signature) (Signature)

(Secretary General) (Ambassador)

(Title) (Title)

ANNEXES

- Annex 1: Regulations for the EAC Partnership Fund
Annex I to Agreement between Finland and EAC

EAST AFRICAN COMMUNITY

REGULATIONS FOR THE EAC PARTNERSHIP FUND

PREAMBLE

WHEREAS the East African Community is committed to fostering co-operative arrangements with other regional and international organisations and Development Partners interested in the pursuit of the objectives of the Community;

AND WHEREAS in the pursuit of the objectives mentioned above, the Community has established working relationships with some Development Partners for purposes of technical and financial assistance;

AND WHEREAS the Secretariat of the East African Community is accordingly charged with the general administration and financial management of the Community and the mobilisation of funds from Development Partners and other sources for the implementation of projects and programmes of the Community;

AND WHEREAS the Secretariat, in consultation with Development Partners, has established an EAC Partnership Fund for purposes of effective management and utilisation of the funds;

NOW the East African Community and the Development Partners have adopted these regulations for the EAC Partnership Fund.

Regulation 1

Citation and Application

These Regulations shall be cited as the EAC Partnership Fund Regulations and shall be applied in line with the provisions of the Treaty for the Establishment of the East African Community.

Regulation 2

Definitions

In these Regulations the following expressions shall have the meaning referred to below:

"Audit Commission" means the Audit Commission of the East African Community established by Article 134 of the Treaty for the Establishment of the East African
Community (hereafter referred to as “the Treaty”);
"Committee" means the Committee established under Regulation 4 of these
Regulations for the management of the EAC Partnership Fund (hereafter referred to as “the Fund”);

"Development Partners" means States and the regional and international
organisations and bilateral and multilateral agencies with which the East African
Community fosters co-operative arrangements;

"Partner States" means the Republic of Kenya, the Republic of Uganda, the United
Republic of Tanzania and any other country granted membership to the Community.

"The Secretariat" means the Secretariat of the East African Community;

"Secretary General" means the Secretary General of the East African Community.

Regulation 3

Objectives of the EAC Partnership Fund

a) The overall objective of the Fund is to:

(i) promote the implementation of the Treaty with a view to enhance
regional integration and socio-economic development of the EAC;

(ii) rationalise the use and facilitate planning and accounting of
Development Partners’ funds available for EAC’s development;

(iii) encourage Development Partners and EAC Partner States to jointly
contribute to the Fund.

b) The specific objective of the Fund is to provide funding for activities to boost
EAC’s regional integration agenda, in particular for

(i) procurement of regional and international consultancy services for
studies on policies required to support the work of the Secretariat and
of other organs of the Community;

(ii) sectoral studies containing recommendations to the Council of
Ministers;

(iii) the publication of EAC reports, concept papers and studies designed
to inform stakeholders and civil society;

(iv) working papers, project proposals and terms of reference;

(v) meetings of experts;

(vi) follow-up measures with target groups (especially from the private
sector), including workshops and seminars;

(vii) studies on policies required to support EAC integration (strategy and concept papers), including publication of such studies;

(viii) activities under the EAC outreach programme to educate and mobilise civil society for EAC integration;

(ix) training and other types of capacity building for the Staff of the Community; and

(x) any other projects, programmes or activities approved by the Committee established under Regulation 4 of these Regulations.

(c) Notwithstanding Regulation 3 b (x) above, any other support to EAC shall be handled in accordance with the approved EAC mechanisms.

Regulation 4

Committee for the EAC Partnership Fund

(a) There is hereby established an EAC Partnership Fund Committee which shall be responsible for overseeing the work of the EAC Partnership Fund.

(b) The Committee shall consist of:

(i) one representative of the East African Community (EAC) appointed by the Secretary General;

(ii) one representative of each of the East African Community (EAC) Partner States; and

(iii) one representative of each Development Partner who has contributed to the Fund.

(c) The Committee shall appoint a chairperson, for a period of one year, from among its members representing Development Partners and Partner States.

(d) The Secretary General shall appoint one staff member of the EAC Secretariat to act as Secretary to the Committee.

(e) The Committee shall meet at least twice a year. Committee members can approve issues in writing rated by the Committee Chairperson as non-controversial.

(f) The Chairperson shall call an extraordinary meeting of the Committee if:

(i) in his/her opinion such a meeting is required; or

(ii) at least one third of the total number of the members of the
Committee so demand.

g) Notice of meetings shall be sent by the Secretary to the address given by each Member of the Committee so as to be received by the Member at least three weeks before an ordinary meeting and at least two weeks before an extra-ordinary meeting. The notice for a meeting of the Committee shall include the provisional agenda and other documents for consideration by the Committee.

h) Meetings shall be held at the Headquarters of the East African Community in Arusha. If exigencies so require, meetings can be held at such other place within the East African region as shall be decided by the Chairperson of the Committee, in consultation with the other members of the Committee.

i) A quorum for any meeting of the Committee shall be formed if the following members are present:

(i) one member from each of the Partner States;

(ii) at least four members representing the Development Partners; and

(iii) one East African Community (EAC) representative.

j) Members of the Committee shall not be entitled to receive any remuneration for participation in the meetings of the Committee.

k) The Secretariat shall be responsible for preparation and administrative arrangements of the meetings of the Committee.

l) The Committee may invite to its meetings, as observers, those Development Partners who have not contributed to the Fund.

m) Unless otherwise provided for in this Regulation, the Committee shall determine its own Rules of Procedure.

Regulation 5

Work of the Committee

a) The Committee shall take decisions on the management of the Fund and shall, in this capacity e.g. approve all projects, programmes and other activities financed through the Fund.

b) The day-to-day operation of the Fund shall be handled by the Secretariat. In this respect the Secretary General shall form a Fund Management Team. The Terms of Reference for the Fund Management Team will be approved by the Committee.
c) The Committee shall take decisions by consensus.

d) A member of the Committee may, in writing, appoint a proxy.

e) The Secretariat shall prepare a draft annual Activity Plan and Budget as well as a medium-term development and financial plan in respect of the Fund. The budget year for the Fund shall be the same as for the EAC budget. The final annual Activity Plan and Budget as well as the medium-term development and financial plan must be approved by the Committee. The annual Activity Plan and Budget shall include the following elements:

(i) a comprehensive report on ongoing and proposed new activities to be financed from the Fund;

(ii) a brief description of the purpose and contents of the proposed new activities including their budgets and time schedules.

f) The Committee may amend the Activity Plan and Budget at its regular or extraordinary meetings.

g) The Committee shall evaluate the Secretariat’s report reviewing the preceding year’s programme financed through the Fund.

h) The Committee shall submit an annual report to the Council in accordance with established EAC procedures.

Regulation 6

Contributions to the EAC Partnership Fund

a) Any Development Partner or organisation may contribute to the Fund provided it subscribes to these Regulations. Applications for membership of the Fund will be approved by the Committee.

b) Contributions to the Fund shall be accepted as grants.

c) Development Partners’ contributions to the Fund shall be governed by respective agreements between the East African Community and each Development Partner.

d) EAC Partner States’ contributions to the Fund shall be considered to be an integral part of their contributions to the EAC budget.

Regulation 7

Loans and Guarantees
a) Neither the East African Community (EAC) nor the Committee shall be
empowered to raise funds for the Fund on a loan basis.

b) The Fund shall not be used as collateral for any obligations nor may any
 guarantees be issued on the basis of its capital.

Regulation 8
Conditions for Disbursements

a) Disbursements from the Fund shall be effected in conformity with the
Financial Regulations of the East African Community.

b) The Secretary General or any of his / her appointees shall authorise all
requests for disbursement based on the activity plan and budget as approved
by the Committee.

c) The Secretariat shall be responsible for ensuring that the services in respect
of which disbursements are made from the Fund are procured in accordance
with the respective contracts and the provisions of Regulation 9 of these
Regulations.

d) The Secretariat shall present financial and status reports for approval at the
ordinary meetings of the Committee.

e) No offer, gift or payment, considerations or benefit of any kind that could be
construed as illegal or corrupt shall be accepted, either directly or indirectly,
as an inducement or reward for award or execution of contracts financed
from the Fund.

Regulation 9
Procurement

a) The Tendering Procedures of the East African Community shall apply to all
procurement under the Fund.

b) Procurement shall be effected in accordance with EAC Procurement
 procedures.

(c) The Secretariat shall take deliberate measures to encourage suppliers from
the East African region to participate in the tendering process.

(d) The EAC shall inform Partner States and Development Partners contributors
to the Fund about envisaged procurement within a reasonable time of the
planned bidding.
Regulation 10

Accounting

a) The Fund shall be established and managed in accordance with the Financial Regulations and the Accounting System of the East African Community.

b) EAC undertakes to ensure that the following exemptions are granted by Partner States’ Governments in respect of goods and services procured through the Fund:

   (i) import licenses for materials supplied, except for security, safety or environmental reasons;

   (ii) levies, duties and taxes.

c) Any interest accrued shall be added to the Fund and bank charges shall be paid from the Fund.

Regulation 11

Audit

a) An annual audit of the Fund shall be carried out by the Audit Commission of the Community.

b) Any member of the Committee may effect further independent audits. In such case, the costs for such audits shall be borne by the requesting member.

c) Audited financial statements covering the operations of the Fund, as well as management and other relevant reports of the Audit Commission shall be presented to the meetings of the Committee. Reports shall be availed to all contributing Development Partners for consideration and noting.

d) The Secretariat shall prepare an annual report on the operations of the Fund by 31st July of each year. The report shall be submitted to the Committee immediately after their approval by the competent EAC organs.

e) The audit shall be discussed by the Committee once it has been adopted in accordance with the EAC Financial Rules and Regulations.

Regulation 12

Withdrawal from the EAC Partnership Fund
a) A Development Partner may withdraw from the Fund by giving at least ninety days written notice of such an intention to the Secretary General.

b) A withdrawing member shall not claim funds already paid into the Fund.

Regulation 13

Investment of Funds

a) The Secretary General may invest funds upon approval of the Committee.

b) Funds shall be invested in secure assets such as treasury bills, bonds or in fixed deposits with reputable banks.

c) The Secretariat shall annually submit a report on investments made and interest earned which shall be presented at the next meeting of the Committee.

d) Proceeds on investments of unused capital from the Fund are to be deposited into the Fund.

Regulation 14

Entry into Force

These Regulations shall enter into force 30 days after signatures by the Secretary General and the representatives of respective Development Partners subscribing to the Fund.

Regulation 15

Review and Amendment

These Regulations may be reviewed, amended and / or modified upon approval by all the parties subscribing to the EAC Partnership Fund.