



EAST AFRICAN COMMUNITY

EAST AFRICAN LEGISLATIVE ASSEMBLY (EALA)

Official Report of the Proceedings of the East African Legislative Assembly

172nd SITTING-SIXTH MEETING–FIFTH SESSION–THIRD ASSEMBLY

Thursday, 25 May 2017

The East African Legislative Assembly met at 2.36 p.m. in the Chamber of the East African Legislative Assembly, Arusha, Tanzania.

PRAYER

(The Speaker, Mr Daniel .F. Kidega, in the Chair.)

(The Assembly was called to order)

COMMUNICATION FROM THE CHAIR

The Speaker: Honourable Members, the Office of the Clerk is finalising the form for the extension of medical insurance for Members who are supposed to renew theirs. We are fine-tuning the terms and conditions of the agreement by AAR. So, I beg you to be patient with me while we finalise that. Thank you.

ADMINISTRATION OF OATH

The Speaker: Honourable Members, I rise to notify you that the President of the Republic of Burundi appointed Hon. Isabelle Ndahayo, Minister of EAC Affairs in April 2017. The Minister is present and would like to take her seat in this House. However, in accordance with Rule 5 of the

Rules of Procedure of this Assembly, she cannot sit or participate in the proceedings of the House until she takes the Oath of Affirmation of Allegiance to the Treaty as a Member of the Assembly. Rule 5 (5) specifically states that, “*When a Member first attends to take his or her seat other than at the First Sitting of a new House, he or she shall be brought to the Table by two Members and presented by them to the Speaker, who shall then administer the Oath of Affirmation of Allegiance to him or her.*”

I, therefore, request any two Members who know Hon. Isabelle Ndahayo to bring her to the Table and present her before me to enable me administer the Oath of Allegiance.

The oath was administered to:

(i) *Ms Isabelle Ndahayo.*

The Speaker: May the honourable Minister be led to her rightful seat. - (*Applause*) – Honourable Members, I would like to take this very unique opportunity to congratulate Hon. Isabelle Ndahayo for being appointed the Minister in charge of EAC Affairs of the Republic of Burundi. In a very special way, I would like to extend my appreciation to the President of the Republic of Burundi, H.E. Pierre Nkurunziza, for rewarding the Third Assembly by recognising one of our Members by appointing her a Minister. - (*Applause*) – There cannot be any better gift than this for the Third Assembly. - (*Applause*) – This is a vote of confidence in the Assembly and also to her for the good performance. May God bless you in your service and congratulations again. (*Applause*)

PAPER LAID

The Speaker: Honourable Chair, Council of Ministers, can you please lay the paper?

The State Minister for East African Affairs, Uganda (Julius Wandera Maganda): Mr Speaker, in accordance with the provisions of Article 49(2)-

The Speaker: Hon. Minister, I think the first item was to lay the paper and the next one to move the motion.

The State Minister for East African Affairs, Uganda (Julius Wandera Maganda): Mr Speaker, in accordance with the provisions of Articles 49(2) (b), 132(1), 132(2) of the Treaty and Rule 75 (2) of the Rules of this Assembly, I beg to lay on the Table the financial statements and estimates of expenditure for the East African Community for the Financial Year 2017/2018. I also beg to lay financial statements and estimates of expenditure for the supplementary budget for the Financial Year 2016/2017. I beg to lay.

The Speaker: Thank you hon. Minister.

MOTION

CONSIDERATION OF THE BUDGET OF THE EAST AFRICAN COMMUNITY FOR FY 2017/2018

The Speaker: Hon. Chairperson, Council of Ministers, proceed to move the motion.

The State Minister for East African Affairs, Uganda (Julius Wandera Maganda): Mr Speaker, I beg to move a motion that this Assembly resolves into a Committee of the House to debate and approve the proposals by the Council of Ministers for the budget of the East African Community for the Financial Year 2017/2018. I beg to move.

The Speaker: Seconders? They are hon. Tiperu, hon. Taslima, hon. Nakawuki, hon. Ndahayo and all the Members who are standing. I now call the Chair, Council of Ministers to proceed but allow me to interrupt you a bit. Honourable Members, today is a very unique day for us as the Third Assembly. I would like, in a very special way before the Minister proceeds, to recognise the presence of our newly appointed Secretary General from the United Republic of Tanzania. You are most welcome into the service of the Community. This Assembly wishes you well and we thank H.E. President John Magufuli for appointing you to come and serve at this level.

(Applause)

I would like to further recognise the presence of our good friends again; the students of Tengeru Institute of Community Development, Arusha, led by Mr Jackson Muhoho, a lecturer from the Institute. Thank you for tracking our proceedings.

I would also like to recognise the youth of United Nations, led by Ms Susan Murewu, the Ambassador of EAC from the United Republic of Tanzania, as well as members of the East African Youths Ambassadors' Platform; our good friends, led by Kamara Dickson. You are most welcome. Hon. Minister, you may proceed.

PRESENTATION OF THE BUDGET OF THE EAST AFRICAN COMMUNITY FOR THE FINANCIAL YEAR 2017/2018 TO THE EAST AFRICAN LEGISLATIVE ASSEMBLY

Mr Speaker, the theme of this year's budget is: *"Accelerating Implementation of the EAC Integration Agenda"*.

1. The Budget estimates for the Financial Year 2017/2018 are being presented at a time when the integration process is gathering momentum, with the EAC membership expanding to six Partner States. This follows the deposit of ratification on the Accession to the Treaty for the Establishment of the East African Community by the Republic of South Sudan instruments to the Secretary General of the East African Community (EAC) on 5th September 2016.

ECONOMIC PERFORMANCE AND OUTLOOK

2. Mr Speaker, the global economy expanded by 2.9 per cent in 2016, compared to a revised growth of 3.1 per cent in 2015. The slowed growth was occasioned by constrained global trade, subdued investment and heightened policy uncertainty, associated with the United Kingdom (UK) decision to leave the European Union (EU) and elections in the United States of America (USA).
3. Mr Speaker, Sub-Saharan Africa's real Gross Domestic Product (GDP) is estimated to have expanded by 1.5 per cent in 2016, compared to 3.8 per cent growth registered in 2015. The

slowdown in growth in the region was mainly because of decelerated growths in South Africa and in oil exporting countries, whose economic activities were strained by a considerable drop in international oil prices. Lower commodity prices for metal exporting countries and domestic shocks from a generally less supportive global economic environment also contributed to the slowed growth. Currency depreciation in most Sub-Sahara countries, coupled with rising food prices due to drought, resulted in an increase in inflation from 7.0 per cent to 11.3 per cent in 2016.

4. Mr Speaker, real GDP in the EAC is estimated to have grown by 6.1 per cent, compared to 5.8 per cent growth recorded in 2015. The growth was largely supported by investment in public infrastructure, buoyant private consumption and low oil prices. Tanzania recorded the highest real GDP growth in the region, expanding by 7.2 per cent in 2016, compared to a growth of 7.0 per cent in 2015. Kenya and Uganda recorded improved economic performance of 5.8 per cent and 4.8 per cent respectively in 2016, compared to 5.7 and 4.8 per cent in 2015. Rwanda recorded a decelerated growth of 6.0 per cent, compared to 6.9 per cent in 2015. Real GDP in Burundi contracted by 0.5 per cent in 2016, compared to a contraction of 4.0 per cent in 2015.
5. On the outlook, Mr Speaker, the world growth is projected to rise from 2.9 per cent in 2016 to 3.5 per cent in 2017 and 3.6 per cent in 2018, according to the IMF's April 2017 World Economic Outlook. Stronger activity and expectations of more robust global demand, coupled with agreed restrictions on oil supply, have helped commodity prices recover from their troughs in early 2016.

REVIEW OF EAC PROGRAMME PERFORMANCE FOR THE FINANCIAL YEAR 2016/2017

6. As honourable Members will recall, this August House approved a budget of US \$101,374,589 for the Community for the Financial Year 2016/2017, which focused on the following priorities:
 - i) Full implementation of the EAC Single Customs Territory;
 - ii) Enhanced implementation of the EAC Common Market Protocol, especially with regard to negotiating additional commitments and interconnectivity of border immigration systems and procedures across the Partner States;
 - iii) Development of cross-border infrastructure and harmonisation of laws, policies and standards in the respective sub-sectors;
 - i. Implementation of a liberalised EAC air space,
 - ii. Enhanced implementation of computerised weather prediction models;
 - iii. Implementation of a One Network Area in telecommunications and
 - iv. Convene the 4th Heads of State Retreat on Infrastructure Development and Financing.
 - iv) Enhancement of productivity and value addition in key productive sectors including: regional agricultural and industrial value chains and strengthen capacity for food security, natural resources, tourism and wildlife management;
 - v) Institutional strengthening;
 - vi) Development and harmonisation of policies, legislation, regulations and standards to establish an EAC Energy Common Market, including work on an EAC Energy Exchange and finalise remaining energy interconnectors across borders; and
 - vii) Implementation of EAC Peace and Security Initiatives.
7. Mr Speaker, I am pleased to report that the Council of Ministers has ensured that the resources allocated for these activities were put to effective use. As of March 2017, the budget performance stands at 65 per cent for activities funded by Partner States and 31 per cent for Development

Partners. The details of the programme performance and status of implementation and achievements made under the 2016/2017 Budget have been availed to the General Purpose Committee of EALA to inform the consideration of the Budget for Financial Year 2017/2018. In this Budget presentation, allow me to report on these activities under the functional areas for ease of reference. I will also highlight Legal and Judicial, Human Resources, Finance and Administration, as well as other cross-cutting issues in the EAC integration and development process. My review will also look at developments in the other EAC Organs and Institutions.

1.1. EAC SECRETARIAT

1.1.1. DIRECTORATE OF CUSTOMS

a) Implementation of a Single Customs Territory

8. Mr Speaker, the Consolidation of the Customs Union remained a key priority during the period under review. The operationalisation of the Single Customs Territory, the establishment of One Stop Border Posts and the development of the regional Customs instruments underpinned the drive to promote conducive trade and investment in the region. Following the successes registered during the initial stages of the Single Customs Territory, the roll out of goods cleared under the Single Customs Territory was expanded both on the Northern and Central Corridors. Coupled with this, customs automation across the region was enhanced in all Partner States with upgrades of the customs systems and migration to more advanced and robust systems. At the regional level, an interconnectivity programme was initiated, which will address the current weaknesses in customs valuation and monitoring of goods across the region. An initiative to establish a Single Integrated Customs Platform for the entire EAC commenced. Integration of customs functioning was enhanced through cross border deployment of staff in other Partner States. This has led to improved accountability, deterrence of smuggling and closer cooperation amongst customs administration under the coordination of the Customs Directorate at the EAC.

Overall, the initiatives on trade facilitation, including the Single Customs Territory and the One Stop Border Posts, led to an increase in intra-EAC Trade and eased cross-border trade as depicted in the World Bank report of 2016 on the Ease of Doing Business; where EAC countries registered better performance on the indicator of trading across borders.

b) Review of the EAC Common External Tariff and EAC Rules of Origin

9. Mr Speaker, during the period under review, changes were made on the duty rates of some goods in EAC Common External Tariff (CET) to align them to the prevailing business environment. In particular, duty rates on steel products were revised upwards to 25 per cent to be in tandem with the increased capacity to produce the products in the region. In addition, tariff reviews were made on a number of raw materials to stimulate production of specific goods within EAC. In view of the fact that the current EAC CET came into effect in 2005 and given the dynamic trade and production environment in the EAC, the Council directed that a comprehensive review of the tariff be made to align the structure to the realities on the ground. The CET review is ongoing and the exercise will be finalised by September 2017. The revised Rules of Origin are being implemented across the EAC with no significant complaints amongst traders, save for a few areas which are being addressed. Generally, the rules have facilitated trade in goods, hitherto, not accorded preferential treatment such as motor vehicles assembled within the EAC.

c) Operationalisation of One Stop Border Posts

10. The One Stop Border Posts (OSBPs) Act was fully assented to and gazetted for its commencement. The OSBP regulations were finalised by the Sectoral Council on Legal and Judicial Affairs and adopted during the 35th Meeting of the Council of Ministers. The OSBP manual is going to be aligned with the regulations and implemented accordingly. A comprehensive OSBP training programme will be carried out for all border stations under OSBPs to build capacity for effective operationalisation of the OSBPs in the region.

d) Partnership with Private Sector and other Agencies and Implementation of the Regional Authorised Economic Operator Programme

11. Mr Speaker, in operationalising the Single Customs Territory, Customs has strengthened its collaboration with the private sector through sensitisation and capacity building on customs instruments and procedures. The appreciation and support by the private sector for the Single Customs Territory and Trade Facilitation programmes has substantially increased through close engagement and partnerships. Involvement of other key agencies like the ports authorities, bureaus of standards, pest control agencies and weigh bridge authorities has resulted into more coordinated treatment of goods on importation. An initiative to enhance compliance amongst traders is being implemented through an Authorised Economic Operators project, whereby compliant traders are accorded an expedited clearance status that has led to lowering of costs of doing business, increased turnaround in the movement of trucks and decreased administrative costs by Customs, resulting into improved revenue collection.
12. During the period under review, the implementation of the Regional Authorised Economic Operator (AEO) programme proceeded with sensitisation of stakeholders in Dar es Salaam, Mombasa and some key borders along the Northern and Central corridors; reaching out to a total of 492 participants from Customs, other Government agencies and clearing agents. A review to align the programme with the existing EAC legal framework and the SAFE Framework of Standards was also carried out and the programme manuals were finalised and approved for publication. Diagnostic studies were conducted in all Partner States to assess gaps and tailored work plans were drawn by each Partner State to address the identified gaps. Further, a review was undertaken and IT enhancements required for the identification of AEOs and exchange of AEO information in the Customs Management Systems were agreed on. During the period, the number of companies recognised as regional authorised economic operators increased from 13 to 42.

e) Customs Capacity Building

13. Mr Speaker, to continuously enhance the human resource capacity of the Customs administrations, all the Partner States customs training institutions have rolled out the common Customs curriculum; with the United Republic of Tanzania graduating its first students in December 2016. In Kenya, the EAC Certificate in Customs Administration Curriculum has been accredited by the Technical and Vocational Educational Training Authority to offer diploma and certificate programmes. A lot of progress has been made by Partner States on accreditation of the EAC Common Curriculum by entering into Memoranda of Understanding (MOUs) with local universities. The capacity of Customs officials and the private sector were enhanced with regard to the Revised EAC Rules of Origin, through training and sensitisation that were conducted in all Partner States. The clearing agents' capacity to further undertake training and sensitisation was enhanced through a training of trainers' session, where over 38 trainers participated. The capacity of the National Committee on Duty Remission for the Republic of Burundi was enhanced through an intensive workshop that was conducted in Bujumbura during this period. To create access to

expertise in Customs, a Trade and Tax, web-based Expert Database was developed and is being rolled out.

f) The EAC Customs Strategy

14. The Partner States Customs Administrations and the Directorate of Customs have developed the Regional Customs Strategy for the planned period 2016/2022. The overall objective of the Customs Strategy is to attain a fully functioning Customs Union. The key strategic intervention that will guide Customs programmes and projects are:

- (i) To establish an integrated and efficient Customs institutional framework;
- (ii) To enhance trade facilitation to promote trade, investment and production;
- (iii) To enhance efficiency in revenue management;
- (iv) To establish an integrated Customs Information Management System;
- (v) Integrate the Republic of South Sudan Customs administration into the Customs Union.

The Customs Strategy has been approved by the Sectoral Council on Trade, Industry, Finance and Investment

g) World Trade Organisation Trade Facilitation Agreement

15. Mr Speaker, the EAC embarked on the implementation of the World Trade Organisation (WTO) Trade Facilitation Agreement (TFA) measures such as harmonisation and simplification of trade documentation and procedures as a bloc, in line with the Treaty establishing the EAC, the EAC Customs Union Protocol and EAC Common Market Protocol. All Partner States have notified their category A to WTO and the EAC Secretariat has organised 1st and 2nd rounds of training for all Partner State between May 2015 and September 2016. The national workshops were aimed at assisting the NTFCs to formulate their terms of reference and national implementation plans for the WTO Trade Facilitation Agreement. Only Kenya has ratified the WTO TFA while other Partner States have developed Cabinet Papers, which will lead to the ratification of the Agreement.

1.1.2. DIRECTORATE OF TRADE

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

16. Mr Speaker, the EAC Non-Tariff Barriers Bill was passed by the East African Legislative Assembly in March 2015 and is currently undergoing assent by the EAC Partner States. The United Republic of Tanzania, the Republic of Kenya and the Republic of Uganda have assented to the Act. The Act was sent to remaining Partner States for assent. The EAC Non-Tariff Barriers (NTBs) Act is expected to address outstanding NTBs in the EAC Time Bound Programme (TBP), in pursuit of promotion of intra-EAC trade and to curtail the proliferation of NTBs in the region. The status of NTBs in EAC region, as at the end of December 2016, indicated that sixteen (16) NTBs are unresolved, four (4) new NTBs had been reported and one hundred and thirteen (113) NTBs had been cumulatively resolved since 2009.

(b) Publication of EAC Trade and Investment Report 2015

17. Mr Speaker, the Secretariat, in partnership with Partner States and with support from TradeMark East Africa (TMEA), published EAC Trade and Investment Report 2015 whose key revelations are highlighted below:

- (i) East African Partner States' economies continued to grow in 2015 at a rate averaging 5.7 per cent per year.
- (ii) EAC continued to experience a trade deficit with the rest of the world. During 2015, the trade deficit for the EAC grew by 11.3 per cent to US \$23.4 billion up from US \$21.0 billion in 2014.
- (iii) Foreign Direct Investment (FDI) inflows into the region decreased by 16.4 per cent from US \$8.6 billion to US \$7.2 billion in 2014 as a result of a decrease in FDI to the United Republic of Tanzania and Uganda, while there was growth of FDI inflows into Kenya and Rwanda.

(c) Jua Kali/NguvuKazi Exhibition

- 18. Mr Speaker, the Secretariat held the Jua Kali/NguvuKazi Exhibition from 5th – 11th December, 2016 in Kampala, Uganda to promote the Jua Kali sector in the EAC region and sensitise them about market opportunities that exist in the region. The exhibition was attended by arts and crafts exhibitors from all Partner States.

(d) Cooperation with the USA

- 19. Mr Speaker, following the re-authorisation of the AGOA Act by the US Congress in 2015 for a further ten years, the EAC developed a regional AGOA strategy toward greater utilisation of the trade and investment advantages that are available in the AGOA Act. The EAC AGOA Strategy was adopted by the 34th Council of Ministers on 6th September, 2016.
- 20. Mr Speaker, the EAC Partner States and the United States continue to engage on the Trade and Investment Partnership. Work plans have been developed to implement the EAC-US Cooperation Agreement on Trade Facilitation, Sanitary and Phyto-Sanitary (SPS) and Technical Barriers to Trade (TBT) which was signed in February 2015. The EAC and US have also begun discussions on a cooperation agreement on investment facilitation, focusing on investment promotion, responsible business practices as well as investor and state obligations. In addition, the EAC and US are reviewing and updating the Commercial Dialogue Work Plan with a view to having it implemented in 2017 and 2018. The EAC and U.S. have also begun discussing the strategic way forward for the future of US-Africa Trade and Investment relationship beyond AGOA.

(e) Trade in Services

- 21. Mr Speaker, the process for amendment of the Common Market Protocol provisions on trade in services and revision of schedules of commitments, which commenced in 2015, is ongoing. The Partner States have revised the draft regulations on Trade in Services and are undertaking national consultations on the draft guidelines, for further negotiations for deeper commitments on Trade in Services, as well as finalising the revision of their Schedule of Commitments.

(f) Standardisation, Quality Assurance, Metrology And Testing Activities

- 22. Mr Speaker, nineteen (19) East African standards declared by the Council of Ministers in 2016 were gazetted and are now ready for adoption by the Partner States to facilitate the free movement of the most commonly traded goods, as per the SQMT Act. In addition, initiatives on peer assessment on product certification and inspection activities, aimed at harmonisation of procedures as a move towards mutual recognition of products certification marks and inspection procedures, were undertaken.

1.1.3. DIRECTORATE OF PLANNING**(a) Formulation of the 5th EAC Development Strategy (2016/17-2020/21)**

25. Mr Speaker, the EAC Secretariat has been coordinating the process of formulating the 5th EAC Development Strategy, covering the period 2016/2017 – 2020/2021. The consultations with different categories of stakeholders in the Partner States were undertaken to gather their inputs and a final draft of the development strategy will be considered by the Sectoral Council of Ministers responsible for EAC Affairs and Planning at its next meeting, scheduled take place in June 2016.

(b) Establishment of a Research Unit

26. Mr Speaker, following a request from the EAC Secretariat, the Executive Board of the African Capacity Building Foundation (ACBF) approved a grant of US \$1 million to the EAC to contribute towards the financing of the capacity building project to enhance research function at the EAC Secretariat. An initial team of well trained staff have been recruited to run the unit, which is expected to coordinate the research efforts at the EAC Secretariat and mainly focus mainly on core economic research needs related to trade, common market and monetary union.

(c) Establishment of Institutions to support the East African Monetary Union (EAMU)

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

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

28. Mr Speaker, the establishment of each of these four institutions will, among others, require legal instruments in the form of a Bill. To this effect, the EAC Secretariat is currently working with Partner States to develop legal instruments for the establishment of these institutions. Bills for the establishment of the EAC Monetary Institute and the EAC Bureau of Statistics have so far been developed and cleared by the Council of Ministers and forwarded to EALA for consideration. The Bill for the establishment of EAC Surveillance, Compliance and Enforcement Commission has been negotiated by the EAMU Task Force and cleared by the Sectoral Council on Finance and Economic Affairs and has been forwarded to the Sectoral Council on Legal and Judicial Affairs for legal input. Meanwhile, a study on financial sector regulatory and supervisory architecture was undertaken to inform the drafting of the Bill for the establishment of the EAC Financial Services Commission.

(d) Medium-Term Convergence Programmes (MTCPs)

29. Mr Speaker, during the Financial Year 2016/2017, Medium Term Convergence Programmes (MTCPs) were developed as part of the fiscal policy surveillance to guide the EAC Macroeconomic Convergence Criteria in the run-up to the Monetary Union. The programmes put forward a mechanism for achieving the macroeconomic convergence target by 2021, which is a prerequisite for the establishment of the EAC Monetary Union.

(e) Coordination and Harmonisation of Fiscal Policy

31. Mr Speaker, regarding the harmonisation of fiscal policies, some marked achievements were made during the period under review. Two policy documents were developed to guide the process of tax harmonisation:

- (i) The EAC Tax Treaty Policy, which was developed to provide a policy framework for the EAC Model Tax Treaty to guide future treaty negotiations by the EAC Partner States.
- (ii) The EAC Model Tax Treaty, which is expected to further develop Partner States' economic relationship and enhance cooperation in tax matters in order to eliminate double taxation without creating opportunities for tax evasion or avoidance.

(f) Establishment of Forecasting and Policy Analysis System (FPAS) Technical Working Group

32. Mr Speaker, as part of modernising monetary policy frameworks in the region, the EAC Central Banks are progressively adopting a forward-looking, interest rate-based monetary policy framework, in which forecasting is expected to assume greater importance in producing a forward-looking assessment of the economies, particularly inflation and growth. Against this background, the EAC Central Banks have embarked on building a comprehensive model based on Forecasting and Policy Analysis Systems (FPAS). To facilitate such efforts, a Regional FPAS Technical Working Group was established during the period under review, to share experiences and strengthen the capacity on the implementation of FPAS in the EAC Partner States' Central Banks.

33. Mr Speaker, the first priority for the next Financial Year is the enactment of legal instruments establishing institutions to support EAMU. The target here is to have legal instruments establishing the East African Monetary Institute and the EAC Statistic Bureau during the Financial Year 2017/2018.

Another priority is the implementation of the roadmap for harmonisation of monetary and exchange rate policies. Specific targets here are

- (i) To have a forward looking monetary policy framework adopted by EAC Central Banks and
 - (ii) To have a harmonised exchange rate computation methodology adopted by all EAC Central Banks.
- Harmonisation of fiscal policies will also be a priority during the next financial year, building on the achievements made so far. Specific targets will be to develop and implement tax harmonisation policies for VAT and Excise Tax.

(g) Cooperation in Statistics Harmonisation and Development

34. Mr Speaker, the Secretariat has been implementing the first EAC Regional Statistics Development Plan (RSDP), covering the period 2011/2012 – 2016/2017. Preliminary terminal review reveals that significant milestones towards producing harmonised and comparable statistics and establishing a legal and institutional framework to govern the production and management of Community Statistics as set out in the plan have been achieved. In this regard, Mr Speaker, I am pleased to inform this Assembly that the Council has already referred the Draft Bill that will establish the East African Statistic Bureau to this August House for debate and enactment.

35. Mr Speaker, with the current Regional Statistics Development Plan (RSDP) due to lapse in June 2017, the Secretariat has embarked on and is nearing completion of developing the RSDP II covering the period 2017/2018 - 2022/2023.

(h) Financial Sector Development and Regionalisation Project

36. Mr Speaker, the Financial Sector Development and Regionalisation Project I (FSDRP I) is an initiative of the EAC Secretariat, in collaboration with the World Bank. The EAC and the World Bank established the FSDRP following the signing and ratification of the Common Market Protocol by the Partner States. The project was established with a view to provide a foundation for financial sector integration among the Partner States and strengthen the financial sector through the establishment of a single market in financial services. The period for the first grant of US \$16 million came to an end on 30 September, 2016. The World Bank Board met and approved US \$10.5 million in additional financing for the project. The Project was declared effective on 15 February, 2017 with a three-year timeframe for implementation running from 2016-2019.

(i) Integration of Payment and Settlement System

37. Mr Speaker, the Secretariat is undertaking the acquisition of infrastructure to support the Payment and Settlement Systems in the region. With support from the African Development Bank (AfDB), the following payment systems were procured and implemented:

- (i) Automated Clearing House systems (ACHs) to accommodate cheque truncation system for National Bank of Rwanda;
- (ii) Disaster recovery sites and business continuity infrastructure for Central Bank of Kenya; National Bank of Rwanda, and Bank of Tanzania;
- (iii) Network upgrade and SWIFT infrastructure upgrade for National Bank of Rwanda;
- (iv) Upgrade of the large value payment system - UNISS is ongoing in Uganda and the bidding documents for the upgrade of Central Bank of Kenya and Bank of Tanzania large value systems have been submitted to AfDB for consideration and approval and
- (v) Bids to procure and implement disaster recovery and business continuity infrastructure equipment for Bank of the Republic of Burundi were successfully evaluated. The contract for SWIFT connectivity to enable the Burundi integrate to the East African Payment System (EAPS) was signed in March 2016 and awaits Belgium to lift the travel Ban to Burundi to commence implementation.

38. Mr Speaker, the development of a harmonised legal framework for a single financial market is ongoing. The procurement process to engage a consulting firm to support EAC develop and draft legislation and policy to ensure that the payment and settlement systems are adequately supported was finalised and the evaluation report submitted to AfDB for no objection. Laws and enabling regulations for Central Securities Depository (CSD) for Burundi and Rwanda have been developed and National Payment System (NPS) Policy Framework for the Bank of Uganda as a prerequisite to the enactment of the NPS Act finalised. The procurement process to engage a consultant to develop and draft payment systems regulations for the National Bank of Rwanda is in an advanced stage.

39. Mr Speaker, enhancement of capacity building and skills development in areas of payment and systems operations is in advanced stage. Officers from Partner States' Central Banks and EAC Secretariat have attended various training and attachments/study visit to institutions of payment systems to acquire skills and gain exposure in areas of payment and settlement systems modernisation process.

1.1.4. DIRECTORATE OF INFRASTRUCTURE

(a) Roads Sub-sector

40. Mr Speaker, in May 2017, the construction of the Taveta–Mwatate road, which is 90 kilometers long and is part of the multinational Arusha–Holili/Taveta–Voi road, was substantially completed. It now takes one and a half hours to cover the distance, from the previous four hours when it was a gravel road. On the Tanzanian side, the doubling of the Sakina–Tengeru section, 14 kilometers long, was nearing completion and construction of the 42-kilometer long Arusha Bypass had commenced. Discussion between the Government of the United Republic of Tanzania and JICA was ongoing for the funding of the Tengeru to Holili section of the project. Further, the detailed design studies for the 400-kilometer Malindi–Lunga Lungu and Tanga–Bagamoyo road between Kenya and Tanzania were completed and the AfDB commenced the loan negotiation process by launching an identification mission in May 2017. It is anticipated that construction of sections of the road will commence by early 2019.
41. In addition, the feasibility studies and detailed designs of two key links for the Republics of Rwanda and Burundi to the Central Corridor commenced in April 2016. One project is the 250-kilometer long Nyakanazi–Kasulu–Manyovu road in Tanzania linking to the 78-kilometer long Rumonge–Bujumbura road in Burundi. The other is the 92-kilometer long Lusahunga–Rusumo road in Tanzania linking to the 70-kilometer long Kayonza–Kigali road in Rwanda. The studies are expected to be completed by December 2017, after which it is hoped that loan negotiations will commence.
42. In April 2017, the NEPAD-IPPF agreed to consider a request from the EAC to fund the studies on an additional multinational road project; the 87-kilometer long Masaka–Mutukula Road in Uganda, linking to the 163-kilometer long Mutukula–Kyaka and Bugene–Kasulo–Kumunazi roads in Tanzania. It is expected that a grant agreement will be signed during the 2017/2018 Financial Year.
43. Both the EAC Vehicle Load Control Act 2016 and the EAC One Stop Border Post Act 2016 commenced on 1 October, 2016. The regulations to support the implementation of the two laws were adopted by the Council in April 2017. The EAC standardised curricula for drivers of large commercial vehicles have been adopted by the Council of Ministers and the preparation of a legal framework to support their implementation is ongoing.

(b) Railways

44. Mr Speaker, the construction of the Mombasa–Nairobi Standard Gauge Railway line in Kenya is almost complete and inauguration is scheduled for June 2017. The construction of the Nairobi–Naivasha section has also commenced. Similarly, construction of the new Standard Gauge Railway of the Kampala–Malaba section in Uganda is expected to commence during Financial Year 2017/2018. For the Central Corridor, the construction of the Dar es Salaam–Morogoro section commenced in April 2017.
45. The Secretariat completed a study known as the EAC Railways Sector Enhancement Project in August 2016. The study has made recommendations on new priority lines and has proposed institutional reforms aimed at improving the railways sector in the region. To facilitate the

development and operation of seamless and efficient railway transport services in the region, the Secretariat has developed technical specifications for rail infrastructure and appropriate regulations for safety, inter-operability and access management. These await the development of appropriate legal frameworks to anchor their implementation.

46. Under African Union (AU) Agenda 2063, the Heads of State are desirous to interconnect capital cities in Africa with high speed inter-city railways, with operating speeds of up to 250 km/hour through a project known as “The Continental African High Speed Railway”. The AU Commission, in collaboration with Regional Economic Communities (RECs) and Member States, commenced preparation of a pre-feasibility and feasibility study on the project in January 2017. The EAC is a member of the Implementation Committee for this project.
47. For the 2017/2018 Financial Year, focus will be on resource mobilisation for multinational roads whose studies are completed, preparation of legal frameworks for harmonised standards and policies and monitoring the implementation of regional Acts on vehicle load control and One Stop Border Posts. Attention will also be paid to cooperation with other regional, continental and global efforts to improve road transport services and safety.

(c) Tripartite Cooperation

48. Mr Speaker, under the infrastructure development pillar of the Tripartite Free Trade Area, the EAC is collaborating with COMESA and SADC to implement the Tripartite Transport and Transit Facilitation Programme through harmonisation of policies, standards and specifications in the roads sector. With funding from the EU under the 11th EDF funding cycle, the three RECs aim to harmonise, over the next four years, the following standards and systems:
- i) Vehicle dimensions and equipment standards;
 - ii) Transportation of abnormal loads and dangerous goods; and
 - iii) Training and licensing of commercial drivers; and
 - iv) Road Transport Management System (RTMS).
- The Tripartite also aims to develop the following policy documents:
- i) Tripartite Vehicle Load Management Agreement;
 - ii) Tripartite Multilateral Cross Border Road Transport Agreement; and
 - iii) A regional Weigh Bridge Location plan and inter-connectivity of weigh bridges.

(d) Maritime Transport and Corridor Development

49. Mr Speaker, you will recall that this region has lost many lives at sea and inland waterways due to lack of rapid mechanisms for search and rescue. To address this, the EAC has developed a harmonised aeronautical and maritime search and rescue plan. The plan is expected to anchor the operationalisation of the EAC Search and Rescue Agreement. Joint aeronautical and maritime search and rescue drill exercises will be organised periodically in order to improve the regional preparedness to respond to accidents and incidents.
50. Mr Speaker, at the end of 2014, the International Maritime Organization (IMO) adopted amendments to Chapter VI of the Safety of Life at Sea (SOLAS) Convention, requiring every packed export container to have a verified weight, prior to it being loaded on a ship. Following the joint efforts by the EAC Secretariat, ISCOS and partners, preparatory work was done in good time

to ensure compliance. All sea ports in EAC became compliant when the amendment came into force in July 2016.

51. Mr Speaker, a study known as “The Integrated Corridor Development in the EAC Region (Intermodal Strategy)” was completed in November 2014 with support from the World Bank. Following endorsement of the strategy during the 3rd EAC Heads of State Retreat on Infrastructure Development and Financing, the World Bank undertook to commit USD \$1.2 billion for the strategy. The World Bank has provisionally committed US \$660 million to support the implementation of the first phase of the Integrated Corridor Development Initiative comprising the Lake Victoria Transport Programme (LVTP). Project preparatory for the LVTP is ongoing in Uganda, Tanzania and Rwanda and the first series of projects (SoP1) from Rwanda is expected to be presented to the World Bank Board in May 2017 for approval.

(e) Civil Aviation and Airports

52. Mr Speaker, during the year under review, the final study report including a proposed roadmap for the implementation of the EAC Upper Flight Information Region (EAC UFIR) project were considered by the 13th Sectoral Council on Transport, Communications and Meteorology (TCM) held in June 2016. During the meeting, Tanzania requested up to 31 August 2016 to finalise its national consultations. The meeting of the Heads of Civil Aviation and Airports Authorities held in October 2016 addressed the comments by Tanzania (Submitted to EAC Secretariat in September 2016) and adopted the final report of the EAC UFIR with a revised implementation plan for the Seamless Operations Phase (2016/2017 to 2021/2022) was finalised and will be submitted for final approval by the 14th Sectoral Council on TCM, scheduled for June 2017. The project aims at enhancing aviation safety and performance through improved upper area control and optimisation of air traffic management in the region, through the establishment of a seamless and interoperable upper airspace.

(f) Information and Communications Technology

53. Mr Speaker, the EAC Roaming Framework was developed and approved by the 30th Meeting of the Council of Ministers in 2014 and endorsed by the EAC Heads of State in February 2015. The framework imposed price caps on roaming charges and called for the removal of surcharges on cross-border telecommunications traffic. The Republics of Kenya, Rwanda and Uganda have implemented the framework while Tanzania and Burundi are finalising domestic processes for its implementation. The Republic of South Sudan is already implementing this framework.
54. Implementation of cross-border ICT infrastructure is critical for the attainment of a common market in communications services within the EAC. To this effect, the EAC is in the process of developing regulations for cross-border interconnections. The regulations are expected to be completed and adopted by December 2017. When adopted, the regulations will provide mechanisms for effective and efficient implementation of cross-border ICT infrastructure. This is in line with Articles 89 and 99 of the Treaty, as well as the EAC Protocol on ICT Networks.

(g) Meteorology

55. Mr Speaker, under meteorology, the two major areas of focus during the current financial year have been policy harmonisation and the implementation of the five-year Meteorological Development Plan and Investment Strategy (2013- 2018). On policy harmonisation, the Secretariat

and Partner States continued to implement the EAC Meteorological Data Policy, whose purpose is to promote a harmonised approach to meteorological data observations, transmission, management and sharing of meteorological data. Partner States have also embarked on a programme to rescue and digitise meteorological data. Further, the region will soon start to implement the World Meteorological Organisation Integrated Global Observing System, which involves incorporating meteorological data observed by other organisations into the national meteorological databases. EAC is also working to phase out mercury-based observing systems by 2020, in line with the MINAMATA Convention on Mercury.

56. The Protocol on Cooperation of Meteorological Services was signed by the Ministers responsible for EAC Affairs in February 2016. The objective of the Protocol is to enhance closer cooperation amongst the meteorological services to enable the pooling and mobilisation of resources for the implementation of common meteorological projects and capacity building, among other areas of cooperation. The protocol has been submitted to Partner States for ratification.
57. On the Meteorological Development Plan and Investment Strategy, EAC, World Meteorological Organisation (WMO), Lake Victoria Basin Commission and Partner States have entered into a consortium to implement the project known as "Enhancing Safety of Navigation and Efficient Exploitation of Natural Resources over Lake Victoria and its Basin by Strengthening Meteorological Services on the Lake." The project commenced in August 2016 and aims at establishing a weather prediction system specific to Lake Victoria.
58. Mr Speaker, the Secretariat and Partner States, in collaboration with the US Government and the African Centre for Lightning and Electromagnetics, are implementing a pilot project for severe weather nowcasting based on total lightning detection over Lake Victoria. An agreement between EAC and Earth Networks was developed and 11 stations installed to monitor lightning around the lake basin in line with implementation of the new forecasting for severe weather around the Lake.

(h) Programme for Infrastructure Development in Africa (PIDA)

59. Mr Speaker, PIDA is an African Union Commission (AUC) initiative, in partnership with the NEPAD Planning and Coordinating Agency (NPCA), the African Development Bank (AfDB), the United Nations Economic Commission for Africa (UNECA) and Regional Economic Communities (RECs). PIDA aims at promoting regional economic integration by bridging the infrastructure gaps that severely hamper Africa's competitiveness. The EAC Secretariat was accordingly, since last year, granted funds from NPCA to support projects preparation towards their bankability, under the PIDA Capacity Building Project.
60. Mr Speaker, in view of the EAC-based, multi-modal corridors and cross-sectorial potential of these corridors, the EAC Secretariat, as part of the EAC PIDA Capacity Building Project, is collaborating with the NEPAD Agency and other PIDA funding partners to map out all potential sub-corridor anchor projects in the energy, telecoms (ICT), transport and trans-boundary water resources sectors for prospective private and public financing, that is, EAC projects packaging for prospective private and/or PPP financing.
61. Mr Speaker, the typical process cycle to be followed in the packaging exercise will overall involve initial analysis of the project economics as a suitable private or PPP-financed project, followed by appraisal of the project, both as a technical solution and as a private or PPP-financed project

candidate during the packaging stage; thus allowing for the acceleration of infrastructure development through PPPs. Screening the project for private/PPP potential at an early stage would increase the appetite of investors on the international market and would also save our Governments from wasting money on unnecessary deep studies.

1.1.5. DIRECTORATE OF PRODUCTIVE SECTORS

(a) Agriculture and Food Security

62. Mr Speaker, I am pleased to inform you that the EAC is strongly committed to support implementation of the June 2014 African Heads of State Malabo Declaration on Agriculture Growth and Transformation in Africa.
63. Mr Speaker, the 34th Council of Ministers held in September 2016 approved the EAC CAADP Compact. Further progress was made in the formulation of the EAC Regional Agriculture Investment Plan (RAIP), which will be a key instrument in rallying financial and technical support to spur agricultural transformation.
64. Mr Speaker, it is also gratifying to note that the 34th Council of Ministers adopted the EAC Food and Nutrition Security Policy and the EAC Livestock Policy. The process of developing an implementation strategy for the Food and Nutrition Security Policy has commenced, whereas the development of the Implementation Strategy for the Livestock Policy will commence in the early days of Financial Year 2017/2018.
65. The EAC Secretariat commenced the process of developing the Sanitary and Phytosanitary (SPS) Bill. The overall objective of the SPS Bill is to facilitate effective implementation and enforcement of the SPS Protocol. The draft Bill is awaiting consideration by the 10th Sectoral Council on Agriculture and Food Security.
66. Mr Speaker, aflatoxin contamination of food and feed is one of the challenges posing a threat to food security and trade of agricultural products within the EAC. The EAC Secretariat facilitated the process of developing the EAC Aflatoxin Prevention and Control Strategy and Action Plan. The strategy will be presented to the 10th Sectoral Council on Agriculture and Food Security for adoption. In addition, a total of ten policy briefs have been developed for wider dissemination to targeted stakeholders to inform and influence policy decisions and action on aflatoxin prevention and control.
67. Progress was made in the implementation of the EAC Animal Resources Information System. In November 2016, the EAC Secretariat coordinated the development of national and regional reports and policy briefs. The reports and policy briefs developed will be printed and disseminated to sensitise and create broad awareness among policy makers and investors on the importance and potential of animal resources.
68. Mr Speaker, the EAC Secretariat, with support from USAID and FAO, commenced implementation of a joint regional programme on harmonisation of pesticide management guidelines in September 2016. The objective of the programme is to harness limited resources within the region, improve trade and provide better protection for the population and environment from the toxic effects of pest control products.

69. Mr Speaker, in the Financial Year 2017/2018, agricultural sector priorities will focus on the following:
- (i) To coordinate implementation of projects to increase agricultural productivity and competitiveness, food and nutrition security and safety and youth empowerment in the agricultural sector;
 - (ii) To support the development and implementation of harmonised agricultural regional policies, strategies and legislation to spur agricultural transformation;
 - (iii) To promote value addition, agro processing and strengthen capacities for post-harvest losses reduction in strategic value chains and
 - (iv) To promote livestock and fisheries productivity and trade for sustainable livelihoods.

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

70. Mr Speaker, pursuant to the Summit directive, the EAC Secretariat commissioned studies to analyse the modalities for promotion of the cotton textiles and apparels industry, as well as challenges, competitiveness and opportunities in the value chains of the sector through financial support of TradeMark East Africa (TMEA). The findings are expected to support the formulation of action plans for the development of the cotton textiles and apparels' value chains.
71. Mr Speaker, on the automotive industry, EAC commissioned a study through the support of the Japan International Cooperation Agency (JICA). The final report and recommendations will be presented to the SCTIFI meeting planned for 29 May to 2 June, 2017 before it is tabled before the Council and Summit for consideration.
72. Mr Speaker, on the regional framework to support the development of extractive industries and mineral value addition, the SCTIFI meeting of 23 to 27 May, 2016 in Arusha, considered the technical report on mineral value addition potential and the regulatory and institutional frameworks governing investment and utilisation of mineral resources report.
73. Mr Speaker, on strengthening capacity for industrial policy analysis and coordination, the Secretariat is implementing a two and a half year (2015-2017) joint programme on "Strengthening Capacities for Industrial Policy Formulation and Implementation in the East African Community."
74. Mr Speaker, the EAC Industrial Competitiveness report has been completed and was presented to experts in a meeting held on 19 to 20 December, 2016. This report will inform decision makers and others on the development of the industrial sector in the EAC. The final report will be presented to the policy organs in the course of the Financial Year 2017/2018.
75. Mr Speaker, the second East African Manufacturing and Business Summit (2nd EAMBS) is being held from 23 to 25 May, 2017 in Kigali, Rwanda. Building on the momentum created by the 1st EAMBS, the EAC Secretariat, in collaboration with the EABC and the Government of Rwanda, plan to organise the 2nd Manufacturing Business Summit, where more than 300 business entities are anticipated to converge to exchange information, experience and do business. The 2nd EAMBS will champion the *Buy East Africa-Build East Africa (BEA-BEA)*, which was formally launched during the 1st Summit in Kampala and will lay special emphasis on the role of the EAC diaspora in developing the region. The region is also working on increasing investments in pharmaceutical manufacturing in the region.

76. Mr Speaker, the EAC Secretariat convened the 1st International High Level Multi-Stakeholders Conference on Promoting Pharmaceutical Sector Investments in the East African Community (EAC) on 2 to 4 November 2016, in Nairobi, Kenya. The region also held a regional Good Manufacturing Practices Road Map in a meeting held on 25 April, 2017 in Dar es Salaam and is also developing an incentive framework policy to improve local manufacturing and the development of quality infrastructure.
77. Mr Speaker, on the quality infrastructure for the region's pharmaceutical sector, the region is implementing a programme financed by PTB. This programme has two main aspects: Capacity building in quality control/ management and improvement of availability of chemical reference standards for quality control of pharmaceuticals in the EAC.
78. Mr Speaker, EAC is undertaking a study on harmonisation of regulations impacting on the development of micro, small and medium enterprises in the EAC region, with a view to identifying regulatory and business environment challenges affecting MSMEs and how to overcome them. The study observed that MSMEs issues were widespread and multi-sectoral in nature and that many institutions/agencies were involved in implementing programmes targeting MSMEs. The study noted the need to explore specific provision of these regulations/laws, which should be harmonised including taxation laws; licensing and regulations; businesses/entities registration laws and regulations; consumer protection laws; environmental laws; labour laws; financing laws and regulations; the by-laws/ county laws and intellectual property laws.
79. Mr Speaker, the Fifth Meeting of the Tripartite Sectoral Ministerial Committee (TSMC) took place on 28 to 29 October 2016, while that of the Fourth Meeting of the Tripartite Council of Ministers took place on 30 October 2016 in Nairobi, Kenya. The Council approved the draft Framework for Cooperation and Work Programme/Roadmap of the Industrial Development Pillar and urged the Tripartite Task Force (TTF) to mobilise resources for the implementation of the work roadmap of the Industrial Development Pillar and report to the next meeting of the TSMC.

(c) Energy Sector

80. Mr Speaker, energy is key to the growth of all sectors of the economy but it remains expensive in the EAC region, with a regional average cost of US 15 cents at the grid, three times higher than US 5 cents in Ethiopia. However, efforts are underway to increase production and reduce the cost of energy through several initiatives, key among of them being the shared hydropower plants and interconnectors.
81. Mr Speaker, in the power sector, implementation of projects under the Power Master Plan has continued with success. This has raised the region's installed capacity from 4,635 megawatts in 2015 to 4,893.3 megawatts in 2016, against a peak demand of 3,587.3 megawatts in 2016 for the interconnected system. Various efforts are ongoing to increase access to modern energy services in the region. To this end, the EAC Secretariat, with funding from the Italian Government under the Africa-EU Energy Partnership, together with the African Union Commission, carried out a capacity building in smallholder hydro development by training 16 technicians from the EAC region in December 2016. The EAC Secretariat and other regional organisations, namely the Nile Equatorial Lakes Subsidiary Action Programme (NELSAP), Eastern Africa Power Pool (EAPP)

and Energy for the Great Lakes (EGL), continue to monitor the implementation of inter-connection projects.

82. Mr Speaker, in the petroleum sector, the Secretariat has made preparations for the 8th East African Petroleum Conference and Exhibition (EAPCE'17) in Bujumbura, Burundi, scheduled for June 7 to 9, 2017. The procurement process for consultancy services for oil products pipeline from Kigali to Bujumbura has also been finalised. At the same time, a feasibility study for a similar pipeline, Mbarara-Mwanza-Isaka-Dar es Salaam is to be undertaken. Implementation of the two studies, as well as starting preparations for the 9th East African Petroleum Conference 2019 (EAPCE'19), will be the two major activities under this energy sub-sector during the Financial Year 2017/2018.
83. Mr Speaker, at its 11th Meeting, the Sectoral Council on Energy directed the EAC Secretariat to launch the Centre of Excellence for the East African Centre for Renewable Energy and Energy Efficiency (EACREEE) at Makerere University College of Engineering, Design, Art and Technology (CEDAT), as designated by the 33rd Meeting of the Council of Ministers. The overall objective of the centre is to contribute towards increased access to modern, affordable and reliable energy services, by creating an enabling environment for renewable energy and energy efficiency markets and investments. To ensure its regional outlook, EACREEE will be working closely with the already identified national focal institutions in the other Partner States. CEDAT has set up offices for the EACREEE Secretariat and since January 2017, a programme management expert provided by UNIDO has been manning the Secretariat in the absence of the Executive Director. The focus of EACREEE in Financial Year 2017/2018 will be to fully recruit staff for the centre, build capacity for the national focal institutions and mobilise resources to support implementation of the people-centred, high impact work programme.
84. Mr Speaker, in the Financial Year 2017/2018, the EAC Secretariat will continue to implement the EAC Cross Border Electrification Policy. In this line, a survey to identify five new cross border centers will be conducted and feasibility studies to evaluate their respective costs commissioned.

(d) Tourism and Wildlife Development

85. Mr Speaker, the achievements of the tourism sector in the Financial Year 2016/2017 are attributed to various factors, most notably the improved security in Partner States, which ensured that the region provides an environment that is conducive to tourism and guarantees tourists' safety.
86. Mr Speaker, in November 2016 and March 2017, Partner States and the Secretariat participated in two of the world's biggest tourism trade fairs; the World Travel Market (WTM) and the International Tourismus Börse (ITB) held in London and Berlin, Germany respectively. The major objective has been marketing the region as a single tourist destination, safe and secure, which has significantly increased awareness to the international business community. It has also helped in reducing the impact of negative advisories issued by some tourist source markets.
87. Mr Speaker, the Secretariat's participation in the international fairs, however, will remain rudimentary if alternative sources of funding are not explored to ensure that the Secretariat has its own booth. Currently, representatives of the EAC Secretariat at the fairs encounter a difficult situation where they keep roving from one stand of a Partner State to another.

88. Mr Speaker, in this scenario, Partner States are not actually marketing the region as a single destination as envisaged, due to their divergent views on the implementation of regional initiatives in the sector. The cohesion needed in the international events is negated by the fact that Partner States tend to exhibit as competitors rather than complementing each other. Having a common EAC branded pavilion under which all the Partner States mount their stands would address this and ensure that the oneness envisioned by the Treaty becomes a reality.
89. Mr Speaker, in an effort to promote domestic and intra-regional tourism, the EAC Secretariat and Partner States have resolved to aggressively market the region and ensure that the EAC citizens are aware and adequately attracted to consume tourist products and services of our region. In this regard, the EAC Secretariat will organise joint forums for Partner States to promote regional tourism through initiatives such as radio, TV adverts, open campaigns, brochures, banners and other important promotional channels.
90. Mr Speaker, during its 27th meeting, the Council directed the EAC Secretariat to develop a regional strategy to combat poaching and illegal trade in wildlife and wildlife products, which has become a menace in the region. The Secretariat, with the support from USAID, has developed the strategy, which was approved by Sectoral Council on Tourism and Wildlife Management during its 7th Meeting held in March 2017 and will be implemented, starting from the next Financial Year, 2017/2018.
91. Mr Speaker, other priorities for the tourism and wildlife sector for the next financial year include:
- (i) Exploring innovative ways to brand EAC as a single tourist destination and development of more diverse promotional materials;
 - (ii) Reviewing the EAC marketing strategy;
 - (iii) Synchronising Partner States' tourism calendar of events;
 - (iv) Reviewing the EAC criteria for classification of tourist accommodation establishments and restaurants, as well as develop new criteria for other tourism services;
 - (v) Undertaking awareness programmes and other initiatives geared towards full implementation of the Single Tourist Visa by all Partner States;
 - (vi) Finalisation and adoption of the Protocol on Tourism and Wildlife Management and
 - (vii) Exploring new tourism markets in Asia.
- (e) Environment and Natural Resources**
92. Mr Speaker, the EAC Secretariat developed a roadmap for the implementation of the Paris Agreement in October 2016. Further, EAC participated at the 22nd Session of the Conference of Parties (COP22) to the United Nations Framework Convention on Climate Change (UNFCCC); the 12th Meeting of Parties to Kyoto Protocol (CMP12) and the First Session of the Conference of the Parties serving as the Meeting of the Parties to the Paris Agreement (CMA1) held in Marrakech, Morocco from 7 to 18 November, 2016. The conference adopted the Marrakech Action Proclamation for Our Climate and Sustainable Development.
93. Mr Speaker, to ensure that actions and activities of the EAC-USAID Planning for Resilience in East Africa through Policy, Adaptation, Research and Economic Development (PREPARED) programme are more people centered for the remaining one-year period (PREPARED ends by December 2017), the 4th Meeting of the Sectoral Council directed the EAC Secretariat to carry out a mid-term review of the prepared programme to measure its performances, identify the

mistakes made, at which level and refocus the programme to ensure it is people centered, at least for the remaining short period.

94. Mr Speaker, in the next financial year, the EAC Secretariat will continue to coordinate measures to foster co-operation in the joint and efficient management and sustainable utilisation of natural resources within the community. The key milestones to be realised are:
- (i) Support and finalise the review and ratification of the Protocol on Environment and Natural Resources Management;
 - (ii) Operationalise the EAC climate change fund through accreditation as a regional implementing entity and development of bankable projects on climate change;
 - (iii) Finalise the review of the Climate Change Policy and Strategy;
 - (iv) Implement the EAC Disaster Risk Reduction and Management Strategy, Disaster Risk Reduction and Management Bill and Sendai Framework for Disaster Risk Reduction;
 - (v) Implement the signed Regional Development Assistance Agreement (RDOAG) with USAID Kenya and East Africa; and
 - (vi) Implement the EAC Forest Bill (2013) and Transboundary Ecosystem Management Bill (2010).

1.1.6. DIRECTORATE OF SOCIAL SECTORS

(a) Health Sector

Regional Cooperation and Integration in the EAC Health Sector

95. Mr Speaker, in the area of EAC health systems and health policies harmonisation and integration, during the Financial Year 2016/2017, the Council approved and officially launched the following strategic documents: the EAC Regional Health Policy (2016) and the EAC Health Sector Strategic Plan (2015-2020), among others.
96. In addition, the EAC Secretariat and the EAC Partner States commenced the development of the EAC regional roadmap and implementation mechanisms for the harmonisation of Social Health Protection Systems (SHP) towards universal health coverage to ensure maximum access to health services in the East African Community Partner States, with special focus on portability of social health insurance benefits across the EAC region.
97. Mr Speaker, during the financial year 2016/2017, in the area of the regulation of health professionals and health services, the Council successfully conducted and concluded the 2nd joint inspections of all EAC public and private sector university medical and dental schools and teaching hospitals in the East African Community Partner States; which was carried out by a joint team of technical health experts from all EAC Partner States, National Medical and Dental Practitioners Regulatory Boards and Councils, as well as representatives from the EAC Partner States' National Councils/Commissions of Higher/University Education.
98. Mr Speaker, the aim of the EAC joint inspections are to establish the conformity of the universities to the standards and guidelines governing university medical and dental schools in the East African Community, with a view of improving health services delivery and promote the harmonisation of medical and dental education and training in the Community.
99. Furthermore, Mr Speaker, during the Financial Year 2016/2017, the Council considered and approved the EAC regional harmonised medical laboratory training curriculum and guidelines,

standards and procedures for the regulation of admission criteria, training, certification, internship, registration, practice, quality assurance and accreditation and mutual reciprocal recognition of medical laboratory professionals, institutions and facilities in the East African Community Partner States.

100. Consequently, during the Financial Year 2017/2018, the EAC Secretariat, in coordination with the EAC Partner States' National Health Professional Statutory Regulatory Boards and Councils will now focus on the development and adoption of harmonised training curricula and guidelines, standards and procedures for the regulation of admission criteria, training, certification, internship, registration, practice, quality assurance and accreditation and mutual reciprocal recognition of various other health professionals, institutions and facilities in the East African Community Partner States; especially pharmacists and pharmaceutical technologists, nurses and midwives, nutritionists and dieticians, physiotherapists and occupational therapists, community oral health officers, radiographers, clinical officers, public health/environmental health officers and traditional medicines practitioners, among others.
101. Mr Speaker, during the Financial Year 2016/2017 in the area of medicines and food safety, the EAC Secretariat and the EAC Partner States' National Medicines Regulatory Authorities (NMRAs), with financial and technical support from partners of the African Medicines Regulatory Harmonisation (AMRH) programme, continued with the implementation of the East African Community Medicines Regulatory Harmonisation (EAC MRH) Project. During the Financial Year 2017/2018, the EAC Secretariat will pursue the extension of the programme into the Republic of South Sudan, as well as include pharmaco-vigilance, regulation of medical devices and diagnostics, regulation of vaccines and various biologicals, institutional and human resource capacity building.
102. Mr Speaker, during the Financial Year 2016/2017 in the area of integrated disease prevention and control, the EAC Secretariat, in coordination with the EAC Partner States and various international collaborating development partners, continued to conduct joint cross-border meetings and simulation exercises for emergency preparedness and response to various human and zoonotic diseases of national, regional and international public health importance such as cholera, trypanosomiasis, avian influenza (Bird Flu), yellow fever, Ebola virus disease and other viral haemorrhagic fevers. Joint cross-border disease prevention and control activities were successfully carried out in the trans-boundary areas at Namanga (Tanzania/Kenya border), at Tororo (Uganda/Kenya border), at Kasulu District, in Kigoma (Tanzania/Burundi border), at Bukoba District (Tanzania/Uganda border) and at Serengeti National Park (Kenya/Tanzania border). Additional joint cross-border disease prevention and control activities will be intensified during the Financial Year 2017/2018.
103. In addition, during the Financial Year 2016/2017, the EAC Secretariat, in coordination with the EAC Partner States mobilised and signed financing agreements with the Federal Government of Germany for a three-year financial grant of ten million euros through the German Development Bank (KfW), in support of the implementation of the East African Community Regional Network of Public Health Reference Laboratories for Communicable Diseases Project. The main objective of the project is to procure and install state-of-the-art modern diagnostic equipment for rapid detection of epidemic-prone diseases, to conduct outbreak surveillance and support pre and in-service training of EAC regional, national and sub-national level medical

laboratory personnel and facilitate operational health research under the East African Community Integrated Disease Surveillance Network (EAIDSNet). The funds under this project have been incorporated in the EAC Secretariat budget estimates for Financial Year 2017/2018 and the project will become fully operational with effect from 1 July, 2017.

104. Mr Speaker, during the Financial Year 2016/2017, in the area of Prevention and Management of HIV and AIDS and Sexually Transmitted Infections (STIs), as well as the promotion of reproductive, maternal, newborn, child and adolescent health and nutrition, the Council considered and approved the following strategic documents, namely; the EAC Integrated Health Programme (2016-2020); Integrated EAC Reproductive, Maternal, Newborn, Child and Adolescent Health (RMNCAH) policy guidelines (2016-2030) and Strategic Plan (2016-2021); the "EAC Regional Integrated Population, Health and Environment (PHE) Strategic Plan (2016 - 2021) and the EAC Regional Health Score Card (2016).

105. Furthermore, Mr Speaker, during the Financial Year 2016/2017, the EAC Secretariat, in coordination with the EAC Partner States, mobilised and secured a financial grant of US \$5.3 Million from the Royal Government of Sweden, through the Swedish International Development Agency (SIDA), to support implementation of the EAC Integrated Health Programme (EIHP) - 2016-2020. The project incorporates HIV/AIDS and Sexually Transmitted Infections (STIs), as well as the promotion of reproductive, maternal, newborn, child and adolescent health and nutrition, gender, community development and labour and migration. The project became effective from 1 October, 2016 and the funds under this project have been incorporated in the EAC Secretariat Budget Estimates for Financial Year 2017/2018.

(b) Education, Science and Technology

106. Mr Speaker, the harmonisation of the East African Education System and Training Curricula is at an advanced stage and is anticipated to be completed by December 2019. During the Financial Year 2016/2017, the alignment of the national curriculum with the harmonised EAC structures and frameworks was completed in all Partner States. In addition, teacher educators and examiners were sensitised on the domesticated curricula and the approved EAC Examinations Rules and Guidelines, respectively. The Budget proposal for Financial Year 2017/2018 shall be dedicated to convening regional meetings of the curriculum, teacher education and assessment experts to develop instructional materials, curriculum and assessment programmes for all levels. Further, the funds will facilitate the convening of meetings of the sub-committees of the TECHCOM to harmonise governance and administrative structures; modalities for financing/funding education at all levels; modalities for strengthening public-private partnership in the provision of education; education calendar; quality assurance framework; framework for recruitment and retention of teachers and teachers' Code of Conduct.

107. Mr Speaker, during the Financial Year 2016/2017, Mutual Recognition Agreement (MRAs) for veterinary professionals was signed by registrars from the Republic of Kenya, Republic of Rwanda and Republic of Uganda. It was witnessed by the Republic of Burundi and the United Republic of Tanzania, who deferred their signing until the national stakeholders' consultations are completed. Negotiations for land surveyors and advocates were also completed and their MRAs are due for signing. The EAC undertakes to initiate MRA negotiations for the profession of pharmacists during the Financial Year 2017/2018.

108. Mr Speaker, the 2016 EAC students' essay writing competition for lower secondary at both the national and regional levels was successfully conducted. Winners were awarded their prizes during the 18th Ordinary Summit of the EAC Heads of State.

(c) Culture and Sports

109. Mr Speaker, over the last four years, the EAC has organised two successful editions of the EAC Arts and Culture Festival – *Jumuiya Afrika Mashariki Utamaduni Festival* (JAMAFEST). The regional festival continues to provide one of the regional platforms for social interactions aimed at fostering social cohesion among East Africans and branding the EAC. In doing so, JAMAFEST has contributed significantly towards promoting cross-border movement of persons, as well as increased regional tourism and trade in cultural goods and services. The Budget proposal for Financial Year 2017/2018 will support the implementation of the 3rd Edition of JAMAFEST programme scheduled to take place in September 2017 in Kampala, Uganda. It will also support the implementation of preparatory activities for hosting the 1st edition of the EAC Sports Tournament, which is scheduled to take place in September 2018 in Bujumbura, Burundi.

110. Mr Speaker, under the culture and sports sub-sectors, the challenge of inadequate budget resources for regional cultural programmes is compounded by the lack of sustainable public sector financing for culture and sports and programmes in the EAC, hitherto mainly sponsored by the private sector. There are a number of willing financiers who need a little persuasion and a more structured regional financing framework to be able to contribute towards culture project financing. These include development partners who are willing to support the culture sector in the EAC once it appears on the priority list of EAC annual budgetary support areas. To overcome this bottleneck, the EAC is planning to embark on a mobilisation campaign of the private sector, Non-Governmental Organisations and development partners during Financial Year 2017/2018, with the objective of providing a sustainable financing mechanism for EAC regional Culture and Sports projects, to be implemented under the framework of Public-Private Sector Partnerships (PPPs).

(d) Immigration, Labour/Employment & Refugee Management sectors

Immigration sub-sector

111. Mr Speaker, you may recall that the 17th Ordinary Summit of the EAC Heads of State held on 2 March, 2016, directed the EAC Partner States to commence the issuance of the new international East African electronic passport and phase out the old generation, machine-readable national passports by 31 December, 2018. Subsequently, the 35th Meeting of the Council of Ministers held on 4 April, 2017, noted that Partner States were at different levels of preparedness to commence issuance of the East African e-Passport and were in the process of informing the international community to recognise the international East African e-passport.

Accordingly, the Council directed the Partner States to commence issuance of the new international East African e-passport to their citizens by 1 January 2018. The new international EA e-passport will be issued in three categories namely; diplomatic, official/service and ordinary e-passports and will be utilised by the Partner States' citizens within and beyond the East African region. Part of the Financial Year 2017/2018 budget will be utilised for the coordination and monitoring of the roadmap towards the implementation of the new international EA e-passport.

Labour/Employment sub-sector

112. Mr Speaker, in order to enhance the movement of persons and labour across the East African borders, the meeting of chiefs of Immigration and Labour held in September 2016 analysed the existing Partner States' application forms in use. The chiefs reviewed and developed

a user-friendly and simplified, harmonised application form for entry/work/residence permit. The form was considered and adopted by the 25th Meeting of the Sectoral Council of Ministers responsible for EAC Affairs and Planning held on 28 October 2016 and was adopted by the 35th meeting of the Council hence, the form is ready for use by the Partner States.

The 2017/2018 budget will support the remaining activities that include finalisation of the harmonisation of the EAC application form (special pass); completion of the classification of entry/work/residence permits procedures and fees; integration of health component requirements into the existing immigration entry/ arrival Cards at immigration points and capacity building of immigration officials to implement immigration obligations, as provided under the EAC Common Market Protocol.

113. Mr Speaker, the implementation of the EAC Common Market has underscored that movement of labour or labour migration is a reality. Therefore, there is need to provide adequate resources to enhance the effective implementation of the Protocol commitments on free movement of labour. In this regard, the Budget for the Financial Year 2017/2018 will support the implementation of activities for the development of the EAC Labour Migration Policy Framework, thereby enhancing the movement of labour within the EAC Partner States and beyond East Africa.

114. Mr Speaker, the development of a Memorandum of Understanding to guide the implementation of the joint programme that encourages the exchange of young workers amongst the Partner States, pursuant to Article 10 (8) of the EAC Common Market Protocol, will be finalised by the end of Financial Year 2016/2017. The implementation of the joint programme of the exchange of young workers will, among others, foster a stronger sense of regional identity, enhance skills, competencies and work experience among the youth in our Community. The 2017/2018 budget will, among others, support the development of the joint programme to operationalise the Memorandum of Understanding to facilitate the exchange of young workers in the Community.

Refugee Management sub-sector

115. Mr Speaker, under the Treaty for Establishment of the EAC and the Protocol for Establishment of the East African Common Market, Partner States are expected to develop a common mechanism for the management of refugees, taking cognisance of the relevant international conventions on refugees' governance. It should, however, be noted that Partner States have continued to host refugees from some EAC Partner States and from countries neighbouring the Community, such as DRC and Somalia. Therefore, the current state of affairs calls for the urgent development of a common mechanism to manage the refugees in our region. The budget for the 2017/2018 Financial Year provides for a component that will support the development of a regional policy on refugee management.

(e) Gender, Community Development and Civil Society Mobilisation sector

116. Mr Speaker, in order to implement the EAC Social Development Framework, the gender, community development and civil society mobilisation sector, during the period under review, held the EAC Child Rights Conference in Nairobi, Kenya on 25-26 August 2016 under the theme, "Coordinated and Sustained Investment in Children". The EAC Child Policy (2016) was launched at the conference. The Policy provides the EAC with an operational, legal, policy and institutional framework to facilitate the development, co-ordination and strengthening of national efforts geared towards the promotion of children's rights.

117. Mr Speaker, in the period under review, one sector priority was the formulation of legally binding instruments for Gender and Persons with Disabilities. Consequently, the 3rd Sectoral Council on Gender, Youth, Children, Persons with Disabilities, Social Protection and Community Development, held in Kigali in March 2016, directed the EAC Secretariat to develop an EAC Gender Policy. Therefore, a draft Gender Equality, Equity and Development Policy was developed during the last quarter of 2016. The budget in the 2017/2018 Financial Year will support the completion, validation and adoption of the EAC Gender Equality, Equity and Development Policy and the implementation of the EAC Gender Equality, Equity and Development Bill, which was passed by this august House on 8 March 2017.
118. Mr Speaker, with reference to Article 127(4) of the Treaty, a Consultative Dialogue Framework (CDF) has been developed to ensure structured dialogue between the East African Community, Organs and institutions with the private sector, Civil Society Organizations and other interest groups. This dialogue culminates into an annual EAC Forum with the Secretary General. The 4th Annual EAC Secretary General's Forum was held in March 2016 under the theme, "Good Governance and Constitutionalism in the East African Community".
119. Mr Speaker, the 3rd Meeting of the Sectoral Council on Gender, Youth, Children, Social Protection and Community Development adopted the EAC Gender Mainstreaming Handbook and directed the EAC Partner States to domesticate it. During the Financial Year 2017/2018, the Budget will support training of EAC Organs, institutions and EAC Ministries on Gender Mainstreaming.

1.1.7. POLITICAL AFFAIRS

(a) EAC Political Federation

120. Mr Speaker, promoting good governance remains pertinent and core to the integration agenda. To this effect, the EAC will dispatch Election Observer Missions to observe general elections in the Republic of Kenya and Republic of Rwanda in August 2017.
121. Mr Speaker, in order to enhance appreciation of EAC integration and promote the participation of the student community across East Africa, the Community will continue to hold the annual EAC University Debates. During the current financial year, the debate was held from 31 October to 4 November, 2016 in Kigali, Rwanda. The debates, culminating into appointment of Youth Ambassadors, have been critical in promoting the agenda of integration among the university student community.

(b) Foreign Policy Coordination

122. Mr Speaker, in efforts to strengthen our multilateral networks and strategies for the attainment of EAC integration objectives, we are focusing on sustained and targeted articulation of EAC integration objectives at bilateral, regional and international fora. At the most recent Session of the Coordination Committee held in March 2016 in Lusaka, Zambia, the roles and responsibilities between RECs, NEPAD Planning and Coordinating Agency (NPCA) and the AU Commission, aimed at ensuring the execution of different programmes in the implementation of AU Agenda 2063, were agreed upon.

(c) Regional Peace and Security

123. Mr Speaker, the success of the EAC integration process must be supported by a predictable security environment. During the reporting period, the peace and security sector continued regular consultations towards joint action against terrorism and other transnational and cross border-organised crimes. The next financial year will see Standing Operating Procedures in Policing function developed, as well as operationalisation of the Police Regional Centers of Excellence in the Partner States. Development of infrastructure to counter modern, organised crime will continue to gain central focus.
124. During the reporting period, the fight against maritime insecurity was bolstered with joint training of more officers from the Justice, Law and Order Sectors, in particular prosecution, Judiciary and Prisons Services, to enhance law and order enforcement capacity in implementation of international maritime regimes, which form the bedrock of maritime law enforcement. During the next financial year, the sector will pay attention to enhancing both numerical and operational capacities within the region, through additional training programmes and benchmark training schedules among participating states of the wider Eastern and Southern Africa-Indian Ocean Commission regions.
125. Mr Speaker, during the reporting period, attention was further paid to enhancement of regional investigative infrastructure through the purchase and installation of a state-of-the-art Integrated Ballistics Information System (IBIS) for the Regional Forensic Referral Centre in Kampala in November 2016. So far, three Partner States' Police forensic experts have been oriented on the use of the acquired technology. Operationalisation of the IBIS will contribute broadly towards resolving arms-related crimes and arms trafficking in the region.
126. With respect to trans-boundary communities in border security, a study was conducted towards developing an enabling regional policy. In the next financial year, focus will be put on conclusion and adoption of this draft regional policy that is deemed to entrench border communities as a first line defense in the fight against cross-border criminal activities.
127. Mr Speaker, the region has been and is still facing conflicts, peace and security challenges that will require collective resolve to settle. In this regard, continuous capacity building will be sustained and structures already in place will be enhanced to ensure that the required capacities are ready to support timely deployment and work of the Panel of Eminent Persons, Special Envoys and Representatives established by the 16th Summit of EAC Heads of State to carry out preventive diplomacy and mediation.
128. The EAC Early Warning Mechanism (EACWARN) will continue to support the work of the EAC Panel of Eminent Persons with analytical reports on potential threats to peace and security, which will also inform decision making and timely interventions.
129. Mr Speaker, through the Conflict Prevention Management and Resolution (CPMR) mechanism, capacity building will be sustained for the establishment of an EAC Mediation Standing Support Group made of senior officials from Partner States which will support, when called upon, the work of the Panel of Eminent Persons with required technical skills. A mediation roster will be developed to facilitate the management and deployment of these resources. Also, a peace facility has been established to support, financially and technically, peace and security interventions in the region.

1.1.8. LEGAL AND JUDICIAL AFFAIRS

130. Mr Speaker, under legal and judicial affairs, the Community enacted the following EAC laws:

- i. The EAC Counter-Trafficking in Persons Bill, 2016;
- ii. The EAC Prohibition of Female Genital Mutilation Bill, 2016;
- iii. The Administration of the East African Court of Justice Bill, 2016; and
- iv. The EAC Counter-Trafficking in Persons Bill, 2016.

131. Mr Speaker, the Secretary General has continued to be a nominal defendant in most of the litigation conducted at the East African Court of Justice. The Community has not only ably defended itself against costs but has also continued to learn from such litigation, especially with regard to the strict application and interpretation of Community laws.

132. Mr Speaker, during the Financial Year 2017/2018, the Council will initiate the following Bills to establish EAC institutions charged with supporting the East African Monetary Union in particular:

- (a) The East African Monetary Institute Bill, 2017 to establish the East African Monetary Institute, in compliance with Article 23 of the Protocol on the establishment of the East African Monetary Union and to provide for its mandate and other related matters; and
- (b) The EAC Statistics Bureau Bill, 2017 to establish the EAC Statistics Bureau, in compliance with Article 21 of the Protocol on the Establishment of the East African Monetary Union, to provide for its mandate and other related matters.

The Council also intends to introduce in this Assembly the Oaths Bill 2017, to provide a legal framework relating to the taking of oaths and for other connected purposes.

133. Besides the above Bills, the Council will continue to spearheaded action in other aspects of legal and judicial co-operation. Prominent initiatives in this regard will include:

- (a) Harmonisation of municipal laws in the EAC context, whereby priority will once again be accorded to laws that have a bearing on the implementation of the EAC Common Market and Monetary Union and
- (b) The regional judicial trainings intended to enhance the capacity of various judicial officers in areas such as maritime law, terrorism including immigration, refugees and displaced people, the role of the courts and Alternative Dispute Resolution, cybercrimes, cross-border investments and dispute settlements.

134. Mr Speaker, this Budget session takes place at a time when the Republic of South Sudan has just been fully admitted into the Community. The Republic of South Sudan (RSS) submitted the Instruments of Ratification of the Treaty of Accession into the EAC to the Secretary General in September 2016. The Secretariat has, therefore, been tasked with putting in place mechanisms that will facilitate the full integration of the Republic of South Sudan into the Community. This is expected to start, no doubt, with the appointment of a Judge to the First Instance Division of the East African Court of Justice and appropriate representation in the East African Legislative Assembly.

1.1.9. DIRECTORATE OF HUMAN RESOURCE AND ADMINISTRATION

(a) Implementation of the EAC Institutional Review

135. Mr Speaker, implementation of the EAC Institutional Review has begun with the Council approving the Top Management Structure for the EAC Secretariat, EALA and EACJ. Further, the adhoc EAC Service Commission, which has been tasked to oversee the implementation, is in the process of carrying out a work load analysis and job evaluation exercise, among others, to determine the optimal level of staff required as per the expanded mandate.

(b) Staff Recruitment

136. Mr Speaker, during the current financial year, the Council appointed 39 new professional staff for the EAC Secretariat, the East African Court of Justice (EACJ) and the East African Legislative Assembly (EALA). The staff recruitment budget for the Financial Year 2017/2018 includes a provision for the replacement of 12 professional staff whose final contracts will be expiring between July 2017 and June 2018 and six new staff positions that were created by Council, as part of efforts to enhance the human resource capacity for these departments and units.

(c) Video Conferencing Facility

137. Mr Speaker, the number of meetings held using the video conferencing (VC) system since its launch in July 2015 to April 2017 is over 160. Many recruitment interviews have also been conducted using the system in the same period. The Secretariat is undertaking the installation of the video conferencing system at the South Sudan EAC Secretariat in Juba in the Republic of South Sudan (RSS). The Secretariat will soon undertake Phase Two of the VC Project, whose objective is to procure and install additional equipment to expand the use of the services at the Secretariat and Partner States and to install the VC in other organs and institutions. This expansion will resolve the challenge of cancelling or delaying VC meetings to await free slots, since it will facilitate holding of VC meetings simultaneously.

1.1.10. CORPORATE COMMUNICATIONS AND PUBLIC AFFAIRS

138. Mr Speaker, under the Treaty for the Establishment of the EAC, the EAC Secretariat is tasked with the general promotion and dissemination of information on the Community to stakeholders, members of the public and the international community. The Secretariat held sensitisation forums for border communities, students, public lectures, tours by various groups at the EAC headquarters, production and distribution of information, education and communication materials and participating in trade fairs and exhibitions. New communication tools were used to engage members of the public especially New Media such as Facebook, Twitter, Instagram and YouTube. The EAC website was also revamped and continuously updated as a first-line engagement tool with both internal and external stakeholders.

139. Going forward, the Secretariat's priorities will be threefold, namely:

- (i) To enhance the popular participation of the East African citizens in the integration process;
- (ii) To continue the implementation of the EAC Communication Policy and Strategy; and
- (iii) To undertake the EAC brand architecture re-design, as directed by the 24th Meeting of the Sectoral Council of Ministers Responsible for EAC Affairs and Planning. The EAC Brand Architecture Strategy proposes several activities that include re-designing a new EAC logo and flag, developing a common unique identifier for all Organs and institutions; developing one primary (main) EAC corporate colour and one secondary colour and developing a single visual identity emblem for the Community.

The EAC Brand Architecture Strategy takes into account the admission of the Republic of South Sudan and the possibility of the future expansion of the Community.

1.2. **EAST AFRICAN LEGISLATIVE ASSEMBLY**

140. Mr Speaker, let me begin by congratulating your office and all Members upon successfully reaching the end of your tenure, which has paved way to strengthen our integration process. It is not in doubt that your five years have been very eventful and inspirational. Indeed, your successors will find a stronger EAC than you found in June 2012, when the 3rd Assembly was ushered in.

141. Mr Speaker, with regards to the implementation of the planned activities for Financial Year 2016/2017, I am happy to note that the Assembly implemented all its planned activities but faced unprecedented challenges due to delayed remittances. This sometimes caused postponements and delayed payments. As the Council, we took note of all these problems and tasked Partner States to regularly remit the assessed payments due to the EAC in a timely manner. We shall not tire in this quest. Nonetheless, the Assembly was able to:

(a) Receive and debate the State of EAC Address by the Chair of the Summit of the EAC Heads of State, which gave the EAC impetus and direction for 2016 and 2017;

(b) Legislation of key Community laws such as:

- (i) The East African Community Customs Management (Amendment) Bill;
- (ii) The East African Community Persons with Disability Bill;
- (iii) The East African Community Counter-Trafficking in Persons Bill;
- (iv) The East African Community Prohibition of Female Genital Mutilation Bill;
- (v) The Administration of the East African Court of Justice Bill;
- (vi) The East African Community Gender Equality;
- (vii) Equity and Development Bill.

These were all passed during the last financial year and have been lined up for assent at the next EAC Summit meeting. The following Bills were also read for the first time.

- (i) The East African Community Retirement Benefits for Specified Heads of Organs Bill;
- (ii) The East African Community Polythene Materials Control Bill; and
- (iii) The East African Community Sexual and Reproductive Health Rights Bill.

These are under consideration by the Committees. Leave was granted to introduce the following Bills. These are currently being drafted.

- (i) The East African Community Protection of People with Albinism Bill;
- (ii) The East African Community Mining Bill; and
- (iii) The East African Community Youth Councils Bill.

(c) In its representative role, the Assembly continued to serve as a democratic link between the Organs and Institutions of the EAC and the people of East Africa. The Assembly, like any other legislature, has acted as the peoples' mouthpiece for the citizens of East Africa about the commitments and policies of their Governments to the EAC.

(d) Oversight activities on EAC programmes and projects to ensure value for money through interrogating public policies and public funds earmarked to pursue these policies to ensure efficiency and effectiveness, fairness and equity in their administration or implementation.

- (e) In terms of outreach, the Assembly and its Committees visited various EAC programmes and projects in the Partner States. In so doing, Members interacted with rural communities, business people, scholars, civil society, professional associations, among others and took into account their views about the type of the Community they yearn for. Additionally, rotational sittings in the EAC Partner States and outreach programmes were carried out to enhance the visibility of the EAC.
- (f) Mr Speaker, the operationalisation of the East African Parliamentary Institute was a key milestone for both the Council and the Assembly. The commencement of this institute will go a long way in strengthening parliamentary democracy in our region. As a result, the 35th Council unanimously set its commencement date to October 2017.
- (g) Participation in international parliamentary fora and articulation of EAC integration initiatives to enhance the image of EAC. Such fora include: Inter-Parliamentary Union (IPU), Commonwealth Parliamentary Association (CPA), Pan-African Parliament (PAP), Economic Community for Western Africa Parliamentary Forum (ECOWAS-PF) and Southern African Development Cooperation Parliamentary Forum (SADC-PF). Participation in these fora enhances the EAC's image internationally and promotes peer learning and sharing of best practices and;
- (h) The 10th Nanyuki Seminar Series was held under the theme, "Good Governance and Poverty Reduction in East Africa" in Nairobi, Kenya from 1 to 3 December, 2016. The Council will endeavor to implement the recommendations from the 10th Nanyuki Seminar Series.

142. With regard to other structured activities of the Assembly, the Council, owing to the financial challenges being experienced by Partner States, has scaled down the sensitisation activity. We have also made provision for the Assembly to participate in the Election Observation Missions for the August 2017 general elections in Rwanda and Kenya.

1.3. EAST AFRICAN COURT OF JUSTICE

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

144. From July 2016 to April 2017, the Court saw an increase in cases filed. This could be attributed to the trust and confidence the public has developed in the Court. More cases are expected to be filed with the extended mandate of the court to deal with matters of trade disputes. The Court has been quite efficient and committed when it comes to speedy disposal of cases filed and continues to evolve and bring on board any new technology that will assist in the speedy delivery of justice.

145. The Court's priority interventions are to hear and determine cases at the earliest possible time, enhance the corporate image of the Court, sensitise stakeholders on the jurisdiction of the Court and its procedures and build capacity of Judges and staff.

146. Furthermore, the Court has an obligation to ensure that there is good governance, including adherence to the principles of democracy, the rule of law, accountability, transparency,

social justice, equal opportunities, gender equality, as well as the recognition, promotion and protection of human and peoples' rights.

1.4. LAKE VICTORIA BASIN COMMISSION

147. Mr Speaker, during the period under review, the Lake Victoria Basin Commission (LVBC) continued to deliver on its mandate through the following three key results areas:

- (i) Under promotion of sustainable utilisation and management of the natural resources within the Lake Victoria basin, the paramount activities were aimed to deal with the environmental stresses within the basin. I am happy to report that through the implementation of the Lake Victoria Environmental Management Project (LVEMPII project), 396 industries within the Lake Victoria basin were trained and sensitised on resource efficiency and cleaner production technologies. Four (4) waste water treatment facilities including Bomet, Homa Bay, Kisumu and Bukoba were put in place to improve the quality of effluent discharged into river systems in the basin.
- (ii) To alleviate water hyacinth proliferation and the environmental stress it causes on the Lake Victoria Littoral zones. The Commission coordinated various surveillance and control mechanisms at thirty four (34) active water hyacinth monitoring and removal sites around Lake Victoria using biological and manual mechanisms. In Kenya, mechanical control measures have reduced the proliferation of the noxious water hyacinth on Lake Victoria.
- (iii) Pollution control for hotspot points in various towns around the basin has been a high priority for LVBC during this current financial year.
- (iv) LVBC, through the LVEMP II project, has continued to improve livelihoods in the five EAC Partner States. At the end of March 2017, a total of 425 Community Driven Development (CDD) sub-projects were fully completed, while a total of 206 were at different stages of completion.
- (v) To enhance safety navigation on Lake Victoria, the Commission commissioned and handed over the aids to navigation installed on 37 locations in and around Lake Victoria in Kenya, Tanzania and Uganda.
- (vi) The Commission has undertaken community-oriented activities through Lake Victoria Water Supply and Sanitation Project (LVWATSAN) Phase II and Population Health and Environment (PHE) programme). As this August House may recall, the LVWATSAN project activities are being implemented in 15 focal towns, three (3) in each of the five Partner states. To increase the number of people with access to safe water, a total of 397.6 kilometers of water supply and distribution network and five public water fountains were constructed, 476 new water connections were made, rehabilitation/construction of water supply infrastructure was undertaken in the targeted 15 secondary towns and five (5) more boreholes were drilled, bringing the cumulative total number of operational boreholes to sixteen (16).
- (vii) The community-oriented activities were also carried out through the PHE project. Developing PHE training guidelines for Community-Based Organisations (CBOs) and translating them into Kiswahili, Kirundi and Kinyarwanda for easy usability by the CBOs was the key achievement. In addition, medical kits were distributed to the trained CBOs to support delivery of integrated services.

148. Mr Speaker, the notable achievements on strengthening institutional and Coordination Capacity of LVBC during the reporting period include:
- i) Operationalisation of the LVBC resource center with virtual resources, including an online catalogue;
 - (ii) Implementation of robust communication and knowledge management Initiatives;
 - (iv) Operationalisation of the Results-Based Management Strategy for LVBC; and
 - (iv) Use of social media features to disseminate information and get real-time feedback.
149. Mr Speaker, the Financial Year 2017/2018 will bring on board a new important programme at LVBC; the Integrated Water Resources Management (IWRM) programme supported by the Government of the Federal Republic of Germany, through KfW and the European Commission. The programme mainly aims at developing an IWRM model for the Lake Victoria Basin, facilitating the preparation of bankable IWRM projects and promote adherence to harmonised water resources management policies, laws and managements instruments.
150. Mr Speaker, LVBC has retained Maritime Safety and Security on Lake Victoria as a key priority during the upcoming financial year. On 25 October, 2016, the African Development Bank (AfDB) approved funds to support the new multi-national Lake Victoria Communication and Transport project to the tune of over US \$25 million. The key strategic interventions envisaged next financial year are the establishment and operationalisation of the Maritime Rescue Coordination Centre in Mwanza, the production of charts in Lake Victoria, the supply and installation of aids to navigation and the operationalisation of oil spill/toxic chemicals contingency plan for Lake Victoria.
151. Mr Speaker, the Commission has played a key role in enhancing environment and natural resources management in Lake Victoria. To this effect, the strategic interventions envisaged are oriented towards implementing the Lake Victoria Basin Climate Change action plan. In addition, the mitigation of climate change will require the establishment and operationalisation of a Climate Change Liaison Unit at the Lake Victoria Basin Commission. A joint initiative between the LVBC and the United Nations Environment Programme (UNEP) is already ongoing.
152. Mr Speaker, the key interventions for the next Financial Year 2017/2018 will also be focused on mainstreaming the Population Health and Environment (PHE) programme into LVBC policies and programmes. Therefore, alongside integration into the PREPARED and LVEMPII projects, PHE is expected to continue to be mainstreamed into national and sub-national institutional policies, strategies and frameworks. More importantly, PHE is expected to develop cross-cutting gender mainstreaming indicators to facilitate monitoring and evaluation of gender mainstreaming initiatives within the projects and programmes.

1.5. INTER-UNIVERSITY COUNCIL FOR EAST AFRICA

153. Mr Speaker, for the Financial Year 2017/2018, the objective of the Inter-University Council for East Africa is to enable institutions of higher learning to produce graduates who are competent, skilled and motivated to find relevant solutions to socio-economic challenges facing the Community. To achieve this objective, five key priorities were agreed upon during the Pre-Budget Conference in Arusha in August 2016 and these are:

- (i) Enhancement of quality of research and teaching in HLIs;
- (ii) Support to innovations addressing Community needs;
- (iii) Facilitation of free movement of professionals and students;
- (iv) Improvement of governance and networking of IUCEA Members and strengthening IUCEA governance, communication and investment.

154. Mr Speaker, following the directive of Ministers in charge of Higher Education in 2011 to transform EAC into a Common Higher Education Area by 2015, IUCEA developed tools to that effect during the Fiscal Year 2015/2016. The Heads of State declared EAC a Common Higher Education Area on 20 May 2017.

155. Mr Speaker, since 2015, IUCEA has been facilitating the establishment of Eastern and Southern Africa Higher Education Centers of Excellence (ACE II) project funded by the World Bank. IUCEA was selected as the regional facilitation unit on a competitive basis. The project aims at capacity building in key priority areas identified by participating countries and the World Bank that are Science, Technology, Engineering and Mathematics (STEM), Agriculture, Health, Education and Applied Statistics. A total of 24 regional centers of excellence were conditionally selected, of which 15 are within the EAC.

156. Mr Speaker, in collaboration with the EABC and EADB and under the auspices of the EAC Secretariat, IUCEA organised the 5th Academia Public-Private Partnership Forum and Exhibitions 2016 in November 2016 in Dar es Salaam under the theme, “Quality Education, Research and Innovation as Drivers of New Economies in the East African Community”. The participants to the forum explored pathways from research initiation to research findings and innovations.

157. Mr Speaker, IUCEA is in the final phase of negotiations with GIZ and DAAD for the establishment of a regional Center of Excellence in East Africa in ICT and will host a Master’s programme in embedded and mobile systems. The hosting university will be selected through a competitive process and the center is planned to start its activities in September 2017.

158. Lastly, Mr Speaker, IUCEA keeps fostering regional integration while facilitating students’ and staff mobility. A fee structure model that will inform the determination of students’ unit cost is in place and was approved by IUCEA Executive Committee in November 2016. The validation process is now ongoing. At the same time, since July 2016, seventeen academic staff from various EAC universities have participated in the IUCEA staff exchange programme.

1.6. LAKE VICTORIA FISHERIES ORGANISATION

159. Mr Speaker, during the financial year 2016/2017, the Lake Victoria Fisheries Organisation (LVFO) coordinated the development of guidelines for the establishment of cage culture in Lake Victoria and other water bodies through national and regional consultative meetings. The regional guidelines are to streamline the operations of cage fish farming to ensure environmental sustainability and harmony among the resource users. They provide guidance on requirements for establishment of cage culture, suitable sites for placement of cages, production practices and institutions responsible for approval of relevant policies and regulations to abide to. The final draft is awaiting approval by the LVFO Organs.

160. Mr Speaker, following the approval of the Nile perch Fishery Management Plan (2015-2020), the organisation, its institutions and the private sector have obtained support through the project, Responsible Fisheries Business Chains on Lake Victoria (RFBC) from the German Federal Ministry for Economic Cooperation and Development (BMZ) Global Programme, One World-No Hunger, to adopt new approaches to fisheries management to improve compliance and reduce fisheries illegalities. The project is to be implemented under a Public-Private Partnership arrangement and the estimated budget is Euros 3 million, with about Euros 1.794 million allocated to LVFO Institutions.

161. Provision of scientific information in a timely manner to guide the management of fisheries resources and aquaculture in the EAC region is key to the sustainability of the resources and development of the sector. The organisation, through its regional working groups, conducted a survey to estimate the amount of fish in the lake and the proportions available for harvesting. The findings indicated major decline in Nile perch stocks from 1.2 million tons in 2015 to 0.8 million tons in 2016 and Dagaa stocks declined from 1.3 million tons to 0.7 million tons during the same period. The results of the biennial Fishery Frame Surveys, the last one conducted in 2016, recorded an increase of illegal nets (monofilament nets) by 59 per cent. This calls for intensive surveillance to curb illegalities. Information generated from Catch Assessment Surveys indicated a decrease in the value of catches at landing beaches from US \$840 million to US \$591 million. This is attributed to a decrease in the high value species (Nile perch). The LVFO has initiated a programme to address the decline in Nile perch and to add value to the catch, specifically the Dagaa, to contribute to food security and better income to the fishing community and increase intra-regional fish trade in EAC.

162. Mr Speaker, the priority areas for the Financial Year 2017/2018 aim at addressing the strategic actions in the LVFO Strategic Plan (2016-2020) and the Fisheries Management Plan III (2016-2020) and will include the following:

- (i) Strengthening governance structures of the organisation;
- (ii) Mobilising funding and resources for the organisation to implement her programmes;
- (iii) Harmonisation of the regional policies, legislation and standards, including facilitating the provision of a conducive legal and institutional framework for the development of aquaculture to meet the demand of fish regionally;
- (iv) Improving compliance to fisheries regulations through involvement of the resource users and regulating access;
- (v) Review protocols for resource monitoring and updating the status of the fish stocks and fisheries to guide management decisions; and
- (vi) Promoting fish quality, safety, product development and marketing of fish and fish products through targeted interventions along the value chain.

1.7. EAST AFRICAN KISWAHILI COMMISSION

163. Mr Speaker, regional integration needs and sustainable development imperatives have generated a new interest in the efficacy of Kiswahili as a common language of wider communication and a basis for successful mobilisation and effective empowerment of citizens of the Community. The development and use of Kiswahili calls for strategic planning, transformation and adaptation of the language to these challenges, so as to catalyse citizens of the Community

into active participants and agents of change. The East African Kiswahili Commission has taken cognisance of the continuing and growing significance of the language as a basis for regional integration and sustainable development. The Commission has instituted measures and activities towards the institutionalisation of Kiswahili language in the integration process and development agenda of the EAC.

164. Mr Speaker, the Commission has developed its first Strategic Plan (2017-2022), which has been approved by the 35th Meeting of the Council of Ministers. The strategic plan defines the direction the Commission will take in the next five years in executing its mandate of coordinating and promoting the development and use of Kiswahili as a *lingua franca* of the Community. The Commission has organised the first East African Kiswahili Commission International Conference, to be held from 6 to 8 September, 2017 in Zanzibar, United Republic of Tanzania, under the theme, “Transforming the East African Community through Kiswahili”. The Association of Departments of Kiswahili at EAC Universities and the Association of Kiswahili Media Practitioners in the EAC will also take part in the conference. These efforts are part of the operationalisation of the Protocol establishing the East African Kiswahili Commission.

1.8. EAST AFRICAN SCIENCE AND TECHNOLOGY COMMISSION

165. Mr Speaker, during the Financial Year 2016/2017, the following activities were carried out by the East African Science and Technology Commission (EASTECO):

- a) Organised the First EASTECO Stakeholders Workshop, which came out with priorities on regional areas of cooperation in science, technology and innovation, as well as regional focus areas of intervention (agriculture, energy, bioscience and biotechnology, export-oriented industrial development, ICT);
- b) Finalised the EASTECO Five-Year Strategic Plan 2017/18–2021/22, which was approved by the EAC Council of Ministers at its 35th meeting;
- c) Commissioned a study on assessing knowledge and technology transfer institutions in the EAC Partner States to identify potential regional centers of excellence where its final report will be availed before end of June 2017;
- d) Recruited one additional technical staff to enhance the EASTECO institutional capacity and
- e) Finalised constitution of the EASTECO Governing Board as a fundamental governance structure of the Commission. Its First Meeting will be held on 20 and 21 June, 2017.

166. Mr Speaker, as per the EASTECO Strategic Plan, the priority activities planned for implementation in the Fiscal Year 2017/2018 are as follows:

- a. The development of a regional science, technology and innovation policy framework;
- b. To support the dissemination of R&D production and findings and enhance the EA regional technological and innovation capability, where the following will be implemented:
 - i. Launching the East African Journal of Scientific Research and Technology; and
 - ii. Holding the first annual forum of R&D institutions and private sector for knowledge and technology transfer throughout the region.
- c. To engage science, technology and innovation stakeholders, where EASTECO will work on:
 - i. The establishment of partnerships with regional and international R&D institutions and the development of collaboration and coordination arrangements with relevant international institutions interested in science, technology and innovation, targeting funds mobilization; and

- ii. The establishment of a regional science, technology and innovation stakeholder steering committee and holding the Second Regional STI Stakeholder Workshop.
- d. To strengthen the EASTECO institutional capacity by:
 - i. Recruiting additional technical staff, as per the EASTECO organogram;
 - ii. Establishing specialised technical committees to support the EASTECO Governing Board; and
 - iii. Holding the EASTECO Governing Board meetings.

1.9. EAST AFRICAN HEALTH RESEARCH COMMISSION

167. Mr Speaker, during the Financial Year 2016/2017, the Commission finalised the establishment of its National Focal Points (NFPs) in all EAC Partner States and the Governing Board, made of three Commissioners from each Partner States. The Commission also developed its realistic Strategic Plan 2016-2021, approved by the 14th Sectoral Council of Ministers and by the 35th Council of Ministers.

168. Mr Speaker, other notable achievements of the Health Research Commission during the Financial Year 2016/2017 include the hosting of the 6th East African Health and Scientific Conference in Bujumbura, the launch of the East African Health Research Journal and the swearing in of the Commissioners of the East African Health Research Commission at the occasion of the 6th East African Health and Scientific Conference.

169. Mr Speaker, key interventions of the Health Research Commission for the next Financial Year 2017/2018 are aligned to this strategic plan. The Commission will continue to strengthen the progress achieved so far and will focus on the following interventions:

- (i) Staffing of the Secretariat of the Commission;
- (ii) Implementation of the recommendations of the 6th East African Health and Scientific Conference and preparations for the 7th Health and Scientific Conference;
- (iii) Establishment of the web portal for health information in EAC; and
- (iv) Conducting baseline assessments on research capacity in Partner States.

3.12 EAST AFRICAN COMPETITION AUTHORITY

170. Mr Speaker, the Financial Year 2016/2017 was important for the EAC Competition Authority (Authority) because it commenced preparations to enforce the EAC Competition Act, 2006. The period was marked by significant achievements, with efforts to operationalise the Authority with the appointment of EAC Competition Authority Commissioners and one staff by the Council of Ministers. The Authority commenced the process of reviewing its regulatory framework, the Act and the EAC Competition Regulations, 2010. The review of the law is meant to address the lacuna identified in preparation to receive notifications. In particular, the Authority reviewed the EAC Mergers and Acquisitions Framework, developed a revised Merger and Acquisition Notification Form (EACCA 1), guidelines and forms on effective protection for confidential treatment of commercially sensitive information and the operational manual, among others.

171. Mr Speaker, the key interventions to be considered by the Authority in the Financial Year 2017/2018 are aligned to continue strengthening the progress achieved so far and enforcement of the Authority's mandate as provided by the Act. The key areas of focus for the Authority include:

- (i) Recruitment of staff of the Authority;
- (ii) Review of the Act and EAC Competition Regulations, 2010;
- (iii) Development of the Authority Strategic Plan 2017/2018–2021/2022;

- (iv) Development of EAC Competition Authority Internal Rules of Procedure;
- (v) Setting merger and acquisition notification thresholds applying to transactions which would have an appreciable impact in the community;
- (vi) Development of merger assessment guidelines;
- (vii) Setting merger and acquisition notification fees to facilitate the Authority in merger analysis;
- (viii) Conducting a baseline competition assessment study for selected sectors in Partner States and
- (ix) Sensitising the key stakeholders on the benefits of competition policy and law in the EAC region.

II. SUPPLEMENTARY BUDGET FOR FINANCIAL YEAR 2016/2017

172. Mr Speaker, in this part of the Budget Speech, the Council is seeking the approval by the Assembly of a Supplementary Budget totaling US \$2,146,513, in order to accommodate new activities supported by funding from Development Partners received after the budgeting process. As you may recall, this August House passed the East African Appropriation Act, 2016, with a budget of US \$101,374,589 for the Financial Year 2016/2017. The Supplementary Budget of US \$2,146,513 will fund the following activities:

- a) US \$79,367 from the Government of the Federal Republic of Germany, through the German Development Bank (KfW), for Regional Network of Public Health Reference Laboratories for Communicable Diseases Project;
- b) US \$68,630 from the Government of the Federal Republic of Germany, through the German Development Bank (KfW), for East African Community Regional Centre of Excellence on Vaccines, Immunisation and Health Supply Chain Management Project;
- c) US \$358,490 from the US Agency for International Development (USAID) for control and prevention of Maize Lethal Necrosis Disease (MLND) and development of the EAC Harmonised Seed Regulatory Framework;
- d) US \$250,000 support from USAID for the 6th East African Health and Scientific Conference and International Health Exhibition/Trade Fair and establishment of the East African Journal of Health Research under East African Health Research Commission;
- e) US \$6,452 support from TWENDE Funding for Developing Countries Clinical Trials Partnership Programme under East African Health Research Commission and
- f) US \$123,840 support from Danish Family Planning Association (DFPA) for the Reproductive Health and Sustainable Development Project under the Lake Victoria Basin Commission (LVBC).

III. EAC BUDGET FOR FINANCIAL YEAR 2017/2018

173. Mr Speaker, the Medium Term Expenditure Framework (MTEF) for 2017/2018-2019/2020 has been prepared in line with the Treaty for the Establishment of the EAC, EAC Development Strategy (2011-2016), pronouncements by the Summit and Council of Ministers' directives, together with the outcome of the Pre-budget Conference that was held in August 2016. It was against this background that the formulation of the Annual Operational Plan 2017/2018 was developed by Organs and Institutions. During the Financial Year 2017/2018, the Community will

focus on the key priority programmes agreed during the pre-budget conference and approved by Council.

1. Priority Interventions for Financial Year 2017/2018 Budget

174. Mr Speaker, during the Financial Year 2017/2018, the Community will focus on the following key priority programmes:

- (a) Consolidation of the Single Customs Territory (SCT) to cover all imports and intra-EAC traded goods, including agricultural and other widely consumed products;
- (b) Infrastructure development in the region;
- (c) Further liberalisation of free movement of skilled labour across the Partner States;
- (d) Enhancement of regional industrial development through investment in key priority sectors, skills development, technological advancement and innovation to stimulate economic development;
- (e) Improvement of agricultural productivity, value addition and facilitation of movement of agricultural goods to enhance food security in the region;
- (f) Promotion of regional peace, security and good governance and
- (g) Institutional transformation.

(b) Sector-specific Priority Areas for Financial Year 2017/2018

175. Mr Speaker, the key sector-specific priorities during financial year 2017/2018 include:

- (a) Promotion of trade and investment;
- (b) Development of regional infrastructure;
- (c) Increased access to sufficient, reliable, affordable and environmental-friendly energy resource in the region;
- (d) Strengthening immigration capacities to enhance free movement of persons, workers and services;
- (e) Promotion of agricultural productivity and value addition for increased cross-border trade and sustainable food security;
- (f) Promotion of regional peace and security;
- (g) Strengthening of the EAC Institutional Framework to spearhead the Community's integration agenda;
- (h) Strengthening of inter-organ/institutional collaboration and co-operation;
- (i) Strengthening of regional and international relations;
- (j) Strengthening the legal and judicial systems;
- (k) Enhancement of information, education, communication and popular participation of the citizenry in the EAC integration process;
- (l) Strengthening of capacity for resource mobilisation, financial management and reporting;
- (m) Strengthening the Community's planning, research, monitoring and evaluation functions;
- (n) Establishment of the foundation for a Monetary Union and adoption of a Single Currency;
- (o) Promotion of industrial development and technological innovation;
- (p) Promotion of education, science, and technology for creative and productive human resources;
- (q) Promotion of gender, community development and empowerment; and
- (r) Establishment of a policy framework and institutional structures for the EAC Political Federation.

(c) Expected Outcomes over the Financial Year 2017/2018 Budget

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

- (a) With the consolidation of the Single Customs Territory, it is expected that intra-EAC trade, especially in agricultural goods, will increase significantly. The cost of doing business in the EAC region will be reduced, resulting in a reduction in the cost of living for the citizens of East Africa;
- (b) Development of regional infrastructure is expected to, among others, lead to a reduction in incidents of overloading, a reduction in maintenance budgets for road agencies and improvement in cross-border movement for persons and goods. Liberalisation of air transport services will result into an increase in traffic routes, air traffic movements and passengers and a reduction in the cost of air transport;
- (c) Enhanced implementation of the EAC Common Market Protocol, with particular emphasis on free movement of skilled labour across the Partner States, will lead to significant improvement in labour productivity and consequently, increased overall productivity in the region;
- (d) Efforts towards enhancing agricultural productivity and regional industrial development, particularly value-addition, are aimed at ensuring food security, increased employment opportunities and incomes;
- (e) Promotion of peace, democracy and security across the Partner States, as well as efforts towards full participation of the Republic of South Sudan (RSS) in the activities of EAC, will certainly deepen and widen the EAC regional economic integration. Regional peace and tranquility are key prerequisites for East Africa's economic development and improvement of livelihoods among East Africans;
- (f) The Community has been implementing a number of initiatives towards enhancing operational efficiency and accountability. The major initiatives include institutional review, strengthening of internal controls, performance management and a quality management system. These efforts will be further consolidated to ensure that operational systems are fully streamlined to achieve the desired level of efficiency, accountability and value for money; and
- (g) The ongoing formulation of the 5th EAC Development Strategy (2016/17-2020/21) will focus on intensifying various activities and programmes along the four pillars of the EAC integration agenda.

(d) Allocation of the Budgets to Organs and Institutions for Financial Year 2017/2018

177. Mr Speaker, the MTEF for the Financial Year 2017/2018–2019/2020 has been prepared in line with the outcome of the Pre-budget Conference that was held in August 2016 and subsequently, approved by the 34th Meeting of the Council of Ministers. Various Summit and Council Directives and sectoral/departmental projections also guided the formulation of the Annual Operational Plan 2017/2018.

178. Taking into account the prioritised activities, the EAC requests the budget amounting to **US \$110,130,183** (excluding CASSOA) for 2017/2018, compared to **US \$101,374,589** of the current Financial Year 2016/2017.

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

- a) EAC Secretariat US \$60,183,201;
- b) East African Legislative Assembly US \$17,996,959;
- c) East African Court of Justice US \$4,140,166;
- d) Lake Victoria Basin Commission US \$11,960,643;

- e) Lake Victoria Fisheries Organisation US \$2,466,655;
- f) The Inter University Council for East Africa US \$6,766,928;
- g) East African Science & Technology Commission US \$1,500,164;
- h) East Africa Kiswahili Commission US \$1,553,098;
- i) East Africa Health Research Commission US \$2,225,324;
- j) East African Competition Authority US \$1,337,045;

180. Mr Speaker, the Budget for the financial year 2017/2018 will be financed from the following sources:

- (i) Ministries of EAC Affairs US \$50,226,522;
- (ii) Ministries responsible for Education US \$4,848,431;
- (iii) Ministries responsible for Fisheries US \$1,549,254;
- (iv) Member universities US \$303,435;
- (v) Development Partners US \$52,868,638 and
- (vi) Miscellaneous revenue US \$333,903

(e) Budget assumptions

181. Mr Speaker, the budget for Financial Year 2017/2018 has been developed, taking into consideration the following key assumptions:

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

(f) Key challenges expected during the Financial Year 2017/18 Budget execution

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

- 1. Persistent delays in remittance of funds from Partner States and development partners;
- 2. Limited financial resources, occasioned by reduced support from development partners. The overall budget is declining yet the demand on the Community to deliver more services to East Africans is increasing;
- 3. Delayed harmonisation of national laws that impact on the implementation of the EAC Common Market Protocol; and
- 4. Understaffing which is seriously impacting on effectiveness and efficiency in implementation of projects and programmes.

(g) Strategies for mitigating the above challenges

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

1. Close follow-up of remittances by Partner States to facilitate timely implementation of projects and programmes;
2. Continuous dialogue with Development Partners to support the EAC projects and programmes;
3. Awareness creation among Partner States on provisions of various Protocols for the EAC integration process; and
4. Implementation of the Institutional Review, as per the directive of the 17th Summit of Heads of State.

IV. ACKNOWLEDGEMENTS

184. Mr Speaker, allow me to recognise and appreciate the continued support and cooperation from both Partner States and the following Development Partners:

- (i) The contributors to the EAC Partnership Fund, namely the Governments of the Federal Republic of Germany, United Kingdom, Norway, Finland, Denmark, Sweden and Japan;
- (ii) The People's Republic of China;
- (iii) African Development Bank;
- (iv) United States of Agency for International Development (USAID);
- (v) World Bank;
- (vi) European Union;
- (vii) United Nations Population Fund;
- (viii) Danish Family Planning Association; and
- (ix) African Capacity Building Foundation.

The EAC looks forward to strengthening and expanding cooperation and collaboration with these Development Partners.

Mr. Speaker, I beg to move.

(Applause)

The Speaker: Thank you so much, Chairperson, Council of Ministers. It is not actually easy being Chair of Council. I congratulate you upon the eloquent presentation of the budget speech.
(Applause)

I also congratulate the Members of the Council of Ministers, the Secretariat led by the Secretary General and special recognition to the heads of EAC Institutions and the staff that have put this together. I now refer the Budget speech and all the papers of the Budget laid on the Table to the Committee on General Purpose for further scrutiny, on behalf of the Assembly.

Honourable Members, it has been a long day. You need to go and read through this Budget speech and all the papers laid on the Table, in preparation for the debate next week.
House is adjourned to Tuesday next week.

(The House rose at... and adjourned to Tuesday, 30 May 2017 at 2.30 p.m.)