



EAST AFRICAN COMMUNITY

IN THE EAST AFRICAN LEGISLATIVE ASSEMBLY (EALA)

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134TH SITTING - THIRD ASSEMBLY: SIXTH MEETING – FOURTH SESSION

THURSDAY, 26 May 2016

The East African Legislative Assembly met at 2:30 p.m. in the Chamber of the Assembly, EAC Headquarters in Arusha, Tanzania

PRAYER

*(The Speaker, Mr. Daniel Fred Kidoga, in the Chair)
(The Assembly was called to order.)*

COMMUNICATION FROM THE CHAIR

- (i) VISITING DELEGATION FROM THE
PARLIAMENT OF THE UNITED
REPUBLIC OF TANZANIA

The Speaker: Hon. Members, good afternoon! Today, we are blessed by a number of visitors, but most notably by our colleagues and friends from the National Parliament of the United Republic of Tanzania. They are sitting at the gallery. I think they are four and one is yet to join them. At an appropriate time, I will recognize them one by one – *(Applause)*.

- (ii) Burundi Dialogue

Hon. Colleagues, on behalf of this Assembly, I would like to express our message of solidarity to the Burundi Dialogue that kicked off successfully in this great City of Arusha - *(Applause)*.

We would also like to express our appreciation to His Excellency Benjamin Mkapa, retired President of the United Republic of Tanzania who is the facilitator of these dialogue and similar appreciation to President Yoweri Kaguta Museveni who is the coordinator of the same. We, as an Assembly, remain firmly behind this process as always stated by this Assembly. We wish the process success and urge all stakeholders to take the process very seriously and to give it the importance it deserves. We cannot wait to see full stability in the Republic of

Burundi. We congratulate them for a successful first round - *(Applause)*.

PAPERS

The Deputy Minister for Foreign Affairs, East African, Regional and International Cooperation, Tanzania (Dr. Suzan Kolimba)(Ex-officio): Hon. Speaker, Sir, in accordance with provision of Article 49(2)(b) and Article 132(1) and 132(2) of the Treaty and Rule 75(2) of the Rules of the Assembly I beg to lay on the Table:-

- a) The Financial Statement; and,
- b) The Estimates for Expenditure for Financial Year 2016/2017.

- *(Applause)* -

MOTION FOR THE CONSIDERATION OF THE BUDGET OF THE EAC FOR THE FINANCIAL YEAR 2016/2017

The Deputy Minister for Foreign Affairs, East African, Regional and International Cooperation, Tanzania (Dr. Suzan Kolimba) (Ex-officio Member): Mr. Speaker, Sir, I beg to move:-

THAT, this Assembly resolves itself into:-

- (a) A Committee of Ways and Means to consider and approve the Financial Statement for the year 2016/2017; and,
- (b) A Committee of Supply to consider and approve the Estimates of Expenditure for the Financial Year 2016/2017

(Mr. Bazivamo, hon. Liberet Mfumukeko, Ms.Odette, Ms.Hafsa Mossi among others seconded the motion)

The Speaker: Chairperson, Council of Ministers, proceed and present the Budget.

The Deputy Minister for Foreign Affairs, East African, Regional and International Cooperation, Tanzania (Dr. Suzan Kolimba) (Ex-officio): Mr. Speaker, Sir, I beg to move:-

THAT, this Assembly do resolve itself into a Committee of Ways and Means to debate and approve the proposal of the Council of Ministers for the Budget of the East African Community for the Financial Year 2016/2017.

The theme of this year's budget is: *"Towards the implementation of East African Common Market Protocol and enhancing the implementation of the Monetary Union Protocol."*

The Budget estimates for the Financial Year 2016/2017 are being presented at a time when the integration process is gathering momentum with the East African Community being rated as the top performing regional economic community according to the African Regional Integration Index Report - *(Interruption)* -

COMMUNICATION FROM THE CHAIR

VISITING DELEGATION FROM THE PARLIAMENT OF THE UNITED REPUBLIC OF TANZANIA

The Speaker: Hon. Chairperson, I am sorry for the interruption. Honourable Colleagues, the Office of the Clerk is working on the Budget Speech and in a few minutes, it will be distributed to Members. Chairperson, before you read, I will announce the presence of the Members one by one because they may not stay until the end of the Budget Speech.

I would like, in a very special way, to recognize hon. Haji Khatib Said who represents the CCM party in the National Assembly. I would like to recognise hon.

Cecelia Daniel Paresso. She is from the Chadema Party. I also would like to recognize hon. Kiswaga Destery from the CCM Party and Mr. Daniel Okotia who is the Director and EALA coordinator from the Parliament, United Republic of Tanzania – *(Applause)*.

(Resumption of Budget Speech)

The Speaker: Chairperson, you may proceed.

The Deputy Minister for Foreign Affairs, East African, Regional and International Cooperation, Tanzania (Dr. Suzan Kolimba) (Ex-officio Member): Thank you, hon. Speaker, Sir. The Financial Statement on the Budget Estimates for the Financial Year 2016/2017 is being presented at a time when the integration process is gathering momentum with the East African Community being rated as the top performing regional economic community according to the African Regional Integration Index Report, 2016 released by African Union, the African Development Bank and the United Nations Economic Commission for Africa.

In that report, the EAC has higher than average scores across each dimension of regional integration, regional Infrastructure, trade integration, productive integration, free movement of people, financial and macro-economic integration.

Economic Performance and Outlook

Mr. Speaker, in 2015 global economic activity remained subdued, with real Gross Domestic Product (GDP) growth estimated at 3.1 per cent compared to 3.4 per cent in 2014. Growth in emerging markets and developing economies, which account for over 70 per cent of global growth, declined for the fifth consecutive year, while a modest recovery continued in advanced economies.

Manufacturing activity and trade remained weak, partly reflecting subdued global demand and a decline in investment, particularly in extractive industries. Overall, monetary policies in advanced economies remain very accommodative.

Inflation rates remain well below inflation targets in advanced economies, with mixed inflation trends in emerging market economies; partly reflecting the conflicting implications of weak domestic demand and lower commodity prices versus marked currency depreciations over the past year. Prospects of a gradual increase in policy interest rates in the United States and the Euro area has contributed to declining capital flows, and further currency depreciations in many emerging market economies.

Three key factors continued to influence the global economic performance in 2015:

- (i) the gradual slowdown and rebalancing of economic activity in China away from investment and manufacturing towards consumption and services,
- (ii) lower prices for energy and other commodities; and,
- (iii) A gradual tightening in monetary policy in the United States of America.

The weak global economy, together with market concerns about the future performance of the Chinese economy, are impacting other economies, including those of EAC region, through trade channels and weaker commodity prices, as well as through diminishing confidence and increasing volatility in financial markets.

Mr. Speaker, Sir, growth in Sub-Saharan Africa in 2015 weakened markedly, partly due to lower commodity prices and less

supportive global financial conditions. Preliminary estimates suggest that the region's GDP grew by 3.7 per cent in 2015 compared with 5 per cent in 2014. This overall picture, however, masks, considerable variations across the continent. For example, in most of the region's low-income countries, including some of the EAC countries, growth remained robust, supported by ongoing infrastructure investment and solid private consumption. On the other hand, the eight oil exporting countries, which together account for about half of the region's GDP were hard hit, due to falling export incomes and resulting sharp fiscal adjustments impacted on their economic performance.

Mr. Speaker, economic performance in the EAC region during 2015 remained strong despite unfavourable global conditions. Average real GDP growth for the region is estimated at 6.1 per cent in 2015 up from 5.9 per cent in 2014. Real GDP growth in Tanzania was driven by good performance in communication, construction, financial intermediation and transportation sectors, while growth in Kenya was driven by public infrastructure spending, buoyant credit growth and strong consumer demand. Growth of real GDP in Uganda was largely supported by public investments and high output growth in the services sector. Growth in Rwanda was sustained by strong construction and services activity, with modest performance in agriculture and manufacturing sectors. Economic performance in Burundi has been affected by the recent political tensions. Average inflation in the region eased to 5.2 per cent in 2015 from 5.8 per cent recorded in 2014, mainly due to the decline of global commodity prices, especially oil prices.

Mr. Speaker, according to the International Monetary Fund (IMF's) World Economic

Outlook Update of January 2016, global growth is projected at 3.4 per cent in 2016 and 3.6 per cent in 2017 compared to 3.1 per cent in 2015. Growth in advanced economies, particularly the United States, the European Union and Japan, is projected to continue rising aided by supportive financial conditions, improving housing and labour markets, stronger private consumption, lower energy prices and rising income. In emerging markets and developing economies, growth is projected to increase particularly in India. However, output growth in China is projected to slow down driven by weaker investment growth. In Sub-Saharan Africa, growth is expected to pick up but will be moderated by lower commodity prices and high borrowing costs. Economic performance in the EAC region is expected to remain strong although risks to this outlook remain on the downside, especially if the external environment turns even less favourable.

Review of EAC Programme Performance for the Financial Year 2015/2016

As honourable Members will recall, this august House approved a Budget of USD 110,660,098 for the Community for the Financial Year 2015/2016 which focuses on the following priorities:

- (i) establishment of the East African Monetary Institute and the East African Statistics Bureau to support the transition to a single currency;
- (ii) consolidating the Single Customs Territory by developing and implementing the requisite systems and administrative mechanisms as outlined in the roadmap for the implementation of the Single Customs Territory;
- (iii) enhanced implementation of the EAC Common Market Protocol, particularly focusing on the implementation of the roadmap for

- the New Generation East African Internationalized e-Passport; and development of the EAC trading, payments and settlement Systems;
- (iv) implementation of the roadmap on constitution making process for the EAC Political Federation;
 - (v) Development of cross-border infrastructure in the respective subsectors.
 - (vi) implementation of the EAC Industrialization Policy and Strategy with specific focus on upgrading of SMEs competitiveness; strengthening the collection and compilation of industrial statistics for production of biennial industrial production reports; and strengthening regional collaboration in industrial research, technology and innovation;
 - (vii) implementation of the EAC Food Security Action Plan and Climate Change Strategy with particular focus on the SPS Protocol and establishment of a regional agricultural marketing information and early warning system;
 - (viii) harmonisation of higher education systems and developing a harmonised EAC Curriculum for Pre-Primary, Primary, Secondary Teacher Education and Training;
 - (ix) conclusion of the negotiations of the Tripartite Free Trade Area Agreement encompassing EAC-COMESA-SADC, and;
 - (x) Implementation of EAC Peace and Security initiatives.

Mr. Speaker, Sir, I am pleased to report that the Council of Ministers ensured that the resources allocated for these activities were put to effective use. As of March 2016, the budget performance stands at 65 per cent for activities funded by Partner States and 31 per cent for Development Partners. The details of

the Programme Performance and status of implementation and achievements made under the 2015/2016 Budget have been availed to the General Purpose Committee of EALA to inform the consideration of the Budget for Financial Year 2016/2017.

In this Budget presentation, allow me to report on these activities under the functional areas for ease of reference. I will also highlight legal and judicial, human resources, finance and administration as well as other cross-cutting issues in the EAC integration and development process. My review will also look at developments in the other EAC Organs and Institutions.

- (*Interruption*) -

The Speaker: Chairperson, Council of Ministers, I will interrupt you again. Honourable Members, there is a small correction, for the purpose of our *Hansard* record. Our good friend, hon. Haji Katibu Kai, is not from CCM but from the Civic United Front (CUF). Thank you. (*Applause*)

(*Resumption of Budget Speech*)

EAC SECRETARIAT - DIRECTORATE OF CUSTOMS

(a) Implementation of a Single Customs Territory

Mr. Speaker, the implementation of Single Customs Territory (SCT) was up scaled in 2015 through finalization of the following:

- (i) operational instruments entailing revision of SCT business manuals;
- (ii) development of SCT Monitoring and Evaluation Tool, Framework on deployment of Staff in other Partner States, and;
- (iii) revision of the Enforcement and Compliance Framework.

Those instruments are currently applied by the Partner States.

To ensure real time flow of information and minimum clearance time of goods, ports and customs system interconnectivity were further enhanced by the technical teams. Preparations for a centralised Customs System were initiated to enhance real time exchange of information and harmonized clearance of goods. Most of the operational challenges were resolved without reversing the gains made in the implementation of the SCT.

Mr. Speaker, the coverage of goods cleared under Single Customs Territory was further expanded to include all intra-regional trade between Kenya, Uganda, Rwanda and Tanzania. Burundi also made incremental coverage of goods traded with other Partner States under the SCT. All goods to Rwanda through the port of Dar-es-Salaam were cleared under SCT. The period taken to clear and move cargo from the port of Dar-es-Salaam to Kigali on the Central Corridor has reduced from over 20 days to three to four days while on the Northern Corridor the time taken from Mombasa to Kampala has reduced from 21 days to four days and 18 days to six days to Kigali.

Customs officers from Uganda, Rwanda and Burundi were deployed and are operating in Kenya and Tanzania. Likewise Tanzania has officers deployed in Nairobi and Mombasa. The flexibility in deployment of Customs Officers has further eased clearance of goods such, resulting in moving directly from points of dispatch in a Partner State to the owner's premises in another Partner State without going through further customs checks.

A wide sensitization and training programme for stakeholders from all EAC Partner States

was undertaken whereby specific training of clearing agents on customs systems in the region were carried out to enable them access and clear goods across the Partner States.

(b) Review of the EAC Common External Tariff

Mr. Speaker, the Council has continued to review the EAC Common External Tariff in order to facilitate trade, stimulate production, and promote investment and competitiveness. The Ministers of Finance through a pre-budget consultative process reviewed some specific duty rates under the Common External Tariff. Review was particularly made on imported steel products to support the enhanced production of steel within the EAC. Likewise, strategic products like sugar, rice, maize flour, dairy products and maize continued to be protected. The Council accordingly published all the changes in the Common External Tariff in the EAC Gazette at the end of June 2015.

(c) EAC Rules of Origin

Mr. Speaker, Sir, the Revised EAC Rules of Origin, 2015, came into force in 2015. The new EAC Rules of Origin are trade facilitative, simpler and supportive of value addition in the EAC market hence promotes investment. The Revised Rules of Origin were designed to ensure more flexibility in relation to other Rules of Origin applicable in the EAC such as those under COMESA, SADC, EU-EAC EPAs and Tripartite Free Trade Area. A manual to guide the application of the EAC Rules of Origin, 2015 has been developed and adopted. With the new Rules of Origin, goods hitherto not qualifying to be traded under the free trade arrangement such as motor vehicles assembly now fully qualify.

(d) Development of One-Stop Border Posts

Mr. Speaker, substantial progress was made in establishment of One Stop Border Posts (OSBPs). Out of 15 borders earmarked to operate as OSBPs, 11 were completed and 10 are operational. The completed OSBPs are Gisenyi/Nemba; Ruhwa/Ruhwa; Rusumo/Rusumo; LungaLunga/Horohoro; Holili/Taveta; Kagitumba/Mirama Hills; Mutukula/Mutukula, Kobero/Kabanga; Malaba / Malaba; Isebania/Sirari; and Busia/Busia.

Malaba/Malaba and Isebania/Sirari will become operational as soon as support infrastructure is completed. The Namanga OSBP will be completed by end of May 2016 while Katuna/ Gatuna are in advanced stages of completion. Mugina/Manyovu and Kanyaru/Akanyaru are yet to be funded. The EAC OSBP Act was assented to by the Heads of State. The draft OSPB regulations were finalized and are awaiting legal refinement by the Sectoral Council on Legal and Judicial Affairs before adoption while the OSBP Procedure Manuals have been developed.

DIRECTORATE OF TRADE

(a) EAC Non-Tariff Barriers (NTBs) Act 2015

Mr. Speaker, the EAC Non-Tariff Barriers Bill was passed by the East African Legislative Assembly in March, 2015 and is currently undergoing assent by the EAC Partner States. Tanzania and Kenya have already assented to the Act, now awaiting assent by the other three Heads of States. The EAC NTBs Act is expected to address outstanding Non-tariff Barriers (NTBs) in the EAC Time Bound Programme (TBP) on elimination of identified NTBs in pursuit of promotion of Intra-EAC Trade and to curtail proliferation of NTBs in the region.

Mr. Speaker, the National Monitoring Committees on Non-Tariff Barriers have continued to champion the elimination of NTBs in the region in order to facilitate intra-EAC trade. The 20th EAC Regional Forum on NTBs which was held from 30th March to April 1st, 2016, updated the EAC Time Bound Programme (TBP) on elimination of identified NTBs and the progress of elimination of NTBs in the region. The TBP shows that 19 NTBs were reported as unresolved, eight NTBs were reported as new and 98 NTBs were reported as resolved cumulatively since 2009.

(b) Operationalisation of EAC Competition Authority

In February 2016, the 33rd Council of Ministers considered and appointed to the EAC Competition Authority Commissioners nominated by Partner States. In addition, the Secretariat has commenced the recruitment process for Authority staff and successful candidates will be considered for appointment at the next Council meeting. The Authority is set to commence operations in the Financial Year 2016/17 and it will act as a one-stop centre in the enforcement of provisions of the EAC Competition Act. The Secretariat has finalised preparations for the operationalisation of the East African Competition Authority.

(c) AGOA Initiative

Mr. Speaker, the EAC was represented at the highest level from 24th to 27th August, 2015 at the US – Sub-Saharan Africa Trade and Economic Cooperation Forum, commonly known as the African Growth and Opportunity Act (AGOA) Forum in Libreville, Gabon. The 2015 Forum provided a unique opportunity to celebrate the

reauthorization of AGOA held in June 2015, take stock of AGOA's successes over the last 15 years, look to the next 10 years under AGOA, and launch a dialogue on the shared vision for future of US-Africa trade. After the reauthorization of AGOA, the EAC developed a regional AGOA strategy toward greater utilization of the trade and investment advantages that are available in the AGOA Act. The AGOA Act will be considered by the next Council.

(d) Export Promotion

Mr. Speaker, the EAC Secretariat in collaboration with the International Trade Centre (ITC) is developing a joint project namely, 'the Regional Integration Project for EAC' aimed at increasing the participation of EAC based Small and Micro Enterprises in Intra- and Inter-regional trade and fast tracking the continental free trade area (CFTA) with a target of increasing the export volumes and trade amongst African countries from 10 to 13 per cent to 25 per cent in a decade. The project will contribute to the implementation of an African Union wide Action Plan for Boosting Intra-African Trade. A Memorandum of Understanding was signed by the two (EAC and ITC) Parties on 14th December, 2015 in Nairobi, Kenya on the side lines of the 10th World Trade Organization Conference. In addition, the Secretariat developed an EAC Special Economic Zones (SEZs) Policy to ensure that Partner States embrace the evolution of economic zones in a structured and harmonized manner. The Sectoral Council on Trade, Industry, Finance and Investment decided that the approval of the SEZ Policy awaits further analysis on Export Processing Zones (EPZ).

(e) EAC-U.S. Trade and Investment Partnership

Mr. Speaker, the EAC Partner States and the United States are currently engaged in a Trade and Investment Partnership comprising:

- (i) a Cooperation Agreement covering Trade Facilitation, Sanitary and Phyto-Sanitary (SPS) and Technical Barriers to Trade (TBT) signed in February 2015;
- (ii) a proposed Regional Investment Treaty;
- (iii) continued Trade Capacity Building Assistance, and;
- (iv) A Commercial Dialogue.

(f) EAC-EU Economic Partnership Agreement

Mr. Speaker, the EAC and EU finalized negotiations for a comprehensive Economic Partnership Agreement (EPA) on 14th October, 2014. Under the EPA, the EU provides the EAC Partner States with full access (duty and quota free) for goods into its market. The EPA Agreement has been translated into all the EU languages and also Kiswahili.

The EAC will gradually liberalize 82.6 per cent over a 25-year period over a phase down schedule as follows:

- (i) Phase 1: involves only products with a CET of zero per cent, which is 65.4 per cent of EAC imports from EU (1,950 tariff lines) upon entry into force of the EPA;
- (ii) Phase 2: EAC Partner States will liberalize a further 14.6 per cent (1,129 tariff lines) within 7 to 15 years upon entry into force of the EPA. Products in this category are intermediate inputs attracting CET of 10 per cent.

- (iii) Phase 3: EAC Partner States will liberalize a further 2.6 per cent (960 tariff lines) of her imports from the EU within 12 to 25 years after entry into force of the Agreement. Included in this phase are finished products attracting a CET of 25 per cent, whose availability at lower cost is deemed to have a positive effect on consumer welfare, and not to have a potentially negative impact on EAC industrialization?
- (iv) About 17.4 per cent of EAC imports from EU will be excluded from liberalization (1,390 tariff lines). EAC List of sensitive products included in this category (59 tariff lines).

Beyond the elimination of customs duties, the Agreement covers important issues, such as free movement of goods, cooperation on customs and trade facilitation, trade defence instruments, economic and development cooperation, all of which mirror the efforts of the EAC to strengthen its Customs Union and to set up an effective internal market. The signing ceremony between EAC-EU and EPA is planned to take place between July and October 2016.

(g) COMESA-EAC-SADC Tripartite Arrangement

Mr. Speaker, the 3rd Tripartite Summit of Heads of State and Government signed the Tripartite Free Trade Area (FTA) Agreement on 10th June, 2015 at Sharm el Sheikh, Egypt. The Agreement is expected to come into force 30 days after 14 Tripartite Member/Partner States deposit instruments of ratification. The Tripartite Summit also signed the Sharm el Sheikh Declaration launching the Tripartite FTA and commencement of Phase II of the tripartite negotiations and adopted a Tripartite FTA

Post Signature Implementation Roadmap. It is necessary that the EAC Partner States ratify the Agreement before the deadline of June 2016 and also undertake measures to implement it as soon as it comes into force.

Work is ongoing on the FTA's built-in agenda (Tariff Negotiations and Rules of Origin); finalization of the instrument for Movement of Business Persons; preparations of Phase II negotiations (trade in services and other trade related areas). It has been recognized that work under the industrial pillar is ongoing on the other two pillars of industry and infrastructure development need to be pursued expeditiously.

DIRECTORATE OF PLANNING

Mr. Speaker, Sir, the following were the key achievements in the Community's Directorate of Planning during the Financial Year 2015/16:

(a) Formulation of the EAC Vision 2050:

The EAC Vision 2050 was approved by the 33rd Council, and adopted by the 17th Summit of Heads of State. The Vision of the Community in the next 35 years is to become an upper-middle income region within a secure and politically united East Africa based on the principles of inclusiveness and accountability. The Mission is to widen and deepen economic, political, social and cultural integration in order to improve the quality of life of the people of East Africa.

(b) EAC Tax Treaty Policy Framework:

The EAC Tax Treaty Policy Framework (TTPF) has been developed to provide a policy framework for the EAC Model Tax Treaty to guide future treaty negotiations by

Partner States. The draft TTPF reflects EAC Partner States' current economic status, and strikes a balance between the need to protect their revenue bases and the need to facilitate foreign investment.

(c) Domestic Tax Harmonization:

The Partner States have developed a draft Policy Framework for Domestic Tax harmonization. The objective of the Policy is to clearly identify possible areas for harmonization, coordination and the approach for coordination.

(d) Establishment of the EAMU Institutions

Mr. Speaker, Sir, the establishment of a strong Monetary Union will require a robust institutional framework to ensure compliance and safeguard the convergence process. For this purpose, the EAMU Protocol provides for the establishment of four support institutions including:

- (i) the East African Monetary Institute—to be set up as a precursor to the East African Central Bank;
- (ii) the East African Statistics Bureau;
- (iii) the East African Surveillance, Compliance and Enforcement Commission, and;
- (iv) the East African Financial Services Commission.

The establishment of each of these four institutions will among others require legal instruments in the form of a Bill. So far the draft Bills for the establishment of the East African Monetary Institute and the East African Statistics Bureau have been developed and negotiated by Partner States.

The draft Bill for the establishment of the East African Surveillance, Compliance and

Enforcement Commission has been developed and is awaiting negotiations by Partner States. A draft Bill for the establishment of the East African Financial Services Commission is currently being developed with support from the International Monetary Fund.

(e) Coordination and Harmonization of Fiscal Policy

Mr. Speaker, differential tax regimes can be a major hindrance to the integration process. The varied tax systems in the Community may potentially hamper the enjoyment of the freedom granted by the Treaty, the Common Market Protocol and the Monetary Union Protocol. Cognizant of this fact, the EAMU Protocol spells out harmonisation and coordination of fiscal matters as critical for sustainable and sound monetary union. To this effect, the EAC Secretariat continued with efforts on closer coordination of fiscal policies with focus on critical areas for harmonization to support implementation of the East African Monetary Union Protocol.

So far, domestic Tax Harmonization Policy has been drafted by the Secretariat and is being peer reviewed by the IMF before submission to the relevant organs of the Community for consideration. The policy will provide for a clear regional approach to harmonization of Income Tax, Value Added Tax, and Excise Duty. The scope of the Policy will also cover other aspects of domestic taxation that may impede realization of the Common Market objectives or may give rise to harmful tax competition in the region.

(f) Cooperation in Statistics Harmonization and Development

Mr. Speaker, the Secretariat has continued to implement a programme for harmonisation of

key sectoral statistics. The programme aims at producing harmonised and comparable macroeconomic, productive, and social statistics for monitoring the EAC Macroeconomic Convergence criteria and other integration initiatives. As part of the harmonisation programme, the Secretariat continued to develop frameworks for harmonization and compilation of the required macroeconomic statistics for EAMU. During the period, a guideline for compilation of harmonised and comparable Government Finance Statistics in line with international best practices, was finalized and adopted.

Mr. Speaker, Sir, during the 2015/16 Financial Year, the Secretariat continued to ensure the availability of social economic statistics to the Community for planning and monitoring the regional integration. This was done through; maintenance of an updated online socio-economic statistical database; and compilation and dissemination of the 2015 EAC Facts and Figures-2015, a publication covering regional statistics for the period 2014.

(g) Financial Sector Development and Regionalization Project

Mr. Speaker, during the Financial Year 2015/2016 Financial Year, efforts towards financial sector development and integration achieved significant milestones following the completion of drafting of the EAC Council directives on Securities Market as well as development of draft EAC Insurance and Pensions Policy Frameworks. This was in addition to the development of certification programmes for insurance and banking sectors which will go a long way to enhance harmonization of professional standards in financial services across the region.

In the long-run, a developed and integrated financial sector will contribute to growth in long-term capital formation, establishing an enabling environment that encourages greater market participation, and developing new products and services to finance the Community's infrastructure projects among others.

(h) Capital Markets Infrastructure

Mr. Speaker, as you may be aware, during the Financial Year 2015/2016, the EAC Secretariat through the Financial Sector Development and Regionalization Project (FSDRP) continued the implementation of the Capital Markets Infrastructure (CMI) System that seeks to link all the securities trading platforms as we all as Central Securities Depositories in the EAC region. This is with a view to creating a single market for securities in the region. Benefits to accrue to the people of East Africa from the successful implementation of this system are enormous. I continue to call upon all Partner States and respective stakeholders to fully support this initiative, as the successful implementation of this infrastructure will be a key milestone in the EAC integration process.

Mr. Speaker, Sir, the investor confidence assessed by the Foreign Direct Investments (FDIs) has been positive. The region had a combined total FDIs inflow of USD 7.09 billion in 2014 up from USD6.2 billion in 2013. In implementing the aspirations of the Treaty that underpins the integration as private sector led and market driven integration process, the first ever EAC Business Leaders' Summit was held in Arusha in February 2016.

The Summit provided an opportunity for policy makers to dialogue with the Business Community on the challenges that must be

resolved to continuously improve the business environment in the region and emphasize on the need for Partner States to expeditiously implement the agreed commitments under the EAC Customs Union and Common Market Protocol and the implementation of the EAC Monetary Union to facilitate increased intra-EAC trade. Further the Summit launched the EAC Code of Conduct for business. The Code provides common values to support regional economic integration and trade for prosperity in the EAC. It is an initiative aimed at enhancing ethical business practices in the areas of human rights, labour standards, environment, and anti-corruption.

DIRECTORATE OF INFRASTRUCTURE

(a) Roads Subsector

Mr. Speaker, during the period under review, construction of sections of the Arusha – Holili/Taveta - Voi road (240 km), the 2nd multinational road coordinated by the Community, commenced. The Arusha – Holili section in Tanzania comprises the Arusha Bypass (42 km) and the upgrading to a dual carriageway of the Sakina – Tengeru road section (14 km) while on the Kenyan side, the 90 kilometre long Taveta – Mwatate road will be upgraded from gravel to bitumen. By end of March 2016, 50 km of this section had been completed by the end of March 2016 and opened to traffic. Resource mobilization for the construction of the Tengeru - Holili section is ongoing.

Further, the Detailed Design Studies for the Malindi – Lunga Lunga and Tanga – Bagamoyo Road between Kenya and Tanzania were at the final stages of completion. The expected date of completion is June 2016. The African Development Bank has expressed interest in funding the construction phase of the project and loan negotiations with the Bank for works

contracts which will commence during Fiscal Year 2016/2017.

In addition, the Secretariat signed a grant agreement amounting to USD2.68 million in November 2014 with the AfDB through the NEPAD Infrastructure Project Preparation Facility (NEPAD-IPPF) for the feasibility studies and detailed designs of two key links for the Republics of Rwanda and Burundi to the Central Corridor. These are the 250 kilometre long Nyakanazi – Kasulu – Manyovu road in Tanzania linking to the 78 kilometre long Rumonge –Bujumbura road in Burundi, and the 92 kilometre long Lusahunga – Rusumo road in Tanzania linking to the 70km long Kayonza – Kigali road in Rwanda. Contracts for consultancy services were signed on 1st April, 2016 and the studies are expected to be completed by December 2017.

In April, 2016 the NEPAD-IPPF agreed to consider a request from the EAC to fund the studies on two additional multinational road projects namely; the 87 kilometre long Masaka - Mutukula in Uganda linking to the 124 kilometre long Bugene-Kasulo Road in Tanzania Multinational Roads and the 49 kilometre long Chankuzo - Gahumo Road in Burundi linking to the 108 kilometre long Murusagamba - Nyakahura and Kumumbuga-Rulenge Murugarama Roads in Tanzania.

The Secretariat is also working with the Governments of Kenya and Uganda on the rehabilitation and upgrading of the Endebess - Suam – Kapchorwa Road. Collaboration is also ongoing with the Central Corridor Transit Transport Facilitation Agency for the preparation of documentation for mobilizing resources to support the feasibility study and detailed designs for the Dar es Salaam bypass.

Currently, the Community has enacted the EAC Vehicle Load Control Act 2015 and the EAC One Stop Border Post Act 2015. With support from the EAC Partnership Fund and JICA, the Secretariat developed the Draft Regulations to support the implementation of the two laws. The Draft Regulations were adopted by the Council in February 2016 and are undergoing legal input and drafting under the Sectoral Council on Legal and Judicial Affairs.

The EAC Secretariat through funding from TMEA developed a standardised curricula for drivers of large commercial vehicles in the EAC as recommended in the EAC Transport Facilitation Strategy. The Curriculum has been validated by experts and awaits consideration by the Sectoral Council on Transport and Communication in May 2016 before subsequent adoption by the Council of Ministers.

(b) Railways

Mr. Speaker, the construction of the Mombasa-Nairobi standard gauge railway line in Kenya is now at an advanced stage and progress stood at approximately 70 per cent by March, 2016. The construction of the Nairobi-Naivasha section has also commenced. Similarly, negotiations for financing of the construction of the new standard gauge railway of the Kampala-Malaba section in Uganda is ongoing and construction is expected to commence during the Financial Year 2016/17. For the Central Corridor, the procurement process for Finance-Design-Build and Operate of the standard gauge railway for Dar-es-Salaam-Isaka-Kigali/ Keza-Gitega-Musongati is in progress and parallel negotiations with development partners for counterpart funding are ongoing.

The Secretariat is implementing the EAC Railways Sector Enhancement Project, which commenced in March 2014 and is almost complete. The main objective of the study is to assist Partner States in decision making regarding physical and soft railways infrastructure investments in the region. A final report containing the implementation roadmap for the proposed priority links and other study recommendations will be submitted by end of June, 2016. To facilitate the development and operation of seamless and efficient railway transport services in the region, the Secretariat is in the process of developing technical specifications for rail infrastructure and appropriate regulations for safety, inter-operability and access management.

Under African Union (AU) Agenda 2063, the Heads of State are desirous to interconnect capital cities in Africa with high speed inter-city railways with operating speeds of up to 250 km/hour through a project known as “The Continental African High Speed Railway.”

The AU Commission, in collaboration with Regional Economic Communities and Member States, will commence preparation of a pre-feasibility and feasibility study on the project in January 2017. The EAC is a member of the Implementation Committee for this project.

(c) Maritime Transport

Mr. Speaker, you will recall that this region has lost many lives at sea and inland waterways due to lack of rapid mechanisms for search and rescue. To address this, the EAC has developed a proposal for funding EAC Maritime Search and Rescue Exercise. This means that joint maritime search and rescue drill exercises will be organized

periodically in order to improve responses to maritime incidences.

Mr. Speaker, at the end of 2014, the International Maritime Organization (IMO) adopted amendments to Chapter VI of the Safety of Life at Sea (SOLAS) Convention, requiring every packed export container to have a verified weight prior to its being loaded on board a ship. This requirement will come into force from 1st July, 2016 and in order to ensure that East African exports are not negatively affected by the amendment, the EAC Secretariat organized sensitization workshops in order to bring the new requirements to the attention of all stakeholders. The workshops also provided guidance on modalities of implementation and Partner States are currently working towards full implementation of the Amendment when it comes into force.

(d) EAC Transport Maritime Corridors Development

Mr. Speaker, a study known as “The Integrated Corridor Development in the EAC Region (Intermodal Strategy)” was completed in November 2014 with support from the World Bank. Following endorsement of the Strategy during the 3rd EAC Heads of State Retreat on Infrastructure Development and Financing, the World Bank undertook to commit USD1.2 billion for the Strategy and an initial USD450 million has been made available to support the development of the Lake Victoria Transport Project component. Project preparations are ongoing and Aide-Mémoires for the first phase of the project have been concluded between the World Bank, Tanzania, Kenya, Uganda and Rwanda. Implementation of these projects will commence in 2016/17 Fiscal Year.

(e) Civil Aviation and Airports

Mr. Speaker, during the year under review, the roadmap for the implementation of the EAC Upper Flight Information Region Project was finalized and agreed upon by the Partner States. The 12th meeting of the Sectoral Council on Transport, Communication and Metrology (TCM) will consider the draft roadmap in June 2016. The Project aims at enhancing aviation safety and performance through improved Upper Area Control and optimization of air traffic management in the region through an Upper Area Control Centre.

(f) Information and Communications Technology

EAC Roaming Framework was developed and approved by the 30th Meeting of the Council of Ministers in 2014 and approved by the EAC Heads of State in February 2015. The framework imposed price caps on roaming charges and called for the removal of surcharges on cross-border telecommunications traffic. The Republics of Kenya, Rwanda, and Uganda have implemented the Framework while Tanzania and Burundi are finalizing domestic processes for its implementation. The Republic of South Sudan is already implementing this framework.

Implementation of cross-border ICT infrastructure is critical for the attainment of a common market in communications services within the EAC. To this effect, the EAC is in the process of developing regulations for cross-border interconnections. The regulations are expected to be completed and adopted by December 2017. When adopted, the regulations will provide mechanisms for effective and efficient implementation of cross-border ICT infrastructure. This is in

line with Articles 89 and 99 of the Treaty as well as the EAC Protocol on ICT Networks.

(g) Meteorology

Mr. Speaker, under Meteorology, the two major areas of focus during the current financial year have been policy harmonization and the implementation of the Five Year Meteorological Development Plan and Investment Strategy (2013- 2018). On policy harmonization, the Secretariat and Partner States continued to implement the EAC Meteorological Data Policy whose purpose is to promote a harmonized approach to meteorological data observations, transmission, management and sharing of meteorological data. Partner States have also embarked on a programme to rescue and digitize meteorological data. Further, the region will soon start to implement the World Meteorological Organization Integrated Global Observing System, which involves incorporating meteorological data observed by other organizations into the national meteorological databases. EAC is also working to phase out mercury-based observing systems by 2020 in line with the MINAMATA Convention on Mercury.

The Protocol on Cooperation of Meteorological Services was signed by the Ministers responsible for EAC Affairs in February 2016. The objective of the Protocol is to enhance closer cooperation amongst the meteorological services to enable the pooling and mobilization of resources for the implementation of common meteorological projects and capacity building, among other areas of cooperation.

On the Meteorological Development Plan and Investment Strategy, EAC, World Meteorological Organization (WMO), Lake Victoria Basin Commission and Partner States have entered into a Consortium to

implement the project known as “Enhancing Safety of Navigation and Efficient Exploitation of Natural Resources over Lake Victoria and its Basin by Strengthening Meteorological Services on the Lake.” The project aims at establishing a weather prediction system specific to Lake Victoria.

Mr. Speaker, the Secretariat and Partner States in collaboration with the US Government and the African Centre for Lightning and Electromagnetics are implementing a pilot project for severe weather now-casting based on total lightning detection over Lake Victoria. Eleven lightning detection stations had been installed around Lake Victoria by the end of 2015.

DIRECTORATE OF PRODUCTIVE SECTORS

(a) Agriculture and Food Security

Mr. Speaker, the Comprehensive Africa Agricultural Development Programme (CAADP), under the African Union, is Africa’s policy framework for agricultural transformation, wealth creation, food security and nutrition, economic growth and prosperity for all.

I am pleased to inform you that the Ninth Sectoral Council on Agriculture and Food Security held in January, 2016, adopted the EAC- CAADP Compact. The development and adoption of Compact is a key milestone in line with the African Union Malabo Declaration on Accelerated Agriculture Growth and Transformation for Shared Prosperity and Improved Livelihoods. The Secretariat is now spearheading the finalization of the EAC CAADP Results Framework. It is an important instrument that will be used in tracking and measuring impacts and outcomes of the interventions resulting from implementation of the EAC CAADP. In addition, the process of

development of the EAC CAADP Agricultural Investment Plan (AIP) will be completed by June 2016.

Mr. Speaker, Sir, the EAC Partner States have undertaken to mutually recognize the academic and professional qualifications granted, experience obtained, requirements met, licences or certificates granted in other Partner States as provided for in Article 76 of the Treaty establishing EAC and in particular Article 11 of the Common Market Protocol (CMP). In line with that the Mutual Recognition negotiations for Veterinary Professionals were concluded and the Agreement signed in March, 2016. A Mutual Recognition Agreement (MRA) of Veterinary Professionals will promote increased availability of quality veterinary services across the region.

Mr. Speaker, Sir, EAC is implementing the project of “Reinforcing Veterinary Governance in Africa (VETGOV)” which aims at bringing about institutional strengthening of veterinary services and to stimulate a more conducive environment for public and private investments in the livestock sector.

Initially, the VETGOV programme helped to establish national Livestock Policy hubs in all the five EAC Partner States. In the last one year, the programme has also been supporting capacity building in policy development, a number of piloting studies at national level to generate situational and basic practice papers to inform policy and decision making processes.

Mr. Speaker, Sir, Sanitary and Phytosanitary measures (SPS) are critical for promotion of safe trade. Cognizant of the prominence and magnitude of SPS matters, EAC is implementing SPS Measures on plant health, animal health and food and feed safety

developed in March 2016. A clear and detailed road map for implementation of the EAC SPS measures has been developed and efforts are underway to initiate the development of the regional SPS Bill.

Mr Speaker, EAC is implementing an EAC Aflatoxin Control and Prevention Project. In 2015, progress has been made in the development of EAC evidence-based aflatoxin implementation strategy and action plan. A total of eleven multi-sectoral technical papers have been developed and validated to inform the development of an EAC regional Strategy and Action Plan.

The critical topics covered in the papers include impacts of aflatoxin on animal and human health, standards for food and feed, biological control of aflatoxin, post-harvest handling, alternative uses and disposal systems for contaminated products and economic impacts on trade. In addition, a five-year communication strategy on aflatoxin control and prevention has been also developed. The strategy is designed to address a robust multi-sectoral aflatoxin abatement initiative across the health, agriculture, livestock, trade, industry and environmental sectors.

As part of the aflatoxin interventions, the 31st Council of Ministers adopted the EAC Regional Post-Harvest Handling and Storage Measures for Aflatoxin Abatement. The measures have been developed to support Partner States implement integrated systems of post-harvest handling, storage and processing methods to minimize aflatoxin contamination; and improve knowledge of local scientists, farmers, storage operators, processors, distributors and consumers about aflatoxin prevention and control measures.

(b) Industrialization and Small and Medium Enterprises (SMEs) Development

Mr. Speaker, the EAC Council of Ministers at its 28th meeting held in Nairobi, Kenya in November 2012, (EAC/CM 26/Directive 18), directed the Secretariat to urgently formulate a Bill on industrialization with a view to provide legal framework for the implementation of the EAC Industrialization Policy and Strategy. The draft EAC Industrialization Bill was developed, now waiting for legal scrubbing and inputs by drafters and legal experts; thereafter it will be presented to the Sectoral Council on Legal and Judiciary Affairs for consideration.

Mr. Speaker, the 17th Summit of Heads of States considered the progress of implementation of the Summit directive on automotive industry, Textiles and Leather Sectors. The progress report on modalities for the promotion of automotive industry in the region to stop importation of used motor vehicles and modalities for the promotion of textiles and leather industries in the region as well as mechanisms for stopping the importation of used clothes, shoes, and other leather products from outside the region.

Mr. Speaker, the following progress of the implementation of the directives was achieved between July 2015 and May 2016:

(i) *Promotion of Automotive Industry in the Region:*

Terms of reference (TORs) for undertaking a comprehensive holistic regional study on the sector have been prepared. The Summit directed the Council to ensure the study was undertaken expeditiously and report the progress to the 18th Summit. The Secretariat is currently in the process of commissioning a comprehensive study on the motor vehicle industry with a view to identifying modalities

for promotion of the sector. The study findings and strategic policy recommendations will be presented to the EAC Summit of Heads of States in November 2016.

(ii) *Progress Report on Textiles and Leather Industries in the EAC Region:*

The Secretariat through support by Trade Mark East Africa (TMEA) has engaged a Consultant who is currently conducting a study on textiles and leather sectors and will prepare action plans/ strategies for the two sectors. The Secretariat has convened national workshops where the draft study reports and action plans have been presented for discussions. The Action Plans and Strategic Policy Recommendations are to be presented to the EAC Summit of Heads of State in November 2016 for consideration and Adaptation.

(iii) *Regional Collaboration in Industrial Research, Technology and Innovation:*

The Secretariat set up a platform to facilitate engagement of industrial research and technology organization in the region (RTOs) in February 2016. The RTOs have prepared a draft MOU to facilitate their engagement. Within the MOU, the RTOs propose for the formation of an EAC Network of Industrial Research and Technology Organizations (EAC-NIRTO). The NIRTO is expected to facilitate collaboration, networking, exchange of experiences and planning activities for collaboration among Industrial Research and Technology Organizations (RTOs) in the region.

(v) *Strengthening Capacity for Industrial Policy Analysis and Coordination:*

The Secretariat is implementing a two and half year (2015-2017) joint programme on “Strengthening Capacities for Industrial Policy Formulation and Implementation in the East African Community”. Through the project, training and capacity building has been carried out targeting experts from ministries responsible for industry, private sector and EAC Secretariat staff. The Secretariat in collaboration with UNIDO will establish a regional Industrial Observatory as part of the outputs of the project.

(iv) *Launching of the First East African Manufacturing Business Summit :*

The first EAC Manufacturing Business Summit was held at Speke Resort, Munyonyo, in Kampala, Uganda on 1-2nd September 2015. The Summit co-jointly organized by EAC, East Africa Business Council (EABC) and hosted by the Government of Uganda in Kampala, Uganda. Record of 500 participants attended the event with over 30 exhibitors showing a diversified range of locally manufactured products. The EAC Secretariat in collaboration with the EABC plans to organize the second manufacturing business summit in May 2017. Building on the momentum created, we are planning to convene the second Manufacturing Business Summit in September 2017 where more than 1000 business entities are anticipated to converge and do business. The second Business will see the launch of the 1st Manufacturing Excellence Award to as a strategy to promote quality manufacturing in the region and champion Buy-East Africa-Build East Africa (BEA-BEA) which was formerly launched during the 1st Summit in Kampala.

(c) Energy Sector

Mr. Speaker, steady progress continues to be made in the energy sector. In the Power Sector, implementation of projects under the Power Master Plan has resulted in the addition of 425MW between 2014 and 2016. This has raised the region’s installed capacity from 4,468MW to 4,893MW against a peak demand of 3,187MW in 2014 and 3,326MW in 2015 for the interconnected system. Various efforts are ongoing to increase access to modern energy services.

To this end, the EAC Secretariat, with assistance from the European Union Energy Initiative carried out a study on the technical capacity for small hydropower development in 2015. The recommendations of this study are currently being implemented with funding from the Italian Government under the Africa-EU Energy Partnership together with the African Union Commission.

The EAC Secretariat and other Regional Organizations namely the Nile Equatorial Lakes Subsidiary Action Programme (NELSAP), Eastern Africa Power Pool (EAPP) and Energy for the Great Lakes (EGL), continued to monitor the implementation of interconnection projects. Two interconnection projects namely, Kenya-Uganda 400kV/220kV and Uganda-Rwanda 220kV are earmarked for commissioning in 2016 and two in 2017 (Rwanda-Burundi 220kV and Kenya-Tanzania 400kV). Implementation of the Power Master Plan will continue to be the main activity under power sector with specific focus on the Lake Victoria Transmission Ring; Masaka-Mwanza and Mwanza-Kisumu transmission lines. The maintenance of data on key power system performance parameters and an updated energy balance is being emphasized.

In the petroleum sector, the Secretariat successfully organized the 7th East African

Petroleum Conference and Exhibition (EAPCE'15) in Kigali in March 2015. Preparations for EAPCE'17 to be held in March 2017 in Burundi are ongoing. Procurement process for consultancy services for a feasibility study oil products pipeline from Kigali to Bujumbura was initiated in 2015/16. Implementation of the study will be a major activity during the financial year 2016/17. At the same time feasibility study for a similar pipeline, Mbarara-Mwanza-Isaka-Dar es Salaam, for which the Secretariat has mobilized funding from the African Development Bank, will be initiated during 2016/17.

Mr. Speaker, Sir, the Council at its 33rd Meeting designated Makerere University College of Engineering, Design, Art and Technology (CEDAT) as a Centre of Excellence for the East African Centre for Renewable Energy and Energy Efficiency (EACREEE). The Overall Objective of the Centre is to contribute towards increased access to modern, affordable and reliable energy services by creating an enabling environment for renewable energy and energy efficiency markets and investments. CEDAT is therefore hosting the Centre and the focus in 2016/17 will be the operationalization of Centre's projects and programmes.

(d) Tourism and Wildlife Development

Mr. Speaker, Sir, the achievements of the tourism sector in the FY 2015/2016 are attributed to many factors including immense private sector investments in hotels especially in Rwanda and Uganda, improved transportation infrastructure in all Partner States, aggressive marketing, product development and dedicated governments efforts in conservation as well as designing policies and regulations that provide balanced shared of tourism benefits.

In November 2015 and March 2016, Partner States and the Secretariat participated in two of the world's biggest tourism trade fairs the World Travel Market (WTM) held in Excel London and the International Tourismusbörse (ITB) held in Berlin Germany respectively. The participation enhanced the visibility of EAC as "a single tourist destination"; promoted the EAC TOURIST VISA directly to buyers from various international markets; enhanced cross border tour operators collaboration; and strengthened networking between tourism global buyers and East Africa region sellers. Currently the single tourist visa operates in Rwanda, Uganda and Kenya. Efforts are also underway in other Partner States to start using the visa.

Mr Speaker, during its 27th Meeting, the Council directed the EAC Secretariat to develop a regional Strategy to Combat Poaching and Illegal Trade in Wildlife and Wildlife Products. The directive is being implemented by the EAC Secretariat in collaboration with regional wildlife and natural resources experts. Following the usual development process of any other EAC instrument, the draft strategy which was developed in August 2015 is now under review through national consultation workshops to ensure ownership by Partner States and stakeholders.

To move matters forward, a 3-day regional validation workshop (from 30th May to 1st June 2016) will be the last step of the process of development of the strategy. In this workshop, delegates and invited regional experts and stakeholders representatives will consolidate and refine the outcomes of national consultations in one final draft and validate it before its submission to the 4th Sectoral Council of Tourism and Wildlife Management for adoption.

In the next Financial Year, 2016/17 the priorities for the Tourism and Wildlife sector will include, among others, developing guidelines for smooth cross border tour operations, implementation of the regional strategy to combat poaching and the illegal trade in wildlife and wildlife products, finalizing the development of a tourism legal framework, training of more hotel assessors from Partner States and transferring training program of hotel assessors to training colleges in hospitality in Partner States and the continued promotion of the Region as a Single Tourist Destination.

(e) Environment and Natural Resources

Mr. Speaker, Sir, in the area of Environment and Natural Resources, the EAC implemented priorities that were defined in the pre-budget conference for the FY 2015/2016, namely: coordination of the implementation of the EAC key reference instruments which are the Climate Change Policy, 2011, the Climate Change Strategy, 2011-2016 and the Climate Change Master Plan, 2011-2031); coordination the process of finalisation of the EAC DRRM Bill (2013); coordination of the operationalisation of the EAC BIOPAMA Observatory and RRIS data management system; and coordination of the work towards review and ratification of the Protocol on Environment and Natural Resources and promote environment management system for the Community.

The EAC Secretariat also continued to implement existing projects and programmes aiming at strengthening adaptive capacity and promoting sustainable utilization and management of natural resources.

With the support from US Government, the Secretariat is coordinating the

implementation of a 5 year (2012-2017) programme on Planning for Resilience in East Africa through Policy, Adaptation, Research and Economic Development (PREPARED). The objective of the programme is to strengthen the resilience and sustainability of East African economies, transboundary significant fresh water ecosystems and communities in the face of climate change. In November 2015, the programme finalised the studies on Ecosystems Profile Assessment (EPA) and Water, Sanitation and Hygiene (WASH) Sectors Assessment studies that led to the identification of nine important Biologically Significant Areas (BSAs) and 10 WASH sites in the region for investment and conservation.

Climate Vulnerability Impacts Assessment (VIA) study is 80% done and when completed, number of adaptation projects will be designed and implemented in the field closer to the communities.

During the period 2015-2016, the EAC Secretariat continued to strengthen collaboration with regional and international institutions in its quest to attain sustainable conservation and management of natural resources. In this regard, Memorandum of Understanding (MoUs) were signed with the International Union for Conservation of Nature (IUCN) and Bird Life International and African Wildlife Foundation (AWF). Negotiations are still underway with GIZ with a view to enhancing collaboration efforts in the area of climate change mitigation and promotion of renewable energy.

Following the conclusion of the MoU with IUCN in February 2015, we are now implementing the Biodiversity for Protected Areas Management (BIOPAMA) Project and an EAC BIOPAMA Observatory will be

launched during the Sectoral Council on Environment and Natural Resources in June 2016. The objective of this project is to improve institutional and technical capacity to conserve biodiversity particularly in the protected areas. Since March 2015, the project has established an interlinked but regionally centred observatory for biodiversity and protected areas management. During the same period a Regional Reference Information System (RRIS) was also established at the EAC Secretariat to facilitate data and information exchange and capture to support policies and decision-making in the area of biodiversity and natural resources management.

Mr. Speaker, Sir, following the enactment by EALA of the Disaster Risk Reduction and Disaster Management Bill (DRDM, 2013) on 8th March 2016, EAC Secretariat updated the technical paper for the appropriate institutional arrangement to operationalise the DRDM Bill. Partner States are currently reviewing the technical paper on the appropriate institutional arrangement that was submitted by the EAC Secretariat in mid-April 2016.

DIRECTORATE OF SOCIAL SECTORS

(a) Health Sector

Mr. Speaker, Sir, the EAC Health Sector covers health policy and systems strengthening, reproductive health, prevention and control of communicable and non-communicable diseases, facilitation of access to safe, affordable and quality medicines, vaccines, health technologies and ensures safe food is consumed by the EAC population.

Mr. Speaker, Sir, progress has been made in promotion of integration in the health sector and interventions have been implemented

during the reporting period to address challenges facing the sector and promote regional cooperation pursuant to Chapter 21, Article 118 of the Treaty. EAC regional contingency plan for infectious diseases epidemics and events of public health importance (2015-2020) was developed and awaiting approval for implementation by the 12th Ordinary Meeting of the EAC Sectoral Council of Ministers of Health to be held on 22nd June, 2016. The plan serves as guide to Partner States to align their plans and strategies with regional plan in order to contain epidemics due to communicable diseases.

Furthermore, in order to prevent epidemics in refugees camps, the EAC Secretariat in collaboration with Partner States Ministries of Health, the International Federation of Red Cross and the Red Crescent, the Tanzania Red Cross Society, Medicines Sans Frontieres, United Nations High Commission for Refugees and East, Central and Southern Africa Health Community, deployed over a hundred (100) team of medical and public health emergency experts at refugees camps in the United Republic of Tanzania and the Republic of Rwanda from 5th to 17th July 2015 to provide medical services to the refugees and delivered donated drugs received from EAC Pharmaceutical Manufacturers.

Mr. Speaker, Sir, in order to strengthen human resource for health and ensure right skills and knowledge is provided by the various public and private sector universities and other institutions of higher learning in the fields of medicine, medical laboratory sciences, nursing, pharmacy, dentistry and other health professions, regular joint inspections have been conducted by EAC Secretariat in collaboration with the EAC Partner States' s National Health Professional Boards and Council using regional guidelines

and checklists developed for the inspection and mutual reciprocal recognition.

In this regard, Mr. Speaker, Sir, the second joint inspection of University Medical and Dental Schools and Teaching Hospitals was conducted in the Republic of Uganda from 9th to 14th November, 2015, in the Republic of Kenya from 16th to 23rd January, 2016, in the United Republic of Tanzania from 13th to 19th March, 2016 as well as in the Republic of Rwanda from 8th to 10th May, 2016 and in the Republic of Burundi from 11th to 15th May, 2016. The reports and recommendations of these second joint inspections are expected to be considered by the 12th Ordinary Meeting of the EAC Sectoral Council of Ministers of Health on 22nd June, 2016 for further technical and policy guidance.

Mr. Speaker, Sir, taking into consideration the need to build supply chain capacity for medicines and other health products in addition to the core aim of strengthening immunization cold-chain and supply chain management in the region, EAC Regional Centre of Excellence for Health, Vaccines and Immunization Logistics in the East African Community Partner States has been established at the University of Rwanda and officially launched on 24th March, 2016 with participation of representatives from Global Alliance for Vaccines (GAVI), Federal Government of Germany, GIZ, German Development Bank (KfW) and EAC Secretariat.

German Government through KfW will support the Centre with a financial contribution of up to 10 million EUR over three year duration. The first short course on General Health Supply Chain Management at the Centre of Excellence was successfully conducted from 16th to 20th November 2015 in collaboration with John Snow Inc. and

GAVI and trainees were drawn from all EAC Partner States.

Since the approval of the EAC harmonized technical guidelines for registration and regulation of Medicines by the 29th Ordinary Council of Ministers with a directive to Partner States to commence domestication of the technical guidelines with effect from 1st January, 2015, Partner States National Medicines Regulatory Authorities (NMRAs) with the exception of the Republic of Burundi have domesticated the EAC guidelines. EAC Common Registration System for medical products have been adopted by EAC Partner States and the first EAC joint dossier evaluation workshop of eight medical products falling under the category of bio therapeutics/biologicals, anti-retroviral and anti-hypertensives were jointly assessed by EAC regulators from 23rd to 27th October 2015 and received market authorization by NMRAs of the Republic of Kenya, Republic of Uganda and United Republic of Tanzania.

Mr. Speaker, Sir, during the reporting period for the financial year ending 30th June 2016, the EAC Secretariat co-financed joint inspection in which inspectors from EAC Partner States in collaboration with the World Health Organization (WHO) conducted Joint Good Manufacturing Practice (GMP) Inspections for Compliance to EAC GMP Standards of the following Pharmaceutical Industries:- Quality Chemicals Ltd (CIPLA), Uganda (16th to 20th November 2015); Ajanta Pharma Limited, India (18th to 20th January 2016); Workhardt Limited, India (18th to 20th January 2016); Emecure Limited, India (21st to 22nd January 2016) and CIPLA Limited, India (18th to 19th February 2016).

The overall aim of Common Registration Procedures, Joint Assessment of Medical Products and Joint GMP Inspections is to

improve public health through streamlining regulatory approval processes, reduce costs to Patients, Governments and Manufacturers), reduce technical barriers to trade and ensure availability of affordable, safe and good quality medicines and health products to the EAC Population.

The EAC Reproductive Maternal New-born, Child and Adolescent Health (RMNCAH) Scorecard (2015) was developed as a mechanism for strengthening accountability for results and resources at regional, national and subnational levels. The scorecard framework for 2015 was developed by EAC Secretariat in consultation with Partner States Ministries of Health and National Bureau of Statistics and will be approved for use by Partner States by the 12th Ordinary Meeting of the EAC Sectoral Council of Ministers of Health to be held on 22nd June, 2016.

Mr. Speaker, Sir, the EAC Regional Task Force on transport corridor programming have developed strategic documents to provide guidance in the implementation of Health and HIV/AIDS programmes and related activities along the transport corridors. These include the Regional Strategy for Integrated Health and HIV/AIDS Programming along the transport corridors in East Africa; EAC Waterways Health, HIV/AIDS Programming and Accountability Framework; and the EAC Minimum Package of Health HIV/ AIDS and other services for key and vulnerable populations along transport corridors in East Africa. The policy documents are awaiting approval by the 12th Ordinary Meeting of the EAC Sectoral Council of Ministers of Health scheduled on 22nd June, 2016 and subsequently domestication by Partner States.

Mr. Speaker, the key priorities for the Health Sector for the Financial Year 2016/2017 include:

- (i) Health Policies and Legal Framework: Finalization of EAC Regional Health Sector Policy and Implementation Framework; the EAC Medicines and Health Technologies Policy and Strategic Plan; and Mutual Recognition Framework for National Medicines Regulatory Authorities
- (ii) Health Financing: Support Partner States to explore and adopt Sustainable Financing mechanisms to achieve Universal health and HIV/AIDS coverage;
- (iii) Resource Mobilization:
- (iv) Finalize project proposal and resource mobilization for a five-year EAC Regional Health Integrated Programme (2016-2021) to cover HIV/AIDS and Reproductive Health with Swedish International Development Agency (SIDA) with funding commitment amounting to USD5.3 Million,
- (v) Finalize Negotiations and Signing of Financial Agreement with the World Bank to support East African Medicines Regulatory Harmonization Programme for the period of one (1) year up to 30th June, 2017 through a No-Cost Extension Funding of USD3.4 Million;
- (vi) Convening of the EAC Partner States and Donors Round-Table Conference incorporating the 1st EAC Health Investors Meeting and Exhibition entitled: "Investing in Health Infrastructure, Systems and Services within the Framework of Universal Health Coverage (UHC) for the Accelerated Attainment of Health-Related Sustainable Development Goals (SDGs) and Targets in the East African Community Partner States by 2030" to mobilize technical and

financial resources to support Health Sector Integration in line with EAC Treaty and Common Market Protocol which will be held in Nairobi, Kenya on 28th November, 2016.

(b) Education, Science and Technology

Mr. Speaker, on Education, Science and Technology, workshops of education curriculum development experts to align their National curriculum within the harmonized EAC Structures and Frameworks have been conducted in all Partner States save for Burundi. The developed Strategies will ensure that National Curricula are harmonized with the approved EAC Curricula Framework and Structures.

On Mutual Recognition Agreements (MRAs), Rwanda Engineering Council acceded to the Mutual Recognition Agreement (MRA) Between Competent Authorities of the Engineering Professions in the East Africa Community on March 1st 2016. On 9th March, 2016, the registrars from the Republic of Kenya, Republic of Rwanda, and Republic of Uganda signed the Mutual recognition Agreements (MRAs) among veterinary professionals in East African Community witnessed by a representative of the Republic of Burundi and the Registrar of the United Republic of Tanzania

Mr. Speaker, the 2015 EAC Students' Essay Writing Competition for lower secondary at both the National and Regional levels was successfully conducted. Winners were awarded during the 17th Summit of Heads of State held on 2nd March 2016.

(c) Culture and Sports

Mr. Speaker, Sir, during Financial Year 2015/2016, EAC successfully held the 2nd Edition of the EAC Arts and Culture Festival and Sports Tournament;—Jumuiya ya Afrika Mashariki Utamaduni Festival (JAMAFEST), in Nairobi, Kenya under the theme “*Unleashing the economic potential of Cultural and Creative industries in the EAC.*” The regional Arts and Culture Festival is one of the strategies for fostering social cohesion among East Africans. Its main objective is to provide regular platforms for social interaction of East Africans and branding the EAC.

In doing so, JAMAFEST has contributed significantly to improvement of the corporate image/branding of the EAC. It has also enhanced social cohesion of East Africans, promoted cross-border movement of persons as well as increased cultural tourism and trade in goods and services. Indeed, jobs in the host country are usually created which increases the incomes of the beneficiaries.

Mr. Speaker, Sir, JAMAFEST 2015 provided a great platform for the EAC to showcase the rich and diverse cultural heritage of the Partner States as a prime drive of regional integration and socio-economic development. With over 1,250 artistes and 21,000 festival goers, the event provided tremendous opportunities for marketing regional cultural and creative goods/commodity outputs within the region and beyond, in addition to offering space for inter-cultural dialogue among the people of East Africa. The Budget proposal for FY 2016/2017 will support the preparatory activities for the implementation of the 3rd Edition of JAMAFEST scheduled to take place in September 2017 in Kampala, Uganda.

Mr. Speaker, Sir, under the Culture sub-sector, the challenge of inadequate budget

resources for regional Cultural programmes is compounded by the lack of sustainable public sector financing for Culture projects and programmes in the EAC, hitherto mainly supported/sponsored by the private sector. There are a number of willing financiers who need a little persuasion and a more structured regional financing framework to be able to contribute towards culture project financing.

These include Development Partners who would be willing to support the culture sector in the EAC once it appears on the priority list of EAC investment areas. To overcome this bottleneck, the EAC during FY 2016/2017 is planning to embark on the process of establishing an EAC Culture Trust Fund with the objective of providing a sustainable financing mechanism for EAC regional Culture projects to be implemented under the Framework of Public Private Sector Partnerships (PPPs).

(d) Gender, Community Development and Civil Society Mobilization sector

Mr. Speaker, Sir, the Gender, Community Development and Civil Society Mobilization sector during the period under review recorded successful implementation of the following activities:

- (i) Development of the EAC Child Policy. The document was adopted by the 3rd meeting of the Sectoral Council on Gender, Youth, Children, Social Protection and Community Development on 24th March, 2016. The policy aims at providing a functional regional framework to facilitate the development, harmonization coordination and effective implementation of national legislations, policies and action plans related to children and their wellbeing.
- (ii) The 2nd Conference on Women in Socio-economic Development and in Business was held in August 2015 under the theme

“Advancing and Expanding the Participation of Business Women in Intra-EAC”. The brought together over 500 Women doing business in the region, exhibitors, officials from Partner States and other stakeholders in trade and investment to exchange ideas on new ways and means of increasing affordable financing for women owned businesses in order to promote the entrepreneurship spirit as a major springboard to their economic empowerment and development of the region; and,

- (iii) The 4th Annual EAC SGs Forum was held in March 2016 in Dar es Salaam Tanzania under the theme “Good Governance and Constitutionalism in the East African Community”. The brought together representatives of the Civil Society, Private Sector, Other Interest Groups, Government officials and Partners to discuss challenges, share best practices and explore strategies of promoting effective governance and constitutionalism to enhance good neighbourliness, trade and investment in the region.

The sector will continue to collaborate with the Partner States to implement the identified priorities for the year 2016/2017 in line with the Sustainable Development Goals (SDGs) and record the achievements of each Partner State in regard to the SDGs.

(e) Immigration, Labour / Employment & Refugee Management Subsectors

Mr. Speaker, Sir, this august House may be pleased to note that during the 17th Ordinary Sitting of the Summit of EAC Heads of State, the new International East African Electronic Passport was launched. The East African e-Passport represents; the Ordinary; Official/Service and Diplomatic Passports. The introduction of the new e-Passport is a milestone that will see our Partner States join

global initiatives where over 100 countries are implementing the electronic passports. The Partner States are expected to issue the new international EA e- passport in to their citizens in January 2017 and make necessary arrangements with relevant authorities to implement the passport.

The EAC Secretariat will monitor the implementation of the new E-Passport in the Partner States including the development of a regional IT plan taking into consideration of regional and international best practices.

Mr. Speaker, Sir, for purposes of enhancing the implementation of EAC Common market protocol provisions of free movement of persons; an EAC Regional e-Immigration Strategic Framework was adopted. The framework, provides for the application and harnessing the ICT applications in the rendering of migration services in the Partner States. To this extent and for purposes harnessing and integrating Information Communication and Technology (ICT) applications into the immigration processes and enhancement of free movement of persons, an EAC Regional e-Immigration Strategic Framework was adopted.

Mr. Speaker, Sir, the activities implemented during the Financial Year 2015/2016 included the development of a draft framework document to facilitate a joint programme to encourage the exchange of young workers amongst the Partner States in accordance with Article 10(8) of the EAC Common Market Protocol. The objectives of the exchange framework is to; provide the youth with the opportunity to learn more about the community, learn new skills, and get a chance to experience EAC's diversity through the work exchange programme as well as fostering a stronger sense of regional identity among the youth in the Community.

Mr. Speaker, Sir, consultations with stakeholder in the employment subsector such as the East African Trade Union Confederation (EATUC) and Employers' Associations have been undertaken on the process of harmonization of the work/residence permit fees pursuant to Regulation 6(9) of the East African Common Market (Free Movement of Workers) Regulations Annex II and regulation 6(5) of the East African Community Common Market (Right of Residence) Regulations.

Mr. Speaker, Sir, it may be noted that under article 124(5) (h) of the Treaty for Establishment of the EAC and article 7(8) of the Protocol for Establishment of the EA Common Market, Partner States are expected to develop a common mechanism of the management of refugees. In addition, the Partner States are hosting refugees from neighboring countries such as DRC, Somalia, and Sudan etc. Thus, the EAC Secretariat conducted a study titled on "Harmonisation of Refugee Policies and Legislation in the EAC; Present Status and Future Directions" and will inevitably will inform the development of the EAC Refugee Management Policy.

POLITICAL AFFAIRS

(a) EAC Political Federation

Mr. Speaker, Sir, the Community continues to lay a firm foundation for political integration. The 31st Meeting of the EAC Council of Ministers in May 2015 established a Sub-Committee of Ministers Responsible for EAC Affairs to consider the Concept Note, Terms of Reference (ToRs); Roadmap for the Constitution Making Process, and; to determine the Model of the EAC Political Federation for consideration. The Sub-Committee met in February 2016 and made a report to the Council on the basis of which the

Council reported to the 17th Ordinary Meeting of the Summit. The report was to the effect that the Partner States had generated convergence on a Confederation as the Model of the East African Federation, although the Republic of Kenya needed more time to consult on the matter.

Mr. Speaker, Sir, the Confederation is understood to mean the gradual and incremental collaboration in specified areas in accordance with Article 5(2) of the Treaty, with the Partner States pooling their sovereignty in the specific areas. The Meeting agreed that the Constitutional Experts would provide a proposal to the Council on the areas to be covered under the pooled sovereignty. The 17th Summit on March 2nd, 2016 considered the progress report of the Council and decided to finalize the matter at its next Summit.

Mr. Speaker, Sir, promoting good governance remains pertinent as a cross-cutting issue in the integration agenda. With regard to the promotion of electoral democracy, the EAC Secretariat deployed Election Observer Missions in the Republic of Burundi from 17th to 23rd July, 2015; in the United Republic of Tanzania from 19th to 21st October, 2015, and; in the Republic of Uganda from 10th to 20th February, 2016. The EAC introduced and adopted the use of the open kit data collection tool using electronic tablets in election observation and evaluation to facilitate timely data collection and transmission of findings to the Secretariat coordinating the election observation mission. This facilitated timely processing of information in the Republic of Uganda and the re-run elections that were held in Zanzibar from 17th to 21st March 2016.

Mr. Speaker, Sir, in order to increase the level of understanding of EAC Integration and promote the participation among the student

community across East Africa, the Community holds annual EAC University Debates. During this Financial Year, the debate was held from 20th – 21st December, 2015 in Kampala, Uganda, during which the 2015/16 Youth Ambassadors were appointed. Back to back with the debate a training was also held from 22nd to 23rd December, 2015 on EAC processes, structure and procedures for the newly appointed Youth Ambassadors.

(b) Foreign Policy Coordination

Mr. Speaker, Sir, in the efforts to strengthen our multilateral networks and strategies for the attainment of EAC integration objectives, we are focusing on sustained and targeted articulation of EAC integration objectives at bilateral, regional and international fora. The EAC is actively engaged in the Coordination Committee that brings together the Chiefs of Regional Economic Communities, African Union, African Development Bank and the UN Economic Commission for Africa. This Coordination Committee is an AU statutory body mandate to, among other things, deliberate on strategic proposals for regional and continental integration, and whose recommendations guide deliberations of African Heads of State at their bi-annual Summits. At the most recent session of the Coordination Committee held in March, 2016 in Lusaka, Zambia, the roles and responsibilities between RECs, NEPAD Planning and Coordinating Agency (NPCA) and the AU Commission aimed at ensuring the execution of different programmes in the Implementation of AU Agenda 2063 were agreed upon. Regarding our activities with the UN, in October 2015, during the Africa Week organized as part of the UN General Assembly activities, we briefed the UN member countries on the EAC integration initiatives.

(c) Regional Peace and Security

Mr. Speaker, Sir, the success of our integration process must be backed by a predictable security environment. The sector players have a critical role in ensuring the facilitation of the enjoyment of freedoms and rights guaranteed by the Treaty. The sub-sector continued regular consultations towards joint action against Terrorism, Small arms and Light weapons trafficking, Human and narcotics Trafficking, Theft of Motor Vehicles and other cross border crimes. To this extent a training manual and operating procedures on Public Order Management with a Human Rights perspective at the 14th Eastern Africa Police Chiefs Cooperation Organization – Annual General Meeting (EAPPCCO AGM). The next financial year will be dedicated to conclusion of another three harmonized Standing Operating Procedures remains an omnipresent threat to the enjoyment of these freedoms and rights. Attention will be paid to transnational crimes that feed terrorism and terror infrastructure.

During the reporting period, development of a Regional Chemical Emergency Response Framework was launched of national plans in four out of the five Partner States concluded. The fight against maritime insecurity was bolstered with Joint training of 50 officers from Prosecution, Judicial, and Prisons sectors to enhance law and order enforcement capacity in implementation of international maritime regimes which form the bedrock of maritime law enforcement. The next funding horizon will focus on enhancing numerical as well as operational capacity through two additional training session along with on the job exchange trainings among participating states in the Eastern and Southern African Indian Ocean Region.

Mr. Speaker, Sir, attention was further paid to enhancement of regional investigative infrastructure through the conclusion of a procurement process for a state-of-the-art Integrated Ballistics Information System for the Regional Forensic Referral Centre. It is expected the acquisition will contribute towards broadly resolving arms related crimes with emphasis on the sources and mode of trafficking consistent with the UN International Arms Tracing Instrument and the INTERPOL I-ARMS Programme. The planned interventions for the next year will focus on bolstering the efficacy of the system through commencement of a critical mass of 320 officers on various investigative skills through sixteen training sessions covering three different skills and seniority levels, with attention paid to implementation of Chemical Security initiatives geared at ensuring that dual use chemicals remain with mandated jurisdictions.

The role of trans-boundary communities in border security cannot be overemphasized. With respect to this, focus will be on conclusion of an enabling Regional Policy that will entrench border communities as a first line of defence in the fight against cross border criminal activities. This will also be enhanced through the development and adoption of an enabling regional policy.

The Region like any other, will continue facing challenges that will require collective will to resolve. The 16th Summit of EAC Heads of State approved the establishment of an EAC Panel of Eminent Persons to support internal capacity for preventive diplomacy, with the intention of promoting local solutions to local problems. The role of this Panel was visible in supporting the Summit in its effort to addressing the Burundi Political Crisis. To this extent, provisions have been made to ensure operational capacity development of support structures

that will support and enhance the viability of this panel whenever called upon by Summit to address a regional matter. The work of the Panel will continue to be supported by the EAC Early Warning Mechanism.

Mr. Speaker, Sir, the role of women in our integration process must continue to be entrenched as integration deepens and widens. The Peace and Security sector will not be left behind in this endeavour. To this extent, a framework for implementation of UN Security Council Resolution 1325 was concluded during the reporting period. Interventions envisioned in the next year include conclusion of its the implementation modalities for the with the objective of enhancing UN Security Council Resolution 1325 that enhances the role of women in decision making on Peace and Security matters.

Mr. Speaker, Sir, as you are aware, in July 2015, the 3rd Emergency EAC Summit appointed President Museveni the Mediator of the Burundi Dialogue. His Excellency Museveni travelled to Burundi in July 2015 and met the various stakeholders. Upon consultation with various stakeholders the Burundi Dialogue process was launched at State House in Entebbe on 28th December, 2015. On 2nd March, 2016, following the review of the progress, the 17th EAC Summit appointed Former President of the United Republic of Tanzania, His Excellency Benjamin Mkapa, to be the Facilitator of the Dialogue, under the overall Mediation of President Museveni. Former President Mkapa has undertaken preparatory consultations with the Presidents of the EAC Partner States, the primary stakeholders in the dialogue and representatives of the leadership of the African Union, the UN and other strategic partners.

The first round of the dialogue is expected to commence on 21st May, 2015 with intense consultations with various groups upon which a roadmap that will define the structure of the process will be agreed upon. It must however be appreciated that the success and effectiveness of these interventions can only be realized if supported by a rapid decision making body in place.

The establishment of the Peace and Security Council along with the ratification of the Peace and Security Protocol are matters that Partner States must attend to as a matter of priority, more so with the increasing challenges that we are currently facing in the region. These structures are critical to laying a strong foundation for a Political Federation within a secure and stable environment.

LEGAL AND JUDICIAL AFFAIRS

Mr. Speaker, S i r , u n d e r legal and judicial affairs, the Community enacted the following East African Community laws:

- (i) The East African Community Supplementary Appropriation Bill, 2015;
- (ii) The East African Community Cooperative Societies Bill, 2015;
- (iii) The East African Community Elimination of Non-Tariff Barriers Bill, 2015;
- (iv) The East African Community Civic Education for Integration Bill, 2015;
- (v) The East African Community Customs Management (Amendment) Bill, 2015 ; and,
- (vi) The East African Community Appropriation Bill, 2015

Besides the above Bills, the Council has also spearheaded action in other aspects of legal and judicial co-operation. Prominent achievements in this regard include:

(a) The Protocol on Cooperation in Meteorological Services, which was completed and signed by the Partner States on the 29th February 2016 during the 33rd Meeting of the Council of Ministers and now, awaits ratification;

(b) harmonization of Municipal Laws in the East African Community context whereby priority was once again accorded to laws that have a bearing on the implementation of the East African Common Market; and,

(c) the Regional Judicial Trainings intended to enhance the capacity of various judicial officers in such areas as terrorism including immigration, refugees and displaced people, the role of the Courts and Alternative Dispute Resolution, cybercrimes, cross-border investments and dispute settlements.

Mr. Speaker, Sir, the Secretary General has continued to be a nominal defendant in most of the litigation conducted at the East African Court of Justice. The Community has thus continued to learn from such litigation especially with regard to the strict application and interpretation of Community laws. During the Financial Year 2016/2017 the Council will initiate Bills to establish East African Community Institutions charged with supporting the East African Monetary Union and also submit to this august house any other pending Bills for your necessary consideration.

Mr. Speaker, Sir, this Budget session takes place at a time when the Republic of South Sudan has just been admitted into the Community by the 17th EAC Summit and the signing of the Treaty of Accession on 15th April, 2016. The Republic of South Sudan (RSS) is expected to submit the Instruments of Ratification to the Secretary General before the close of 2016.

The Secretariat is therefore tasked with putting in place mechanisms that will facilitate the follow-up on the ratification by the Republic of South Sudan (RSS) and also develop a Roadmap for the subsequent processes that are required to integrate the RSS' integration fully into the Community programmes, projects and processes. All these processes will see an increase in the Communities expenditure before we receive the first country contributions from the Republic of South Sudan.

DIRECTORATE OF HUMAN RESOURCE AND ADMINISTRATION

(a) Executive Transition at the EAC Secretariat

Mr. Speaker, Sir, I wish to inform this august House that Dr. Richard Sezibera's tenure as Secretary General of the EAC ended on 25th April, 2016 and he was replaced by Ambassador Liberat Mfumukeko who is the current Secretary General. I wish to take this opportunity to thank Dr. Sezibera for his contribution to the EAC integration agenda during his tenure, and wish Ambassador Mfumukeko every success during his tour of duty as the EAC Secretary General.

(b) Implementation of the EAC Institutional Review

Mr. Speaker, Sir, the EAC Institutional Review Consultants' Study was finalized in February 2016 after the Ministerial Committee entrusted by the Council to consider the final report from the Consultant, met and made a number of recommendations which were adopted by the 33rd Meeting of the Council of Ministers.

The 17th Meeting of the Summit of the EAC Heads of State held in March 2016 directed the Council to come up with an

implementation framework for the various recommendations on the Institutional Review and report progress in the next Summit meeting.

A retreat for Permanent/Principal Secretaries of the Ministries responsible for EAC Affairs is scheduled to be held in June 2016 to come up with the implementation framework for the various recommendations reached on the EAC Institutional Review Process.

(c) Staff Recruitment

Mr. Speaker, Sir, during the current Financial Year, the Council appointed seven new Professional Staff for the EAC Secretariat and the East African Court of Justice (EACJ). These included the Counsel to the Community, (CTC), and the Registrar of the EACJ and the Director in-charge of Planning. The staff recruitment budget for the Financial Year 2016/2017 includes a provision for the replacement of 31 Professional Staff whose final contracts will be expiring between June, 2016 and March, 2017.

A major recruitment exercise is underway to replace the said staff on time. In addition, there are some nine staff positions which were established by the Council during the current Financial Year for the Customs and Trade directorates, Office of the Deputy Secretary General (Political Federation) and the Internal Audit departments that will be filled during the Financial Year 2016/2017, as part of efforts to enhance the Human Resource Capacity for these departments and units.

(d) Implementation of the EAC Institutional Review Recommendation

Following the finalization of the EAC Institutional Review exercise, and the subsequent adoption of the recommendations

on the Institutional Review from the Ministerial Committee by the 33rd Meeting of the Council of Ministers, the EAC Organs and Institutions will be expected to embark on the implementation of various recommendations during the Financial Year 2016/17 in line with the Institutional Review implementation framework.

(e) Video Conferencing Facility

Mr. Speaker, Sir, a modern state-of-the-art Video Conferencing (VC) facility was installed at the EAC Secretariat through the financial and technical assistance of TMEA and is now operationally linked to all the Ministries responsible for EAC Affairs in the five Partner States. Considering the cost of the Video Conferencing facility, it will be necessary that it be fully utilized in order to justify the high cost involved in acquiring the VC facility.

DIRECTORATE OF FINANCE

(a) Rolling out the Sun Systems and Budget Management System to EAC Institutions

Mr. Speaker, Sir, in order to improve financial management and reporting, the Secretariat has rolled over the Sun systems to all EAC institutions which were using different financial management systems. The Budget Management System (BMS) which was developed and installed was as well rolled out to all EAC Institutions, making it easy to prepare Annual Operational Plans, MTEF budget and monitor its execution. As a result of these improvements, budgets and financial reports are timely well prepared and submitted, and the audit for Financial year 2014/2015 was completed within a record time, by December 2015, and I am happy to inform the August House that all

organs and Institutions of the Community got unqualified (clean) audit opinion.

(b) ISO 9001: 2008 Certification

Mr. Speaker, Sir, the EAC embarked on a Quality Management System project since 2014. I am pleased to inform the August House that the Directorates of Finance and Planning were certified ISO 9001:2008 compliant in July 2015. The audit for the rest of the whole EAC Secretariat was undertaken in April 2016 and we are waiting for the outcome.

(c) Harmonization of Public Financial Management in Partner States

Mr. Speaker, Sir, the Secretariat is implementing a project geared towards harmonization of Public financial management in all the Partner States. During the current Financial Year, the National Audit Offices, Public Procurement, National Accounting, and Public Accounts Committees were involved. The project is contributing in laying a strong foundation for the implementation of the EAC Common Market and Monetary Union Protocols.

EAST AFRICAN LEGISLATIVE ASSEMBLY (EALA)

Mr. Speaker, Sir, let me congratulate your office and all Members upon the successful implementation of the planned activities for Financial Year 2015/2016. During the year under review, the Assembly undertook significant activities namely:

(i) Debate of the State of EAC Address by the Chair of the Heads of State Summit. Debate on this has been earmarked for the current plenary session;

(ii) Legislation of key Community laws such as The East African Community Creative and Cultural Industries Bill, 2015; The East African Community Electronic Transactions Bill, 2015; The East African Community Forests Management and Protection Bill, 2015, and; The East African Community Disaster Risk Reduction and Management Bill, 2012;

(iii) In its representative role, the Assembly continued to serve as a democratic link between the Organs and Institutions of the EAC and the people of East Africa. The Assembly, like any other legislature, has acted as the peoples' mouthpiece for the citizens of East Africa about the commitments and policies of their governments to the EAC. It has done this through Public Hearings, petitions workshops, seminars, and public rallies on all major stages of integration and legislation;

(iv) Oversight activities on EAC Programmes and Projects to ensure value for money through interrogating public policies and public funds earmarked to pursue these policies to ensure efficiency and effectiveness, fairness and equity in their administration or implementation. In addition, the Assembly came up with wide ranging recommendations on financial management, through its consideration of the Report of the Audit Commission. The Council shall endeavour to implement a substantial number of these recommendations in the subsequent financial years;

(v) In terms of outreach, the Assembly toured and visited various EAC programmes and projects in the Partner States. The Assembly interacted with rural communities, business people, scholars, civil society, professional associations, among others, and took into account their views about the type of the

Community they really want. Additionally, rotational sittings in the EAC Partner States and outreach programmes were carried out to enhance the visibility of the EAC;

(vi) Revamping and re-launching of a new interactive Assembly's website to enhance access to information. The new interactive website has positioned the Assembly as the champions of regional integration and attracted more support for its programmes which will sustain commitment towards deepening and widening regional integration;

(vii) Participation in key activities of the Community, for example, EAC Heads of State Summit meetings which admitted South Sudan as its 6th new Partner State; participation in EAC Observer Missions to Burundi's parliamentary and presidential elections in July 2015; United Republic of Tanzania General Elections on 25th October, 2015; Uganda presidential and parliamentary elections on 18th February, 2016,

(viii) Participation in international parliamentary fora and articulation of EAC integration initiatives to enhance the image of EAC. Such fora include Inter-Parliamentary Union (IPU), Commonwealth Parliamentary Association (CPA), Pan-African Parliament (PAP), and Economic Community for Western Africa Parliamentary Forum (ECOWAS-PF) and; Southern African Development Cooperation Parliamentary Forum (SADC-PF). Participation in these fora enhances the EAC's image internationally and promotes peer learning and sharing of best practices, and;

(ix) The Ninth Nanyuki Seminar Series was held under the theme: "Compliance with the African Union and Sub-Regional Blocs' Election Benchmarks: the case of the EAC," in Dar-es-Salaam, Tanzania from March 2nd to 4th, 2016. The Council will endeavour to

implement the recommendations from the 9th Nanyuki Seminar Series.

Mr. Speaker, Sir, overall, the Assembly's budget has increased by 1 per cent from the previous year's budget mainly to provide for a fourth activity for all the Standing Committees.

During the Financial Year 2016/2017, provisions have been made for the Assembly to continue enhancing its three tier core role activities of representation, oversight and legislation. In this regard we have provided for:

- (i) Plenary and Committee activities to be maintained;
- (ii) Additional funding for one committee activity for all Standing Committees of the Assembly;
- (iii) Sitting allowance for the Commission;
- (iv) sitting allowances for Committees and Oversight activities, and;
- (v) Staffing and equipping the *Hansard* function.

EAST AFRICAN COURT OF JUSTICE (EACJ)

Mr. Speaker, Sir, there has been an increase in the number of cases filed, and this indicates an enhanced awareness of the presence of the court and confidence from the residents of the community. A number of capacity building trainings were conducted for the Judges and the staff of the court to increase efficiency including in the sub registries.

From July 2015-April 2016 a total of twenty nine cases were filed slightly lower than the previous financial year while twenty one decisions have were delivered again lower than the previous financial year. The reduced number of cases filed could be attributed to

compliance and adherence to the provisions of the Treaty by Partner States thus reducing litigation. This is however expected to change with the extended mandate of the court to deal with matters of trade disputes. The Court has been quite efficient and committed when it comes speedy disposal of cases filed and continues to evolve and take on board any new technology that will assist in a speedy delivery of justice.

The court's priority interventions are to develop and implement a strategic plan for 2016-2020, hear and determine cases at the earliest possible time, enhance the corporate image of the Court, sensitize stakeholders on the jurisdiction of the Court and its procedures, build capacity of judges and staff more so after the Summit extended mandate of the Court to include matters of trade and hopefully conduct circuit court sessions in Partner States.

LAKE VICTORIA BASIN COMMISSION

Mr. Speaker, Sir, notable achievements by the Lake Victoria Basin Commission were as follows:

- (i) promoting the sustainable utilization and management of the natural resources in the Lake Victoria Basin;
- (ii) operationalization of communities oriented activities, and;
- (iii) Strengthening institutional, coordination and management capacity of the Commission.

Under promotion of sustainable utilization and management of the natural resources within the Lake Victoria Basin, I am happy to report that the Commission has carried out many and various activities to deal with the environmental stresses within the Basin. Through the implementation of the Lake Victoria Environmental Management Project

(LVEMPII project), 296 industries in Lake Victoria Basin were trained and sensitized on Resource Efficiency and Cleaner Production Technologies; 141 industries were facilitated to adopt cleaner production technologies in the Basin thereby reducing pollution of rivers, lakes and other water bodies therein; and four wastewater treatment facilities were put in place for the sake of reducing the amount of untreated effluent discharged into the Lake Victoria.

During the Fiscal Year 2015/2016, LVBC through LVEMP II project has continued to improve the livelihood in the five EAC Partner States. At the end of March 2016, a total of 618 Community Driven Development (CDD) sub-projects with two-pronged benefits of community livelihoods improvements and environmental conservation valued at USD 17 Million are directly benefitting over 543,170 needy community members in Lake Victoria Basin.

The Commission is keen on safety of navigation and security on Lake Victoria. This year the procurement and installation Aids to Navigation on 37 locations on Lake Victoria was done which has enhanced navigation safety, reduced maritime accidents and boosted the Lake Victoria transport and trade on the Africa's largest fresh water Lake.

The LVBC interventions in trans-boundary natural resources management were facilitated by the implementation of PREPARED Project. Recognizing the importance of the Mara ecosystem, the two Partner States of Kenya and Tanzania signed a Memorandum of Understanding on 15th September 2015. This also led to the development of a draft Nyungwe-Kibira MoU between Rwanda and Burundi.

Mr. Speaker, Sir the Commission has

undertaken community oriented activities through Lake Victoria Water Supply and Sanitation Project (LVWATSAN) Phase II and Population Health and Environment (PHE) programme). As this august House may recall, the LVWATSAN project is implementing its activities in 15 focal towns, three in each of the five Partner states. Results have been already recorded as Physical Short Term Interventions works have been completed in Rwanda, Kenya, Tanzania and Uganda and are ongoing in Burundi. Furthermore, during the period under review, Long Term Interventions commenced in Uganda, Kenya, Rwanda and Tanzania.

The community oriented activities were also carried out through PHE Program whereby about 300 Community Conservation and Health Workers (CCHWS) have been trained and provided with Health KITS in all the 5 Partner States. They are providing services to the community members promoting both health and environmental conservation. The program purchased and distributed Medical Kits to the trained Community Conservation and Health Workers to support delivery of integrated services.

On the gender issue, PHE programme has ensured increased participation of women in environmental and natural resource management initiatives and men in family planning and reproductive health promotion and messaging. In addition, there has been increased credit access and labour participation by women and youth in economic development activities leading to improved livelihoods.

Mr. Speaker, Sir, to effectively implement its projects and programmes, the Lake Victoria Basin Commission has continued to strengthen its institutional, coordination and management capacity. The LVBC Secretariat

with support from USAID Nairobi has developed anti-poaching training manual for 10 schools (5 in Kenya and 5 in Tanzania). This anti-poaching manual is now being used by the schools around the Mara Serengeti Ecosystem.

Mr. Speaker, Sir, the key achievements need to be sustained in the long run in order to alleviate poverty within the Basin. We all look forward to positive outcome of the ongoing short and long terms interventions to improve water supply and sanitation services in the Basin. For that purpose, the Commission has started engaging with the African Development Bank on the up-scaling of LVWATSAN to ensure continued interventions to address the myriad challenges in the basin. A request was made to various development partners to reach the Sustainable Development Goal (SDGs) on water and Sanitation for all within the Lake Victoria Basin. Already KfW and European Union have committed to fund key priorities interventions through a new LVBC-Integrated Water Resources Management Programme (IWRM) for an initial commitment of 30 Million Euro. The completion of the feasibility studies is expected in September 2016.

The Lake Victoria Basin Commission made great strides particularly on the trans-boundary front, but joint cross border ecosystem management between Partner States still needs to be enhanced. During its Phase I, The Mount Elgon Regional Ecosystem Conservation Programme between Kenya and Uganda offered important lessons in trans-boundary natural resources management and more so in climate change adaptation by local communities. Consultations with the Government of Norway, the main development partner supporting this programme are underway for the second

phase of interventions in the Mt Elgon Ecosystem.

Alongside the Mount Elgon Regional Ecosystem Conservation Programme, the Commission will enhance the management of ecosystems and natural resources through PREPARED. The strategic interventions envisaged are oriented towards promoting joint Management of Nyungwe-Kibira and strengthening public participation in management of trans-boundary ecosystems by setting up Biodiversity Task Forces.

The Key interventions for the next Financial Year 2016/2017 will also be focused on mainstreaming PHE into LVBC policies and programmes. Therefore, alongside the integration into the PREPARED project, PHE will be mainstreamed into national and sub-national institutional policies, strategies and frameworks. More importantly one of the PHE Added Value will be the strengthening Science, Technology and Innovation in PHE Programming through Capacity building of stakeholders on mobile health and piloting of mobile health technology in the region.

INTER UNIVERSITY COUNCIL FOR EAST AFRICA (IUCEA)

Mr. Speaker, Sir, the Inter-University Council for East Africa continued to implement its Rolling Strategic Plan 2011-2016 that will end in June 2016. A road map to prepare the new Strategic Plan for 2016-2021 is being implemented in order to have it approved by the IUCEA Executive Committee in June 2016.

Mr. Speaker, Sir, following the directive of Ministers in charge of higher education in 2011 to transform EAC into a Common Higher Education Area by 2015, the IUCEA developed tools to that effect during the Fiscal Year 2015/2016. These are: a regional

quality assurance framework, an East African Qualifications Framework for higher education, principles and guidelines for quality assurance in higher education, East African Quality Assurance Network, staff mobility framework and students mobility policy. These instruments were approved by competent authorities and are now being operationalized in the Partner States.

The 2nd Extra-ordinary meeting of the Sectoral Council on Education, Science, Technology, Culture and Sports held on 7th April 2016 in Entebbe, Uganda approved the Declaration for the EAC to become a Common Higher Education Area that will be considered by the Council of Ministers before it is declared by the Summit of Heads of State.

Mr. Speaker, Sir, since 2015, IUCEA is facilitating the establishment of Eastern and Southern Africa Higher Education Centres of Excellence (ACE II) Project funded by the World Bank. IUCEA was selected as the Regional Facilitation Unit on a competitive basis. The project aims at capacity building in key priority areas identified by participating countries and the World Bank that are Science, Technology, Engineering and Mathematics (STEM), Agriculture, Health and Education and Applied Statistics. A total of 24 regional centres of excellence were conditionally selected of which 15 are within the EAC. Negotiations between the IUCEA and the World Bank for a grant of USD 8million took place on 16th and 17th March 2016.

Mr. Speaker, Sir, in collaboration with the EABC and the EADB and under the auspices of the EAC Secretariat, IUCEA organized the 4th Academia-Public-Private Partnership Forum and Exhibitions 2015 on 22nd-23th October 2015 in Entebbe, Uganda under the theme: *“Developing the Ideal Graduate*

through *Academia-Public-Private Partnership.*” During the opening session, the following IUCEA publications were launched by the Guest of Honour, Hon. Prof. Sunday Tickodri Togboa, Minister of State in charge of Higher Education representing His Excellency Yoweri Kaguta Museveni, President of the Republic of Uganda:

- (i) Book on EAC (East African Community: Journey towards Regional Integration);
- (ii) East African Qualifications Framework for Higher Education;
- (iii) Principles and Guidelines for Quality Assurance in Higher Education in East Africa;
- (iv) Quality Assurance Handbook – Roadmap to Quality; and
- (v) Regional Benchmarks for Academic Programmes

The Forum received lessons from Singapore and Germany on the development of ideal graduate. Participants discussed thoroughly on the role of all education partners, African Centres of Excellence as well as the Academia-Public-Private Partnership to ensure development of an ideal graduate in our region. Among the recommendations, participants to the Forum recommended to IUCEA to attract more financial institutions and other organizations to join the partnership between industry and academia in East Africa to foster the development of competent and creative graduates to develop the region. The 2015 Higher Education Forum recognized for the first time and appreciated the fact that both academic and the private sector were increasingly speaking a common language since 2012.

Mr. Speaker, Sir, by the end of July 2015, IUCEA completed construction of its Headquarters and shifted on 4th August 2015 to the new office premises located in

Kyambogo, Kampala. IUCEA was handed over the title deed of the land in its name by the Uganda Land Commission. The construction was financed by the Partner States who contributed USD 500,000 each.

Mr. Speaker, Sir, during the reporting period, Prof. Alexandre Lyambabaje from the Republic of Rwanda took over the leadership of IUCEA as Executive Secretary from Prof. Mayunga H.H. Nkunya from the United Republic of Tanzania whose term ended on 5th November 2015. Prof. Alexandre Lyambabaje took office on 6th November 2015 for a 5year non-renewable term.

LAKE VICTORIA FISHERIES ORGANIZATION (LVFO)

Mr. Speaker, Sir, the Lake Victoria Fisheries Organization (LVFO), the technical arm of the Community in matters of fisheries and aquaculture management and development, registered a number of milestones towards ensuring fish and fish products continue to contribute to nutrition, food security and wealth creation to the millions of the people of EAC, and there is harmony in managing and utilizing the resources.

Mr. Speaker, Sir, the Strategic Vision 1999-2015 that embraced a healthy ecosystem approach was reviewed in the process of developing a New Strategic Vision 2016-2020. Through stakeholders’ participation at national and regional level, the New Strategic Plan with a focus on “A Competitive and Sustainable Fisheries and Aquaculture Industry in the East African Community” with a mission “To Promote Sustainable Management and Development of Fisheries and Aquaculture in the East African Community for Food Security and Wealth Creation” was finalized and approved by the Technical Council in January 2016. The cost to implement the Plan for the five years is

estimated at USD117.79 million and the budget for FY 2016/2017 identifies key priority action plans but also the Organization is strategizing to mobilize resources from different Partners for its full implementation.

The Fisheries Management Plan III for Lake Victoria (2016-2020) was approved by the LVFO Council of Ministers in January 2016. A thorough bottom-up approach was used to ensure plans from the National and local governments as well as Industrial processors were given due consideration. The national meetings identified the weak linkage between the national and devolved/decentralized governments as the main bottleneck in successful implementation of the Plan. The management Plan III for 2016-2020 has the objective to manage the fishery to increase export earnings, promote national and regional trade, contribute to increase per capita fish consumption, food security, improved livelihoods and well-being of communities as well as addressing other emerging issues in the Lake Victoria.

The strategies include: introduction of user rights; domestication of Fishing Craft Management System (FCMS); market driven reforms; development and value addition of products; increasing financing to the sector; introduction of fisheries and aquaculture incubation enterprises; installation of beach seine deterrent devices in tilapia breeding areas and Nile perch nursery grounds. The cost of implementation is estimated at USD42.2 million. The Organization is mobilizing resources for its implementation.

Mr. Speaker, Sir, the organization finalized the Nile perch Fishery Management Plan (2015-2020) (NPFMPII) for Lake Victoria which was also approved by the LVFO Council in January 2016. The Nile perch fishery contributes about 65 per cent of the

value of the fisheries of Lake Victoria. The plan is designed to ensure that Nile perch fishery is healthy, sustainable and increases the benefits to local communities and to the Partner States. The strategy to achieve the objectives includes ending open access to the fishery, ensuring compliance of all actors involved in the fishing and post-harvest activities with existing regulations with priority given to prevent the most harmful fishing practices. The estimated cost of the action plan is approximately USD38.8 million over a period of 5 years, to be co-financed by Partner States, Development Partners, Projects, Trust Funds and friends of Lake Victoria. It is estimated that USD 451 million will be generated in addition to the other benefits if implemented fully.

Provision of scientific information in a timely manner to guide the management of fisheries resources and aquaculture in the EAC region is key to the sustainability of the resources and the development of the sector. A Stock Assessment technical meeting which synthesizes fisheries data and other information to provide the current state of the fishery and fish stocks, with particular reference to Nile perch, Dagaa and Nile Tilapia was conducted in May 2015.

Findings of the surveys demonstrated an improvement in the status of the fisheries resources with an estimated total biomass of fish in the lake at 2.9 million tons which represents close to 33 per cent increase from 2.1 million tonnes registered in September 2011. The LVFO Research Institutions have managed to forge collaboration with Denver University in USA to support trawl survey and hydro-acoustic surveys with other ecosystem studies to provide guidance to management of the wild stocks and monitor impact of introducing cage farming in Lake Victoria.

EAST AFRICAN KISWAHILI COMMISSION (EAKC)

Mr. Speaker, Sir, the EAKC started its operations in May, 2015 and has developed the Annual Operations Plan for 2016-2017. The Commission's Vision is to be the leading body in the promotion and coordination of the development and usage of Kiswahili for regional integration and sustainable development. The Commission held Consultative Meetings with Line Ministries and key Kiswahili stakeholders in Partner States on a wide range of issues. The Commission is finalizing a Strategic Plan for 2016-2021.

Mr. Speaker, Sir, in the Financial Year 2015/2016, the Commission cohosted with the Council for the Development of Social Sciences in Africa (CODESRIA) at the EAC Headquarters an international dissemination workshop on higher education in Africa that was funded by the Carnegie Corporation of New York. In October 2015, the Commission hosted a group of 30 US students who were studying Kiswahili at the MS Training Centre for Development Cooperation in Arusha. The students were taken through the work of the Commission and how the Commission is actualizing the role of Kiswahili in achieving the East African integration process.

EAST AFRICAN SCIENCE AND TECHNOLOGY COMMISSION (EASTEKO)

Mr. Speaker, during the Financial Year 2015/2016 the following activities were carried out by the EASTEKO:

- (i) Strengthening the Institutional Framework of the Commission by constituting the EASTEKO Governing Board in accordance with provisions of the Protocol on Establishment of the Commission,

and undertaking consultative visits to Partner States' Councils/Commissions for Science and Technology, and some of the Partner States' Ministries in charge of Science and Technology;

- (ii) Initiation of Strategic Planning process and identification of relevant projects were undertaken including the development of the EASTEKO Five Year Strategic Plan 2017-2021;
- (iii) The mobilization of Partnerships with relevant inter-regional and international organizations.

Mr. Speaker, Sir, the priority activities planned for the Fiscal Year 2016/17 by the EASTEKO are as follows:

- (i) Implementing Regional Science, Technology and Innovation Policy, whose activities will focus on the assessment and identification of regional Science, Technology and Innovation priorities for a regional consensus; and a regional workshop on EASTEKO Action Plan;
- (ii) Technology acquisition and development, whose main activities will include assessment and evaluation of Technology choices for public and private sectors investment in processing, conservation and distribution of agricultural products; and assessment of the existing Research and Development and Technology Transfer institutions in the EAC region to identify potential regional Centres of Excellence;
- (iii) For partnership mobilization, EASTEKO will work on establishing partnerships with regional and international technology transfer institutions, and on developing collaboration and coordination arrangements with relevant

international institutions interested on Science, Technology and Innovation.

EAST AFRICAN HEALTH RESEARCH COMMISSION (EAHRC)

Mr. Speaker, Sir, the Commissioners of the East African Health Research Commission were nominated by the Partner States and held their inaugural meeting from 21st to 22nd March 2016. They considered the following:

- (i) the protocol establishing the EAHRC,
- (ii) the progress report on operationalization of the EAHRC since July 2015,
- (iii) the organizational structure to operationalize the Commission and the Logo and Motto of the EAHRC.

Mr. Speaker, Sir, with regard to the Sixth East African Health and Scientific Conference & International Health Exhibition and Trade Fair, Commissioners amended the main theme to: “Preparedness for and control of outbreaks, epidemics, and pandemics, in the context of climate change, globalization and gaps in health systems.”

In addition to the establishment of the Governing Board, all Partners States have appointed National Focal Points of the Commission. National Focal Points are National Health/Medical Research Institution, which conducts, coordinates, and promotes health research in the Partner States, and they are the link between the Commission and national stakeholders.

Mr. Speaker, Sir, the EAHRC Financial Year 2016-2017 priorities aim to fully establish the EAHRC Institutional Governance, management and operational framework, to establish mechanisms for Health Research Knowledge management and to strengthen

research capacity in partner States as well as establishing networks, partnership and centres of excellence for health research. Key priorities activities for the 2016/2017 Financial Year include:

- (i) To convene and hold the East African Health and Scientific Conference and International Health Exhibition and Trade Fair, March 2017.
- (ii) To establish a Comprehensive Web Portal on Health for East Africa.
- (iii) To design, finalize and process registration of the East African Health Research Journal and have at least two issues of the journal (print and electronic) during the 2016 – 2017 financial year.
- (iv) To establish and operationalize an Editorial team for the East African Health Research Journal.
- (v) To convene and hold meetings with Donors and Development Partners to familiarize them with the Vision, Mission and Objectives of the EAHRC and form Partnerships.

CIVIL AVIATION SAFETY AND SECURITY OVERSIGHT AGENCY (CASSOA)

Mr. Speaker, Sir, the key achievements of CASSOA during the period under review are:

- (a) Development and revision of civil aviation safety and security regulations;
- (b) Development and revision of technical guidance materials to the civil aviation regulations;
- (c) Technical assistance to Partner States in the recertification process of Precision Air, Kenya Airways and Fast Jet air operators;
- (d) Development of a common EAC personnel licensing aviation examination system;
- (e) Technical missions to Partner States to evaluate the implementation of safety and

security civil aviation regulations and provide guidance on way forward; and,
 (f) Engagement of a flight operations consultant to boost the Agency's flight operations oversight technical skills capacity.

Apart from the routine development and revision of civil aviation safety and security regulations and technical guidance materials, the Agency has set priorities for Fiscal Year 2016/17 as follows:

- (i) Finalized the recertification process of Kenya Airways (KQ) and Fast Jet (FN) for Kenya and Tanzania respectively;
- (ii) Undertake the preparation of Partner States of Tanzania for the ICAO ICVM/CSA (safety) audit and Uganda, Rwanda and Burundi for the ICAO USAP (security) audits scheduled for 2016 and 2017;
- (iii) Conduct Inspector's training on Civil Aviation Regulations and Technical Guidance Materials for Rwanda Burundi and Tanzania;
- (iv) Conduct Medical Examiners' training for the Partner States' Designated Medical Examiners, and,
- (v) Boost the technical oversight capacity of the Agency through the recruitment of four professional staff, namely; Deputy Executive Director - Technical, Manager Airworthiness, Senior Information Technology Officer, and Aviation Security Officer.

EAST AFRICAN DEVELOPMENT BANK

Mr. Speaker, Sir, the year 2015 was important for the Bank as it completed its five year strategic planning period. The period was marked by significant achievements in the Bank's financial position underpinned by

improved investor confidence and strategic partnerships.

Mr. Speaker, Sir, allow me to highlight some of the achievements recorded during the period. With strong support from its regional and international shareholders, the Bank's assets increased by 70 per cent from USD224 million in 2010 to USD380 million in 2015. Improved portfolio size and quality ensured a consistent rise in profitability. EADB's portfolio increased from USD112 million in 2010 to USD165 million in 2015, causing income to increase from USD2.2 million in 2010 to an average of USD7.5 million per annum thereafter. As at end of March 2016 the total portfolio was USD185 million (an increase of 45 per cent from March 2015). In 2015, the Bank posted profit was USD6.6 million. Stronger governance and risk-management policies resulted in a sharp decline in non-performing loans from 32 per cent in 2010 to 0.7 per cent in 2015.

In 2015, Moody's upgraded the Bank's rating to Baa3 stable (investor grade) which is the highest rating in East Africa accorded to both sovereign and non-sovereign entities. Equally, AADFI has rated EADB as the best performing development financial institution in Africa for three consecutive years: from 2013 to 2015. An improved rating positions the Bank at an advantage over its peers with respect to the mobilisation of resources from international capital markets.

SUPPLEMENTARY BUDGET FOR FINANCIAL YEAR 2015/2016

Mr. Speaker, Sir, in this part of the Budget Speech, the Council is seeking the approval by Assembly of a Supplementary Budget totalling USD1,569,941 for the EAC Secretariat, East Africa Science and Technology Commission, East Africa Kiswahili Commission, and Lake Victoria

Basin Commission for the Financial Year 2015/2016. The funds being requested are for the following activities:

- (i) USD 49,970 from Danish International Development Agency (DANIDA), used to support Pre-Election Assessment Mission to the General Elections in the United Republic of Tanzania;
- (ii) USD 52,085 from German Government through Kfw, to Support for Immunization administrative activities in the EAC Partner States;
- (iii) USD396,590 from the African Development Bank(AfDB) to support Namanga One Border Posts Soft Infrastructure;
- (iv) USD 248,666 from the World Bank(WB), for the Public Financial Management (PFM) Coordination and Harmonization activities;
- (v) USD 89,200 from the General Reserve Fund to facilitate the negotiations with Rep. South Sudan;
- (vi) USD43,100 from the General Reserve, used for finalization of the EAC-Vision 2050 by Steering Committee;
- (vii) USD 15,050 from the General Reserve for Development of the Regional Video clip and other related activities to support the successful launch of the New International EA e-Passport
- (viii) USD 200,000 from the Government of China to support facilitation of the Republic of Burundi Dialogue Process;
- (ix) USD29,500 from the General Reserve to cater for the development of East Africa Science and Technology Commission (EASTECCO) Strategic Plan;
- (x) USD 85,000 from the General Reserve, for renovation of the East Africa Kiswahili Commission

(EAKC) offices in Zanzibar; (xi) USD 160,780 from the Danish Financial Planning Agency (DFPA) for Population, Health and Environment (PHE) Program under Lake Victoria Basin Commission.

EAC BUDGET FOR FINANCIAL YEAR 2016/2017

Mr. Speaker, Sir, the Medium Term Expenditure Framework (MTEF) for 2016/2017 - 2018/2019 has been prepared in line with the Treaty for the establishment of East African Community, the EAC-Development Strategy, pronouncements by the Summit and Council of Ministers directives together with the outcome of the Pre-budget Conference that was held in August 2015. The budget for the Financial Year 2016/17 was prepared at the time when the Community is operationalizing four new Institutions namely; the East African Science and Technology Commission hosted in Rwanda, the East African Kiswahili Commission in Zanzibar, the East African Health Research Commission in Burundi and the East African Competition Authority.

Despite financial constraints experienced by Partner States, the Budget for these Institutions was increased by 50 per cent on average, compared to their current year's budget. As the Community will be sending off 31 professional staff who will complete their tenure of office, the Human Resources Budget included an additional repatriation and recruitment cost. The budget of the Assembly included as well an additional funding for one Committee activity for all standing Committees of the Assembly.

(a) Key Priority Interventions for Financial Year 2016/2017 Budget

Mr. Speaker, Sir, during the Financial Year 2016/17, the Community will focus on the following key priority programmes:

- (i) Full implementation of the EAC Single Customs Territory;
- (ii) Enhanced implementation of the EAC Common Market Protocol especially with regard to: negotiating additional commitments and; interconnectivity of border immigration systems and procedures across the Partner States;
- (iii) Development of cross-border infrastructure and harmonization of laws, policies and standards in the respective sub-sectors; implementation of a liberalized EAC Air Space; enhanced implementation of computerized weather prediction models; implementation of a One Network Area in telecommunications; and convene 4th Heads of State Retreat on Infrastructure Development and Financing;
- (iv) Enhancement of productivity and value addition in key productive sectors including regional agricultural and industrial value chains, and strengthen capacity for food security, natural resources tourism and wildlife management;
- (v) Institutional Strengthening; (DHRA to provide a paragraph highlighting what the EAC Secretariat needs to undertake in terms of Institutional Strengthening
- (vi) Development and harmonization of policies, legislation, regulations and standards to establish an EAC Energy Common Market, including work on an EAC Energy Exchange and finalize remaining energy interconnectors across borders; and
- (vii) Implementation of EAC Peace and Security Initiatives.

(b) Sector-specific Priority Areas for 2016/17

Mr. Speaker, Sir, the key sector-specific priorities during 2016/2017 include:

- (i) Strengthening the Legal and Judicial systems;
- (ii) Enhancement of information, education and communication to promote popular participation of the citizenry in the EAC integration process;
- (iii) Strengthening capacity for resource mobilization, financial management and Reporting;
- (iv) Implementation of the institutional review recommendations;
- (v) Support to industrial development and technological innovation;
- (vi) Promotion of education, science, and technology for creative and productive human resources;
- (vii) Promotion of regional social cohesion and economic development through Culture and Sports;
- (viii) Promotion of gender, community development and empowerment;
- (ix) Establishment of a policy framework and institutional structures for establishment of the EAC Political Federation;
- (x) Developing research capacities on governance, international relations and peace and security;
- (xi) Promotion of regional peace and security through crisis/conflict management and sustenance of oversight over the implementation of Small Arms and Light Weapons (SALW) Control Interventions;
- (xii) Strengthening of regional and international relations through mobilisation of Partner States' diplomatic missions and East African Diaspora for effective participation in EAC integration processes and building of multilateral/international networks in pursuit of EAC objectives;
- (xiii) Strengthening of customs administration and particularly

implementation of customs processes under the Single Customs Territory (SCT); and,

- (xiv) Promotion of sustainable development, utilization and management of natural resources in the region.

(c) Expected Outcomes over the 2016/2017 Budget

Mr. Speaker, Sir, it is expected that the implementation of the above priority programmes will result into the following outcomes:

- (i) Increased trade and economic prosperity in the region as a result of implementation of programmes and projects towards attainment of a single customs territory, and removal of non-tariff barriers. It's nonetheless that the value of intra-EAC trade recorded a marginal decline of 3.0 percent to USD 5,632.9 million in 2015 compared to USD 5,805.6 recorded in 2013;
- (ii) Implementation of the regional e-immigration framework is expected to offer excellent e-immigration services;
- (iii) Implementation of the Regional e-immigration framework is expected to offer excellent e-immigration services for a secure, developed and integrated region;
- (iv) Increased co-operation in monetary and fiscal matters among Partner States, specifically on: harmonization of monetary, fiscal and exchange rate policies; currency convertibility in the region; coordination of budget processes; harmonisation of public debt analysis and management frameworks; procurement, accounting and oversight practices in the EAC; and coordination and

development of a framework for fiscal regime and management of natural resources;

- (v) Improved infrastructure for expansion of cross-border trade, further reduction in the turn-around time for trucks from the ports to land-linked countries, reduction in transport costs, reduced cross-border telecommunication tariffs, and reduced road traffic accidents;
- (vi) Enhanced industrial competitiveness of the EAC region, increased productive and supply capacity for manufactured products within the EAC, and improved attraction of investors in EAC priority regional industries in line with the implementation of the EAC Industrialization Policy and Strategy, thereby resulting into increased employment opportunities, household incomes and improved welfare;
- (vii) Enhanced competitiveness of agricultural value chains and improved value addition in EAC Partner States, particularly to benefit SMEs and smallholder farmers;
- (viii) Increased deployment of renewable energy technologies and their contribution in the energy mix, resulting into reduced cost of energy in the region;
- (ix) A more stable and secure region, and;
- (x) Improved social aspects including immense participation of East Africans in the EAC integration agenda.

(d) Allocation of the Budgets to Organs and Institutions for FY 2016/2017

Mr. Speaker, after this presentation of the priorities for the next Financial Year, allow me to table the Budget Estimates for the Community for the Financial Year

2016/2017 totalling USD101,374,589 compared to USD110,660,098 of the current Financial Year 2015/2016.

The Budget is allocated to the Organs and Institutions of the EAC as follows:

- (i) East African Community Secretariat; USD57,872,785 compared to USD69,636,849 for Financial Year 2015/2016;
- (ii) East African Legislative Assembly; USD16,034,324 compared to USD15,865,646 for Financial Year 2015/2016;
- (iii) East African Court of Justice; US\$4,286,477 compared to USD 4,301,551 for Financial Year 2015/2016;
- (iv) Lake Victoria Basin Commission; USD11,214,708 compared to USD 10,137,163 for Financial Year 2015/2016;;
- (v) Inter-University Council for East Africa; USD4,553,890 compared to USD4,507,648 for Financial Year 2015/2016;
- (vi) Lake Victoria Fisheries Organization; USD2,131,422 compared to USD3,091,097 for Financial Year 2015/2016;
- (vii) East Africa Science and Technology Commission USD1,161,438 compared to USD726,755 for Financial Year 2015/2016;
- (viii) East Africa Kiswahili Commission USD1,134,542 compared to USD756,361 for Financial Year 2015/2016;
- (ix) East African Health Research Commission USD1,397,438 compared to USD935,498 for Financial Year 2015/2016, and;
- (x) East African Competition Authority (EACA): USD1, 587,565 against USD701,530 for Financial Year 2015/2016.

Mr. Speaker, Sir, the Budget for the Financial Year 2016/2017 will be financed from the following sources:

- (i) Contribution from Partner States USD 47,565,377 compared to USD 47,566,973 for the Fiscal Year 2015/2016;
- (ii) Development Partners' support USD 46,717,601 compared to USD58,555,635 for the current year;
- (iii) IUCEA Member Universities USD 431,923 compared to USD385,420 for the Fiscal Year 2015/2016;
- (iv) EAC General Reserve Fund: USD 6,354,248 compared to USD 3,919,530 for the Fiscal Year 2015/2016; and,
- (v) Miscellaneous Revenue USD305,440 compared to USD232,540 for the Fiscal Year 2015/2016.

(e) Support outside the EAC- Budget Financial Year 2016/2017

Mr. Speaker, Sir, during the Financial Year 2016/2017, EAC expects to receive support from Trade Mark East Africa (TMEA) to the tune of USD 4,500,000 to fund some programmes as follows:

- (i) Support for Customs Union: USD2,000,000;
- (ii) support for Common Market Protocol: USD2,000,000 and;
- (iii) Support for Institutional Strengthening USD500,000.

Trade Mark East Africa will remit these funds directly to Partner States for the said programmes, and not to EAC Secretariat Special Account.

(f) Budget Assumptions

Mr. Speaker, Sir, the budget for Financial Year 2016/2017 has been developed taking

into consideration the following key assumptions:

- (i) Continued and consolidated political support for the EAC integration;
- (ii) availability of adequate financial resources and timely remittances;
- (iii) continued financial support from Development Partners;
- (iv) political stability and good governance;
- (v) safe and stable security across the region;
- (vi) conducive macro-economic and business environment in the region, and;
- (vii) Global economic stability.

(g) Key Challenges Expected during the Financial Year 2016/17 Budget Execution

Mr. Speaker, Sir, the key anticipated challenges during the implementation of Community programmes and projects may include:

- a) Slow pace in harmonisation of domestic taxes to facilitate the functioning of the Single Customs Territory;
- b) Inadequate political mobilization for the full implementation of the Common Market Protocol;
- c) Maintenance of the key macro-economic criteria essential for the establishment of one single market for financial services;
- d) Inadequate staffing, particularly in the run-up to the exit of 31 staff in early 2017;
- e) Delays in remittance of funds from Partner States and Development Partners, to Organs and Institutions of the Community; and
- f) Long decision-making process.

(h) Strategies for mitigating the above challenges

Mr. Speaker, Sir, the Community will implement the following strategies to mitigate the effects of the above challenges: -

- (i) Finalization and implementation of the policy on harmonisation of domestic taxes (income tax, Excise Tax, and VAT), and simplification of tax procedures and harmonisation of tax incentives to promote fair competition;
- (ii) Explore more political mobilisation for the full implementation of Common Market Protocol;
- (iii) Finalization of the Sustainable Financing Mechanism for a more sustainable source of funds for implementation of Community projects and programmes. This is critical in the face of dwindling financial resources from development partners;
- (iv) Full utilization of the Video Conference facility for enhancing decision-making process;
- (v) Harmonisation of regional policies, regulations and infrastructure towards a single market of financial services;
- (vi) Enhanced human resource capacity for effective delivery on the Community's commitments to the people of East Africa.

ACKNOWLEDGEMENT

Mr. Speaker, Sir, before I conclude my Speech, allow me to recognize and appreciate the continued support and co-operation from both Partner States and the following Development Partners:

- (i) The contributors to the EAC Partnership Fund, namely the Governments of the Federal Republic of Germany, United Kingdom, Norway, Finland, Denmark, Sweden, and Japan - (*Applause*)
- (ii) The People's Republic of China;
- (i) African Development Bank;

- (ii) United States of Agency for International Development (USAID)
- (iii) World Bank;
- (iv) European Union (EU);
- (v) United Nations Population Fund (UNFPA), and;
- (vi) African Capacity Building Foundation (ACBF). *(Applause)*

The EAC looks forward to strengthening and expanding cooperation and collaboration with these development partners.

Mr. Speaker, Sir, I beg to move. *(Applause)*

The Speaker: Thank you so much, Chairperson, Council of Ministers for the very good presentation. You have demonstrated your youthful capacity to stand for about four hours nonstop. That is the true spirit of *hapa kazi tu*. *(Applause)*

I, sincerely, congratulate you upon the presentation of this very elaborate Budget Speech to this august House. I also extend my congratulations to the entire Council of Ministers; the Secretariat, all the organs and institutions that have contributed to this Speech.

Honourable colleagues, you will agree with me that this presents a new paradigm of budgeting. I congratulate all the stakeholders. Before I adjourn the House, I would like to make the following announcements.

ANNOUNCEMENTS

Members of the General Purpose Committee, the meeting for tomorrow starts at 9.30 a.m. and not at 10.00 a.m. because the Council of Ministers will have another meeting after that. Training for sports starts on Friday and the General Tires ground has been secured for your training.

The training for ICT and social media applications by Westminster Foundation will be at 2.30 p.m. tomorrow in conference room no.1313.

Honourable Members, I would like to congratulate you upon receiving the Budget Speech. The ground is level. The documents are all with us now. I invite you to deeply study the Budget Speech and all its attachments that have been laid before this Assembly for proper scrutiny next week. This is a very important function of the Assembly. We must exercise utmost diligence to make sure that we give due diligence to the budgeting process.

I want to remind you that this is our final Budget as the Third Parliament. We will oversight this one but we will be doing the next Budget process for the next parliament which is the Fourth Parliament. So, this is a very important exercise. I invite you to deeply read through the documents that have been given to you. Let us meet next week.

ADJOURNMENT

The House stands adjourned to Tuesday at 2.30 p.m.

(The House rose at 5.30 p.m. and adjourned until Tuesday, 31 May 2016, at 2.30 p.m.)

