



EAST AFRICAN COMMUNITY

EAST AFRICAN LEGISLATIVE ASSEMBLY

Official Report of the Proceedings of the East African Legislative Assembly

24TH SITTING – THIRD ASSEMBLY: SIXTH MEETING - FIRST SESSION:

Thursday, 30 May 2013

The Assembly met at 2.26 p.m., in Parliament House, Kampala, Uganda

PRAYERS

(The Speaker, Ms Margret Nantongo Zziwa, in the Chair.)

The Assembly was called to order.

COMMUNICATION FROM THE CHAIR

THE SPEAKER: Before I say my Communication from the Chair, I would like to inform you that the press has requested that due to the fact that most of the business in the House takes place this side, it would be better for us to occupy more this side than the later side of the Chamber. Otherwise, when we sit like that and the cameras pick the footage, it looks like the Chamber is empty yet it is actual full.

So, I humbly request you honourable members to shift to this side to enable the press record the accrual activities as they are proceeding on the Floor of the House. Thank you.

Hon. Members, I want to welcome you to today's sitting. This is a very important day to the East Africans because it is our EAC Budget Day. But before we get there, I wish to make the following communication regarding the remaining programme of the activities of this week.

Tomorrow Friday, 31 May 2013, we are scheduled to visit two institutions of the East African Community located in Kampala. The first visit will be to the Inter-University Council of East Africa. That visit will take place between 9.30am and 11am. All members are expected to participate except those on the Committee on General Purpose.

We were also set to visit the East African Development Bank. However, we have received information that they will not be in position to host us because all the senior officials of the Bank are out of station. Please, take note. But I request that all members get to the Parliament parking at exactly 9am so that we are able to conduct that activity on time.

On Saturday, 1 June 2013, we have two very important activities although both seem to be taking place at the same time. On that day, we will be attending the Inter-Session Prayer in honour of the late Dr Julius Kambarage Nyerere to take place at the Namugongo Catholic Shrines. All of us have already received invitations to that effect. You will recall that one of us, Hon. Makongoro Nyerere is a member of this family. We should be obliged to join the family in this very important activity.

We are also aware that two or three important dignitaries from the Republic of Tanzania will be joining us in that activity. The Holy Mass will start at 9am and as already said, it will be at the Namugongo Catholic Shrine. In the arrangement of the Commission, one group will be attending to that activity and it will consist of the Speaker and the chairpersons of committees. These are the people who will go to represent the Assembly at this very important function.

As you are aware, it is our policy to engage in a tree planting activity whenever we are holding sittings in a partner state. We have on our programme a tree planting activity on Saturday starting at 9am. The location for this activity is St Lawrence Schools and Colleges Campus along Masaka Road. The choice of this school was informed by the reality that it has many students from within the East African Community Region.

Hon. Members, a tree planting exercise is a decision that we took while in Bujumbura, Burundi. It is an activity we have to engage in whenever we are holding sittings in a partner state. We already successfully did one while in Bujumbura, Burundi before we did one in Kigali, Rwanda. So, I expect all the members to be present during this activity so that we can make an impact that East Africa is already on the move and taking with it all the East Africans. Departure will from Parliament at 8.30 a.m. All members who are not part of group A will constitute this second group. Those who get done with the Mass at Namugongo may join you as we proceed.

On Monday, 3 June 2013 is Martyrs' Day in Uganda. It is an official public holiday and the main celebrations will again be held at the Namugongo Catholic Shrines. It is important that - for visibility and in line with our people-centred approach - we attend this function.

The function will begin at 10am and departure will be at 8 O'clock from the parking yard of Parliament. You are all requested to be in the parking yard by 7.30 a.m. Thank you very much.

LAYING OF PAPERS

THE CHAIRPERSON OF THE COUNCIL AND MINISTER OF STATE FOR EAST AFRICAN COMMUNITY AFFAIRS (UGANDA) (Mr Shem Bageine): Madam Speaker, in accordance with the provisions of Articles 132 (1), 132 (2), and 49 (2) (c) of the Treaty and rules 73 (2) of the Rules of the Assembly, I beg to lay on Table:

- a) The Revised Statement of Expenditure for the financial year 2011/2012/2013; and
- b) The Financial Statement and Estimates of Expenditure for the East African Community for fiscal year 2013/2014. I beg to lay.

THE SPEAKER: Thank you, chairperson. Let me just mention that you are going to get copies of these documents in your brown bags that will be passed on to you during the Session.

CONSIDERATION OF THE EAST AFRICAN COMMUNITY FOR THE FINANCIAL YEAR 2013/2014

MOTION FOR PRESENTATION OF THE BUDGET SPEECH

THE CHAIRPERSON OF THE COUNCIL AND MINISTER OF STATE FOR EAST AFRICAN COMMUNITY AFFAIRS (UGANDA) (Mr Shem Bageine):

Madam Speaker, I move that the Assembly do resolve itself into:

- a) A committee of ways and means to consider and debate the Financial Statement for the financial year 2013/2014; and
- b) A committee of Supply to consider and debate the Revised Estimates of the Expenditure for the financial year 2012/2013 and the estimates of expenditure of the financial year 2013/2014.

The Speaker: Okay, the motion is seconded by hon. Kaahwa, hon. Sezibera, hon. Abdallah and hon. Liantina. Please proceed, Chair, Council.

MR BAGEINE: Madam Speaker, I would like to move 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 2013/2014.

The budget estimates for the Financial Year 2013/2014 are being presented at a definitive moment for the Community when we should take the Community steadily forward. The EAC Development Strategy (2011/12-2016/2017) sets out clearly the achievements that we should make within the five-year period. We therefore need to redouble our efforts and accelerate progress towards our objectives.

Madam Speaker, the global economic recovery slowed in 2012 against a backdrop of a recession in the Euro Area and a slowdown in many emerging market economies. This affected performance in emerging markets and developing economies. Overall, the real world Gross Domestic Product (GDP) was estimated to have increased by 3.2 percent compared to 4.0 percent in 2011.

Growth in advanced economies expanded at a slower rate of 1.2 percent in 2012 compared to an increase of 1.6 percent in 2011. In the Euro Area, real GDP growth declined by 0.6 percent in 2012 compared to a growth of 1.4 percent in 2011. Despite improved financial market conditions and accommodative monetary policies, their effects on economic activity and raising consumer demand were slow.

Despite the sluggish global economy, economic conditions in Sub-Saharan Africa remained generally robust, driven by a resilient

consumer demand and a modest exports growth. Real GDP growth in the region, though robust, decelerated slightly from 5.3 percent in 2011 to 4.8 percent in 2012. Inflation was estimated to have improved from 10.1 percent in 2011 to 8.0 percent in 2012 while the current account deficit, as a percentage of GDP, worsened from 2.0 percent in 2011 to 3.1 percent in 2012.

Real GDP in the EAC was estimated to have grown by 5.5 percent in 2012 - same rate of real GDP growth as in the previous year. Inflation reduced significantly from 20.1 percent in 2011 to 8.5 percent in 2012 mainly due to eased pressure from food and fuel prices from a surge during 2011.

The significant drop of inflation was aided by monetary policy tightening and lower food prices associated with a recovery in local food production. Despite marginal improvement, the current account deficit as percentage of GDP remained quite high - at 11.1 percent - compared to an average of 3.5 percent in Sub Saharan Africa.

Madam Speaker, global prospects for 2013 have improved but the road to recovery in the advanced economies will remain a bumpy one. World output growth is forecast to reach 3.2 percent in 2013. In advanced economies, activity is expected to gradually accelerate, starting in the second half of 2013 to register a modest 1.3 percent by the close of the year.

Private demand is forecast to remain robust in the United States, with a rally - as credit and housing markets continue to heal - in financial markets expected to promote consumption growth in 2013 through improved funding conditions and supporting confidence. In the euro area, demand is forecast to remain sluggish, while the pickup in economic activity witnessed in emerging market and developing economies in 2012 is expected to be sustained.

The Sub-Saharan Africa region's economic growth is projected to remain constant at 5.3 percent in 2013. In the EAC, however, economic growth is projected to expand by 6.1 percent. The generally strong performance is to a significant extent expected to accrue from ongoing investment in infrastructure and productive capacity, and continuing robust domestic consumption in the region. Consumer prices are projected to ease from 8.5 in 2012 to 7.4 percent in 2013 while the current account deficit as percentage of GDP is expected to improve marginally to about 10.6 percent.

Madam Speaker, the theme of this year's Budget is: "Consolidating the EAC Common Market and moving towards the Monetary Union Protocol." The next financial year will be an important one as the Community enters a higher phase in its integration process in view of the expected completion of the negotiation of the Protocol on the establishment of the East African Monetary Union.

In presenting this Budget, I would like to thank all those who have been charged with spearheading the regional integration process, from the Heads of State of the Summit, EALA, EACJ, the Council, the Coordination Committee, staff of the EAC Secretariat and Institutions

The EAC Budget process has, since the financial year 2009/2010, embraced the good practice of widely inclusive participation of the broad spectrum of stakeholders of the EAC integration process. The EALA has been involved right from the start of the Budget process and we are sincerely grateful to this august House for the wonderful guidance it has rendered to the Community in its budgeting process.

In reviewing the Budget performance for the financial year 2011/2012, execution was 95 percent. I am confident that this good performance will continue with the 2012/2013 budget which is still currently under execution.

I would like to state that we have continued the results-based performance management system which has been put in place and supported by an elaborate Monitoring and Evaluation system at the EAC Secretariat.

As honourable members will recall, this august House approved a Budget of \$140,686,620 for the Community, which was inclusive of Inter-University Council for East Africa and supplementary for the Financial Year 2012/2013 with focus on the following priorities:

- (i) Consolidating the Customs Union, including in particular, carrying out those activities that will enable the region to turn into a Single Customs Territory;
- (ii) Implementation of the Common Market Protocol, in particular, operationalisation of the free movement of labour provisions, as well as the integration of the regional financial markets to allow for free movement of capital;
- (iii) Completion of negotiations on the East African Monetary Union Protocol;

- (iv) Cooperation in Cross-border Infrastructure;
- (v) Implementation of the critical activities of EAC Food Security and Climate Change Master Plan; and
- (vi) Implementation of activities of Lake Victoria Basin Commission namely water and sanitation for the 15 towns around the Lake and its catchment area already identified, activities to protect the fragile Mt. Elgon ecosystem, and harmonized framework for dealing with water hyacinth.

In this Budget presentation, allow me to report on these activities under the broad thematic areas for ease of reference, namely an update of the integration process and achievements made under economic, infrastructure, productive and social sectors, and political pillars of co-operation, as well as cooperation in Legal and Judicial Affairs.

I will also highlight finance and administration as well as other cross-cutting issues in the EAC integration and development process. My review will also look at developments in the EAC Organs and institutions.

Madam Speaker, consolidation of the EAC Customs Union has been one of the strategic priorities of the EAC in the fiscal year 2012/13. I wish to report that we have successfully finalised development and adoption of most of the requisite customs legal and operational instruments.

In the coming fiscal year our concentration will be on managing uniform application these instruments in all the Partner States as we evolve into a fully-fledged Customs Union and Common Market.

During the period 2012-2013, we reviewed and aligned the Common External Tariff to the 2012 version in accordance with international standards, finalised and adopted a Customs Procedure Manual that will enhance harmonized customs processes across EAC, finalised and launched a common Customs Curriculum to bolster capacity and professionalism in customs, finalised and adopted an EAC Customs Enforcement and Compliance regulations.

The Council presented to this Assembly the One Stop Border Post Bill 2013, which was passed and also the EAC Customs Management (Amendment) Bill 2013, which was also passed. We look forward to presenting other relevant legal instruments to this Assembly to facilitate deeper integration of EAC.

The EAC embarked on interconnectivity of customs systems in the region, pivotal for seamless flow of trade information in order to enhance trade facilitation. A pilot interface to enable exchange of customs transit information known as RADDEX 2 was launched by the Heads of State in November 2012.

Our target is to complete the interconnectivity in the coming fiscal year so that all customs information can be integrated under one platform. Regional training of customs officials and stakeholders is on-going to galvanize the requisite capacity.

Madam Speaker, one of the main priorities for 2013/14 is to establish a Single Customs Territory as a milestone for free circulation of goods, minimization of customs border controls and smoother trade in the region. A High Level Task Force is working on a detailed mechanism for the operationalisation of the Single Customs Territory, which will be considered by Council. We expect to present to this Assembly amendments to the Customs laws to cater for the Single Customs Territory thereafter.

During the period under review, a framework for monitoring and evaluating the implementation of the EAC Common Market Protocol was rolled out in the Partner States. Based on that framework, two (2) reports on the implementation of the Protocol have been considered by the Council.

The Council noted with concern that the implementation of the protocol was lagging behind schedule. In an effort to expedite the implementation process, all the partner states have now established National Implementation Committees following a Council directive to that effect, and the Committees have commenced work in their respective territories.

The most significant development during the period under review is that the Republic of Rwanda enacted a new immigration law (No. 19/2011), which encompasses all provisions of the Common Market Protocol with regard to the free movement of persons and labour.

The Republic of Kenya also repealed the following laws that were inhibiting free movement of persons: Immigration Act (Cap 172), Alien Restriction Act (Cap 173) and Visa Regulations. These laws were replaced by the following new laws: Kenya Citizenship and Immigration Act No. 12 of 2011 and Kenya Citizens and Foreign Nationals Management Act No.31 of 2011.

Uganda too enacted a new law on insolvency in 2011 that conforms to the Common Market Protocol. The republics of Kenya and Rwanda have also abolished work permit fees for East African nationals working in the two countries. The Republics of Kenya, Rwanda, Burundi and Uganda have agreed to the use of IDs for their nationals for travel between the four Partner States.

Madam Speaker, at the regional level, the Sub Committee on Approximation of Laws finalised review of the laws governing companies, insolvency, partnerships, business names registration, immigration and labour and employment.

It is currently working on the laws governing contracts and sale of goods and is expected to finalise that exercise by June 2013. The Secretariat also commissioned a consultancy study to conduct an examination and review of existing laws of the Partner States that have a direct bearing and impact on the EAC Common Market.

The consultants finalised the study and the report was considered by the Sub-Committee on Approximation of laws and will be presented to the next meeting of the Sectoral Council on Legal and Judicial.

The conclusion of the negotiations for the Protocol on the establishment of the EAC Monetary Union (EAMU Protocol) by the High Level Task Force has been in a higher gear since the financial year 2011/12.

During the Financial Year 2012/13, negotiations for all the seventy-seven articles of the draft EAMU Protocol were finalised at the technical level.

The next financial year will witness the conclusion and signing of the EAMU Protocol in line with the Summit directive to the Council to expedite negotiations and conclusion of the Protocol with a view to signing the Protocol at the 15th Summit of the EAC Heads of State scheduled for November 2013.

The Budget estimates that I am presenting today have provided for the activities that will fulfill the roadmap to the signing of the EAMU Protocol.

Significant progress on the preparatory works has been made especially on the prerequisites to a robust EAMU Protocol are underway. These involve coordination and harmonisation of the fiscal and monetary policies, statistics harmonisation, creation of a single financial market and harmonisation of the payments

and settlement system. Therefore next year's budget has allocated resources to make further progress on these critical matters.

Madam Speaker, availability of reliable, timely and comparable statistical data is the corner stone on which measurement of progress on the consolidation on the Customs Union and smooth running of a common Market and Monetary Union will be benchmarked.

In this regard, the computation, concepts, definitions and methods used in compiling the indicators that determine the performance of programmes and convergence criteria must be understood, harmonised and consistent across all partner states.

Substantial progress was made during the financial year 2012/13 in providing and harmonising statistical information that reflects and informs the planning and monitoring the priorities and targets of the EAC integration agenda. Web-based databases to facilitate exchange of information were maintained and updated.

As I informed this august House last year, focus on harmonisation of key statistics to support monitoring of the EAC Macroeconomic convergence criteria was undertaken mainly on Government Finance Statistics, Balance of Payments, Monetary and Financial Statistics & Financial Soundness Indicators, Harmonised Consumer Price Indices, National Accounts, Trade, Agriculture, and Demography and other Social Statistics.

In the financial year 2013/14, the Council has allocated resources to continue with harmonisation of statistics in the key areas and to support production of robust statistics critical for the EAC integration agenda.

Attention will also be on putting in place regional institutional and legal frameworks to support the creation of a vibrant compliance and enforcement mechanism for statistics compilation standards in strict compliance with international best practices.

Madam Speaker, to facilitate realisation of the Common Market Protocol, the EAC Secretariat is implementing the Financial Sector Development and Regionalization Project (FSDRP I), funded by World Bank.

The Project's objective is the establishment of the foundation for financial sector integration among EAC partner states. This three-year project commenced operations in June 2011 and has six components for which funds are allocated by the Secretariat on an annual basis.

To prepare the way for integration of the region's financial sector the project carries out diagnostic studies and capacity building in insurance, banking, capital markets and the pensions sector.

During the Financial Year 2012/13 diagnostic studies have been initiated in the areas of regional financial education strategy, assessment of the region's pension sector and risk based supervision strategy for capital markets. Agreement has also been reached to commence assessment of two sectors (insurance and capital markets) against international market standards.

Madam Speaker, the above diagnostic studies and assessment of compliance with international standards, will inform further analytical work planned in the financial year 2013/14, for development of the legal and regulatory framework for the various subsectors, for which resources have been allocated in next financial year's budget.

Also in the area of legal and regulatory framework development, over the Financial Year 2012/2013 initiatives were taken to commence development of a framework for the regional capital markets.

Work in this area has progressed to the level of drafting legal principles relating to, inter-alia licensing, conduct of business public offers and listings.

Regionalisation of the financial sector also requires integration of financial market infrastructure, in order to; in particular facilitate payment across borders and between sectors.

In this regard, a task force has been established under the project, to develop a plan for the linking of capital market trading platforms. As the technical working group continues with its work, areas to be addressed in this plan, include definition of the software and hardware for integrating capital market infrastructure and surveillance systems, changes required with respect to the existing legal and regulatory framework and the sectors capacity building requirements.

Over the Financial Year 2013/2014, budgetary provision has been made to continue planned activities under the project's six components, with particularly intensified efforts in the areas of financial sector inclusion and strengthening of market participation together with the development of financial market infrastructure.

Madam Speaker, in pursuit of improving the EAC Investment Climate, the Secretariat continued to implement the components of the Cooperation Agreement between EAC and the World Bank on Investment Climate Program, which was signed in March 2012.

The programme will contribute to a common and improved standard in the legal and regulatory environment affecting business in the EAC, in view of the current implementation of the EAC Common Market Protocol.

A major offshoot of this agreement is the yearly and popular publication of the *"EAC Doing Business Report."*

The report indicates that the Community is one of the fastest reforming regions in terms of doing business in the world. It showed that the five countries of the EAC implemented a combined 10 regulatory reforms across nine areas measured to improve the business environment for local businesses and encourage entrepreneurship in the region.

These efforts will be redoubled in 2013/2014 to improve the business climate in the bloc. In this respect, inter-alia, a Common Market score card will also be launched.

The Community participated in events locally and abroad to showcase business opportunities that abound in the region. In October and November 2012, the EAC Secretariat led a high level delegation to Sweden and Germany to attend the East Africa Investment Forum in Sweden and Germany.

The partner states Ambassadors in Germany organised the investment forum in Germany in cooperation with the German-African Business Association with a theme: *"Beyond Coffee and Tea - New chances in the East African Market."*

The partner states embassies in Sweden also organised an EAC Investment Forum in Stockholm in November 2012. The purpose of the forum was to elevate EAC attractiveness for Swedish businesses to consider investing in the EAC region.

The investment forum corresponded well with the Swedish Government's ambition to increase partnership with East Africa.

As a result of these events, the region has seen high level visits by Germans, Swedish and other business delegations to explore investment opportunities.

Madam Speaker, the Council established a dialogue framework for engagement of private sector organisations, civil society and other interest groups in the EAC Integration Process.

A forum of CEOs of private business under the auspices of the Secretary General CEOs Forum held five national meetings in collaboration with East African Business Council.

These meetings culminated into a regional SG CEOs forum that brought together key business executives from the region, which was held on 27 February 2013 in Kampala, Uganda.

The fora provided a unique opportunity for both the chief executives and the Secretary General to dialogue on how to enhance the EAC integration process as well as business-operating environment. The Policy Organ of the Community will consider the outcome of this process.

The Community is developing a Public-Private Partnership (PPP) framework to facilitate private sector participation in public enterprises with a regional dimension particularly in industrial and infrastructure projects.

It is expected that this exercise will be completed in the next financial year to inform both national and regional public-private-partnership policy development efforts in the Community.

Madam Speaker, the 11th AGOA Forum Ministerial Session was held on 14th to 15th June 2012 in Washington D.C under the theme: *"Enhancing Africa's Infrastructure for Trade,"* concluded thus:

- i. AGOA had assisted in increasing trade, investment and business opportunities as well as job creation for people in the AGOA eligible countries and the United States; and
- ii. The US President had approved a Presidential Policy Directive, which focuses on the role of trade and investment as a critical engine for broad economic growth and outlines his vision with respect to US Policy towards sub-Saharan Africa.

The ministers responsible for trade matters in the EAC partner states and the United States Trade Representative met on 14 June

2012 on the margins of the AGOA Forum and agreed on the scope of the US-EAC Trade and investment partnership.

Both parties released a joint statement and directed their respective technical teams led by the EAC to begin consultations as soon as possible on the four components of the trade and investment partnership namely, a regional investment treaty; a trade facilitation agreement; continued trade capacity building assistance; and commercial dialogue.

Madam Speaker, Parts F and G of the Protocol on the Establishment of the East African Community Customs Union, which deals with export promotion schemes and special economic zones, are being implemented.

A list of harmonised Export processing Zones (EPZ) exemptions was reviewed and the Council adopted the EAC Model Export Processing Zones Operational Manual.

Madam Speaker, the second joint Trade Policy Review of the East African Community was successfully held on 21st and 23rd November 2012 in Geneva, Switzerland. During the exercise, EAC partner states trade and related policies were examined and evaluated with the objective of contributing to improving adherence by all members of the WTO to rules, disciplines and commitments made under the WTO agreements and by achieving greater transparency in, and understanding of, the trade policies and practices of WTO members.

All WTO members commended the EAC partner states and the EAC Secretariat for the remarkable achievement and the EAC continuous integration efforts after the last Trade Policy review held in 2006, particularly considering the global financial crisis since 2008.

It was noted that respective national vision plans and the EAC effort towards the single market and monetary union were progressing well.

Progressive objectives for EAC have also been noted in establishing the customs union to developing a common market, subsequently to a monetary union and ultimately a political federation.

However, they also recognise significant development challenges that EAC is facing and they agree to work with EAC as partners to assist their future development.

Madam Speaker, I am happy to report that negotiations to establish a Free Trade Area (FTA) of the three major African Regional Economic Communities i.e. COMESA, EAC and SADC are underway in accordance with the decision of the 2nd COMESA-EAC-SADC Tripartite Summit of Heads of State.

Among the key achievements are commencement of text based negotiations on the basis of the draft Tripartite FTA Agreement and its Annexes, adoption of Annex 6 of the draft Tripartite FTA Agreement on Simplification and Harmonisation of Trade documentation and procedures; and finalisation of the draft Monitoring and Evaluation Mechanism for the Tripartite FTA negotiations for adoption by the Tripartite Sectoral Ministerial Committee responsible for Trade scheduled for July 2013.

More critically has been resolution of the contentious issues on modalities for tariff liberalisation by the 5th Meeting of the Tripartite Committee of senior officials, which agreed that partner states recognise the importance of raising the level of ambition such that the ultimate destination for tariff liberalisation in the Tripartite Free Trade Area approximates 100 percent, taking into account general, specific and security exceptions provided for under the existing regional and multilateral agreements: 60 percent to 85 percent of tariff lines will be liberalised upon entry into force of the Tripartite Free Trade Area Agreement based on offers.

The remaining tariff lines will be the subject of negotiation for liberalisation. Negotiations will be finalised by 2014 and liberalisation implemented within five to eight years.

Partner states will exchange tariff offers within six months. It is important to note that the EAC partner states are negotiating the Tripartite FTA as a bloc and will require regular consultative meetings to agree on the EAC position.

I am glad to note that resources have been allocated in the EAC Budget for 2013/14 for EAC preparatory meetings and look forward to the establishment of a Tripartite Free Trade Area that takes into account EAC interests.

Madam Speaker, during the Financial Year 2012/13, substantial progress was made on the negotiations on the EAC-EU Economic Partnership Agreement in the four EPA Clusters namely, Economic and Development Cooperation, Rules of Origin, Agriculture and Institutional Arrangements, Dispute Settlement and Final Provisions. The sixth negotiations sessions of the permanent secretaries and senior officials of the EAC and the EU on the

EPA was held on 5th to 7th February 2013 in Mombasa, Kenya. Both parties finalised the negotiations on Economic and Development Cooperation and its text was agreed upon. The parties reaffirmed that development cooperation is a core element of their partnership and an essential factor for the realisation of the objectives of the EPA. The parties agreed that the EPA Development Matrix and corresponding baseline benchmarks, indicators and targets shall be annexed to the EPA as reflecting the needs identified by the EAC Region at the time of the signature. These shall be reviewed every five years.

Madam Speaker, on agriculture, the outstanding issues remain on "domestic support" and "export subsidies". The EAC underlined its concerns to the EU of the negative impacts of EU domestic support on trade and agricultural production in the region. The parties agreed, on principle, that issues of a multilateral nature should be handled at the multilateral level. In view of this, trade distorting domestic support and export subsidies that are being negotiated at the WTO should be discussed at that level. The EAC pointed out that finalisation of the agriculture text will be subject to finalisation of the article on export taxes.

On rules of origin, a number of technical issues remain outstanding and both parties have agreed to continue negotiating at the technical level. On Institutional Arrangements, Dispute Settlement and Final Provisions, the parties agreed to refer all the outstanding issues to the senior officials. Both parties agreed to refer export taxes and most favoured nation provisions to the Ministers. The parties agreed to negotiate at a later stage, Trade in Services and Trade Related Issues. The next meeting of the senior officials is scheduled for June and July 2013 to consider all the outstanding issues, paving the way for the ministerial meeting.

EAC-US Trade and Investment Partnership

Madam Speaker, during the Financial Year 2012/13, progress has been made on the EAC-US Trade and Investment Partnership, which comprises four elements namely: a regional investment treaty; a trade facilitation agreement; trade capacity building assistance and; a commercial dialogue. The EAC and US technical teams have been mandated to commence negotiation of an investment treaty and a trade facilitation agreement as well as to discuss and agree on trade capacity building assistance, including identification and agreement of priority areas to support the Trade and Investment Partnership.

Madam Speaker, exploratory discussions on each of the four components of the Trade and Investment Partnership were held in July 2012. On 19 October 2012, both parties signed a letter of intent establishing the EAC-US Commercial Dialogue. The Commercial Dialogue is a consultative mechanism for a private-public sector dialogue on commerce between the EAC and the US through which both parties will work to advance private sector priorities that would strengthen their trade and investment relationship.

A meeting of the EAC and US technical officials was held from 17th to 20th April 2013 in Arusha where both parties discussed each of the four elements of the partnership. Both parties agreed to share information on investment regimes and on trade facilitation. The next EAC-US Trade Ministerial Meeting will be held on the margins of the AGOA Forum in Ethiopia in late June or early July 2013 to review the progress made on the Trade and Investment Partnership. The first EAC-US public-private sector meeting on the Commercial Dialogue will also be held on the margins of the AGOA Forum. Thereafter, the EAC-US technical officials meeting will be held in August 2013.

Infrastructure Development

Madam Speaker, good progress was achieved on the implementation of the targeted projects and programmes on the roads and rails sub-sectors:

The rehabilitated Arusha-Namanga-Athi River Road was launched by the EAC Heads of State at Athi River Town in Kenya on 28th November 2012. The Heads of State observed the need to fast-track the construction of the One Stop Border Post at Namanga in order for the region to realise the full benefits of the reconstructed road, that is, reduced transit times at the borders and lower costs of vehicle operations. In this regard, I am happy to report that the works on both sides of the Namanga Border Post is progressing well and targeted to be finalised by the end of this year.

The second Heads of State Retreat on Infrastructure Development and Financing was held on 29th November 2013 in Nairobi. The Retreat came up with several resolutions and priority projects to be implemented over the next 10 years. The Heads of State institutionalised the Retreats on Infrastructure Development and Financing and directed that they be held every two years.

The detailed Engineering, Environmental and Social Impacts Analysis studies for the Arusha-Voi Road were completed in

December 2012. The procurement for construction works is on-going and the project is expected to take off by September 2013. Procurement on the Kenyan side is complete and awaits a no objection from the African Development Bank, while that on the Tanzanian side has commenced and expected to be finalised by October 2013. The formal launch for the works on both sides of the border by the Heads of State is targeted for end of November 2013. The construction of the One Stop Border Post at Holili/Taveta is on-going under financing from Trademark Eastern Africa and the World Bank. The detailed engineering studies for the Malindi-Bagamoyo Road project is progressing well and the final report is expected at the end of this year.

The EAC Vehicle Load Control Bill was passed yesterday by EALA. This Bill which seeks to harmonise the vehicle load control laws and regulations in the region has undergone EALA public hearings at the Partner States and stakeholders levels and is targeted for enactment before the end of this Financial Year. In addition, the EALA enacted the EAC One Stop Border Post Bill 2012 in Kigali in April 2013. The regulations for both laws are currently being drafted for Partner States' concurrence and Council approval.

Request has been sent to the NEPAD Infrastructure Projects Preparatory Fund for support of the following roads. The request has been acknowledged by the fund and appraisal missions for these road projects are planned in the next financial year. These roads are:

- (a) Rehabilitation of Kayonza-Rusumo (93 kilometres within Rwanda) and Rusumo-Rusahunga (92 kilometres in Tanzania) and;
- (b) Upgrading the Nyakanazi-Kasulu-Kidahwe-Manyovu (296 kilometres in Tanzania) and rehabilitation of the Nyanza Lac-Rutunga (92 kilometres in Burundi).

An assessment mission was carried out in February 2013 by the Secretariat to profile the regional road project from Kitale-Endebess-Suam (Kenya) and Suam-Kapchorwa (Uganda). The evaluation report will be considered by the African Development Bank and the Secretariat at the mission of the NEPAD Infrastructure Projects Preparatory Fund in July 2013.

African Development Bank confirmed, in December 2013, the support for the execution of the priority railways studies under the EAC Railways Master Plan. The process of procuring the project consultants has commenced and the Bank has already given a no objection to a shortlist of consultants selected by the Partner States experts following an international advertisement

for Expressions of Interest. The Request for Proposals has already been sent to the shortlisted firms and the studies will commence in September 2013.

Civil Aviation and Airports Sub-Sector

Madam Speaker, the development of a draft Policy Framework for the liberalisation of air transport in the EAC anchored on Article 38 of the Common Market Protocol as directed by the 9th Meeting of the Sectoral Council on Transport, Communications and Meteorology, was completed in December 2012. The World Bank, under the EAC Investment Climate Programme-Support on Transportation has provided support on the review and technical advice in the development of the regulations to implement air transport liberalisation in the region once the Council approves the Policy Framework. The draft regulations will be considered by the 10th Meeting of the Sectoral Council on Transport, Communications and Meteorology planned for the second half of the year. The benefits of liberalising air transport in the region include increased flight frequencies, wider coverage of air transport services and lower fares and freight rates.

The development of an EAC Unified Upper Flight Information Region, a step towards the establishment of a Unified Upper Airspace for the region, did not progress well last year due to delays in resources promised by development partners. Partner States have now decided to finance the process through direct resources from their Civil Aviation and Airports Authorities. A strategy and a Task Force have been established under the heads of Civil Aviation and Airport Authorities to carry out the necessary studies commencing in July 2013, leading to the unification of the EAC Upper Airspace.

The framework for operationalising the East African Community Search and Rescue Agreement is completed. The Administrative Memorandum for the Operationalisation of the East African Community Search and Rescue Agreement will be signed at the 10th Meeting of the Sectoral Council on Transport, Communications and Meteorology. This is an important development in the region as aviation search and rescue activities are not only expensive and require specialised equipment but are also sensitive activities. The Administrative Memorandum, once signed will anchor the implementation of the Search and Rescue Agreement in the Partner States.

Communications Sub Sector

Madam Speaker, harmonisation of ICT policies, laws and regulations is a strategic objective of both the Treaty and the 4th EAC Development Strategy. In line with this objective, an

EAC Protocol for ICT Networks was approved by the Council and the Summit in November 2012. It will be presented for signature by the respective Ministers responsible for Communications and ICT at the 10th Meeting of the Sectoral Council on Transport, Communications and Meteorology planned for August 2013.

The EAC Framework for Cyber laws phase I was developed and approved. The framework provides guidelines for the enactment of national laws on electronic transactions, cybercrime and related matters.

During the period under review, all Partner States reported progress in the implementation of the Framework. A similar Framework for Phase II has also been developed and awaits consideration by the 10th Meeting of the Sectoral Council on Transport, Communications and Meteorology. The Framework for Phase II provides guidelines for enacting national laws for ICT related aspects of intellectual property rights, competition, taxation of e-commerce, and information security. Partner States have reported excellent application of the developed frameworks particularly in developing regulations on electronic money transfers by mobile phone providers.

Madam Speaker, according to the Geneva 2006 Agreement on the Migration from analogue to digital broadcasting, countries are required to migrate television broadcasting services from analogue technology to digital technology by 30th June 2015. To this effect, an EAC Roadmap for Analogue-to-Digital TV Broadcasting was developed and approved by the Council in 2011. Implementation of the roadmap is in progress, and the Community continuously monitors its implementation to track achievements made and identify and address challenges encountered.

Meteorological Sub Sector

Madam Speaker, implementation of the Strategy on Numerical Weather Prediction progressed well during the period under review. The Strategy aims at ensuring each meteorological department within the Partner States is running state-of-the art Numerical Weather Prediction systems which are capable of predicting weather much more accurately. Towards this end, an application mid-range server was installed at the Burundi Meteorological Department. The Weather Research and Forecasting model version 3.1 of the National Oceanic and Atmospheric Administration was also installed and training provided to the Burundi meteorological staff on running the model. This should improve weather products from Burundi substantially. During the next financial year, capacities of the other meteorological

departments in the area of Numerical Weather Prediction will be enhanced.

The Meteorological Data Policy was approved by the Council at its 25th meeting. The purpose of this policy is to promote a harmonised approach to meteorological data observations, transmission, management and sharing of meteorological data within EAC Partner States. This data policy will enable Partner States to meet their national, regional and global obligations for the provision of meteorological services.

Cooperation in the Productive Sectors

Energy Sector

Madam Speaker, the Community hosted the 6th East African Petroleum Conference and Exhibition in Arusha in February 2013. The conference and exhibition, which brought together 911 delegates, provided an opportunity for EAC Partner States to jointly promote the region as an emerging destination for investment in oil and gas exploration, development and production. Given the fast changing scene in the oil and gas sector, it is important to give higher priority and allocate resources to the development of the long-overdue Fossil Fuels Master Plan. Such a master plan will set the basis for a coordinated development of the oil and gas resources discovered in the region and the associated infrastructure to enable these resources to benefit the entire region and beyond.

Steps towards the establishment of a Renewable Energy and Energy Efficiency Centre were boosted when the United Nations Industrial Development Organisation and the Austrian Government through the Austria Development Agency supported EAC to carry out a feasibility study for the centre. UNIDO and the Austria Government have committed one million euros towards the first phase of the establishment of the centre. In further support of the development of renewable energy in the region, the EAC signed a Memorandum of Understanding with the UN International Renewable Energy Agency.

The Heads of State during their 2nd Retreat on Infrastructure Development and Financing approved priority energy projects for the region. Mobilisation of resources for implementation of those projects is on-going. At the same time, a Financing Agreement was signed for the construction of a power interconnector between Burundi and Rwanda on 10th May 2013 at the EAC Headquarters. The Rwanda-Burundi 220kV Interconnector is part of a larger on-going multinational project to interconnect Kenya, Uganda, Rwanda, Burundi and the Democratic Republic of

Congo. The project entails construction of a 143-kilometre 220kV transmission line from Kigoma (Rwanda) to Gitega (Burundi) via Huye (Rwanda) and Ngozi (Burundi). The transmission line will cover 62 kilometres in Rwanda's territory and 81 kilometres in Burundi's territory.

Regional Industrialisation Programme

Madam Speaker, implementation of the EAC Industrialisation Policy and Strategy continued. An action plan delineating the priority areas for intervention for the period of 2012 to 2017 was finalised and its implementation is on-going. Currently the Community is undertaking regional value chain mapping on agro processing; iron ore and mineral processing; new and renewable energy and; pharmaceutical sectors in order to estimate the resource base required for investment in upstream and downstream value addition industries. The Action Plan also prioritises other intervention areas, which are critical for attainment of a more balanced and inclusive industrialisation process in the region and laying the foundation for structural transformation of EAC economies. These other intervention areas include: promotion of small and medium enterprises; development of essential industrial skills and training; enhancing regional capability in research, technology and innovation and; creation of innovative and long-term financing mechanisms for industrialisation.

Fertilizers and Agro chemicals

Madam Speaker, under the on-going exercise on value chain mapping, a preliminary assessment reveals that the region has immense potential to develop fertilizers and agro chemicals industries. The development of this sector is attractive and technically feasible given the abundance of phosphates rocks and recent discoveries of gas and petroleum in the region. However, the region must address the supply chains bottlenecks and other conflicting policies in order to develop viable fertilizer industries in the region.

Iron Ore, Coal, Nickel-Cobalt and Limestone

Furthermore, studies have also identified iron ore; coal; nickel-cobalt and limestone as other industries with potential for driving the economies in the region towards rapid development, wealth creation and generation of job opportunities. An in-depth analysis of these sectors will be undertaken to come up with a regional mechanism to support their development as envisaged in the industrialisation policy.

Studies have also highlighted the potential for extraction of the 3Ts namely tin, tungsten, tantalum and development of downstream refineries to ensure that maximum value is undertaken in the region. In order to promote growth of the 3Ts industries, it is paramount to urgently address the certification and traceability challenges that the industry is facing since the enactment of Dodd-Frank Law by the US Government.

Madam Speaker, the Community commenced the implementation of the EAC Regional Pharmaceutical Manufacturing Plan of Action (2012 to 2016) by constituting a project steering committee comprising the public and private sector. The initiatives to be prioritised include; implementation of local purchase preference scheme by national procurement agencies; regional pooled procurement of raw materials for the sector; development of an inventory of essential medicines to be produced locally; increased investment in the sector and strengthening of pharmaceutical regulation among other initiatives.

Environment and Natural Resources

Madam Speaker, the process of institutionalising EAC's joint participation in international conventions and treaties on environment and natural resources management has been continued to enhance the implementation of several Multilateral Environmental Agreements that the Partner States have ratified. The framework for joint participation in and implementation of Regional and Multilateral Environmental Agreements has also been finalised.

To implement the outcome of the Rio+20 Summit on sustainable development: The Future We Want, the EAC developed an EAC Post-Rio+20 Plan of Action with support from UNDP. Furthermore, EAC was accredited as an observer to the United Nations Convention on Biological Diversity and the United Nations Framework Convention on Climate Change in October 2012 and December 2012 respectively.

In line with the implementation of the EAC Climate Change Policy approved by the Summit on 19th April, 2011, to urgently respond to the adverse impacts of climate change, including addressing the challenge of food insecurity, an EAC Climate Change Strategy and EAC Climate Change Master Plan were finalised and approved by the Sectoral Council on Environment and Natural Resources in February 2013. Operational modalities for the EAC Climate Change Fund were also finalised and approved by the Sectoral Council. Three projects on Climate Change Adaptation and Mitigation are under implementation. The tripartite five-year Programme on

Climate Change Adaptation and Mitigation in Eastern and Southern Africa was launched by the Sectoral Council in February 2013. Another five-year integrated Programme on Planning for Resilience in East Africa through policy, adaptation, research, and economic development is expected to be launched during the Financial Year 2013/2014.

In fulfillment of the objectives of the EAC to develop policies and programmes aimed at widening and deepening cooperation and in accordance with the Decisions and Directives of the First Sectoral Council that established a Disaster Risk Reduction Platform to address disasters in the region, an EAC Disaster Risk Reduction and Management Strategy has been developed.

Madam Speaker, the East Africa Water Vision that reflects how best to use, protect, manage and develop water resources has been developed to provide a clear framework for sustainable management of regional water resources, clarify roles and responsibilities, increase accountability, reduce conflict, improve the integrated management of resources, provide water security for present and future generations, and optimise public funds through more effective use of resources.

The first Lake Tanganyika Basin Development Conference plan of action has been finalised and the Lake Tanganyika Water, Sanitation and Environment Management Programme has been initiated. The EAC as the current chair of the Inter-Regional Coordinating Committee will convene a high level ministerial meeting on Lake Tanganyika Water, Sanitation and Environment Management Programme in June 2013.

Agriculture and Food Security

Madam Speaker, pursuant to the implementation of EAC Food Security Action Plan, priority activities, projects and programmes are being implemented at different stages including development of Food Security and Nutrition Policy, Regional Food Balance Sheet Framework, East African Agri-enterprises and Agro-industries Development Programme, EAC Strategy on Prevention and Control of Trans-boundary Animal and Zoonotic Diseases, EAC Livestock Policy and Reinforcing Veterinary Governance Project and development of framework and strategies for prevention and control of aflatoxins contamination in agriculture production.

During this financial year, the EAC Sanitary and Phyto-Sanitary Protocol was approved by the 14th Meeting of the Summit of EAC Heads of State and awaits ratification by Partner States. In the next financial year, EAC will continue to implement and consolidate activities, projects and programmes from EAC Food

Security Plan, which is a key priority intervention in the sector. Among the priority activities for next financial year is implementation of "Regional Agricultural Inputs Systems Development Project", development of EAC Livestock Strategy, development of integrated water management project proposals including appropriate irrigation projects, which are site specific, development of EAC Sanitary and Phyto-Sanitary Act and Regulations, prevention and control of aflatoxins in agriculture production.

Tourism and Wildlife Development

Madam Speaker, the EAC continues to promote East Africa as a single tourism destination in line with the objectives of the 4th EAC Development Strategy and the Common Market Protocol internationally and regionally. In November 2012, the Community launched an in-flight travel magazine known as Travelling around East Africa at the World Travel Market in London. The training of EAC Assessors is now completed and the classification of accommodation establishments and restaurants continues in the Partner States. The following financial year will be focused on the completion of the draft Protocol on Tourism and Wildlife Management in order to support the harmonisation of policies, laws and regulations in the tourism and wildlife sectors, respectively.

Co-operation in the Social Sectors

Health Sector

Madam Speaker, the Community hosted the 4th East African Health and Scientific Conference as well as an International Health Exhibition and Trade Fair in Kigali, Rwanda from 27th to 29th March 2013 under the theme: Regional Health Priorities and Opportunities: "Evidence for Action in the changing Global Financial Situation". The conference and exhibition, which brought together over 600 delegates and provided an opportunity for national policy makers, legislators, scientists, and other stakeholders, promoted the sharing of best practices on evidence-based health policy formulation and implementation of innovative health policies, strategies and interventions on priority health areas.

The First Annual EAC Health Ministers and Parliamentarians Forum on Health was held to start implementation of the East African Community Open Health Initiative to improve reproductive, maternal, new-born and child health. The 26th Ordinary Meeting of the EAC Council of Ministers considered and forwarded the draft Protocol on EAC Regional Cooperation on Health to the EAC

Sectoral Council on Legal and Judicial Affairs for further review and legal input.

Madam Speaker, during the year under review, the Secretariat in collaboration with the Partner States facilitated the application of the Republic of Burundi to join the other four EAC Partner States in the implementation of the World Bank funded East African Public Health Laboratory Networking Project, which resulted in the award of USD 15 Million grant directly to the Republic of Burundi over a five-year period with effect from 25th September 2012. This is in addition to the World Bank credits and grants that had earlier been awarded in May 2010 to the Republic of Kenya (USD 25,500,000), the Republic of Uganda (USD 10,100,000), the United Republic of Tanzania (USD 15,050,000) and the Republic of Rwanda (USD 15,010,000). The main objective of the East Africa Public Health Laboratory Network Project is to establish a network of efficient, high quality and accessible national public health laboratories for the diagnosis and surveillance of tuberculosis and other communicable diseases in each country and the EAC region as a whole by the end of the project period.

THE SPEAKER: Chair, I want to briefly interrupt you in order to recognise the vice chairperson of the Committee on East African Community in the Parliament of Uganda, hon. Veronica Kadogo. She has joined us to listen to the Budget. *(Applause)* You are welcome. It is interesting to have a Member sitting in the gallery of her Parliament. Allow me also to recognise students from St Margaret College, Makerere - rise up for recognition - and their teachers. *(Applause)* They have also come over to listen to the Budget. I also recognise all the other dignitaries who I may not have mentioned. You are all welcome. Chair, please proceed.

MR BAGEINE: Thank you, Madam Speaker. On education science and technology and harmonisation of EAC education system and training curricula, the Community approved the establishment of a 45-person technical committee to oversee the process of the harmonisation of EAC education system and training curricula representing the Pre-primary and Primary Education, Secondary Education, Teacher Education and Technical, Vocational Education and Training (TVET) sub-sectors. The Council has approved the development of seven strategies based on the seven education sub-sectors of Pre-primary Education, Primary Education, Secondary Education, Teacher Education, TVET, Special Needs Education and Non-formal, Adult and Continuing Education.

Madam Speaker, within the framework of Common Market implementation, the Partner States Regulatory Authorities with selected professionals developed a draft Mutual Recognition Agreements Template, Benchmarks for Recognition of Foreign Academic Qualifications and Foreign Professional Qualifications and a roadmap of implementation. The East African Architects, the East African Engineers and the East African Accountants have already signed the Mutual Recognition Agreements.

Madam Speaker, the validation of the EAC Prospective Centres of Excellence took place in the Partner States. A total of 27 prospective institutions were validated out of which 19 institutions qualified to be recognised as EAC Centres of Excellence. Support to these Centres of Excellences will be in phases beginning with one per Partner State.

Culture and Sports

Madam Speaker, the first edition of the EAC Arts and Culture Festival and Sports Tournament-Jumuiya ya Afrika Mashariki Utamaduni Festival (JAMAFEST) was held from 11th-17th February 2013, in Kigali, Rwanda under the theme: Fostering the East African Community integration through Cultural Industries. The regional festival was aimed at promoting regional socio-cultural integration through arts and culture by providing a platform to showcase culture as a primary driver of EAC integration and sustainable development; bringing together East African cultural practitioners and administrators to celebrate the rich and diverse cultural heritage of the region and providing space for intercultural dialogue among East African people. Over the course of the week, festival-goers were treated to live performances, arts exhibitions, a symposium, a fashion show, films and documentaries as well as a cultural village; the JAMAFEST Village of Countries where the Partner States showcased their unique cultures. Approximately 1000 artistes and exhibitors attended the festival from the five EAC Partner States.

In addition, the festival aimed to foster the economic development of the EAC through creating a market for the cultural goods and services, as well as promote arts and culture as a tool of communication in branding the EAC. Conservative estimates by the local organising committee put the figures of the festival-goers for the entire duration of the fete at 15,000. An additional 5,000 people are estimated to have visited the Jamafest Village of Countries, while the Jamafest Carnival captured the imagination of more than 50,000 Kigali residents as it danced through the streets of the Rwandan capital. Plans are

underway to hold the first edition on the EAC Sports Tournament in 2014.

Madam Speaker, a regional mapping study of the creative/cultural industries in the region commenced during the reporting period. The study is aimed at collecting socio-economic data on the different segments of cultural and creative industries such as music, film and video, crafts, visual arts, performing arts, sound recording, television and radio, computer software, museum and heritage sites, advertisement, publishing, design and fashion, among others.

Madam Speaker, under the immigration subsector, I wish to report that the Chiefs of Immigration considered and endorsed the proposed design of the new generation East African Passport in March 2012 and referred the report and the proposed design to the Council for consideration and adoption. The report and the proposed passport design was presented to the 17th Meeting of the Sectoral Council of Ministers responsible for EAC Affairs and Planning for consideration and the Sectoral Council directed the EAC Secretariat to prepare a background paper on the internationalisation of the EAC Passport based on previous Council decisions on the matter and related on-going activities for consideration by the 18th Sectoral Council meeting scheduled for June 2013.

Gender and Community Development

Madam Speaker, I am pleased to inform you that the EAC Strategic Plan on Gender, Youth, Children, Persons with Disabilities, Social Protection and Community Development (2012-2016) continues to guide the formulation of policies and strategies in the sector. In this regard, mainstreaming gender and social development in the EAC policies, programmes and projects were given special attention during the Financial Year 2012-2013. A series of mainstreaming tools have been formulated and finalised in collaboration with Experts from EAC Partner States.

While the various mainstreaming tools are still awaiting adoption by the Council, the Gender, Community Development and Civil Society Department have established practical working relationships with key departments such as the Planning Department on the formulation of the Gender Sensitive Outcome Indicators for the fourth EAC Development Strategy, Department of Statistics for integrating Gender Disaggregated Data into the next EAC Facts and Figures Report 2013, Department responsible for Climate Change for integrating Gender and Community Development into two projects, collaboration with Trade

Promotion Unit in integrating Gender and Youth integrated into the draft Expert Promotion Policy, and Gender-Based Violence as part of the Health programmes.

Madam Speaker, I am also pleased to inform you that the adopted Consultative Dialogue Framework for Private Sector, Civil Society and other interest groups is being implemented. The first EAC Child Rights conference took place in September 2012 in Bujumbura, Burundi and a regional forum for youth in business and technology was held in Kampala, Uganda from 9th to 11th August 2012. The two dialogues came up with specific recommendations, which are being integrated in the operational plans and strategies of the sector.

Madam Speaker, promoting women in socio-economic development and women in business continue to be given special attention through a solid partnership between the EAC, the Private Sector and Development Partners.

As a result of the Kigali Conference, the EAC hosted a Roundtable on Women and Access to Finance in Africa, which resulted in the formulation and publication of a Policy Brief on Advancing African Women's Financial Inclusion. Under the coordination of the Office of the Secretary General and in collaboration with the East African Women in Business Platform, the East African Development Bank has opened a facility for women under the existing lending structure of the Bank, while waiting for a technical study to be conducted in order to identify the best architecture for a regional facility for women owned business.

1. Madam Speaker, the afore-mentioned priorities will continue to be implemented especially the Social Development Framework and its Operational Plans, and the Consultative Dialogue for strengthening the participation of Civil Society, Private Sector and other interest groups in the EAC integration process.

CO-OPERATION IN POLITICAL AFFAIRS

2. Madam Speaker, the Community continues to implement strategies towards laying a foundation for political integration and a political federation. Key among the strategies is finalisation of the draft Protocol on Good Governance and the draft Protocol on Preventing and Combating Corruption. The two are due for consideration by the 15th Meeting of Sectoral Council on Legal and Judicial Affairs, to advise on the legality of concluding Protocols on matters other than those spelt out in areas of cooperation in the Treaty.

3. Madam Speaker, the plans of action for promotion of human rights and for preventing and combating corruption are due for consideration by the Council of Ministers. Thereafter, the instruments will be ready for implementation by the relevant sectors. The EAC Human and Peoples Rights Bill was passed by this Assembly in March 2012 and is awaiting assent by the Heads of State.

4. Madam Speaker, strengthening democratic governance through the deployment of Election Observation Missions in the Partner States continues to take centre stage. We observed the 4th March 2013 Kenya General Elections. The EAC plans to deploy an election observer mission to the parliamentary elections in the Republic of Rwanda in September 2013. The EAC Principles on Election Observation and Evaluation, endorsed in November 2012 ushered in a structured way of observing elections. The exercise serves to promote democratic governance and strengthen political processes in the region. This is informed by the belief that regional integration flourishes in a stable and peaceful environment.

5. Madam Speaker, the EAC organized the first EAC Inter University Debate on 20th August 2012. The second EAC Inter University Debate is scheduled for September 2013. This initiative seeks to create a critical mass of Students Ambassadors to advocate for EAC integration among their peers. The third Dialogue on Political Integration and fourth EAC Conference on Good Governance are planned for June 2013. The dialogue series and the conference are platforms for engagement with stakeholders through debate on important topical issues that impact the integration. The theme of the Dialogue is on *"EAC women leaders as drivers of the EAC integration"* while that of the Conference is *"Anti corruption, transparency and accountability as fundamental in addressing NTBs"*.

6. Madam Speaker, the draft Model of the Structure of the EAC Political Federation, the roadmap for establishing and strengthening the institutions and the Action Plan for operationalisation of other recommendations of the Team of Experts were considered by the 14th Summit of Heads of State. The Council is due to conduct national consultations and report progress at the 15th Summit meeting in November 2013. The consultation process will enrich and improve the Model Structure for the EAC Political Federation.

Foreign policy co-ordination

7. Madam Speaker, as one of the key strategies of our integration, the Community continues to emphasize the strengthening of partnership arrangements with other regional and international organizations as per statutory obligations and other international instruments. The number of countries which have accredited their Ambassadors/High Commissioners to the Community to facilitate closer engagement for mutual benefit continues to grow and currently stands at 32 as at 10th of May 2013.

8. The Sectoral Council on Foreign Policy Coordination continues to meet to harmonize positions so as to jointly articulate and pursue common interest of the Community. The Secretariat also continues advocacy activities, at inter-Regional Economic Communities levels, including the EAC-COMESA-SADC Tripartite, at the continental and UN General Assembly levels. The Secretariat continues to empower Partner States Missions with knowledge to drive the integration agenda from their countries of accreditation, including being at the forefront in mobilizing East African Diaspora communities. In November 2012 we launched the EAC Rome Chapter for the Partner States Ambassadors accredited to Italy. Through such Fora, our Diplomatic Missions seek to collectively mobilize support and investment for our integration.

Regional Peace and Security Initiatives

9. Madam Speaker, I am happy to report that the EAC Peace and Security Protocol was signed in February 2013 and its ratification is expected to be concluded by February 2014. The focus for the coming financial year will be on consolidating crime management capacity through enhanced thematic cooperation, operationalising the Regional Forensic Referral Centre, establishment of the EAC Early Warning Situation Room as well as developing mediation capacity to support the EAC Conflict Prevention, Management and Resolution framework. It is also envisaged that a Directorate responsible for Peace and Security will be operationalised to facilitate coordination and implementation of Peace and Security interventions within the Region and with other regional organizations with a Peace and Security Mandate.

Defence Sector

10. Madam Speaker, under this sector, I wish to report that the EAC Protocol on Cooperation in Defence was signed in November 2012 and now waits ratification by Partner States. During the period under review, the Defence Sector conducted a number of activities that included the successful execution of

Command Post and Field Training Exercises with themes on Peace Support Operations, Counter Terrorism, Counter Piracy and Disaster Management. Meetings of Chief Executive Officers of Defence Technical facilities offered for joint utilization were conducted to harmonize Standing Operating Procedures and the roadmap for actualization. Meetings of Chiefs of Military Intelligence were held to share information on regional security, Commandants of EAC Senior Command and Staff Colleges met to review training syllabi and the EAC Military Games and Cultural Events 2013 is planned for Oct 2013.

CO-OPERATION IN LEGAL AND JUDICIAL AFFAIRS

11. Madam Speaker, co-operation in Legal and Judicial Affairs will continue to be part of the common denominator for-

(i) the implementation of the Treaty for the Establishment of the East African Community, as a fundamental requirement steeped in international law; and

(ii) the implementation of the various projects and programmes as stipulated under the East African Community Development Strategy, for purposes of the practical realisation of the ideals of the integration process.

12. During the last Financial Year, legal support for the integration process has been regularly extended into the preparation of, and input into key projects, programmes and other pursuits as stipulated under the EAC Development Strategy 2011/12-2016/17. Key achievements include:-

(i) the enactment of The EAC Conflict Management Act 2012, The EAC Customs Management (Amendment) Act 2012, The EAC Appropriation Act 2012, The EAC Supplementary Appropriation Act 2012 and The EAC One Stop Border Posts Bill, 2013; the passing of The EAC Vehicle Load Control Bill, 2012 during the current Meeting of this august House; and the expected introduction and passing of the EAC Supplementary Appropriation Bill 2013;

(ii) the drafting of The EAC Holidays Bill, 2013 and The EAC Risk Reduction and Management Bill, 2013 both of which have been introduced in this august House and committed to relevant Committees for consideration;

(iii) the drafting and conclusion of the Protocol on Peace and Security which has since been signed; protocols on Information and Communication Technology; and Sanitary and Phyto-sanitary Measures which await signing by the relevant Ministers/Cabinet Secretaries; and the drafting and conclusion of Regulations under The Standardization Quality Assurance Metrology and Testing Act, 2006;

(iv) the Secretariat's preparation and circulation, at the instance of the Council of Ministers, of a comprehensive technical paper on the extension of jurisdiction of the East

African Court of Justice to include among others crimes against humanity and such other jurisdiction as is envisaged under Article 27(2) of the Treaty;

(v) progress in harmonization of municipal laws in the EAC context; the Sub-Committee on Harmonization of Partner States Laws continued to carry out research on topical legal issues, reviewed laws and made proposals for harmonization of different laws, key among them being the laws governing immigration, labour and employment, contracts and sale of goods. Contrary to what is commonly perceived, the Partner States laws governing labour and employment are largely proximate and are not in conflict with the provisions of the Protocol on the Establishment of the EAC Common Market. The Sub-Committee established that the Partner States' labour laws are regularly reviewed in accordance with International Labour Organization standards, hence making them proximate;

(vi) progress in regional judicial training including training of Chief Justices and other Judicial officers on leadership skills; case and trial management; alternative dispute resolution ; and key EAC integration issues; and

(vii) the timely and effective handling of litigation for, and against the East African Community. Litigation continues to grow in both scope and complexity as the Community expands its programmes and identity to the populations of the EAC region. I wish to inform this august House that we have had important decisions by the East African Court of Justice upholding the dispute resolution mechanisms established by the Customs Union and Common Market protocols; clarifying that the draft Protocol on Immunities and Privileges and other protocols that are not explicitly based on specific areas of co-operation can be negotiated and concluded under the Treaty; and upholding the decisions made by the Summit of Heads of State on the progression of the Political Federation.

13. Madam Speaker, during the Financial Year 2013/2014 and in addition to the Community's continued pursuit of policy rationalization and harmonization of specific matters provided under Article 126 of the Treaty, emphasis will be laid on ensuring effective and timely legal input into the implementation of the Protocols on the Establishment of the East African Customs Union and the Common Market including the proposed establishment of a single customs territory ; the finalisation of the negotiations and drafting of the EAMU Protocol; institutional and capacity building including the long awaited extension of jurisdiction of the East African Court of Justice and the hosting of the East African Science and Technology Commission; handling of litigation and other

settlements of disputes; pursuit of the implementation of various pieces of legislation passed by this august House during the past few years, protocols and other legal instruments.

14. Madam Speaker, regarding the Council's contribution to this august House's Legislative Programme, you will recall that in the Budget for the Financial Year 2012/2013, the Council undertook to prepare and finalize The EAC One Stop Border Posts Bill, The EAC Privately-Funded Infrastructure Bill, The EAC Anti-Counterfeit Bill, The EAC Trade Negotiations (Amendment) Bill, The EAC Development Fund Bill, The EAC Vehicle Load Control Bill and Bills on the Protection of Community Assets and Premises, Cross-Border Legal Practice and Common Market matters. I must admit that it is only two Bills that the Council has been able to introduce for consideration. This is on account of unforeseen challenges in protracted consultations by the Partner States on the intended Bills. For purposes of the Financial Year 2013/2014 the Council, besides addressing challenges to intentions on the legislative process, has a six-pronged projection as follows:-

(i) The introduction of The EAC Appropriation Bill, 2013 following the approval of this year's Budget and of The Acts of the Community (Amendment) Bill, 2013 to lay a common legislative basis for such cross requirements as the interests of disabled persons;

(ii) The pursuit and introduction of The East African Community Assets and Premises Protection Bill 2012, The East African Community Development Fund Bill, 2013, The East African Community Privately-Funded Infrastructure Bill, 2011, The East African Community Anti-Counterfeit Bill, 2012, and The East African Trade Negotiations (Amendment) Bill, 2011 all of which have been the subject of consultations by the Partner States, and in some cases studies undertaken by the Secretariat for purposes of a clear policy articulation;

(iii) Preparation and subsequent introduction of Bills in the sectoral areas of Gender Equality, Industrialization, Metrology and Medical Standards; Good Governance; Single Customs Territory; and establishment of institutions envisaged under the EAMU Protocol when this protocol enters into force;

(iv) Preparation of such institutional Bills as The East African Science and Technology Commission Bill, 2013 ; and Bills on the establishment of the EAC Kiswahili Commission and the EAC Health Research Commission once the relevant protocols have been ratified and come into force;

(v) the provision of input into such proposed Members' Bills as the Immunities and Privileges Bill, the Cross Border Legal Practice Bill, and the EAC Trafficking in Persons Bill; and
(vi) the completion of the review on The Lake Victoria Basin Commission Bill and The Inter-University Council Act 2009 with a view to introducing new Bills on the establishment of the Lake Victoria Basin Commission and the Inter-University Council for East Africa.

15. Madam Speaker, the Legislative Programme apart, the Council of Ministers, through appropriate Institutions, Departments and offices undertakes to address six other key legal buttresses of the integration process. The first one of these buttresses is the extension of jurisdiction of the East African Court of Justice. Pursuant to a directive made by the Heads of State at their 11th Extraordinary Summit, the Council will see to the conclusion of the protocol on extension of jurisdiction required by Article 27(2) of the Treaty by November this year.

16. The Council of Ministers also undertakes to further address the need to appropriately amend the Treaty to take into account the momentum of the integration process as it enters two of the last stages of co-operation as envisaged under Article 2 of the Treaty and to take into account some matters that have arisen out of interpretation by the East African Court of Justice. Efforts undertaken through a High Level Task Force headed by the Partner States' Attorneys General, are at an advanced stage.

17. Thirdly, it is expected that with the impending conclusion of the negotiations by the High Level Task Force Negotiating the EAMU Protocol, the Council will address a number of proposals to amend the Treaty in order to facilitate the process leading to the realization of the monetary union. The Council is also expected to introduce at an appropriate time critical Bills to facilitate the institutional aspects touching on the implementation of the EAMU Protocol. The Council is also expected in due course to consider a number of regulations to operationalise The One Stop Border Posts Act 2012 when it comes into force.

18. Madam Speaker, the fourth area is harmonization of laws in respect of which priority will be accorded to contract law (with a view to developing a regional model law); environment and natural resources; tourism and wildlife; and labour and employment with emphasis on social security. The Council will also pursue the preparation of directives and regulations to expedite the fast realization of the freedoms and rights

enshrined under the Protocol on the Establishment of the EAC Common Market.

19. Madam Speaker, it is expected that the draft EAC Protocol on Immunities and Privileges, the draft Protocol on Preventing and Combating Corruption and the draft Protocol on Regional Co-operation in Health will be finalized at the 15th Meeting of the Sectoral Council on Legal and Judicial Affairs scheduled for July this year.

20. Regarding Regional Judicial cooperation, programmes for the Training of Judges, Magistrates and Registrars, have been developed focusing on the harmonization of Judgment Writing; capacity building on social, economic and Cultural rights jurisprudence as enshrined in the EAC Common Market Protocol; and the importance of the ICT in the administration of justice at the national and regional levels and the EAC legal framework.

21. Madam Speaker, although on key matters such as enactment of legislation, the Council of Ministers makes good projections, in accordance with the Development Strategies and upon prior consultation with all relevant stakeholders the realization of expected outputs is often frustrated by matters beyond the control of the Council, as policy organ and the Secretariat, as principal implementing agency. This is shown in the Partner States' slow implementation of decisions and directives, delayed ratification of regional instruments and ineffective implementation of legislation passed by this august House - as was observed when this august House considered the Report of the Legal Rules and Privileges Committee on the implementation of The EAC Competition Act, 2006 and The EAC Standardization Quality Assurance Metrology and Testing Act, 2006. The Council is consistently addressing these drawbacks with a view to amelioration.

FINANCE AND ADMINISTRATION

Alternative Mechanisms to finance the Budget

22. Madam Speaker, the period ahead will demand high levels of financial resources for both recurrent and development expenditures. So far, our Development Partners have been supporting the Community. During the Financial Year, EAC undertook a study on alternative mechanisms to finance the budget. A proposal will be tabled to the Council of Ministers for consideration during the next financial year.

Strengthening internal controls and improvement in its systems

23. The EAC has undertaken a number of measures aimed at strengthening internal controls and improvement in its systems. The redesign of the Financial Management System was completed, with creation of a single business unit for EAC Secretariat and all its projects, which lead to greater efficiency, accuracy and timely reporting. A computerized auditing system was procured and installed while the acquisition of budgeting software is at an advanced level. In addition to the implementation of the recently approved EAC Financial Rules and Regulations (2012), the next financial year will be marked by harmonization of financial and budget management systems through the rolling out of the above improvements to EAC Institutions.

24. Madam Speaker, in order to enhance the governance framework of the Community, the Council appointed an Audit and Risk Committee, which will, among other functions, be responsible for the approval of the Internal Audit Work Plan and Activities, review the implementation of Internal and External Audit Reports, and receive and consider risk management reports.

Institutional Review

25. Madam Speaker, work is ongoing on the institutional review of the Community. The EAC Secretariat submitted a final report on *Institutional Review of the Organs and Institutions of the Community* to the Council. The report lays out a number of critical institutional reforms necessary for the effective implementation of the EAC Common Market Protocol. The Council considered the Report and directed the Secretariat to engage a consultant to undertake a detailed review of the Institutional Review Report. The consultant was engaged and is expected to finalize the report by June 2013.

Performance Contract System

26. Madam Speaker, the Community embarked on performance contract system since the Financial Year 2011-2012. Today, the system is applied in all EAC Organs and Institutions. The performance contract is signed yearly between the staff and supervisor based on annual priority departmental objectives as indicated in the EAC Development Strategy 2011-2016. Regular review is done by semester, and an annual evaluation is done at the end of the fiscal year. An internal performance evaluation team has been appointed with a role of assessing the performance of every directorate and reports back to the Secretary General. There has been considerable improvement in staff performance in

achieving EAC development strategy objectives. As the Performance Contract system takes root, it is expected that Staff will embrace it as part of the organizational culture and as a result strive to constantly improve in their performance.

The Quota System

27. Madam Speaker, the Council approved the quota system to be used in the recruitment of the staff for the EAC Organs and Institutions. The Secretary General signed the Operational Manual for the implementation of quota system. The system itself is based on merit and the available quota points for each Partner State.

EAC Headquarters

28. Madam Speaker, I am pleased to inform the Assembly that from 1st July 2013, the EALA Plenary Sessions can take place in the new Plenary Hall at the EAC Headquarters. I look forward to attending the EALA Session in the new facility.

Sensitisation and Outreach Programmes

29. Madam Speaker, implementation of the EAC Communication Strategy continued during this period. In collaboration with the Ministries responsible for EAC Affairs the Community launched a robust Radio and TV public education campaign on the regional integration issues in the Partner States. Using major public broadcasters, private media houses, and Community radio stations, programmes with various themes have been aired in each Partner State. National and Regional Newspapers continued to publish Supplements on the EAC integration, giving in-depth analysis and providing a wide range of information, thus contributing greatly to the promotion of citizenry awareness on East African Community Affairs, and their participation in the integration process. Printing and distribution of EAC Integration Information, Education and Communication materials continued during this period, as well as popularisation and promotion of EAC Brands (the flag, Anthem, tagline: One People One Destiny etc). Following the passing of the EAC Emblems Act 2012, I am happy to report that Partner States are now flying the EAC Flag alongside the National Flags and the EAC Anthem is being played at Government and major official functions. The major cultural event mentioned earlier held in Kigali, Rwanda truly enhanced cohesion and the spirit of East Africaness.

30. The Community continued to provide easy access to information on EAC regional integration through online platforms by maintaining a robust Web portal, www.eac.int, with EAC social media users growing by 1,500 per quarter during the review

period. A major social media drive and live webcasting/streaming of major EAC activities and events to allow wide public participation and up-scaling of visibility and corporate image of the Community was initiated.

31. During the period under review, communication and linkage between the Secretariat and other EAC Organs, Institutions and Ministries of EAC in the Partner States was strengthened by establishing the EAC Communication Policy and Strategy Forum in which joint sensitisation programmes were developed.

32. Some Partner States have also developed national policies including communication strategies on the EAC integration and are mainstreaming the integration agenda into their annual work plans. This is key in the integration dispensation. Organizing Annual EAC Day/Week observance/celebrations, branding campaigns and conducting sensitization workshops and seminars by some Partner States continued.

33. Conducting Joint Cross Border consultations and sensitization activities for the border communities on EAC regional integration among some Partner States were implemented.

ACTIVITIES OF THE ORGANS AND INSTITUTIONS OF THE EAC

34. Madam Speaker, I would like now to turn to the developments that have taken place in the EAC Organs and Institutions.

East African Legislative Assembly

35. Madam Speaker, the FY 2012/2013 was an eventful and historic year for the Assembly. The term of the 2nd Assembly came to an end in June 2012 and the 3rd Assembly was immediately ushered in. Once again, let me congratulate the Members upon their successful election. Let me also congratulate the Rt. Hon. Speaker for her historic election as the first female Speaker of the East African Legislative Assembly.

36. Madam Speaker, the Assembly carried out key initiatives namely: -

- (i) Address by the Heads of State to the Assembly and the Community at large;
- (ii) Oversight activities on EAC Projects and programmes to ensure value for money;
- (iii) Rotational sittings in Partner States and the outreach programmes that enhance the visibility of the EAC;

(iv) The active role the Members played in providing resources for the completion of the EAC Headquarters premises;

(v) Participation in key activities of the Community e.g. at the official opening of the Arusha-Namanga-Athi River road, in the EAC Summit Retreat on Infrastructure Development in the region, and participation in the 4th March 2013 Kenya elections which ushered in a new government;

(vi) Participation in international parliamentary fora such as IPU, CPA, PAP, ECOWAS, etc, which enhances the EAC image internationally;

(vii) Continuous engagement with the citizens of East Africa in the Partner States through the people-centered approach of Public Hearings; among others.

37. During the financial year 2013-2014, provisions have been made for the Assembly to continue with the above-mentioned activities of legislation, oversight and representation. Provisions have also been made for:

(i) Procurement of EALA's own Mace;

(ii) Operationalisation of the East African Parliamentary Institute; and

(iii) Commencement of the process of standardizing the relationship and reporting mechanisms between EALA and the EAC National Assemblies/Parliaments.

38. In the same financial year, review of the Terms and Conditions of service for the Members, Judges of the EACJ, and staff of the Community will be undertaken.

The East African Court of Justice

39. Madam Speaker, the Court has made some remarkable achievements in the financial years 2011/2012 and 2012/2013. It has performed its core function and executed its mandate by settling disputes thereby contributing, in its unique way, to the EAC integration process. As a result, the Court has through judicial pronouncements guided the integration process as mandated by the Treaty and also contributed to the building of the regional jurisprudence. During the Financial Year 2011/2012 the Court received 30 (thirty) cases and managed to hear and determine 9 (nine) of them, while in the Financial Year 2012/2013 it received 20 (twenty) cases and managed to hear and determine 13.

40. Due to tremendous increase in the number of cases being filed, the Court had to consider the effective way of managing these cases bearing in mind the *ad hoc* nature of the services of

the Judges. Introduction of Quarterly Court Sessions each lasting for one month was introduced. The introduction of court sessions has enabled the Court to plan and program its activities in a more organized and effective manner.

41. Another achievement by the Court is the full time residence of the Judge President and the Principal Judge at the seat of the Court in Arusha, Tanzania with effect from 1st July 2012 which has served to improve the administrative operations of the Court. In its desire to move justice closer to the people of East Africa, the Court established Sub-registries in the capitals of the Partner States and they have been operational since April 2012. Litigants have been utilizing the Sub-registries since they were established. In the same spirit and in order to take the idea of bringing justice nearer to the people a step further, the Court in FY 2013/14 is planning to conduct hearings in the Partner States' capitals especially whenever a matter involves parties from the same Partner State.

42. During the Financial Year 2013/2014 the Court intends to procure modern software for Court Management System, which will link all Sub-registries to the Headquarters in Arusha for the purpose of increasing efficiency in its operations. The need to publicise the Court cannot be over-emphasized as very few people in East Africa know about the Court.

The Lake Victoria Basin Commission

43. Madam Speaker, the Lake Victoria Basin Commission (LVBC) continued to exercise its mandate as articulated in the Protocol for Sustainable Development of Lake Victoria Basin under Article 33 as an apex institution of the East African Community responsible for promoting and coordinating sustainable development in the Lake Victoria Basin. The Commission continued with the implementation of interventions as espoused in its Strategic Plan 2011-2016 and in line with the 4th EAC Development Strategy to address socio-economic and environmental challenges in the Basin.

44. Madam Speaker, environmental stresses have continued to adversely impact on Lake Victoria, its Basin, as well as the regional economy and livelihoods. The Commission has over the years put in place mechanisms to deal with the main environmental stresses within the Basin. Notable among them is the ongoing implementation of Lake Victoria Environmental Management Project Phase 2 in the five Partner States. Through this project, over 170 Community Driven Development sub-projects for natural resources conservation and livelihood improvement

have been initiated in Kenya and Tanzania. In Uganda, 66 sub-projects are ready to commence implementation. Preparation for initiation of similar projects in Rwanda and Burundi are at an advanced stage. These sub-projects have put financial resources directly in the hands of local communities in the basin and have greatly improved their livelihoods by enhancing access to safe drinking water, introducing biogas to households, promoting zero grazing, controlling soil erosion, rehabilitating degraded farms and hilltops, initiating off-farm and nature-friendly income generating activities.

45. Madam Speaker, pollution in the basin particularly from industries and municipalities continues to be a big challenge. To address it, the Lake Victoria Environmental Management Project Phase 2 is promoting cleaner production technologies for industries in the basin. To date, a total of 146 industries have been inducted and trained on cleaner production and out of these, 72 industries have adopted and are implementing cleaner production on their plants. *(Applause)*.

This, Madam Speaker, has seen a remarkable decrease in discharge of pollution effluents into water bodies and a reduction in energy consumption. The project has also facilitated the harmonisation standards for municipal and industrial effluent discharges into water bodies. Additionally, the project will facilitate the rehabilitation of dilapidated wastewater treatment facilities in major towns around the lake.

To address the water hyacinth menace on Lake Victoria, the Commission finalised the strategy for water hyacinth surveillance, monitoring and control. The Commission further prepared guidelines for the implementation of this strategy, which are already being used by the riparian states to implement biological and manual removal of water hyacinth in critical hotspots such as fish landing sites, ports, river mouths and estuaries among others.

134. To safeguard and protect the integrity and health of trans-boundary ecosystems, the Commission has continued to spearhead the implementation of interventions for the conservation and management of trans-boundary natural resources and biodiversity in and outside protected areas through the Mount Elgon Regional Ecosystem Conservation Programme and the Trans-boundary Water for Biodiversity and Human Health in Mara River Basin programmes.

In Mt. Elgon, the partner states of Kenya and Uganda have continued to collaboratively implement the trans-boundary

Protection and Monitoring Plan. 20 Community Based Organisations that benefitted from the Community Revolving Funds seed money are sustaining their off-farm income generating activities. Due to the success of the 20 CBOs, five new ones have adopted the approach of Community Revolving Funds as a mechanism of supporting alternative livelihoods thereby reducing pressure on the ecosystem.

The Commission has also continued with the promotion of eco-tourism potential in Mt. Elgon as well as the protection and maintenance of 117 hectares of plantations established for livelihood improvement. The project also facilitated the protection and maintenance of 477 hectares of degraded sites rehabilitated for ecosystem restoration. In the Trans-boundary Mara River Basin Ecosystem, the Trans-boundary Water for Biodiversity and Human Health in Mara River Basin Project finalised various ecosystem management strategies and plans that informed the design of the USAID East Africa funded Programme for Planning for Resilience, in East Africa. The project also successfully hosted the inaugural Mara Day celebration to raise awareness on the importance of conserving this critical ecosystem.

46. Due to the experience gained from the management of trans-boundary ecosystems of Mt. Elgon and Mara River Basin, the United Republic of Tanzania and the Republic of Kenya requested the Commission to assist in initiating the collaborative management of the shared Lake Chala-Jipe and Uмба River trans-boundary ecosystems. Subsequently the Commission prepared an MoU, which has since been signed by the two partner states to guide the collaborative management of this ecosystem. Additionally, a draft project proposal has been prepared and is being used in resource mobilisation efforts for the proposed project.

47. Madam Speaker, the African Development Bank funded Lake Victoria Water Supply and Sanitation Project begun the implementation of interventions by awarding various civil works contracts for development of water supply and sanitation infrastructure in a total of 15 secondary towns in the five partner states.

Once completed, the infrastructure will go a long way in improving access to safe drinking water, improving management of both solid and liquid waste as well as urban drainage improvement in the targeted towns. The project has also embarked on building capacity and raising awareness on water, sanitation

and environmental hygiene practices for both town councils staff and resident communities.

48. Madam Speaker, after successful implementation of the EAC/AMREF Lake Victoria Partnership Programme on HIV and AIDS, the Commission is delighted to report that a follow-up Programme on Integrating Population, Health and Environment proposed by the Commission has now been initiated. This programme will address population, health and the accompanying environmental challenges in the basin in a holistic and integrated manner. It aims at strengthening regional coordination, knowledge management and advocacy with an ultimate goal of developing a common population, health and environment framework for cooperation around which state and non-state actors will coalesce in designing and implementing population, health and environment projects in the region.

49. Madam Speaker, the effective delivery of any service and mandate of any institution is largely determined by the prevailing institutional capacity. With this understanding, Lake Victoria Basin Commission has continued to strengthen her institutional, coordination and management capacity to effectively implement its projects and programmes. The Commission has recruited officers for new key positions and has also initiated the concept, practice and culture of managing for results by developing a detailed Results-based Management System which will ensure that the Commission focuses more on generation and delivery of results for the benefit of the communities living in the basin as opposed to processes. Additionally, the Commission continued to implement capacity building programmes on water integrity for Lake Victoria Basin with support and funding from UNDP and the Swedish International Water Institute. The programme addresses key areas in governance and accountability in the water sector by building institutional capacity and training water resources managers and decision-makers.

50. Madam Speaker, the Commission secretariat has therefore initiated the process of establishing a regional knowledge and information hub with the aim of disseminating and sharing information and knowledge generated in the Lake Victoria Basin. A web portal and a repository, which removes geographical boundaries and time zones in information sharing, have been established. Through these virtual resources, a wide variety of reading materials are now available to information seekers globally.

Inter University Council of East Africa

51. Madam Speaker, during the reporting period, the Inter-University Council for East Africa continued to implement its mandate as spelt out in the IUCEA Act (2009), focused on addressing higher education and research issues in the region in order to support socio-economic development and regional integration. The design process for the construction of the headquarters in Kampala, Uganda is progressing satisfactorily. Actual construction work will commence late July or early August 2013, with funds being contributed by the partner states. Following the directive of the Council of Ministers to promote EAC ideals among university students, IUCEA in collaboration with the EAC Secretariat and National Councils and Commissions for Higher Education in the partner states developed guidelines for integrating EAC ideals into the university curriculum and research. The guidelines have already been disseminated to the National Councils and Commissions for Higher Education for their implementation.

52. In collaboration with stakeholders, IUCEA has continued to develop a harmonised regional quality assurance framework for higher education in the Community that will facilitate comparability and compatibility of higher education quality standards, and hence enable easy mobility of students across higher education institutions in the region. IUCEA is also developing a regional qualifications framework for higher education that will facilitate mutual recognition of education and training systems, and qualifications across the region.

53. IUCEA is also developing a framework for management and coordination of research and innovations in the community as well as a higher education information management system. It is expected that these efforts will further promote the development of strong academia and private sector partnerships for linking higher education to the productive, service and social sectors of the economies in the community.

In order to promote the relevance of higher education to the above sectors, IUCEA has developed a working partnership with the East African Business Council. Thus, in October 2012, the two institutions jointly organised a forum that brought together the academic and private sector communities to discuss on how linking the two worlds could contribute to the transformation of East Africa's economies to be knowledge based. The second such forum will be held in October 2013 in Nairobi, Kenya.

54. IUCEA is currently coordinating a research programme on Lake Victoria, for which an innovation fund has been set aside to support commercialisation of the research results. So far, three research projects have been supported and are already linked to the private sector for product development.

55. Madam Speaker, during the Financial Year 2013/2014, IUCEA will focus on consolidation of activities initiated during the current financial year, in accordance with provisions in its Strategic Plan 2011-2016, including concluding the establishment of a framework for a regional fees structure for public higher education institutions in the community so as to facilitate exchange of students between partner states. Furthermore, IUCEA will engage in publishing a book on the community and East African cooperation in general for disseminating EAC ideals to higher education institutions and to the wider community.

Lake Victoria Fisheries Organisation

56. Madam Speaker, during the Financial Year 2012/2013, Lake Victoria Fisheries Organisation gave priority to institutional reform towards an East African Fisheries Organisation. Consultations in all partner states are ongoing, which are expected to culminate into the preparation of a Protocol or a Bill for the expanded scope and mandate.

57. The Lake Victoria Fisheries Organisation expanded scope and mandate foresees extension to quality assurance, aquaculture, fresh water/inland and marine fisheries within the East African Community. The organisation, in the Financial Year 2012/2013, was able to perform its normative functions of coordinating lake-wide fisheries management, monitor stocks abundance, collate data on production and exports of fish and fishery products; coordinate and harmonise policies on development of aquaculture; and, monitor partner states compliance to sanitary condition required for regional and international trade for originating fish and fishery products.

58. Some of the activities implemented by Lake Victoria Fisheries Organisation included finalisation of the fisheries census 2012 reports; carrying out of a partial study on island fishers' livelihood constraints; harmonisation of the national fisheries policies and regulations; training of senior fisheries managers on monitoring, control and surveillance issues; improvement of the backbone internet link from leased line to

fiber optic links and restructuring, storing and disseminating of fisheries management related data.

59. Madam Speaker, a budget provision of US\$3,203,041 has been allocated to Lake Victoria Fisheries Organisation to undertake the following mandated and priority interventions during the Financial Year 2013/2014. Namely:

- (i) Coordination of research programmes to acquire sound scientific information for sustainable management of fisheries;
- (ii) Establishment of the East African Fisheries Organisation;
- (iii) Initiation, strengthening, coordination of institutional, policy and legal framework towards building consensus to foster integrated fisheries management;
- (iv) Development and implementation of aquaculture in East Africa;
- (v) Fish handling, quality assurance and product development;
- (vi) Fisheries business management, marketing and trade;
- (vii) Establishment of common data standards and shared databases, and also coordinated/joint data collection and analysis to foster effective and efficient information generation, follow up and exchange.

EAC Civil Aviation Safety and Security Oversight Agency

60. Madam Speaker, the East African Community Civil Aviation Safety and Security Oversight Agency (CASSOA) continues to execute its mandate that include harmonisation of regulations and technical guidance materials; and monitoring the compliance of the partner states to International Civil Aviation Organisation standards and recommended practices.

61. In the Financial Year 2012/13, the agency was able to achieve major milestones that will promote EAC integration process and strengthen the Agency capacity to meet its mandate. These include procurement and establishment of the EAC Common Examination System; Commission of the SOFIA software that will serve as a working tool for all technical personnel in the civil aviation authorities in the region; approval of the establishment of the Centre for Aviation Medicine in Nairobi and commencement of the negotiation of the hosting agreement with the Republic of Kenya; completion and Commissioning of the Technical Block at CASSOA.

62. In the Financial Year 2013/14 the Agency has set out priorities that include: the operationalisation of the Centre of Aviation Medicine; the completion of implementation of the common examination system; monitoring the process of

implementation of the liberalisation of the EAC air transport that will significantly address the challenges of high airfares in the region; the coordination with ICAO and other development partners; the rehabilitation of the East African Civil Aviation Academy and its return to the EAC as an institution; support the Republic of Burundi to prepare and complete ICAO Audit scheduled for November 2013; and monitor the continued compliance of all the partner states.

East African Development Bank

63. Madam Speaker, the year 2012 marked a key milestone as the bank celebrated its 45th Anniversary. The bank continues to maintain robust shape and is well positioned to consolidate gains achieved in the past three years. The income for 2012 was US\$ 7.3 million representing an increase of 9 percent over 2011. The bank portfolio continues to perform well. In 2012, the portfolio grew by 11 percent and non-performing loans were reduced by 38 percent from 2011.

Through best practices in corporate governance and financial management, the bank continued to receive unqualified opinion for its financial accounts. The international credit rating has improved from "B minus" with stable outlook to "B" with stable outlook.

64. With regard to resource mobilisation, the bank has secured concessional financing of Euro 25 million from the European Investment Bank with prospects for further funding from the African Development Bank and Exim Bank of India. The bank's shareholders have fulfilled their obligations and continue to provide the necessary support through regular subscriptions of equity.

65. In the course of the year 2012, the bank has made progress in improving business processes and legal framework. The bank's partnership with EAC and other regional players has strengthened greater regional integration.

66. During the year under review, the bank participated in key EAC meetings and activities intended to foster regional integration and growth such as Harmonization of Information Registry Systems in the EAC; contribution in Development of the Institutional, Policy and Legal Framework for the EAC Development Fund and Development of EAC Regional PPP Policy Framework. For the coming years, the bank is increasingly expected to play key role in fostering regional integration. It

is envisaged that in operationalisation of the East African Community Development Fund Bill, currently under preparation, the bank will host and partly manage the fund on behalf of the EAC.

Supplementary Budget

67. Madam Speaker, following the invitation by the Government of the Republic of Kenya to observe election and the standing Council decision to deploy Election Observers Mission, the EAC Secretariat submitted proposals to different development partners including DANIDA to solicit funds for the same. The proposals were submitted to development partners' way back in September, 2012 before the Council approved a Supplementary Budget amounting to US\$ 235,300 from the EAC General Reserve Fund in November, 2012.

68. Consequently, DANIDA considered the EAC proposal and the Government of Denmark approved a total of four million Danish Krona (equivalent to US\$ 655,250) for election observation during the Kenya General Elections. The funds were received and integrated into the EAC Partnership Fund within the Financial Year 2012/13 and earmarked for Election Observation Mission in Kenya which took place on 4th March, 2013. The Council considered the supplementary budget amounting to US\$478,930.94 for Kenya Election Observation Mission and has forwarded the supplementary budget to this august House for debate and approval.

PART V: Challenges and Way Forward

69. Madam Speaker, a number of global and regional level challenges have slowed down the process of implementing programmes, projects and activities of the community. Key challenges range from after effect of financial crisis of 2011/2012, food shortages, energy and water crises, human and technological, capital and environmental management threats and insecurity amongst others.

70. Internally, inadequate staffing capacity, limited financial resources, long decision-making process, delays in remittance of funds from the partner states and development partners to the organs and institutions of the community continue to constrain the pace of implementation of prioritised programmes and projects.

71. Madam Speaker, the community is implementing the following strategies to mitigate the effects of the above challenges:-

- (i) a renewed determination to eliminate NTBs, including a growing willingness to innovate through the development of binding legal mechanisms, use of cargo tracking systems, single window schemes among others;
- (ii) focus on implementation of the priority projects in infrastructure, especially in rail transport, energy, ports, harbors and inland waterways and the critical road network required to hasten movement of goods. The Summit Retreat on infrastructure agreed on a clear set of priority projects in this sector and a decision to receive updates on implementation every two years. This high level commitment and support will be nurtured and maintained;
- (iii) more investment in ICT systems for enhanced efficiency in operations and timely information;
- (iv) finalisation of the Institutional Review Exercise;
- (v) intense follow up on financial commitments; and
- (vi) enhanced human resource capacity for effective delivery on the community's commitments to the people of East Africa.

Let me now turn to the budget estimates for Financial Year 2013/2014.

72. Madam Speaker, I would like now to highlight the broad features of the budget estimates for the Community for the Financial Year 2013/2014. The details of these estimates for the priority areas to be funded under the 2013/2014 Budget have been forwarded to the General Purposes Committee for scrutiny. In this part of my budget presentation, allow me to highlight the features of these estimates.

Assumptions

73. The EAC Budget for the Financial Year 2013/2014 is being proposed with the following assumptions:

- (i) Continued and consolidated political support for the EAC;
- (ii) Availability of adequate financial resources and timely remittances;
- (iii) Continued financial support from development partners;
- (iv) Political stability and good governance;
- (v) Conducive macro-economic and business environment in the region;
- (vi) Global economic stability.

Global Priorities and Estimates for the Financial Year 2013/2014 Budget

Madam Speaker, the Global Priorities for the Financial Year 2013/2014 and their budgets have been allocated as follows:

(i) Establishment of a Single Customs Territory for which US\$2,257,650 representing 1.92 percent of the total budget was allocated;

(ii) Progressive implementation of the Common Market Protocol of which US\$ 33,074,156 (28.14 percent) of the total budget has been provided.

(iii) Implementation of the EAC Monetary Union Protocol of which US\$ 1,639,200 (1.40 percent) of the total budget has been allocated;

(iv) Establishment of the Free Trade Area under the Tripartite EAC-COMESA-SADC Initiative of which US\$1,849,700, representing 1.6 percent of the total budget has been allocated;

(v) Development of cross border infrastructure through implementation of on-going programmes and projects in the respective sub-sectors of which US\$ 18,507,594 or 15.74% of the budget has been allocated;

(vi) Implementation of the EAC Food Security and Climate Change Master Plan, and the EAC Industrialisation Strategy of which US\$ 2,267,798 or 1.90 percent of the total budget has been allocated; and

(vii) Implementation of the critical activities of Lake Victoria Basin Commission of which US\$ 30,376,272 or 25.9 percent of the total budget has been allocated.

In addition, Personnel Emoluments and other Support Services have been allocated US\$ 27,561,196 or 23.40 percent of the total budget.

PART VII: Summary of the budget estimates for Financial Year 2013/2014

74. Madam Speaker, after this presentation of the priorities for the next financial year, allow me to Table the budget estimates for the community for the Financial Year 2013/2014 totaling US\$ 130,429,394. The Budget is allocated to the Organs and Institutions of the EAC as follows:

(i) East African Community Secretariat; US\$69,787,824;

(ii) East African Legislative Assembly; US\$13,089,982;

(iii) East African Court of Justice; US\$4,279,489;

(iv) Lake Victoria Basin Commission; US\$30,376,272;

(v) Inter-University Council for East Africa; US\$9,692,785; and

(vi) Lake Victoria Fisheries Organisation; US\$3,203,042

75. The Budget for the Financial Year 2013/2014 will be funded as follows:

(i) Partner states contributions through the Ministries responsible for East African Community Affairs: US\$37, 297,442;

(ii) Partner states through other agencies: US\$7,249,252;

- (iii) Development partners support: US\$85,676,850;
- (iv) Other income: US\$205,850.

76. Madam Speaker, I beg to move. *(Applause)*.

THE SPEAKER: The Chairperson of the Council of Ministers, thank you very much executing that very important responsibility entrusted to you by the Summit. Congratulations.

Hon. Members, as you can see, the Budget Speech was quite detailed and it has over shoot our sitting time by almost 15 minutes but it is a noble cause. So, we congratulate the Chairperson of the Council of Ministers, hon. Shem Bageine - *(Applause)* - for a job well done.

As we adjourn, I wish to make two important announcements. Perhaps before I conclude, I will also recognise in the gallery, a student from the University of Frankfurt, Germany, Mr **Froline Fuaskeler**. You are welcome. *(Applause)*. He is a student with a keen interest in the East African Community affairs and he follows the areas of political science. You are welcome.

Secondly, I will also mention that the students of St Margaret will have a photo opportunity with the Speaker. The Sergeant will arrange accordingly after the session.

Thirdly, I want to bring to your notice that the Chairperson of the Council of Ministers of the East African Community and also the Minister of State for East African Community Affairs of the Republic of Uganda, hon. Shem Bageine, is inviting us for Dinner tomorrow Friday at Imperial Royale Hotel here in Kampala at 7.00 p.m. Friday is 31 May. It is very important because he is happy that you have received the budget and so you deserve to dine with him.

With those very many announcements, the House stands adjourned until Tuesday 2.30 p.m. The House stands adjourned.

(The House rose at xoxox p.m. until Tuesday, 04 June 2013 at 2.30 p.m.)