



EAST AFRICAN COMMUNITY

6TH MEETING OF THE 1ST SESSION OF THE EAST AFRICAN LEGISLATIVE ASSEMBLY

**Kampala, Uganda
May/June 2013**

PRIORITY QUESTIONS FOR ORAL ANSWERS

(Carried Forward from the 5th Meeting of the 1st Session)

May 2013

1.0 QUESTION : EALA/PQ/OA/3/16/2012 (By Hon. Dora Byamukama)

Article 5(1) and 5(2) of the Treaty refers. Can the Chairperson of the Council of Ministers inform the House of:-

(a) What steps have been taken towards realization of the ultimate stage of integration- political federation?

(b) What mechanisms have been deployed to realize accelerated, harmonious and balanced development and sustained expansion of economic activities and to ensure equitable sharing of benefits?

Madam Speaker,

Pursuant to the provisions of Articles, 5 (1) and 5 (2), 123(6) and (7) of The Treaty, and the milestones set under the EAC Development Strategy 2010-2016, a number of initiatives have been undertaken towards attaining the ultimate goal of the EAC integration. The initiatives are anchored on the mandate contained in the Treaty under the said provisions.

The Summit of Heads of State and the Council of Ministers, through directives and decisions, studies, consultations and development of policy mechanisms, have set up strategies and programmes to accelerate political integration, which are continuous.

It is important to understand that attainment of the EAC Political Federation is a process and not an event. Achieving the Political Federation requires its pillars to be strengthened to lay a firm foundation for the envisaged political federation. This calls for stronger policy platforms in the conduct of security, foreign policy and governance matters and a transformation of regional policies, institutional arrangements and capacities to support the deeper goal. It also recognizes that integration is ultimately intended to achieve social, economic and political development for East Africans.

Madam Speaker,

Steps taken towards Political Federation include the following:-

(a) Pursuant to the provisions of the Treaty, the Special Summit of EAC Heads of States held in Nairobi in May 2004, expressed concern about the slow pace of the integration process, and agreed to explore ways of expediting the process towards an EA Political Federation.

(b) The Committee on Fast Tracking Political Federation was established by the Council of Ministers on 28th August 2004 to examine ways and means to

expedite and compress the process of integration, so that the ultimate goal of a Political Federation is achieved through a fast tracking mechanism.

- (c) With limited resources and tight timeframes, the Committee went around East Africa collecting views from stakeholders and submitted its report at the 6th Summit held on 29th November 2004 which contained recommendations and the way forward.
- (d) Although timeframes were assigned to the recommendations, some of them were overtaken by events, others were fully implemented including establishing the office of the Deputy Secretary General (Political Federation) and the Ministries Responsible for EAC Affairs while others, related to other stages of integration, were subsumed in EAC activities are under implementation.
- (e) Subsequently, the Extra-Ordinary Summit of Heads of State held in Dar es Salaam in May 2005 directed the Council to form National Consultative Mechanisms to collect more views of the East Africans on the East African Political Federation and the need to fast track it.

Madam Speaker,

The National consultations on Fast Tracking the East African Political Federation were undertaken in all the five Partner States between 2006 and 2008. The overall objective of the consultations was to examine the level of awareness, people's attitude on the EAC Integration process, in general, and seek views on fast-tracking the East African Political Federation. The reports revealed that East Africans had some Fears, Concerns, and Challenges towards Political Federation, among other findings.

Madam Speaker,

On 20th November 2009, the Summit considered the recommendations of the Council and directed that an in-depth study be undertaken on the fears, concerns, and challenges identified on the EAC Political Federation with a view to determining the extent to which some have been addressed and those not yet addressed and proposing ways and means of addressing them.

A Team of Experts was constituted to undertake a detailed review and analysis of the fears, concerns and challenges towards the Political Federation raised by the citizens of East Africa based on the existing documents and reports. The Team examined progress in addressing the fears, concerns and challenges, and proposed ways of handling them and strengthening the pillars of the Political Federation.

The Experts concluded the Study in August 2010 and submitted their report which was considered by the Summit of Heads of State in November 2010. The Summit observed that the recommendations were not succinct and directed the Council to reconstitute

the Team. The reconstituted Team undertook their work and submitted a report to the Summit in November 2011.

Madam Speaker,

The 13th Summit of Heads of State mandated the Secretariat to develop, the Draft Model of the Structure of the EAC Political Federation; the Roadmap for Establishing and Strengthening the Institutions and Operationalization of the Recommendations made by the Team of Experts.

The Secretariat developed the three draft instruments, which were considered by the Summit at its 14th Ordinary Meeting in November 2012. The Model of the Structure detailed the justification and rationale for attaining a political federation, the principles and objectives, proposed the division of powers between the regional and national levels and creation of key institutions that need to be established. The Model Structure forms the basis for future work on the process towards a political federation.

The Summit took note of the progress made on the road map, the action plan and model structure for the federation and directed Partner States to consult further on them and the Council of Ministers to report progress at the 15th Summit of the EAC Heads of State.

Madam Speaker,

Good Governance, Democracy, Rule of Law, Constitutionalism and Protection and Promotion of Human Rights are prerequisites for successful regional integration. In order to consolidate the above tenets, several initiatives have been taken including:-

- (a) The decision to negotiate an EAC Protocol on Good Governance currently undergoing consultations in the Partner States;
- (b) Establishment of an EAC Forum of Heads of Electoral Commissions to initiate policy on harmonization of democratic elections;
- (c) Institutionalization of national human rights commissions into the EAC Structures taking into account the already passed EAC Human and Peoples' Rights Act, 2012;
- (d) Establishment of an EAC Forum of Chief Justices to develop best practices in jurisprudence in the region;
- (e) Preparation of a draft Protocol on Preventing and Combating Corruption which is in final stages; and
- (f) Implementation of regional political integration and human security initiatives now underway.

Madam Speaker,

Regarding the second part of the question, allow me to state that the objectives of the East African Community in general underpin the development of policies and

programmes aimed at widening and deepening cooperation among the EAC Partner States for their mutual benefits.

The Community has made remarkable achievements in this respect. Regional integration by its very nature may create imbalances in gains if Partner States do not take effective measures or create mechanisms to maximise the benefits and minimize costs.

Madam Speaker,

The EAC Partner States have several areas of regional cooperation and coordination all aimed at accelerated harmonious and balanced development for people of East Africa in an equitable manner. The Customs Union and the Common Market Protocols which are key pillars of our integration process have been negotiated and concluded and are in various stages of implementation by Partner States. The negotiations of the Protocols took into account better regulations by national governments to ensure that the operational and fundamental principles of the Community are upheld.

Under cooperation in infrastructure, East Africans can now witness efforts in wider and deeper integration in better cross-border roads such as the Arusha-Namanga-Athi River Road which was commissioned by the EAC Heads of State on 29th November 2012. Other projects of this nature are also in the offing.

Under cooperation in trade liberalisation and development, gains have been made in reduction of Non Tariff Barriers, increased flows of intra EAC trade and joint negotiations of international trading arrangements especially the Economic Partnership Agreements (EPAs) with the European Union and the initiatives made between EAC and USA under the Commercial Dialogue.

There has been marked improvement in trade facilitation arrangements among the EAC Partner States. Cross border investments by firms which are owned by East Africans have increased a great deal since integration initiatives intensified.

Madam Speaker,

The sharing of costs and benefits is crucial to the EAC integration process but as of now, there are no laid down procedures to ensure equitable distribution of costs and benefits of the Community and the same will be subject of an outcome of a study on costs and benefits of EAC integration which is being undertaken this year, 2013. The Terms of Reference for this study have been adopted by Council, funds to undertake the study have been provided for in the Budget of the financial year 2012/2013 and

evaluation of bids for the consultancy services is being concluded. The outcome of this study will go a long way to shed more light on the way forward with respect to distribution of benefits, and realisation of accelerated, harmonious and balanced development in the Community.

Madam Speaker,

It is worth noting that:-

- a) Integration brings forth benefits such as pooling of risks together at regional level and lowering costs of borrowing for regional projects;
- b) There are evident benefits from economies of scale due to larger markets created through Customs Union and Common Market arrangements in the integration efforts due to efficient allocation of resources, regional competition and better quality of goods and services.

I further wish to state that in the short and medium terms, imbalances are likely to occur given that Partner States are at different stages of development and industrialization. However, in the longer term, there should be equitable sharing of costs and benefits. With the conclusion of the study, a mechanism of equitable sharing of costs and benefits will be proposed, discussed and established.

2.0 QUESTION : EALA/PQ/OA/3/06/2013 (By Hon. Susan Nakawuki)

It is nearly three years since the Common Market Protocol was signed. The Protocol places several responsibilities on the Partner States along with other stakeholders to spearhead the implementation process. Towards this end, funds have been set aside to facilitate the process. Therefore:-

- (a) Can the Chairperson of the Council appraise the August House on the Country-by-Country status of the implementation of the Protocol?*
- (b) Could he further appraise the House on what the EAC Secretariat has been doing since July 2010 to facilitate the Partner States in implementing the Protocol?*
- (c) How much money has been budgeted by the Secretariat since July 2010 to specifically facilitate the implementation of the Protocol and what significant results have been achieved?*

Madam Speaker,

Based on the submissions from the Partner States and information available at the Secretariat, a report on the status of implementation of the Protocol by the respective Partner States has been prepared as at December 2012. Country by Country status of implementation of the Protocol, as at December 2012 is as follows:-

(a) Free Movement of Goods

Elimination of internal tariffs on goods from Kenya to Uganda and Tanzania reached zero on 1st January 2010. All the Partner States are according zero customs tariff on goods originating and trading among Partner States.

Elimination of all Forms of Non Tariff Barriers (NTBs) is an ongoing process in the Partner States. An EAC Time Bound Programme on the elimination of identified NTBs has been established and it is constantly updated to capture the existing NTBs and also to register those that have been eliminated. As at December 2012, a total of 40 NTBs had been resolved; 37 were unresolved; and 4 new NTBs were reported.

(b) Free Movement of Persons

- (i) The Republic of Uganda reported that the Citizenship and Immigration Act is under review. Though the existing law does not guarantee six months stay for a visitor, there is an administrative circular that automatically allows for 6 months for only EAC passport holders.

- (ii) The Republic of Rwanda enacted a new immigration law that encompasses all provisions of the Common Market Protocol covering free movement of persons, labour and services. Citizens of Partner States who wish to visit Rwanda enter without restrictions and are automatically granted up to six months stay renewable upon justification.
- (iii) The Republic of Kenya enacted three pieces of legislation to conform to the Common Market Protocol. A circular is in place directing Immigration Officials to automatically issue six months visitors' pass to citizens of EAC Partners States.
- (iv) In the United Republic of Tanzania, the Immigration Act, 1995 and Immigration Regulations 1997 are currently under review so as to comply with the Common Market Protocol. In the meantime, holders of EAC Passports are granted six months stay. There is a circular directing Immigration Officials to issue six months visitors pass to citizens of EAC Partners States.

On Non - discrimination against Citizens of other Partner States, The Republic of Rwanda has already amended/repealed the Immigration Law and a new law conforming to the Common Market Protocol is in force. Kenya has amended three immigration laws to reflect the requirements of the Common Market Protocol. Uganda has amended four Laws in order to comply with the Common Market Protocol. The United Republic of Tanzania and the Republic of Burundi have initiated the necessary processes to amend their respective national immigration laws.

On Common Standardized National Identification Documents the status is as follows:-

- (i) In Uganda registration of all Ugandan citizens is ongoing;
- (ii) In Tanzania, the National Identity Document Authority has established the system and has started registration for National IDs. The Identity Card is a smart card;
- (iii) Rwanda has a system for issuance of machine readable and electronic national ID Cards;
- (iv) Kenya has been issuing ID cards to nationals since the colonial period. Currently, the country is in the process of procuring smart cards and issuing system to upgrade to the third generation Bar Coded ID cards;
- (v) Kenya and Rwanda have also agreed to pilot the use of national ID cards as travel documents between the two countries; and
- (vi) Burundi has initiated the procurement process for issuance of a third generation ID Card.

(c) Free Movement of Workers

The Partner States have amended or are in the process of amending their respective national laws to eliminate discriminatory provisions.

In Kenya there are no laws discriminating against employment of citizens of other Partner States and there is a total of nine laws which allow free movement of East African Citizens moving to Kenya as workers without discrimination. The Kenya Constitution 2010 and Industrial Courts Act No. 20 of 2011 are among the new laws that enhance free movement of East African Citizens to Kenya as workers. Kenya issued a total of 3,336 work permits to workers from other Partner States between 2011 and May 2012.

In Rwanda, Citizens from other Partner States who secure employment are issued with work/residence permits of 2 years renewable upon application free of charge. Those with a lesser period are issued with a special pass in accordance with the provisions of the Protocol. A total of 37,960 workers and 120 dependants from EAC Partner States have been admitted into Rwanda labour market and issued with resident permits and dependant passes respectively.

In Uganda, 15 laws discriminating against citizens of other Partner States in relation to employment, remuneration and other conditions of work were identified and so far four of these have been amended and the others are in the process of being amended to comply with the provisions of the Common Market Protocol. A total of 1,004 work permit applications from other EAC nationals were received and considered between 2010 and 2012 and 106 dependants of workers were also employed.

In The United Republic of Tanzania, five laws have been identified and are in the process of being reviewed to conform to the Common Market Protocol. In 2011 and 2012, a total of 2,216 work permits were issued to citizens from other Partner States.

In the Republic of Burundi, there are no discriminatory employment laws and a total of 35 Work Permits have been issued.

(d) Rights of Establishment

In Kenya a total 279 economic undertakings owned by citizens of other Partner States were set up between 2009 and 2012. Twenty seven pieces of legislation relating to the right of establishment have been identified for amendment and a miscellaneous amendment Bill has been submitted to the State Law Office.

In the Republic of Rwanda, Citizens of other Partner States are guaranteed the right of establishment. As of November 2011, 463 establishments were being run by citizens from other EAC Partner States. There are no discriminatory policies, regulations, and

laws against companies and firms from other Partner States. A review of the investment code is being undertaken to cater for policies regarding the right of establishment.

In Uganda, eight Acts and one Policy have been identified for review and procedures for obtaining licenses for the establishment of businesses are being simplified. A total of 48 investment licences to citizens from other EAC Partner States were issued between 2010 and 2012.

In the Republic of Burundi, 13 undertakings in banking and manufacturing had been set up by nationals from other Partner States as at December, 2012.

The United Republic of Tanzania is in the process of reviewing relevant laws to facilitate the implementation of the Right of Establishment as provided for in the EAC Common Market Protocol.

(e) Right of Residence

In Kenya, a total of 4,417 resident permits were issued between 2010 and 2012.

In Rwanda, 653 residence permits to citizens from other Partner States have been issued since 1st July 2010. The permits are being issued within three working days shorter than the 30 days set out in the Protocol. Over the same period, 1106 Dependant Passes were issued to spouses, children and dependants of workers and self-employed persons from other Partner States.

In Uganda, 23 Residence permits were issued to citizens of other Partner States between 2010 and 2011 in compliance with the Common Market Protocol.

The United Republic of Tanzania issued a total of 1,024 residence permits between 2011 and June 2012 and a total of 126 Dependant Passes were issued to spouses, children and dependants of workers and self-employed persons from other Partner States.

In Burundi, 1056 residence permits were issued to other EAC Citizens and 290 Dependant Passes were issued to spouses, children and dependants of workers and self-employed persons between 2010 and April 2012.

On Harmonization of Work and Residence Permit Fees, The EAC Secretariat is in the process of working out modalities to standardize the Work/Residence Permits fees charged by the Partner States as required under the EAC Common Market Protocol Regulation 6(9) on free movement of workers and Regulation 6(5) on the right of residence. Currently the Republic of Kenya and the Republic of Rwanda issue Work/Residence permits free of charge to East Africans. The process of standardization will therefore apply to the Republic of Burundi, the Republic of Uganda and The United Republic of Tanzania.

(f) Free Movement of Services

In Burundi, the Government issued an official notice to remove all administrative restrictions on the provision of services. Further, it will embark on the review of some of the domestic laws and regulations that impose restriction of free movement of services. Burundi also plans to undertake full institutional reforms as per agreed schedule in Annex V of the Common Market Protocol.

Uganda has a National Common Market Implementation Plan, National Development Plan and National Trade Policy to guide the implementation of the Common Market Protocol and has identified 13 laws for amendment in order to accord national treatment to services and service suppliers from other Partner States.

Rwanda is conducting business law reforms in the spirit of harmonization with commitments made under the Annex V of the Protocol and reducing restrictions on free movement of services and service suppliers.

In Kenya, laws that have been identified for amendment are part of the Miscellaneous Amendment Bill that has been submitted to the State Law Office. In the meantime, Kenya has reviewed and removed restrictions on legal services sector and on the horizontal measures (Companies Act and Registration of Business Names, Partnerships Act).

(g) Free Movement of Capital

Kenya, Rwanda and Uganda have no restrictions on the movement of capital to and from other Partner States.

In Tanzania, 7 laws/regulations relating to foreign exchange, capital markets and Securities are under review.

(h) Other Areas of Cooperation

There are notable achievements in other areas of cooperation in the Protocol including the following:-

- (i) Protection of Cross Border Investments;
- (ii) Economic and Monetary Policy Coordination;
- (iii) Harmonization of Tax Policies and Laws;
- (iv) Prohibited Business Practices and Consumer Protection;
- (v) Coordination of Trade Relations;
- (vi) Coordination of Transport Policies;

- (vii) Environmental Management;
- (viii) Cooperation in Statistics;
- (ix) Research and Technological Development;
- (x) Cooperation in intellectual Property Rights;
- (xi) Cooperation in Industrial Development; and
- (xii) Cooperation in Agriculture and Food Security.

In addition, the following Protocols, Acts, Policies, Measures and Programmes have either been concluded or under negotiations to further ease the implementation of the Common Market Protocol:-

- (i) EAC Protocol on Standardization, Quality Assurance, Metrology and Testing.
- (ii) Operationalisation of the EAC Competition Act.
- (iii) Coordination and Harmonization of National Social Security Legislation.
- (iv) Implementation of the Harmonized Sanitary and Phyto-Sanitary measures.
- (v) Common Standardized National Identification Documents.
- (vi) Manpower Surveys.
- (vii) Approximation and Harmonization of Policies, Laws and Systems.
- (viii) Mutual Recognition of Academic and Professional Qualifications.
- (ix) Harmonization of Curricula, Examinations, Standards and Certification.
- (x) Opening and Operation of Border Posts on a 24 hour or Reciprocal Basis.

Madam Speaker,

Since the coming into force of the Common Market Protocol in 2010, the Secretariat developed a monitoring and evaluation framework that is used to assess the implementation of the Protocol by the Partner States on a bi-annual basis. Concerned about the slow pace of implementation of the Protocol, the Sectoral Council of Ministers Responsible for EAC Affairs and Planning at its 15th Meeting directed Partner States to establish National Implementation Committees (NICs)

composed of high level officials under the chairmanship of the Ministries Responsible for EAC Affairs by end February, 2012. These have been established with full participation and support of the EAC Secretariat and are up and running in all the Partner States.

Madam Speaker,

Since July 2010, the Secretariat has committed a total of about US\$ 20 million towards the implementation of the Common Market Protocol as follows:

YEAR	BUDGET (IN US\$)	%AGE OF TOTAL BUDGET
2010/11	5,047,170	7%
2011/12	6,192,716	6%
2012/13	8,501,450	7%

In the coming financial year 2013/14, the Secretariat has scaled up the budgetary provision to US\$ 33 million (or 28 percent of the budget) for the implementation of the Protocol.