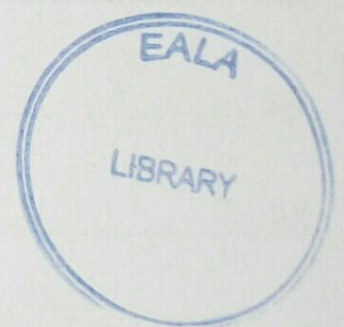


REPORT OF THE INTER-PARLIAMENTARY RELATIONS SEMINAR
 (NANYUKI VII) UNDER THE THEME
 "PROMOTING A PEOPLE-CENTRED AND MARKET DRIVEN EAST
 AFRICA – THE MISSING LINK IN THE EAC INTEGRATION"



Tabled by Hon. Abdul Karim
 on 29/8/13

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Referred for debate
 at Next Plenary

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 29/8/13

August, 2013

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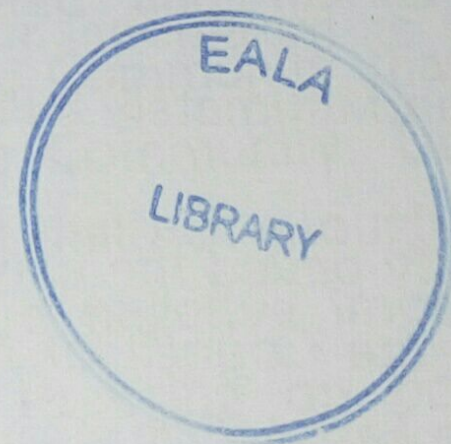
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LIST OF ACRONYMS

AWEPA	Association of European Parliamentarians in Africa
CM	Common Market
CU	Customs Union
EALA	East African Legislative Assembly
EAC	East African Community
EA	East Africa
EABC	East African Business Council
EACJ	East African Court of Justice
EASF	East African Speakers Forum
NTB	Non Tariff Barriers
PF	Political Federation
SADC	South African development Community
SG	Secretary General



1. BACKGROUND & INTRODUCTION

The East African Legislative Assembly (EALA) is the independent legislative arm of the Community. It was formally inaugurated by the Heads of State of the original three East African Community (EAC) Partner States at its first sitting in Arusha, Tanzania on the 30th day of November 2001. Hon. Abdulrahman O. Kinana, an Elected Member from Tanzania, was unanimously elected as the Speaker of the First Assembly. The Founding Nations, the Republic of Uganda, the Republic of Kenya and the United Republic of Tanzania were subsequently joined on the 1st day of July 2007 by the Republic of Burundi and the Republic of Rwanda as members of the EAC.

The five countries are committed to act in concert to achieve the objectives set out in the Treaty for the Establishment of the EAC; to strengthen their economic, social, cultural, political, technological and other ties for their fast balanced and sustainable development by the establishment of an EAC, with an East African Customs Union and a Common Market as transitional stages to, and integral parts thereof, subsequently a Monetary Union and ultimately a Political Federation.

The Treaty paved the way for the creation of various EAC bodies – the Summit of Heads of State, the Council of Ministers, the Co-ordination Committee, Sectoral Committees, EALA, the East African Court of Justice (EACJ) and the EAC Secretariat. To date, the EALA has had three Assemblies so far, 2001 -2006, 2007 – 2012, and 2012 -2017.

Context for the “Nanyuki Series”

Conceived in 2003, the Inter-Parliamentary Relations Seminar (Nanyuki) is one of the avenues through which EALA and the National Assemblies of the EAC Partner states interact as per the requirements of Article 49(2)¹ of the Treaty for the establishment of the EAC. The nature of the Nanyuki meetings is rotational with venues in respective partner states. The first was held in Nanyuki, Kenya in June of 2004. Subsequent meetings were held in Kampala, Uganda in January 2005; Dar-es-Salaam, Tanzania in August 2006; Kigali, Rwanda in October 2008; Bujumbura, Burundi in January 2010 and November 2011 respectively. Six meetings have so far been held under the title, “Nanyuki Series”, so named after the venue for the first one held in June 2004. The Nanyuki VII is the latest in the series and was held in Entebbe, Uganda, June 2013.

¹ Article 49(2) empowers EALA to “...liaise with the National Assemblies of Partners States on matters relating the Community”.

The overall objective of the Nanyuki series is to strengthen the functional relationships between EALA and the National Assemblies and to widen and deepen knowledge of EAC integration process among its various stakeholders. Specifically, Nanyuki VII was designed as an opportunity to discuss the people centered and market driven cooperation as the missing link in the EAC integration agenda.

In light of the EAC treaty mandate, EALA in conjunction with its partner, AWEPA, has made annual provisions to enable EALA members exchange information and policy ideas with their counter parts in the National Assemblies in the EAC partner states and other institutions both at regional and international levels on the EAC project. The Nanyuki VII is therefore in essence aimed at trying to address the issue of perceptions especially, against the background that the implementation of the various stages of integration has been slow and with little involvement of stakeholders.

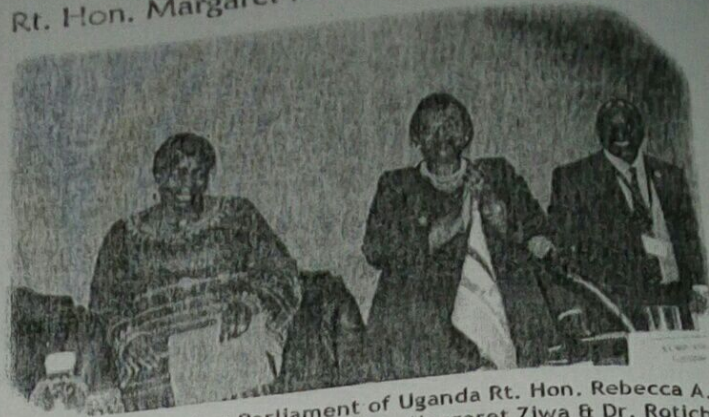
Article 7(a) of the Treaty emphasizes the people centered and market driven cooperation, and is one of the operational principles of the Community that should govern the practical achievements of the objectives of the Community. Despite all attempts by EAC to involve stakeholders, perceptions still exist that not enough has been done in this respect and if not well addressed may have a negative impact on an otherwise well meaning agenda. It is therefore relevant to bring on board these stakeholders to illustrate to MPs and other stakeholders exactly what the missing link is in the EAC integration agenda from other respective perspectives.

Participants for this seminar were drawn from relevant National Assemblies of Partner States, Members of EALA, the EAC Ambassadors in the respective countries, the EAC Secretariat Staff led by the Secretary General, EAC Ministers and Ministry officials in the respective partner states, selected EU Ambassadors, the Private Sector representatives, the local government representatives, Civil Society, youth, academicians, policy experts in respective countries and other prominent citizens of East Africa.

2. OPENING

2.1 Welcome Remarks- Speaker of EALA - Rt. Hon. Margaret Nantongo Zziwa

In her opening remarks, Rt. Hon Margaret Zziwa welcomed the delegates and noted that EALA is one of the organs of the EAC, established in the treaty under Article 9. She further noted that the treaty has enshrined roles for the EALA as elaborated under Article 49, which makes the seminar very important.



L-R The Speaker Parliament of Uganda Rt. Hon. Rebecca A. Kadaga, EALA Speaker Rt. Hon. Margaret Ziwa & Dr. Rotich the EAC Deputy Secretary General at the Seminar Opening

She further noted that EALA was inaugurated in 2001, together with the EACJ, which at that time comprised of 27 members from three East African partner states. This EALA finished its mandate in 2007, and then the second EALA started in 2007, and ended in 2012. The current EALA is now one year old, comprising of 45 members from five (5) partner states after Rwanda and Burundi joined the Community.

Rt. Hon. Zziwa observed that the Nanyuki series was established by the first EALA, as a way of reaching out to National Assemblies, enshrined in the treaty under article 49 (2). Through this mechanism, national parliaments/assemblies are informed and updated about what has been taking place in EALA in the whole year, and are also asked to take the message of regional integration back to their constituencies.

She informed delegates that the mandate of Nanyuki series 7 is expected to come up with means of ensuring that there is free movement of people and goods across East Africa, by removing both tariff and non-tariff barriers. This she noted is provided for in Article 5 (2) of the treaty and will be achieved through the following pillars:

- i. Customs union
- ii. Common market protocol
- iii. Monetary union
- iv. Political integration

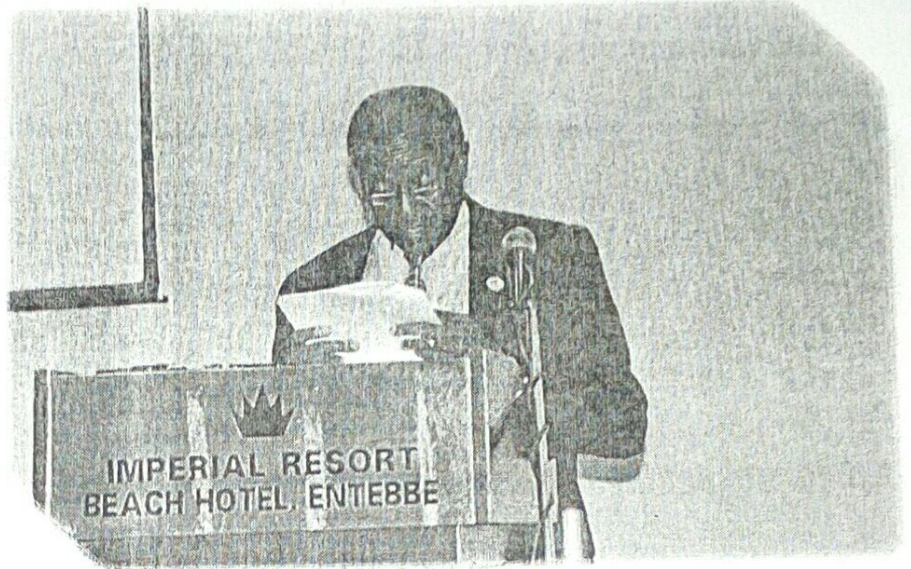
She further noted that in the last quarter, EALA passed the following key legislations:

- The Vehicle Axle Load Control Bill, 2013.
- One Stop Boarder Post Bill, 2013.
- Customs Management (Amendment) Bill, 2013.

In conclusion, she observed that EALA has been able to carry out public hearings on these bills. She noted that in furthering the integration agenda, EALA also wanted to reach out to the business community, the civil society and students in institutions of higher learning and the media.

2.2 Statement by Chairperson, Council Of Ministers

Hon. Shem Bageine the Chairperson - Council of Ministers noted that interactions such as the "Nanyuki Series" were proving useful and a value addition to the interaction, engagement and dialogue efforts). He observed that the interactions bolster the functions of the community as well energizing the role of EALA in the integration process.



Hon. Shem Bageine - Chairperson Council of Ministers and Uganda's Minister for East Africa Community giving his opening remarks.

He further observed that the regional integration process would largely be unsustainable if it is not built on the collaborative efforts of all the stakeholders. This is why the EAC Treaty tasks all the organs and institutions of the Community with crucial roles in promoting regional

integration and development. The major task of the EAC is therefore to ensure that there is harmony in the operations of all the organs and institutions of the Community (i.e. a decisive and enabling executive; a vigilant legislature; an independent, an impartial and authoritative Court; and a highly professional and equipped Secretariat and efficient institutions of the Community). These he said, constitute the prerequisites of a successful regional integration and development.

He called upon East African leaders at all levels to work in partnership and close harmony with the people to make the Community a beacon of hope. He informed the participants and particularly the EALA members that all organs and the people of the region are banking on EALA to make the EAC dream a reality. That EALA has and continues to play a pivotal role in reenergizing the regional integration process is not in doubt. He noted that regional economic integration was an important component in the development agenda of the EAC economies.

He observed that if the EAC is now bent on fast-tracking and realizing the EAC integration process, the legislative role and oversight responsibility of EALA is critical. He assured the meeting that the Council of Ministers will double-up its commitment and play a more collaborative role to make the EAC robust institution.

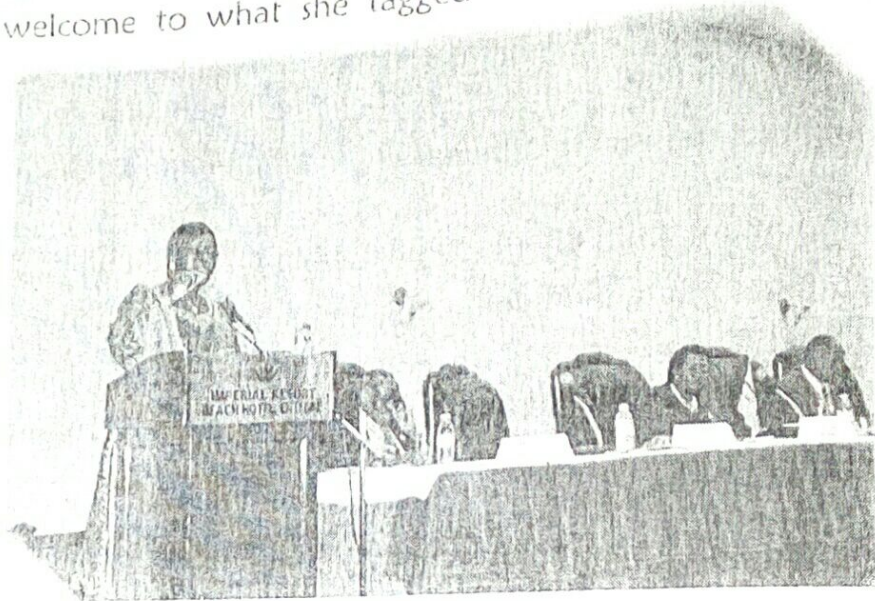
Hon. Bageine further pointed out that EAC provides the most pragmatic and ideal framework for realizing a comprehensive and dynamic regional integration in Africa. That although it is economic and population space as well as Gross Domestic Product (GDP) figure is still small, it is historical social cohesion and shared cultural values is a critical resource and driving force for a people-driven economic integration.

2.3 Statement by the Rt. Hon. Speaker of the Parliament of Uganda

The Rt. Hon. Ms. Rebecca Alirwala Kadaga opened her submission with a vote of thanks to the participants and a warm welcome to what she tagged "Arusha in Entebbe". Expressing her gratitude to all that had made this possible, she appreciated the work so far done in cementing the integration process and passing the EAC budget.

The Speaker of the Parliament of Uganda hailed the choice of the meeting theme and posed the questions;

- Are the people really at the center of the integration process?
- Has any form of advocacy been employed in pushing this agenda?
- Is the integration language used user friendly? How are the children and youth part of the integration?
- Is the integration agenda part of the schools' curriculum?
- Any special interest groups?
- Have there been any talks with the ordinary people at the border posts? Have we spoken to the East Africans using the buses across the borders of the EAC?



The Speaker Parliament of Uganda Rt. Hon. Rebecca A. Kadaga giving her welcome remarks at the Seminar Opening

Rt. Hon. Kadaga urged the Assembly to look deeply into the EAC agenda and design the proper frameworks to ensure its success. She applauded the idea of the EAC being market

driven but she observed that our policies (especially the tax regime) as being most prohibitive and seemingly favored white investors at the detriment of the black Africans.

In her closing, she urged the EAC to look into these questions she had raised and put the people at the center of the integration and ensure that the integration was truly market driven and not a hindrance to the people of the Community.

2.4 Official Statement by H.E, The President of the Republic of Uganda

In his address, President Museveni who is the Chair of EAC Summit was particularly happy with the theme of the workshop which emphasized a people centred and market driven East Africa. He noted that the topic was not only excellent and timely but also necessary for the realization of the East African integration process. He further noted that the people of East Africa are already linked especially historically through culture but that the leadership is yet to internalize this. He emphasized that the people of the region were one but were only divided by the colonialists.



H.E President Yoweri Museveni the Chair of the Summit Heads giving his Remarks at the NANYUKI VII Seminar

He therefore called on leaders to not “remain frozen in the historic fridge” but rather as a matter of urgency and necessity embrace pan Africanist spectacles to unify the people. He observed that our ancestors had kept for us an ancient and unique heritage such language, knowledge in production (such as making of banana juice which is not known to some other groupings) and that these need to be exploited to our advantage. Citing the example of Swahili, he noted that the language was evolved by our ancestors and is an asset ready to be used for the benefit of the people as opposed to tribes and countries which are only beneficial to the political opportunists.

He observed that tribal tensions hurt the interests of the producers, farmers, traders and business generally comes to a halt. He further observed that the main challenge of the integration process is consciousness of business opportunities.

He enumerated the advantages of the expanded East African market to include: a large market (140 million people), ability to attract business investments, and rights offered by a big market.

President Museveni noted that the engine for the integration of Europe were primarily market driven initiatives. Citing the example of Germany, the President further noted that up to 1870, Germany was not united but rather comprised 39 kingdoms (e.g. Prussia, Bavaria, Saxony, etc) and as a result it suffered politically, economically and socially. He observed that it was under the instigation of Germany land owners who were interested in a united big market for their products that Germany unification process was accomplished. He also cited the case of the Italian unification in 1861 by the coming together of the various kingdoms at the time e.g. Rome, Piedmont, Sicily, etc.

The President also outlined economic bottlenecks that have hampered the growth of the region. Among the bottlenecks are ideological disorientation, attacks on the private sector, an underdeveloped human resource, inadequate infrastructure, lack of industries and an underdeveloped agricultural sector, among others.

He called on all partner states to fully implement the treaty by removing all the non-tariff barriers as the Community heads for integration. He further expressed happiness at EALA for taking a leading role in the integration process citing the series of legislation which call for harmonization of trade in the partner states, proposals to eliminate work permits and ease the free movement of labour in all partner states by the Assembly. He urged EALA to spearhead preaching the gospel of EAC integration and to sensitize East Africans to push for the integration of the EAC.

President Museveni challenged EALA and national parliaments spearhead the use of Swahili and work to eliminate those specific market requirements that make importation or exportation of products difficult and or costly.

In conclusion, he reiterated that for the EAC integration process to become a reality, the future is in the big markets.

2.5 Statements by leaders of Delegation

2.5.1 Sweden – Ms. Karen Andersen, Swedish Head of delegation

In her presentation, Ms Anderson noted that history has shown that regional integration and trade are very fundamental for sustainable development and poverty reduction and also essential for peace and stability.

She further noted that it takes institutions at the regional level to develop the frame work for the integration process of, resources capacity, and institutions at both the local and national levels, to domesticate the integration framework. She observed that most of all, the integration process requires sincere political will.

She observed that development partners from Sweden are very committed to supporting EALA in its endeavor to become an effective Legislative body. That in addition to the support to EALA, Sweden has always supported civil society organizations engaged in strengthening governance, human rights and general equality in the integration process.

She further reported that development partners also support:

- Institutional strengthening to the EAC Secretariat,
- Financial sector integration,
- The common market protocol and trade enhancement in Africa through the Trademark East Africa, in close collaboration with the EAC Secretariat.
- Other organs of the EAC which are complementary to one another and together support the vision for a successful regional integration e.g. the Lake Victoria Commission and East African Inter - university Council of East Africa.

Ms Anderson in conclusion pointed out that regional integration will only be successful once the fulfillment of regional commitments by partner states takes place. She further pointed out that national parliaments equally have an important role to play in making that happen.

2.5.2 Kenya

The Kenya delegation in their presentation noted that as the Community focuses on the establishment of a customs union, a common market, a monetary union and attaining the ultimate goal of a political federation of the EAC, national parliaments of partner states should lend the necessary support to EALA through building of better synergies (especially where the budget interests converge).

East African Parliaments should step in to bridge the emerging policy gaps and allow the EAC to implement innovative ideas and policies that protect the interests of all the East Africans.

“We cannot move alone in the board room; we have to move with the people. We must reach out to the people; we must have our civic education put right. The EAC collapsed in 1977 partly because the civil society and the business community were not involved in the

integration/corporation process. Emphasis should therefore be put on how we can have a 'People-centered East Africa'.

The delegation called for promotion of public participation in the integration process to ensure that there is exchange of information and experiences to ensure that the citizens' trust in public administration and political processes.

They further noted that President Uhuru Kenyatta of Kenya is keen to ensure that East Africa succeeds and that too Africa succeeds,

2.5.3 Burundi

The Burundi delegation reaffirmed Burundi's commitment to the EAC integration process. They contended that the Nanyuki series have greatly improved the understanding of the people of Burundi about the EAC integration process.

They further noted that the issues raised especially with reference to making a people-centered EAC are matters of concern to the National Assembly of Burundi where, all stakeholders are concerned about promoting a people-centered and market-driven cooperation.

They pointed out that a series of Bills like those on the media, the special status of the Leader of Opposition, the Burundi education system, the privatization of state and public enterprises, the harmonization of insurance schemes, the Bills on public gatherings and decentralization have all been enacted, or are yet to be finalized in the different committees of the National Assembly (Parliament of Burundi).

On political front, the delegation pointed out that an interparty dialogue was already underway with support of the United Nations and other development partners. That the dialogue was aimed at trying to ensure that the country's constitution and legal framework are rebuilt to herald the forth coming general elections' due in 2015.

The delegation contended that within the decision making organs of the EAC; efforts should be made to ensure that there is increased interaction, permanent dialogue and regular contacts as avenues to strengthen relations between EALA and counterparts in their respective countries. That mechanism to ensure that the people are regularly informed about the new laws and resolutions passed by EALA are put in place.

2.5.4 Tanzania and Zanzibar

The delegation from the Parliament of the United Republic of Tanzania and the House of Representatives in Zanzibar fully expressed support for the EAC integration. The delegations noted that language can unify people with different culture and traditions

and called for the full promotion of Swahili as the lingua franca in the East African integration.

2.5.5 Rwanda

The delegation from Rwanda pointed out the need to take into consideration the real aspirations of the people of East Africa in building a strong EAC. That without forgetting the people we represent, all leaders in various capacities should attach great importance as to the involvement of both the civil society and private sector in the EAC integration process.

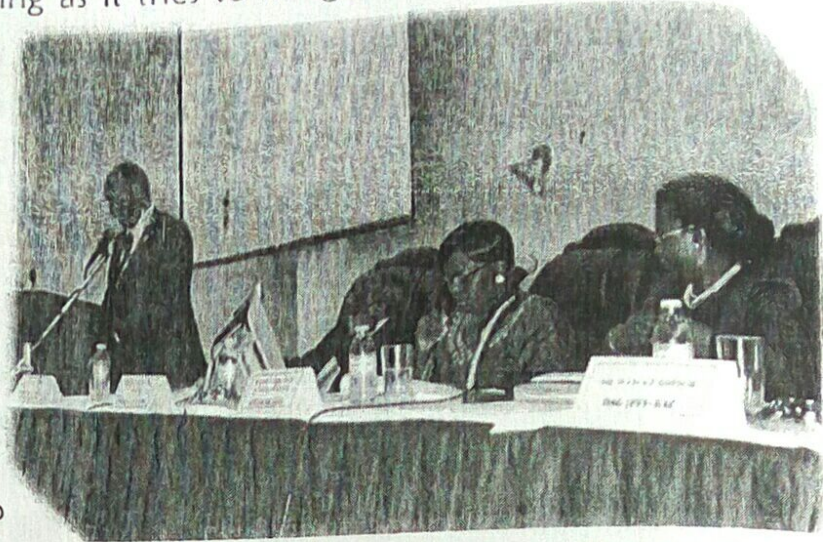
The delegation further pointed out that Rwanda believes that achieving resilient and inclusive economic growth, putting in place responsive mechanisms to address the needs to the people and ensure efficient social protection services (even for the most vulnerable). That Rwanda firmly believes that this is the right time to mobilize citizens to become agents of change themselves, if sustainable economic, social and political change in our communities is to be achieved.

The delegation noted that the roles of Parliamentarians should include the following:

- Be in position to convince the people in a simple language that they understand the benefits of the integration process. That means that public awareness should be a concern of all institutions at both national and regional levels.
- Playing the role of law makers by domesticating the Community protocols harmonizing laws, in each partner state, and specifically, putting in place law which are conducive for business and inclusive good governance in order to attract direct foreign investment, and be competitive with other regional groupings and the world at large.
- Ensuring that the resolutions and Bills passed by EALA are implemented, like the elimination of visas for citizens of EAC, and adoption of a single customs union.
- Peace and security within the region must be focused on as a foundation of our achievement. That is why it is important that as leaders, we need to fight genocidal ideology in all its forms and manifestations.

2.6 State of the EAC and Timelines for the next Pillars of Integration & Challenges Envisaged – Dr. Rotich

Dr. Rotich the representative of the Secretary General (SG) made a presentation on the state of EAC and the challenges it is facing as it tries to integrate. He observed that the EAC is a strong and vibrant regional integration that has been growing from strength to strength with each passing year. He attributed this to the commitment of the East African political leadership, EALA and members of the partner states.



Dr. Rotich the EAC Deputy Secretary General presenting the State of Affairs of the EAC

Dr. Rotich rated EAC as the most important integration in Africa, ahead of that South and West Africa. He also said that the participation and integration of EALA is critical for the success of the EAC integration process.

He enumerated the pillars of the EAC as the following:

- i. Deepening economic cooperation
- ii. Infrastructural development
- iii. Cooperation in production and social sectors
- iv. Deepening and widening political cooperation, as well as cooperation in judicial and legal affairs.

Dr. Rotich outlined the achievements and challenges facing the EAC as being:

A. Achievement of the Customs Union

He noted that consolidation of customs union is one of the key and strategic priorities of the EAC and will remain so even in the period ahead. The Secretariat has finalized development and adoption of most of the requisite operational and legal issues. He therefore observed that in the period ahead, attention will be put on how to manage the uniform application of this instrument in all the partner states as the EAC evolves into a fully fledged customs union in a common market.

He further noted that:

- The common external tariff has been fine tuned and aligned to the 2012 version and in accordance with international standards.
- A customs procedure manual has also been finalized. This will enhance harmonized customs procedures of the EAC.
- Common customs curriculum has also been finalized and launched. This will foster capacity and professionalism in customs, as well as the EAC customs enforcement and compliance regulation.
- The EAC embarked on inter-connectivity of customs systems in the region – digital from semblance flow of trade information, in order to enhance trade facilitation.
- A pilot interface to enable exchange of customs transit information knowledge was launched by the heads of state in November 2012. The target of the Secretariat is to achieve interconnectivity in the coming fiscal year, so that all customs information can be integrated under one platform.
- Regional training of customs officials is ongoing to galvanize the requisite capacity.

Dr. Rotich further noted that the establishment of a single customs territory is also priority, in order to enhance free circulation of goods, minimization of customs border controls, and smoother trade within the region. He pointed out that a high level task force is working on a detailed mechanism of operationalization of a single customs territory, which will be considered by the Council of Ministers.

He noted that while the council of ministers had observed that the implementation of the protocol was running behind schedule, all the partner states have instituted national implementation committees to expedite the implementation of the protocol and these committees have commenced work in their respective territories.

He also reported that in accordance with the above protocol, the Republic of Rwanda enacted a new immigration law, which encompasses all the provisions of the common market protocol, with regard to free movement of persons and labour.

Kenya on the other hand repealed all the following laws that were inhibiting free movement of persons: immigration Act cap 172, Alien and Restriction Act 173, and the visa regulations. These laws were replaced by the following laws: Kenya citizens and migration Act 12 of 2011, Kenyan Citizen and Foreign Nationals Act 31 of 2011.

The Republic of Uganda enacted a new law on insolvency in 2011 that conformed to the Common Market protocol.

Dr. Rotich observed the following:

- Republics of Kenya and Rwanda have also abolished work permit fees for East African nationals working in these countries, while the Republics of Uganda, Kenya, Rwanda and Burundi have agreed that their nationals will use their national IDs to move across the partner states.
- The sub-committee on accreditation of laws finalized the review of laws governing companies – insolvency, ownership, business registration, migration, labour and employment. It is working on laws governing contracts and sale of goods, and is expected to complete by the end of 2013.
- The Secretariat also commissioned a consultancy study to study and review existing laws of partner states that have a direct bearing and impact on the EAC common market. This study was concluded and the report was considered by the sub-committee on accreditation of laws and will be presented to the next meeting of the Sectoral council of the Commission.

B. The Monetary Union,

Dr. Rotich reported the conclusion of the negotiation of the protocol on the establishment of the EAC monetary union by the high level panel have been in high gear since the financial year 2011/2012. He noted that negotiation for all the 77 articles of the draft Monetary Union (MU) protocol were finalized at the technical level. He further noted that the next financial year will witness the conclusion and signing of the MU protocol, in line with the Summit directive to the Council, to expedite negotiation and conclusion of the protocol, with a view to sign the protocol at the 15th Summit of the EAC Heads of state in November 2013, to have a single currency regime within a period of 10 years.

Within the 10 years, preparatory works will be put in place, especially on the prerequisite to the adaptation of the MU protocol. This involves harmonization and coordination of the fiscal and monetary policies of the partner states for harmonization, for the creation of a single currency.

C. Harmonization of statistical information to inform the planning and monitoring the priorities and targets of the EAC agenda.

Dr. Rotich further reported that:

- Substantial progress has been made in harmonizing and providing statistical information that reflects and informs the planning and monitoring the priorities and targets of the EAC agenda.
- Web-based databases to facilitate the exchange of information were maintained and updated.
- Harmonization of key statistics to support monitoring of EAC macroeconomic convergence criteria has been undertaken, mainly on government financial deficits, balance of payments, monetary and fiscal statistics and financial soundness indicators, harmonized consumer price indices, national accounts on trade, agriculture and demography, and other social indicators.
- Initiatives were undertaken to develop a regulatory and legal framework for the regional capital markets. Work in this area has progressed to the level of drafting legal processes relating to inter alia licenses, public coffers, etc.
- In the financial management harmonization, to facilitate the common market protocol, and in preparation for the single currency, the Secretariat is implementing a 3-year fiscal sector development, and regionalization project. The project objective is the establishment of the foundation of the financial sector integration of the EAC partner states. The project commenced operations in June 2011 and has six components:

To prepare the way for the integration of the EAC financial sector, the project carries out diagnostic studies in capacity building in banking, insurance and capital markets. Diagnostic studies have been initiated in the areas of regional financial institutions strategies, assessment of the regional financial sector, and a supervision strategy for financial markets to adhere to international standards.

The above diagnostic studies will inform further analytical work in the future, in the development of a legal and regulatory framework, for the various social sectors.

D. Regional Financial Sector

Regionalization of the regional financial sector also requires integration of the regional financial structure, in order to facilitate payments across borders, and between sectors. In this regard, a task force has been established, to develop a plan for building a capital platform. Areas to be handled include: Building software and hardware for integrating capital markets structure surveillance system.

In order to build a conducive investment climate in the EAC, the Secretariat has continued to implement the component of corporation, agreed upon by the EAC and the World Bank on investment climate programs, which was signed in March 2012. The program will work to improve standards in the legal and regulatory environment affecting business in the EAC, in view of the implementation of the current EAC common market protocol.

A major output of this program is the annual publication of the EAC doing business report. The report says that the region is one of the fastest reforming regions in terms of doing business in the world. It shows that the five EAC countries implemented 10 combined regulatory reforms across nine areas to improve the business environment. In this regard, a market score card will also be launched.

The EAC is participating in both local and international events to showcase business opportunities in the region. For example, in October and November 2012, the EAC Secretariat led a high level delegation to Germany and Sweden to attend the EAC business forum in those two countries. The partner states with their ambassadors in Germany organized a business forum in cooperation with the Chairman business Forum Association with the theme, "Beyond Coffee and Tea, New Chances in the EAC market."

Dr. Rotich further informed that the partner states organized an EAC business 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. As a result of these fora, there have been various business delegations coming from Germany and Sweden into the EAC to explore investment opportunities.

He also noted that the Council established a dialogue framework for engagement of the private sector, civil society, and other interest groups in the EAC integration process. A forum of Chief Executives was established, and has so far held five meetings in collaboration with the East African Business Council. These meetings culminated into the EAC Business Forum that brought together key business executives from the region, on 27th February 2013 in Kampala. The forum presented a unique opportunity for both the Chief Executives and the Secretary General to dialogue on how to enhance the EAC integration as well as the business operating environment.

He also pointed out that the Community is developing a public-private partnership framework to facilitate private sector processes with a regional dimension, particularly in industrial and infrastructure projects. This framework is expected to be complete in the 2013/2014 financial year.

He further pointed out that EAC participated in the 11th AGOA forum held 14th-15 June 2012 in Washington DC under the theme, "Enhancing Africa's Infrastructure for Trade," sought to increase opportunities for trade and investment, as well as job creation opportunities in AGOA eligible countries and the USA. The US President approved a presidential policy directive, which focuses on the role on investment and trade as critical hinges for economic growth.

Subsequently, the US's representative for trade met with the EAC ministers responsible for trade together with SADC on 14th June 2012, on the margin of the AGOA forum, and agreed on the scope of the EAC-USA trade and investment partnership. Both parties released a joint statement and directed their respective technical teams, led by the EAC to make consultations on the four components of the trade and investment partnership, that is;

- Curriculum investment treaty;
- A trade facilitation agreement;
- Continued trade capacity building assistance, and
- Commercial dialogue.

He noted that the second trade policy dialogue was held, on 21-23rd November 2012, in Geneva Switzerland during which EAC partner states trade and investment policies were examined. That the objective of the dialogue was ensuring that member countries to the WTO adhere to the WTO rules and commitments, made under the WTO agreement, to achieve transparency and understanding of the trade policies.

He reported that under the COMESA- EAC-SADC tripartite agreement, negotiations to establish a free trade area of the three African regional development communities, i.e.; EAC, SADC, and COMESA are underway. Among the key achievements are:-

- i. Commencement of negotiations on the basis of the tripartite SPA agreement and it's annex;
- ii. Adoption of the annex tripartite SPA on simplification and harmonization trade and procedure;
- iii. Finalization of the draft monitoring and evaluation for the tripartite SPA negotiation for adoption in July.

On the EAC-EU economic partnership negotiations, Dr. Rotich reported that substantial progress has been made, especially in the following four areas:

- i. The economic and development cooperation
- ii. Rules of origin
- iii. Institutional arrangement

iv. Final provisions

That progress has also been made on the EAC-USA trade partnership, and it includes four elements:

- i. A regional investment treaty
- ii. A trade facilitation agreement
- iii. Trade capacity building assistance, and
- iv. A commercial dialogue

He informed the workshop that in order to facilitate the trade and investment partnership, technical teams have been mandated to commence negotiations over investment treaties, and trade facilitation agreement as well as agree on trade capacity building assistance.

On infrastructure development, Dr. Rotich reported that good progress had been achieved on the following:

- i. Under the road sub-sector (infrastructure implementation program), Arusha-Namanga-Tirima road was outlined by the EAC heads of state, to reduce delays at the boarder for goods in transit.
- ii. The second retreat of Heads of State on infrastructure development and financing was held on 29th November 2012 in Nairobi. The retreat came up with resolutions of and priority projects to be implemented for the next 10 years.
- iii. The heads of state institutionalized the retreat on infrastructure development and financing and directed that these be held every two years.
- iv. The detailed engineering and environmental and social impact analysis, Studies for the Arusha- Voi road were completed in December 2012. Procurement for the construction works is going on and the project is expected to take off by September 2013. Procurement from the Kenyan side is complete and awaits no objection from the African Development Bank, while that on the Tanzanian side has commenced and is expected to be complete by October 2013. The formal line on works from both sides of the border by heads of state is targeted for November 2013.
- v. The construction of a one-stop border post in Bolindi – Tabeta is ongoing under financing from Trademark East Africa and the World Bank.
- vi. The detailed engineering for the Malindi - Bagamoyo Road project is progressing well and the final report is expected at the end of 2013.
- vii. African Development Bank confirmed in December 2013 to support the East African Railway study, under the EAC Railway master plan. The process of

procuring the project consultants and commenced and the Bank has given a no-objection to the short-list of the consultants directive by the partner states.

Under the energy sector, Dr. Rotich reported that the Community hosted the 6th East African Petroleum conference and exhibition in Arusha in February 2013. The conference provided an opportunity for the EAC partner states to promote the region as an emerging destination for investment in oil and gas exploration, development and production.

On industry and SME development, the SG reported that implementation of the EAC industrialization strategy continues. That an action plan leading to the priority areas for intervention for the period 2012-2017 was finalized and its implementation is on-going. Also that currently, the community is undertaking regional value chain mapping on agro-processing; iron ore and mineral processing; new and renewable energy and the pharmaceutical sector in order to estimate the resource base required for investment in these industries. The action plan also prioritizes other intervention areas which are critical for attaining a more balanced and inclusive industrialization process and lay a foundation for the structural transformation of EAC economies; promotion of SMEs; development of essential industries skills and training; enhancing regional capacity in research; technology and innovation and creation of innovative and long-term financing mechanisms for industrialization.

Under the education sector, the Community approved the establishment of a sectoral committee to oversee the process of harmonization of EAC education system, and training curriculum, that is; pre-primary education, primary education, secondary, teacher education and technical/vocational education and training sub-sectors. The council has approved the development of seven strategies based on the seven education sub-sectors including special needs education.

On political federation, Dr. Rotich observed that the Community continues to implement strategies towards laying a foundation for political integration and political federation. Key among the strategies is finalization of the protocol on good governance. He further observed that a model for political federation has already been developed by the Council.

He also noted that work has been going on under policy coordination, under the peace and security sector, where our defense forces are working very closely with the interstate security by sharing information.