



## **EAST AFRICAN COMMUNITY**

### **EAST AFRICAN LEGISLATIVE ASSEMBLY**

#### **Official Report of the Proceedings of the East African Legislative Assembly**

#### **51<sup>ST</sup> SITTING – FIRST ASSEMBLY: THIRD MEETING – FOURTH SESSION**

**Tuesday, 24 May 2005**

*The East African Legislative Assembly met at 2.30 p.m. at the Chamber of the Assembly, Ngorongoro Wing, Sixth Floor, AICC Complex, Arusha.*

#### **PRAYERS**

*[The Speaker, Hon. Abdulrahman Kinana in the Chair]*

*The Assembly was called to Order.*

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#### **COMMUNICATION FROM THE CHAIR**

##### **(1) PROCEDURAL MATTERS**

**The Speaker:** Hon. Members, I would like to make the following communication regarding our Sitting today Tuesday, 24 May 2005 and the subsequent Sittings in the course of this meeting.

WHEREAS, Clause (1) of Article 55 of the Treaty provides that the meetings of the Assembly shall be held at such times and places as the Assembly may appoint;

AND WHEREAS Sub-rule (1) of Rule 12 states that:

“Sittings shall, unless the Speaker otherwise directs, ordinarily commence at 9:00 o'clock in the morning up to 1:00 o'clock in the afternoon and resume at 4:00 o'clock in the afternoon and conclude at 6:00 o'clock in the evening on Tuesdays, Wednesdays and Thursdays,

NOW THEREFORE, the Speaker having taken cognisance of the foregoing, and yet having regard to the nature of the business to be transacted by the Assembly, has in the exercise of the mandate vested in the Speaker pursuant to the provisions of sub-rule (8) of Rule 11 directed as follows: -

That the Assembly shall hold a Sitting today Tuesday, 24 May 2005 at 2.30 p.m. in the

afternoon. On subsequent days, the Assembly shall meet at 9.00 O'clock in the morning up to 12.00 noon and resume at 3.00 O'clock in the afternoon and conclude at 6.00 O'clock in the evening.

**(2) TRIBUTE TO HON. KIKWETE**

**The Speaker:** Hon. Members, I rise to say a few remarks regarding a political decision that was taken by the CCM Party of the United Republic of Tanzania earlier this month.

You may recall that on 4 May 2005 the CCM Party nominated hon. Jakaya Mrisho Kikwete, a Member of this August House, as their Presidential Candidate for the forthcoming presidential elections due for October this year. *(Applause)*

On behalf of the Assembly and on my own behalf, I take this opportunity to congratulate hon. Jakaya Kikwete for having been nominated by his party, which is an expression of the confidence and trust that the members of his party have in him. The Assembly is delighted that a Member of this House, who is also the current Chairman of the Council of Ministers, has been elevated to that position – *(Applause)*. The Members of the Assembly are proud to have been associated with you, hon. Minister, in the Assembly and in the activities of the Community in the effort to achieve the objective of total integration of East Africa.

During his tenure as a Member and Chairperson of the Council, the Community has made great achievements, notable among them the rebirth of the Community itself and the re-establishment of its other formal

structures, namely the Secretariat, the Assembly and the Court of Justice.

Since November 2002 when the Assembly was inaugurated, we have worked closely with hon. Kikwete and thereby greatly benefited from his advice, contributions and participation, not only in the House but in the other activities of the Community. As a result of this close cooperation with him and other members of the Council, a number of successes have been scored.

A significant number of protocols and other tripartite agreements have been signed and many are operational. Probably the most important is the Protocol on the Customs Union and the attendant legislations which were signed and passed on time, respectively. These achievements were a direct result of the commitment and hard work of the Council of Ministers, of which hon. Kikwete has been at the helm from time to time, and more than any other minister in the region – *(Applause)*. We salute him for this commitment and hard work which he has exhibited so far and pray that he continues to push for the attainment of the other goals as set out in the Treaty of the East African Community, and also in the five- year development strategy.

Honourable Members, please join me in paying tribute to hon. Kikwete in person for a distinguished and illustrious career in public service to the people of Tanzania in particular and to those of East Africa in general. His career has been characterized by long experience, inspirational leadership in public affairs, charm, charisma, resilience and foresightedness. It is of no wonder that his Party overwhelmingly elected him

as their torch bearer for the forthcoming elections.

I am very hopeful that the people of Tanzania will elect him as the next President of the United Republic of Tanzania and succeed the current chairman, H.E. Benjamin Mkapa. Because of Hon. Kikwete's experience, participation and commitment in charting policies and strategies for the integration process, I am very optimistic that he will carry on the mantle and commitment exhibited by the current President and Chairperson of the Summit, H.E. President Benjamin Mkapa on matters relating to the East African Community. I am therefore confident that when elected as president and he becomes a Member of the Summit, the Community will benefit from him greatly and continue to grow from strength to strength. The Assembly pledges its unwavering commitment to the EAC integration process and I further assure him of our maximum cooperation and support when, and God willing, he assumes the highest office in this land. I thank you.

### PAPERS LAID

The following Paper was laid on the Table:

The Report of the Audit Commission on the Audited Financial Statements of the East African Community for the Financial Year ended 30 June 2004.

*(By the Chairperson, Council of Ministers, Mr. Jakaya Kikwete)*

### MOTION

**Chairperson of the Council of Ministers (Mr. Jakaya Kikwete):** Mr. Speaker, sir, I beg to move:-

THAT, this Assembly, do resolve itself into:-

- (a) A Committee of Ways and Means to consider and approve the Financial Statement; and,
- (b) A Committee of Supply to consider and approve the Estimates of Expenditure both of which constitute the Budget of the East African Community for the Financial Year 2005/2006.

### BUDGET SPEECH

#### **Chairperson of the Council of Ministers (Mr. Jakaya Kikwete):**

Hon. Speaker, sir, I beg to move that this esteemed Legislative Assembly resolve into a House Committee to debate and approve the proposals of the Council of Ministers of the East African Community for the Budget of the East African Community for the Financial Year 2005/2006.

Hon. Speaker, the Budget estimates for the Financial Year 2005/2006 are being presented against the background of a landmark achievement, the launching on 1 January 2005 of the East African Community Customs Union. It is also being presented at a time when the region is witnessing serious efforts towards intensification of the regional integration process.

As we all know, during the Special Summit held in Nairobi last August, their Excellencies, the East African Heads of State established a Committee to recommend ways of fast-tracking the process towards a political federation. On 30 November 2004 the Committee presented its report, which contained

recommendations on a roadmap to achieving the East African federation faster. Consultations on the report of the Committee are ongoing, and their Excellencies are expected to pronounce themselves on this issue when they meet at the Extraordinary Summit in Dar es Salaam on 30 May 2005.

Hon. Speaker, during the Financial Year 2004/2005, the EAC focussed its attention on institutional capacity building in line with the growing mandate of the Community. The EAC also continued with implementation of various projects and programmes that I will be elaborating on in the course of my speech.

On the regional and global level, the EAC maintained close relations and co-operation with bilateral and multilateral development partners. Outreach activities with the stakeholders, both within and outside the region and our development partners were intensified. On the outreach front, Members of this House deserve special mention and praise for the excellent work you have been doing with the stakeholders in East Africa. Nobody compares with you. Despite resource constraints, EAC participated effectively in regional, continental and global consultations and collaborative activities.

High level contacts were made with Angola, Burundi, France, Germany, India, Korea and the United Kingdom during the Financial Year. The contacts resulted in substantial commitments for co-operation and support in trade and investment programmes with EAC.

A significant breakthrough was made during the year with the formal accreditation of the EAC to the African

Union as an officially recognized Regional Economic Community (REC). During the period, EAC participated effectively in the NEPAD process, the Commission for Africa initiative and the International Conference on the Great Lakes Region.

Hon. Speaker, as regards programmes of the Community, special attention was given to the ongoing activities on the harmonisation of policies to support the regional projects and programmes being undertaken. Priorities were placed in promoting cross border trade; development of infrastructure; energy; increased production in agriculture and food security; institutional and human resource development; investment promotion; maintenance of macroeconomic stability; and peace and security.

Work continued in important areas of fiscal and monetary co-operation. The study on the "Monetary Union among Members of the East African Community: Preconditions and Policy Directions" has been finalized. Central Bank Governors are now taking stock of the issues raised in order to map out the road forward towards the establishment of a Monetary Union at the appropriate moment.

Hon. Speaker, apart from the signing of the Protocol on the Establishment of the East African Community Customs Union and the launching of the operations of the Customs Union, work on standardization proceeded steadily in accordance with the Protocol on Standardization, Quality Assurance, Metrology and Testing. To date over 500 standards have been adopted as East African Standards. These standards have been gazetted and communicated to WTO.

A draft Model Investment Code, incorporating the best international practices, was developed and is due for adoption by the Council of Ministers. A study on investment tax incentives and harmonisation has been finalized and the recommendations contained therein will be submitted to the Council of Ministers for consideration and adoption.

Partner States continued to harmonize policies and trading practices in the three Stock Exchanges. Kenya and Uganda have liberalized their capital accounts. Following the partial capital account liberalization by Tanzania in 2004, cross listing of stocks has been achieved between Nairobi, Kampala and Dar es Salaam Stock Exchanges. Stocks of both Kenya Airways and East African Breweries continue to be cross-listed and more companies are expected to be cross-listed in the coming year.

Hon. Speaker, the implementation of the recommendations and conclusions from the EAC Roads' Development Partners Consultative Meeting which was held in April 2003 continued during 2004. Among the significant developments in this regard is the formation of a Project Coordination Unit (PCU) at the Secretariat to spearhead the implementation of this important project. The PCU will be incorporated within the Transport and Works Section as per the new EAC organization structure approved by the Council in January 2005.

On the EAC Railways Development Master Plan, the terms of Reference for the Study have been approved and the study has commenced. The process of the railways concession continued during the year. For Kenya and Uganda Railways, the tender process is

now engaged towards the award and commissioning of the concession by end of the year. In the case of Tanzania, in respect of TAZARA, the Private Sector Participation (PSP) Optional Study is ongoing with World Bank funding.

Hon Speaker, I need not over-emphasize the importance of modernising East Africa's railway system. Railways remain a cheap means of transporting goods across the region for imports, exports and internal trade. Cheap and reliable means of transportation enhance the region's competitiveness and will be vigorously pursued in the period ahead.

On aids to Navigation, Search and Rescue and Maritime legislation, final reports have been received from the International Maritime Organization and approved by Partner States. This is an important project which aims at enhancing safety standards in maritime transport. In this respect, the draft Lake Victoria Transport Bill has been prepared and now awaits approval by the Sectoral Council on Legal and Judicial Affairs before presentation to this Assembly.

The implementation of the EAC Civil Aviation Safety Project progressed well in 2004. Three modules of this Project are being implemented with the United States Government support. The project includes regulations and legislations in Partner States' training of airworthiness and operations inspectors and establishment of a global navigation satellite system (GNSS). In this respect, a Memorandum of Understanding on Co-operation in Civil Aviation was signed in November 2004. The MOU aims at deepening cooperation between the three Civil Aviation Authorities stakeholders.

Hon. Speaker, in respect of Communications, the implementation of the East African Postal Automation Project progressed well during the year. The Partner States are working out legal and regulatory frameworks that would support implementation of e-commerce and e-business initiatives in the region. Moreover, Partner States are co-operating on the formulation of a Regional Communications Regulatory Strategy. Together with this, the studies on the Eastern Africa Submarine Cable System (EASSy) are ongoing. The studies are aimed at developing the main gateway of East African data traffic to the rest of the world.

Mr. Speaker, we are all aware of the importance of Agriculture for the East African region. This sector remains the backbone of the East African economies. During the year 2004, the Partner States continued to co-operate in the Agriculture and Food Security areas aimed at ensuring food security and increased income for farmers, livestock keepers and fishermen through increased productivity and trade. A Project on the Control of Transboundary Animal Diseases (TADs) has been prepared. The goal of the project is to increase the contribution of Livestock sector to socio-economic development of the region. This project will enable the region to meet sanitary and phytosanitary requirements as a means of enhancing trade in livestock products in the international markets. The project is being implemented within the framework of the East African Common Agriculture and Rural Development Strategy.

Mr. Speaker, in respect of energy, the study on the East African Power

Master Plan is proceeding according to schedule. A report by the consultants is being assessed by the Partner States before being discussed within the EAC process for adoption and implementation.

On petroleum exploration in the region, the 2<sup>nd</sup> East African Petroleum Conference was successfully held in Entebbe, Uganda in March 2005. The conference attracted investor interest in oil exploration in East Africa. Exploration of other fossil fuels in the East African region is underway with drilling of Turaco III in the Semliki Basin in Uganda, preparations for drilling in offshore Lamu in Kenya, the ongoing Geothermal Resource Assessment in the Rift Valley in Kenya and the commissioning, in October 2004, of the Songo Songo Gas to Electricity Project in Tanzania.

Hon. Speaker, regular availability of quality and cheap energy is crucial for East Africa's industrialisation and overall economic development. The region is not yet fully explored, and yet experts believe that East Africa has the potential to become a significant producer of oil and gas. Search for oil and gas will, therefore, remain a priority project for the region. On this basis, the 3<sup>rd</sup> East African Petroleum Conference is planned to be held in 2007 in Dar es Salaam, Tanzania.

Hon. Speaker, sir, the Lake Victoria Development Programme is key to EAC co-operation. There is nothing more East African than Lake Victoria. It is in this context that a protocol to guide our co-operation on Lake Victoria has been developed. I am happy to report that all the Partner States have ratified the Protocol for Sustainable Development and

Management of Lake Victoria Basin, which was signed in 2003.

The implementation of the first phase of Lake Victoria Environmental Management Project in all the three Partner States was concluded in December 2004. The preparations for the second phase which are based on the priority areas identified by stakeholders are in advanced stages.

On the Nile Basin Cooperative Framework, main negotiations started in December 2003 and the East African Partner States have since adopted the position of negotiating as a bloc in the Nile Basin negotiations. We believe, this way our interest will be advanced and protected properly.

On the social sectors, hon. Speaker, co-operation has continued to focus on education, health, labour and community development. On education, Partner States have agreed on the criteria for the establishment of EAC Regional Centres of Excellence which will guide the EAC in determining centres which qualify to be upgraded into regional training centres in order to enhance quality training of the all important human resource in the region. During the year, the major preoccupation was in respect of activities aimed at harmonisation of education curricula in East Africa, formation of the East African Kiswahili Council, development of the EAC Anthem and the operationalisation of the East African Science and Technology Council.

As regards Health, a plan of action for the implementation of regional disease surveillance activities has been adopted and a Health Co-ordinator has been engaged to oversee the implementation of the project.

Hon. Speaker, in the area of Facilitation of the Movement of

Persons, Immigration, Labour, Employment and Refugee Management, the modalities of internationalising the East African passport has been completed. Preparations towards the adoption of a common travel document for East Africans are at an advanced stage.

Other activities in this area included ongoing work towards harmonisation of the procedures of work permits, labour laws and employment policies in East Africa. The Partner States have adopted an action programme which will focus on employment and poverty alleviation in the immediate and medium term. This is in accordance with the 2004 African Union Declaration on Employment and Poverty Alleviation and as a priority area under the United Nations Millennium Development Goals.

Hon. Speaker, during 2004, the institutions of the Community continued to discharge their mandate in a satisfactory manner. The Lake Victoria Fisheries Organization (LVFO) continued to coordinate the implementation of a project on Fisheries Management for Lake Victoria through European Union assistance. Other activities included implementation of a Regional Plan of Action to Prevent, Deter and Eliminate Illegal, Unreported, and Unregulated Fishing (RPOA-IUU) on Lake Victoria.

The LVFO Council of Ministers adopted the plan in May 2004. This plan is now under implementation in all the Partner States. The LVFO also engaged in efforts to resolve conflicts in cross-border fishing and fish trade in Lake Victoria. The approach adopted for the conflict resolution has been a continuous dialogue of fisheries officers and fishing communities along

common borders. The LVFO also engaged in training in fisheries management and provided information on fisheries laws to fishing communities, translated in local languages as a means to minimize conflicts.

Hon. Speaker sir, review of the applications by the Republic of Rwanda and the Republic of Burundi to join the East African Community is ongoing. The Council has established a verification team comprising experts from the Partner States and the Secretariat to study the applications in accordance with the provisions of the Treaty. The verification team visited Rwanda in March and will be visiting Burundi soon before presenting its report to the Council.

Hon. Speaker, with the growing mandate of the Community, it has been necessary to review the organization structure and staffing of the Community. It is on this basis that the Council in January 2005 approved a new EAC organization structure and priority staffing. The structure is being implemented on a phased basis taking into account the need for prioritization. The priority positions will be filled over a period of three years.

Hon. Speaker, activities are ongoing in the preparations for the construction of the EAC Headquarters in Arusha. An EAC Headquarters Project Management Team made up of experts from EAC Partner States has been set up to oversee the implementation of the project. The construction of the headquarters is expected to take thirty months from January 2006. The cost of the Project is estimated at 9.8 million Euros. The German Government has provided a grant of 8 million Euros towards the Project. The EAC

Secretariat and the German government have already signed a financing agreement. Moreover, EAC and KFW, the project executing agency have already signed other related agreements.

The EAC headquarters will be constructed at the location as approved by the Summit in central Arusha Municipality. With regard to land for the future Headquarters of the federation, as directed by the same Summit, the EAC has made a request and the Government of Tanzania is in the process of allocating more than 300 acres of land for this purpose.

Hon. Speaker, the performance of EAC during FY 2004/2005 reflects considerable progress in the East African regional integration process. Prudent financial management continued to apply as the Audit Commission Report, which I will be presenting later to the Assembly, has established. There is a determination on the part of the EAC Partner States to maintain the tempo and momentum during the Financial Year 2005/6 for the benefit of the people of East Africa.

Major activities of the Community during Financial Year 2005/2006 include implementation of the Protocol on the Establishment of the East African Community Customs Union; launching and operationalisation of the Lake Victoria Basin Commission; intensification of the programmes of infrastructure development; operationalisation of the new organizational structure for the EAC; and commencement of the negotiations towards a Protocol on the EAC Common Market and Free Movement of Persons.

As the honourable Members are aware, the Council in January 2005 adopted the Vision of the EAC which is “to create a prosperous, competitive, secure, stable and politically united East Africa”. The Council further adopted the Mission of the EAC which is “to widen and deepen economic, political, social and cultural integration in order to improve the quality of life of the people of East Africa through increased competitiveness, value added production, trade and investment”. The plan of activities and priorities for FY 2005/2006 has been based on the Vision and Mission of the East African Community.

Hon. Speaker, the primary aim of the East African Community is to raise the living standards of the people of East Africa. Unemployment is a cause as well as effect of the underdevelopment in East Africa, and indeed, the African continent as a whole. In view of this, the African Union Extraordinary Summit of Heads of State, which was held in Ouagadougou in September 2004 adopted a Declaration and Plan of Action on Employment and Poverty Alleviation and charged the AU Member States to implement the Action Plan at national and regional levels. In line with this declaration, EAC will continue to pursue measures that target job creation in the productive and social sectors and promotion of enterprise development to sustain employment.

The East African Sub-regional Conference on Employment and Poverty Alleviation held in Zanzibar from 16-18 May 2005 adopted a plan of action, which will be considered by the Council to guide regional projects and programmes in this sector in the coming year. On the whole, during 2005/2006, the East African Community will give due focus on the

issues of unemployment and poverty alleviation. Among the measures that will be considered in this regard, will be the strengthening of the Labour and Employment sub-committee of the EAC to follow up employment issues within the region and institutionalisation of an East African Community Annual Ministerial Forum on Employment Creation and Poverty Reduction. Our projects and programmes will of necessity be assessed on the basis of their contribution towards poverty eradication in the region.

Hon. Speaker, this is the first time the EAC has prepared a Budget on the basis of the Medium Term Expenditure Framework (MTEF) as directed by the Council. This is therefore an activity based budget.

In accordance with MTEF requirements, the Budget includes estimates for 2005/2006 and projections for 2006/2007 and 2007/2008. The Estimates are presented in two parts. The first part relates to the performance review for 2004/2005 and the second part is on detailed budget estimates for 2005/2006.

Budget Estimates for FY 2005/2006 have been prepared within the context of major institutional and programme developments with significant budgetary implications relating to the operations of the East African Legislative Assembly, the East African Court of Justice and the EAC Secretariat. The FY 2005/2006 estimates reflect an increase of the budget by 10% above the approved budget for FY 2004/2005.

The Budget increase of 10% means we have not been able to meet financial obligations required to fully implement

the planned projects and programmes of the Community. This is due to budgetary constraints facing the Partner States. As the Honourable Members are aware, to plan is to choose. We will, therefore, implement our programmes on a priority basis sourcing both from Partner States resources and support by our development partners.

I am happy, however, to report that in respect to capacity building for the EAC, we have planned within the FY 2005/2006 to recruit 22 staff in various fields to strengthen the Secretariat, the Assembly and the Court. We have also planned for the staff complement necessary to ensure the operationalisation of the Lake Victoria Basin Commission. The additional manpower will play a pivotal role in enhancing programme implementation.

Mr. Speaker, sir, as you are aware the salaries for staff of the Community have remained static since the establishment of the Secretariat in 1996. The Council has approved 10% increase in salaries across the board for staff of the Secretariat and Members of the Assembly. Also, Honourable Members may be pleased to note that among the provisions in the Budget, the Council has approved the entitlement of the Speaker of the Assembly and the Judge President of the East African Court of Justice to official vehicles with chauffeur, which will appropriately reflect their positions as well as facilitate their important work for the Community – *(Applause)*.

Hon. Speaker, sir, apart from enhancing the capacity of the EAC through the recruitment of new staff, the 2005/2006 Budget Estimates focus on the implementation of the Customs Union, operationalisation of the Lake

Victoria Commission, and implementation of priority projects in the sectors of infrastructure, energy, fiscal and monetary affairs, priority social sector projects and outreach programmes. The phased and prioritisation approach will continue to be necessary taking into account limited resources available to the Partner States.

Hon Speaker, with this policy review and presentation of the Budget as considered by the Council, the Council of Ministers recommends to the East African Legislative Assembly to debate and approve the Budget of the East African Community for the Financial Year 2005/2006 of US Dollars 18,936,092 representing an increase of 10% from that of 2004/2005. This budget is to be financed by miscellaneous income of US Dollars 28,565, development partners' contribution of USD 8,459,835 and equal contributions from Partner States of US Dollars 3,482,564 each.

Hon. Speaker, I beg to move – *(Applause)*.

**The Secretary General of EAC (Mr. Amanywa Mushega) (Ex-Officio):**  
Seconded

*(Question proposed)*

THAT, the Assembly, do resolve itself into:-

(a) A Committee of Ways and Means to consider and approve the Financial Statement; and,

(b) A Committee of Supply to consider and approve the Estimates of Expenditure both of which constitute the Budget of the East African

Community for the Financial  
Year 2005/2006.

### **ADJOURNMENT**

**The Speaker:** Hon. Members, the Chairperson of the General Purpose Committee has requested for more time to consider the Budget and come up with a statement on behalf of the Committee. I will grant that request and the House will therefore resume tomorrow at 3.00 o'clock in the afternoon. The House is therefore adjourned.

*(The House rose at 3.07 p.m. and adjourned until Wednesday, 25 May 2005 at 3.00 p.m.)*