



EAST AFRICAN COMMUNITY

EAST AFRICAN LEGISLATIVE ASSEMBLY (EALA)

Official Report of the Proceedings of the East African Legislative Assembly

FIFTH MEETING – FIFTH SESSION – SECOND ASSEMBLY

Wednesday, 23 May 2012

The East African Legislative Assembly met at 2.30 p.m.

In the Chamber of the Assembly, AICC Ngorongoro Wing, fifth Floor, Arusha.

PRAYER

(The Speaker, Mr. Abdirahin Abdi, in the Chair)

(The Assembly was called to order)

MOTION

RESOLUTION

Resumption of Debate Interrupted on 22.5.2012

The Speaker: Hon. Members, as you are aware yesterday, I adjourned debate on this resolution as the Secretary-General had informed us that he had other figures for us to look at. If I could now request the Secretary-General to table those figures so that we can proceed with the debate.

The Secretary-General, Amb. Richard Sezibera: Mr. Speaker, Sir, as I said yesterday, the outstanding issues now under negotiations with the EU under the EPAs are the export taxes and the MFN status. The parties agreed to refer these two issues to the Ministers. The development cooperation provisions are part of the EPAs in recognition of the fact that changes to the trade regime will entail certain costs for the EAC in the short-term to the medium term, the costs can't be linked to institutional implementation of new rules as well as to the adjustment of economic operators to the new regulatory framework.

The EAC Partner States would like to ensure that additional resources are made available to assist them in taking advantage of opportunities from implementation of the agreement and access to new markets.

Under the negotiations on economic and development cooperation, two critical issues remain outstanding on annexing the EAC peer development matrix and when to develop the benchmarks indicators and targets. Both parties currently have agreed that these two outstanding issues be referred to the committee of senior officials.

On trade, environment and sustainable development, the EU submitted a text on trade, environment and sustainable development. The EU proposal includes commitments to develop measures on environmental issues, social issues and labour standards, including the scope of the cooperation and institutional arrangements.

The EAC pointed out that these matters are some of the trade related issues for which both parties had agreed that trade related issues along with trade in services be negotiated at a later stage.

In addition, the EAC pointed out that discussions of this item will prolong the negotiation period and delay the conclusion of the core negotiation issues.

The EU pointed out that it is important for these matters to be discussed in the on-going negotiations as it is a requirement under their treaty for the EU Parliament to ratify trade agreements with these provisions included. This is post-Lisbon Treaty.

Mr. Speaker, Sir, under benefits of the EPAs, the EAC exports to the EU currently accounts for about 25 per cent of EAC exports and there is a need to consolidate this. The EU market is a major export destination for EAC's agricultural products since it offers the option to access a high price market that is considerably protected.

The EPAs provide secured market access as well as transparent and predictable trade regimes. Everything but arms and GSP are unilateral and can be withdrawn any time.

In addition, under the EBA and GSP, key market access provisions are non-negotiable on the European side. These include rules of origin, SPS and technical barriers to trade. These are very restrictive and yet non-negotiable.

Furthermore, countries are assessed periodically to ascertain whether they remain eligible to benefits from the EBA. This kind of situation is not suitable for long term or even medium term decision making.

Under the EPA, the rules of origin are expected to be simple, flexible and asymmetrical, to take into account the different levels of development between both parties. It will also allow accumulation with the countries that the EU has concluded or will conclude an FTA with. It allows for single transformation of textiles.

Mr. Speaker, Sir, in terms of figures and impact of EPAs on regional trade and production under the EAC market access offer to the EU:

The EAC has duty-free, quota-free access to the EU market and, therefore, the EU made no additional offers. The EAC is liberalizing 82.6 per cent through a gradual reduction over a 25 year period. Reductions are based on the CET and hence will be phased down in three tranches as follows:

In the first five years after conclusion of an EPA, the products to be liberalized under the EAC are those products which currently carry a CET of zero per cent. There are about 1,950 tariff lines for these. Of these products currently under zero per cent CET, even without the EPAs, we are importing 65.4 per cent of these products from the EU and the rest from other parts of the world. Therefore, these are products for which there is no further reduction and the EAC offered the already prevailing duty-free market access, raw materials and capital goods.

In the second phase, it was estimated to be from 2015 to 2023, but this will depend on when the negotiations are concluded; there are intermediate inputs which currently attract duty of 10 per cent. These are 1,129 tariff lines. These have been offered because these are intermediate inputs to East Africa's industrialization policy and strategy. So, this will amount to 14.6 per cent of liberalization, five years after the EPAs are signed.

The last phase takes us from 2020 to 2033. These are finished products. There are 960 tariff lines, representing 2.6 per cent of imports from the EU. These are finished products for which the region does not have comparative advantage in their production, yet are needed for the welfare of the people of East Africa, and are deemed not to have a potentially negative impact on the EAC industrialization.

Furthermore, EAC has negotiated for policy flexibility to revise the products whose tariffs have been bound at zero under the standstill clause. Under the standstill clause, the EAC can revise the schedule for products. Furthermore, both parties have agreed to review the agreement after every five years.

I wish to state that there are currently products excluded from liberalization. This is already agreed. About 17.4 per cent of EAC imports from the EU have been excluded from liberalizations. These are 1,390 tariff lines. These products include the EAC list of sensitive products which has 50 tariff lines. The criteria for including products on the excluded list includes contribution to rural develop, employment, livelihood, sustainability, promotion of food security, protection and fostering of infant industries, contribution to government revenue, products deemed to contribute to or have a potential to contribute to increased production and trade competitiveness as well as all products subsidized by the European Union. All those are on the excluded list of the EAC.

Some of the products on the list include live animals, meat and edible meat ovals, fish and crustaceans, molasses and other acquatic invertaebrates, dairy produce, birds eggs, natural honey, edible products of animal origin, live trees and other plants, bulbs, roots and the like, cut flowers and ornamental foliage, edible vegetables and roots and tubers, edible fruit and nuts, peel of citrus fruits or melons, coffee, tea, matte and spices, cereals, products of the milling industry, malts, starches, vegetable plaiting materials and vegetable products, animal or vegetable fats and oils and their cleavage

products, prepared edible fats, animal or vegetable waxes, preparations of meats or fish of crustaceans, molasses or other aquatic invertebrates, sugars and sugar confectionary, coca and cocoa preparations, preparations of cereals, flower, starch or milk, pastry, cooks products, preparations of vegetables, fruit, nut or other parts of plants, tobacco and manufactured tobacco substitutes, plastics and article thereof, wood and articles of wood, cotton, mud-made filaments, man-made staple fibres, footwear, gaitors and the like, as well as parts of such articles, iron and steel and articles of iron and steel.

Mr. Speaker, Sir, the provisions in the EPA also contain trade defence instruments. The provisions in the EPA give the EAC the opportunity to impose measures in cases where EU imports were to increase in such quantities that they would threaten domestic producers and industry. This defence instrument includes bilateral and multilateral safeguards, including pre-emptive safeguards where in exceptional circumstances, immediate action is required, for example, food security.

Infant industry protection measures, means that the EAC can re-introduce MFN tariffs for a period of 10 years with a five year extension. Non-tariff measures can also be imposed, as well as anti-dumping and counterfeiting measures.

Mr. Speaker, Sir, the implications of EAC's market access offer on our agricultural development. The agricultural products in which the EAC is competitive in producing or have the potential are not affected by the EPA, as these have been largely excluded from liberalization. This position was motivated by the need to address food security and rural livelihood.

In the long term, the EAC will be liberalizing only seven agricultural items, six products which currently attract 10 per cent tariff and one product attracting a 25 per cent tariff. These are products which are currently significantly sourced from the EU and yet used by our industry in the region. They include maize starch (I must hasten to add that maize starch is not maize), flowers and meals of soya beans, sea weeds and other algae, animal food preparations, casaine, other modified starches as wells coals and oil.

IMPLICATIONS OF EAC's MARKET ACCESS OFFER ON THE TARIFF REVENUE

The EAC liberalization is based on its CET, 65.4 per cent of the value of imports from the EU is already at zero tariff under the current EAC CET, including industrial inputs and capital goods and 17.4 per cent of the value of imports from the EU is excluded from liberalization. In effect, the EAC is liberalizing 17.2 per cent of its imports from the EU over the course of 23 years. This gives the EAC a good period to adjust.

In terms of actual revenue lose by the individual EAC Partner States, since none of the EAC Partner States will liberalise any positive duty tariff during phase one, the revenue lose will be incurred by the end of phase two and a hypothetical revenue lose in EAC Partner States all items being liberalized at the end of the phases is estimated at 4.8 million for Burunding, 39.5 million for Republic of Kenya, 3 million for the

Republic of Rwanda, 16.7 million for the United Republic of Tanzania and 8.7 million for the Republic of Uganda.

It is important to note that the EAC's shift from the dependence of customs duties as a source of revenue to domestic resources of revenue particularly with the advent of the Customs Union. Under the EPA, the envisaged revenue loss from the liberalization of the intermediate and finished products has been mitigated by a negotiated phasing period that commences five years from the conclusion of the EPA to beyond 2033. The revenue loss is expected to be offset by gains from enhanced competitiveness triggered by reduction in the tariffs of intermediate products, as well as new trade opportunities in the tariff lines that have been opened under the EPA. The revenue is expected to be generated from domestic taxes from the new business opportunities and enhanced trade as a result of improved competitiveness.

Further, development cooperation under the development matrix provides an opportunity to mitigate a fair value of the losses from liberalization.

Mr. Speaker, Sir, I will end by saying that the EAC has maintained its position on export taxes and MFN. Trade in services and trade related issues will be negotiated at a later stage. Two new issues, namely good governance in the tax area and obligations from Customs Union agreements concluded with the EU submitted by the EU have been refused. The EAC has pointed out that the negotiations should focus only on the agreed areas of negotiations.

Mr. Speaker, Sir, I beg to lay this report on the Table.

(The Secretary-General laid the document on the Table)

The Speaker: Hon. Members, you have heard. I hope the Secretary-General shared this from the Committee. I can see his report is fundamentally different from the resolution. So, maybe Chairman will tell us what they had agreed.

Hon. Kategaya, you wanted to say something or it has already been overtaken by events?

The Minister for EAC Affairs, Mr. Eriya Kategaya (Uganda): Thank you, Mr. Speaker, Sir. Most of the issues I wanted to raise yesterday have been covered by this report of the Secretary-General. But I only have two points I would like to emphasise.

The first one is that we should insist even in the resolution that East Africa should not be divided at all. I think we should remain as a block. This is what we negotiated in 2007 in Brussels. When we went there in 2007, we found there was an attempt to say that Kenya is separate and more advanced than the other four Partner States. We insisted that East Africa will remain as a block on this question of negotiating with the EU. I think this should be emphasised.

Secondly, after all this, what should we do as a region to make sure we increase our intra-development and intra-trade? My experience is that for these Europeans to think that they will give us money in order to rectify the deficiency is not correct. We shall

do it ourselves; except that the EPAs give us an opportunity to do so. Unless we work on our infrastructure, namely power, railways, the roads and then also on agriculture and trade among ourselves, that when we shall be able to overcome the problems we are talking about.

Thirdly, there are those who have been saying don't negotiate; just refuse. I remember last time somebody said, you refuse. But I said; how can you refuse? In fact, the EPAs, as the Secretary-General's report shows, is the only time we have to negotiate. For the EPAs, we had what we call Lome I, then we went to Cotonou; which were regimes offered by Europe. We did not participate in the negotiations of terms of those regimes. They just said, you grow cotton, we shall subsidise you. You grow coffee, we shall subsidise you; to make sure that we don't diversify our economies. This has been our problem. Then, even Everything But Arms (EBA), again is an offer by the Europeans. We did not have a say on what we should do at EBA. As the report of the Secretary-General is saying, again, it is voluntary; it is up to them. Once they wake and they think you are misbehaving, they just throw you out. In fact the French, in defence of their agriculture were saying they would question who produces these flowers and French beans in Kenya? Do they use gloves when they are producing these products? Do they have shoes? Do they have latrines? They said all these, in order to keep the products out; so EBA is not even in our interest at all. But EPAs, should be giving us the opportunity to negotiate exactly what we want. But we should negotiate. This question of saying, don't do anything; to me, is not correct. If we collectively stand together I think we can get what we want from the Europeans.

Of course, the other question which we will take into account is the present economic situation in Europe. It is not very good either. As you have been following, the Eurozone is in a mess. They don't have much resources to go about it. There Europeans also have a big tendency to be more inward looking than outward looking. That is why our intra-trade and development is strategically important for our survival so that we can rely on our selves. In fact, in my view, if we managed to develop the resources that are now being talked about collectively, and I want to emphasize that; because you Uganda has got oil and then you may think oh, Uganda has got oil, we don't want integration. Somebody may say; now we have discovered a lot of oil and Kenya does not want integration. That may come up. I think we should guard against that. This should give us an opportunity to be able to integrate more on our own terms.

Mr. Speaker, Sir, I am happy that we are discussing this matter. In fact, I am glad that you wisely postponed the debate yesterday, Mr. Speaker, Sir, because this is a very important item for the future of East Africa. It is important to know what we want from Europeans, how we should go about it, what is our role as a region in order to come out of the problems we are in.

Mr. Speaker, Sir, my view has always been that we are in integration in order to develop. This is why we are here. The objective of our integration is to transform economies so that we are in charge of our destinies. Yesterday, Members were saying we look like beggars and so on; precisely because we are not strong enough; and we are not strong enough because we are divided. But as East Africans, we can make our point and get what we want. As I said when I went to Brussels in 2007, I remember

there was a man called Peter Mandelson from the UK, who was in charge of the European Commission for Development. When I said we were going to negotiate as East Africa, he told one of our officers to go and report to your country that things have changed. They were saying, you know, Kenya is very developed and should be bothered by this poor Uganda and Tanzania; we shall give you better terms. I said, that is not possible; we are together. The difference between the Kenyan and Ugandan economy is very academic, in my view. Those who have read reports of pastoralist areas where, with due respect, the Speaker comes from, how can you that area is different from the rest of us?

The Speaker: Hon. Minister, I don't come from the Turkana region!

(Laughter)

I come from the more developed pastoralist region of East Africa.

(Laughter)

Mr. Kategaya: Information taken, Mr. Speaker, Sir. But of course, development can also be subjective. As somebody said, if you have one goat and it produces another, you have increased production by 100 per cent, but you still have two goats.

(Laughter)

So, Mr. Speaker, Sir, I hope our Kenyan brothers and sisters should not have that idea of saying their economy is different and they may not need the integration of East Africa.

With these few remarks, I support the Motion.

(Applause)

Dr. Ndahiro: Mr. Speaker, Sir, I would like to take this moment first of all to thank the Secretary-General and the Minister. We met with the Secretary-General this morning as a Committee and he briefed us. Precisely what he told the Committee is what he has told the House.

Mr. Speaker, Sir, yesterday, you adjourned the debate because of two issues. One was on the facts and the second was on the figures. The figures we have received in this report are the same figures we received in the morning. The question is; we are supposed to compare the figures in the resolution that demonstrate that Kenya will lose if it signs EPAs or she will even lose more if she does not. The figures we have that demonstrate that Kenya will lose more by signing are figures that we obtained from the research conducted by the South Centre, which the Secretary-General does not believe are consistent with the figures used by the EAC negotiators. The figures we received from the Secretary-General indicate customs revenue loses for the five Partner States. The South Centre provided figures for revenue loses not only looking at the customs loses. Now, whether there is a difference or not, that could be demonstrated if we had two comparable data sets. Because the figures we have are not

comparable and the figures we have do not indicate the benefits of EPA to the region, the benefits are intangible in nature as demonstrated by the Secretary-General, and we are not saying that they are not worth something, but that particular figure is not there to inform our decision. After going through with the Secretary-General, the Committee thought that probably, we could still have a good political statement and amend the parts of the resolution that mentions the figures and move forward. But all in all, the Secretary-General is in total agreement with the Committee about the usefulness of this resolution because he says it is timely and important at this point in time. That is the same feeling we maintain as a Committee and because of the figures that we have, which we cannot compare, we thought that the figures we got from the South Centre, if the source is clear, then other people might come up later to provide similar or alternative figures or we do without them. That was the debate we had in the morning session and it is up to the House now to make a final decision on this. But our feeling is that the resolution is important and timely and we all agree.

I thank you.

The Speaker: Hon. Ndahiro, you have not told me anything. Are you still moving ahead with your resolution as is or you are telling us something else?

Dr. Ndahiro: Mr. Speaker, Sir, the resolution still stands but we have some amendments to do.

The Speaker: Hon. Ndahiro, I think all of us know the rules. There is nobody who has brought any amendments here and we have closed debate. So, what do you want us to do? There is nobody who has brought amendments to the Table on this resolution and according to the rules, we are voting on this resolution as is.

Dr. Ndahiro: Mr. Speaker, Sir, with your permission, we can read out the amendments or we can table them.

The Speaker: Hon. Members, let us be fair to each other. We have been here for five years and we are actually going home next week.

(Laughter)

If we don't know the rules after five years, how can we conduct business in this House? Hon. Ndahiro, I think even your Committee Members should not leave it to you only; the whole Committee on Communications, Trade and Investments should tell us what to do.

Dr. Ndahiro: Mr. Speaker, Sir, we have prepared new amendments and we would like to table them.

The Speaker: Dr. Ndahiro, I have a copy of a document here which has been circulating; these are not amendments, they are new resolutions, unless you are withdrawing these resolutions and bring in new resolutions.

Dr. Ndahiro: Mr. Speaker, Sir, I am not withdrawing the resolution as tabled.

The Speaker: Hon. Akhaabi, could you please help Hon. Ndahiro with those documents. Hon. Ndahiro, I will advise you on two things; one, we either vote on the resolution as is or you withdraw your resolution because what you brought here are not amendments but a new resolution. It is your choice.

Dr. Ndahiro: Mr. Speaker, Sir, I would prefer to vote on what is there; the resolution as it is.

The Speaker: Hon. Members, let me say something on this issue. We adjourned debate on this issue yesterday so that the two parties could sit, compare notes and come up with something. But from what I see, in terms of what has been brought in the form of amendments, they are not amendments but actually a new resolution, which is different from what was presented yesterday. I have asked Hon. Ndahiro whether he would withdraw or vote on the resolution as it was yesterday and he said would rather keep his Motion as it was. So, I am going ahead to put the question....

Mr. Kategaya: Mr. Speaker, Sir, I seek your guidance....

The Speaker: Hon. Kategaya, I think you should also read the rules. When the Speaker is speaking, you should be guided by the rules.

Mr. Kategaya: I know; but I was wondering – I don't know under which rule – if you could adjourn the House so that the two parties can meet and work out or put in amendments to the first resolution. If what has come out has substantially changed the first resolution, I think you should guide us on whether we should say the efforts of the Committee and the Secretary-General was an exercise in futility or we prevail on Hon. Ndahiro to withdraw the old one and table this new which has been agreed upon by the Committee and the Secretary-General.

The Speaker: Hon. Kategaya, I think that is what I have been saying for the last ten minutes. I even requested Hon. Ndahiro to bring the document and he said he was going to keep what was there. So, we will vote on the original resolution.

(Question put and agreed to)

MOTION

REPORT OF THE COMMITTEE ON AGRICULTURE, TOURISM AND NATURAL RESOURCES ON THE STATUS OF IMPLEMENTATION OF TOURISM AND CONSERVATION ISSUES IN THE EAST AFRICAN COMMUNITY

Ms. Safina Kwekwe (Kenya): Mr. Speaker, Sir, I beg to move:-

THAT, the report of the Committee on Agriculture, Tourism and Natural Resources on the Status of the Implementation of Tourism and Conservation Issues in the East African Community be adopted.

Mr. Augustine Lotodo (Kenya): Seconded.

Ms. Kwekwe: Mr. Speaker, Sir, before I present the Committee report, may I take this opportunity to commend the resilience of this Second Assembly for the good work that it has done as demonstrated on the outcomes and outputs of debates that have taken place on the Floor of the House for the last five years. I want to particularly congratulate the Hon. Members of the Second Assembly who have raised the retention rate of EALA from 22 per cent, which was six Members from the First Assembly, to currently, as we stand, 13 Members, to the Third Assembly. That is a remarkable achievement. It is currently standing at 39 per cent and hopefully, it will go to about 47 per cent if all goes well.

The Speaker: Hon. Safina, you should also understand there are still law suits and we have to wait until the 5th of June to be sure.

(Laughter)

Ms. Kwekwe: Mr. Speaker, Sir, I am a very optimistic person.

Mr. Speaker, Sir, I also want to thank Hon. Harelimana and Hon. Mmari who ensured successful execution of the activity whose report I am going to read to you, as they were the team leaders during this activity.

The Committee on Agriculture, Tourism & Natural Resources held a two day workshop on Tourism and Conservation from 17th – 19th October 2011 in Nairobi, Kenya. The objectives of the workshop were to:

- i. comprehend principles of Tourism and wildlife conservation
- ii. develop a regional partnership for development of tourism and conservation
- iii. exchange views on countries practices
- iv. take stock of development so far reached in implementing cooperation in these areas.

2.0 Acknowledgement

The Committee wishes to record its appreciation on the continued support it has continued to receive from the Rt. Hon. Speaker of the East African Legislative Assembly and AWEPA, the Ministries of East African Community Affairs in the EAC Partner States for supporting the Committees to discharge it's mandate for

coordinating its various activities; and the office of the Clerk of the Assembly for providing all the necessary support required for the Committee to serve its parliamentary functions;

Many thanks also go to the East African Community Secretariat and Association of European Parliamentarians with Africa (AWEPA) for their financial support in building capacity of the committee in execution of its oversight mandate.

Mr. Speaker Sir, it is now my pleasure on behalf of the Committee on Agriculture, Tourism and Natural Resources, to table this report before the Assembly for consideration, pursuant to Rules of Procedure 79 (1) (h),

3.0 Participants

Mr. Speaker Sir,

The workshop brought on board relevant parliamentary committees from EALA, Kenya, Uganda, Tanzania, and Burundi.

The participants comprised of the membership of the Committee on Agriculture, Tourism and Natural Resources. I also want to acknowledge with appreciation the participation of the following Members from the National Parliaments:

Republic of Kenya: Hon. Shakeel Shabbir, M.P.

Republic of Uganda: Hon. Okot Ogong Felix, M.P.

Republic of Burundi: Hon. Remy Barampana, M.P.

Republic of Tanzania: Hon. James Lembeli, M.P.

Resource Persons

Ms. Brenda M. Mugambi - Tourism & Wildlife Programme Assistant, EAC Secretariat

Dr. Jonathan Nzuma – University of Nairobi

Mr. Stephen Kisamo - Chief Park Warden, Tanzania National Parks

Staff

Ms. Geraldine Rwekaza - AWEPA Officer

Ms. Elizabeth Gitonga - EALA Staff

4.0 Background Information

4.1 Importance of tourism and wildlife conservation in Africa

Mr. Speaker Sir,

The East African region is endowed with a variety of natural resources including: waters, minerals, genetic resources, forests, land and soil, climate and their derivatives. These are either aquatic or terrestrial, and categorized as trans-boundary or national ecosystems. The regional livelihoods and economies are highly dependent on utilization of natural resources and as such, the sustainability of these systems is of significance for the region.

East Africa is particularly famous for its savanna ecosystems and their big herds of large mammals. Yet, the region also harbors a remarkably wide variety of natural forests, supporting a wealth of biological diversity and endemism among plants, birds and mammals. Yesterday, the world marked the World Day of Biodiversity for the 20th year. Therefore, we also join the entire world in celebrating 20 years of conserving our biodiversity.

East Africa is home to many of the world's rare and exotic wildlife species, making the region the most attractive for eco-tourism. Tourism is vital for the economies of East African countries. To illustrate this, tourism accounts for 10 per cent gross domestic product in Kenya and 16 per cent in Tanzania, as at December, 2010.

Conservation is the protection, preservation, careful management, or restoration of the environment and natural resources such as wildlife forests, soil, and water. Today, the

new conservation concepts include sustainable, involvement of rural communities and maintaining biological diversity.

Wildlife conservation aims to halt the loss of earth biodiversity by taking into consideration ecological principles and environmental conditions with the aim of balancing the needs of wildlife with the needs of people.

However, successful conservation is about understanding how to focus people's behaviour. This includes the interaction between the behaviour of those earning a living in biodiversity hotspots; the behaviour of consumers in developed countries to the investment choices made by businesses, industries and global market makers, to the political decisions made at local and international levels.

4.2 Role of the EAC Secretariat in tourism and Wildlife Conservation

Mr. Speaker Sir,

Cooperation in tourism and wildlife conservation is provided for under Chapter 19 and 20 of the Treaty establishing the Community where Partner States agreed to develop a collective and coordinated approach to the promotion and marketing of quality tourism and develop collective and coordinated policies for the conservation and sustainable utilization of wildlife.

To implement those provisions, the EAC Secretariat developed the Protocol on Environment and Natural Resources Management and the Protocol on Sustainable Development of the Lake Victoria Basin which has since been ratified by the Republics of Uganda and Kenya.

Article 12 of the Protocol on Environment Natural Resources Management (ENRM) stipulates that the Partner States shall develop, harmonise and adopt common policies, laws and strategies for the conservation and sustainable utilization of wildlife resources in and outside protected areas in the Community and integrate such management into national development plans. A protocol on Tourism and wildlife management is under finalization.

Besides the above instruments, EAC has initiated and is implementing projects and programmes aimed at conserving wildlife and promoting tourism in the region: These include:

- a) Mount Elgon Regional Ecosystem Project;
- b) Mara River Basin Water for Biodiversity Project;
- c) Development of Regional Wildlife Conservation Information Management System;
- d) East African Tourism and Wildlife Co-ordination Agency (EATWCA) has been established;
- e) The East African Community Classification of Accommodation Establishments and Restaurants criteria has been launched ; and
- f) EAC Tourism and Wildlife Management Bill that was passed into law at a session of the East African Legislative Assembly held in Kampala, Uganda in 2010.

5.0 Impacts of Tourism

Mr. Speaker Sir,

Tourism generates both positive and negative impacts in the following areas:-

- i. Economic impacts
- ii. Political impacts
- iii. Environmental impacts
- iv. Social-cultural impacts

Given these challenges societies must conserve their tourist attractions.

6.0 Tourism & Conservation

Mr. Speaker Sir,

Tourism and conservation sectors exist independently of each other and to a large degree operate with little interactions & overlaps. However, tourism can generate funding and political support for conservation. The largest overlap is public visitation to public protected areas.

Mr. Speaker Sir,

Sustainability of tourism and conservation require a systematic, integrated approach that brings together the environmental, economic and social goals and actions directed toward the **4 sustainability objectives** for a community, namely:-

- i. Reduce dependence upon fossil fuels, underground metals, and minerals;
- ii. Reduce dependence upon synthetic chemicals and other unnatural substances;
- iii. Reduce encroachment upon nature; and to
- iv. Meet human needs fairly & efficiently.

7.0 Status of Wildlife Conservation in East Africa

7.1 Tourism Attraction

Tourist attractions within the EAC are mainly nature-based e.g

- Game viewing – big five, chimpanzees
- Bird viewing
- Mountain climbing
- Marine activities
- Water surfing

Yet tourist attraction sites need to be conserved to mitigate the negative impacts of tourism and for future generations

7.2 Wildlife Conservation

The approach taken by most EAC partner states to wildlife management is conservation through protected areas.

In Kenya, protected areas account for only 7 % of the total land area while over 70% of wildlife is to be found in private and communal lands.

7.3 Critique

This approach has been challenged on the basis that the presence of wildlife in human settled areas infringes on the rights of communities and results in human-wildlife conflicts

Wildlife thus is under threat from;

- Population pressure and migration
- Land use changes
- Trade in natural resources – trophies & game meat
- Climate change

7.4 Human Wildlife conflict

This is related to destruction or disruption of human life that is attributed directly to wild animals.

Types of conflict include:-

- Lack of land use & land tenure policy putting people and wildlife in conflict
- Population increase- limited space
- Human encroachment into wildlife areas hence increase in land use pressure & incompatible uses such as agriculture, settlement & urbanization
- Loss of human life & injuries caused by wildlife
- Loss of livestock through predation with no compensation

7.5 Institutional Arrangements

The general approach has been to provide for protection and management of wildlife through:-

- constitutional provisions
- Environmental legislation
- Sectoral legislation

The legislation takes a command-and-control approach entailing heavy presence of government to ensure compliance to set standards in protected areas.

8.0 RECOMMENDATIONS

Mr. Speaker Sir,

It is imperative that:

- There is an urgent need to combine efforts for sustainable tourism that is beneficial to Partner States equitable manner;
- Fast-track adoption of Single Tourist Visa for the five constituent nations of the EAC (Kenya, Tanzania, Rwanda, Burundi, Uganda).
- Develop policies and strategies for promotion and marketing of tourism as an incentive for conservation; and
- Promote the exchange of experience between the institutions responsible for nature conservation and tourism in the five EAC countries.

9.0 CHALLENGES OF EAC AND PARTNER STATES

1. Lack of qualified staff ;
2. Low budgetary allocations;
3. Lack of adequate training facilities in the area;
4. Low sensitization of the beneficiaries.
5. Lack of proper Institutions.
6. Lack of political will.
7. Lack of discipline – Poor implementation of decisions.
8. Low budgetary allocation.
9. Conflicting interests – waiving some fees while at the same time, charging fees to fill a budgetary gap.
10. Lack of harmonization of laws and policies – hunting, poaching, selling of live animal.
11. Classification of Ecosystem in EAC (Protected Areas).

12. Specification of endangered species.
13. Preservation of Culture.
14. Lack of participation of the local communities in preservation of conservation.
15. Single Tourist Visa.
16. Different systems used in Immigration within Partner States and information sharing.
17. Poor information access.

10.0 RECOMMENDATIONS TO EAC, EALA AND PARTNER STATES

10.1 Recommendations to Partner States:

Mr. Speaker Sir,

Partner States should:-

- i. Kenya, Burundi and Rwanda should **FINALIZE** the passing of Bills related to Wildlife Conservation and Management and Tourism;
- ii. **ALLOCATE** more resources towards tourism development;
- iii. **PRIORITIZE** tourism and wildlife conservation management by aligning the structures according to Article 20 of the Treaty;
- iv. **PROMOTE** tourism in their domestic market as well as within the EAC region and reduce barriers hindering it;
- v. **EXPLORE** more areas of tourism and look into tapping non-nature based tourism e.g. East Africa Safari Rally, Marathon, cultural attractions;
- vi. **ENACT** clear land tenure policy favourable for tourism and wildlife conservation.
- vii. **IDENTIFY** areas of comparative advantage and develop tourism packages that maximize on them e.g. athletics , Marathon, Sports;
- viii. **SENSITIZE** the citizenry on their intellectual property rights; hotel owners should also sensitize their staff on aspects of sex tourism e.g. sexual harassment, safe sexual practices, relations between guests and staff, etc

- ix. **BUILD CAPACITY** of local artisans and the business community at large to tap tourism- related business opportunities
- x. **IMPROVE** infrastructure e.g. Hotels & Lodges, airports, roads, ICT
- xi. **CARRY OUT A CONTINUOUS CENSUS** to establish the exact numbers of wildlife in each country. The information should then be published and shared with other states through the EAC Secretariat.
- xii. **RE-STOCK** wildlife in parks that are experiencing a decline in wildlife numbers. e.g. Akagera Park in Rwanda
- xiii. **EMBRACE** e-based approach to management, conservation and marketing of tourism and wildlife management.
- xiv. **ENFORCE POLICIES** that will obligate tour operators abroad to remit some of the funds paid by back packers to the host country. The local hotels should also encourage the back packers to explore the local surroundings and in the process encourage spending on the local economy.

11.0 RECOMMENDATIONS TO EALA

Mr. Speaker Sir,

Out of the proceedings of the workshop, the EALA should strive to:-

- i. **ENHANCE LINKAGES** with National Parliaments through the various established committees to ensure coordination and synergies in development of Regional and National legislation on Tourism and Wildlife Conservation Management; consequently establish an Inter-Parliamentary Forum in Tourism and Conservation;
- ii. **RECOMMEND** increasing of the budget allocations to activities in the Tourism and Wildlife Sectors at Regional level;
- iii. **COMMUNICATE TO THE COUNCIL** on the need to fast-track the draft Bill on the EAC Criteria for Classification of Accommodation and Restaurant establishments for consideration by the Assembly;
- iv. **RE-LOOK** at bi-lateral agreements between partner states that may be hindering cooperation in tourism and wildlife management and conservation e.g.

repatriation of chimpanzees and baboons to Burundi from Kenya & Kenya-Tanzania agreement on levying of fees on Kenyan tour drivers.

- v. **FOLLOW UP** the assent of the EAC Tourism and Wildlife Management Bill.

12.0 RECOMMENDATIONS TO THE EAC SECRETARIAT

Mr. Speaker Sir,

The EAC Secretariat should:-

- **ENSURE** that EAC Ministries in partner states play their coordination role of EAC activities in a more efficient manner;
- **SPEED UP** the process of harmonization of policies/regulations in the East African region e.g. there is need for uniformity of immigration entry/exit forms in all partner states (Rwanda & Burundi forms differ from the other partner states)
- **SET UP FOLLOW-UP MECHANISMS** for resolutions arrived at by the various arms of EAC with the aim of ensuring they're being implemented without unnecessary delays;
- **URGE** the Council to draft and present a Bill on the Gazettement of EAC Criteria for Classification of Accommodation and Restaurant Establishments for consideration;
- **FAST-TRACK** the completion of the Protocol on Tourism and Wildlife Management in order to establish the EATWCA to be able to effectively oversee the implementation of projects at Partner State level;
- **FAST -TRACK** the implementation of the Single Tourist Visa by liaising with the necessary stakeholders needed to institutionalise and implement it.
- **EMBRACE** ICT in all immigration points especially in screening visitors at entry points and inter-linking them throughout the region.

Mr. Speaker Sir, I beg to move.

(Question proposed)

Mr. Lotodo: Mr. Speaker, Sir, I wish to support the Motion and the Report. As a Member of the Committee, one of the issues that came out of this report is that we need to implement the laws that we have passed in this Assembly. A case in point is The EAC Transboundary Ecosystem Management Bill, which I understand is in the hands of our Heads of State.

I would also like to urge the Council of Ministers to conclude the Protocol on Environment and Natural Resources as well as the EAC Tourism and Wildlife Management Bill.

The Counsel to the Community (Mr. Wilbert Kaahwa): On a point of information, Mr. Speaker, Sir. I wish to inform Hon. Lotodo that the Protocol on Environment and Natural Resource Management was concluded in 2006. What is outstanding is bringing it into force in the sense that all the Partner States that are parties thereto should by now have ratified it. But as we speak, as of now, it is only Kenya and Uganda who have ratified the protocol. The United Republic of Tanzania has not yet ratified the protocol. The other two Partner States acceded to it when they became Members of the Community. Therefore, what should be pursued is the complete ratification of that protocol so that it comes into force. The complete ratification is ratification by the United Republic of Tanzania.

I thank you.

Mr. Lotodo: Mr. Speaker, Sir, I want to thank the Counsel to the Community for that information. But I just want to point out that, that does not address the state of affairs in the East African Partner States. As we speak now, there are floods hitting our cities in the Community. I know last year Dar-es-Salaam was flooded. Nairobi is now flooded. We know about landslides occurring in various parts of the region. So, in as much as we are talking about ratification, we have to understand that we have to take responsibility of the lives of the people of East Africa. I know for sure that all Partner States understand and they have their own policies on conservation and tourism. But

why is it that we are reluctant to ratify and implement what we have already agreed on? That is the question.

Mr. Speaker, Sir, it came out clearly that we need to act fast as the Partner States on issues that we have agreed upon. Let us act on them because having laws without implementing them is nothing. Unless we agree that we are moving together, unless we agree that we want to achieve the aims and objectives of this Community, we cannot move on like this. That is the point I want to make.

Let me also say that what came out during that seminar in Nairobi was that the post-election violence in Kenya had a bearing on tourism in East Africa. In Kenya and Tanzania, the tourists shifted to Uganda, Burundi and Rwanda. This is because the tourist market in Tanzania and Kenya is the same.

The Speaker: Hon. Kategaya and Hon. Sirma, Chairman, Council of Ministers, could you please to Hon. Lotodo. You may have your conversation quietly so that we don't hear what you are saying.

Mr. Lotodo: Mr. Speaker, Sir, I think if the Ministers were listening to the way East Africans want to be addressed, we would actually be moving forward.

I want to say that these statistics were actually brought from the Secretariat. There was a lady who brought them. So, I want to be clear that these are real issues that we need to address.

Mr. Speaker, Sir, the last issue which I want to speak on is that we need to address the issue of the forest cover of the region. Kenya is making efforts on Mau Ecosystem and we have programmes to re-plant trees there. But we have also realised that trees are being destroyed in other parts of the Partner State. On our recent tour to Lake Jipe, we found to our shock that the lake is dying because of human activity on both sides of the lake.

Mr. Speaker, Sir, the Council of Ministers has a responsibility to ensure that all the bills that are in their possession or that have been passed are implemented.

I thank you.

The Counsel to the Community (Mr. Kaahwa): Mr. Speaker, Sir, I just want to assist the House and the Committee to make a few corrections in the report. I do not want to debate, but just to assist in making corrections.

Mr. Speaker, Sir, first of all, I thank the Committee for the good report. On page 8 of the report there is an Item 2.2: Role of the EAC Secretariat in Tourism and Wildlife Conservation. The role as expounded in the subsequent wording is the role of the East African Community and not of one Organ. I suggest to the Committee and the House that the word ‘Secretariat’ be expunged for that reason; it is the role of the EAC.

On page 9, there is a related sentence which reads: “To implement those provisions, the EAC Secretariat to develop the Protocol on Environment and Natural Resources.” You see, the Secretariat is an implementing agency. It develops protocols and other instruments for the Council of Ministers to adopt and then they become instruments of the Community. I suggest that this sentence should be amended to read: “To implement those provisions, EAC adopted the Protocol on Environment and Natural Resources.” This is because that is what the Council of Ministers on behalf of the Community subsequently did.

On page 22 of this big report, there is an Item 3.3, referring to a paper which was presented by a colleague of mine at the Secretariat, Ms. Brenda Mugambi. In that paper, which the Committee subsequently adopted, there is reference to Chapter 20, Article 115 of the EAC Treaty, whose subject is tourism. Now, in the last paragraph on that page, it says: “The mandate of the Tourism Department in the EAC as outlined in Article 115 of the EAC Treaty includes....” The Treaty does not provide for mandates of specific departments. The mandate being referred to here and under Chapter 20 of the Treaty is the mandate of the East African Community. Therefore, I advise the House to delete the superfluous words ‘Tourism Department’ so that it is the mandate of the EAC. That is what you will find in Article 115 of the Treaty.

Mr. Speaker, Sir, the same reasoning goes to the first paragraph on page 23. There is a sub-heading, Chapter 20 and is also referring to Article 116 which provides for wildlife management. The mandate therein is the mandate of the Community not of a particular department.

I thank you.

The Chairman of the Council of Ministers (Mr. Musa Sirma): Mr. Speaker, Sir, I rise to support the Motion and the report as presented by Hon. Safina Kwekwe on behalf of the Committee.

I want to say pertinent issues have been raised and the way forward has also been generated. What we should really understand is that wildlife as a resource also has its negative part in terms of wildlife/human conflict. We have not been able to establish a formula for relationship in terms of developing and conserving wildlife vis-à-vis the human existence in certain areas. That has brought challenges in terms of that conflict. People have been killed by wildlife and the compensatory amounts given by governments in terms of loss of life has always brought a lot of negative thinking. The people would not want to see even the wildlife itself because they know there is no value they get from the wildlife. If they are not involved in the management, what is the community making out of it and yet they pose a danger or killing members of the community. I think that should actually be addressed.

I also want to say that we need development of institutions in training tourism and wildlife and environmental specialists in the Partner States. We have several institutions including the Kenya Utalii College, Mweiga College, Kenya Forestry Service College, Londiani and another one in Naivasha and other universities that have taken this training to a higher level. We want to ask the various Partner States to invest in these institutions as we invest in wildlife protection. Unless you have the technical staff, then even managing wildlife itself is a challenge.

The lack of adequate funding to have wildlife exist in our Partner States in terms of provision of compensation on areas occupied by wildlife when they destroy food; if we do not address that, then definitely we are not developing wildlife. The demand of human settlement to deforest areas to be able to plant food is a challenge and unless that is addressed, how people are going to be compensated in terms of provision of food, then we may not go far.

The biggest challenge on Partner States is actually having one tourist visa. This has been said many times. We need to implement and domesticate the air travel within the Partner States so that tourism can be developed within the Partner States.

Mr. Speaker, Sir, I was in the Sectoral Council on tourism and the kind of words exchanged between the Partner States in terms of the free flow of tourists within the Partner States – I have an example where tourist vehicles from Kenya cannot access parks within Tanzania. With that development, Kenya also decided that no foreign registered vehicle will enter Kenya national parks. That is not integration; that is going back. Those are issues we need to address and I am sure what has been brought out by this Committee, I really want us to take it further than where they have reached, because they have brought a basis on which we can now be able to develop wildlife and tourism within our Partner States.

I just do not agree that we need bilateral agreements to develop tourism. We have a Treaty and we have the protocol on Common Market. Why do we go to bilateral agreements; to agree on what? Let's go by what we have signed in terms of the Common Market Protocol and the Treaty which created the Community and we become one community.

Mr. Speaker, Sir, with those remarks, I beg to support.

Ms. Kwekwe: Mr. Speaker, Sir, I wish to thank the three honourable Members who contributed to the debate. I also want to assure the Counsel to the Community that the recommendations that he has made shall be taken on board.

I will end by saying that we need to realize that what challenges our tourism and wildlife conservation are one; the high cost of tourism marketing, but luckily, there is a way out for this challenge. As a starting point, we would, for example, have a single tourist visa proceeds to help us in marketing EAC instead of arguing about how to share the proceeds of the single tourist visa, amongst others.

So, I want to thank Hon. Members and to once again beg that the House do adopt the report as amended.

I thank you.

(Question put and agreed to)

MOTION

REPORT OF THE COMMITTEE ON AGRICULTURE, TOURISM AND NATURAL RESOURCES ON THE FOREIGN DIRECT INVESTMENT IN AGRICULTURE IN EASTERN AFRICA

Ms. Kwekwe: Mr. Speaker, Sir, I beg to move:-

THAT, the report of the Committee on Agriculture, Tourism and Natural Resources on the Foreign Direct Investment in Agriculture in Eastern Africa be adopted.

Ms Janet Mmari (Tanzania): Seconded.

Ms. Kwekwe: Mr. Speaker Sir, The Committee on Agriculture, Tourism and Natural Resources of the East African Legislative Assembly with funding from the Friedrich Ebert Stiftung held a workshop from 20th – 23rd October 2011 in Nairobi on the theme Foreign Direct Investments (FDI) in Agriculture. The broad objective of the meeting was to analyse and interrogate the implications of foreign direct investments (FDI) in agriculture in Eastern Africa on the local livelihoods and food security and provide the necessary policy and legal responses to ensure FDI contributes to development. The workshop brought together participants from public, private and civil society (research and academic institutions, NGOs, farmers' associations) sectors such as Kilimo Trust, SEATINI, Ministries of Agriculture (republics of Kenya, Tanzania, Uganda, Ethiopia, South Sudan and Burundi).

1.0 2.0 Acknowledgement

The committee wishes to acknowledge the contribution of several actors who facilitated the successful execution of the workshop namely:

- The office of the Rt. Hon Speaker for granting leave to the committee to undertake the activity;
- Governments of the republics of Uganda, Tanzania, Burundi, Ethiopia, South Sudan and Kenya for sending delegations, making presentations and active participation of the delegates;
- The Kenya National Assembly for their participation;
- Civil Society Organisations and institutions of higher learning (Kilimo Trust, SEATINI, University of Nairobi) for their expert insights into the subject of the workshop;
- The resident representative of Fredrick Ebert Stiftung (FES) and the entire FES fraternity for the financial facilitation of the workshop and the logistical arrangements;
- The staff and management of the Laico Regency Hotel for providing a hospitable environment to undertake the activity.

Mr. Speaker Sir, we all know that majority of citizens in Africa and in particular East Africa are dependent on Agriculture hence the portions of land they own. But governments of African countries face numerous challenges which undermine the productivity of agriculture, hence its low export diversification and increasing tendency of food insecurity. These challenges explain why agriculture, despite being large in employment, is disproportionately smaller in its contribution to the gross domestic product of African economies. A sample of challenges facing most African governments which affect agricultural productivity include poor governance; under capitalization and under-mechanization of agriculture; poor infrastructure; weak linkages among sectors; inadequate research and development; climate change; poor technologies; low productivity of land and labour; environmental degradation; and corruption especially mismanagement of public and donor funds.

Mr. Speaker Sir, given these challenges and desperation for development, many African governments including those of Eastern Africa appear eager to accommodate investors who bring promises of modernisation of agricultural production, infrastructural development, technology and employment. Indeed there is no doubt that foreign investment in agriculture holds key to Africa's food security and export expansion particularly when it is aimed at supporting smallholder agriculture accompanied by infrastructural development like efficient transport and storage systems that link areas of production to markets, sustainable farming and when it brings appropriate technologies and skills. However, the trends in the leasing and buying of huge tracts of African agricultural land by foreign governments (directly or through sovereign wealth funds), and by multinationals, investment banks, hedge funds, private equity firms and speculators creates a slightly more tortuous and disturbing picture. As past trends of foreign investments in African natural resources have shown that in many cases they failed to deliver on the promised benefits of employment creation and increased exportation, there are glaring risks and potentially severe negative consequences from the recent global rise in the levels of international investment capital targeting African agriculture and agribusiness. These include loss of smallholder farmers' livelihoods; increased food insecurity; increased landlessness; marginalisation of the poor; social unrest; unsustainable exploitation of natural resources and severe environmental degradation.

From current trends and patterns, interrogation and analysis of the key issues that underlie this new wave of FDIs in African agriculture and agribusinesses yield worrisome implications. What is clear is that the source of these FDIs is both the West and the East, particularly the Gulf countries, Middle East and the far East countries. One of the major factors is food security. This reflects a fear arising from the recent high food prices and policy-induced supply shocks, notably the result of export controls, that dependence on world markets for food supplies has become more risky and unreliable. The recent volatility of international food prices has understandably provoked concerns about the cost and availability of food, particularly in those

countries heavily dependent upon imports for their food security. The other factor is that for those countries facing worsening land and water constraints but with increasing populations, incomes and urbanization and hence increasingly dependent on imported food, the loss of confidence in the international food systems as a source of food supply has provoked a serious reassessment of their food security strategies. Investing in producing food in African countries where the land and water constraints faced domestically are not present is seen as one strategic response. Similar reasoning lies behind investing in Africa to produce agricultural raw materials to maintain the throughput of processing industries and particularly these investors have been motivated by the prospects offered by bio-fuel developments.

General observations

Mr. Speaker Sir, many studies and reports reviewed have shown that:

- a) Africa is at the centre of the foreign direct investment in agriculture wave because of the perceived abundance of available land and water, favourable tax and fiscal incentives, a weak or non-existent land tenure system and the failure of African governments to adequately protect land users;
- b) The recent acquisition of farmlands across the African continent is not occurring within an environmentally and socially responsible context that could benefit African people;
- c) Many agricultural projects are not bringing benefits to the people or the countries in terms of tax revenues (they benefit from tax holidays and do not pay land rates), economic growth, meaningful job creation, technology transfer, improved skills and capacity building; and,
- d) Since eighty percent of land and all natural resources in Africa are state-owned, it gives governments undue right to allocate land to foreign investors, even if it is to the detriment of the local land users or leads to the expulsion of communities from their ancestral and communal lands, particularly in the many cases where the investors have superior bargaining power than host governments and local communities.

Furthermore, this new investor rush is occurring in the context of rapid population growth in Africa coupled with increasing resource scarcity, making it even harder for Africa to provide for its own needs.

Similarities from the Country Presentations in Eastern Africa

Mr. Speaker Sir, after the Partner States made their presentations it was clear that there is:

- a general lack of strength/bargaining power in negotiating for FDI deals;
- Lack of skills and human manpower to absorb the new technologies;
- Poor mechanization in farming practices;
- no follow-up in terms of data and information on gains and losses of FDI in agriculture;
- Lack of proper infrastructure from the production areas to markets;
- Overdependence on rain-fed agriculture as evidenced by under-exploitation of irrigation;
- Corruption relating to land tenure and land use.

Mr. Speaker Sir, undoubtedly, increased appropriate investment is an opportunity for agricultural development and poverty reduction. While this is true, it is important to reflect on what type of investment is needed, who should invest and where the money should come from. Targets proposed by the Comprehensive Africa Agricultural Development (CAADP) require Africa to invest US\$ 250 billion to develop infrastructure in rural areas between 2002 and 2015 to spur local agricultural development.

It is therefore necessary that African governments proceed with caution with regard to these FDIs and instead seek to allow only investments that will lead to sustainable agricultural development for the benefits of their people and economies. This calls for necessary advice to African governments on how they could both target these FDIs appropriately for their benefits as well as device sustainable local strategies and mechanisms that would support commercial farming and agribusinesses.

Emerging Issues and recommendations

Mr. Speaker Sir, arising from the proceedings from the conference, the ATNR Committee notes and recommends as follows:

- a) Gains and losses of a country's FDI depend largely on the ability of a country to position itself to attract agricultural investments. There should **regional approaches** to addressing regional investment issues in order to legislate and institute policies which enhance competitiveness and value addition. Further, countries in Eastern Africa ought to define the terms of FDI agreements/treaties.
- b) There has been lack of **transparency, accountability and leadership** in handling the FDI in Eastern Africa. Therefore the EAC should act as a pioneer and **establish regional benchmarks to guide transparent, accountable and responsible FDI in agriculture** in the EAC region.
- c) It is important to **identify farmers' challenges** in the region before devising FDI policies. It is clear that most farmers are poor because they lack income/their purchasing power is low. Solving income challenges would contribute to solving food insecurity issues.
- d) **South Sudan has great potential** in agricultural development. Consequently, South Sudan needs to acquire appropriate technologies and skills to irrigate the available arable land hence providing investment opportunities for the region.
- e) **Extension workers** are very vital to rural farmers in the region. They should assist the farmers to practice modern production technologies. Their activities/performance should produce results to make smallholder farmers

produce in a more sustainable ways. Consequently, all concerned governments should strengthen extension services.

- f) **Environmental protection** is vital for food production sustainability. As a region, the EAC should endeavour to formulate policies and laws that balance environmental concerns and human developments aimed at enhancing food security.
- g) Food security should be looked at in two fold. **Access** to food in terms of both the **purchasing power and production**. Household income at a domestic level is very significant for rural farmers and initiatives and programmes to boost household incomes should be encouraged as a pre-requisite to food security.
- h) **High production** could lead to low prices like the experience of Ethiopia and this could discourage farmers from production. It is paramount for governments to put in place mechanisms to mop up excessive food supply in the market such as establishing national and regional food reserves by buying the surplus produce from famers.
- i) There should be **ownership and harmonisation** of the investment plans by countries in the region. Further, there should be alignment of strategies and policies and management of results in order to identify indicators.
- j) **Foreign Aid effectiveness**. There is need to balance the food produced locally and food aid in order to determine how to address the food deficits in line with the global effective aid initiative.
- k) There should be a deliberate focus on regional **policy formulation and implementation** to inform execution of regional food security projects and programs.

- l) As a continental call, **restore the Forum for Agriculture in Africa** in order to address the challenges in the implementation of CAADP pillars 1 (land and water management), 2 (marketing), 3 (Food security) and 4 (research and development).
- m) **Regional Economic Communities (RECS)** have a big role to play in implementation of regional and global agendas on agriculture. These efforts should be up scaled and implementation challenges need to be addressed.
- n) **Food products export bans** like the temporary measure adopted by Tanzania do not produce the desired results due to lack of sufficient storage capacity and poor linkages between production areas and internal markets. Furthermore lack of structured market intelligence in the country makes it difficult to trace the foodstuffs that are being sold thus facilitating smuggling of food crops to neighbouring countries and increased informal trade. It is paramount therefore to **develop structured markets** for farmers to actively participate in agricultural trade chain and food business such as through organized farmers' associations.

Conclusion and way forward:

Mr. Speaker Sir, in order to achieve the aforementioned, the Committee calls for:

- i. Development of a regional policy and legal frameworks on Foreign Direct Investments (FDIs);
- ii. Strengthening of the national land and environmental policies and laws;
- iii. Capacity building of negotiation teams;
- iv. Development and implementation of a Regional Investment Strategy;
- v. Sensitization of key leaders on FDI impacts;
- vi. Implementation of the EAC Food Security Action Plan.

Mr. Speaker Sir, these should be accompanied by concerted initiatives by this Assembly; the relevant offices in the EAC secretariat, EAC institutions and national governments to raise awareness throughout the region on:

- i. The concerns on land lease contracts;
- ii. The need to promoting food Security to secure the dignity of the region;
- iii. Advocating for review of land laws;
- iv. Setting minimum conditions for land lease contracts; and
- v. Establishment of an EAC Food Security Commission

The committee humbly prays to the Assembly to adopt this report.

Mr. Speaker Sir, I beg to move.

(Question proposed)

Ms. Mmari: Mr. Speaker, Sir, I rise in support of this report. I agree with all the recommendations that have been put forth and I am only standing to underscore some of the areas and recommendations that were put forth by the Chairperson of the Committee.

Mr. Speaker, Sir, I start from a premise that says that most East Africans are dependent on agriculture and hence the portions of land that they own. This portion of land is small. Land is the only item that does not increase. If you do, you are looking at very few countries that have been able to probably reclaim land from sea, for example Netherlands. But those are very few. Otherwise, the land that we have and that is when we talk of agriculture, does not increase. So, when you look at population, just a few years ago, Tanzania had 8 million people. We are now talking of about 50 million and will soon be talking of 60 million probably in 10 years time. So, the same land that was feeding 8 million people is expected to feed 62 million people. That is not only the case for Tanzania, it is a case for every country that is represented here. The population has grown and the land that we have has remained constant. That is one of the challenges. I come from an area that has very small portions. In the 1980s, the portions had been divided so much that you could hardly get an acre. There was a time when the then President of the United Republic of Tanzania had to move some people from Kilimanjaro to other areas like Morogoro. But then, you remember when you think of Morogoro, it is an area very close to national parks; one of the biggest national parks that we have. So, these people moved there, but then you have animals and the perception of most people when they see a lot of land that has not been cultivated, they end up taking it to be arable land that is there for the taking. They, again, forget that we have animals and we set aside

something that is close to 25 per cent for conservation; it is not land that is free for people to go and cultivate food.

At the same time, Kilimanjaro is an area where we had a number of settlers. Where I come from, we grew wheat and coffee for export. The wheat is locally consumed and sold to the breweries.

On food security, when you had land that was feeding 8 million and now you are expected to feed 42 million, in terms of technology you have not changed at all, you are still using a hand hoe, that land is tired. The natural manure is no longer there. What is your expectation? You are going to get very little food that you grow. The output is not comparable to probably the input, unless you use manufactured manure; that is chemicals added to the soil. That also has an impact. There is the issue of environmental degradation. We talked about it. The impact again is making sure that we do not have food security and our people have to depend a lot on purchasing food from elsewhere.

But then, let me come back to the issue of perception and definitely there are areas that have not been ploughed. Now, that is when we talk of Foreign Direct Investments. In areas where you can grow food, because I know Tanzania more, if I pick an example of Sumbawanga, you now have people coming in to negotiate for something like 33 years lease and Tshs200 per acre or some close to that. In Kilimanjaro, it could be something like Tshs30,000 per acre. But what is 30,000 compared to what can be ploughed in there? If you get somebody who has several square miles as an investor paying Tshs1,000 per square kilometer per year, he is going to grow a few thousand tones of food for export. But if he takes it for 33 years, what remains? You will have land that leached and there is no way you are going to grow anything beneficial to your people unless again you add chemicals to the very same land. So, when you talk of Foreign Direct Investments, it may be good if you are going to use it today or the food is going to be sold here and even the amount of money that you are going to get out of the lease is something that is compensating the person who was given the land. Unfortunately, our people do not have the capacity to negotiate, and that is why we are recommending very strongly that our people are given the capacity to negotiate to ensure that whatever they get for the one acre of land that is leased is compensating these people and the food that is obtained is enough for people so that at least we can get food security.

Mr. Speaker, Sir, that will require a lot of sensitization of our leaders but then, there is an element that was mentioned again. You talk of poor infrastructure. We have been sitting here and poor infrastructure has been on our drawing board for a number of years; the five years that we have been in this Assembly. There was a time when we were saying our priority is infrastructure, infrastructure, infrastructure. There are many places where people can plough, they can use the land. Even if we get the foreign direct investors, they will promise that they are going to plough. They will promise us food security. But as long as you cannot transport whatever you have ploughed, it is not important.

There is the issue of market linkages. Unfortunately, there are only two sides in business management. There is the person who cooks and there is the person who

eats. If you can cook food but there is nobody to eat, then you haven't done anything. Unfortunately, most of us cook what we don't eat and eat what we don't cook. You find a lot of people having changed their eating habits. We plough maize and rice but we are eating spaghetti. We have maize and bananas, but we don't process those bananas. When it rains, those bananas go to the drain. We cook local beer but that local beer is not good for your health as well.

Mr. Speaker, Sir, I am just seconding this Motion and I am trying to underscore the issue of coming up with regional policies to sensitise our leaders and removing the issue of corruption and implementing the EAC food security action plan.

With those few words, I beg to support.

Dr. Lwanyantika Masha (Tanzania): Mr. Speaker, Sir, I wish to thank you for this opportunity to contribute to this Motion. I must say among the reports I have seen in the five years I have been here, this one probably touches on one of the most fundamental problems that we might have to deal with in the future. The report as written, to me, is a red flag trying to perhaps not adequately address what we are as Africans and what we own.

As I was growing up, I was taught that whenever guests came home with a lot of calabashes and *vikapu* packaged beautifully, that you don't rejoice until you have seen what is actually packaged. Don't look at the package or the colours of it and the accompanying ululations until you have seen what is contained in the package.

This report is report in some beautiful language of food security; agricultural production; helping our people to get more food; beautiful package. But inside, if you will allow me to use a Swahili word, there is *sumu*. There is poison inside which we need to be very careful about. That is why I am saying this is a red flag both to our governments and our policy makers on something very fundamental.

Who are these investors that are coming to help us in food security and agricultural production? On page four, they are listed as foreign governments, multinationals, investment banks; all of them foreign since this about foreign investments; hedge funds, private equity firms and speculators; all of them foreign. To do what; to get land! You are getting speculators to come and get land. They are packaged under food security and agriculture so that it is sweetened for us to swallow.

I am a historian of sorts and when I studied the history of colonization, that is how we were colonized and they addressed on land. When you colonise a people, you take the land and you come with sweeteners to get the land. That is how we had the people in Kenyan highlands, Arusha, Mbea and several other places. What is happening? We are being told in this report – and I said it is a red flag – that since 80 per cent of the land and all natural resources in Africa are state owned, it gives governments undue right to allocate land to foreign investors. But watch out the following language here: “Even if it is to the detriment of the local land users or leads to expulsion of communities from their ancestral and communal land and particularly in the many cases where the investors have superior bargaining power than host government and local communities.”

This is exactly what the colonizers did with our chiefs those days. This is how they came in and took over our land. According to this report, this is happening all over Africa, apparently. Yes, we may have a lot of agricultural production with our people displaced. I know that in an earlier discussion, Hon. Kategaya said that our integration is about development. Yes, I agree it is about development of our people. But there is another fundamental question raised that underlies this report. That, the concept of Pan-Africanism; the whole idea of political integration where we are headed to a single country, is also based on the need for strength in unity to those who have humiliated us and who have plundered our resources. That is the whole essence of Pan-Africanism. Here we are, the very people who earlier colonized us and it took years and a lot lives to regain our resources, our respect; now we are giving them back and our Presidents and Ministers are going to end up as prefects of these foreign investors; protecting them from the people who have been relocated!

I want to thank the Committee for bringing this up. I hope our leaders are listening. I want to suggest that if our leaders want to go that route, they should take the example of what happened in the United States after their independence. Whenever there were investors from Europe wanting to invest in the USA, they required them to actually live there and prepare to become citizens so that whatever they made was reinvested internally for the development of the USA. That was the policy they had in 1780s and up to the point of the civil war. South Africa was doing the same thing under the Whites. Those who wanted to come and invest in South Africa were required to move to South Africa so that there is that internal commitment that they just don't come to plunder. We should learn from history. Our history, especially in some countries – I am thinking more of Kenya at the moment – has been very painful. We don't want to subject our grandchildren to have to fight liberation wars again to regain our countries. These people are going to get this land under the pretext of food security and yes, there will be a lot of food, but which leader after our people have become dependent on foreign produced food, is going to say, no, no, now you have gone beyond the point, get out; at the risk of our people again going hungry. No. No. We should tell our leaders.

I realize one of the recommendations here is asking for policies which would protect our people. I hope those policies are quickly put in place; including the laws on land lease. Those which exist should be reviewed to ensure that we don't go back where the Kenyattas and the Nyereres had to struggle to regain both our resources and the dignity of the African and stop the plunder of our resources by foreigners.

I would therefore suggest that we look at who and how should be given citizenship in our countries. If investment and resources becomes one of the conditions, this should be clearly defined. But people who want to come should have the commitment to live in East Africa and go through the benefits and pains that our people have to undergo. But this should be very carefully done so that we just don't give citizenship to anybody who has money.

Secondly, we should insist that a substantial portion of the earnings they make should be reinvested. It should not be taken away from them, but should be reinvested in our countries for the benefit of our people.

Mr. Speaker, Sir, I would hate to see 50 years from now our grandchildren in new struggles of liberation because we invited foreigners who plunder our resources and expelled our people from their land; to have to go through what Mugabe is going through in Zimbabwe. So, to me, I say this is a red flag. It may not have the clarity of everything I would have wanted to see in it, but at least it has pointers which our policy makers should take into account.

I know that some of us may not have participated in the liberation struggles. Some of us might not have suffered under colonization and we may tend to look at resources and production and all that as the end goal. But we should not lose sight of that history.

I thank you, Mr. Speaker, Sir, for giving me the opportunity and I thank the Committee for this red flag.

Ms. Kwekwe: Mr. Speaker, Sir, I thank the contributors to the Motion. I want to particularly thank them for emphasizing that foreign direct investment ... outside. The reasoning for that, in the crafters of those agreements was that so that Tilda does not suffocate the indigenous producers of rice in Uganda. That, looking at the outcome of such a move, what we see is that we are talking about food security not of the region but food security of the home countries where such investors come from. The red flag is here and it is upon us as a region to be able to work and ensure that we avert the dangers that are glaring.

I thank Members once again for the support they have given to this Motion and to the issues raised in the report.

I beg to move.

(Question put and agreed to)

QUESTIONS FOR ORAL ANSWER

QUESTION REF: EALA/PQ/OA/30/2011

Ms. Kate Kamba (Tanzania): Mr. Speaker, Sir, I beg to ask the Chairperson, Council of Ministers the following Question Ref: EALA/PQ/OA/30/2011.

A well informed Assembly will enable it execute its mandate to the highest possible standard of deepening and widening the EAC Integration Agenda. As a result, the Assembly initiated a new programme for DSG's and Heads of EAC Institutions to brief it on a regular basis.

This being a very good initiative for both the Assembly on one side and the Council and Secretariat on the other side: largely because it promotes accountability;

enhances oversight; provides opportunity to interact with the executive arm and provides much needed information to the Assembly;

Could the Chairperson of the Council assure this House that:

- (i) This initiative will be mainstreamed in the activities of the Secretariat to enable the DSG's and Heads of EAC Institutions to brief the Assembly on a bi-annual basis;*
- (ii) The presentations will follow a standardized format for ease of reference.*

The Chairman, Council of Ministers (Mr. Musa Sirma): Mr. Speaker, Sir, I beg to reply.

Mr. Speaker Sir, the Council of Ministers appreciates the initiative made by this august House to enhance collaboration between the Legislative Assembly, on the one hand, and the Council and Secretariat, on the other hand. The Council agrees that the initiative provides an opportunity for deep and purposeful interaction. The initiative will also support the Legislative Assembly in discharging its oversight and supervisory responsibilities.

Pursuant to this initiative, Ministers, the Secretary General, Executive Staff and other Members of Staff at the Secretariat and Heads of EAC Institutions do brief the Standing Committees of this august House whenever called upon. It is not desirable to mainstream this arrangement which is already serving the desired objectives adequately in the activities of the Secretariat. Its institutionalization may impede on separation of powers. The de-briefing should be maintained with additional improvements in matters of timing and scheduling of interactions.

Mr. Speaker Sir, in addition to this effort, a Forum for Heads of Organs and Institutions of the Community has been established. The Forum, which meets on a quarterly basis, seeks to strengthen practical working relationships among the Organs and Institutions through mainly:-

- a) Inter-organ exchange of information and views on subjects of common interests; and
- b) Engaging in dialogue on challenges faced jointly and severally by the Organs and Institutions.

Upon the initiative of the former Chairperson of the Summit, HE Pierre Nkurunziza the Forum will also be interacting on an annual basis with the Summit through the

Chairperson of the Summit for purposes of general direction on the integration process.

Ms. Kamba: Mr. Speaker, Sir, I just have one supplementary question. In the Minister's answer, he has said that members of staff and heads of institution brief the standing committees of this august House whenever called upon. Is he aware that several times we have been asking Ministers and members of the Secretariat to come and address some of our committees but they don't appear?

Mr. Sirma: Mr. Speaker, Sir, if that has happened, it is an unfortunate situation. It is the responsibility of the staff who are required to come to the committees, of course, through the Secretary-General. If they do not turn, that is insubordination of this House and, therefore, I wish to say that we shall take necessary action if there is insubordination of this House.

QUESTION REF: EALA/PQ/OA/31/2011

Ms. Kamba: Mr. Speaker, Sir, I beg to ask the Chairperson, Council of Ministers the following Question Ref: EALA/PQ/OA/31/2011:

The EAC Treaty in Chapter Eighteen (18) calls upon Partner States to promote programmes aimed at ensuring food security and rational agricultural production within the Community. For this, it proposes a number of mechanisms running from Article 105 to Article 110. It is also said in a number of fora that a lot is being done by the Summit, the Council, and the Secretariat towards this end;

Could the Chairperson of the Council brief this august House:-

- (i) What measures if any, have been adopted by the EAC to promote the ideals in Chapter 18 of the Treaty;*
- (ii) That in all what is said to be done, is the EAC involving all stakeholders including the Civil Society, Youth, Women, the local governments and their association;*
- (iii) When the Council envisages that there will be food security in the entire region, particularly in areas afflicted by drought;*
- (iv) What is being done at the regional level to promote agriculture and food security in areas affected by drought and arid regions.*

The Chairman, Council of Ministers, (Mr. Musa Sirma): Mr. Speaker Sir, I beg to reply.

You will recall that during the last Meeting of this august House in Nairobi, I did answer this question . I was however required to further inform this august House on the EAC's position on :-

(a) The EAC Strategy for Food Security that was developed by EAC, Kilimo Trust and adopted by EALA in 2008/2009;

(b) The EAADP on Agro-processing, which is supposed to actualize the Abuja (EAC/UNIDO/AU/Kilimo Trust) Declaration; and

(c) Generally on matters pertaining to agro-processing.

Mr Speaker , Sir, I now wish to further inform this august House that the development of EAC Food Security Action involved broad-based consultations with key stakeholders from both public and private sector including Kilimo Trust Organization based in Kampala, Uganda who made a presentation on regional food security at a Stakeholders Workshop organized by the Secretariat to develop the EAC Food Security Action Plan . This Workshop was held from 25th to 26th January, 2010 Arusha, Tanzania.

The EAC Food Action Plan captured key issues from the EAC Strategy for Food Security and other relevant documents and instruments of the community. The Plan is organized into five main priority areas which aim at: a) creating an enabling policy, legal and institutional framework; b) increasing food availability in sufficient quantity and quality; c) improving access to food; d) improving stability of food supply and access in the EAC region; and e) enhancing efficiency of food utilization, nutrition and food safety. The Action Plan was adopted by the Summit of Heads of State at the 9th Extra-Ordinary Summit of EAC Heads of State held in Dar es Salaam, Tanzania on 19th April, 2011.

Mr. Speaker Sir, the African Agribusiness and Agro-industry Development Initiative (3ADI) was developed through a consultative process involving the AU Commission working in partnership with UNIDO, FAO, IFAD, African Development Bank (AfDB), and the United Nations Economic Commission for Africa (UNECA) and endorsed by The African Union (AU) Member States in March 2010, Abuja, Nigeria. The Heads of State requested African Union Member States to facilitate the implementation of 3ADI. The vision of this initiative is a competitive, sustainable and inclusive agro-industries and agribusinesses in Africa as a pathway to increased

economic growth and food security in the continent. It is in response to this request that the EAC Secretariat, with the technical support of its regional implementing partners (UNIDO and Kilimo Trust), has resolved to develop and implement the East African Agri-enterprises and Agro-industries Development Program (E3ADP), with the main objective being to increased capacity, performance and competitiveness of agro-industries and agri-business in the EAC region leading to income generation and poverty reduction.

The Secretariat has been seeking the support of FAO through the proposed Technical Cooperation Programme (TCP) to develop a fully-fledged East African Agri-enterprises and Agro-industries Development Program (E3ADP). The TCP is expected to be approved by FAO by June 2012. The main stakeholders of this Programme are expected to be:

- (a) The current as well as prospective investors and owners of small, medium and large agro-industries and agro-enterprises, and their trade associations;
- (b) Agricultural producers, their associations and their support agencies, in the EAC Region;
- (c) EAC regional institutions and organizations;
- (d) Governments of the Partner States, especially, the ministries responsible for agriculture (crops, livestock, fisheries and forestry), industrialization, trade and marketing, and labour and employment; and Development partners supporting agricultural development, industrialization, and food security in the EAC Region.

Ms. Jacqueline Muhongayire (Rwanda): Mr. Speaker, Sir, first of all I wish to thank Hon. Kate Kamba for asking this question. I have one supplementary question. During the 2003 Maputo Declaration of the Comprehensive Agriculture Development Program (CADP), national governments in Africa obliged to allocate 10 per cent of their national budgets to the agricultural sector. Could the Chairman, Council of Ministers tell this august House the current status in East African Community in terms of percentage of budgetary allocation to the agricultural sector in our Partner States?

Mr. Sirma: Mr. Speaker, Sir, I do not have the actual figures, but I can confirm to the House that we are not yet at 10 per cent. The Maputo Declaration has become a declaration and member States are being asked year in-year out in terms of increasing their budgetary allocations to agriculture. Those countries that have not even implemented to the level of 8 per cent suffer food deficit up to now. That is why we still suffer from hunger.

Mr. Christophe Bazivamo (Rwanda): Mr. Speaker, Sir, in the Minister's reply, he speaks about East African Food Action Plan. Its second objective is to increase food availability in sufficient quantity and quality, especially in increasing agricultural productivity to make East Africa sufficient in food for export and for local consumption. One way of achieving this is to support construction of regional fertiliser processing plants to lower costs and to make sure we produce fertilisers for increased production. The plan was supposed to be for five years 2011-2015. Could the Minister now inform the House how far they have gone in the construction of such fertiliser plants in the region?

Mr. Sirma: Mr. Speaker, Sir, for us to develop, we must industrialise, and one of the industries required within the region is what the Hon. Member has mentioned; development of a fertiliser plant so that farmers are able to access the correct fertilisers. I still believe that we have not got the right fertilisers in East Africa or even Africa because if you look at the soil analysis and even if you go to the research centres, you find that the fertilisers we get actually add acidity to our soils and make it less productive and therefore we lose in terms of food production. We need development of our own fertiliser which can be compatible with our soil. That is something we need. So, when are we going to do it? It is for us to do it. We have not even achieved the 10 per cent and yet we have the resources. It is incumbent upon Partner States under national governments to take what they agreed at Maputo seriously.

Mr. Clarkson Otieno-Karan (Kenya): On a point of order, Mr. Speaker, Sir. I have listened to the answers being given by the Chairperson, Council of Ministers. But it is the Partner States that we are talking to. When we raise questions, they should answer us as Partner States and tell us why they are not able to do it. The Partner States signed the Maputo Declaration. Why do they sign things they do not want to implement?

The Speaker: Hon. Karan, what is your point of order?

Mr. Otieno-Karan: Is the Minister in order to imply that the Partner States have not built the fertiliser plants? He is a representative of the Partner States here and he should tell us why.

Mr. Sirma: Mr. Speaker, Sir, I represent the EAC. I want to say that we as Partner States – Governments have other priorities and we are still pushing them to accept and implement the Maputo Declaration. Of course, resources have never been sufficient in any economy. So, I hope we shall reach there one time.

QUESTION REF: EALA/PQ/OA/12/2012

Mr. Augustine Lotodo (Kenya): Mr. Speaker, Sir, I beg to ask the Chairperson Council of Ministers the following Question Ref: EALA/PQ/OA/12/2012.

The Development Partners play a big role in funding and supporting the budget of the East African Community.

Could the Chairperson of the Council:-

- (a) *Give us a statistical breakdown of donor financing of the EAC Budget for the last three years*
- (b) *Inform this August house how the East African Community will cope if the Development Partners for one reason or the other reduce funding to EAC*
- (c) *What measures have been put in place to make EAC a self financing Community.*

The Chairman, Council of Ministers, Mr. Musa Sirma: Mr. Speaker, Sir, I beg to reply.

It is true that the Development Partners play a big role in funding and supporting the budget of the East African Community. Their contribution has steadily increased over the years as indicated in the following table a copy of which I now lay on the table:

(Mr. Sirma laid the document on the Table)

Source of income	Financial year 2009/10	%age of total budget	Financial year 2010/11	%age of total budget	Financial year 2011/12	%age of total budget
Partner States	23,418,392	57.8	30,748,370	39.6	33,666,702	27.1
Development Partners	16,121,421	39.8	46,842,453	60.3	90,332,262	72.7

Self Generated	959,283	2.4	73,620	0.1	305,850	0.2
Total budget	40,499,09 6	100	77,664,44 3	100	124,304,81 4	100

As can be seen from the table, funding by Development Partners has increased from 39.8% in 2009/10 to 72.7% in 2011/12. According to the table more than 50% of the budget of the Community is funded by Development Partners

The Development Partners are mostly supporting projects and programmes while almost 70% of the contribution from Partner States is financing the recurrent expenses which are staff emoluments and administrative costs.

Mr. Speaker Sir, regarding the second part of the Question, from the table it is obvious that the East African Community will be constrained, especially in the implementation of projects and programmes, if the Development Partners, for one reason or the other substantially reduce funding to EAC. However, should such a situation arise, the Council of Ministers, as the policy Organ of the Community shall take measures to ensure that the Community does not in any way suffer the consequences of reduced funding by the Development Partners. The contributions from Partner States will be increased to address the shortfall that will be experienced.

Mr. Speaker Sir, the Council has taken measures to make EAC a self financing Community. However, these measures have not been concluded. At its 11th Extraordinary Meeting held on 23rd May 2005, the Council directed the Secretariat to prepare a proposal on alternative method of financing the Community. The Secretariat presented the proposals which recommended using a percentage of Customs revenue (1%) earned by Partner States as the basis for computing the contributions payable. The revenue generated would have been US\$ 45.5 million which at that time would have been adequate to fund the Community without external assistance. I am sure it has increased as of now because we are developing every day. The proposal was considered by the Council and referred to Partner States for their comments and recommendations. Their recommendations were differing, and this prompted the Council to direct that a Committee of Experts from Partner States be constituted to come up with a study that will recommend the best option to the Council. The Committee met three times, drafted their Terms of Reference, their time table, and they are due to finalise their report by end of May, which shall then be circulated to

Partner States for their comments and then submitted to the next Ordinary Council meeting for consideration. It is expected that the study will strive to make EAC a self financing Community.

Mr. Lotodo: Mr. Speaker, Sir, I want to thank the Chairman, Council of Ministers for the answers. But clearly, this Community is not sustainable. It is also very clear, as indicated by Hon. Kategaya that Europe is in crisis. Actually, our revenues have increased. Now, the most serious issue which I have to point out is the department of political affairs, which is over 90 per cent donor-dependent. Why do we have to fire fight? Why wait until we are in a crisis for us to address these issues? The Minister has said this process started in 2005. So, is it the policy of the Council to wait until we are in a crisis so that they can address an issue instead of planning for the Community and address problems as they arise?

Mr. Sirma: Mr. Speaker, Sir, as you can see from the table, it shows that development partners are increasing and so we have not seen the danger. But of course, we are developing a strategy that in case that happens, then we should be able to have a fall back position. You should also know that all the Partner States depend on donor funds also. They still get it. So, as they contribute to the Community – we are actually saying we need to develop alternative sources of getting revenue to run our countries and also the Community. You have singled out the Political Affairs department of the EAC. I wish to say that we are in the process of integrating and in integration, political federation is the final and ultimate goal we want to achieve. Therefore, we are yet to be there and we still need support and we know that once we are there, we should be a fully fledged Community which is able to run its affairs.

Mr. Dan Ogalo (Uganda): Mr. Speaker, Sir, my supplementary question arises from the fact that the extra-ordinary meeting of the Council was on the 23rd of May, 2005. Today's Order Paper reads 23rd May, 2012. In other words, it is exactly seven years since you sought alternative financing. It seems you are not going to get far on that line. So, my question is; under Article 150(2) of the Treaty, it says:

“Any Partner State or the Council may submit proposals for amendments of this Treaty.”

Has the Council considered the possibility of submitting proposals to amend Article 132(4) (which reads: “The budget of the Community shall be funded by equal contributions by the Partner States.”), to remove equal contributions and put there ‘percentage of GDP? Has the Council considered that? We seem to be going round and round with studies?

Mr. Sirma: Mr. Speaker, Sir, I said yesterday that the EAC believes in consensus. Since we still have a study and a crisis has not occurred, let us still---

The Speaker: Hon. Minister, are you saying that you are waiting for a crisis to occur?

Mr. Sirma: Mr. Speaker, Sir, it is not that I am waiting for a crisis. I am saying that because we still have a process going on---

The Speaker: For seven years?

(Laughter)

Mr. Sirma: Yes, Mr. Speaker, Sir, because even EALA the other day moved a resolution seeking extension of the jurisdiction of the Court. That has taken seven years and up to now we have not achieved it. So, it is not only on revenue. It is even on other matters; that we are going slowly because we want to continuously widen and deepen integration so that we do not make a false step in the process. This time round, all the Partner States are serious on this integration and we want to go the full hog.

Mr. Ogalo: Mr. Speaker, Sir, my question was just whether the Council has considered submitting proposals. Have you? If you haven't, just say so.

Mr. Sirma: Mr. Speaker, Sir, I think my answer was really on that, and I want to say the Council will make recommendations once the study is complete.

QUESTION REF: EALA/PQ/OA/13/2012

Mr. Abdulkarim Harelimana (Rwanda): Mr. Speaker, Sir, you know for those of us who are behind the 'Berlin wall' here, we are hardly seen by the Chair.

The Speaker: Hon. Abdulkarim, do you want to ask a question or do you want to----

(Laughter)

Harelimana: Mr. Speaker, Sir, I beg to ask the Chairman, Council of Ministers the following Question Ref: EALA/PQ/OA/13/2012.

According to Article 124 (a) of the Treaty for the Establishment of the EAC, the Partner States agree that peace and security are pre-requisites to social and economic development within the Community and vital to the achievement of the objectives of the Community. In this regard, the Partner States agree to foster and maintain an atmosphere that is conducive to peace and security of the Partner States with a view to prevention, better management and resolution of disputes and conflicts between them.

- (a) *Is the Chairperson of the Council of Ministers aware that the EAC Department of Peace and Security is almost entirely funded by donors at a staggering 90%? Could he table the breakdown of funding to this department?*
- (b) *Is the Chair further aware that the financing agreements between the EAC and the Development Partners will come to an end in December, 2012 and as such the Development Partners will be pulling out? If so, what is the Council doing to mitigate the shortfall which will be occasioned by their pullout?*
- (c) *Notwithstanding the financial assistance from Development Partners in respect of the peace and security docket, is the Council not concerned that, this sensitive Sector together with sovereignty issues, may be compromised if not fully and carefully coordinated by partner States including fully funding the Sector?*

The Chairman, Council of Ministers (Mr. Musa Sirma): Mr. Speaker Sir, I am aware that in the 2010/2011 Financial Year, only US\$ 121,000 out of the total Peace and Security Budget of US\$ 2,255,607 was Partner States funded representing 5.36% while in the projected funding for 2012/13 US\$ 106,400(7.9%) of the US\$ 1,338,844 will be Partner State-funded.

Mr. Speaker Sir, I am further aware that:

- (a) The EU support to Conflict Prevention ,Management and Resolution came to an end on 15th February 2012;
- (b) The GIZ Support to Small Arms and Light weapons Control Interventions will end on 31st December 2012 with no possibility of extension; and
- (c) The GIZ Support to Peace and Security Project will end on 30th June 2014.

The Partner States inability to increase the overall EAC Budget has limited the capacity of the Secretariat to provide additional funding for the Sector with a marginal increase of 2% set aside for 2012/2013. Additionally plans are underway to submit a request to German Government to, on priority basis, extend funding for the Peace and Security Project for a further three years during the upcoming bilateral negotiations planned for September 2012.

Mr. Speaker Sir, The Council of Ministers is aware and concerned of the need for the Partner States to incrementally take responsibility for the funding of the Sector. This is why the Partner States are fully funding the activities of the EAC Military Forces under the Memorandum of Co-operation in Defence now upgraded into a protocol.

Furthermore the Council of Ministers has directed the Secretariat to expedite conclusion of the institutional review process with a view to establishing a Directorate for Peace and Security with adequate funding.

Mr. Harelimana: Mr. Speaker, Sir, I thank the Minister for his answer. I have an issue about our peace and security and sovereignty. We have been assisted by development partners for those years and now they have stopped. Do we still think that our sovereignty and security are protected?

Secondly, is the Council of Ministers satisfied that by fully funding the activities of the EAC military forces and may be establishing a directorate for peace and security, those measures only are sufficient for restoring our sovereignty?

Third; does the Council of Ministers have possible actions for us now to start at least with contribute further than 7 per cent to at least 15 per cent or 30 percent of our budgets to the Community?

Finally, I want to ask the Minister---

The Speaker: Hon. Member, I think those are enough. It is supposed to be a supplementary question not questions.

Mr. Harelimana: This last one is very important, Mr. Speaker, Sir. Because there are negotiations between us and the German government, suppose the German government does not accept to support us, what will the Community do?

The Speaker: Then, it is easy; you will have a crisis.

(Laughter)

Mr. Sirma: Mr. Speaker, Sir, security and peace is the best gift God can give you as a human being. So long as you are secure and peaceful. That is what is envisaged in having an EAC. Even the protocol itself, the spirit with which we are developing that is to create harmony and ensure that you are happy and peaceful with your neighbour. That is God-given and it is even written in the Bible that love your neighbour as you love yourself.

Therefore, we need to believe in ourselves that the security which we have and the donors which give us money do not compromise our sovereignty because we still run our forces. The united forces of AMISOM in Somalia are there to create peace with our neighbour and the armies have come from the Partner States. They have been funded to bring peace to our neighbour because we cannot look at our neighbour forever suffering. That is how we believe in our selves. The possible actions which

you can see on the rise of the budget from 5 to 7 per cent; that is minimal, but I am sure with the development of the protocol and the conclusions of the common defence pact which should be ratified soon, the Community should be able to see the sources of funding this. I am sure the protocol will not run without funding. Therefore, I want to assure the House that the sovereignty of the region will be taken care of once these processes are complete and the sovereign States of East Africa will be sovereign even if donors come in.

ADJOURNMENT

The Speaker: Hon. Members, I think the Minister has had enough today.

(Laughter)

We have now come to the end of business today. I will now adjourn the House until tomorrow at 2.30 p.m. We will be meeting in the new Chamber---

(Applause)

In the new building, which is donor-funded----

(Laughter)

So, the House is adjourned until tomorrow at 2.30 p.m.

(The House rose at 6.10 p.m.)