



EAST AFRICAN COMMUNITY

IN THE EAST AFRICAN LEGISLATIVE ASSEMBLY (EALA)

The Official Report of the Proceedings of the East African Legislative Assembly

85TH SITTING – SECOND ASSEMBLY: FIFTH MEETING - THIRD SESSION

Thursday, 27 May 2010

The East African Legislative Assembly met at 2.30 p.m. in the Chamber of the Municipal Council of Mombasa, in Kenya.

PRAYER

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

(The Assembly was called to order.)

PROCEDURAL MOTION

The Chairperson, Committee on Legal Rules and Privileges (Mr Frederic Ngenzebuhoro, Burundi): Mr Speaker, I beg to move that this House, pursuant to the provisions of Article 55(1) of the Treaty and Rule 11 of the Rules of Procedure, do resolve to hold its sittings in Mombasa, in the Republic of Kenya. I beg to move.

Dr Fortunatus Lwanyantika Masha (Tanzania): Seconded.

Mr Ngenzebuhoro: Mr Speaker;

“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 Rule 2 of the Rules of Procedure, provides that the seat of the Assembly shall be at Arusha, in the United Republic of Tanzania;

AND WHEREAS sub-rule (7) of Rule 11 provides that the Assembly may in resolution of the majority of its Members decide to hold one or more sittings elsewhere within the Partner States other than its seat;

NOW, THEREFORE, this Assembly do resolve as follows:

That pursuant to the provisions of sub-rule (7) of the Rule 11 cited above, the Assembly shall hold sittings in the Chamber of the Mombasa Municipal Council in the Republic of Kenya, from today,

Tuesday, 27 May 2010, to Thursday, 3 June 2010.”

Mr Speaker, I beg to move.

(Question put and agreed to.)

Resolution adopted.

COMMUNICATION FROM THE CHAIR

The Speaker: Honourable Members, before I make my communication, I would like to recognise, in the gallery, the presence of the Judge President of the East African Court of Justice, Mr Harold Nsekela. *(Applause)* I would also like to recognise in the gallery hon. Mohammed Zubedi, former Member of the East African Legislative Assembly. *(Applause)*

Honourable Members, His Worship the Mayor and the Councillors of the Mombasa Municipal Council have agreed to host the Fifth Meeting of the Third Session of the Second East African Legislative Assembly right here in the serene city of Mombasa. EALA will use the Chamber of the Municipal Council from today, 27 May 2010 to 3 June 2010. We are extremely grateful to His Worship the Mayor, the Councillors, and the entire leadership of the Municipal Council for the generosity they have accorded to EALA, and for the excellent facilities they have put to our disposal. *(Applause)*

Secondly, the Government, the leadership of Mombasa and the people of the Republic of Kenya have given their unwavering support to hold the Fifth Meeting of the Third Session of EALA in both Mombasa and Nairobi. To this end, the Provincial

Commissioner has been very instrumental in making excellent arrangements to see through EALA's meetings over the next ten days. *(Applause)* I therefore appeal to Members to seize the opportunity to mingle freely and closely with the people of Mombasa, and in as much as possible, endeavor to take EALA and its objectives closer to the people. *(Applause)*

May I point out to you that the city of Mombasa is held in very high esteem globally, particularly for the great historical importance it holds for the entire East African region. *(Applause)* I think you will also agree with me that Mombasa probably presents one of the best destinations for tourism and enriched cultural mix. *(Applause)* I, therefore, implore you to use your weekend and free time wisely and to your fullest potential. *(Applause)* As for those of you who were here when we had our retreat and induction programme in 2007, you may have identified some opportunities, and should therefore not require further guidance. But for those of you who are new to the city, do not hesitate to contact hon. Safina Kwekwe for any assistance you may require to find your way around the town. So hon. Members, *Karibuni* Mombasa, and as His Excellency says, “*Tuji enjoy.*” *(Applause)*

PAPERS

The Following Papers were laid on the Table: -

(By the Minister for East African Cooperation and Chairperson, EAC Council of Ministers (Dr Diodorus Kamala):

The Revised Statement of Expenditure for the Financial Year 2009/2010.

The Financial Statement and Estimates of Expenditure for the East African Community for the Fiscal Year 2010/2011.

MOTION

FOR THE CONSIDERATION OF THE BUDGET OF THE EAST AFRICAN COMMUNITY FOR THE FINANCIAL YEAR 2010/2011

The Minister for East African Cooperation Tanzania and Chairperson, Council of Ministers (Dr Diodorus Kamala): Mr Speaker, I beg to move that this Assembly do resolve itself into _

- (a) The Committee of Ways and Means to consider and approve the Financial Statement for the Financial Year 2010/2011;
- (b) The Committee of Supply to consider and approve the revised Estimates of Expenditure for the Financial Year 2010/2011.

Mr Speaker, I beg to move.

The Assistant Minister for East African Community Affairs, Kenya (Mr Peter Munya): Seconded.

The Speaker: Hon. Minister, you could now read your budget speech.

BUDGET SPEECH

The Minister for East African Cooperation, Tanzania and Chairperson, EAC Council of Ministers (Dr Diodorus Kamala): Mr

Speaker, I beg to move that this esteemed Legislative Assembly resolve into a House Committee to debate and approve the proposals by the Council of Ministers for the Budget of the East African Community for the Financial Year 2010/2011.

Mr Speaker, before I begin my speech, I would like to take this opportunity to thank the Secretariat headed by Ambassador Juma Mwapachu for the good job they have done on initiating this Budget that I am tabling before this august House today. *(Applause)* Also, please allow me to thank the senior officials, the Permanent Secretaries and the EAC Council of Ministers for working on this Budget that I am presenting before you. I thank them for their time, energy and ideas. *(Applause)*

I would also like to thank their Excellencies, the EAC Heads of State, for their leadership of the Community. The guidance of the Heads of State's has enabled this Community to move from the Customs Union stage to a Common Market stage, which is scheduled to take off on 1st of July 2010. The Community is now more united and stronger than at any other time in history. We are moving forward. EAC is the role model of regional integration in Africa and beyond. *(Applause)* I am extending my sincere thanks to their Excellencies, the Heads of State, and I am requesting them to continue providing general direction and impetus for the achievements of the objectives of the Community.

Mr Speaker, I would like to extend my sincere gratitude to you for your able leadership, which has transformed this august House into a role model of a regional assembly in Africa and beyond!

I thank you very much and I look forward to your continued leadership. (Applause)

Allow also to thank Members of this august House for the oversight role that they have been exercising for the betterment of the Community. This august House has been working around the clock, day in, day out, to speed up the process towards deeper and wider integration. Furthermore, this august House has provided good input into the EAC budgeting process by insisting on the realisation of value for money, and investing every shilling in the EAC priority areas. I thank the hon. Members of EALA very much for their true East African spirit. (Applause)

I thank the Clerk to EALA and the EALA staff for their good job of supporting this Assembly. Without their support, we could not be able to undertake our role. I salute their support, and I am requesting them to keep on doing the same. (Applause)

Last but not least, I wish to thank all the people in Nkenge Constituency for the support they have been extending to me. (Laughter) I do appreciate their support, which has enabled me to serve them, to serve Tanzania and to serve the East African Community. I look forward to their continued support, and I thank them sincerely in advance. (Applause)

Mr Speaker, the theme of this year's budget is: *"Operationalising the Common Market and laying the foundation for a Monetary Union."* The next financial year will be a momentous one as the Community enters a higher phase in its integration agenda. This follows the ratification of the Common Market Protocol, as well as the onset of the critical phase of negotiations for the

Protocol on the Establishment of the East African Monetary Union.

The budget for the Financial Year 2010/2011 comes against the background of uncertainty in the global economy, with world GDP expected to contract by 2.5 percent in 2010. The impact of the financial crisis continues to afflict the real economy and dampen consumer demand and growth in employment.

The foreign exchange market in our region has lately come under serious pressure. The global stock markets are also depressed in the face of this uncertain environment, further reducing private capital flows to developing economies. Private capital flows to Africa decreased by 67 percent in 2009 according to UNCTAD, while overall OECD assistance to developing countries has dropped by a massive US \$22 billion in the same period.

In spite of this gloomy economic scenario, the Governors of the Central Banks of the EAC Partner States, in their Communiqué of 10 May 2010, have taken an optimistic posture for East African regional economic growth. They have observed that the EAC economies have remained largely resilient by maintaining positive GDP growths in 2009 averaging 5.6 percent. This growth, however, is lower than the EAC targeted convergence GDP rate of seven percent. The governors' optimism is based on the better weather conditions witnessed in the past few months.

Indeed, going by the IMF projections, we expect the Ugandan economy to grow by 6.4 percent in the next financial year, whilst the Kenyan economy is expected to grow by six percent in contrast to four percent in 2009. We

expect Rwanda's economy is to grow by 7-8 percent up from 5.5 percent in 2009. The Tanzanian economy, on the other hand, expects to grow by 6.4 percent next year, up from 5.7 percent this year. The IMF also projects Burundi's economy to grow by 3.9 percent next year, up from 3.5 percent in 2009. *(Applause)*

Mr Speaker, coupled with these promising projections of economic performance, it is gratifying to note that all the EAC Partner States have experienced steady reduction in the rate of inflation this past financial year. From the high double-digit inflation rates reported in our previous budget speech, the rate of inflation as at the end of March this year stood at: Rwanda 2.05 percent, Kenya 3.7 percent, Burundi 5.6 percent, Uganda 5.9 percent; and Tanzania 9.4 percent.

The central bank governors see positive signs in further lowering the inflation rates especially because of the expected good harvests this year.

It is important, however, to point out that our region still faces food insecurity because of climate change. The measures that the EAC Partner States have taken within the global response to climate change need to be enhanced, and not relaxed.

We need to ensure that our region not only enjoys food security but is also able to produce more food as an export crop. It is in this context that the EAC Summit of Heads of State last November decided to hold a Special Summit on Food Security and Climate Change. The Council has already approved the Agriculture Food Security Action Plan and Climate Change Policy.

We hope that this Summit will take place soon and come up with concrete and innovative proposals and measures for effective confrontation of this challenge of food insecurity.

Mr Speaker, following this introduction on the global economic environment and how it impinges on our own growth and development prospects, I will now turn to report on the performance of the EAC Budget during the current financial year.

The EAC continued to improve on aligning its budget to broad objectives and strategic priorities, which were set out as follows:

- i. Consolidation of the Customs Union.
- ii. Finalisation of negotiations of the EA Common Market Protocol.
- iii. Promotion of intra EAC trade and investments including the EPA negotiations.
- iv. Concretization of regional projects and programmes in various sectors with priority on infrastructure development.
- v. Laying the foundations for the Monetary Union.
- vi. Intensification of activities in political affairs.
- vii. Streamlining and strengthening the financial and administrative systems as well as the co-ordination of organs and institutions with a view to making the EAC a more effective and efficient organisation.

Pursuant to the foregoing objectives, this Assembly approved the budget for the

Financial Year 2009/2010 totalling to US \$54,257,291. The Council of Ministers has worked hard to ensure the prudent spending of these resources, and that they achieve measurable and tangible results.

The detailed budget performance and implementation report for the financial year as at 31 March 2010 is presented in the cumulative annex, which forms part of this Budget Speech.

Mr Speaker, allow me now to present a report on the implementation of the strategic plans funded under the 2009/2010 budget as well as on the achievements made.

During the period under review, concerted efforts have been made to further the Customs Union, especially by promoting a vibrant single market and investment area in East Africa. The phasing down to zero tariffs for all goods traded within the region was realised with effect from 01 January 2010. Between 2005 and 2008, intra EAC trade increased from US \$1,847.3 to US \$2,715.4 millions.

Mr Speaker, in the course of consolidating the Customs Union, the Community, with the support of JICA, has embarked on establishing One Stop Border Posts. This initiative will facilitate free movement of goods and people. The Secretariat, in collaboration with the Partner States, has finalised a draft legal framework and policy on the establishment of the one-stop border posts. We expect EALA to debate the draft Bill this August 2010 upon its submission to EALA by the Council.

The Community organised two important investment conferences, which have led to remarkable increase in

investment in East Africa. The second and third EAC Investment conferences were held in Nairobi in July 2009 and in Kampala in April 2010 respectively. Over 3,800 participants attended both conferences. These conferences have realised great success in promoting the region's economic potential, and investment opportunities.

Whilst faced by a number of challenges of a historical nature, the EAC has continued to negotiate the Economic Partnership Agreement (EPA) as a block, with the European Union. The negotiations are ongoing.

Mr Speaker, the EAC is chairing and participating effectively in the Tripartite EAC-COMESA-SADC initiative towards the establishment of a Free Trade Area of the three major African regional economic communities. The Tripartite Summit is scheduled later this year to receive progress on this matter.

During the period under review, the Community concluded the negotiations of the Common Market Protocol, which the EAC Heads of State signed in November 2009. All the Partner States have already ratified the Protocol and it will be operational effective on 1 July 2010 as scheduled.

In line with the directive of the heads of state that the EAC attains the Monetary Union by 2012, preparations for the establishment of a Monetary Union have begun. In this regard, the EAC Secretariat engaged the European Central Bank (ECB) to advise on the way forward. The Council adopted its report as a working document to guide the East African Monetary Union negotiations, scheduled to start in the near future.

However, it is worth noting that the implementation of a Customs Union, adequate functioning of a common market, and macro-economic convergence are the prerequisite of a monetary union.

Mr Speaker, the EAC continued to lay emphasis on the development of regional infrastructure because of which significant projects under the sector were advanced to higher levels of implementation and actual realisation.

In the roads sub-sector, construction works progressed on the Arusha–Namanga–Athi River Road. Seventy eight kilometres of the Kenyan portion of the road, out of a total length of 135 kilometres planned for construction, have been completed. On the Tanzanian portion, 30 kilometres, out of a total length of 105 kilometres planned for construction, have also been completed.

In addition, the EAC, with support from the Japan International Cooperation Agency (JICA), is finalising the detailed design for a One Stop Border Post at Namanga. The study on the feasibility and detailed design for the Arusha–Holili/Taveta–Voi road is ongoing. This study is financed by the African Development Bank to the tune of US \$2.7 million is expected to be finalised in February 2011.

Similar progress was made on the Malindi–Horohoro–Lunga and Lunga–Tanga–Bagamoyo road. Much of the preliminary activities have been done and the contract award for this road study is now expected to be finalised by end of August 2010.

The study for the East African Transport Facility and Regional Roads Sector Development Programme is ongoing.

The study financed by the ADB to the tune of US \$2.2 million was contracted in April 2010 and is expected to be completed by July 2010. The objective of the study is to undertake a comprehensive assessment of the transit transport facilitation challenges in the region and design a facilitation model addressing these challenges.

The challenges to be documented include those contributing to road carnage and loss of expensive transport equipment, border dwell times, documentation and procedures, axle load control, capacity challenges, and inter-modal facilitation, among others.

On the railways sub-sector, Mr Speaker, the railways master plan report was adopted. A regional Conference (co-funded by the World Bank and the African Development Bank) with the theme, “Revitalizing the EAC Railways for Enhanced Regional Integration and Economic Growth”, was held from 11 to 12 March 2010, in Dar-es-Salaam.

The conference was attended by over 200 delegates from the region and beyond. The conference deliberated on the master plan, the initiatives that the Partner States are putting in place to resuscitate the ailing railways, including addressing the weaknesses of the present concession agreements and the status on current support from development partners.

The main recommendations from the conference await consideration by the Sectoral Council on Transport, Communications and Meteorology, which will meet shortly. The UK DFID has indicated its willingness to support the study on the establishment of an EAC Railways Regulatory Authority, which will be responsible for, among

other functions, railways development, competition issues, inter-connection policies and consumer protection. *(Applause)*

Mr Speaker, in the civil aviation and airports sub-sectors, the review of the study report on the Upper Flight Information Region (UFIR) study by the Partner States was completed at the beginning of the current financial year.

A request has been made to various development partners to support a follow up study on the sustainability of the lower airspace upon the creation of an autonomous upper airspace administration. *(Applause)*

The UFIR will enhance air navigational efficiency, rationalise the investments in air navigation and enable the region to pool resources. In the meantime, the process of developing a 10-year Priority Airports Development Programme is ongoing, focusing on the commercially viable airports and those to be developed to promote tourism circuits. It is expected that after the finalisation of the strategy, an airports conference will be held to shore up investments in the priority airports. *(Applause)*

Mr Speaker, on ICT development, the Study on the East African Community Broadband Infrastructure Network that commenced in June 2009 was finalised in February 2010. The Sectoral Council on Transport, Communications and Meteorology has approved the report and recommended to the Partner States to jointly mobilize the US \$28 million required to invest in the construction of the missing links on the broadband network.

The EAC has commenced the mobilisation of resources for the project

and has approached the African Development Bank to be the lead development partner to realise these funds. Meanwhile, work is in progress on the development of cyber laws covering electronic transactions, digital signatures and authentication, cyber security, data protection, privacy, intellectual property rights, competition, taxation and information management. The United Nations Conference on Trade and Development (UNCTAD) is financially supporting the development of the Cyber laws in the region.

Mr Speaker, during Financial Year 2009/2010, efforts were made to enhance capacities in the productive and social sectors.

The EAC made significant achievements in the agricultural sector as follows:

- i. The EAC Food Security Action Plan (2010-2015) was adopted by the Council in March 2010.
- ii. Project on Strengthening Trade at Regional Level in Agricultural Inputs (STAR) that is being supported by the International Fertilizer Development Centre (IFDC) and the William and Flora Hewlett Foundation of the USA. The project commenced in January, 2009 and will run for two and half years in its first phase.
- iii. The overall goal of the project is to promote food security and agricultural growth through improved regional trade in agricultural inputs. Initial funding of US \$150,000 was secured for preliminary activities.
- iv. The EAC Avian Influenza Regional Preparedness and Response Project

has been funded by EU at a cost of 3 Million Euros for three years. The project implementation, which began in September 2008, is expected to end in December 2012. Its overall objective is to minimise the impact of the devastating Avian Influenza through a harmonised and co-ordinated national action plans of the EAC Partner States.

- v. The draft EAC Sanitary and Phyto-Sanitary policy will be finalised for adoption by the Partner States. *(Applause)*

Mr Speaker, the EAC has commissioned a study on the East African Industrial Development Policy and Strategy. The final report of the study is expected to be ready in July 2010.

A regional issues paper focusing on youth employment was prepared with the support of the ILO and has been incorporated as the basis for an integrated approach to addressing youth employment at national and EAC levels. The EAC also conducted a regional manpower survey and has started preparations for a special summit to be held next financial year on the theme: "Employment Creation and Poverty Reduction", with a special focus on youth.

Mr Speaker, during the current financial year, significant progress has been made in the operationalisation of the East African Tourism and Wildlife Marketing Plan and Strategy for joint promotion of East Africa as a single tourist destination. This was achieved through regional consultations and networking as well as joint promotion at the leading tourist source markets abroad. The Draft Protocol on Co-operation in Tourism and Wildlife Management will be

finalised by the policy organs of the Community.

The increased population movement across the borders of the five EAC countries is a positive outcome of the deepening integration process. It, however, also poses risks of diseases crossing borders. The response to such a regional epidemiological situation is complex and involves national, regional and international agencies. An efficient and quick flow of information and co-ordination across the borders is, therefore, crucial for averting incidents of cross border spread of diseases in particular HIV/AIDS, Malaria and Tuberculosis.

EAC Partner States in collaboration with various international development partners have come together to strengthen the regional integration of the health sector through provision of technical and financial support in order to attain the strategic goals and development objectives that are stipulated in the 3rd EAC Development Strategy 2006 to 2010. To this extent, EAC has secured a total of US \$10 million towards the implementation of the regional initiatives and interventions over the next five years, including recruitment of additional technical staff. *(Applause)*

In the energy sector, EAC commenced expansion of the power master plan to cover the two new Partner States: Rwanda and Burundi that had not been earlier covered. The master plan aims at preparing a least cost power development plan to cater for the region's power needs for a 25-year horizon.

Other related activities in this area: we plan to develop an EAC Cross-Border

Electrification Policy that will guide the development of cross border electrification projects which aim at providing electricity to border communities in a cost effective way by connecting consumers to the nearest grid.

In April 2009, the border town of Namanga Tanzania was connected to electricity supply from Kenya under the EAC Cross-Border Electrification Programme. *(Applause)*

Another project aimed at facilitating the sharing of energy resources available in the region with a view to contributing cost effective energy supply and access, is the Dar-es-Salaam-Tanga-Mombasa natural gas pipeline. Let me add that one of the cross border projects, which is supposed to be concluded very soon, is that one of Mutukula, Tanzania. *(Applause)*

President Mrisho Kikwete and President Yoweri Museveni agreed that Uganda should quickly supply Mutukula with electricity. *(Applause)* I, therefore, take this opportunity as the Chairperson, Council of Ministers to call upon all the stakeholders involved to make this special project of supplying Mutukula with electricity, the area that is my constituency to be concluded in the shortest period. *(Laughter)*

Mr Speaker, a major initiative has been the establishment of the Association of Energy Regulators of East Africa (AEREA), which was launched in 2009. The association will provide a forum for energy regulators in the region to exchange experiences and promote application of best practices in energy regulation in the Community. The AEREA is expected to play a key role in shaping the regulatory function of the

energy sector in the Community, and will be appropriately linked to the EAC power pool once established.

Under co-operation in political affairs activities that have been undertaken include the following:

- i. A draft framework on good governance has been developed.
- ii. A separate draft protocol on preventing and combating corruption has been adopted by the Council and will soon be signed.
- iii. A team of fifteen experts drawn from all the Partner States was established to work on challenges and concerns raised during the exercises of collecting views on political federation. The experts are expected to complete the task in July 2010.
- iv. The Partner States have agreed to upgrade the MOU into a Protocol. A draft Protocol has already been adopted by the Council.
- v. A Draft Conflict Prevention, Management and Resolution mechanism has been developed and its early warning component has already been approved by Council.
- vi. Co-operation in addressing cross border crime has also continued, with special attention given to collective approach to anti narcotic trafficking, motor vehicle thefts and human trafficking.
- vii. The MoU with UNHCR to enhance co-operation in addressing challenges occasioned by forced displacement of people in the region has been concluded.

During the current financial year, the EAC continued its institutional capacity building activities through staff training and development. Activities involved the review of EAC's financial and

administrative internal systems and processes. The outcomes of these activities have been the development of new systems and adoption of the Internal Audit Manual, the EAC Governance Charter, Procurement Manual, Financial Policies and Procedures Manual and the EAC Human Resources Policies and Procedures Manuals. The process of institutional review was also initiated.

The celebrations marking the EAC 10th anniversary were characterised by the enthusiastic response and participation of East Africans of all walks of life throughout the Partner States. The events had great impact on raising positive awareness of the EAC and helped to demonstrate the benefits and achievements of regional integration.

The celebrations' climax incorporated the signing of the EAC Common Market Protocol and the laying of the foundation stone of the EAC headquarters building.

Mr Speaker, I now wish to outline developments that have taken place in the East African Court of Justice and the East African Legislative Assembly during the year under review.

In anticipation of its growing role following the creation of two divisions of the Court and the expected entry into force of the EAC Common Market Protocol, the Court engaged in capacity building for judges and staff with several tailored courses attended by judges and staff respectively.

The Court employed new staff with a view to increasing its efficiency in its performance.

The Court also carried out the major exercise of sensitising the stakeholders on its arbitration jurisdiction in the

Partner States involving a broad spectrum of stakeholders.

Mr Speaker, with regard to the East African Legislative Assembly, suffice it to mention that in the period under review, the Assembly realised a number of achievements in respect to its mandate of legislation, oversight and representation functions.

In the period under review, the Assembly held four meetings, in August in Dar-es-Salaam, in November in Arusha, in February in Kampala, and in Kigali in April.

The Assembly enacted the EAC Appropriation Act, 2009; the Acts of the East African Community Act, 2009; the East African Community Customs Management (Amendment) Act, 2009; the East African Community Civil Aviation Safety and Security Oversight Agency Act, 2009; and the East African Community Tourism and Wildlife Management Act, 2010.

In addition, the Assembly debated and adopted motions and resolutions on: the implementation of the provisions of the Convention on the Rights of Persons with Disabilities; the establishment of the East African Community Railway Authority; the practice of Female Genital Mutilation/Cutting; and the legal frameworks towards realisation of food security and adaptation to and mitigation of Climate Change in the region.

In its oversight function, the Assembly tabled 30 parliamentary questions to the Council of Ministers on wide ranging issues regarding the implementation of the Treaty and the integration process.

Mr Speaker, the budgetary allocations to the Assembly for the Financial Year

2009/2010 were based on the expanded mandate of the Assembly and the need to strengthen its legislation, oversight and outreach roles.

Indeed the Council is seized of this growing role of the EALA in the integration process, hence as honourable members will note in the budget document under the Estimates for Financial Year 2010/2011, upward adjustments with respect to terms of service for Members and allocations of resources to strengthen the Assembly's capacity to discharge its mandate effectively, including provisions for recruitment of additional staff to support the work of the Assembly.

Mr Speaker, despite the fact that there is little increase of the Assembly's budget, I would like to pledge that we shall continue adjusting the Budget of the Assembly so that it can do the roles of the roles of the Assembly better. *(Applause)*

Among the achievements made by the Lake Victoria Basin Commission is the operationalisation of Phase II of the Lake Victoria Environmental Management Project in the initial three EAC Partner States of Kenya, Uganda and Tanzania after the declaration of effectiveness by the World Bank. The funding of the project is US \$252.7 million over a period of eight years.

The Lake Victoria Basin Commission has received US \$7 million for the regional co-ordination and management of the project. Notable is the fact that the regional co-ordination includes support to the Lake Victoria Fisheries Organization (LVFO) and the respective National Cleaner Production Centres.

I am also happy to report that the preparatory processes in Rwanda and Burundi is progressing well and there are indications of the two Partner States starting implementation anytime in the next financial year.

Linked to this project is the operationalisation of the Lake Victoria Transport Act, 2007. I wish to report that the Lake Victoria Transport Regulations have been approved.

Installation of the aids to navigation, work on the search and rescue systems and the hydro-graphic surveys are on schedule under the support of the LVEMP II project. The Hydro-graphical surveys are expected to contribute significantly to increased trade within the five Partner States. Also, the African Development Bank continues to support a study on the Lake Victoria Maritime Communications Investment, which is expected to be completed within the next financial year.

The private sector has shown a lot of interest in investing in the lake communication, which is no doubt important for the search and rescue services.

Mr Speaker, the Mount Elgon Regional Ecosystem Conservation Programme between Kenya and Uganda is in the second year of implementation in its re-designed form. The programme is offering important lessons in trans-boundary natural resources management and more so in climate change adaptation by local communities.

Consultations with the Government of Norway, the main development partner supporting this programme, are in

progress for the preparation of a full programme running for about five to six years. Other programmes that were carried out in the period under review include the programme on biodiversity conservation and monitoring of Mara River flows that has been supported by USAID with a grant of US \$3 million over a three year period; the Lake Victoria Water and Sanitation (LVWATSAN) investment study in fifteen towns (three from each Partner State) that is being supported by the African Development Bank and UN HABITAT; the EAC/AMREF Lake Victoria partnership (EALP) into the EAC Regional Integrated Multi-Sectoral Strategic Plan for HIV/AIDS 2008 – 2012; and the study on Assessment of Vulnerability to Climate Change risks in the LVB and the identification of Ecologically Sensitive Areas (ESA) in the lake that is supported under the Partnership Fund.

Mr Speaker, the EAC Partnership Fund continues to play a critical role in the development of the EAC. The current contributing members of the fund are: Belgium, Canada, Denmark, Germany, Finland, France, Norway, Sweden, and DFID-UK. Other partners who are contributing to the EAC include Japan, World Bank and the European Union.

Established in 2006, the Partnership Fund continues to grow both in the level of its participation and scope for contribution. There has been a continuous growth in disbursements into the Partnership Fund as follows: FY 2006/2007 US \$40,920; FY 2007/2008 US \$1,923,009; FY 2008/2009 US \$6,611,143. For the period under review, July 2009 to April 2010, the contributions to the Partnership Fund amounted to US \$6,250,825.65.

The projects that were approved for support in 2009/2010 included: Support to Common Market Negotiations; Trade Facilitation in EAC; Support to EAC Communication Publicity and Outreach Programme; Fast Tracking Integration of Rwanda and Burundi into the EAC; Capacity Building of EAC; and support to key studies.

Mr Speaker, the total amount funded from 01 July 2009 to 30 June 2010 under the EU funded Regional Integration Support Programme (RISP), was US \$4,399,498 for projects, which are being implemented in the following areas:

- i. Implementation of the EAC Customs Union; operationalisation of the EAC Competition Act and Regulations; promotion of intra EAC Trade; establishment of the EAC Common Market Protocol; and establishment of the EAC Development Fund.
- ii. Improved trade negotiating capacities in Eastern and Southern Africa member states: negotiations on the EAC EU Economic Partnership Agreement; and EAC export promotion.
- iii. Development of capacities to develop standards and meet sanitary and Phyto-sanitary requirements, EAC standards, quality assurance, metrology and testing programme.
- iv. Improved and harmonised production of statistical data and improved capacities at the national statistics bureaux;
- v. Strengthening of monetary and fiscal policy co-operation, including study on the East African Monetary Union.
- vi. Institutional capacity building, including support to EAC human resource, procurement, internal audit

and library systems and procedures; improving financial systems of the Lake Victoria Basin Commission; operationalisation of the Nyerere Centre for Peace Research; review of the 2006-2010 EAC development strategy; consultancy on the civil aviation safety and security organisation; the five year strategic plan; and support to the East African Legislative Assembly.

Challenges and Way Forward

Mr Speaker, the steady and systematic progress of the EAC is its main forte. This is demonstrated by the establishment of the Customs Union in 2005, the signing of the Common Market Protocol in 2009, the advanced progress towards the establishment of the Monetary Union; and the current focus on infrastructure development and promotion of investments.

This has been the source of the recognition and accolades that the EAC has received as the most successful regional integration in Africa with great potential and prospects.

The greatest challenge for our organisation is, however, to maintain this progress and growth momentum and avoid the temptation to rest on our laurels. We should avoid a situation where we would appear to have established very high and brilliant benchmarks in our regional integration progress and not reaching them.

We should avoid a situation where we would have established very well structured institutions and mechanisms but which have little to show or demonstrate in terms of real and concrete achievements. *(Applause)*

These are our challenges. We should maintain the momentum with constantly building on our strengths and successes. We should be more resolute and certainly do more, move deeper, higher and faster in shoring up EAC's regional and global competitiveness.

Mr Speaker, in part IV of my Budget Speech, I would like to report on the performance of the funds that the Secretariat mobilised under this provision for FY 2009/2010. The account of expenditure represents amounts, which were not included while preparing budget for the Financial Year 2009/10 because the funds were not anticipated at the time of the budget preparation. This, therefore, constitutes a supplementary budget for US \$8,483,615, which the Council is seeking the Assembly's retroactive approval on the following items:

- i. World Bank Capacity Building: agreement for US \$465,970 signed on 04 October 2007, was implemented during the Financial Year 2009/10 in the amount of US \$199,947.
- ii. Construction of EAC Headquarters: during the Financial Year 2009/10, Euro 6,000,000 was made available by Kfw for the EAC Headquarters' construction. The money will be paid directly by Kfw to the consultants and contractor.
- iii. Rockefeller Foundation: a grant agreement with Rockefeller Foundation was signed on 08 October 2008 and expected to be administered within three years. The grant aims at strengthening cross border human and animal disease prevention, surveillance and control in the East African Community

- Partner States. During the Financial Year 2009/10, a total of US \$200,000 was disbursed by the Foundation.
- iv. IDFC Star Project: a Memorandum of Understanding was signed between EAC and International Fertilizer Development Centre (IFDC) on 13 August 2007 for strengthening Trade at the Regional level in Agricultural inputs in Africa. Total amount disbursed in 2009/10 is US \$150,000.
 - v. British American Tobacco (BAT): BAT transferred US \$68,600 to partially facilitate the hosting of the EAC *Jua Kali/Nguvu Kazi* exhibition, which was held in November 2009. All the funds were spent in 2009/10.
 - vi. Kilimo Trust: the EAC signed two Grant Agreements with Kilimo Trust, one in March 2009 for British Pounds £82,000 and the second one in February 2010 for US \$59,200 aimed at assisting the Secretariat to enhance its capacity for negotiating the EPA with the European Union. Total amount spent during 2009/10 on this grant is US \$159,200.
 - vii. COMESA on Climate change initiative: an Agreement was signed between COMESA and EAC for US \$231,660 covering the period 01 January 2009 to 31 December 2009 for convening National Climate Change Roundtables in the Partner States and the recruitment of a Climate Change Co-coordinator. The amount remitted during 2009/10 is US \$131,660.
 - viii. The Investment Climate Facility for Africa (ICF): a Memorandum of Understanding was signed between EAC and ICF for US \$1,000,000 under Phase I of a study to evaluate the magnitude of the anti counterfeit problem in the EAC region and the formulation of a regional Counterfeit and Piracy Policy. The amount disbursed in 2009/10 paid directly to the consultant is US \$650,000.
 - ix. The Norwegian Ministry of Foreign Affairs: an agreement was signed in March 2009 between EAC and Norway for US \$231,668 to support the recruitment and financing of a project development officer to develop a regional strategy on scaling up access to modern energy services. The amount remitted to the EAC in the Financial Year 2009/10 is US \$231,668.
 - x. International Planned Parenthood Federation Africa Region (IPPF-AR): the EAC signed a Memorandum of Understanding with IPPF-AR in August 2009 to provide funds to the tune of US \$135,000 to support the recruitment of a population and reproductive health officer for 18 months. A total of US \$45,000 has been disbursed.

The EAC 10th Anniversary Celebrations

Mr Speaker, following the decision of the Sectoral Council of Minister responsible for EAC Affairs on 10 July 2009, the EAC undertook elaborate celebrations of the 10th anniversary in 2009. The Council of Ministers at its 19th meeting directed the expenditure of US \$360,490 to cater for the shortfall in financing the EAC 10th anniversary activities to be drawn from the float funds.

The funds were utilised mainly in funding publicity and branding activities, which included EAC media

award, EAC 10th Anniversary Symposium, EAC Cultural Festival, EAC Sports Tournament, EAC *Jua Kali* Exhibition, development of EAC awards; and production of various memorabilia for which the Council of Ministers is seeking retroactive approval.

Study on the EAC Political Federation

Mr Speaker, at its 11th Summit held on 20 November 2009, the heads of state considered a report of the Council of Ministers on the way forward on the establishment of the EAC Political Federation. The Summit directed the Council to constitute a team of experts to undertake detailed studies on the concerns raised and challenges identified on political federation with a view to proposing ways of addressing them; and to develop terms of reference for the committee of experts and provide a timelines of six months within which to submit reports.

The amount of US \$387,050 has been committed to cover the cost of the team of experts to undertake the above assignment for which the Council of Ministers is seeking retrospective approval.

Estimates for the Financial Year 2010/2011

Mr Speaker, with this review of the achievements and challenges in the implementation of the programme of the current Financial Year, 2009/2010, including the supplementary budget, I would now like to turn to the presentation of the budget estimates for the Financial Year 2010/2011.

The EAC Budget for the Financial Year 2010/2011 is being proposed with the following assumptions:

- i. That there will be continued and intensified political commitment and popular support behind the EAC integration effort.
- ii. That Partner States will maintain stability and enhance convergence of macroeconomic environment, including controlled inflation and stable and predictable exchange rates; and increasingly harmonise their strategic plans and development visions.
- iii. That there will be availability of adequate financial resources and timely remittances of Partner States' contributions.
- iv. That the good will and confidence of the development partners will be sustained through availability of development partners' funds for earmarked financial and technical assistance and the prudent management of the resources.
- v. That the constant development and improvement of human resource capacity would be maintained in tandem with the demands of the Community's expanding mandate.

Estimates and Objectives of Financial Year 2010/2011 Budget

Mr Speaker, the estimates being presented for the Financial Year 2010/2011 have taken into account the broad objectives under the EAC Development Strategy (2006-2010) and the Council has applied the MTEF analysis and projections over the next three financial years, that is, 2010-2013.

- In the Financial Year 2010/2011, the main focus will be on the following priorities:
- i. Conclusion of EAC regional policy, finalisation of the 4th EAC Development Strategy and Communication Strategy.
 - ii. Consolidation of the Customs Union.
 - iii. Operationalising of the EAC Common Market.
 - iv. Tabling to the East Africa Legislative Assembly such Bills required for the implementation of the Common Market.
 - v. Tabling to the East Africa Legislative Assembly Bills on counterfeits and piracy, one-stop border posts, HIV and AIDS and public private funding of infrastructure projects.
 - vi. Setting the ground and launching the negotiations of the EAC Monetary Union.
 - vii. Strengthening the integration of Rwanda and Burundi to the Community.
 - viii. Launching and implementing the East Africa Food Security and Climate Change Policy.
 - ix. Provide the forum for consultations between the private sector, civil society organisations, other interest groups and appropriate institutions of the Community.
 - x. Intensification of programmes on infrastructure development;
 - xi. Enhancement of capacities in the productive and social sectors.
 - xii. Formulation of gender policy, youth policy, community development and a policy on persons with disabilities.
 - xiii. Preparation of strategic plan on gender, children, youth and women on social economic development. *(Applause)*
 - xiv. Operationalise Article 122 of the EAC Treaty that seeks to enhance the role of women in business.
 - xv. Formulation of the civil society mobilisation strategy in regional integration.
 - xvi. Completion of the industrialisation policy and strategy; and the investment strategy.
 - xvii. Deepening co-operation in defence, security and political matters.
 - xviii. Promotion of sustainable management and utilisation of environment and natural resources.
 - xix. Enhancement of the implementation of the Lake Victoria development programmes.
 - xx. Continuation of the construction of the EAC headquarters.
 - xxi. Conclusion of the EPA negotiations.
 - xxii. Conclusion of the Tripartite Free Trade Area arrangements of COMESA-EAC and SADC.
 - xxiii. Enhancement the capacity of the Inter University Council for East Africa towards realisation of a better working East Africa education system.
 - xxiv. Putting in place the EAC development fund.

Mr Speaker, after this presentation of the priorities, allow me, now, to table the budget estimates for the Financial Year 2010/2011 totalling to US \$59,963,040. This budget exceeds the previous year's approved budget by 11 percent. The summary of the budget is as follows:

- i. Personnel emoluments US \$17,500,729 (29 percent of the total budget)
- ii. Recurrent budget US \$19,744,589 (33 percent of the total budget)
- iii. Development budget US \$22,717,722 (38 percent of the total budget)

Sir, the budget is allocated to the organs/institution as follows:

1. East African Community Secretariat, US \$26,836,651;
2. Defence Liaison Unit, US \$910,244;
3. Customs and Trade, US \$3,696,411;
4. East African Legislative Assembly, US \$10,520,361;
5. East African Court of Justice, US \$2,841,777; and
6. Lake Victoria Basin Commission, US \$15,157,596.

Mr Speaker, the budget is to be financed by contributions from Partner States, US \$30,748,369; development partners' contributions, US \$29,141,051; and miscellaneous income, US \$73,620.

Before concluding my speech, I would like to take this opportunity to thank our development partners for the continued support. In particular, I would like to recognize the following: Germany; the United Kingdom; France; Canada;

Norway; Sweden; Belgium; Denmark; Finland; the United States of America; Japan; the World Bank; the African Development Bank; the European Union; the Department for International Development; GTZ; the Rockefeller Foundation; Kilimo Trust; the Investment Climate Facility for Africa (ICF); AWEPA; the African Capacity Building Foundation (ACBF); British American Tobacco; the International Planned Parenthood Federation, Africa Region (IPPF-AR) (*Applause*)

If I did not mention you on this list, it doesn't mean we don't recognise you and it is just because I am working within the time limit.

Mr Speaker, I beg to move. (*Applause*)

(*Question proposed.*)

COMMUNICATION FROM THE CHAIR

The Speaker: Honourable Members, to give you time to read and internalise the speech, I would like to adjourn the debate on the Budget Speech until next week. But before I adjourn, I would like to make a few announcements:

First, I would like to remind you that there is a workshop for stakeholders with the consultant of the East African Parliamentary Institute, which will take place tomorrow at the Continental Hotel at 9.00 a.m.

Secondly, in the afternoon, the AWEPA group is doing something to do with aid effectiveness with the General Purpose Committee, the Accounts Committee, and the Communications, Trade and Investment Committee.

ADJOURNMENT

The Speaker: Honourable Members, I now adjourn the House until Tuesday at 2.30 p.m.

*(The House rose and adjourned until
Tuesday, 1 June 2010, at 2.30 p.m.)*