Framework for the EAC Regional Youth Council for adoption by the Council of Ministers; and to compile an Annual Consolidated Report on Social Development Framework for consideration by a Multisectoral Meeting of Ministers. Key achievements registered include among others:-

a) The Launch of the Second EAC Child Rights Conference


The overall objective of the Conference was to review progress and reaffirm the strong commitment of the region in promoting, protecting and fulfilling the rights of all children in the region. The conference was organised on the basis of the understanding that children are involved and empowered to articulate issues that affect their wellbeing and duty bearers understand, appreciate and uphold children's rights across the governments, private sector as well as communities and households.

The conference recommended that the EAC should expedite the establishment of the EAC Children Council and Partner States to establish Children's Assemblies at National level and work together towards establishing a regional children's assembly. Partner States were also requested to place measures to safeguard child-focused public expenditures in times of crises, including mobilizing international collaborations.

Development Partners and international finance institutions were requested to support well-coordinated and multi-sectoral responses that prioritize and adequately meet children's needs in all sectors, including child-sensitive social protection programmes for populations in crisis-prone areas; child-centred Disaster Risk Response and policies; food and non-food items, health and education in emergencies. Child Rights Agencies were recommended to support research and national data collection efforts to facilitate
understanding of common issues which affect children to inform policy and collective measures. The Conference culminated with the launching of the EAC Child Policy (2016).

*The Launch of the EAC Child Policy (2016) by the Deputy Secretary General Hon. Jesca Eriyo*

**b) Conduction of the 5th Annual EAC Secretary General’s (SG) Forum and the launch of Incubator for Integration and Development in East Africa (IIDEA)**

The 5th Secretary General Forum was successfully held in Bujumbura, Burundi from 22nd to 23rd June 2017 under the theme “15 Years of the EAC: Towards a Borderless Community”. The Forum provided an opportunity to widen and deepen EAC integration process and ensure enhanced stakeholder participation and inclusivity. The 5th SG’s Forum created a space in which all the stakeholders in the integration process were able to take stock of the progress towards the one destiny of the EAC and spell out the next steps. The dialogue process not only identified common barriers to regional integration but also showcased the success stories in the last 15 years.

The Forum was organized by the EAC Secretariat in collaboration with Regional Dialogue Committee (RDC) and supported by the Germany International Development Agency (GIZ) and attended by approximately 150 delegates.

The core objective of the 5th Annual SG’s Forum was to provide an opportunity for the private sector, civil society and other interest groups to share experiences and good practices of the integration process experienced in the last 15 years and work out a coordinated strategy towards a common future of a political integration and a borderless community. The forum considered topics under various subthemes including i) *Realising the right to work and right to residence within the EAC*; ii) *Sustainable development in East Africa*; ICT and media as enablers of regional integration; and Public procurement as a tool for EAC Development:

The forum also reviewed an analysis of status of implementation of the recommendations of the 1st, 2nd, 3rd and 4th SG Forums. The analysis reveals that a total of 93 recommendations were made during the past four Secretary General’s Forums and adopted by the respective meetings of the Sectoral Council of Ministers Responsible for EAC Affairs and Planning (SCMEACP) including the 19, 21st and 23rd SCMEAP. Out of the total number of recommendations made, 22 were fully implemented, 48 were partly implemented, 18 were not implemented and 6 recommendations lacked updates.

![Implementation Status of Secretary Generals Forum Recommendations](image-url)
The Incubator for Integration and Development in East Africa (IIIDEA) was launched at the forum by Uganda's 2nd Deputy Prime Minister and Minister of EAC Affairs and the Chairperson of the EAC Council of Ministers, Hon. Dr. Ali Kirunda Kivenjija.

Speaking during the launch event, Hon. Kivenjija noted that through the IIIDEA project, the EAC is not only very proud to support private sector, civil society and other interest groups in East Africa, who are the region's most committed partners in integration, but also to be able to provide tangible opportunities for citizens to enable them support, own and champion the integration agenda. The IIIDEA page is already on the EAC website and more information can be accessed from http://www.eaciidea.net/

c) Commemoration of 2017 International Women’s Day and the Launch of Simplified Guide for Micro and Small-Scale Women Cross Border Traders and Service Providers

The EAC Secretariat celebrated the 2017 international women’s day under the theme Be Bold for Change and with a focus on 'Women in the Changing World of Work, achieving Planet 50-50 in 2030.'

The theme was developed in cognizance that the global understanding of work is changing with significant implications on the day to day lives of women. While in most parts of the world, women have made tremendous progress in building competencies to access decent work, there exist huge inequalities, informality of labor, violence and environmental impacts in other societies.

At the event, the Simplified Guide for Micro and Small-Scale Women Cross Border Traders and Service Providers, which was developed with support from GIZ, Irish Aid, and ILO was launched. The Simplified Guide and Information Pack was developed to sensitize cross border traders on the opportunities provided for by the Customs Union
and Common Market Protocols in addressing challenges faced by women in business especially in the EAC cross border trade. The programme for the day also included presentations on opportunities for Women in the EAC-Case Studies of the Incubator for Integration and Development in East Africa women projects; a colorful march of EAC and GIZ staff, the ILO, the Arusha Municipal Council, Women’s Organizations, Youth representatives as well as secondary school students from the International School of Moshi and Arusha Day Secondary School. The march was to the local market in Arusha; ‘Soko Kuu’ where community services such as cleaning the market and various were carried out.

d) Approval by the East African Legislative Assembly (EALA) on the EAC Gender Equality, Equity and Development Bill

The East African Legislative Assembly passed the EAC Gender Equality, Equity and Development Bill, 2016 in Kigali, Rwanda on March 8, 2017.

The EAC Gender Equality, Equity and Development Bill, 2016, makes provisions for gender equality, equity, protection and development in the Community. The Treaty for the Establishment of the EAC in Article 121 recognizes the significant contribution that women make towards progress of socio-economic transformation and sustainable growth and the importance of full participation of women and men in the economic and social development of the Partner States.

The Bill contends that whereas the Partner States recognize the importance of gender equality and have developed programmes and enacted legislation in this pursuit, these efforts are at different levels and contain differences particular to each Partner State. As a result, gender initiatives affect women, men and children differently across the East African Community. **The enacted Bill shall await assent by the EAC Heads of State.**
Hon. Nancy Abisai, the mover of the Bill.

Budget Execution

In terms of budget performance, the Gender and Community Development performed very well to a tune of 92.4% from the budget of US$203,726.

Challenges

Despite the tremendous achievements throughout the year, the Department faced many challenges chiefly because the Department works under a very meagre budget and has to depend on Development Partners to achieve its many priority activities. The Department also faces a huge capacity challenge as it has only one substantive officer in charge of the eight wide areas.

It is therefore highly recommended that EAC Partner States prioritize funding of the core areas of Gender, Youth, Children, Persons with Disabilities and Stakeholder engagement. The EAC Secretariat administration is also called upon to consider hiring, in the interim, officers to coordinate the various areas under the supervision of the Principal Gender and Community Development Officer.

5.2.3 Labour, Immigration And Refugee Management

The areas of cooperation coordinated under the Department of Labor, Immigration and Refugee Management are contained in Articles 104 and Article 7(8) of the EAC Common Market Protocol that provide for the development of common mechanisms for management of refugees in the Community. Furthermore, under the protocol, the Department coordinates the implementation of the areas of cooperation under Articles 7, 8, 9, 10, 11, 12, 13 and 14 that relate to the freedom of movement of persons and labor, identifications systems, harmonization of labor laws, and rights of establishment and residence.

During the period under review, the Department coordinated a number of activities including: convening meetings of Immigration experts and Chiefs of Immigration to finalize the harmonization of entry/work/resident permit, fees, application procedures; assessing the status of Partner States’ preparedness towards the implementation of the EA e-Passport; training Immigration Officers with skills in ICT; and Integrated Border Management Systems (IBMS). Also coordinated include initiatives towards curbing anti-human trafficking and human smuggling; One Stop Border Posts (OSBP) operations; Labour Migration experts to develop labour migration study; convening of a Forum for Ministers responsible for Labour; and finalization of the framework for exchange of young workers. Furthermore, the Department conducted the 6th Regional Technical Working Group on the EAC Manpower Survey; review the status of implementation of harmonization of social security and portability of benefits for migrant laborers; and development of a policy and action plan on the management of refugees.

During the period under review, key achievements attained against the planned activities include the following:
a) Movement of Persons

i) Harmonization of Entry/Work/Resident Permit Fees, Forms and Procedures

In accordance to Regulation 6 (9) of Annex II of the EAC Common Market regarding to Free Movement of Workers, Partner States undertook to harmonize the classification of Work Permits, Forms, Fees and Procedures. The Chiefs of Immigration meeting held from 21st to 22nd September 2016, developed an EAC Harmonized Application Form for Entry/Work/Residence Permit.

The Form was approved by the 25th Meeting of Sectoral Council of Ministers responsible for EAC Affairs and Planning held on 28th October 2016. Consequently, the EAC Harmonized Application Form has been simplified and made user-friendly and is expected to facilitate the movement of persons and labor in the Community.

ii) Status of implementation of the 17th Ordinary Summit directives on the Issuance of the New International EA e – Passport

Based on the recommendations made in the September 2016 meeting, the Department convened another Meeting of Chiefs of Immigration from 24th to 25th November 2016. The meeting considered Partner States’ status of preparedness to commence issuance of the New International EA e-Passport; the draft EAC Harmonized Application Form (Special Pass) for Citizens of EAC Partner States; and the status of Implementation of previous decisions under the immigration sub sector. The report of the Chiefs of Immigration was considered by the 35th Meeting of Council of Ministers and Partner States were directed to commence issuance of the EA e-Passport by 31st January 2018. Consequently, a follow up meeting of Immigration Experts to assess the status of implementation of the EA e-Passport took place from 16th to 17th March 2017 and preceded the meeting of Chiefs of Immigration that was held from 31st March to 1st April 2017. The meeting further considered the status of implementation of the EA e-Passport and activities necessary for commencement of issuance of the EA e-Passport in the Partner States, among others.

b) Movement of Labor:

i) Development of a framework to encourage exchange of young workers

In accordance with Article 10(8) of the EAC Common Market Protocol, Partner States are expected to develop a framework of a joint programme to encourage the exchange of young workers amongst the Partner States. Accordingly, the 4th meeting of labour experts and social partners on finalization of the framework to encourage exchange of young workers in the EAC Partner States took place in Nairobi- Kenya from 9th to 11th November 2016. The framework is awaiting approval by the Forum of Ministers for Labor and Employment before consideration by the Council of Ministers. The exchange framework for the young workers will provide them with the opportunity to learn more about EAC integration and acquire work experience necessary to develop their skills.
ii) Progress in the Development of EA Manpower Survey

Within the context of Regulation 14 of Annex II of the EAC Common Market concerning Free Movement of Workers, the EAC Secretariat in collaboration with the Partner States is required to undertake Manpower Surveys (MPSs) to determine skills gap in the labor market within the Community. Based on the findings of the MPSs the Secretariat is expected to develop a database to facilitate the monitoring of the labor market. So far, the Republics of Kenya and Rwanda have conducted their primary and secondary national MPS. The rest of the Partner States are still at various stages of undertaking their MPSs. The 6th Meeting of the Regional Technical Working Group (RTWG) on the EAC Manpower Survey held from 9th to 11th March, 2017 in Entebbe, Uganda, deliberated on skills gap in the labor market within the Community.

iii) The East African Common Market Scorecard on Movement of Labor

In accordance with Article 50 of the EAC CMP, the Council of Ministers established a framework to monitor and evaluate the implementation of the Protocol. Consequently, the EAC Secretariat in collaboration with World Bank Group is in the process of developing the EAC Common Market Scorecard (EAC CMS) on movement of labour as one of the tools to track implementation of the Protocol provisions on the freedom of movement of labor, rights of establishment and residence. Accordingly, the Department convened and participated in meeting of Partner States’ experts to validate the EAC CMS Methodology and Plan for the EAC CMS on Free Movement of Labour, from 24th to 26th January 2017 in Nairobi - Kenya.

iv) Development of the EAC Labor Migration Policy
Following the recommendations of the EAC studies on harmonization of labour laws and employment policies within the context of the Common Market Protocol provisions, Partner States are mandated to harmonize national labour policies and laws to facilitate free movement of labour in the community. To this effect, a multi-sectoral meeting of the experts on the development of the EAC Labor Migration Policy was held from 13th to 16th June 2017 in Kigali Rwanda, where among others deliverables, developed a zero draft EAC Labour Migration Policy.

c) Refugee Management

Development of the EAC Refugee Management Policy and Action Plan

Article 124 (4) and (5) (g) of the Treaty and Article 7(8) of the EAC Common Market Protocol, Partner States undertook to establish common mechanisms for the management of refugees. The study on harmonization of Refugee policies and laws conducted in 2013, and the Chiefs of Refugee Management found the need to develop a regional policy on the management of refugees. To this effect, during the period of 2016/17, draft Terms of Reference and a concept paper for the development of the policy were developed. This was based on Partner States’ experience on movement of persons from other EAC Partner States which is quite substantial.

Budget Execution:

The budget allocated to the Department amounted to US$294,750, and actual expenditure was about US$164,535, which accounted for 56% of the budgeted amount.

Challenges:

The Department is largely constrained by understaffing and inadequate financial resources.

5.2.4 Health

The Health Department has six Units namely Regulation of Health Professionals and Services; Health Systems and Policy Development; Disease Prevention and Control; Medicines and Food Safety; Reproductive, Maternal, Newborn and Child Health; and the HIV and AIDS Unit. Each of the Units in the Health Department is implementing various projects mainly funded by Development Partners notably the World Bank, KiW, USAID, the Governments of Sweden and Norway, among others. There are up to 5 technical working groups under the Health Department.

During the financial year 2016/17, the Department planned to achieve the following activities: Implementation of EAC Regional Pharmaceutical Manufacturing Plan of Action (RPMPoA); harmonization of care and treatment guidelines among Partner States for key communicable and non – communicable diseases; implementation of the EAC regional integrated sexual, reproductive health, adolescent health, child health and maternal health (RMNCAH) and rights initiatives and programmes; and development of
a regional Knowledge Management Platform (KMP) to facilitate information and knowledge sharing in the EAC region. Other activities include development of EAC Regional Strategy for Pooled Bulk Procurement of Medicines and Health Products; operationalization of EAC Project on strengthening and harmonizing of Pharmacovigilance Systems; and validation of EAC Regional Food Safety and Quality Policy and Strategy.

Furthermore, the department planned to strengthen National Medicines Regulatory Authorities (NMRAs) of Tanzania (in Zanzibar), Burundi and Rwanda; domestication of EAC harmonized guidelines on medicines evaluation and registration; and good manufacturing practice and quality management system in all EAC Partner States NMRAs. In view of the planned activities, key achievements were as follows:

a) Implementation of the EAC Regional Integrated Sexual, Reproductive Health, Adolescent Health, Child Health and Maternal Health and Rights (RMNCAH) Initiatives and Programmes

Financial resources were mobilized to address the proposed interventions through EAC Integrated Health Programme (EIHP) in collaboration with the EAC HIV/AIDS Unit and the EAC Reproductive Maternal Newborn Child and Adolescent Health (RMNCAH) Policy Guidelines (2016-2030) and EAC RMNCAH.

b) Operationalization of EAC Project on Strengthening and Harmonizing of Pharmacovigilance Systems

EAC Project on Strengthening and Harmonization of Pharmacovigilance Systems was endorsed by the 12th Ordinary Meeting of the Sectoral Council of Ministers of Health. Consequently, the EAC Pharmacovigilance Assessment Tool and Manual was developed and piloted in March 2017; coupled with the development of EAC Draft Pharmacovigilance Business Plan. Financial resource amounting to US$900,000 was mobilized from the USAID to support implementation of the project.

c) Domestication of EAC Harmonized Guidelines on Medicines Evaluation and Registration, Good Manufacturing Practice and Quality Management System in all EAC Partner States NMRAs

All EAC Partner States NMRAs are implementing EAC guidelines and number of medicinal products were evaluated and registered using EAC guidelines as follows: Kenya (1676); Uganda (612); United Republic of Tanzania-TFDA (237); United Republic of Tanzania-ZFDA (42); Rwanda (297); Burundi (10); and at EAC level (8) medicinal products.

d) EAC Partner States NMRAs Information Management System Functional and Common EAC Integrated Information System (IMS)
NMARs of Uganda, Rwanda and Tanzania (Zanzibar) have fully functional IMS with the following key modules (premise, product, GMP, import & export, finance and report) and the EAC IMS prototype was developed, though more modifications are required.

e) Development of Annual State of Women Children and Adolescent Health Reports and RMNCAH Scorecards

The EAC integrated RMNCAH and HIV/AIDS Scorecard was approved by the 14th Sectoral Council on Health in March 2017. The Development of the State of Women and Children and Adolescent Health report was postponed to FY 2017/18 as part of the EAC Integrated Health Programme (EIHP).

f) Mainstreaming of the Population Health and Environment (PHE) into Regional and National Population, Health and Environment Laws, Policies and Strategic Plans

National Multi-Stakeholder workshops to establish and operationalize Population Health and Environment Zones in the EAC Partner States was conducted and co-launched the EAC Population Health and Environment (PHE) Strategic Plan 2016-2021 on 12th November 2016, in Kisumu Kenya, as part of the Lake Victoria Basin Commission’s 10th Anniversary celebrations.

Budget Execution

The budget approved under the Health Department for FY 2016/17 was US$7,110,070, but recorded actual expenditure of USD$1,636,559, representing just 23% of the budget, owing largely to delays in disbursement by the donors.

Challenges

It is worthy noting that the Department’s is challenged by over reliance on donor funding with the Partner States funding accounting for less than 5% of the total health budget.
6 The Office of the Deputy Secretary General - Political Federation

The Office of the Deputy Secretary General Political Federation comprises of the three departments namely: Political Affairs (including the EAC Nyerere Centre for Peace Research); International Relations; and Peace and Security.

6.1 Political Affairs

Within the context of laying the foundation for EAC Political Federation, the Political Affairs Departments continued to engage stakeholders in regard to developing and establishing regional Policy and Institutional frameworks for the establishment of the EAC Political Federation.

In this reporting period, the Department has registered a key milestone in the political integration, which is the adoption by the Summit the EAC Political Confederation as a transitional model for EAC Political Federation. The Council of Ministers has since commenced processes for the drafting of the Constitution for the Political Confederation.

The other strategic governance policy frameworks under development include; Protocol on Good Governance; Protocol on Preventing and Combatting Corruption; and the engagements to enhance capacity of the Election Management Bodies as a basis for guaranteeing electoral democracy in the Community. To this effect, an EAC Specific Anti-Corruption Index has been developed and pending validation by the EAC Forum of Anti-Corruption Agencies. The Political Affairs Department supported the Inter-Burundi Stakeholders consultations and dialogue as part of its mandate to facilitate processes to political settlement of disputes.

Initiatives to create awareness on the EAC Integration process were marked with the 5th University Students Debate held in November 2016. The Debate aimed to enhance awareness among EAC University students. The Debate culminated into the appointment of new EAC Youth Ambassadors 2016/2017. Training of Trainer Workshop was conducted for 30 Youth Ambassadors on EAC processes, structures and leadership. This aims at helping young people champion EAC integration agenda within the Universities and their communities. The EAC Youth Ambassadors work through the EAC Clubs in their respective Partner States.

Budget Execution

During FY2016/17 approved budget for the Department of Political Affairs was US$ 291,906, with actual expenditure of US$180,982, representing budget execution of 62%.

Challenges and Recommendations

The processes for adoption and ratification of the Protocol on Good Governance and the Protocol on Preventing and Combatting Corruption have been slowed due some clauses of the Protocols that are under internal consultations by Partner States.
The Nyerere Centre for Peace Research (NCPR) is constrained with lack of funds to carrying out its research mandates to inform debates and dialogues on good governance. Activities of the Centre are being constrained by lack of staffing, as there is only one established position (the Principal Political Affairs Officer) and one Temporary staff.

6.2 Peace and Security

During the financial year 2016/17, the Department of Peace and Security planned to operationalize the Conference of Peripheral Maritime Regions mechanism; enhance the capacity to monitor and prevent conflicts; enhance capacities to effectively prevent conflicts; and enhance capacities of the African Union (AU) and Regional Economic Communities (RECs) to effectively manage and resolve conflicts. The Department further endeavored to enhance capacity of EAC Mediation to prevent, manage and resolve conflicts in partnership with AU and Sister RECs; operationalize the Regional Disaster Management and Response capability; contain proliferation of Small Arms and Light Weapons (SALW); establishment of Regional Intelligence Sharing Platform; and harmonization of Security Policies and Policing practice across the region. Also planned include, implementation of Maritime Security Strategy and enhancement of Cooperation and collaboration between the EAC and the AU.

For purpose of full operationalized Conflict Prevention Management and Resolution (CPMR) mechanism, Terms of Reference and a reporting template for the production of EAC Annual State of Peace and Security Report was adopted by Partner States Experts during their meeting held in Entebbe, Uganda, from 18th - 19th November 2016. Tools and field reporting templates for data collection, analysis and reporting were developed in partnership with the African Union- Continental Early Warning System (AU-CEWS). Further, training and capacity building of staff through short courses in Mediation and International Law was undertaken at the Clingendael Institute in The Hague, from 6th – 12th November 2016.

In respect to joint activities with AU/RECs, the EAC Secretariat participated in Regional and international retreats and workshops including; the AU High Level Retreat at Sharm El Sheikh held from 25th - 26th October 2016; Countering Violent Extremism in Tanzania held in November 2016; and training on Early Warning and Early Response for the Prevention of Mass Atrocities held in Naivasha, Kenya from 14-18, December 2016. Other forums attended include the 19th AU-CEWS and RECs Quarterly Technical Meeting held from 6th – 8th December 2016 in Addis Ababa, where modalities to improve coordination between regional and continental integration bodies for full operationalization of the Continental/RECs Early Warning Systems were discussed.

Concerning the Proliferation of SALW, Mandatory Reports to the UN, AU and Regional Center for Small Arms (RECSA) were made and exchange of information enhanced through the RECSA Technical Committee and the AU/Regions Steering Committee on Disarmament. Further, security policies and policing practice across the region were harmonized, coupled with undertaking of consultative meeting of the Heads of Counter Terrorism Coordination Entities/ Agencies and meeting of the Heads of Anti-human and Anti-Drugs Trafficking in November 2016.
In respect to the implementation of Maritime Security Strategy, the benchmarking visits and mentorship training were undertaken. This was complimented by visibility and information exchange conducted within the context of the AU Dedicated Conference on Maritime Security and the Contact Group on Piracy in the Indian Ocean and the Eastern and Southern Africa and Indian Ocean (ESA-IO) Maritime Security Project Steering Committee.

An Integrated Ballistics Identification System (IBIS) was supplied to the Regional Forensic Referral Centre in Kampala at a cost of €871,000. The system is intended to enhance investigations in relation to firearms and also support regional trainings, as well as development of ballistic standards towards harmonization of ballistics practice in the EAC Region.

Concerning Prisons and Correctional Services, an inaugural ESA-IO Prisons and Correctional Services Chiefs Meeting was held in Mombasa in April 2016, with the intention of enhancing exchange among Correctional Services of the littoral states in order to strengthen cooperation in handling of high risk offenders engaged in maritime crimes. Trainings were also undertaken in Mauritius on corrections management through a one-month mentorship program. Exchange visits were also carried in Kenya and Uganda targeting penitentiary management, as well as Community Corrections.
Maritime Crime interdiction is premised on proper understanding and application of the local and international legal regimes. Being a new phenomenon in the region, it was important to enhance the capacity of the Judicial and Prosecution staff in understanding and applying these regimes. To this end, the Australian’s experience with the United Nations Office on Drugs and Crime (UNODC) support was found appropriate in developing curriculum, of which, were used to train 60 prosecutors and judges; with 40 others scheduled for training over the year ahead. The skills gained are valuable in sustaining processing of suspects engaged in maritime crimes.

Participants and Facilitators at the training dedicated to Somali Judges and Prosecutors at the Tanzania Regional Immigration Academy, Moshi (Left) and EAC Training in Progress in Mombasa (Right)

In line with the requirements on implementation of the UN Security Council Resolution 1540 on Chemical, Biological, Radiological and Nuclear Weapons, the EAC in partnership with the Organization for the Prohibition of Chemical Weapons (OPCW) concluded a project to enhance Chemical Safety and Security in the Region with emphasis on developing Chemical Incidents Response Capacity. Each of the EAC Partner States was supported in the development of National Response Capacity Strategy that later guided training.

Initiatives towards harmonization of Security Policies and Policing practice across the region, involved among others; piloting trainings for the Police Manual on Common Market; completion of the East African Community Integration Police Handbook; and holding of Police Thematic groups meetings involving Directors of Criminal Investigations Department (CID) and Chiefs of Police to review the crime management strategies. Further, a draft Counter Terrorism Cooperation Agreement was adopted by the Heads of Counter Terrorism Coordination Agencies and is due for consideration by the Sectorial Council on Inter states Security.

Lastly, the quest for enhancement of Cooperation and collaboration between the EAC and the AU was marked with successful consultations towards the implementation of the MoU on Peace and Security between the AU Commission and the RECs. The EAC effectively contributed to the deliberations of the AU/Regions SALW Committee, as well as the Eastern and Southern Africa Anti Money Laundering Group deliberations on combatting financing of terrorism in the region. Alongside, the mandatory reporting obligations to the UN and AU were also fulfilled.

Budget Execution
During FY 2016/17, the approved budget for the Department of Peace and Security was US$3,524,986, under which actual expenditure was US$1,135,806; representing budget execution of around 32%.

Challenges

Delay in remittance of the African Peace and Security Architecture (APSA) funds affected operationalization efforts of the CPMR Mechanism while delay in staff recruitment, as well as delay in conclusion of the cooperation framework with INTERPOL on investigations training impacted on the absorption capacity of the Maritime Security (MASE) Project funds.
7 The Office of the Director General - Customs And Trade

The Office of the Director General (Customs and Trade) is responsible for the implementation of the customs and trade (internal and external) functions in the EAC. Customs encompasses tariff and valuation, compliance and enforcement, procedures and facilitation; while trade covers international trade, internal trade, trade in services, and standards, Quality Assurance, Metrology and Testing.

7.1 Customs

The Directorate of Customs initiates, coordinates and monitors Customs laws, policy and programmes in the Partner States. The functions of the Directorate of Customs include Tariff and Valuation, Compliance and Enforcement, Procedures and Facilitation, ICT and Customs capacity building. Customs continued to consolidate the benefits of the Customs Union and in this pursuit the implementation of the Single Customs Territory continues to consolidate.

Among the priority activities during FY2016/17 included establishment of an appropriate model for administering Customs in a fully-fledged Customs Union; development of an appropriate border infrastructure and institutional framework; implementing Customs interconnectivity programme; and effecting new institutional framework for Customs training of Customs Administration staff/stakeholders. Also envisaged include establishment of sound partnership dialogue through improved Customs to cross Border Regulatory agencies; undertaking policy review and improving the management of the EAC Common External Tariff and the EAC Rules of Origin; harmonizing and improving EAC Valuation practices; and reviewing EAC Customs Management Act and Regulations. Further, the Department aimed at having the Anti Counterfeit Bill developed and considered by Council and submitted to EALA; rolling-out the Regional Authorized Economic Operator (AEO) Scheme; and enforcing the EAC Compliance and Enforcement Action Plan.

During the period under review, Customs registered a number of milestones, to include among others; updating and implementing the EAC Common External Tariff Harmonized System (HS) version 2017. Besides the COMESA-EAC-SADC Tripartite, Customs instruments were developed with 38 out of 96 Chapters of the Rules of Origin being fully completed, coupled with about 32 chapters partially completed.

To further enhance the operationalization of the Single Customs Territory (SCT), the SCT procedures manual were further reviewed and updated including the export, ex-warehousing and railways. In the same vein, IT solutions were enhanced to support SCT processes among Partner States. Besides, the Customs Valuation and Risk management system was developed and Operational Acceptance Testing expected to be finalized during next financial year in August 2017.
In regard to efforts towards easing movement of goods and people and having successfully enacted the One Stop Border Posts (OSBP) law and regulations, Customs embarked on developing the OSBP capacity building tools. The OSBP Procedures Manual, training curriculum and training materials were developed and validated by stakeholders from Partner States. In view of the importance of capacity development to implementing OSBPs in a harmonized way across Partner States, 12 officials underwent an OSBP training of trainers’ course.

Global Customs has continued increasing security consciousness, which is witnessed in the implementation of the Authorized Economic Operator (AEO) Programme. AEO program aims at increasing the number of trusted operators so as to secure the international supply chain. The AEO programme is equally being implemented in the EAC and during the period under review an AEO training Curriculum was developed in February 2017 by the EAC and the WCO. Training and sensitization was successfully undertaken at the EAC borders where 65 stakeholders were reached out.

Further, Customs adopted unique ways of creating awareness about Customs achievements by Commissioners of Customs and the Director General reaching out to the citizens of EAC through press conferences, among which the press conferences conducted in Dar es Salaam in April 2017. Training on Customs Union Trade Policy was also conducted for 28 Masters Students at the National Defense College in Karen, Kenya in May 2017. Through workshops at the EAC capitals, 114 Customs Officials and 162 stakeholders were trained and sensitized on World Trade Organization Trade Facilitation Agreement, Coordinated Border Management, Risk Management and Post Clearance Audit Controls at borders.

With regard to realigning aspects of the Customs law to demands in the business environment, duty remission and exemption regimes were reviewed and approved by SCTIFI and are expected to be gazetted in the EAC Gazette in July 2017. Sectoral studies were also undertaken during the period under review on specific products in the region. The findings were considered by Policy Organs in May, 2017 and decisions gazetted in June, 2017 for implementation effective July, 2017. A Compliance and Enforcement Action plan focusing on cross border trade and SCT was developed and is being implemented by Partner States.

Budget Execution

During FY2016/17 approved budget for the Customs Department was US$1,599,776 and actual expenditure was US$846,589; representing about 53% of the approved budget. The low level of budget execution is attributable to delayed flow funds to timely execute planned activities.

7.2 Trade

The Directorate of Trade is responsible for promoting both internal and external trade, and the Standardization, Quality Assurance, Metrology and Testing (SQMT) by coordinating and monitoring trade negotiations and implementation of agreed policies, regulations, laws and strategies in the region and with third parties. This entails the removal of Non-tariff Barriers (NTBs), establishment of legal frameworks to eliminate
NTBs, preparation of EAC Trade and Investment Reports, promotion of local artisans on market opportunities in the EAC region, providing strategic guidance during internal EAC trade negotiation processes, coordinating Partner States to develop a common position for trade negotiations with third parties, developing frameworks for compliance and monitoring the implementation of SQMT in the region.

The priorities set out by the Directorate during the 2016/17 Financial Year included: the continued elimination of reported NTBs; holding of the 17th EAC Jua Kali/Nguvu Kazi Exhibition; drafting of the EAC Trade and Investment Report 2016; amendment of the CMP provisions on trade in services; revision of Partner States schedules of specific commitments; legal scrubbing of the East African Community and the European Union Economic Partnership Agreement (EAC-EU EPA); organizing the Ministerial and Senior Officials’ meeting of the EAC and United States (US) under the auspice of the EAC-US Trade and Investment Partnership; finalization and adoption of the EAC AGOA Strategy; continued support to the COMESA-EAC-SADC Tripartite Free Trade Area (TFTA) Agreement; harmonization of standards for commonly traded goods; review of the SQMT Act 2006; and, implementation of standards and TBT work plan.

7.2.1 Internal Trade

The Department of Internal Trade is responsible for promoting internal trade within the EAC region through elimination of Non-Tariff Barriers (NTBs) and establishing the legal framework to eliminate NTBs, preparation of EAC Trade and Investment Reports, and promotion of local artisans to take advantage of market opportunities in the Community.

During FY2016/17, the Department of Trade had a number of achievements in areas of NTBs, promotion of local artisans, and on trade reports as follows:

- Four (4) Long Outstanding NTBs eliminated, bringing the number to 113 NTBs of cumulatively resolved NTBs since 2009 and 4 new NTBs reported, with documentary evidence; and

- The 17th EAC Jua Kali/Nguvu Kazi Exhibition was organized in Kampala, Uganda. The Exhibition was attended by Exhibitors from all EAC Partner States. The key objective of Jua Kali/Nguvu Kazi Exhibition is to promote economic and social integration through participation by regional art and craft exhibitors in in the Exhibition. The exhibitors got an opportunity to learn from each other through networking and therefore broadened their product competitiveness and technical skills through exposure and a symposium, which was organized at the margins of the Exhibition.

In addition, the department coordinated the compilation of the EAC Trade and Investment Report 2015. Key highlights of the EAC Trade and Investment Report 2015 show that: East African Partner States economies continued to grow in 2015 at an annual average GDP growth rate of 5.7%; EAC continued to experience a trade deficit with the Rest of the World in 2015, where, the trade deficit for the EAC grew by 11.3% to US$23.4 billion up from US$21.0 billion in 2014; Foreign Direct Investment (FDI)
inflows into the region decreased by 16.4% to US$7.2 billion from US$8.6 billion in 2014; The Region continued to offer exemptions and incentives that exempt from import duty and other charges of equivalent effect for imports for manufacture of goods destined for export markets; and Total duty foregone decreased by 0.6% to US$1.59 billion in 2015 from US$1.6 billion in 2014. The Report was discussed by the SC-TIFI and regional experts severally and was launched in February 2018 by the 36th Council of Ministers’ meeting.

**Budget Execution**

During FY2016/17 approved budget for the Department of Internal Trade was US$548,936 and actual expenditure was US$95,778 which is about 17% of budget execution. The rather low budget utilization was exacerbated largely by liquidity challenges with the Partnership Fund, under which most of the Department’s activities relied upon.

7.2.2 International Trade

The mandate of the International Trade Department is to promote trade between EAC region and the rest of the world through negotiating trade agreements. The Department provides strategic guidance during trade negotiation processes and organizes EAC Partner States to develop and agree on the EAC common position.

During FY2016/17, the Department of International Trade attained a number of achievements in areas of Trade in Services and in regional and international trade negotiations.

On trade in services, the process for amendment of the Common Market Protocol provisions on trade in services and revision of schedules of commitments, which commenced in 2015, was ongoing during the period under review. The Partner States revised the draft Regulations on Trade in Services, which was presented to the Sectoral Council on Trade, Industry, Finance and Investment for consideration and adoption. The Partner States undertook national consultations on the draft guidelines for further negotiations for deeper commitments on Trade in Services, as well as finalizing the revision of their Schedule of Commitments.

Under the EAC-EU EPA, the legal scrubbing of concluded Agreement was undertaken and the translation of the text into the EU official languages as well as Kiswahili done. The Republics of Kenya and Rwanda signed the EPA on 1st September 2016. The Republic of Kenya ratified the Agreement on 21st September 2016. However, the Extra-Ordinary Summit of EAC Heads of State held on 8th September 2016 in Dar es Salaam, Tanzania agreed on a three months period to finalize internal consultations on the clarification of the concerns of the remaining Partner States before considering the signing of EPA.

On the EAC-US cooperation, an EAC-US Senior Officials and Ministerial meetings were held on 26th and 27th September 2016 respectively, in Washington D.C. Both Parties agreed on the need to develop a strategic way forward on deepening the US-EAC
Trade and Investment Partnership beyond African Growth and Opportunity Act (AGOA). The EAC proposed that the strategic way forward should aim at supporting industrialization and diversification of the EAC region; be line with African regional integration agenda under continental free trade area; and focus on implementation of the areas of cooperation under the EAC-US Trade and Investment Partnership, amongst other priorities.

Furthermore, the Department coordinated the adoption of the EAC AGOA Strategy by the 34th Council of Ministers meeting held on 6 September 2016 in Arusha, Tanzania. The objectives of the EAC AGOA Strategy are: to increase production and export of tradable products; diversify products exported to the USA from the region; intensify value addition; and promote investment. The Strategy seeks to take advantage of the additional provisions contained in the AGOA Act 2015 that was extended for another 10 years until 30 September 2025. In addition, to the Regional AGOA Strategy, the EAC Partner States finalized the revision of their National Response Strategies in line with the AGOA Act 2015.

On the COMESA-EAC-SADC Tripartite Free Trade Area (TFTA) Agreement, the department supported the signing of all the Partner States, with 18 Member/Partner States having now signed, though none ratified the agreement during the period under review. Negotiations on Annex 2 on Trade Remedies were finalized in December 2016 and there were ongoing negotiations to finalize outstanding issues on the COMESA-EAC-SADC Tripartite Free Trade Area Agreement in relation to Annex 1 on Elimination of Import Duties; and, Annex 4 on Rules of Origin. Further, legal scrubbing of completed Annexes, as well as negotiations on Movement of Business Persons were undertaken in May 2017. Lastly, studies on Phase II on issues relating to Trade in Services, Competition Policy, and Intellectual Property Rights and Cross-border investment were undertaken to facilitate negotiations. In respect to Industrial Development Cooperation, the fourth Meeting of the COMESA-EAC-SADC Tripartite Council of Ministers held on 30th October 2016 adopted the Framework for Cooperation and Work Programme/Roadmap.

Budget Execution

During FY2016/17, approved budget for the Department of International Trade was US$1,162,399 and actual budget expenditure was US$551,474, representing budget execution of about 47%. The challenge encountered were lack of adequate financial resources and understaffing of the Department, which slows down implementation of activities. To address these financial challenges the Department has been engaging Development Partners to support some activities in future.

7.2.3 Standardization, Quality Assurance, Metrology and Testing (SQMT)

The EAC SQMT Act 2006 outlines the importance of Standards as a tool for measuring quality, a basis for third party certification, mutual recognition of test reports and quality
marks, promoting fair trade/measure against dumping and protection of consumer health safety and environment. During FY2016/17, the Directorate registered the following achievements in respects to enhanced standards:

- One hundred and six (106) standards were harmonized, approved, and gazetted for most traded goods under the key sectors of Textiles and apparel, leather and leather products, Cereals and pulses, Oil Seeds, Fats and Oils, Packaging, Nutrition and Foods for special dietary uses. Authentic text of the standards were circulated to Partner States to facilitate adoption and use;

- The SQMT Act 2006 was reviewed resulting into the draft metrology Bill and the Standardization, Accreditation ad conformity Assessment (SACA) Bill. The two draft Bills were approved during the 36th Council of Ministers in 2017 to proceed for legal drafting and enactment;

- Peer assessment for product certification, market surveillance and import inspection in the Partner States of Burundi, Rwanda, Kenya, Tanzania and Uganda was undertaken. This led to enhanced trust and confidence building in each Partner States systems. Mutual recognition of the certification marks and test certificates has led to reduced standards related NTBs; and

- Successful implementation of the priority activities in the Partner states in line with the TBT work plan 2016/2017 aimed at facilitating the implementation of the EAC – US Cooperation Agreement that include the following: Training on WTO transparency requirements and procedures; review of the notification systems in the Partner States; training on how to use the e-Ping alert system; training on how to use TBT/SPS online notification submission systems; and training on ISOLutions.

Budget execution

The approved budget for Trade Directorate for FY2016/17 was US$1,777,950 and actual expenditure was US$720,140, which represents 40.5% of the approved budget. The implementation of activities by the Directorate was slowed down by lack of adequate human resources and liquidity problems with the Partnership Fund on which most of the Directorates activities relied.

8 The Office of Deputy Secretary General- Finance and Administration

The Office of the Deputy Secretary General Finance and Administration comprises of the two Directorates namely; Directorate of Human Resource and Administration, and Directorate of Finance Management. The Directorate of Human Resource and Administration is comprised of Departments of Human Resource and Administration;
Library and Documentation; and Department of Information Communication and Technology (ICT).

8.1 Human Resources and Administration

The Department of the Human Resource and Administration derives its mandate from Article 71 (h) of the Treaty that calls for general administration and financial management of the Community. It thus manages the EAC workforce from entry to separation from service.

During the financial year 2016/17, the Department planned to achieve a number of milestones, among which; to conclude EAC institutional review, as well as to enhance capacity of EAC Secretariat and that of Partner States; review and harmonize the staff Terms and Conditions of Services; and establish EAC Staff functional roles & responsibilities, terms & conditions of service. Also planned was to establish an EAC leadership model including proper staff supervision, coordination & participation; and establish an EAC performance management system.

Key achievements during the period under review include among others; finalization of the EAC institutional review; enhanced capacity of EAC Secretariat and that of Partner States; and recruitment of 44 Professional staff; and establishment of EAC Staff functional roles & responsibilities, terms & conditions of service. The Ad-hoc EAC Service Commission is operational; and consultants to undertake training needs assessment and prepare a three years staff training and development plan; as well as the one to establish EAC Performance Management System were hired.

As at 30th June, 2017, the EAC Secretariat, Court and Assembly had a total staff complement of 373 employees representing an increase of 10 employees as at 30th June 2016; with EAC Secretariat accounting for 61% total number of staff, flowed with EALA and EACJ at 27% and 12% respectively. More specifically, as of 30th June 2017, there were seven (7) Executive Staff, fifty-four (54) EALA Members, eleven (11) EACJ Judges, one hundred and two (102) Professional Staff, ninety-one (91) General Staff, fifty (50) Project Staff and fifty-eight (58) Temporary Staff as noted in Tables 6 and 7 below:

<table>
<thead>
<tr>
<th>Staff Category</th>
<th>30th June 2016</th>
<th>30th June 2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Executive</td>
<td>5</td>
<td>7</td>
</tr>
<tr>
<td>Professional</td>
<td>97</td>
<td>102</td>
</tr>
<tr>
<td>General</td>
<td>80</td>
<td>91</td>
</tr>
<tr>
<td>Project</td>
<td>67</td>
<td>50</td>
</tr>
<tr>
<td>Temporary</td>
<td>59</td>
<td>58</td>
</tr>
<tr>
<td>EALA Members</td>
<td>45</td>
<td>54</td>
</tr>
<tr>
<td>EACJ Judge</td>
<td>10</td>
<td>11</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>363</strong></td>
<td><strong>373</strong></td>
</tr>
</tbody>
</table>

Table 7: EAC Staff Complement by Organ as of 30th June 2017
<table>
<thead>
<tr>
<th>Staff Category</th>
<th>EAC Secretariat</th>
<th>EACJ</th>
<th>EALA</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>30th June 2016</td>
<td>30th June 2017</td>
<td>30th June 2016</td>
</tr>
<tr>
<td>Executive</td>
<td>5</td>
<td>7</td>
<td>-</td>
</tr>
<tr>
<td>Professional</td>
<td>73</td>
<td>74</td>
<td>9</td>
</tr>
<tr>
<td>General</td>
<td>48</td>
<td>59</td>
<td>18</td>
</tr>
<tr>
<td>Project</td>
<td>67</td>
<td>50</td>
<td>0</td>
</tr>
<tr>
<td>Temporary</td>
<td>38</td>
<td>37</td>
<td>2</td>
</tr>
<tr>
<td>EALA Members</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>EACJ Judges</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Total</td>
<td>231</td>
<td>227</td>
<td>39</td>
</tr>
</tbody>
</table>

**Budget Execution**

During FY2016/17 approved budget for the Department of Human Resource and Administration was US$17,998,004 and actual budget expenditure was US$13,731,047; marking budget execution of about 76%.

**Challenges**

The liquidity challenge within EAC has impeded the meetings to consider the implementation of various decisions.

**8.2 Library and Documentation**

During the financial year 2016/17, the Library and Documentation Department planned to achieve a number of milestones to include: digitization and access online of EAC information resources; hold three (3) exhibitions; 6th East African Health and Scientific Conference and International Health Exhibition and Trade Fair planned for 29th – 31st March 2017 in Bujumbura, Burundi; 2nd East African Manufacturing Business Summit and Exhibition scheduled for 22nd – 25th May 2017 in Kigali, Rwanda; and the 5th SGs Forum scheduled for 22nd – 23rd June, 2017 in Bujumbura, Burundi. As planned, the Department facilitated these forums with requisite documentations on the EAC integration agenda. Further, collaboration between EAC Institutions, Organs and Line Ministries was enhanced, coupled with 10 deposit Libraries to manage EAC publications and dissemination of EAC information. In addition, EAC Publications including Summit and Council Reports were timely disseminated to EAC Institutions and Partner States.

**Budget Execution**

During FY 2016/17 approved budget for the Library and Documentation Department was US$280,488; with actual expenditure of USD$130,793; hence budget execution of 47%.

**Challenges**

Due to liquidity problems a number of planned activities were not implemented.
8.3 Management Information

During the period under review, the Management Information Section planned to establish EAC Archives; improve Management Information System; and facilitate the Summit, Council of Ministers and Sectoral Committee meetings as per EAC Calendar of Activities.

The key achievements registered include:- improved Management Information System, whereby mails and parcels were dispatched to Partner States and Stakeholders timely-same day of receipt in registry; subscription to newspapers and periodicals for official use; digitized 8051 records (scanned and indexed into TRIM) as at 30th June 2017, of which, 2979 of the digitized records were assigned to Action Officers online. Further, 42 staff were trained in TRIM use; and facilitated four Summit and Council of Ministers’ meetings with requisite documentations.

8.4 Information and Communication Technology

The ICT Department aims to provide efficient, reliable, secure and cost-efficient ICT to achieve the needs of the EAC institutions and organs.

During the period under review, Information and Communication Section planned to develop, upgrade and maintain ICT automation systems; maintain Internet and local bandwidth and establish disaster recovery sites in Arusha Tanzania and in Kampala Uganda; support the development of electronic EAC Calendar of Activities; develop EAC – ICT strategy plan 2018 - 2022 to support full operationalization of information technology.

The key achievements attained include:- upgraded and effectively maintained Software systems, including internet connectivity and bandwidth for video conferencing; support to the Ministry responsible for EAC in usage of video conference equipment; and assessment in all the EAC Institutions and equipment project proposal for development of EAC-ICT Strategic Plan 2018-2022; the Strategy under which its draft is ready was developed in conformity with the 5th EAC Development Strategy. Furthermore, the ICT Department successfully procured and installed additional video conference equipment for the Republic of South Sudan; and supported the development of electronic EAC Calendar of Activities that is now live as one of the East African Monitoring System (EAMS) modules.
Challenges

The Department of ICT is faced with a number of challenges, among which include:

i) under-staffed and a high staff turnover due unattractive salary packages and inadequate terms of contracts, as most staff are on short-term contracts;

ii) old infrastructure of ICT, which hardly support the new ICT innovations and latest technological changes;

iii) unautomated processes of the EAC;

iv) lack of real-time monitoring dashboards for performance monitoring;

v) high-overhead costs by running duplicated systems across organs and institutions;

vi) uncoordinated/integrated systems; and

vii) inadequate implementation of systems to meet the requirements of institutions.

Recommendations

To address the above constraints it is prudent that attractive package to the ICT staff be provided, including allocation of adequate budget to support upgrading of the ICT infrastructure and support integration of systems to avoid operating in silos.

8.5 Financial Management

The Directorate of Finance administers and manages all financial aspects of Community including preparations and control of the budget, control of expenditure; documentation of all the receipts and payments, assets and liabilities and safe custody of security documents, and facilitation of audit. The Directorate draws its mandate from the EAC-Financial Rules and Regulations (2012) as derived from the Articles 7(h), 132 and 135 of the Treaty for Establishment of the East African Community (EAC).

During the Financial Year 2016/2017 the Directorate of Financial prioritized and carried out the following key activities: follow up the implementation of the Sun systems to EAC Institutions; roll-out of the Budget Management System to EAC Institutions; staff capacity building on the use of Budget Management Systems (BMS); coordination of the preparation of the EAC-Budget for fiscal year 2017/2018; and facilitation of the EAC-Annual Audit.

In view of the planned activities during the period under review the Directorate registered a number of key achievements as follows:

(a) Follow up the Implementation of the Sun systems to EAC Institutions

After the installation of the Sun System in EAC Institutions (LVFO, IUCEA and CASSOA) for the purposes of facilitating financial reporting, the follow up missions had to be undertaken in order to address the teething problems faced at the institutional level together with maintenance of the system. This has tremendously improved efficiency of operations through harmonized financial management systems at all EAC Organs and Institutions and integrated financial management systems.
(b) Roll-out of the Budget Management System (BMS) to EAC Institutions

Following the establishment of the new institutions, the installation and operationalization of the BMS was unavoidable. EAC-Secretariat managed to install and operationalize the budget system to new institutions and link them to the server. As a result, institutions are able to key in budget proposals from their geographical location and consolidated automatically at the EAC-Head Office.

(c) Staff Capacity Building on the use of Budget Management Systems (BMS)

In order to maximize the utilization of the system, EAC-Secretariat undertook staff training. The training involved staff from organs and institutions including new staff recruited in April 2017.

(d) Coordination of the Preparation of the EAC-Budget for Fiscal Year 2017/2018

The Directorate managed to coordinate organs and institutions to prepare Annual Estimates for Financial Year 2017/2018. The budget enabled EAC run its operations and implement its programmes and projects for the period under review. The budget was considered by Council of Ministers in March 2016 and debated and approved by the East African Legislative Assembly in May 2016.

(e) Facilitation of the EAC-Annual Audit

During the Financial Year under review, the Directorate facilitated organs, institutions and Audit Commission to undertake EAC-Annual Audit for Financial Year 2016/25017 as per Treaty for Establishment of the East African Community and the EAC-Financial Rules and Regulations (2012). Below are the Financial Statements for The East African Community (Secretariat, EALA and EACJ), for the Financial Year 2016/2017, with an unqualified audit opinion.

FINANCIAL STATEMENTS FOR THE EAC SECRETARIAT FOR YEAR ENDED
30 JUNE 2017

EAST AFRICAN COMMUNITY SECRETARIAT
STATEMENT OF FINANCIAL PERFORMANCE
FOR THE YEAR ENDED 30 JUNE 2017

<table>
<thead>
<tr>
<th>Revenue from non Exchange Transactions</th>
<th>2016/17</th>
<th>2015/16</th>
</tr>
</thead>
<tbody>
<tr>
<td>Contribution from Partner States</td>
<td>USD</td>
<td>USD</td>
</tr>
<tr>
<td>15</td>
<td>18,477,270</td>
<td>18,474,196</td>
</tr>
<tr>
<td>Special funds from Development Partners</td>
<td>USD</td>
<td>USD</td>
</tr>
<tr>
<td>16</td>
<td>11,785,416</td>
<td>22,577,131</td>
</tr>
<tr>
<td>Other Revenue</td>
<td>USD</td>
<td>USD</td>
</tr>
<tr>
<td>17</td>
<td>79,095</td>
<td>60,000</td>
</tr>
<tr>
<td></td>
<td>30,341,781</td>
<td>41,111,327</td>
</tr>
</tbody>
</table>
Revenue from Exchange Transactions

<table>
<thead>
<tr>
<th>Description</th>
<th>2016/17</th>
<th>2015/16</th>
</tr>
</thead>
<tbody>
<tr>
<td>Other Revenue</td>
<td>158,639</td>
<td>198,644</td>
</tr>
<tr>
<td><strong>Total Revenue</strong></td>
<td>30,500,420</td>
<td>41,309,970</td>
</tr>
</tbody>
</table>

EXPENSES

<table>
<thead>
<tr>
<th>Description</th>
<th>2016/17</th>
<th>2015/16</th>
</tr>
</thead>
<tbody>
<tr>
<td>Salaries, Wages and Employee Benefits</td>
<td>13,220,293</td>
<td>13,919,420</td>
</tr>
<tr>
<td>Administrative, Meetings &amp; Consultancy Expenses</td>
<td>15,789,053</td>
<td>21,506,686</td>
</tr>
<tr>
<td>Transfers to Other Institutions</td>
<td>1,305,570</td>
<td>4,965,588</td>
</tr>
<tr>
<td>Finance Cost</td>
<td>75,685</td>
<td>36,498</td>
</tr>
<tr>
<td>Depreciation and amortization Expenses</td>
<td>1,064,077</td>
<td>2,269,870</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>31,454,657</td>
<td>42,698,063</td>
</tr>
</tbody>
</table>

SURPLUS / (DEFICIT) FOR THE PERIOD

<table>
<thead>
<tr>
<th>Description</th>
<th>2016/17</th>
<th>2015/16</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Total</strong></td>
<td>(954,237)</td>
<td>(1,388,092)</td>
</tr>
</tbody>
</table>

EAST AFRICAN COMMUNITY SECRETARIAT

STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2017

<table>
<thead>
<tr>
<th>ASSETS</th>
<th>2016/17</th>
<th>2015/16</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>CURRENT ASSETS</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash and Cash Equivalents</td>
<td>9,123,961</td>
<td>9,662,521</td>
</tr>
<tr>
<td>Other Financial Assets</td>
<td>2,100,000</td>
<td>4,100,000</td>
</tr>
<tr>
<td>Receivables from non Exchange Transactions</td>
<td>5,658,386</td>
<td>8,088,397</td>
</tr>
<tr>
<td>Inventories</td>
<td>124,365</td>
<td>108,113</td>
</tr>
<tr>
<td>Prepayments</td>
<td>4,000</td>
<td>0</td>
</tr>
<tr>
<td>Taxes Recoverable</td>
<td>1,877,840</td>
<td>1,398,309</td>
</tr>
<tr>
<td><strong>TOTAL CURRENT ASSETS</strong></td>
<td>18,888,541</td>
<td>23,357,340</td>
</tr>
<tr>
<td><strong>NON CURRENT ASSETS</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Work in progress</td>
<td>54,282</td>
<td>142,777</td>
</tr>
<tr>
<td>Property, Plant and Equipment</td>
<td>19,807,575</td>
<td>20,501,594</td>
</tr>
<tr>
<td>Intangible Assets</td>
<td>1,127,665</td>
<td>455,499</td>
</tr>
<tr>
<td><strong>TOTAL NON CURRENT ASSETS</strong></td>
<td>21,089,522</td>
<td>21,099,870</td>
</tr>
<tr>
<td><strong>TOTAL ASSETS</strong></td>
<td>39,978,063</td>
<td>44,457,210</td>
</tr>
</tbody>
</table>

LIABILITIES AND NET ASSETS/EQUITY

CURRENT LIABILITIES

<table>
<thead>
<tr>
<th>Description</th>
<th>2016/17</th>
<th>2015/16</th>
</tr>
</thead>
<tbody>
<tr>
<td>Payables</td>
<td>4,083,903</td>
<td>5,112,154</td>
</tr>
<tr>
<td>Employee Benefits</td>
<td>1,259,058</td>
<td>5,557,988</td>
</tr>
<tr>
<td>Deferred Funds from Development Partners</td>
<td>3,021,528</td>
<td>832,866</td>
</tr>
<tr>
<td>Other Current Liabilities</td>
<td>66,640</td>
<td>396,390</td>
</tr>
<tr>
<td><strong>TOTAL CURRENT LIABILITIES</strong></td>
<td>8,431,130</td>
<td>11,899,398</td>
</tr>
</tbody>
</table>

NON CURRENT LIABILITIES

<table>
<thead>
<tr>
<th>Description</th>
<th>2016/17</th>
<th>2015/16</th>
</tr>
</thead>
<tbody>
<tr>
<td>Employee Benefits</td>
<td>2,013,159</td>
<td>1,354,389</td>
</tr>
<tr>
<td>Deferred Credit for Assets</td>
<td>1,437,635</td>
<td>708,176</td>
</tr>
<tr>
<td><strong>TOTAL NON CURRENT LIABILITIES</strong></td>
<td>3,450,794</td>
<td>2,062,566</td>
</tr>
</tbody>
</table>

**TOTAL LIABILITIES**                                        | 11,881,923 | 13,961,963 |

Net Assets/Equity                                           |          |         |
Capital contribution and Grant 14 20,141,971 20,499,807
Accumulated Surplus 14 7,954,168 9,995,440
Total Net Assets/Equity 28,096,139 30,495,247

TOTAL LIABILITIES AND NET ASSETS/EQUITY 39,978,063 44,457,210

1. Budget Execution

EAST AFRICAN COMMUNITY SECRETARIAT STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED 30 JUNE 2017

<table>
<thead>
<tr>
<th>Description</th>
<th>Budgeted Amounts in USD</th>
<th>Actual Amounts in USD</th>
<th>Difference: Final Budget and Actual (in USD)</th>
<th>Explanations of variances</th>
</tr>
</thead>
<tbody>
<tr>
<td>REVENUE</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Contribution from Partner States</td>
<td>18,477,270</td>
<td>18,477,270</td>
<td>18,477,270</td>
<td>0</td>
</tr>
<tr>
<td>Special funds from Development Partners</td>
<td>37,982,522</td>
<td>39,129,833</td>
<td>11,785,416</td>
<td>27,344,416</td>
</tr>
<tr>
<td>Miscellaneous Revenue</td>
<td>1,752,854</td>
<td>1,900,304</td>
<td>1,758,148</td>
<td>142,156</td>
</tr>
<tr>
<td>Total Revenue</td>
<td>58,212,745</td>
<td>59,507,406</td>
<td>32,020,834</td>
<td>27,486,572</td>
</tr>
<tr>
<td>EXPENSES</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Salaries, Wages and Employee Benefits</td>
<td>17,974,254</td>
<td>17,974,254</td>
<td>13,220,293</td>
<td>4,753,961</td>
</tr>
<tr>
<td>Administrative, meetings &amp; consultancy Expenses</td>
<td>33,936,111</td>
<td>35,230,772</td>
<td>15,789,053</td>
<td>19,441,720</td>
</tr>
<tr>
<td>Transfers to Other Institutions</td>
<td>1,305,570</td>
<td>1,305,570</td>
<td>1,305,570</td>
<td>0</td>
</tr>
<tr>
<td>Finance Cost</td>
<td>75,176</td>
<td>75,176</td>
<td>75,665</td>
<td>(489)</td>
</tr>
<tr>
<td>Capital Expenditure</td>
<td>4,921,634</td>
<td>4,921,634</td>
<td>1,263,096</td>
<td>3,698,538</td>
</tr>
<tr>
<td>TOTAL</td>
<td>58,212,745</td>
<td>59,507,406</td>
<td>31,653,676</td>
<td>27,853,730</td>
</tr>
<tr>
<td>SURPLUS / (DEFICIT) FOR THE PERIOD</td>
<td>0</td>
<td>0</td>
<td>367,159</td>
<td></td>
</tr>
</tbody>
</table>

Explanation of Variances
(1), (2) and (3) are positively correlated. There were number of project staff positions not filled and activities not carried out, due to late disbursements from Development Partners. For other projects, the next disbursement is subject to absorption capacity, which explains the high variance on receipts.
(4): Overspending on Finance cost was due to revaluation on other currencies into USD's rate of 30th June 2017, and most local currencies had weakened.
(5): The under spending in Capital Expenditure is due to delays in the procurement process where no objection from Development Partners is required.

Budget Performance
The total budget allocated to the Directorate was US$316,835 and out of this amount US$ 289,467 (91%) was utilized with a balance of US$28,041 unutilized.

Challenges and Proposed Recommendations

The key challenges experienced during the period under review include delay in disbursement of budgetary contributions by Partner States and support from
Development Partners; and low staffing level proportion to the workload. It is thus recommended that Partner States finalizes the EAC-Alternative Financing mechanism.

9 East African Legislative Assembly

Article 49 of the Treaty for the Establishment of the East African Community, the East African Legislative Assembly (EALA) is established as the legislative Organ of the Community. EALA’s core functions are legislative, oversight and representation. The Assembly contributes to a number of strategic objectives of the EAC with a major focus on strengthening of the EAC’s oversight role.

During financial year 2016/17 EALA planned to conduct the 6 Plenary Meetings and undertake oversight and sensitization activities. Accordingly, key achievements during the period under review include the following:-

a) Legislation and Plenary Matters

During the period under review the Assembly held six scheduled meetings, namely the 1st Meeting of the 5th Session in August/September, 2016 Arusha, Tanzania; the 2nd Meeting of the 5th Session in October, 2016, in Zanzibar, Tanzania; the 3rd Meeting of the 5th Session in Nairobi, Kenya in November/December 2016; the 4th Meeting of the 5th Session in Kampala, Uganda in January 2017; the 5th Meeting of the 5th Session in Kigali, Rwanda in March 2017 and the 6th Meeting of the 5th Session in May/June 2017. During these meetings the Assembly deliberated on various matters to include among others; passing of Bills; appropriation of budget estimates for FY2017/18; consideration of Committee reports; adoption of Assembly Resolutions; and raise priority questions to the Chairperson of the Council relating to implementation of EAC integration agenda.

i) Bills

The Assembly passed seven (7) Bills and four other Bills that were presented for first reading to support the Integration process in accordance with the Treaty. The approved Bills which are awaiting assent by the Heads of State are as follows:-

1) The Administration of the East African Court of Justice Bill, 2016. The Bill seeks to make provisions for the establishment of a Commission for the administration of the Court and other related purposes.

2) The East African Community Prohibition of Female Genital Mutilation Bill, 2016. The Bill prohibits the practice of female genital mutilation in the East African region, promote cooperation in the prosecution of perpetrators of female genital mutilation and develop common measures, strategies and programmes for the effective implementation of the law and other related matters.

3) The East African Community Counter-Trafficking in Persons Bill, 2016. The piece of legislation seeks to provide for a legal framework for the prevention of trafficking in persons, prosecution of perpetrators of trafficking in persons, provision of protection mechanisms and services for victims of trafficking in
persons, and development of partnership for cooperation to counter trafficking in persons in the EAC Region.

4) **The East African Community Gender Equity and Development Bill, 2016.** The Bill seeks to make provision for gender equality, protection and development in the Community.

5) **The East African Community Supplementary Appropriation Bill, 2017.** The Bill seeks to make provision for the supplementary appropriation out of the budget of the East African Community for the services and purposes of the Community for the financial year ending the 30th of June, 2017.

6) **The East African Community Appropriation Bill, 2017.** The Bill seeks to make provision for the appropriation out of the budget of the East African Community, of specified amounts of money for the services and purposes of the Community for the financial year ending the 30th of June, 2018.

7) **The East African Community Polythene Materials Bill, 2017.** The Bill seeks to make provision for the control and regulation of use, sale, manufacture and importation of polythene materials and products and for other related matters.

The four (4) Bills raised for the First Reading;

1) **The East African Community Protection of People with Albinism Bill, 2017.** The Bill prohibits the discrimination against persons living with albinism, to ensure affirmative action in their favour and to provide for other related matters.

2) **The East African Youth Council Bill, 2017.** The Bill seeks to establish the East African Youth Council within the Community, to provide for its composition, objectives and functions and to provide for other related matters.

3) **The East African Community Cross Border Trade in Professional Services Bill, 2016.** The Bill seeks to provide for the conduct and regulation of cross border trade in professional services in the Community and to make general provision for other related purposes.

4) **The East African Community Mining Bill, 2016.** The Bill seeks to provide for a harmonized legal framework for the regulation of mining in the East African Community in accordance with the Africa Mining Vision and for other related matters.

ii) **The EAC Budget 2017/2018**

The Assembly also passed a total Budget of US$110,130,183 for the financial year 2017/18 and Supplementary Budget of US$2,146,513 to finance the EAC activities over the next financial year.
iii) Committee Reports

During the period under review the Assembly considered and adopted fifteen (15) reports and the same were transmitted to the National Assemblies of the Partner States and other key stakeholders in accordance with Article 65 of the EAC Treaty.

The Reports contain specific observations and recommendations which will require follow up and/or implementation by the Council. The reports are as follows;

2) Report of the Committee on Regional Affairs and Conflict Resolution on the Public Hearing on the Complaints raised in a Motion for the Africa Peace and Security Architecture (APSA) Programme;
3) Report of the Committee on Communication, Trade and Investment on Petition seeking the amendment of the 5th Schedule of the EAC Customs Management Act to include vehicles, spares and equipment used for Motorcycle Racing and Karting;
4) Report of the East African Legislative Assembly on the sensitization activities conducted in Partner States in June 2016;
5) Report of the Committee on Agriculture, Tourism and Natural Resources on the oversight activity on Hotel classification and preparedness for a single Tourist Visa;
6) Report of the Committee on Accounts on the Audited Financial Statements of the East African Community for the Year ended 30th June, 2015;
7) Report of the Committee on Agriculture, Tourism and Natural Resources on the oversight activity on Poaching;
8) Report of the Committee on Agriculture, Tourism and Natural Resources on the East African Community Agriculture Budget Summit 2016;
10) Report of the Committee on Regional Affairs and Conflict Resolution on the Public Hearing on the Pastoral Communities of Longido in Tanzania and Kajiado in Kenya on the implementation of the EAC Common Market Protocol Projects;
11) Report of the Committee on Communication, Trade and Investment on the Oversight activity on One Network Area in East African Community;
12) Report of the Committee on Agriculture, Tourism and Natural Resources on Waste Management in the EAC Region;
13) Report of Committee on Communication, Trade and Investments on the Single Customs Territory in the EAC Region;
14) Report of the East African Legislative Assembly on the Sensitization activities conducted in EAC Partner States in April 2017; and

Reports that were laid on table include;

1) Report of the Committee on General Purpose on the EAC Annual Report for the period 2014/2015;
2) Report of the Committee on Legal, Rules and Privileges on the consideration of the proposal to amend the Rules of Procedure of the East African Legislative Assembly;
3) Report of the Committee on Legal, Rules and Privileges on the consideration of the proposal to amend the Rules of Procedure of the East African Legislative Assembly;
4) Ninth-Bi-annual report of the East African Legislative Assembly Commission; and
5) Tenth-Bi-annual report of the East African Legislative Assembly Commission.

iv) Resolutions

The Assembly adopted seventeen (17) Resolutions, which were thereafter transmitted to Partner States for consideration, as follows:-

1) Resolution of the Assembly congratulating the Government of Rwanda following its move to start a legislative process towards making Kiswahili one of the official languages in the country;
2) Resolution of the Assembly urging the EAC Partner States to comprehensively address domestic violence in the region;
3) Resolution of the Assembly urging the EAC Partner States to celebrate the International Day of Democracy on 15th September, 2016;
4) Resolution of the Assembly congratulating Africans and especially the East African Medal Winners in Athletics in the Olympic games in Rio De Janeiro, Brazil, 2016;
5) Resolution of the Assembly urging EAC Summit to amend the Treaty to make Kiswahili a formal language of the Community;
6) Resolution of the Assembly to invoke Article 59(3)(b) of the Treaty to revitalize (reinvigorate/revive) the EAC Climate Change adaptation and mitigation programme;

7) Resolution of the Assembly urging the Summit to fast-track the implementation of its directive on alternative funding mechanisms for the East African Community and/or invoke Articles 143 And 146 of the EAC Treaty on financial contributions against defaulting Partner States;

8) Resolution of the Assembly extending its condolences and sympathies to the Governments of EAC Partner States and the victims of the 10th September, 2016 Earthquake in the Kagera Region and beyond;

9) Resolution of the Assembly to establish EALA chapter offices in Partner States;

10) Resolution of the Assembly urging EAC Partner States to fast-track domestication of the Malabo Declaration and its commitments;

11) Resolution of the Assembly to urge EAC Partner States to protect the rights and freedoms of albinos;

12) Resolution of the Assembly urging Council to establish a policy framework to support members of the Assembly and other staff of the community with special needs and requirements;

13) Resolution of the Assembly on EAC Staff Recruitment Processes;

14) Resolution of the Assembly urging the Council of Ministers to immediately compel Partner States to fully meet their financial obligations to the EAC Budget for the Financial Year 2016/2017;

15) Resolution of the Assembly urging the Council to immediately fill the vacant positions in the East African Community Secretariat;

16) Resolution of the Assembly to introduce East African Community Integration Education Syllabus in EAC Schools; and

17) Resolution of the Assembly to condole with the families and the Government of the United Republic of Tanzania on the tragic accident and loss of lives of 32 pupils of Lucky Vicent Nursery and Primary School, Arusha.

v) Priority Questions

Nine (9) Priority Questions were asked by various Members on wide ranging subjects related the Community’s operations. The questions revolved around the implementation of the Customs Union and Common Market Protocols, Political Federation and specifically the implementation of Article 76(3) of the Treaty for Establishment of the East African Community and status of the implementation of Political Federation. All the questions were satisfactorily responded by the Chairperson of the Council of Ministers.

b) Institutional Matters

i) Oath of Allegiance, Member of EALA

During the period under review, the following Members of EALA took oath of allegiance:

1) Hon. Francois Kanimba, Minister for the Ministry of East African Affairs from the Republic of Rwanda (replacing Hon. Valentine Rugwabiza);
2) Hon. Maganda Julius Wandera, Deputy Minister of EAC Affairs Uganda;
3) Hon. Jean Marie Muhirwa, Burundi (replacing the late Hon. Hafsa Mossi);
4) Hon. Oda Gasirinziga, Rwanda (replacing Hon. Christophe Bazivamo who was appointed Deputy Secretary General of EAC); and
5) Hon. Isabelle Ndayayo, Minister of EAC from the Republic of Burundi.

ii) Sensitization Activities

The Assembly held its third sensitization activity in April 2017 premised on the theme; **EAC Integration Agenda: Accessing the Gains**. The activity raised awareness among the populace on the gains and challenges of integration. It also enhanced mutual relationship between EALA and the citizens of the region and EAC Stakeholders.

iii) Planning Meeting

The Assembly held its planning session from 29th June - 6th July, 2016 in Nairobi, Kenya. The planning exercise allocated dates and resources to activities which were approved and budgeted for implementation. The meeting adopted the EALA Calendar of Activities for the financial year 2016/2017.

iv) Election Observation


v) Inter-Parliamentary Relations Seminar

The Assembly coordinated the two days Inter-Parliamentary Relations Seminar, (Nanyuki X) on the theme: **"Poverty and Good Governance"** from 30th November - 2nd December 2016 in Nairobi, Kenya. The Seminar is one of the avenues through which EALA fulfils its mandate under Article 49 (2) (a) of the EAC Treaty to specifically liaise with National Assemblies of the EAC Partner States on matters relating to the Community.

vi) Inter-Parliamentary Tournament

The Assembly coordinated the 7th Inter-Parliamentary Games for the National Parliaments of the EAC Partner States from 4th - 10th December 2016 in Mombasa, Kenya. The games play a fundamental role in enabling EALA’s interaction with Members of the National Parliaments in the EAC Partner States as envisaged in Article 49 (2a) of the Treaty for the Establishment of East African Community. At the same time, such games enhanced interaction with the citizenry of the EAC Partner States and as a mode of sensitization and popularizing the integration process.

Key Challenges

Delay of remittances from Partner States caused overlapping of Committee activities due to limited time. Partner States should adhere to their commitments to remitting their contributions on time and EAC should take interest in finding out why Partner States are delaying their contributions.
10 East African Court of Justice

The East African Court of Justice (EACJ) is a judicial body, which ensures the adherence to law in the interpretation and application of and compliance with the Treaty for the Establishment of the East African Community. The Court has jurisdiction over interpretation and application of the Treaty. Being an organ for disputes resolution, it recorded a number of achievements arising from its core business being handling of Court cases. In the Year 2016/17, the Court registered a number of achievements as follows;

In the period under review, the Court planned to hear and determine cases within a reasonable time as filed. It also planned to hold plenary sessions and hold committee meetings on management and governance of the Court. This will enhance the management of the Court administration. The Court also planned to conduct capacity building for Judges and staff in emerging issues and information technology. This would enhance the knowledge level of the Judges and staff and be up to date on emerging issues facing the judiciary. The long-term impact would be to improve efficiency and delivery of justice to the residents of the Community. The Court thus met the following key milestones during the period under review:-

a) The Court received a total of 53 cases. Out of that 45 were filed in the First Instance Division while 8 were filed in the Appellate Division. This was an increase of cases filed as compared to the year 2015/2016. The First Instance Division received 16 references, 3 claims from members of staff, and 26 applications while the Appellate division received 5 appeals, 2 applications and 1 reference on taxation. The First Instance Division heard 16 references, 3 claims filed by staff members and 14 applications. Out of that they delivered 5 judgements and 8 rulings. The Appellate Division heard 5 appeals, 1 application and delivered judgements in the 5 appeals and 1 ruling. Whereas the number of appeals in the Appellate Division seem to have dropped, there was a remarkable increase in the number of cases in the First Instance Division. The figures below illustrate the changes as compared to the year 2015/2016.

Figure 3: Cases handled by the First Instance Division in FY2016-17
The low number of appeals filed could be attributed to litigants being satisfied with the decisions of the First Instance division.

b) The Court also held its Plenary meeting in Entebbe Uganda. The Plenary reviewed the progress made since its last meeting and received reports of the first draft of the strategic plan. The meeting also received an update on the second revision of the rules of procedure and the judicial code of conduct besides receiving reports on the overall management of the Court.

The outcome of the meetings was to update all judges on the current status of the developments in the judiciary and give guidance on the way forward for the next 6 months. The Plenary also reviewed the calendar of Court sessions to ensure ease of adjudicating cases taking into account the experience from external lawyers.

c) The Court developed and discussed the first draft of the EACJ Administration of Justice Bill, 2016. Several comments were incorporated and the document was cleared to be forwarded to EALA for debate. Once passed the Act would ensure the financial and administrative autonomy of the Court.

d) A number of trainings were also carried out in the period under review. The Court conducted trainings for state attorneys from Rwanda and Burundi on the Rules of Procedures of the Court. This was necessary having noticed the level of advocacy from the two partner states. The impact was to improve the standard of advocacy by state attorneys from the civil law system appearing before the Court.
e) All staff attended training on judicial research. This was to bridge a gap of legal researchers that are lacking in the Court. The trained staff will assist Judges in carrying out legal research on different legal issues.

f) All Judges were trained on legal regimes of the EU as compared to the EAC region. The training that focused on a comparative study of the European Court of Justice and the EACJ was intended to draw comparisons from different jurisprudence and benchmark. Other Judges were also trained in Arbitration. This was to improve the skills so as to handle arbitration cases that may come before the Court. Further hands-on trainings on the case management and recording system were carried out for judges and staff focusing on generating reports from the system.

Budget Execution

The budget approved and allocated to the Court for the period under review was US$4,107,977. From the amount received the Court was able to execute US$3,755,988 representing 91.43% of what was received.

Challenges

For effective discharge of its mandate the Court must have sufficient personnel. The number of staff remains the same from the original structure when the Court was inaugurated. The Court is also faced with inadequate finance for effective operation and untimely disbursement of funds. This delays implementation of activities that leads to delay in conclusion of cases as the Judges who operate on an ad hoc basis cannot be brought when it’s necessary. The inadequate of funds also means that the visibility of the Court is impaired as no effective sensitization activities can be undertaken. Further, the ad hoc nature of the services of the Court means there is no service concentration by the Judges as most of them are also serving in their national judiciaries and on occasions when required on urgent basis cannot be available.

Recommendations

The Court should be allowed to recruit staff to fill in the gaps resulting from the increase in the workload of cases. Sufficient funds should be availed to the Court to enable more staff be employed and effective sensitization activities among the stakeholders be undertaken. This will also make it possible to convene the sessions at any time in the event of urgent applications. Also worth noting is that the services of the Judges of the Court should be made permanent and not ad hoc. The dual service of Judges between the Court and the national judiciaries is impeding the service delivery of the Court.

11 East African Kiswahili Commission

The East African Kiswahili Commission (EAKC) is responsible for the coordination and promotion of the development and use of Kiswahili in the region and beyond. The Commission is charged with the responsibility of ensuring the development of Kiswahili as a lingua franca for regional and international interaction for economic, political, social, cultural, educational, scientific and technical development. The Commission fulfills its mandate through research, teaching, learning and development of Kiswahili
through policy formulation, knowledge generation and curriculum review and standardization of terminologies.

During the Financial Year 2016/17, the Commission planned to develop EAKC Strategic Plan; hold EAKC Stakeholders meeting to draft modalities for carrying out capacity assessment in the EAC Partner States; attend national and international meetings that contribute to the functioning of EAKC; provide guidance on functioning of Kiswahili Associations in Partner States; attend all EAC statutory meetings; and recruitment of staff for the commission. In view of the planned activities, achievements registered were as follows:-

a) Development of EAKC Strategic Plan:

The Commission in consultation with its stakeholders internally developed the East African Kiswahili Commission Strategic Plan 2017 – 2022, which was validated in Nairobi, Kenya by Kiswahili stakeholders from all Partner States. The Strategic Plan was approved by the 35th Council of Ministers. The EAKC Strategic Plan identifies six key strategic interventions, which when implemented will contribute to the development and promotion of Kiswahili in EAC and beyond.

b) Meeting of EAKC Stakeholders to Develop draft Modalities for Carrying out Capacity Assessment in Partner States

A meeting with stakeholders for Kiswahili Associations, Research Institutions, Public and Private Universities, Media Associations and Kiswahili Writers Associations from all the EAC Partner States was convened in Entebbe Uganda in March, 2017, to develop modalities for carrying out capacity assessment in EAC Partner States. The meeting validated the capacity assessment manual and guide to be used during the capacity assessment of institutions involved in development and promotion of Kiswahili in EAC Partner States.

c) Attendance to International Meetings that Contribute to the Functioning of EAKC and providing Guidance on Functioning of Kiswahili Associations in Partner States

The Commission was represented in eight (8) relevant international meetings and the role and place of Kiswahili in regional integration was discussed and recommendations for development and promotion of Kiswahili in the EAC Partner States were developed. Furthermore, EAKC was represented in CHAKITA, CHAWAKIMA, CHAWAKAMA and CHAWAKA meetings. The Commission guided on how Constitutions for Kiswahili Associations should be amended to reflect the relationship between them and the Commission, clarifying each party’s role in the development and promotion of Kiswahili in EAC Partner States.

d) Recruitment of Staff

The EAKC recruited two staff (Senior Personal Secretary and Accounts Assistant). The Commission also advertised the position for the Deputy Executive Secretary Projects and Programs but could not attract a good number of applicants due to stringent job requirements. The 35th Council of Ministers directed the EAKC to re-advertise the
position after review of the requirements by the relevant Sectoral Council and approval of the advert by the Ad hoc EAC Service Commission. The Commission has since reviewed the Terms of Reference for the position, awaiting clearance by the relevant Sectoral Council before re-advertisement.

e) Operations of Regional Kiswahili Stakeholders

The Commission recognizes Kiswahili stakeholders as a fundamental component and their capacity as a critical element in achieving its mandate. The Commission convened a meeting to consider and discuss draft Constitutions of the following Regional Associations of Kiswahili with a view to aligning them with its mandate:

1. Chama cha Kiswahili Afrika Mashariki (Chakama);
2. Chama cha Idara za Kiswahili Vuyo Vikuu Afrika Mashariki (Chaikaam);  
3. Chama cha Wanahabari wa Kiswahili Afrika Mashariki (Chawakima);

The Meeting reviewed the Constitutions of the respective Associations and acknowledged the importance of these and similar Associations in complementing the efforts of the Commission in developing and using Kiswahili in the EAC and beyond. It was further observed that the above Associations are key pillars in the implementation of the East African Kiswahili Commission Strategic Plan (2017–2022).

f) Second phase of renovation of EAKC Offices

The East African Kiswahili Commission completed the second phase of renovation of EAKC offices. The Commission is pleased to report that it has sufficient office space for its staff.

Budget Execution

The budget approved for financial year 2016/17 was US$1,179,544 and the budget expenditure was about US$962,048, representing 81% of budget execution.

Challenges

The Commission faces a challenge of inadequate budget, which has hindered the recruitment of program staff and implementation of key strategic interventions as envisaged by the EAKC Strategic Plan.

12 East African Health Research Commission

During the financial year 2016-2017, operationalization of the East African Health Research Commission (EAHRC) continued focusing on the implementation of the Operational Plan 2016-2017 derived from the EAHRC five-year Strategic Plan 2016-2021 and approved by the 13th Sectoral Council on Health. During the period under
review, EAHRC planned, among other activities; to establish an institutional governance, management, and operational framework; undertake resource mobilisation to support health research for development; establish research and capacity strengthening programmes; as well as mechanisms for generating, capturing, assessing, and disseminate knowledge for solving the health challenges; and creating an environment conducive for research. To this effect, key achievements registered include:

a) Establishment of an institutional governance, management, and operational framework

i) Amendment of the Protocol establishing the EAHRC

A draft amended protocol prepared by a regional consultative meeting of EAC Health and Legal Experts was circulated to Partner States by the Secretary General of EAC for comments. Comments from Partner States were incorporated to the draft amended Protocol. The amended Protocol, edited by Council to the Community (CTC) was endorsed by the EAHRC Commissioners and considered by the 15th Sectoral Council of Ministers of Health.

ii) Draft Bill of Draft Bill (2015) on the establishment of the EAHRC

A Regional Consultative Meeting of EAC Health and Legal Experts to draft the amended EAHRC Protocol was organized and updated the draft Bill 2015 to align it to the amended EAHRC Protocol. The process to update the EAHRC draft Bill was withheld to be concluded after the approval of the amended Protocol establishing the EAHRC.

iii) EAHRC Organisational Structure

The organizational structure proposed by the EAHRC Secretariat and endorsed by the Board of Commissioners was approved by the 13th Sectoral Council on Health. It provides for Departments of the Commission and staff to implement the mandate of the Commission. It also provides for Expert Working Groups to support Departments under the EAHRC Secretariat.

iv) EAHRC logo and motto

The EAHRC logo and motto proposed by the EAHRC Secretariat and endorsed by the Board of Commissioners was approved by the 13th Sectoral Council on Health.

v) EAHRC operations Management

The EAHRC Secretariat operationalized the EAHRC management committees such as the management committee meeting and the scientific committee meeting. EAHRC also continued to ensure staff allowances, emoluments and benefits.

vi) EAHRC branding strategy
EAHRC developed branding materials to include the official EAHRC letterhead, and the official EAHRC power point template, key holders, writing pads and the official EAHRC calendar illustrating health and health research capacity in EAC Partner States.

vii) EAHRC publicity materials

EAHRC Secretariat developed publicity materials to include brochures; banners describing the mandate, vision, objectives and core values of the EAHRC; banners and pamphlets of the organizational structure of EAHRC and overall organizational structure of EAC and how EAHRC fits in it.

b) Resource Mobilization to Support Health Research for Development

The EAHRC resource mobilization efforts through among other sources the Development Partners, managed to mobilize resource for execution of the following activities:-

- Baseline assessments for (i) mapping of sources for domestic financing health research in EAC Partner States; (ii) clinical trials capacity in the EAC Partner States; and (iii) ethics review frameworks in health research for the purpose of harmonization of the frameworks in the EAC Partner States;
- Establishment of East Africa Web Portal for health information;
- Convening of the East African Health and Scientific Conference; and

As an output of the 6th East African Health and Scientific Conference, a consensus was reached on 4 priority thematic areas for the attention of the EAHRC in resources mobilization. Such areas include; One health; Digital Health; Health Research Financing; and Accessing and Health Policy and Implementation. Concept notes were developed with respect to Digital Regional East African Community Health Initiative. The Concept Notes includes a number of proposals such as the East Africa Open Science Cloud for Health; and the East Africa Cross Border Health Services Program, and have been submitted for consideration under the EAC–USAID Regional Development Objective Grant Agreement (RDOAG). In addition, many other meetings with bilateral, multilateral Agencies and NGOs were organized and attended by the EAHRC Secretariat in an effort to mobilize resources.

c) Establishing Research and Capacity Strengthening Programmes, Networks/Partnerships, and Centres of Excellence to Harness Advancement in Science, Technology and Innovation (STI), and Information and Communication Technology (ICT)

i) Baseline Assessments of Research Capacity in the Region

The EAHRC Secretariat developed proposals to carry out baseline assessments of research capacity in the region. The Concept Notes and Terms of Reference were developed for the baseline assessment of:- (a) clinical trials capacity in the EAC Partner States; (b) mapping of sources for domestic financing health research in EAC Partner States; (c) ethics review frameworks in health research for the purpose of harmonization
of the frameworks in the EAC Partner States; and (d) traditional medicine and development of medicinal products from traditional medicine in the EAC Partner States.

ii) Networks

The Commission established national, regional and international institutions research collaborations. Among such collaborations include; the network of National Focal Points, and network of National Stakeholders (Ifakara Health Institute, Makerere university, Saint Andrews University College of London, among other collaborators). Further, the EAHRC organised and coordinated attendance of Heads of the National Research Institutions in the EAC Partner States to the India-African Health Science Meeting (IAHSM) in Delhi – India on 2\textsuperscript{nd} – 4\textsuperscript{th} Oct 2016. The meeting aimed at fostering research collaboration between African Union (AU) and India. In addition, EAHRC and Health R&D Institutions from the EAC Partner States participated in the 2017 Biotechnology Innovation Organisation International Convention in San Diego, California, USA 19\textsuperscript{th} – 22\textsuperscript{nd} June 2017. More than 30 international health-related research and development institutions registered for consultation and discussion with EAHRC, and each attended one-to-one consultative meetings.

iii) Capacity Building and Development of Science, Technology, Innovation and ICT

The EAHRC Secretariat launched the East African Health Research Journal, which aims at among other objectives, to build capacity in manuscripts writing and manuscripts review. Furthermore, efforts towards enhancement of Science, Technology, Innovation and ICT, the EAHRC developed the Concept Note on Digital Regional East African Community Health (Digital REACH) Initiative and organized preparations for a regional conference on Digital Health Technology, as well as development of a draft Digital REACH Roadmap.

d) Creating an Environment conducive for Research and Harmonized Regional Regulatory and Ethics review frameworks

i) Baseline Survey on Ethics Review Capacity

A proposal for a baseline survey on ethics review frameworks in EAC Partner States was developed with the purpose of identifying the needs of institutional ethics review Boards and the national review Boards in the EAC Partner States. Consequently, a proposal for strengthening capacity and harmonizing frameworks of ethics review Boards for mutual recognition in the EAC Partner States was developed.

e) Establishing Mechanisms for Generating, Capturing, Assessing, Disseminating and Utilizing Knowledge on Health Challenges

i) EA Web Portal for Health Information Portal

The EAHRC concluded procurement process for establishment of the East Africa web portal on health information (www.eahealth.org); the portal that will host compendium of comprehensive health information in East Africa. Furthermore, the Commission developed a Concept Note on the East African Open Science Cloud Health network.
ii) East African Health Research Journal

The East African Health Research Journal (EAHRJ), a peer reviewed with an editorial board made by renowned scientists from all over the world was launched during the during the 6th East African Health and Scientific Conference. The EAHRJ has a digital object identifier (DOI) and is a member of Cross Ref https://doi.org/1024248/EAHRJ-D-16-00341. It is registered to the International Standard Serial Number (ISSN) Register as follows: ISSN 2520-5277.

iii) East African Health and Scientific Conference

Under the coordination of the EAHRC and Republic of Burundi, the 6th East African Health and Scientific Conference (EAHSC) was held in Bujumbura on 29th – 30th March 2017. The Conference had a high attendance of around 1000 participants and coincided with the launching of the East African Health Research Journal and the book of abstracts on Antimicrobial Resistance. The report of the Conference has been drafted.

f) Under One Health Approach

The EAHRC Secretariat incorporated One Health Approach under Digital Regional East African Community Health (Digital REACH) Initiative.

Budget Execution

The approved budget for the financial year 2016/17 was US$1,397,438 and budget expenditure stood at US$1,073,920; thus marking budget execution of 77%.

Challenges

The main challenges encountered implementation of the Commission’s planned activities were the delay in the establishment of the EAHRC Headquarters in Bujumbura, and delay in the recruitment of requisite staff, as well as lack of availability of funds commensurate to the planned activities.

13 Inter-University Council for East Africa

The Inter-University Council for East Africa (IUCEA) coordinates harmonisation of higher education and training systems in East Africa, facilitates their strategic development and promotes internationally comparable standards and systems. To this end the IUCEA continued with implementation of programmes geared towards the promotion of strategic and sustainable development of higher education systems and research for supporting East Africa’s socio economic development and regional integration.

During the financial year 2016/17, key priority interventions for IUCEA included: enhancement of research and development and strengthening of coordination and operational capacity of the IUCEA; development of human resource capacity in all disciplines of higher education in East Africa; development of a regional quality assurance framework for East African universities; and strengthening of university support in ICT application for academic research and other functions, as well as

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enhanced support to university academic and networking system. In view of the aforementioned priority interventions the IUCEA registered the following achievements:-

a) Implementation of the Eastern and Southern Africa Higher Education Centers of Excellence Project (ACE II)

The ACE II Project was approved by the Board of Executive Directors of the World Bank Group (WBG), with International Development Association (IDA) credit and grant totaling to US$148 million. The IUCEA signed a financing agreement with the World Bank as the Regional Facilitation Unit in July 2016 in Nairobi, Kenya.

The project is implemented by twenty-four competitively selected Africa Centers of Excellence (ACEs) from higher education institutions in eight participating countries, namely Ethiopia, Kenya, Malawi, Mozambique, Rwanda, Tanzania, Uganda, and Zambia, with focus on graduate studies including Masters and PhD programmes in Science, Technology, Engineering, and Mathematics (STEM), Agriculture, Health, Education and Applied Statistics.

The IUCEA coordinated and facilitated a number of partnership activities for the Centers of Excellence. Examples of the partnership activities include:-

i) The China-Africa-World Bank 1st Education Partnership Forum held in July 2017, with the objective to strengthen the tripartite relationship, as well as to forge new partnerships between leading universities, science and technology research institutes, and the private sector;

ii) Support mission to studies in oil and gas engineering and technology;

iii) Technical support mission to four (4) Centres of Excellence in Tanzania, four (4) Centres of Excellence in Rwanda; and procurement of an independent verifier of Disbursement-Linked Indicators/Results for ACEs; and

iv) Support to local Publications in the development of local content for use in higher education institutions in the region.

b) Establishment of EAC Centers of Excellence for Higher Medical Education, Research and Services

The EAC Partner States received a loan from the African Development Bank (AfDB) to develop Centers of Excellence on Biomedical Studies focused on Non-Communicable Diseases (NCD).

The project was conceptualized based on the state of affairs in the region on the subject, in that the NCD were becoming a more serious health challenge in the region and the cost implications in their prevention, diagnosis and treatment, and that significant amount of resources were being used to manage the NCDs including treatment outside the countries and region.
The IUCEA is expected to guide mainstreaming of its support systems to the project, on matters of quality assurance and qualifications framework, staff and students mobility, and research & innovation.

c) Development of Human Resource Capacity in all Disciplines of Higher Education in East Africa

The IUCEA established a common frame of reference to facilitate comparability, compatibility and mutual recognition of higher education and training systems, and the qualifications attained within the EAC Partner States based on shared views on quality, criteria, standards and learning outcomes for promoting student and labour mobility in the EAC. This was in line with Article 102 of the Treaty for the Establishment of the East African Community, which states that the Partner States agree to undertake concerted measures to foster co-operation in education and training within the Community. The Treaty further provides for, among others, the harmonisation of curricula, examination, certification and accreditation of education and training institutions in the Partner States through the joint action of their relevant national bodies charged with the preparation of such curricula.

The above was guided by the development and adoption by Partner States of; Regional Quality Assurance Framework, East African Qualifications Framework for Higher Education (2015), Staff Mobility Framework (2014), and the Students Mobility Policy (2015).

d) Facilitation of Free Movement of Professionals and Students

Initiatives undertaken to facilitate free movement of professionals and students across the region include; enhancement of staff mobility for teaching, research and community engagement; measures to ensure that students originating from the EAC benefit from equal treatment in each Partner State in terms of tuition fees, admission, credit accumulation and transfer; regional recognition of programs and mutual recognition of qualifications across the EAC; promotion and facilitation of collaborative research and exchange programs for teaching and external examination; and regional scholarships for EAC students in regional Centres of Excellence.

e) Development of the East African Higher Education Fees Structure Model

The IUCEA continued coordinating activities geared towards completion of the development of the Higher Education Fees Structure Model for use by universities in the Partner States. The Fees Structure Model includes categorization of all costs incurred in running the institutions and the apportionment of the costs to the university’s core missions of teaching, research and community engagement, as well as in provision of administrative services. In addition, the Model outlines proportions of the respective costs that students have to contribute. The harmonized Fees Structure Model is earmarked for use in the EAC Partner States to facilitate student mobility and free movement of labour within the East African Region.
Stakeholders in the Validation Workshop of the EAC harmonization Fee Structure Model, 25th - 26th May 2017

f) Development of a Regional Quality Assurance Framework for East African Universities

The IUCEA developed the draft Frameworks of the benchmarks for agriculture, engineering and medicine programmes. The Framework specifies competencies, learning outcomes, contents and assessment methods for various areas of specialization in the referred areas of study. In partnership with German Academic Exchange Service (DAAD), IUCEA is working towards improved graduate studies in the region. Capacity development and improvement of quality and mobility of higher education graduates in East Africa is one of activities in the DAAD-IUCEA collaboration for the period of 2016-2021. Capacity building is one of IUCEA’s strategies for sustainable mainstreaming of the regional quality assurance system that lies in the continuous human resource capacity building activities through training of academic staff from IUCEA member universities and those from the national commissions and councils for higher education in the EAC Partner States. Since 2007, three cohorts of quality assurance coordinators have been trained through a structured series of three workshops.

g) Strengthening of University Support in ICT Application for Academic, Research and Other Functions

To effectively carry out its functions in a coherent manner, the IUCEA identified the need to develop and establish the East African Higher Education Management Information System (EAHEMIS) for collection, analysis, storage and dissemination of information and data pertaining to the overall dynamics of higher education and
research in the region. With initial funding from Sida, IUCEA has developed the VicRes Management Information System (VRMIS) that documents outputs from the Lake Victoria Research (VicRes) Program for purposes of facilitating sharing of data, research findings, and networking amongst researchers. The database, which has since been web-enabled (http://vrmis.iueca.org) for stakeholder access and validation, is divided into seven (7) clusters and is populated with 102 projects, 102 publications and 423 researchers. ICT hardware and software at IUCEA were upgraded through acquisition and installation of a firewall, PoE switches, telephony, video conference and security systems. The IUCEA also got connected on the optical fiber cable of 6Mbps and installed an up-to-date telephony and video conference system.

h) Support to University Academic and Networking System

In November 2016, IUCEA in collaboration with East African Business Council (EABC) and East African Development Bank (EADB) organised the Academia-Public-Private Partnership Forum and Exhibitions (APPFF) 2016 in Dar es Salaam, Tanzania, under the theme “Quality Education, Research and Innovation as Drivers of New Economies in the East African Community”. The Forum was guided by the opening presentations and panel discussions on the following sub-themes:

- The role of the African Centers of Excellence in creating synergies for the new economies;
- Implications of the declaration of East Africa as a common higher education area; and
- Emergence and implications of the new economies within the EAC (ICT, tourism, agro-industry, financial services, oil and gas)

During the Forum, higher education stakeholders had an opportunity to showcase their innovation and products and network with potential partners.

i) Facilitation of the 2nd East African Manufacturing Business Summit and Exhibition

The IUCEA participated in the 2nd East African Manufacturing Business Summit and Exhibition themed “Harnessing the Manufacturing Potential for Sustainable Economic Growth” that took place in May 2017 in Kigali, Rwanda. The high-level Summit and Exhibition was co-organized by the East African Business Council (EABC) and the EAC with support from the Government of the Republic of Rwanda.

IUCEA’s Executive Secretary was one of the panelists in the parallel session on “Industrial Skills for Manufacturing.” IUCEA played a key role in the Exhibitions at two levels: firstly, demonstrating what IUCEA is currently doing, especially with respect to research and innovation coordination; and secondly, supporting member universities to demonstrate their innovations (in terms of products and services) relevant to the theme of the Summit.
IUCEA also facilitated three-member universities to showcase their products and services emanating from research and innovations as a way of promoting and enhancing academia-public-private partnerships. Such universities were:

- Moi University, Kenya - Centre of Excellence in Phytochemicals Textiles and Renewable Energy (PTRE);
- INES-Ruhengeri (Institute of Higher Education), Rwanda - Department of Biotechnologies (Food Technology); and
- Mbarara University of Science & Technology, Uganda - Pharm-Biotechnology & Traditional Medicine Centre (PHARMTRAC).

j) Participation in the 1st East African Community Science and Technology Commission (EASTECO) Stakeholders’ Workshop

The IUCEA participated in the East African Regional Workshop on Knowledge and Technology Transfer to support innovation and economic development, hosted by the East African Science & Technology Commission (EASTECO) on 19th June 2017 in Entebbe, Uganda. The Workshop gathered Partner States’ government representatives, knowledge creators, manufacturing and business sector, and the civil society to come together in strengthening the linkages and exchange between universities and research institutions in the region as knowledge creators and technology developers, and industries as users and solution providers to market needs. During the Workshop, the EAC Partner States reviewed and validated the draft report on assessment of existing knowledge and technology transfer institutions in the Partner States and identified potential regional Centres of Excellence in knowledge and technology transfer. The Workshop also reviewed the draft Regional Guidelines on Intellectual Property Rights (IPR). The Guidelines will support the use of IPR in enhancing innovation as the driving force for the economic development in the EAC region. The Workshop also provided a good platform and opportunity for constructive dialogue, networking and partnerships between stakeholders in the Science Technology and Innovation (STI) Community, Governments, business sector, as well as an interface for dissemination/diffusion of Research and Development (R&D) findings and technological innovation.

k) Other Networking Meetings and Conferences

The 3rd Network Meeting of the DAAD sponsored projects in the University-Business-Partnership Programme was held at the Bonn-Rhein-Sieg University of Applied Sciences Campus Sankt Augustin in November 2016. The Theme of the Meeting was “Universities, Entrepreneurship and Enterprise Development in Africa”. The Deputy Executive Secretary, who represented the IUCEA during the Networking Meeting, discussed with key stakeholders in higher education including representatives of the German Development Bank (KfW) the possible Masters level scholarships program to support student mobility within the EAC Partners States. Since then KfW officials have visited IUCEA for further discussions on possible collaboration areas.

l) Institutional Governance, Management and Operational Framework

Prof. Mike Kuria was appointed the new IUCEA Deputy Executive Secretary, taking over from Prof. Pontien Ndabaneze whose tenure ended on 30th September, 2016. Prof
Kuria who holds a Doctorate Degree in English, was an Associate Professor of Literature at Daystar University, Nairobi, Kenya where he also served as the Director, Center for Quality Assurance.

The IUCEA Financial Rules & Regulations 2014 were amended, and an investment committee established, comprising of the Executive Secretary as Chairperson, Deputy Executive Secretary (PFA) as Vice Chairperson, Head of Finance as Secretary, and the Deputy Executive Secretary (HRSS), Head of Planning & Development, Head of ICT, and Head of Exchange Programs, Links & Partnerships as members.

Further, IUCEA organized a staff retreat from 12th to 16th February 2017 in Kisumu, Kenya to reflect on the achievements made in the past year and enhance team building as a key ingredient in performance management. During the retreat, staff visited Lake Victoria Basin Commission (LVBC) to interact with LVBC staff who shared with them the business conducted by LVBC, especially the programs coordinated by the Commission towards sustainable development of the Lake Victoria Basin.

IUCEA Staff on visit to LVBC, February 2017

The 8th IUCEA Annual Meeting was held on 30th June 2017 in Zanzibar, Tanzania. The Meeting provided an opportunity for IUCEA members and other stakeholders to share experiences and exchange ideas and recommendations on higher education matters. The Annual Meeting also considered the Action Report on matters carried over from the 7th IUCEA Annual Meeting and reports from meetings of the Executive Committee.
INTER-UNIVERSITY COUNCIL FOR EAST AFRICA (IUCEA) 8th ANNUAL MEETING ON

26th - 29th June 2017 at Zanzibar Beach Hotel, ZANZIBAR - TANZANIA.
The Declaration by Heads of State transforming EAC Into a Common Higher Education Area

We, the Heads of State of the East African Community Partner States, wishing to accomplish the objective of harmonisation of higher education and training systems in the East African Community ("EAC") by establishing a common base of reference to facilitate comparability, compatibility and mutual recognition of higher education and training systems and the qualifications attained within the EAC Partner States, based on shared values on quality, criteria, standards and learning outcomes, for promoting student and labour mobility in the EAC.

Recalling that the Treaty for the Establishment of the East African Community in Article 102 provides that the Partner States agree to undertake concerted measures to foster co-operation in education and training within the Community and among others to harmonise curricula, measurable, certification and accreditation of education and training institutions in the Partner States through the joint action of their relevant national bodies charged with the preparation of such curricula.

Affirming the growing importance of knowledge as a key factor for social and human growth as alluded by the Dakar Declaration on Education for All, 2000; the United Nations Millennium Development Goals, 2000, the Commission on Social Dimensions of Globalization, 2004, of which the EAC Partner States are signatories.

Recognising that higher education, including research, is the leading pillar in creating a knowledge society and knowledge driven economy, and

Having reviewed the progress so far made towards that objective, in particular, the development and adoption by the national commissions on education for university/higher education and higher education institutions in all the Partner States of:

(a) Regional Quality Assurance Framework, based on four operational tools:
   (i) A policy framework, titled Principles and Guidelines for Quality Assurance in Higher Education in East Africa.
   (ii) Regional quality assurance instruments contained in the Handbook for Quality Assurance in Higher Education covering internal quality assurance at programme level, external quality assurance at programme level, institutional quality assurance, and institutional quality assurance system.
   (iii) Regional decision framework for academic programmes; and

(b) Staff Mobility Framework (2014) to enhance sharing of the existing human resources in higher education within the Community and encouraging staff mobility;

(c) Students Mobility Policy (2014) to facilitate free movement of students within the Community; and

Noting that the achievements so far recorded require to be consolidated to ultimately evolve into a unified higher education system;

We hereby affirm our commitment and undertaking to accomplish that objective by transforming the EAC into a Common Higher Education Area.

WHEREFORE, we the Heads of State of the EAC Partner States DO HEREBY DECLARE the EAC a Common Higher Education Area whereby the national higher education and training systems shall operate and be guided by the common regional framework, under which curricula, examinations and certification as well as academic and professional qualifications, and the quality of the educational and training outputs in higher education will be harmonised.

We profess that the Common Higher Education Area will facilitate and enable the mobility of students and teachers and promote the free movement of labour, goods and services on a common market under the Treaty for the Establishment of the East African Community signed in 1999 and the Protocol on the Establishment of the East African Community Common Market in 2013.

We acknowledge and commend the good work so far done by the Inter University Council for East Africa (IUCEA), through the minutes given to it by its Act of 2008 (section 4 (2)) as a strategic institution of the EAC for the implementation of the objective to attain a fully harmonised and integrated higher education and training systems in the EAC.

Consequently, we entrust and task the Council of Ministers with the responsibility of coordinating the operationalisation of the Common Higher Education Area and IUCEA to provide the necessary technical support.

We hereby pledge to the people in the EAC that we resolve as herein DECLARED at Dar es Salaam, the United Republic of Tanzania on the 29th day of May in the year Two Thousand and Seventeen as duly witnessed by our respective signatures below:

[Signatures of Heads of State]

DECLARATION BY HEADS OF STATE OF THE EAST AFRICAN COMMUNITY PARTNER STATES ON THE TRANSFORMATION OF THE EAST AFRICAN COMMUNITY INTO A COMMON HIGHER EDUCATION AREA

Budget Execution

Despite the financial contribution from Partner States at 52%, an overall performance rate of 71% in activity implementation was achieved during the financial year 2016/17. This was achieved through reallocation of resources, prioritization, and adjustments in scope of planned activities.
Table 11: Status of Partner States’ Contributions (in US$) for the FY2016/2017

<table>
<thead>
<tr>
<th>Country</th>
<th>Expected for FY2016-2017</th>
<th>FY2016/2017 Contribution Received</th>
<th>% Received</th>
<th>Outstanding FY2016/17 as at 31st May 2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tanzania</td>
<td>824,393</td>
<td>503,720</td>
<td>61%</td>
<td>320,673</td>
</tr>
<tr>
<td>Kenya</td>
<td>824,393</td>
<td>822,652</td>
<td>100%</td>
<td>1,741</td>
</tr>
<tr>
<td>Uganda</td>
<td>824,393</td>
<td>824,393</td>
<td>100%</td>
<td>-</td>
</tr>
<tr>
<td>Rwanda</td>
<td>824,393</td>
<td>-</td>
<td>0%</td>
<td>824,393</td>
</tr>
<tr>
<td>Burundi</td>
<td>824,393</td>
<td>-</td>
<td>0%</td>
<td>824,393</td>
</tr>
<tr>
<td>Total</td>
<td>4,121,968</td>
<td>2,150,765</td>
<td>52%</td>
<td>1,971,200</td>
</tr>
</tbody>
</table>

Challenges

The main challenge experienced by IUCEA in the course of the financial year 2016/17 was the impact of low remittances by Partner States, leading to some activities not being implemented.

14 Lake Victoria Basin Commission

Lake Victoria Basin Commission (LVBC) is a specialized institution of the East African Community (EAC) responsible for coordinating the sustainable development of the Lake Victoria Basin. Its establishment is provided for under Article 114 of the EAC Treaty, which was operationalized by the Protocol for Sustainable Development of Lake Victoria Basin. The broad function of LVBC as espoused in Article 33 of the Protocol is to promote, facilitate and coordinate activities towards sustainable development and poverty eradication in Lake Victoria Basin. The Lake Victoria Basin Commission continues to undertake its mandates through implementation of projects and programmes in line with the Commission’s Strategic Plan 2016 - 2021.

During financial year 2016/17, the Commission planned to implement key priority activities which include strengthening coordination capacity of the LVBC Secretariat and coordination of four projects and programmes namely:- Lake Victoria Environmental Management Project (LVEMPII); Population Health and Environment (PHE); Lake Victoria Water and Sanitation Project (LVWATSAN); and Planning for Resilience in East Africa through Policy, Adaptation, Research and Economic Development (PREPARED). The key achievements registered by LVBC during the period under review were as follows;

a) Strengthening of the Coordination Capacity of the LVBC Secretariat

The Commission finalised its five-year Strategic Plan (2016-2021), which builds on the lessons learnt during the implementation of the 2nd LVBC Strategic Plan 2011-2016. The Strategy is the guiding tool for implementation of the LVBC strategic interventions defined in the 5th EAC Development Strategy 2016/17 – 2020/21, which itself is anchored on the EAC Vision 2050. The Commission continued to build synergies and strength cooperation with key stakeholders Memorandums of Understating (MoUs).
To strengthen staff capacity, the LVBC ensured adequate and quality staffing of the Secretariat by through filling of the four vacant established positions at Commission. The Commission revamped the statutory committees and established new teams to enhance the institutional management that include the Human Resources Advisory Committee and the Project Development Team.

The Commission continued to enhance its fiduciary and audit functions by continuously strengthening both the external and internal audit processes and ensuring that major projects such as LVEMP II and LWATSAN are individually audited by recruited auditors and further subjected to audit by the EAC Audit Commission every year.

During the period under review, LVBC modernised its ICT infrastructure and services through the establishment of a Tier 3 Data centre, ensuring a one to one PC to staff ratio and a server level back-up. A knowledge Management Strategy was developed to create a one stop knowledge hub for Lake Victoria Basin. The Commission continued with its resource mobilisation efforts during the period under review. A number of new projects already have financing agreements between LVBC and Development Partners (for example the Integrated Water Resource Management Project, Multinational Maritime Transport and Communication, and the Climate Change Adaptation Project).

b) Lake Victoria Environnemental Management Project (LVEMP II)

The LVBC coordinated the implementation of the Basin-wide strategy and regional guidelines for sustainable land management in LVB. The Commission promoted the adoption of cleaner production technologies by industries in the Lake Victoria Basin and continued supporting fisheries monitoring and finalization of the EAC Fisheries and Aquaculture Policy. Among other achievements include: support to Lake Victoria Fisheries Organisation (LVFO) to conduct fisheries monitoring synthesis events and finalization of the EAC Fisheries and Aquaculture Policy, which was adopted by LVFO Council; and finalisation of tools to monitor adherence to the gazetted harmonized municipal and industrial effluent discharge standards for mainstreaming into Partner States’ respective legal and institutional frameworks.

A Fish Levy Trust Fund was established and is expected to provide long-term mechanisms for financing fisheries related interventions in and around Lake Victoria. A Green Growth in the Lake Victoria Basin Project was developed to build further on the results and lessons learnt from the on-going initiatives of the Cleaner Production Centres. The programme is funded by a Grant from the Nordic Development Fund and will be coordinated by LVBC and implemented by the National Cleaner Production Centres in Burundi, Kenya, Tanzania, Uganda and Rwanda. The programme will be implemented over a period of two 2 years from July, 2017, with total funding of US$3.77 Million.

c) Lake Victoria Water Supply and Sanitation Program Phase II (LWATSAN II)

The Sengerema Water and Sanitation Project, one of the projects under the Lake Victoria Water Supply and Sanitation Phase II (LWATSAN II) was commissioned at Sengerema by the President of United Republic of Tanzania H.E. Dr. John P.J.
Magufuli. The Project is fully operational with a capacity of 15,840 cubic meters, serving up to 528,000 people per day.

During the period under review, LVBC through LVWATSAN coordinated and facilitated works on the finalisation of the drilling of forty one (41) boreholes in Burundi, United Republic of Tanzania and Uganda; rehabilitation of four (4) treatment plants and construction of ten (10) new water treatment plants; construction of 578.52 km pipe length serving 309,016 beneficiaries; construction of 42 reservoirs, 4 sludge treatment plants, 102 public toilets and 6 landfill sites. Twenty-nine (29) tractors and trailers, 331 skips, 8 vacutugs and 16 exhausters were also procured for the Project.

d) Implementation of Population, Health and Environment (PHE) Program

The Commission operationalized a web-based data collection tool, KOBO Collect to improve on tracking and generation of reports on the implementation of the PHE Programme. The Commission is working towards rolling out the KOBO Collect toolbox to all PHE networks in the Partner States. Key staff of the Commission were trained on the functionality and operations of the refurbished LVBC Website and PHE Web Portal.

LVBC through PHE Programme organised an exchange visit between the members of the PHE Networks of Kenya and Uganda. The mission provided a platform for exchange of ideas and sharing of best practices and experiences among the PHE Champions.

During the reporting period, the PHE program held a regional training workshop on Knowledge Management/Mobile Health from 4th to 6th October 2016 in Nairobi, Kenya. The Workshop provided a platform for enhancing understanding on the knowledge management concepts and application. Several knowledge products are being developed by various stakeholders who took part in the training workshop, for example, Documentary on LVBC achievements and the PHE Video on institutionalization of PHE network in Uganda.

e) Planning for Resilience in East Africa through Policy, Adaptation, Research and Economic Development (PREPARED)

The PREPARED Program is a medium-term (five years) integrated environmental management program financed by the USAID East Africa. The goal of the program is to strengthen the resilience and sustainability of East African economies, transboundary freshwater ecosystems and communities.

During the period under review, the Commission successfully organised the 5th Mara Day Celebrations in Bomet County in the Republic of Kenya, under the theme “Conservation of Mara, My Responsibility (Utunzaji Wa Mara ni Jukumu Langu)”). The celebrations raised awareness on the importance of conserving the critical Maasai Mara/Serengeti ecosystem. Further, LVBC through PREPARED finalised a Climate Change Strategy and Action Plan (LVBCCSAP) which awaits approval by the Council.

Budget Execution
The budget allocated to the Lake Victoria Basin Commission for the Financial Year 2016/2017 amounted to US$5,601,115, against the expenditure of US$ 5,586,007, thus marking budget performance of 99.5%.

Challenges

The Commission experienced a number of challenges to include:-

i) Delayed submission of inputs by some Partner States leading to some activities not implemented as scheduled.

ii) Technicalities huddles in the procurement process that continued to impede the smooth implementation of key activities; the most affected being civil works for water and sanitation infrastructure under LVWATSAN; and

iii) Delayed funds disbursement by some Development Partners.

Recommendations

i) The sustainability of LVBC and its interventions will to a large extent rely on the ability and commitment of Partner States to increase funding levels and disbursements to the Commission;

ii) Harmonization of policies, laws and regulatory standards is not enough in itself but implementation using agreed instruments is more important for the successful collaborative management of transboundary natural resources; and

iii) There is need to finalize ongoing negotiations with various development partners for key new projects notably the Climate Change Initiative, IWRM Programme, and Lake Victoria Maritime Transport and Communication Project, among others.

15 Civil Aviation Safety and Security Oversight Agency

The East African Community Civil Aviation Safety and Security Oversight Agency (CASSOA) was established following the signing of the Protocol on the Establishment of the East African Community Civil Aviation Safety and Security Oversight Agency on 18th April 2007. Under Article 92 of the EAC Treaty, Partner States undertake to make air transport services safe, efficient and profitable; adopt common policies for the development of civil air transport in the region; harmonize civil aviation laws and regulations; coordinate measures and co-operate in the maintenance of high security.

Specific functions of the Agency are to:

a) develop policies for safe, reliable, efficient and economically viable civil aviation with a view to developing appropriate infrastructure, aeronautical skills and technology, as well as enhance the role of civil aviation in support of other economic activities;

b) assist the Partner States in meeting their safety and security oversight obligations and responsibilities under the Treaty and the Chicago Convention and its Annexes; and

c) provide the Partner States with an appropriate forum and structure to discuss, plan and implement common measures required for achieving the safe and orderly development of international civil aviation through the implementation of
international standards and recommended practices relating to the safety and security of civil aviation.

During Financial year 2016/17 CASSOA had planned its activities under three (3) priority areas that include the need to; enhance CASSOA's corporate image and strengthen its governance and finance structure; promote an effective and sustainable Civil Aviation Safety Oversight system; and promote an effective and sustainable Civil Aviation Security Oversight system in the region. To this effect, key achievements registered during the period under review were as follows:

a) Review, Harmonization and Formulation of Regulations and Technical Guidance Materials

The Agency developed the draft EAC harmonized Model Civil Aviation (Meteorological Service for Air Navigation) Regulations, the EAC Model RPAS regulations, a Roadmap for the implementation of the Malabo Declaration by the EAC Partner States and reviewed the ICAO Universal Security Audit Program (USAP) Continuous Monitoring Approach (CMA) Corrective Action Plans.

b) Evaluation of the Status of Implementation of Harmonized Regulations

The Agency carried out a mission to review the process of recertification of Kenya Airways in September 2016. The recertification of the operator was completed on 30th September 2016. Additional support in Flight Operations was also given to Tanzania Civil Aviation Authority (TCAA) prior to the Universal Safety Oversight Audit Program (USOAP) - ICAO Coordinated Validation Mission (ICVM) in March 2017. The Agency carried out a technical mission to Rwanda Civil Aviation Authority (RCAA) in May 2017.

c) Strengthening of the Internal Audit Function of the Agency

One internal audit was carried out in September 2016, to review the draft financial statements prior to submission to the EAC Audit Commission. The external audit was carried out in October 2016, and an unqualified audit report was issued. The Internal Auditor attended the 4th Technical Committee on Audit and Risk meeting held in May 2017.

d) Training of Technical Personnel in Relevant Skills

The SSP/SMS training was held in April 2017. A working group meeting to facilitate the development of the SSP was held in June 2017. Twenty-one (21) Technical Guidance Materials (TGMs) were revised, and the roadmap to achieve implementation of the SSP/SMS by 2018 as per ICAO requirements was developed.

Budget Execution

The budget approved for CASSOA during the period under review was US$2,172,325, against the expenditure of US$1,686,069. This translates to 77.6% budget execution.

Challenges
Some activities were not carried out due to unavailability of technical staff in Aerodromes and Ground Aids (AGA) and Air Navigation Services (ANS). No funding was received from the Partnership Fund to enable commencement of the procurement of Human Resources Management Software and Consultancy for Business Continuity Plan & Disaster Recovery Plan.

16 Lake Victoria Fisheries Organization

The Lake Victoria Fisheries Organization (LVFO)'s mandate is to coordinate the management and development of fisheries and aquaculture resources in the EAC region. The main objective of the Organization is to foster co-operation among the Partner States, harmonize national measures for the sustainable utilization of the fisheries and aquaculture resources of the East African Community water bodies, and to develop and adopt conservation and management measures.

During the financial year 2016/2017, LVFO focused on the following key priority areas:- strengthening of the Organization's governance structures; enhancement of stakeholder partnerships in management of fisheries resources; resource mobilisation for sustainable operations; and coordination of research programs to acquire sound scientific information for sustainable management and development of fisheries and aquaculture. Also focused include promotion of fish quality and safety; product development and marketing of fish and fishery products; development of aquaculture in East Africa; knowledge management and information sharing; and management of financial systems and resources. In view of the aforementioned priority areas, the following key achievements were registered during the period under review:-


The EAC Audit Commission audited LVFO's financial statements and expressed the opinion that LVFO's financial statements presented fairly, in all material respects, the financial position of Lake Victoria Fisheries Organization as at 30 June 2016, and that LVFO's financial performance and its cash flows for the year were in accordance with International Public-Sector Accounting Standards (IPSAS).

b) Publication of Scientific Findings in the African Journal of Tropical Hydrobiology and Fisheries

Journal papers were sourced for and different reviewers were engaged to finalize the 14th Volume of the Journal of Tropical Hydrobiology and Fisheries. The Journal was posted onto the African Journals Online (AJOL) website. The Journal provides an avenue to disseminate scientific information to key stakeholders.

c) Development, Review and Implementation of Fisheries Regulations and Measures

During the financial year 2016/17, the Organization initiated the development of guidelines for management of fishing capacity, protection of critical habitats, provision of
data and information on monitoring, control and surveillance operations and Beach Management Units.

d) Promotion and Support Systems and Measures for Quality Assurance, Value Addition, Trade and Marketing

The LVFO with funding from Implementation of a Regional Strategy (SmartFish) – EDF 10, coordinated the process of streamlining regional fish trade by developing the EAC Harmonized Fisheries and Aquaculture Border Inspection Manual. The Manual provides guidelines for addressing regional fish trade issues, which include: disparities in inspection and certification procedures; increased illegal; unreported and unregulated trade in immature fish; limited capacity of official controls; limited skills and knowledge on modern food and feed safety requirements; imports of aquaculture products and inputs; fishing gears; and a weak coordination mechanism.

e) Aquaculture Management and Development

During the period under review, LVFO commenced the formulation of a project to support the promotion of Aquaculture in the EAC. The full project document is expected to be finalized during the financial year 2017/2018. The objective of the project is to tackle the key limiting factors and sustainability risks for the development of competitive and sustainable commercial aquaculture in the Lake Victoria basin.

LVFO coordinated the organization of FAO 6th Aquaculture Network for Africa (ANAF) Annual Meeting in December 2016 in Entebbe, Uganda. The Meeting reviewed the commitment of ANAF member countries and discussed and agreed on the draft of the four documents:- ANAF Founding Agreement, ANAF Rules of Procedure, ANAF Financial Regulations and ANAF Headquarters Agreement. The Meeting agreed on a clear strategy and concrete follow up actions leading to the establishment of ANAF as an Inter-Governmental Organization (IGO). During the Meeting, it was agreed that ANAF will be hosted at AU-IBAR Offices in Nairobi, Kenya.

Budget Execution

The Organization’s approved budget amounted to US$2,131,422 for the financial year 2016/17, compared to an expenditure of US$1,315,313.00. The budget performance was thus 66.0%.

Challenges

i) funds for the activities or some projects expected under EAC Partnership Fund were not received, hence a delay in project implementation;

ii) the Republics of Rwanda and South Sudan are yet to submit their instruments as full members of LVFO. This has delayed the processes required for the Organization to fully integrate into EAC and put in place the structures required for effective operations; and

iii) frequent damages to some IT equipment due to interruption of power supply from the main grid.
The East African Science and Technology Commission (EASTECO) is a semi-autonomous EAC Institution established by the 5th Extra-ordinary Summit of the EAC Heads of State held on 18th June 2007 in accordance with the Treaty for the Establishment of the East African Community under the relevant provisions as set out on Article 103. The overall objective of the Commission is to promote and coordinate the development, management and application of Science, Technology and Innovation for Socio-economic development of the EAC Partner States.

EASTECO activities in the financial year 2016/17 focused on the constitution of the governance structure of the Commission; finalization of EASTECO Strategic Plan; initial activities to support the industrial development through knowledge and technology transfer; and partnership building. These activities are embedded in the EASTECO Annual Operational Plan for FY2016/17. More specifically, the Commission planned to finalize the EASTECO Five-Year Strategic Plan, 2017/18 - 2021/22; convene the First EASTECO Regional Stakeholder Workshop on Regional Consensus on Science, Technology and Innovation policy priorities; and assess existing knowledge and technology transfer institutions in the EAC region to identify potential Regional Centres of Excellence. Also planned include the need to develop and establish cooperation and coordination arrangements with regional and international organizations with Science Technology and Innovation (STI) objectives; and constitute and fully operationalize the EASTECO Board. In view of the aforementioned planned activities, among the key achievements recorded at the end of the financial year 2016/17, were as follows:-

a) Organization of the First East African Regional Workshop on Science, Technology and Innovation

EASTECO held its First Regional Stakeholder Workshop in August, 2016, in Kigali, Rwanda. The Workshop was organized with co-financial support from the Rwanda National Commission for Science and Technology (NCST) and the Science Granting Councils Initiative (SGCI) in Sub-Saharan Africa. The objective of the workshop was to build consensus among national level stakeholders on regional science, technology and innovation priorities and to review the draft EASTECO Strategic Plan. Participants comprised of experts on science and technology, professionals and researchers from diverse fields and institutions representing i) EAC Partner States including National Commissions/Councils for Science, Technology and Innovation; ii) EAC Secretariat and Inter-University Council of East Africa (IUCEA); iii) National Academies of Science; iv) National Industrial Research and Development organizations; and v) Civil Society. Representatives of Non-Governmental Organizations (ACTs, EARIMA), African Regional Economic Communities (notably SADC, COMESA), and Development Partners (IDRC, DFID, NRF) also participated in the Workshop.

The Workshop provided an opportunity for sharing of experience from other regional economic communities (notably SADC and COMESA) and other EAC Institutions (notably IUCEA). Options for East Africa’s science, technology and innovation regional priority areas and targets were discussed based on the EAC Vision 2050, the EASTECO mandate and situation analysis of STI in the EAC region. Domains of cooperation in STI between EAC Partner States were identified to include:
i) policy formulation and harmonization;
ii) resource mobilization;
iii) capacity building;
iv) diffusion (of scientific information) and mobility (of researchers), and commercialization (of R&D findings);
v) indigenous technology development and use; and
vi) infrastructure (with Centers of Excellence, R&D institutions).

The Workshop further identified areas to constitute the regional priorities for science, technology and innovation to include; value addition in agriculture; energy and environment; biosciences and biotechnology; export-oriented industrialization and trade; and cross-cutting areas composed of information and communication technology (ICT).

b) The EASTECO Five-year Strategic Plan 2017/18-2021/22

The EASTECO Five-year Strategic Plan 2017/18-2021/22 was approved by the EAC Council at its 35th Ordinary Meeting held in Arusha, Tanzania, on 4th April 2017.

c) Assessment of Existing Knowledge and Technology Transfer Institutions in the EAC Region

To enhance the EAC region’s capacity for scientific and technological innovation, there is a need to support innovation systems and the translation of scientific advances and
ideas into products for the benefit of the EAC Partner States’ socio-economic development. In this regard, the EASTECO commissioned a study to assess existing Partner States’ knowledge and technology transfer institutions in order to enhance the management and exploitation of the research results and identify potential Regional Centres of Excellence in technology transfer. The assessment covered more than 160 science, technology and innovation institutions in Partner States. The indicators and criteria for scoring the assessed institutions included: financial; leadership; internal business processes; stakeholder satisfaction (knowledge users and funders); innovation; and improvement.

d) Constitution of EASTECO Governing Board

All Partner States nominated their representatives to the EASTECO Governing Board. The Governing Board held its First Meeting on 21st June 2017. Five (5) Board Committees have been established namely; i) Committee on STI Policies and Regulations; ii) Committee on Research and Innovation Development; iii) Committee on Finance and Administration; iv) Committee on Outreach and Partnerships; and v) Committee on Audit and Risk.

![EASTECO Governing Board members during their 1st meeting of the Board on 21st June 2017](image)

e) Recruitment of Staff

During the period under review, one additional staff was recruited to fill the position of the Principal Officer, Innovation, Technology Development and Acquisition. At the end of the reporting period, the staff position at the Commission was as follows:-

<table>
<thead>
<tr>
<th>Positions</th>
<th>Established Staff</th>
<th>Recruited</th>
<th>Percentage (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Executive Secretary</td>
<td>1</td>
<td>1</td>
<td>100</td>
</tr>
<tr>
<td>Professional Staff</td>
<td>19</td>
<td>4</td>
<td>21</td>
</tr>
<tr>
<td>General Staff</td>
<td>6</td>
<td>6 **</td>
<td>100</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>26</strong></td>
<td><strong>11</strong></td>
<td><strong>42</strong></td>
</tr>
</tbody>
</table>

*Notes: **4 out of the 6 General Staff are on temporary basis.*
f) EASTECO Website

The Commission commenced the development of its website in order to increase the visibility of EASTECO. The Website, www.easteco.org, was finalised at the end of July 2016 and is fully operational.

Budget Execution

The budget approved for EASTECO during the financial year 2016/17 was US$1,196,138. Expenditure was US$1,017,130, translating to 85% budget execution.

Challenges and recommendation

The major constraints faced by EASTECO during the period of reporting were:

a) Inadequate staffing, as the available professional staff are fewer than the number required for efficient implementation of activities;
b) Delayed constitution of the Governing Board as the Board was fully constituted in the fourth Quarter 2016/17;
c) Inadequate budget, in view of the number of activities under EASTECO Annual Operational Plan; were the budget for programmatic activities represented only 16% of the total approved budget;
d) Delayed disbursement of funds, as funds were received towards the end of the financial year; and
e) As EASTECO is a new EAC institution, there is a need for Partner States to provide adequate financial resources to recruit required staff and cover programmatic activities costs to enable the Commission to effectively and efficiently deliver on its mandate.

18 East African Community Competition Authority

The East African Community Competition Authority (EACA) is a semi-autonomous institution of the East African Community. It is a new institution of the Community located in Arusha, United Republic of Tanzania. The EAC competition legal framework is provided for by virtue of Article 75 (i) of the Treaty for the Establishment of the East African Community, Article 21 of Protocol on the Establishment of the EAC Customs Union, Article 33 of the Protocol on the Establishment of the EAC Common Market Protocol and Section 37 of the EAC Competition Act, 2006. The EACA Act came into force in December, 2015.

The EACA’s mandate is to promote and protect fair trade and provide for consumer welfare in the Community.

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4 EAC Gazette Notice 23rd January, 2015 Legal Notice No EAC/21 - EAC Act came into force
The Act applies to all economic activities and sectors having cross border effect. The EACA is empowered to achieve its mandate by regulating cross-border mergers and acquisitions; Partner States’ subsidies; prohibition of cross border infractions, including abuse of dominance and concerted practices; and prohibition of issues that affect consumers.

During the financial year 2016/17, the EACA prioritised its operations by establishing the requisite infrastructure, both human capital and systems. To achieve this, the EACA planned the following key activities: (i) appointment of the Ad Hoc EAC Competition Authority Commissioners (Commissioners) as provided for under Section 38 of the Act. The Commissioners are required to ensure effective implementation and enforcement of the Act; (ii) recruitment of the key staff as per the Council directive (*EAC/CM 30/Directive 68*) to operationalize the activities of the EACA; (iii) development of the EACA’s Rules of Procedure, which are expected to guide the EACA in the conduct of its affairs; (iv) a Competition Assessment Study to assess the level of competition in the key sectors; (v) development of the EACA’s Strategic Plan; and (vi) development of toolkits, that include; regulations, rules and guidelines to create transparency and predictability in the EACA’s decision making process, and reduce transaction costs incurred by investors.

![Swearing-in of EAC Competition Authority Commissioners 31st October, 2016 at EAC](image)

During the period under review, the EACA achieved a number of milestones to include among others:-

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5 The 30th Meeting of the Council of Ministers held on 28th November 2014 approved the proposed Structure of the EAC Competition Authority (EAC/CM 30/Decision 68), and directed the Secretariat to initiate the process of recruitment of a Registrar and two Deputy Registrars and other general staff - Personal Secretary, Accounts' Assistant and a driver (EAC/CM 30/Directive 68).
a) Appointment of Commissioners in September, 2016, and swearing-in in November, 2016;

b) Recruitment of the Deputy Registrar, Mergers and Acquisitions in September, 2016;

c) Induction Workshop for the Commissioners and staff in February, 2017. The Workshop aimed at sensitizing and building capacity in order to develop and implement the necessary regulatory actions to operationalize the regional competition framework. The workshop provided a primer on principles of competition policy and law; shared examples and experiences on institution-building and strengthening of effectiveness among regional competition agencies from other jurisdictions; highlighted key areas to develop a robust regional merger control framework for EAC; and shared examples and experiences on the impact of state aid and cross-border cartels on competition at regional level;

d) Undertook Study, with support from the World Bank, to review the EAC merger framework to establish gaps in the framework and propose recommendations in line with international best practice. The Study report outlined key recommendations to make the merger regime effective, including amendment of the Act to provide for notification thresholds; and establishment of pre-notification consultations;

e) Reviewed the Merger and Acquisitions Notification Form EACCA 1, which is provided for under the EAC Competition Regulations, 2010, in line with international best practice to expound on the requisite information required during a merger analysis;

f) Developed a Merger and Acquisition Manual which sets out the internal procedures to guide the EACA when reviewing mergers and acquisitions. The main thrust of the Manual is to ensure consistent adherence to sound investigative techniques guaranteeing an in-depth and satisfactory investigative process;

ɡ) Developed Terms of Reference (TORs) for the formulation of EACA’s Strategic Plan. The Strategic Plan will stipulate the roadmap or direction the EACA will take for effective and efficient implementation of its mandate;

h) Developed Terms of Reference for the Study on Competition Assessment in the EAC Region; and lastly

Budget Execution

The budget allocated to the EACA amounted to US$1,587,565, of which cash received from the General Reserve (Partner States' contribution) was US$841,365 and US$746,200 was funded from Development Partners for the financial year 2016/2017, with an expenditure of US$184,592. The budget execution was thus around 12%.

Challenges and Recommendations

The Authority experienced the following challenges during the period under review:

i) Inadequate human resources - although the EACA's approved six (6) vacant positions were advertised, only one (1) staff (Deputy Registrar Mergers and acquisitions) was recruited. Staff number is not adequate to handle the enforcement matters as stipulated in the Act and other administrative issues regarding the setup of the Institution.

Competition regulation is a new focus area in the region and getting the staff with requisite skills is challenging. Cognizant of this, technical assistance programmes would need to be sourced to provide professional consultants who may assist in developing tools necessary for enforcement of the competition law. Also temporary
staff will need to be employed to fill the gaps. It is expected that the approved vacant posts will be filled and also after the approval of the ongoing EAC Job Evaluation and Work Load Analysis being undertaken, the EACA shall populate its organizational structure for consideration.

ii) Budgetary constraints - despite proper prioritization of the issues the EACA planned to undertake, the limited resources strained its ability to perform. The Act clearly stipulates that the EACA will be funded from the budget of the Community. However, currently the EAC emphasis is on cutting costs and zero increase in budgeting due to financial constraints. The EACA’s allocation for the year under review was US$1,587,565. The funds were minimal as the EACA endeavours to build the requisite infrastructure and systems. The EACA is new and requires the support of Partner States in order to achieve its mandate. The EACA will also be expected to raise financial resources through other means such as notification fees and also seek technical assistance from Development Partners.

iii) Limited Competition Culture in the region - low appreciation of the benefits of competition. This contributes to distortions in the regional markets. This situation is exacerbated further by the fact that development of competition law in the region is low. In particular, it is the United Republic of Tanzania and Republic of Kenya which have operational national competition agencies. The Republic of Rwanda and Republic of Burundi have enacted laws, which are yet to be operationalized. The Republic of Uganda and Republic of South Sudan have draft competition bills. The above rugged terrain posits for accelerated initiatives towards levelling competition policy and law development across the Partner States. It is envisaged that once the EACA becomes fully operational, the process of operationalizing competition laws in Partner States will be actualized and enhanced. To ameliorate this situation, the EACA will roll out awareness raising activities targeting key stakeholders within the region with the objective of ensuring that the benefits of competition are understood and realized.

19 East African Development Bank

The East African Development Bank (EADB) is a development finance institution with the objective of promoting development in the member countries of the East African Community. The Bank was established in 1967 with the remit to provide financial and other support to its member countries, which currently are Kenya, Tanzania, Rwanda and Uganda. Burundi has also applied to become a member state to the Bank.

The EADB’s loan portfolio is spread widely, but more than 60% of its lending is to projects in health and education, hotels and tourism, construction and building, electricity and water, and agriculture; all of which are central to the current and future prosperity of the region and its people. During financial year 2016/17 the Bank recorded a number of achievements, among which:-

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a) Solid and Sound Financial Performance

The Bank's financial position is solid with strong liquidity. Following its strong performance, the EADB continues to receive positive rating internationally. The Bank has been rated Baa3 with stable outlook by Moody's Investor services for three consecutive years since 2015. The Bank's key strength lies on strong capital buffers, which remains among the highest in Moody's multilateral development bank universe, with asset coverage ratio of 120% and high liquidity position.

b) Enhanced Partnership with Multilateral Development Financial Institutions

(i) Partnership with KfW Germany

On 17th March 2017, EADB signed a financing agreement with KfW, a German state-owned development bank to finance Kenya's small farmers under the 'Agricultural Financing Kenya' project. The project is funded by the German government as part of the wider 'One World - No Hunger' initiative. The project with funding of €13 million will focus on agriculture sector's small and medium enterprises (SMEs) and farmers along the value chain in Kenya. The EADB will be the implementing agency for the project. The program follows a model similar to previous project by KfW in which EADB delivered over € 20 million in financing to SMEs in rural Uganda and the country's agricultural value chain.

(ii) Partnership with French Development Agency (AFD)

Currently, discussions are underway between the EADB and AFD for a potential line of credit and technical assistance amount to US$20 million for on-lending to SMEs.

(iii) Medical Training and Fellowship Programme (METAF)

The EADB continues to implement the medical training and fellowship programme. The program is a four-year term (2017-20) that aims to increase the early detection, research and treatment of cancer and neurological diseases in East Africa, especially in communities and areas where access to qualified professionals remain a challenge. Funded by EADB, the METAF programme is delivered by the British Council in partnership with the Royal Council of Physicians (RCP), who act as the technical partner. The training was officially launched in 2016 and has already benefitted a number of doctors and their communities. To date, 85 doctors have received training in neurology and 175 doctors trained in oncology.

(iv) Science, Technology, Engineering and Math's (STEM) University Scholarship

The Bank continues to implement the Science, Technology, Engineering and Math's (STEM) University Scholarship Programme that offers multiple fast-track 12-month scholarships to experienced teachers and lecturers that have a bachelor's degree in the STEM subjects. Successful scholars are offered the opportunity to pursue a graduate degree in the same fields at Rutgers University, New Jersey, the United States of America.
Three scholars graduated in August 2017 from a program that started in September 2016. In 2017, the EADB has sent four scholars from East Africa to pursue similar training.

(v) Strengthening Capacity on Extractive Industry Contract Negotiations in East Africa

EADB continues its partnership with DLA Piper, a global law firm, towards strengthening capacity related to extractive industry contract negotiations in East Africa. This partnership takes the form of co-hosting regional training seminars aptly themed Extractive Industries Training. These high-level symposiums have been designed to endow and sharpen the skills of the public sector lawyers involved in structuring, negotiating transactions, and drafting agreements for and on behalf of Government in extractive sectors and other large scale projects. Four workshops have taken place since 2015 and 176 judges and lawyers from public sector have been trained.

(vi) Partnership between the EADB and UNFCCC- RCC Kampala

In 2017, the United Nations Framework Convention on Climate Change (UNFCCC) Regional Collaboration Centre (RCC)-Kampala, with the support of its host partner-EADB, has engaged various stakeholders in the region resulting in the formation of instrumental partnerships towards low-carbon/climate resilient development in the East Africa region. The following are some of the activities conducted by RCC:-

- Regional workshops for airlines on compliance with the Carbon Offset and Reduction Scheme for International Aviation (CORSIA), recently agreed by the ICAO;
- Workshop to support the Government of Rwanda to turn its Nationally Determined Contribution (NDC) into action, the workshop that took place in April 2017;
- RCC Kampala and EADB participation in a series of events on mainstreaming green growth in Uganda’s economy, organized by the Global Green Growth Institute;
- A workshop to build capacity for private sector stakeholders and government institutions in Ethiopia on management of Clean Development Mechanism (CDM) activities and the role of climate finance therein. The workshop that took place in August 2017;
- A Consultative Expert Dialogue on Carbon Pricing. The workshop that took place in Nairobi on 5th – 6th October 2017. The workshop brought together stakeholders from both the public and private sector to discuss the potential of carbon pricing in Africa; and
- Support of several local projects and initiatives implementing the Clean Development Mechanism (CDM).
20 Conclusion and Recommendations

The EAC Annual Report 2016/17 has highlighted the remarkable progress that the Community made in advancing the EAC integration agenda as enshrined in the EAC Treaty.

The gazettlement and publication of the EAC Elimination of Non-Tariff Barriers Act 2017, gazettlement of 106 East African Standards for the most commonly traded goods like textiles and apparel, leather and leather products, cereals and pulses, oil seeds, fats and oils, packaging, nutrition and foods for special dietary uses were key milestones in facilitating free movement of goods across the region.

The declaration by the Council of 1st October, 2016, as the commencement date for the EAC Vehicle Load Control Act, 2016 and the EAC One Stop Border Posts Act, 2016, and the upgrading of border posts to OSBPs have led to remarkable reduction in transport costs and increase in intra-EAC trade. Of the 15 border posts being upgraded to OSBPs, nine were completed and operationalized while the construction of the remaining six is nearing completion. With these initiatives, it is important to note that the Community is making great strides in facilitating the free movement of factors of production across the region.
Progress in the implementation of the East African Monetary Union (EAMU), the third pillar in the EAC Integration process is also promising. In April 2017, Bills for the establishment of the EAC Monetary Institute and EAC Bureau of Statistics were cleared by the EAC Council of Ministers and forwarded to EALA for enactment. The progress made so far indicates that the 2024 timeline for the establishment of the Monetary Union looks achievable.

Notwithstanding registered achievements, the Community continues facing a number of challenges which led to non-implementation of some planned activities. The key challenges include late disbursements of funds by both Partner States and Development Partners, limited staffing levels in EAC Organs and Institutions, delays in the finalization of the EAC institutional review and alternative sustainable financing mechanism for the Community.

To address the challenge of inadequate funding, it is recommended that the institutional review process be expedited to provide EAC Organs and Institutions with adequate staffing levels and financial resources to fund activities to enable the Organs and Institutions to effectively execute their mandates. It is also recommended that intensive resource mobilization efforts should be instituted to support the implementation of the Community projects and programmes.