



**EAST AFRICAN COMMUNITY**

**1<sup>ST</sup> MEETING OF THE 3<sup>RD</sup> SESSION OF THE  
3<sup>RD</sup> EAST AFRICAN LEGISLATIVE ASSEMBLY**

**Dar es Salaam, Tanzania**

**27<sup>th</sup> August -4<sup>th</sup> September 2014**

**ANSWERS  
TO PRIORITY QUESTIONS**

**2<sup>nd</sup> September 2014**

1.0. QUESTION: RE: EALA/PQ/OA/3/43/2014 (By Hon. Shy-Rose Bhanji)

*About 90% of Tanzania's trade transits through the port of Dar es Salaam. This port also serves as a hub for international trade for EAC landlocked countries such as Uganda, Rwanda and Burundi:*

*(a) Could the Chairperson of the Council inform the House on the state of preparedness of this port and that of Mombasa to handle the ever increasing volumes of both internal and export goods, well aware that they also serve countries neighbouring the EAC region?*

*(b) Efficiency is very key for any port to facilitate trade of merchandise in and out of the country at the lowest cost as far as possible. For imports these include the following chain:*

- 1) Anchorage*
- 2) Berthing*
- 3) Merchandise*
- 4) Unloading*
- 5) Customs clearance*
- 6) Existing the merchandise from the premises*
- 7) Tariff waiting at anchorage*
- 8) The more cost efficient the Port is in handling these operations, the lower the cost for importers and exporters and greater the benefits for the economy establishment of an electronic single windows system.*

*Could the Chairperson of Council inform this August House on the efficiency levels of each chain of operation for Dar es Salaam and Mombasa Ports to handle goods in the region? What is the average local container dwell-time in the container terminal, the tariff amounts and the minimum cost of waiting at anchorage.*

*(c) Could the Chairperson of Council further inform the House about the average cost/price for shipping companies coming into the region from other continents as well as transportation costs inland?*

**Madam Speaker,**

On the first part of the question, I wish to inform this august House that the Port of Dar es Salaam is the main port of Tanzania. Volumes handled by the port reached 13.1 million tons in 2013 up from 12.1 million tons in 2012 and 10.4 million tons in 2011. The port has 11 berths, two tanker berths, a multi-product Single

Point Mooring (SPM) and lighter quays, and handles a vast array of cargo, including containerized, bulk, Ro-Ro, and liquid bulk cargo. Port volumes are growing by 9 % per year, with containerized volumes increasing even faster. The volume of container traffic handled at Dar es Salaam Port increased from 142,000 Twenty-foot Equivalent Units (TEUs) in 2001 to 577,047 in 2013. This is an increase by a factor of 3.4 times over the last decade which is equivalent to an annual average rate of increase of 12%. The port also represents a strategically important gateway to the land linked countries of Malawi, Zambia, Democratic Republic of Congo, Rwanda, Burundi and Uganda. Transit trade accounted for as much as 35% of total volume in 2012 or just over 4.2 million tons. Forecasts suggest this could increase to 9.7 million tons by 2030.

**Madam Speaker,**

The Port of Mombasa is the largest port in East Africa and a vital gateway for Kenya's international trade and that of its neighbouring countries including Uganda, Rwanda and Burundi; the eastern part of DRC, Southern Sudan and Ethiopia as well as northern Tanzania. In 2013, total throughput at Mombasa Port registered 22.307 million tons, an increase of 0.4 million tons or 1.8%, against 21.92 million tons realised in 2012. Containerized cargo accounted for 39.8% share of the total cargo handled in 2012 against 39.0 % registered in 2011. Out of the total cargo throughput 19.150 million tons were import cargo as opposed to 2.983 million tons of exports. In 2013, imports grew by 2.2% against the 2012 volumes while export shrunk by 2% during the same period. Container traffic at the Port of Mombasa has achieved a compound growth rate of 9.6 % for the 2006-2013 period. Current container throughput has very much exceeded the original design capacity of 500,000 TEUs. In 2012 the container traffic through the port of Mombasa recorded 903,463 TEUs and 894,000 TEUs in 2013 as compared to 9,093 TEUs only in 1978.

**Madam Speaker,**

In general, both Dar es Salaam and Mombasa ports are already operating at or near maximum capacity for general cargo while containerized operations have surpassed design capacity at both ports. Both ports have undertaken the following measures to deal with increasing throughput:-

(a) At Dar es Salaam Port

Current and planned measures for addressing capacity and operational constraints at Dar es Salaam Port include:-

- i) Licensing of inland container terminals (ICDs) to supplement the port storage capacity for containers;
- ii) Strengthening of Berths 1-7 to facilitate the concessions of new grain/bulk/break bulk;
- iii) Commencement of container operations at Berths 1-7;
- iv) Implementation of one stop inspection stations along the Central Corridor;
- v) Construction of a berth to facilitate the concessioning of a new Ro-Ro terminal at Gerezani;
- vi) Increase the capacity of the grain silo and installation of a conveyor system;
- vii) Construction of new Berths 13-14;
- viii) Strengthening the railway performance through the Tanzania Intermodal and Rail Development Project supported by the World Bank under Big Results Now (BRN) Program;
- ix) Efforts are underway to build new ports at Mbegani Bagamoyo and Mwambani Port in Tanga; and
- x) Improvement of Operational Efficiency covering Standard Operating Procedures, Key Performance Indicators and Tariffs, implementation of 24/7 working routine by all port stakeholders and implementation of the Port Community Based ICT System.

(b) At Mombasa Port

Current and planned measures for addressing capacity and operational constraints at Mombasa Port include:-

- i) Licensing of near port container freight stations (ICD) to supplement the port storage capacity for containers;
- ii) Launching of a new container berth (Berth 19);
- iii) Ongoing construction of a new container terminal (berth 20-23);
- iv) Operationalization of the Mombasa Port Charter;
- v) Reducing to a minimum roadblocks (police checks, weighbridges and customs check points) along the Northern Corridor;

- vi) Strengthening the railway performance through rehabilitation of current railway line operated by Rift Valley Railways (RVR) and construction of a new Standard Gauge Rail (SGR); and
- vii) Improvement of Operational Efficiency covering Standard Operating Procedures, Key Performance Indicators and Tariffs, implementation of 24/7 working routine by all port stakeholders and implementation of the Port Community Based ICT System

**Madam Speaker,**

On the second part of this question, I wish to state that efficiency is very key for any port to facilitate trade of merchandise in and out of the country at the lowest possible cost. For imports these include the following chain:-

- (a) Anchorage;
- (b) Berthing;
- (c) Merchandise;
- (d) Unloading;
- (e) Customs clearance;
- (f) Existing the merchandise from the premises;
- (g) Tariff waiting at anchorage; and
- (h) The more cost efficient a Port is in handling these operations, the lower the cost for importers and exporters and the greater the benefits for the economy establishment of an electronic single windows system.

**Madam Speaker,**

Efficiency levels at both Dar es Salaam and Mombasa ports have been improving over a period of time. For example, at Dar es Salaam Port, in 2013 transit containers recorded an average dwell time of 8.3 days while domestic containers recorded an average dwell time of 5.7 days as opposed to 29.3 days for transit and 22 days for domestic containers recorded in 2008. Overall ship's average stay in Dar es Salaam port has been 5.6 days for the last ten years. Port berths are occupied differently according to vessel types. Overall berth occupancy at the port between 2003 and 2013 was 74.8%. In 2012 general cargo berths were occupied by 47.9%, container berths by 89.1% and bulk liquid cargo berths by 87.1%.

At Mombasa port, average waiting time for vessels has been reduced to two days as a result of on-going port improvements in terms of working practices, combined with heavy investment in new and better equipment. During the first half of 2013, the average turnaround time per ship for all vessels improved by 1.2 days to record 3.4 days in 2013 from 4.6 days recorded in a similar period in 2012. The general productivity has improved to 20 moves per crane per hours. During the first half of 2013 the average container dwell time improved significantly to register 5.8 days against 8.8 days recorded in the corresponding period of 2012, thus reflecting decrease of 3.0 days or 33.6%.

**Madam Speaker,**

The tariff amounts are as specified in the respective tariff books by Kenya Ports Authority and Tanzania Ports Authority. Charges cover Marine Services and Ships Dues, Stevedoring Services, Shorehandling, Wharfage and Storage Services, Charges for General Services. These charges are applied differently, depending on type of cargo, size of ship, duration of stay for storage charges etc. For containerised cargo indicative charges per TEU (charges at Dar es Salaam and Mombasa Port are comparable) are shown in a Table which I have the honour to lay on the table.

**Madam Speaker,**

Regarding the last part of the question, I wish to state that the price charged by shipping companies for ships employed on charter terms e.g. for oil tankers depends on the size of the ship and the duration of the hire and the nature of the hire either voyage or time charter, whereas for ships employed on liner terms charges will depend on the size (weight/volume) (break-bulk or containerized –LCL/FCL) of the consignment and the associated ton-kilometers. A more detailed response to this part of the question will be availed in written form in due course.

**2.0. QUESTION: RE: EALA/PQ/OA/3/44/2014 (By Hon. Shy-Rose Bhanji)**

*Could the Chairperson of the Council inform this House of the status of harmonisation of the education systems in all the five Partner States?*

**Madam Speaker,**

The Partner States have, pursuant to Article 102 of the Treaty for the Establishment of the East African Community made explicit commitments to undertake concerted measures to foster co-operation in Education and training within the Community. In this regard, emphasis has been placed on capacity building and joint efforts to develop specialized training facilities and division of responsibilities in training and research as well as harmonizing education and training curricula.

In 2004, the 9<sup>th</sup> meeting of the Council of Ministers directed the Secretariat to facilitate the undertaking of the regional study on the harmonization of the EAC Education system and training curricula. In 2008, the Secretariat engaged the Inter University Council for East Africa to carry out this study with the overarching aim of developing such programs in basic, intermediary and tertiary education and a general program for adult and continuing education that would promote the emergence of well trained personnel in all sectors relevant to the aims and objectives of the Community.

The study detailed a comprehensive analysis of the education systems of the Partner States education systems. A Report on the Harmonization of the East African Education Systems was finalized by the IUCEA and handed over to the Secretary General in 2009. Subsequently, 13 workshops involving multiple stakeholders were held in each Partner State to validate and get stakeholder views on the Report. A consultancy was hired to incorporate all the views of the experts and stakeholders, which culminated into the production of the Regional Report on the Harmonization of the East African Education Systems and Training Curricula (RRHESTC). The recommendations contained in the regional report were adopted by the Council at its 23<sup>rd</sup> Meeting. The Council which directed that the recommendations be transformed into EAC Education Strategies.

**Madam Speaker,**

At its 23<sup>rd</sup> Meeting, the Council of Ministers approved the establishment of a Technical Committee (TECHCOM) to oversee the process of harmonization of the EAC Partner States Education Systems and Training Curricula **based on a study earlier commissioned, aimed at the eventual harmonization of the education systems and training curricula of the Partner States.** The TECHCOM is

mandated with the task of harmonizing curricula and examination systems in all sub sectors of education; harmonizing education structures, policies and frameworks in terms of admission, duration of learning, *language of instruction*, gender and equity and the comparability of the content as regards to depth and scope; determining the competences expected to be taught at each level of education and taking into account the different existing structures of education in the Partner States.

**Madam Speaker,**

So far, the TECHCOM has negotiated and consolidated the amended recommendations of the RRHESTC in accordance with the decisions made by the Council at its 23<sup>rd</sup> Meeting. It also reviewed and adopted the roadmap leading to full-scale implementation of the harmonisation process. Since then, TECHCOM, has developed the following seven Strategies to harmonize key components at all levels of education in the Partner States :-

- a) The EAC Pre-Primary Education Strategy
- b) The EAC Primary Education Strategy;
- c) The EAC Secondary Education Strategy;
- d) The EAC Teacher Education Strategy;
- e) The EAC Technical and Vocational Education and Training (TVET) Strategy;
- f) The EAC Non-Formal, Adult and Continuing Education Strategy.
- g) The EAC Special Needs Education Strategy.

The seven mentioned strategies were considered by the Sectoral Council on Education, Science and Technology, Culture and Sports. At its 11<sup>th</sup> Meeting and were recommended for adoption by the Council at its 28<sup>th</sup> Meeting held in November 2013, the Council directed the Secretariat, together with TECHCOM to develop Structures and Frameworks for the Harmonisation of the EAC Pre-primary Education, the EAC Primary Education, the EAC Secondary Education, the EAC Primary Teacher Education and the EAC Secondary Teacher Education, Rules and Guidelines for the conduct of examinations and Assessments in the EAC Institutions. All these instruments /documents have been developed and will be presented to the 12<sup>th</sup> Meeting of the Sectoral Council for Education, Science and Technology, Culture and Sports scheduled for the 1<sup>st</sup> week of October 2014, for consideration.



**Madam Speaker,**

The TECHCOM is now developing a workable and sustainable financing model to anchor the harmonization process and future activities and working out modalities to determine an appropriate Education Quality Assurance Facility within the region.

Special emphasis is being laid on developing teacher training and management programmes leading to enhancement of a harmonized Regional Teacher Education System (RTES). This RTES will require developing and enhancing a harmonized Teachers' Code of Conduct; developing a Teachers' Qualifications Framework; developing a Framework for free movement of teachers within the region; working out modalities leading to the exchange of teaching staff within Partner States.

Finally, the TECHCOM has developed a road map to address issues concerning education planning and management; Quality Assurance; Gender disparities; HIV and AIDS; Co-curricular activities and emerging issues like drug abuse and different types of pervert behaviour in the EAC Education institutions.

**Madam Speaker,**

Regarding harmonization of Higher Education in the Community, the Inter-University Council for East Africa (IUCEA) is developing appropriate system as follows:

**(a) Regional Quality Assurance System**

IUCEA has developed regional quality assurance system, which is now being used as a harmonization tool for quality assurance systems in all the Partner States. The system is based on instruments that are contained in a four-volume quality assurance handbook titled A Roadmap to Quality: handbook for Quality Assurance in Higher Education. The Handbook is being used by all the national councils and commissions for higher education and higher education institutions in all the Partner States. The regional quality assurance system is a framework for harmonization and comparability of the quality of higher education in the region and for promoting student mobility in the Community.

IUCEA is now developing programme benchmarks that will be part of the quality assurance system. Development of programme benchmarks is based on a process carried out in 2007 – 2009, which led to the establishment of pilot benchmarks for Engineering, Natural Sciences, Human Medicine and Agricultural programmes. Full-fledged benchmarks are now being developed based on that pilot process. Currently, benchmarks for business study programmes have already been developed and are in use in all the Partner States. Development of benchmarks for information technology and computer science programmes is in progress. The benchmarks will be available before end of 2014. Furthermore, IUCEA has already developed East African principles and guidelines in quality assurance in higher education that are meant to guide and harmonize quality assurance processes and practices in higher education in the Community.

#### **(b) East African Qualifications Framework for Higher Education**

IUCEA is also developing an East African Qualifications Framework for Higher Education (EAQFHE), which will be an important tool for harmonization of education and training systems and the qualifications attained in the Community. Once operational, the EAQFHE will facilitate operationalization of Article 11 of the Common Market Protocol as a guiding instrument for mutual recognition of qualifications among the Partner States. It will also serve as a convergence platform for harmonization of qualifications levels and types, entry requirements in the education and training systems, and articulation and exit pathways for the qualifications level and types. Furthermore, the EAQFHE will provide the framework for comparability of qualifications attained in the Community with other regional and international qualifications and also facilitate mobility of learners between Partner States, institutions and education levels. Thus, the EAQFHE will contribute towards transforming East Africa into a common higher education area. A draft EAQFHE has already been developed. The Sectoral Council on Education, Science and Technology, Culture and Sports at its forthcoming Meeting later this year will consider the draft EAQFHE.

Globally, qualifications frameworks are regarded as all encompassing tools for guiding systematic approaches to human resources development. Qualifications frameworks are also designed to serve as useful instruments for guiding higher education institutions in curriculum development, delivery, assessment and certification, in line with the needs of the labour market. Hence,

the EAQFHE has been designed both as a higher education supportive tool and as an instrument for guiding structured human resources development in the Community, focusing on skills and competences, and relevance of such skills and competences to the region's socio-economic needs.

It is expected that each Partner State will develop a national qualifications framework that is aligned, but not necessarily identical to the EAQFHE. The EAQFHE will only guide the alignment of the national qualifications frameworks to the regional set up and also facilitate readability of National Qualifications Framework across the region. This will facilitate comparability of the education and training systems and the qualifications attained in the Partner States. It will also facilitate a more systematic approach to human resource development in the Community, and provide mechanisms for streamlining qualifications, thereby simplifying their comparability and mutual recognition nationally, regionally, and globally.

The EAQFHE will be a generic instrument for the region, onto which the Partner States' national qualifications frameworks will be anchored, for the purpose of harmonization and synchronization of education and training systems, and the qualifications attained in the Community. The framework will by no means be a replacement of the national qualifications framework or similar instruments of the Partner States, nor will it be a prescription for each Partner State to make its national qualifications framework exactly the same as the EAQFHE. Rather, it will be a guiding instrument for the Partner States' qualifications framework to be aligned with the regional framework, so that the regional education and training systems and the qualifications attained are appropriately harmonized.

**3.0. QUESTION: RE: EALA/PQ/OA/3/45/2014 (By Hon. Shy-Rose Bhanji)**

*Telephone communication is in no doubt crucial to investment and business development in the EAC region. Is the Chairperson of Council of Ministers aware that telephone roaming charges are too high for the common East Africans? Is the Chair further aware of the roaming costs of the various networks and if so,*

*can they be tabled before the House? Is the Chairperson further aware that the charges are detrimental to EAC's integration?*

**Madam Speaker,**

Roaming within the Community began in the late 1990s. Between 2004 and 2010, mobile operators within the EAC region, on their own initiative, implemented arrangements that ensured that roaming charges were affordable. The arrangements put in place by the operators collapsed in 2010, leading to a sharp rise in roaming charges.

**Madam Speaker,**

Following the collapse of the arrangements, the Council of Ministers decided that joint intervention by EAC governments is necessary in order to cop the costs of roaming. In this regard, and considering the inherent challenges of regulating roaming, the EAC has initiated two parallel approaches:

**(a)** Approach for short term solution

Under this approach, the Sectoral Council on Transport, Communications and Meteorology at its 11<sup>th</sup> Meeting directed that a meeting of Heads of the Communications Regulatory Authorities be convened to develop proposals aimed at reducing roaming charges within the Community. The deadline for developing the proposals was set as 31<sup>st</sup> December, 2014.

In line with this directive, a meeting of Heads of ICT regulators has been scheduled for 2<sup>nd</sup> – 4<sup>th</sup> September, 2014. Telecoms operators and the East African Communications Organization (EACO) have been invited to the meeting. The meeting will consider and adopt a work plan of activities aimed at developing proposals for reducing roaming charges by 31<sup>st</sup> December, 2014. The proposals will then be presented for consideration and adoption by a multi-sectoral meeting of the Council, and thereafter by the Council at its 30<sup>th</sup> Meeting. Both ministerial level meetings are scheduled for November, 2014. It is, however, noted that under the Northern Corridor Initiative, the Republics of Rwanda, Kenya and Uganda have decided to establish between

themselves a one area network for Communications by end of September, 2014.

**Madam Speaker,**

Documenting existing roaming charges for each operator and proposing harmonized charges is one of the activities in the proposed plan. It is, therefore, envisaged that a detailed response to this part of the question on the roaming charges across all networks will be availed in a written form later.

**(b)** Approach for long term solution

The Council considers that a long term solution for roaming needs to be anchored on policy and law. Consequently, the EAC has commenced the process of developing a policy framework and a regulatory framework for roaming. The Terms of Reference for the activity were approved by the 10<sup>th</sup> Meeting of the Sectoral Council on Transport Communications and Meteorology in August 2013. Funds have been set aside in the 2014/2015 EAC budget and the process of procuring a consultancy has begun. It is estimated that procurement will be finalized by November, 2014 and the study will commence in the 1<sup>st</sup> quarter of 2015.

**4.0. QUESTION: RE: EALA/PQ/OA/3/46/2014 (By Hon. Shy-Rose Bhanji)**

*The air transport fares and charges for regional flights is too high to the extent that flying to destinations beyond Africa appears cheaper and affordable than within the EAC region.*

*(a) What has the Council of Ministers done so far to minimise air travel costs in the EAC region?*

**Madam Speaker,**

The Council of Ministers is seized of this matter. This matter has been subject to several Council decisions especially targeted at enhancing competition in this sector.

The ongoing effort on the Liberalization of the Air Transport Services in the EAC Region is an important step towards the minimization of air travel costs through increased competition.

At its 10<sup>th</sup> and 11<sup>th</sup> Meetings, the Sectoral Council on Transport Communications and Meteorology considered the completed draft Regulations for the Liberalization of the Air Transport Services and directed Partner States to conclude consultations and complete the Regulations and the framework for Liberalization by end of 2014.

**Madam Speaker,**

The other challenges in minimizing the air travel costs through increased air transport services in the Region are the issues related to the current low EAC regional and international airport capacities, aviation safety oversight and security concerns. These issues are currently being addressed through the development of an EAC Airport Projects Development Strategy and the EAC Civil Aviation and Security Oversight Agency (CASSOA) is overseeing the

implementation of regulations covering aviation safety, and airports and aerodromes security.

The Council has also noted that a big proportion of regional fares to the tune of nearly 40% are Government taxes (VAT) and other airport tax charges. The Council has appealed to Partner States to consider lowering such taxes in order to substantively reduce air fares and freight charges to enable this mode of transport play its rightful role in the region.

**5.0. QUESTION: RE: EALA/PQ/OA/3/47/2014 (By Hon. Shy-Rose Bhanji)**

*East Africans would like to get a brief on the status of benefits and challenges of the integration stages namely; Customs Union, Common Market and now the Monetary Union and ultimately a Political Federation. Now that EALA has planned a sensitization activity between 25<sup>th</sup>- 28<sup>th</sup> February, 2015, will the Chair of the Council and the Secretary General participate in this activity to brief East Africans? Could the Chairperson further table a progress report on the implementation of each of the successive stages?*

**Madam Speaker,**

The implementation of Customs Union commenced in January 2005 after the Partner States ratified the Protocol on Establishment of the EAC Customs Union. The Partner States henceforth:-

- a) started applying a Common External Tariff on trade with 3<sup>rd</sup> parties,
- b) adopted and commenced applying the EAC Customs Management Act and Regulations,
- c) started to progressively eliminate the internal tariff that reached zero in 2010,
- d) adopted common customs operational manuals,
- e) agreed and started negotiating as a bloc bilateral trade arrangements
- f) commenced on harmonization of standards
- g) developed a programme for elimination of Non-Tariff barriers

**Madam Speaker,**

The implementation of the Customs Union has registered a positive impact on intra EAC Trade which has grown from \$2 billion in 2005 to \$ 5.5 billion in 2013, a growth of 36.36%. Total intra EAC trade as a percentage of total EAC trade has made modest growth from 7.5% in 2005 to 10.5% in 2013. The implementation of the Single Customs Territory has already signaled significant positive results in terms of turnaround time of movement of cargo which has reduced from 18 to 4 days from Mombasa to Kampala and from 21 to 6 days from Mombasa to Kigali respectively. The pilots being undertaken on the Central Corridor indicate that movement of cargo from Dar es Salaam can reach Kigali and Bujumbura in 3 to 4 days from over 18 days. Associated with this is the reduction of documentation by over 90% since goods are declared once and released from the first point entry. The cost of transportation is correspondingly going down since trucks which used to make one trip a month can now make 4 trips.

**Madam Speaker,**

Most of the Policies on customs and trade related matters are developed and reviewed at the regional level. EAC is participating as one entity in the ongoing negotiations with EU on EPAs, Tripartite Free Trade Area with COMESA and SADC and trade and investment negotiations with US. The Ministers of Finance annually hold pre budget consultations to agree on policy matters that are pronounced in the National Budget Speeches which are read on the same day and time in four Partner States. The Republic of Burundi is awaited to harmonize its fiscal year to also join the others Partner States harmonized budget day.

In the course of implementing the Customs Union, the EAC has enacted The Standardisation Quality Assurance Metrology and Testing Act, 2009, The EAC Competition Act, 2009 and The One Stop Border Posts Act, 2013 to facilitate trade in the region. A number of Bills are being finalized for enactment by this august House. These include Draft East African Community Non Tariff Barriers Bill, Draft East African Community Anti-Counterfeit Bill.

**Madam Speaker,**



I cannot claim that the implementation of the Customs Union has not had challenges. The main challenges we have encountered include:

- a) Reoccurrence of Non-Tariff barriers that increase the cost of doing business. These mainly emanate from national legal and administrative measures of Partner States;
- b) Limited awareness of stakeholders on the economic opportunities created by integration which impedes market exploitation and cross border trade;
- c) Poor infrastructure including dilapidated road network, limited railway services, unutilized waterways, expensive air transport and communication services;
- d) Inadequate capacity both at the regional and national level to drive the integration processes;
- e) Unilateral safeguard decisions taken by Partner States to address some emergencies that distort the regional trade policy framework;
- f) Multiple memberships to regional economic groups that may erode the trade preferences within the region. This will however be addressed with the establishment of a Tripartite FTA; and
- g) Weak industrial base and non-commercialized agriculture sector to feed the intra- trade and expanded market. In this regard, movement of agricultural products from surplus to deficit areas has been hindered.

**Madam Speaker,**

The implementation of the EAC Common Market commenced in July 2010. Pursuant to Article 50 of the Protocol on the Establishment of the EAC Common Market, which requires the development of a framework for monitoring and evaluating the implementation of the Protocol, the EAC Secretariat, with the assistance of the World Bank Group and TradeMark East Africa, developed an EAC Common Market Scorecard 2014. The EAC Common Market Scorecard 2014 was developed over a period of 2 years, led by an EAC Common Market Scorecard Reference Group, with participation from the EAC Partner States, EAC Secretariat, EABC, World Bank Group and a number of regional research institutions. The Scorecard was formally launched on 18<sup>th</sup> February, 2014 at the Mt. Meru Hotel, Arusha, Tanzania followed by dissemination workshops in all the Partner States.

The EAC Common Market Scorecard -

- (a) covered three fundamental areas required for the delivery of the EAC Common Market namely: capital, services and goods;

- (b) created a data base of over 770 laws and regulations relevant to the reform process and provides a guide on the laws and regulations (and which sections within these instruments) that should be amended to conform to the Protocol;
- (c) organized its analysis along key sectors of commitment, and types of commitments thereby providing an opportunity for sector specific discussions in designing reform programs to accelerate implementation of the Protocol; and
- (d) made recommendations on the strategic, organizational and legal actions required to fast-track the full implementation of the Common Market Protocol.

The EAC Common Market Scorecard 2014 examined selected commitments made by Partner States, outlined progress in removing legislative and regulatory restrictions and recommended reform measures. The Scorecard found several bottlenecks to the implementation of the Common Market in the laws and regulations of EAC Partner States for example regional trade in goods is constrained by no less than 51 non-tariff barriers; at least 63 non-conforming measures slow down trade in important services such as professional services, distribution, transport and communication; and only 2 of the 20 operations that facilitate deeper financial integration are free of restrictions in all of the EAC Partner States. The Scorecard has further assisted in galvanizing our combined efforts to fully implement the Protocol.

It is expected that the Scorecard will be produced every after 2 years. The next Scorecard will cover the free movement of goods, services, capital, persons and labour plus the rights of establishment and residence.

Additionally, the Secretariat has developed an on line and web-based monitoring system (EAMS) in an effort to improve the implementation of the EAC Common Market. The system is based on the monitoring and evaluation framework that was approved by the Council in line with Article 50 of the Protocol. The System that is accessed through the link - [eamscentral.org](http://eamscentral.org) - is intended to facilitate timely reporting on the status of implementation of Partner States commitments in the Protocol. The system has an in built mechanism that allows the Council to monitor what each Partner State has done with regard to a given Protocol commitment. The system is also flexible enough to generate different types of reports eg comparisons of country performances against selected commitments and indicators. The system should enable the Council to

make timely and evidence based decisions relating to the implementation of EAC Common Market Protocol.

*It is now my pleasure to table the EAC Common Market Scorecard 2014.*

**Madam Speaker,**

The process of establishing the EAC Monetary Union is ongoing. In November, 2013, at the 15<sup>th</sup> Ordinary Summit of Heads of State, the Heads of State signed the Protocol on the Establishment of the East African Monetary Union (the EAMU Protocol) and directed that the Partner States should ratify the EAMU Protocol by July, 2014. Currently, none of the Partner States has deposited the instruments of ratification of the EAMU Protocol with the Secretary General. However, I am reliably informed that the Republic of Rwanda and The United Republic of Tanzania have already ratified the said Protocol while the Republics of Burundi, Kenya and Uganda have already handled the ratification process at Cabinet level and the matter awaits consideration by the respective Parliaments.

**Madam Speaker,**

The next steps on implementation of the EAMU Protocol include:-

- a) The establishment of the following four institutions to support the EAMU process:
  - (i) The East African Monetary Institute;
  - (ii) The East African Statistics Bureau;
  - (iii) The East African Surveillance, Compliance and Enforcement Commission; and
  - (iv) The East African Financial Services Commission

To this end, the process of developing draft bills for these institutions is ongoing. The Bills and shall be introduced in this august House during the first half of 2015/2016.

- b) The development of the Medium Term Convergence Program which is a convergence path that each Partner State will follow in order to achieve the macroeconomic convergence targets by 2021 as stipulated in the EAMU Protocol.

**Madam Speaker,**

As the above processes are ongoing, the East African Payment System (EAPS) has been established. The EAPS will increase efficiency and facilitate cross border transactions which is essential for boosting intra-regional trade among East Africans. The EAPS will transform doing business in the East African region through: provision of a safe and accessible payment system in the region; finality in payments; irrevocability of payments, real time settlements, use of local currencies which will enhance regional trade within EAC. EAPS went live on 25th November 2013 and has so far successfully processed a volume of over 1106 transactions. To further strengthen the achievement of EAPS, central banks have signed a Memorandum of Understanding on Currency convertibility and repatriation among Partner States which will strengthen the convertibility and acceptability of EAC domestic currencies across the region and will further enhance trade and decrease transaction costs.

#### **Madam Speaker,**

The processes of harmonizing the different frameworks in the different macroeconomic areas necessary for the transition to single currency by 2024 are ongoing. This includes harmonization of frameworks on monetary policy, exchange rate policy, fiscal policy, production of reliable statistics, Capital Markets, Insurance and Pensions sectors

#### **Progress on Political Federation**

The Treaty in its Article 123 (6) mandates the Summit to initiate the process towards the establishment of the Political Federation by directing the Council of Ministers to undertake the process. The following steps towards EAC Political Federation have been undertaken from 2004 – 2014 : -

- a) 2004: Summit of Heads of State - Establishment of the Wako Committee to fast-track East African Political Federation;
- b) 2007 and 2008: National Consultations in the Partner States to consult East Africans on their views of Fast-tracking Political Federation;
- c) 2009: Constitution of the Team of Experts by the Summit to make recommendations how to address Fears, Concerns and Challenges towards fast tracking of Political Federation;
- d) 2011: Report of Fears, Concerns and Challenges presented to the Summit;

- e) 2012: Draft Model of the Structure of Political Federation developed and considered by the Summit;
- f) 2013: Consultations with national stakeholders on the Model of Political Federation; and
- g) 2014: Consideration of the Model Structure by the Council and Summit Directive to initiate the process of drafting a constitution for the Political Federation.

### **Model Structure and Action Plan of the EA Political Federation**

The 13<sup>th</sup> Ordinary Summit of Heads of State held on 30<sup>th</sup> November 2011 in Bujumbura adopted the Report on Fears, Concerns and Challenges on the Political Federation. The Summit also directed the EAC Secretariat to, *among others*, propose an action plan and a draft model of the structure of the East African political federation. The EAC Secretariat, together with a group of selected regional and senior experts from Partner States, developed a draft model of the structure of the EAC Political Federation in October 2012. The Draft Model Structure and was considered by the 14<sup>th</sup> Summit of Heads of State in 2012.

Because of the far-reaching implications of the proposed Model in relation to the national governance structures, the Summit directed the Council to engage in further consultations with national stakeholders and to report progress at the 15<sup>th</sup> Summit Meeting in November 2013. The comments from the national stakeholders were a little diverse. The Summit reversed consideration of the Model Structure and action Plan to its 12<sup>th</sup> Extra Ordinary Summit of April 2014. A meeting of regional experts to review and incorporate Partner States' comments into the instruments was found necessary before submission of the revised instruments to the Council for onward transmission to the Summit. The Summit then decided that the subject would be considered at the next meeting after experts had incorporated comments from the Partner States. Over time, the proposed Model elicited a mixed bag of opinions and views and over generated constructive dialogue around political integration, among different stakeholders.

### **12<sup>th</sup> Extra Ordinary Summit Directive**

The 12th Extra Ordinary Summit of Heads of State held on 30<sup>th</sup> April, 2014 in Arusha directed the Council of Ministers to: -

- (a) initiate the process of drafting a constitution for the political federation; and
- (b) develop a roadmap on what the negotiated constitution making process would involve; and make a comprehensive evaluation of the implementation of the Protocol on the EAC Customs Union, Common Market and Monetary Union plus other laws of the Community.

The Council of Ministers, at its 29<sup>th</sup> Extraordinary Meeting also directed Partner States to sensitize and consult widely with their key stakeholders on the Political Federation and report at the 29<sup>th</sup> Ordinary Meeting of the Council. It is expected that the November 2014 Summit will consider the proposals for a mechanism for the EAC constitution making process and the road map and broad activities.

Other activities toward laying the foundation for the political federation continue being implemented. This includes the programmes under peace and security, foreign policy coordination, good governance, strengthening of electoral processes, mobilization of different segments of stakeholders for greater political will as well as effective implementation of the prior stages of integration.