



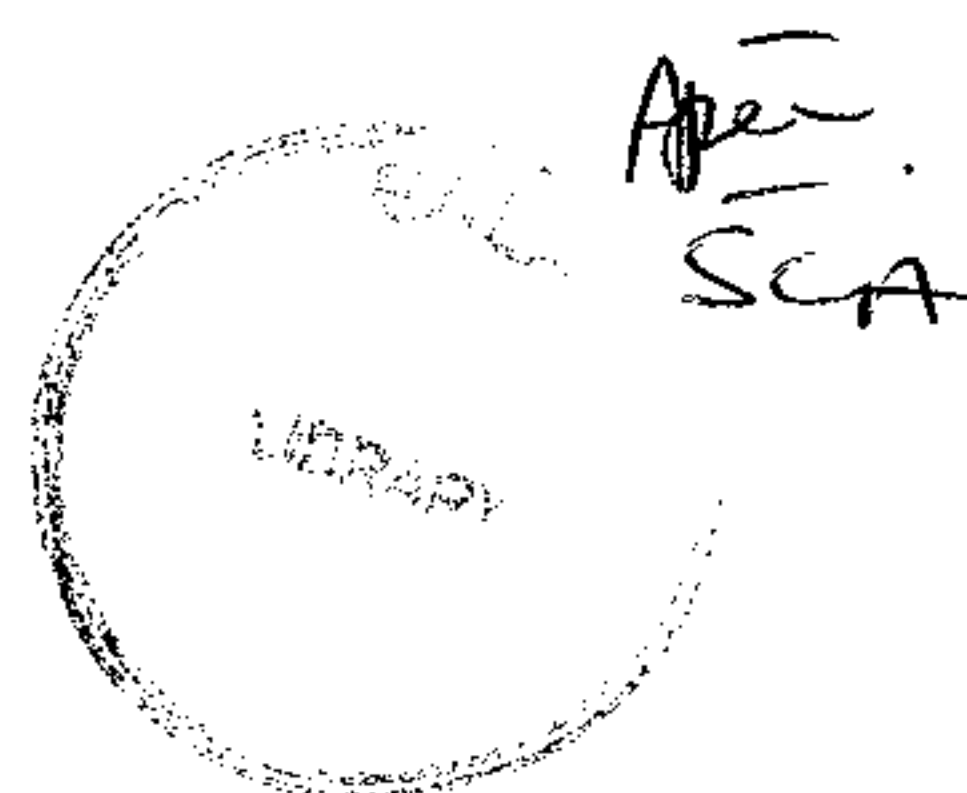
EAST AFRICAN COMMUNITY



EAC ANNUAL REPORT

FINANCIAL YEAR 2016/2017

Read on Table
by the Chairperson
Council of Ministers
on 7th March 2019



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LIST OF ABBREVIATIONS/ACRONYMS

AAU	Association of African Universities
ACA	African Congress of Accountants
ACE	Africa Higher Education Centers of Excellence Project
ACP	African Caribbean Pacific
AfDB	African Development Bank
AMREF	African Medical and Research Foundation
APPPF	Academia-Public-Private Partnership Forum
BMU	Beach Management Unit
CASSOA	Civil Aviation Safety and Security Oversight
CCPAD	Corporate Communication and Public Affairs Department
CIPP	Certified International Procurement Professional
CMP	Common Market Protocol
COMESA	Common Market for Eastern and Southern Africa
COP	Conference of Parties
CPA	Chartered Public Accountants
DAAD	Deutscher Akademischer Austausch Dienst (German Academic Exchange Service)
DLI/R	Disbursement Linked Indicators/Results
DRC	Democratic Republic of Congo
DRR	Disaster Risk Reduction
DVC	Deputy Vice Chancellor
EABC	East African Business Council
EAC	East African Community
EACDF	East African Community Development Fund
EACHEA	East African Community Common Higher Education Area
EAHEMIS	East African Higher Education Management Information System
EACJ	East African Court of Justice
EADB	East African Development Bank
EALA	East African Legislative Assembly
EALP	EAC/AMREF Lake Victoria Partnership Programme
EASTECO	East African Community Science and Technology Commission
EAQAN	East African Higher Education Quality Assurance Network
ECSA	Eastern, Southern and Central Africa
EDF	European Development Fund
EOI	Expression of Interest
EPA	Economic Partnership Agreement
EU	European Union
GIZ	German Society for International Development Cooperation
HAQAA	Harmonization of African Higher education Quality Assurance and

	Accreditation
HRK	Hochschulrektorenkonferenz (German Rectors Conference)
ICAO	International Civil Aviation Organization
ICT	Information Communication Technology
IDA	International Development Association
IEC	Information, Education and Communication
IGAD	Intergovernmental Authority on Development
IOM	International Organization for Migration
IoT	Internet of Things
IPSAS	International Public-Sector Accounting Standards
IUCEA	Inter University Council for East Africa
LVBC	Lake Victoria Basin Commission
LVEMP	Lake Victoria Environmental Management Project
LVFO	Lake Victoria Fisheries Organization
LVRI	Lake Victoria Research Initiative
LVWATSAN	Lake Victoria Water Supply and Sanitation
NCD	Non-Communicable Diseases
M&E	Monitoring and Evaluation
MEAs	Mutual Environmental Agreements
MERECAP	Mount Elgon Regional Ecosystem Conservation Project
MoU	Memorandum of Understanding
NEPAD	New Partnership for Africa Development
NFPOs	National Focal Point Officers
NGO	Non-Governmental Organizations
NTBs	Non-Tariff Barriers
OSBP	One Stop Border Posts
PF	Partnership Fund
PR	Public Relations
RSC	Regional Steering Committee
SADC	Southern African Development Community
SARUA	Southern Africa Regional Universities Association
SAUT	Saint Augustine University of Tanzania
SIDA	Swedish International Development Cooperation Agency
STI	Science Technology & Innovation
TMEA	Trade Mark East Africa
UTANA	Uganda Textbook Academic and Non-Fiction Authors Association
VC	Vice Chancellor

Foreword by Chairperson of the Council of Ministers

The FY2016/17 Annual Report was prepared in accordance with Article 49(2) (c) of the Treaty requiring the Chairperson of the Council to submit an annual report on the activities and achievements of the Community to the East African Legislative Assembly (EALA). This report highlights the achievements registered by various Organs and Institutions of the Community vis-à-vis their mandates and activities planned during the period under review.

A considerable number of key achievements were registered during the period under review which include, among others, the deposit of the instruments of ratification on the Accession to the Treaty for the Establishment of the EAC by the Republic of South Sudan; the institutional integration of the Republic of South Sudan into the EAC projects and programs; gazettment and publication of the EAC Elimination of Non-Tariff Barriers Act 2017; and gazettment of 106 East African Standards for the most commonly traded goods like textiles and apparel, leather and leather products, Cereals and pulses, Oil Seeds, Fats and Oils, Packaging, Nutrition and Foods for special dietary uses.

Other key achievements include the declaration by the Council of 1st October 2016, as the commencement date for the EAC Vehicle Load Control Act, 2016; the EAC One Stop Border Posts Act, 2016; and the adoption by the Council of the regulations to support the implementation of both Acts. Of the 15 border posts being upgraded to OSBPs, nine were completed and operationalized while the construction of the remaining six is nearing completion. With these initiatives, it is important to note that the Community is making great strides in facilitating the free movement of factors of production across the region.

Progress in the implementation of the East African Monetary Union (EAMU), the third pillar in the EAC Integration process is also promising. In April 2017, Bills for the establishment of the EAC Monetary Institute and EAC Bureau of Statistics were cleared by the EAC Council of Ministers and forwarded to EALA for enactment. The progress made so far indicates that the 2024 timeline for the establishment of the Monetary Union looks achievable. It is also worth noting progress made in the preparations of the 5th EAC Development Strategy 2016/17 – 2020/21, which its draft is due for approval by the Council of Ministers.

On behalf of the Council of Ministers, I appreciate the financial support provided by the Partner States and Development Partners and the guidance provided by the Summit of EAC Heads of State to advance the EAC integration agenda. I also take this opportunity to commend all the Organs and Institutions of the Community for discharging their mandates and I urge them to work hard to improve the quality of life of East African citizens.

Hon. Amb. Olivier Nduhungirehe
CHAIRPERSON OF THE COUNCIL OF MINISTERS

Report by the EAC Secretary General

The FY2016/17 Annual Report covers the period July 2016 to June 2017. The report captures the progress made in the implementation of planned activities and achievement of targeted results. The achievements registered this year builds upon progress made in the previous years as follows:

5th Secretary General's Forum

In regards with the objective to promote EAC business image, the 5th SG's Forum was held in Bujumbura on 22nd – 23rd June 2017. The theme of the 5th SG's Forum was to share experiences and good practices of the integration process experienced in the last 15 years (2000-2015) and work out a coordinated strategy towards a common future of political integration and a borderless Community.

Resource Mobilisation

During the FY2016/17 the Community enhanced partnerships with the Development Partners, which culminated in the renewal of financing agreements and approval of programmes for over US\$250 million. In addition, the European Union approved about Euro 60 Million worth of projects under the 11th EDF Regional Indicative Programme (RIP) which includes support to LVBC and LVFO.

Integration of the Republic of South Sudan

The Republic of South Sudan deposited the instruments of ratification on the Accession to the Treaty for the Establishment of the East African Community to the Secretary General of the East African Community (EAC) Amb. Liberat Mfumukeko at the EAC Headquarters in Arusha, Tanzania on 5th September 2016, thereby attaining full membership to the Community. The Council of Ministers at its 34th Meeting, adopted the roadmap for the integration of the Republic of South Sudan into the EAC projects and programs. Further to the development of the Roadmap, the Republic of South Sudan: -

- a) is now participating in the EAC meetings and activities;
- b) has nominated nine (9) members of East African Legislative Assembly who will be sworn in on the 5th June 2017, along with the new members of 4th East African Legislative Assembly;
- c) has nominated a Judge to EACJ in the First Instance;
- d) has appointed a Commissioner to the Ad-hoc EAC Service Commission;
- e) received a delegation from the EAC Secretariat led by the Secretary General who met His Excellency President **Salva Kiir Mayardit** and other key Government Officials; and
- f) has committed to provide a sub-registry in Juba for filing of cases to the East African Court of Justice (EACJ).

The Regional Co-operation in Defense

The Community continued to enhance capacities in conflict prevention management and resolution, combating transnational organized crimes, as well as terrorism. Among notable activities include, the 10th EAC Armed Forces Field Training Exercises held in November 2016 to enhance skills among the EAC Armed Forces, Police and Civilian Components at Combined Joint Task Forces level in the planning and conduct of joint operations. Consequently, the 35th Meeting of the Council adopted the Zero Draft *EAC Mutual Defense Pact* and directed the Secretariat to convene a joint meeting comprising of Sectoral Councils on Defense, Inter-state Security and Foreign Policy Coordination to consider the draft EAC Pact.

Election Observation

The Community deployed election observation missions to the Republic of Burundi, the Republic of Uganda and to the United Republic of Tanzania. The reports of the missions were adopted by the 34th Meeting of the Council that took place in August 2016, and were submitted to the national authorities for consideration and implementation. Further, electoral observation capabilities and electronic election data management were enhanced through training programmes.

COMESA-EAC-SADC Tripartite Free Trade Area (TFTA)

The COMESA-EAC-SADC Tripartite Free Trade Area (TFTA) Agreement has so far been signed by eighteen (18) Member/Partner States, though none has ratified the Agreement. The 4th Meeting of the COMESA-EAC-SADC Tripartite Council of Ministers held on 30th October 2016, urged Member/Partner States that had not signed the Agreement to do so and those that have signed the Agreement to ratify it.

Progress Report on Implementation of the Common Market Protocol

Partner States continued to facilitate free movement of goods, services, labor and capital and accord rights of establishment and residence to firms and citizens from other Partner States. To this effect, a total of 104 standards were approved by SCTIFI in June 2017, as East African Standards and 108 international standards endorsed for adoption by the Partner States in accordance with the EAC procedures. In addition to this, negotiations on Mutual Recognition Agreements for Land Surveyors were concluded and are now awaiting signing. Further, Partner States assented to the EAC Elimination of Non-Tariff Barriers Act 2017. In the area of standards, it is worth noting the harmonized, approved, and gazette 106 East African Standards for the most commonly traded goods namely; textiles and apparel, leather and leather products, cereals and pulses, oil seeds, fats and oils, packaging, nutrition and foods for special dietary uses.

Progress Report on the Implementation of the Monetary Union

The Monetary Union, the third pillar in the EAC Integration process is expected to be in place by 2024 with the introduction of a common currency and the establishment of a regional Central Bank. In 2017, EAC Secretariat worked with Partner States and other stakeholders in laying the foundation for the Monetary Union. In April 2017, Bills for the establishment of the EAC Monetary Institute and EAC Bureau of Statistics were cleared by the EAC Council of Ministers and forwarded to EALA for enactment. The progress made so far indicates that the 2024 timeline for the establishment of the Monetary Union looks achievable.

Infrastructure Developments

Initiatives towards improved regional transport network saw the Loan negotiations between the African Development Bank (AfDB), Kenya and Tanzania for the construction of the 400-km long Malindi–Lunga Lungu & Tanga–Bagamoyo roads commenced in April, 2017. Further, feasibility studies and detailed designs are ongoing for two roads that link Rwanda and Burundi to the Central Corridor and are expected to be completed by August, 2018. The World Bank, African Development Bank and the European Union have expressed interest in funding the construction of these roads.

Also notable is the Council declaration as **1st October, 2016**, the commencement date for the EAC Vehicle Load Control Act, 2016 and the EAC One Stop Border Posts Act, 2016. Consequently, regulations to support the implementation of both Acts were adopted by Council in April, 2017; and the 15 border posts being upgraded to OSBPs, nine are completed and operational while the construction of the remaining six(6) OSBPs are nearing completion. Further, it is worth noting the completion and adoption by the 14th Sectoral Council on Transport Communication and Meteorology (TCM) in June 2017 of the study report on the *EAC Upper Flight Information*, including a *Five Years Implementation Plan (2017-2022)* for Seamless Upper Airspace operations.

Industry Sector Development

Efforts to transform the Industry Sector in the region were marked with the launched the East African Community Industrial Competitiveness Report in 2016. This report is the first of its kind, developed to provide direction as we seek to attain the industrialization goals of the Community of expanding the market opportunities for the industrial sector in the region and improving the competitiveness of the region, in line with the EAC Industrialization Policy and Strategy.

Energy Sector Development

EAC Secretariat in collaboration with the Partner States continued the implementation and monitoring of the priority energy projects from the regional power master plan. To this effect, the EAC Centre of Excellence for Renewable Energy and Energy Efficiency

(EACREEE) was launched on June 11, 2016 and the letter of Agreement between EAC UNIDO and CEDAT was also signed on the same day (June 11, 2016).

Agriculture Sector Development

The EAC Regional Agriculture Investment Plan was developed and reviewed by EAC Partner States in November, 2016, and subsequently subjected to national validation workshops in March/April, 2017. This Plan seeks to catalyze the realization of the EAC Comprehensive Africa Agriculture Development Programme goals in five investment thematic areas, namely; increasing regional agricultural production and food supply; enhancing food utilization; promoting agribusiness, value addition and agro-industry; promoting sustainable natural resource use and management; and strengthening capacities of EAC regional agricultural institutions.

Social Sectors Development

Key milestone registered in the social sector include the enactment of the EAC Gender Equality, Equity and Development Bill, 2016. The Bill gives effect to the Treaty for the Establishment of the East African Community and the African Charter on Human and Peoples' Rights as it expressly prohibits all forms of exploitation, cruel, inhuman or degrading traditional practices.

Preparation of the 5th EAC Development Strategy 2016/17 – 2020/21

The draft 5th EAC Development Strategy 2016/17 - 2020/21 that will guide operations of the Community over the medium-term period has been developed in consultation with various stakeholders, through consultative workshops across Partner States from 2nd – 23rd May 2017. The draft Strategy was validated by a Regional Meeting held in June 2017, at the EAC Headquarters, and is now due for approval by the Council of Ministers and eventual adoption by the Summit of Heads of State.

Financial Management

The approved budget for the Community for the financial year 2016/17 is US\$101 million, 54% of which is funded by Partner States contributions and the remaining 46% through support from Development Partners. So far, only 78.4% of the expected contributions of the Partner States has been received (Kenya 100%, Uganda 92%, and Rwanda 100%, Tanzania 100% Burundi 0%). On the other hand, the Development Partners have only disbursed 32%. As a result of the delayed disbursement, the Community has experienced liquidity challenges, which adversely effected the operations of the Community's Organs and Institutions. The 35th Meeting of the Council considered the matter and directed the Partner States to disburse the outstanding contributions by the end of June 2017. The Council is studying the possible sanctions that may be meted against the Partner States that are not discharging their financial obligations and will make appropriate recommendations to the Summit.

East African Legislative Assembly

During FY2016/17, the Assembly passed seven (7) Bills to support the Integration process in accordance with the Treaty. The Bills are awaiting Summit of Heads of State for assent as per Summit Decision (EAC/SHS 17/Decision 03) and they include the Administration of the East African Court of Justice Bill, 2016; the East African Community Prohibition of Female Genital Mutilation Bill, 2016; the East African Community Counter-Trafficking in Persons Bill, 2016; the East African Community Gender Equity and Development Bill, 2016; the East African Community Supplementary Appropriation Bill, 2017; the East African Community Appropriation Bill, 2017; and the East African Community Polythene Materials Bill, 2017.

East African Court of Justice

The East Africa Court of Justice also experienced great progress during FY2016/17. This included an increase in the number of cases filed, a testimony of confidence the residents of East Africa have in the Court. It has also taken on board an additional judge from the Republic of South Sudan and in this calendar year an addition sub-registry will be opened in Juba, Republic of South Sudan.

East African Health Research Commission

The Commission developed a five-year strategic plan for the period 2016-2021. The Strategic Plan that was approved by the 35th Meeting of the Council, targets at establishing institutional governance and operational framework, undertake resource mobilization initiatives and establish research and capacity strengthening programs.

The Commission also organized the 6th East African Health and Scientific Conference & International Health Exhibition and Trade Fair in Bujumbura in March 2017 under the theme "*Preparedness for, and control of disease outbreaks, epidemics, and pandemics, in the context of climate change, globalization, and gaps in health systems*". The Conference was attended by more than 600 participants from within and outside the region.

Inter-University Council for East Africa

The IUCEA continued coordinating activities geared to completion of the development of the Higher Education Fees Structure Model for use by universities in the East African Community Partner States. The Fees Structure Model includes categorization of all costs incurred in running the institutions and the apportionment of the costs to the university's core missions of teaching, research and community engagement, as well as in provision of administrative services. In addition, the model provides proportions of the respective costs that students contribute to, through their fees payments; so these are costs which add up to unit costs.

Lake Victoria Basin Commission

The LVBC commissioned the Sengerema Water and Sanitation project at Sengerema-one of the projects under the Lake Victoria Water Supply and Sanitation Phase II (LVWATSAN II). The Project was commissioned by the President of United Republic of Tanzania H.E. Dr. John P.J. Magufuli. The project is now fully operational with a capacity of 15,840 cubic meters and supply water up to 528,000 people per day. The LVBC operationalized a web-based data collection tool KOBO Collect which added a new impetus in tracking and generating reports on the implementation of the integrated approach of Population, Health and Environment Programme.

East African Science and Technology Commission

The East African Science & Technology Commission (EASTECO) held its first regional stakeholder meeting in Kigali in August, 2016. The objective of the meeting was to build consensus among the Partner States stakeholders on the regional science, technology and innovation priorities. The 35th Meeting of the Council approved the Commission's Strategic Plan (2017/18 – 2021/22). Implementation of the Plan is expected to improve the development and dissemination of Science, Technology and Innovation (STI) policies, and increase value-addition in agriculture and promote technology solutions in the energy and environment sectors.

East African Kiswahili Commission

The East African Kiswahili Commission (EAKC) in consultation with its stakeholders internally developed the EAKC Strategic Plan 2017 – 2022, which was validated at Kenya Institute of Curriculum Development Centre in Nairobi, Kenya by Kiswahili stakeholders from all Partner States. The Strategic Plan was approved by the 35th Meeting of the Council of Ministers. The EAKC Strategic Plan identifies six key strategic interventions, which when implemented will contribute to the development and promotion of Kiswahili in EAC and beyond.

East African Development Bank

The East African Development Bank (EADB) continues to post sound financial performance. Following its strong performance, the EADB continues to receive positive rating internationally. The Bank has been rated **Baa3** with stable outlook by Moody's Investor services for three consecutive years since 2015. The Bank's key strength lies on strong capital buffers, which remains among the highest in Moody's multilateral development bank universe, with asset coverage ratio of 120% and high liquidity position.

Conclusion

The EAC Annual Report 2016/17 has highlighted the remarkable progress that the Community made in advancing the EAC integration agenda as enshrined in the EAC Treaty.

Nonetheless, the Community faced a number of challenges which led to non-implementation of some planned activities. The key challenges include among others; late disbursements of funds by both Partner States and Development Partners, limited staffing levels in EAC Organs and Institutions, delays in the finalization of the EAC institutional review and alternative sustainable financing mechanism for the Community.

To address the challenge of inadequate funding, it is recommended that the institutional review process be expedited to provide EAC Organs and Institutions with adequate staffing levels and financial resources to fund activities to enable the Organs and Institutions to effectively execute their mandates. It is also recommended that intensive resource mobilization efforts be instituted to support the implementation of the Community projects and programmes.



Amb. Libérat Mfumukeko

EAC SECRETARY GENERAL

1 Introduction

1.1 Background

The East African Community (EAC) is a regional organization mandated by the governments of Burundi, Republic of Kenya, Republic of Rwanda, Republic of Uganda the United Republic of Tanzania and the Republic of South Sudan. The EAC was expanded in 2007 by the admission of the Republic of Burundi and the Republic of Rwanda and was further expanded in 2016 by the admission of the Republic of South Sudan. The Treaty for the Establishment of the EAC was signed in November 1999 and came into force on 7th July 2000. The regional cooperation and integration envisaged in EAC is broad based. Article 5 (1) of The Treaty for the Establishment of the East African Community states that *“The objectives of the Community shall be to develop policies and programmes aimed at widening and deepening cooperation among the Partner States in political, economic, social and cultural fields, research and technology, defense, security and legal and judicial affairs for their mutual benefit.”* Since then, the EAC Customs Union, which was established in March 2005, has made significant progress. In 2010, the EAC established a Common Market and signed the Monetary Union in 2013 that will come into force in 2023. The EAC plans for a Political Federation as the Ultimate goal.

As one of the fastest growing regional blocs on the African continent with an average of 5.9% GDP growth in 2016, the EAC has a population of about 164 million people with a combined GDP of US\$160 billion by 2016. The economies of the EAC mainly depend on export of agricultural commodities and mineral resources, although industrial production especially manufacturing has recently increased in all the Partner States. At the same time, the services sector has grown, especially with respect to tourism, ICT and financial services.

The Vision of the EAC is *to attain a prosperous, competitive, secure and politically united East Africa*, while the Community's Mission is *to widen and deepen economic, political, social and cultural integration in order to improve the quality of life of the people of East Africa through increased competitiveness, value added production, enhanced trade and investment*. The brand of the East African Community is **“One People, One Destiny”**.

1.2 EAC Organs and Institutions

The Treaty establishes the following Organs and Institutions: The Summit is composed of the Heads of State of the Governments of Partner States; The Council is composed of the Ministers responsible for East African Community Affairs and other Ministers as each Partner State may determine; and the Coordination Committee is composed of Permanent Secretaries. The Sectoral Committees are composed of Senior Officials from the Partner States responsible for preparation of comprehensive programmes implementation reports and priorities in their respective sectors.

Other Organs of the Community are: **East African Court of Justice**, a judicial body of the Community responsible for administration of justice; **East African Legislative Assembly**, the legislative organ of the Community composed of fifty-two members consisting of nine elected members from each National Assembly of the Partner States; eight ex-officio members who include the Ministers responsible for EAC Affairs, the Secretary General of the EAC Secretariat and the Counsel to the Community. **The Secretariat**, the executive organ of the Community is responsible for initiating and coordinating the harmonization of policies and strategies relating to the development of the Community. The Secretariat is also responsible for the general administration and financial management of the Community.

The EAC Institutions that handle specific and specialized mandates are: the East African Development Bank (EADB); Inter-University Council for East Africa (IUCEA); Lake Victoria Fisheries Organization (LVFO); Lake Victoria Basin Commission (LVBC); and Civil Aviation Safety and Security Oversight Agency (CASSOA). Other institutions established and due for operationalization include: the East African Kiswahili Commission; the East African Science and Technology Commission; the East African Health Research Commission; and the East African Competition Authority (EACA).

1.3 Structure of the Report

In terms of presentation, the report is structured as follows: chapter 1.0 is the introduction; chapter 2.0 presents socio-economic setting of EAC; Chapter 3.0 presents developments on the Office of the Secretary General; chapter 4.0 is the Office of the Deputy Secretary General (Planning and Infrastructure); chapter 5.0 is the Office of the Deputy Secretary General (Productive and Social Sectors); chapter 6.0 is the Office of the Deputy Secretary General (Political Federation); chapter 7.0 is the Office of the Director General (Customs and Trade); and, chapter 8.0 is the Office of the Deputy Secretary General (Finance and Administration) and includes the audited financial statements of the Community for the financial year 2016/17.

This is followed by key developments registered by the Organs and Institutions of the Community as follows: chapter 9.0 is the East African Legislative Assembly (EALA); chapter 10.0 is the East African Court of Justice (EACJ); chapter 11.0 is the Lake Victoria Basin Commission (LVBC); chapter 12.0 is the Civil Aviation Safety and Security Oversight Agency (CASSOA); chapter 13.0 is the Inter University Council of East Africa (IUCEA); chapter 14.0 is the Lake Victoria Fisheries Organization (LVFO); and, chapter 15.0 is the East Africa Development Bank (EADB).

2 Social-Economic Trends in East Africa

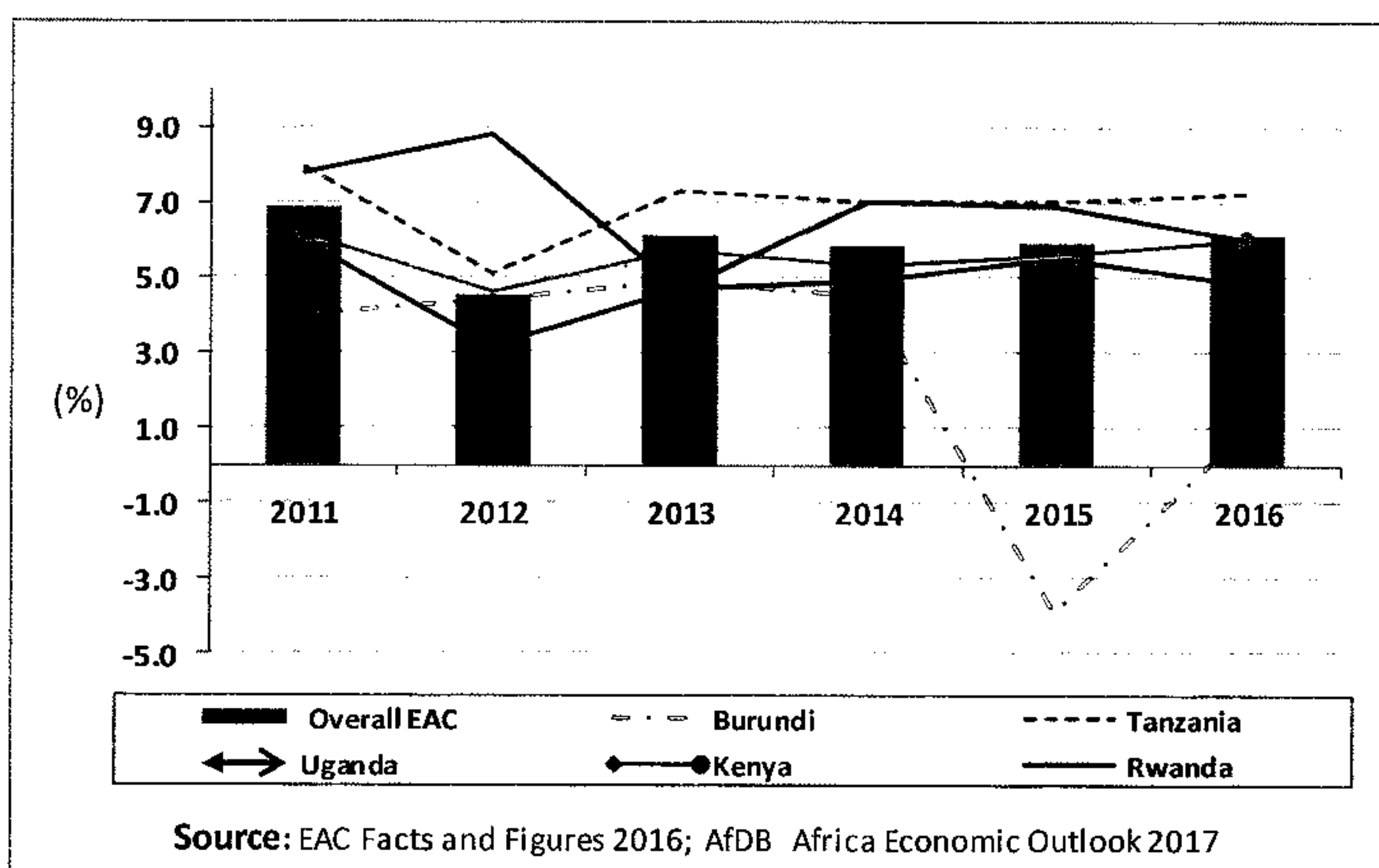
East Africa as one of the largest regional economic blocs, with the largest single markets in Africa had a total population of about 150 million in 2015. Following the assertion of the Republic of South Sudan into the East Africa Community, the region total population was around 164 million in 2016, with an overall GDP of around US\$160

billion. With the exception of the Republic of South Sudan, the region marked an average GDP growth of 6.1% in 2016, being the fastest growing region in the continent. The region is further considered as the world's fastest reforming with stable economic and political environment; harmonized tariff; great market access to all regions in Africa, Middle East and Asia and preferential market access to the US, EU and some other developed countries.

2.1 Economic Trends

The region's economic performance for the period 2016/2017 was generally positive in spite of several downside risks, including instability in the Great Lakes region. Available data indicate that real GDP growth in EAC Partner States varied over the past five years to 2016, with an annual average growth of 5.9%. In Kenya, real GDP grew on average by 5.6% while Tanzania and Rwanda experienced the highest annual average growth rates of 6.9%. Uganda on average recorded moderate growth of 5%, while Burundi, owing to political instabilities experienced since 2015 resulted to economic downturn leading to an average growth rate of around 2% over the period to 2016.

Figure1: Real GDP Growth of EAC Partner States, 2011 – 2016



Growth in Partner States is attributed to the growth across sectors especially in construction, transport, storage, financial services, information and communication. The service sector also contributed to the remarkable performance, marked with expansion in hotels, restaurants, and transport and communications activities, especially in Uganda.

In terms of purchasing power of the region, while the overall GDP stood at around US\$160 billion in 2016, Kenya had the highest per capita income estimated at about US\$ 1,540, followed with Tanzania at around US\$ 1,000, Uganda at US\$760 and Rwanda at US\$ 760, and lastly Burundi recording the least purchasing power at around US\$330. Overall, the EAC region had per capita income of around US\$1,050 in 2016, above the African average.

2.2 Demographic Trends

a) Population

The EAC has a combined population of about 164.5 million in 2016, compared to an estimated 150.6 million persons in 2015, following the assertion of the Republic of South Sudan into the East African Community in September 2016, with the estimated population of around 9.7 million. Tanzania had the largest population accounting for 31% of the region population, followed by Kenya and Uganda at 28% and 22% respectively; while Rwanda, accounted for 7%, and Burundi and South Sudan each accounting for 6%. The average population growth rate in the region was estimated at about 2.9 per cent in 2016. It is thus estimated that the region's population is likely to double its current level by 2050.

Table 1: Annual Population Growth rate (in %)

Partner State/Years	2012	2013	2014	2015	2016
Burundi	3.2	3.1	3.0	3.0	3.0
Kenya	2.7	2.7	2.6	2.7	2.7
Rwanda	2.6	2.4	2.4	2.4	2.4
Tanzania	2.7	2.7	2.7	2.7	2.7
Uganda	3.0	3.0	3.0	3.0	3.0
East Africa	2.9	2.9	2.9	2.9	2.9

Source: EAC Facts and Figures, 2016

The population density for the EAC region in 2016 continued to surge ranging from as high as 444 and 405 persons per Km² respectively in Rwanda and Burundi, to as low as 15 persons in South Sudan, 57 in Tanzania and 70 in Kenya, and lastly 199 persons in Uganda; with overall regional population density of 69 persons. The persistent high total fertility rate is among factors to population increase in the region. Total fertility rate across the EAC Partner States averages at 5.0 births per woman¹, with Burundi and Uganda respectively recording the highest rates of 5.8 and 5.7 births in 2015.

¹ Source: EAC Facts and Figures 2016; World Bank at <https://data.worldbank.org/indicator/>

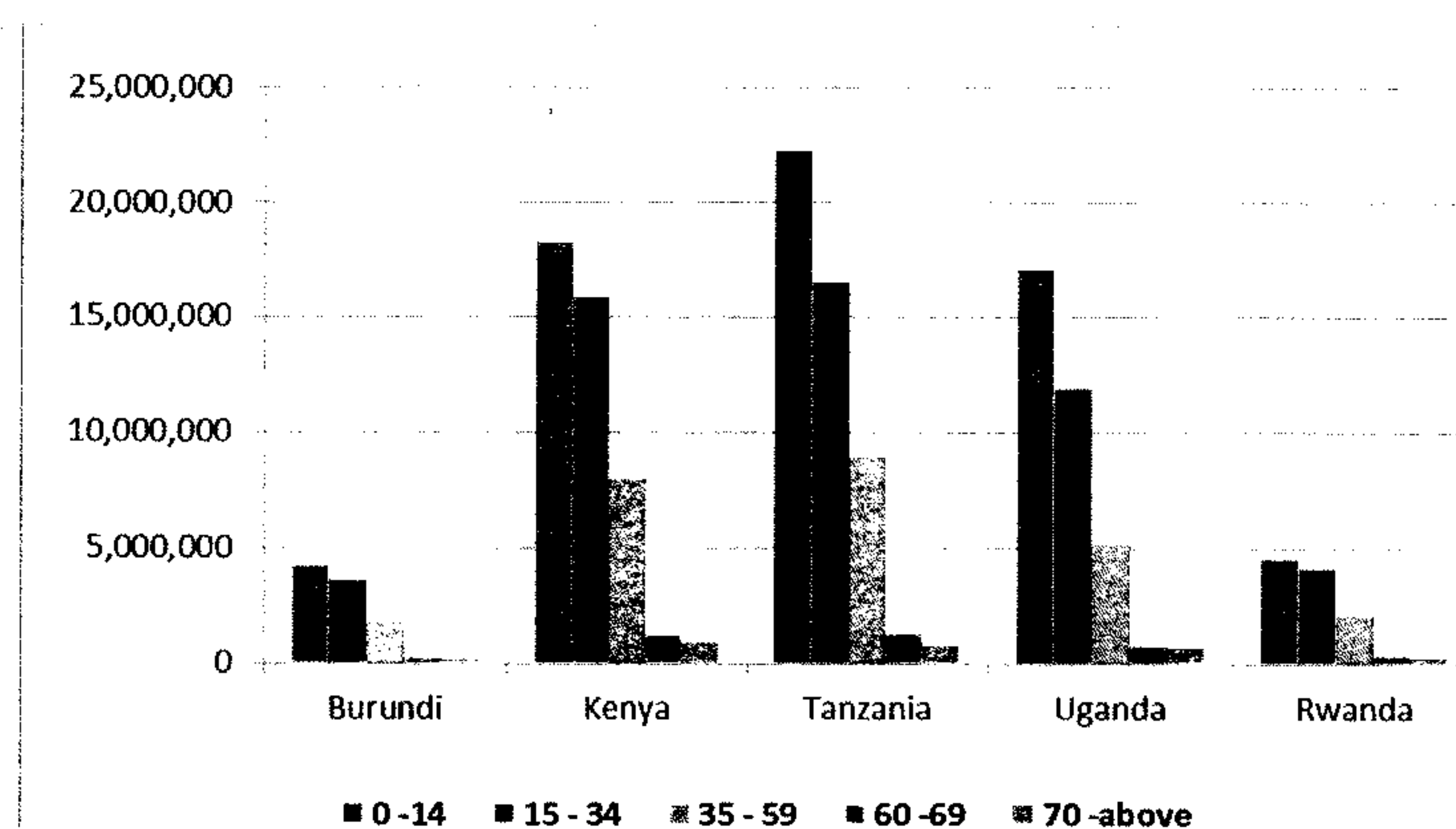
Table 2: East Africa's Population Trends

Country	Land Area (‘000 Sq. Km)	Population (in thousands)			
		1950	2000	2015	2016 (e)
Tanzania	886.3	7,886	35,119	49,709	51,051
Kenya	580.7	6,265	30,669	44,157	45,349
Uganda	200.5	5,210	23,300	35,516	36,581
Rwanda	24.2	2,120	7,609	11,263	11,533
Burundi	25.0	2,456	6,356	9,984	10,283
South Sudan	644.3	-	-	-	9,696
EAC	2,361,000	23,937	103,053	150,629	164,493

Source: EAC Facts and Figures, 2016; e= Staff estimates.

The above-noted demographic trend, contrasted with the population structure, indicates that the EAC population remains one of the youngest in the world. The youthful population (people aged 15 – 34 years), accounted for 34% of the region's total population and that proportion is expected to have maintained over the year to 2016. Against this background, such large young population presents a potential of an abundant labour force that can drive the envisaged growth and transformation agenda for the region. It also presents a high dependency burden, if the population is not turned into productive human capital.

Figure 2: EAC Population Distribution in 2015 by Age Group



Source: EAC Facts and Figures 2016.

b) Employment

The EAC labour force remains young and one of the region's greatest resources for accelerated socioeconomic transformation. According to Tanzania's labour survey, 2.4 million Tanzanians were unemployed in 2011, yielding an unemployment rate of 10.7%. In Rwanda, statistics indicate that by end of 2006, unemployment rate was 1.2% of the labour force. By 2010, Uganda had a total labour force of 13.4 million with unemployment rate of 4%. In Kenya, unemployment was 40% by end of 2009, with 60% of this unemployed category being the youth. In 2009, Burundi had unemployment of 35%, with an estimate of 60% youth aged 15–30 being unemployed or underemployed. In view of the state of employment in the EAC region, it is evident that unemployment remains a major challenge that impacts the livelihood of the entire citizen, especially the youth, and this is without the fact that the EAC region is endowed with abundant arable land and numerous number of natural resources.

Table 3: Unemployment Rates (%) in East Africa

Country	Labour survey	Unemployment Rate %
Burundi	2009	35.0
Tanzania	2011	10.7
Uganda	2010	4.0
Kenya	2009	40.0
Rwanda	2006	1.2

Source: EAC Facts and Figures 2015 and Partner States Integrated Household and Labour force Surveys

2.3 Socio-Economic Indicators

(a) Life Expectancy

expectancy at birth on average stood at 62.99 years in the East African countries, slightly higher than the life expectancy for Africa that stands at 59.99 years in 2015². Rwanda has the highest life expectance at 66.99 years, with Burundi ranking the least at 57.09 years. The under-five mortality rate per 1000 births was on average at 55 in 2015, while average maternal mortality (per 100,000 births) stood at 446, which is slightly below the Africa average of 460³. The state of health systems in the region is a contributing factor to the current life expectancy and mortality rates.

(b) Poverty Dimensions

Population living below the national poverty line (US\$1.90 a day) as measured through Purchasing Power Parity approach varies quite widely across the EAC Partner States.

² EAC Facts and Figures 2016; World Bank at <https://data.worldbank.org/indicator>

³ EAC Facts and Figures 2016; United Nations Sustainable Development Report 2015.

While in Burundi it is indicated that over ¾ of the population are living below the national poverty line, in Uganda and Tanzania situation is the opposite as over 70% of the population are living above the poverty line. There is however, sizable proportion of population below poverty line in Kenya and Rwanda of around 40%, suggesting that poverty level in the region remains a big challenge, with women and children constituting the majority of the affected groups.

Table 4: Selected Socioeconomic Indicators for East African Countries

Country	Total Population (millions) in 2015	Life Expectancy at birth, 2015	Under Five Mortality Rate, 2012	Poverty Headcount ratio at US\$1.90 a day (2011 PPP) (% of Population)	Adult literacy rate (%), 15+ yrs., 2005-2010
Burundi	9.8	57.09	142	71.7	67.2
Kenya	40.0	66.69	52.4	36.1	87.4
Rwanda	10.5	66.69	50	44.9	71.1
Tanzania	49.3	64.95	49.7	28.2	73.2
Uganda	38.7	59.57	57.8	19.7	73.2
East Africa	148.4	62.99	70.4	-	74.4
Sub-Sahara Africa	1,006	59.99	71.4	-	64.9

Source: EAC Fact and Figures 2016; World Bank Data (<https://data.worldbank.org/country>).

(c) Literacy

The East Africa Community has an average literacy rate of 74.4%, which is higher than the African average (64.9%), but lower than the world average of 84.1%. EAC's youth literacy rate stands at 81.9% compared to the global average of 89.5%. Within the EAC, the youth literacy rates are generally higher for men than women, with exception of Kenya and Rwanda which is almost equal.

Table 5: Literacy Rates for 15-24-Year-Old in East African Countries

	Year	Both sexes	Men	Women
Burundi	2000	73.7	76.8	70.4
Kenya	2008	92.3	91.8	92.9
Rwanda	2008	77.1	77.1	77.1
Uganda	2009	88.0	90.0	87.0
Tanzania	2002	78.4	80.9	76.2

Source: Final Report on the status of achievement of MDGs by the East African Community, 2010

3 Office of the Secretary General

The Office of the Secretary General is headed by the Secretary General assisted by three Deputies Secretary General, a Director General of Customs Union and Trade and coordinates all regional projects and programs in the Community. The Office, however, directly supervises the following functions: Legal and Judicial Affairs; cooperation in defense; Corporate Communications and Public Affairs; Internal Audit; and Resource Mobilization Office.

3.1 Office of the Chef de Cabinet

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During the financial year 2016/2017, the Office of Secretary General planned to promote intra and inter-regional trade; Coordination of negotiation process of the EAC-COMESSA-SADC FTA agreement and Tripartite in order to achieve a customs interconnectivity by June 2018; and to transform EAC as a place in which people can do business through enhancement of Appropriate Partnerships with the private sector and civil society. Many regional/international fora were planned to promote this partnership to among others; to develop and approve a model of EAC Federation and EAC's integration objectives widely understood and supported internationally; to enhance efficiency in decision making and implementation of Community; development and implementation of a framework for sustained, efficient and effective leadership; efficient and effective delivery of conference to facilitate Burundi Peace Talks and bring back the state of the Republic of Burundi to normal; to develop an Interaction framework between the EAC Secretariat & Organs/Institutions and to enhance the mandate of EALA. In view of the aforementioned planned activities, achievements registered over the period under review include among others;-

a) 5th Secretary General's Forum

In line with the objective of the Office of Secretary General to promote EAC business image, the 5th SG's forum was held in Bujumbura on 22nd - 23rd June 2017. The theme of the 5th SG's Forum was to share experiences and good practices of the integration process experienced in the last 15 years (2000 - 2015) and work out a coordinated strategy towards a common future of political integration and a borderless Community.

b) Laying Foundation for Political Federation

The EAC has planned to develop a model of EAC Federation. In this regard, the 18th Ordinary Summit directed the Council of Ministers to constitute a Team of Constitutional Experts to draft the Constitution for the Political Federation and report to the 19th

Summit of Heads of States. The model was drafted and waiting for the 19th ordinary summit. Furthermore, a Meeting with International Conference of the Great Lakes Region was held and coupled with a visit to EU Headquarters in Brussels. The AUC Summit Ordinary Session was held in Addis Ababa and an Ordinary and extra ordinary Summit of head of states held during the financial year 2016-2017, as part of the EAC secretariat initiatives to ensure that EAC integration process is widely understood and supported internationally.

c) Strengthening of inter- Secretary General Organ/Institutional Collaboration and Co-operation

In order to enhance efficiency in decision-making and implementation of a framework for sustained, efficient and effective leadership and efficient and effective delivery of conference, two Summits of EAC Heads of State were held. The Summit Meetings provided guidance on regional integration matters.

d) Facilitating Burundi Peace Talks and bring back the State of the Republic of Burundi to normal

Consultations were held with Heads of State and AU leadership by the Facilitator, including a one round of dialogue. The willingness to dialogue and acknowledgement of need for broad-based participation was underscored.

e) Enhancement of EALA Mandate

The EAC has planned to Implement 100% of the EALA decisions, resolutions and recommendations by 2018. In this regard, for the period under review all resolutions passed by the Assembly were subsequently formally communicated to the Council and all Partner States. The Council save for resolution with financial and policy implications that may not be implemented immediately, endeavors to implement these recommendations. EALA Members exercising the right to submit questions as provided in the Assemblies Rules of Procedure 2015, regularly raise questions to the Chair of the Council on the status of implementation of the resolutions of the Assembly and that way the Assembly has also consistently monitored the implementation of the resolution of the Assembly.

f) Republic of Somalia Accession to East African Community

With regard to the admission of the Federal Republic of Somalia into the East African Community, two reminders were sent to the Federal Republic of Somalia to indicate convenient dates when the EAC verification team should visit Mogadishu. There has been no response and by the time of the convening of the 18th Ordinary Summit in May 2017, there had been no communication to indicate the dates and relevant officers to contact in Mogadishu. The 18th Ordinary Summit in its communique tasked the Council to follow up the matter and report to the 19th Summit expected in November 2017. Since 20th May 2017, the Secretary General has communicated to Somalia and is waiting for a response.

g) High-Level Negotiations with the Republic of South Sudan for joining the East African Community

Following the official admission of the Republic of South Sudan to the East African Community in April 2016, instrument of ratification and accession to the Community was deposited to the EAC Secretary General on 5th September 2016; thereby attaining full membership to the Community. Following their accession, a roadmap for the accelerated integration of the Republic of South Sudan was developed and considered by the 34th Meeting of the Council. Further to the development of the Roadmap, the Republic of South Sudan:-

- a) is now participating in the EAC meetings and activities;
- b) has nominated 9 members of East African Legislative Assembly who will be sworn in on the 5th June 2017, along with the new members of 4th East African Legislative Assembly;
- c) has nominated a Judge to EACJ in the First Instance;
- d) has appointed a Commissioner to the Ad hoc EAC Service Commission;
- e) received a delegation from the EAC Secretariat led by the Secretary General who met His Excellency President Salva Kiir Mayardit and other key Government Officials; and
- f) has committed to provide a sub-registry in Juba for filing of cases to the East African Court of Justice (EACJ).

h) Policy Formulation by EAC Assembly

The Third EALA Assembly attended sessions in Rwanda, Kenya, Uganda and Tanzania. In the course of those sessions a number of Bills were discussed, debated and passed. These include; the *East African Community Gender Equality, Equity and Development Bill 2016* that was passed in Kigali, Others Bills were the *Polythene Materials Control Bill 2016*; the *Administration of the East African Court of Justice Bill 2016*; the *East African Community Prohibition of Female Genital Mutilation Bill 2016*; the *East African Community Counter Trafficking in Persons Bill, 2016*; and the *East African Community Appropriation Bill 2016*; as well as the *East African Community Supplementary Appropriation Bill, 2016*.

Budget Execution

The budget approved for the Office of Secretary General was US\$671,914. At end of FY2016/17, budget expenditure was around US\$652,438, about 97% of budget execution.

3.2 Internal Audit

The Internal Audit Unit is under the Office of the Secretary General. The Unit is headed by the Principal Internal Auditor who reports administratively to the Secretary General, and functionally to the EAC Audit and Risk Committee. The mandate of the Unit is to

provide an independent and objective assurance and consulting services designed to add value and improve the Community's operations.

During the period under review the Internal Audit Office planned to execute its given mandate basing on the resources availed both human and finance. The planned activities included, among others provision of Assurance and Consulting Services through conducting internal audit. The Unit planned to conduct 16 internal audits during the financial year 2016-2017; develop and maintain EAC Organs and Institutions Risk Register; harmonize tools and techniques of internal audit across organs and institutions of EAC; coordinate external audit exercise; support oversight committee through meetings of committees and; enhance capacity of internal audit staff through the training of internal auditors. In the course of implementing the outlined planned activities, the following achievements were registered:-

a) Assurance and Consulting Services through Conducting Internal Audit

As per the approved Audit plan ,13 assignments /Internal Audits were carried out during the financial year 2016-2017 and the audit findings were shared with management for corrective action and finally they were considered by the EAC Audit and Risk Management for technical guidance.

b) Harmonized Tools and Techniques of Internal Audit Across Organs and Institutions of EAC

The Joint planning meeting for EAC Organs and Institutions Internal Auditors was convened from 18th to 22th April 2017, at EAC CASSOA Office in Entebbe, Uganda. The meeting report produced highlighted agreed upon planning procedures, the Joint Audit assignment, and sharing of Audit tools among Internal Auditors across EAC Organs and Institutions.

c) Coordinated External Audit Exercise

The Audit Commission on the statutory audit was Coordinated and finalized by issuing a report on EAC Consolidated Financial Statements for the financial year 2015 /2016, with a *clean audit opinion*.

d) Supported Oversight Committees

The Department convened and facilitated the 14th15th and 16th meetings of the Audit & Risk Committee and also organized a high-level interaction forum between the Audit and Risk Committee Members and EALA accounts Committee.

e) Enhanced Capacity of Internal Audit Staff through the Training of Internal Auditors

During the period under review Internal Auditors continued enhancing their knowledge, skills, and other competencies through continuing professional development as per standards requirements.

Budget Execution

The budget approved for the Unit for FY2016/17 was US\$671,914 and budget expenditure amounted to US\$652,438, hence budget execution of around 73%.

Challenges and Recommendations

The main challenge is persistent under-staffing of Internal Audit Unit. The Unit should be resourced with adequate staff to enable effective execution of its given mandate.

3.3 Resources Mobilization

The Department of Resource Mobilization is responsible for coordinating all EAC resources mobilization initiatives and processes for its projects and programmes. The mandate of the Resource Mobilization Department originates from the Treaty for the Establishment of the EAC. Article 71(i) that states "the Secretariat shall be responsible for the mobilization of funds from development partners and other sources for the implementation of projects of the Community". Article 132 (4) states that "the budget of the Community shall be funded by equal contributions by the Partner States and receipts from regional and international donations and any other sources as may be determined by the Council. The Treaty further provides that other resources shall include: - grants, donations, funds for projects and programmes, technical assistance and income earned from activities undertaken by the Community.

In view of the mandate of the Secretariat in resource mobilization and to ensure that the EAC resource mobilization strategy is operationalized, during financial year 2016/17, the Resource Mobilization Department planned to execute a number of activities to include among others; enhancing of information sharing on resource mobilization; building staff capacity in proposal writing and project management; development of an EAC Project Operating Procedures Manual; and enhancement of donor coordination and engagement. Summary of key achievements registered in the course of implementation of the planned activities are as follows:-

a) Enhanced EU Partnership

Under the 11th EDF envelope the EAC has been allocated a total of €85 million for the period 2014-2020. Of this amount, €5 million is for implementation of a project on Regional Electoral Support Programme (RESP). The balance of €80 million has been committed for a number of projects to include Lake Victoria Water Management Programme for promotion of Aquaculture in the EAC region; and Combating Counter Terrorism under Peace and Security. Progress towards actualizing these projects is at varying levels of implementation; though with promising pace of implementation.

b) Enhanced USAID Partnership

The EAC Secretariat and USAID on 29th September, 2016 signed a five-year Regional Development Objective Grant Agreement (RDOAG) for US\$194 million. This Grant

Agreement included US\$30 million direct fund to the EAC Secretariat, while the remainder will support other Development Partners in their efforts to contribute to the EAC regional integration agenda. The support will be channeled to; advance regional economic integration; increase trade and investment; improve the sustainable management of natural resources; improve access to integrated health services; and strengthen the EAC's organizational leadership.

c) Developed draft EAC Project Operating Procedures Manual

Through the Interim Project Coordination Unit, draft EAC Project Operational Manual was developed. The Manual will serve as a guiding tool for project implementers/managers/coordinators. The Manual will also serve as a tool for mobilizing resources.

Budget Execution

The budget approved for the Resource Mobilization Department for FY2016/17 was US\$920,196, with budget expenditure of US\$211,549; hence budget execution of only 23%.

Encountered Challenges

The main challenge has been inadequate funding, as most of Partnership Fund MoUs expired in 2016, leading to a number of activities left unimplemented. These include staff trainings, validation of EAC Development Fund documents, donor missions, among others.

3.4 Defence Liaison

The EAC Defence Sector derives its mandate from the Treaty Establishing the EAC that provides for the establishment and maintenance of Peace and Security as a prerequisite for progression of the integration process. The framework for Cooperation in Defence matters is articulated in the EAC Protocol on Cooperation in Defence Affairs. The Protocol directs the Partner States' Armed Forces to cooperate in Military Training; Joint Operations; Technical Cooperation; and Visits and exchange of information.

Defence Liaison Unit at the EAC Secretariat provides a coordination link between Armed Forces of Partner States and the Secretariat; does research on all agreed matters of defence; and such other duties as may be assigned by the Secretary General. Defence Liaison Officers report to both the Secretary General and the Chiefs of Defence Forces of Partner States.

During the period under review, the Defense Liaison planned to harmonize training doctrines syllabi; to hold different meetings at quarterly and bi annually frequency respectively with Chiefs Directors of Military Health Services, commanders of cadets

school and the meetings of commanders, senior commanders and senior staff; and to implement joint operations through conducting meetings for sharing implementation of R&D policy and coordinate the planning exercise for joint operations. Also envisaged include the need to improve and increase technical facilities by conducting DLOs Quarterly National Consultations; to enhance training among Partner States armed forces by holding meetings of Chief of Military Intelligence to exchange Information on quarterly basis; conducting Exercise Eastern Accord 12; conducting Field Training Exercise (FTX) & Initiate Planning of Command Post Exercise; and conducting Military games and culture event annually. The key achievements registered along the planned activities were:-

- a) All six (6) EAC Partner States ratified the EAC Protocol on Cooperation in Defense Affairs. The Protocol entered into force on 19th November 2015, when Instruments of ratification were deposited (with the last Partner State) with the EAC Secretary General, in accordance with Article 26 of the Protocol.
- b) The Republic of South Sudan on 5th September 2016 deposited with the EAC Secretary General the Instruments of Ratification to the Treaty of Accession. DEWG on Formulation of EAC Mutual Defense Pact was convened and prepared comprehensive report on benchmarking visits in July 2016.
- c) Zero Draft EAC Mutual Defense Pact was approved by the Sectoral Council on Cooperation in Defense in December 2016.
- d) Enhancement of Military Training: harmonization of training doctrines and syllabi was done in four (4) Partner States for Command and Staff Colleges, and for five (5) Partner States for Cadet Academies. EAC Armed Forces Field Training Exercise **USHIRIKIANO IMARA** 2016, was conducted in November 2016;

Budget Execution

The budget approved for Defense Liaison for FY 2016/17 was US\$523,002, and the budget expenditure stood at US\$495,595.37, hence budget execution of 95%.

3.5 Legal and Judicial Affairs

The Legal and Judicial Department is established under Article 69 of the Treaty and is responsible for Legislative Drafting and Parliamentary Services; advisory services and litigation; agreements and legal instruments; and corporate secretarial services among others.

In the wake of strengthening the service support of the EAC sectors, the Department planned to harmonize five laws touching on the common market protocol; provision of support to all organs and institutions through a number of bills to be drafted; and to establish and implement the institutional capacity building and training programmes.

The key achievements registered were as follows;

The Department facilitated finalization of a number of Bills for assent by the Summit to include (i) the EAC Customs Management (Amendment) Bill, 2016; (ii) the EAC Appropriation Bill, 2016; (iii) the EAC Supplementary Appropriation Bill, 2016; (iv) The East African Community Persons with Disabilities Bill, 2016; and (v) the EAC Disaster Risk Reduction and Management Bill, 2016. Also achieved is successful development of the East African Monetary Institute (EAMI) Bill and East African Statistic Bureau Bill, which have been cleared by the Council of Ministers for onward submission to the East African Legislative Assembly (EALA) for consideration.

It is also worth noting that four (4) model laws were drafted on Intellectual Property Genetic Resources; Geographical Indications; Traditional Cultural Expressions; and Folklore and on Layout Designs of Integrated Circuits. Further, a meeting of the Task Force on Harmonization of National Laws in the EAC Context was carried out in August 2016. The meeting drafted 4 Intellectual Property Model Laws relating to Genetic Resources, Geographical Indications, Traditional Cultural Expressions and Folklore; and Layout Designs of Integrated Circuits).

Numerous legal opinions have been provided by the Legal Department on various issues relating to all the pillars of EAC integration, namely, Customs Union, Common Market, Monetary Union and Political Federation. Legal opinions were also given on other matters relating to human resources and administration-concerning interpretation and application of both the staff and financial rules and regulations.

Moreover, the Department forwarded the following Bills to the Assembly for approval (i) the EAC Customs Management (Amendment) Bill, 2016; (ii) the EAC Appropriation Bill, 2016; (iii) the EAC Supplementary Appropriation Bill, 2016; (iv) the East African Community Persons with Disabilities Bill, 2016; and (v) the EAC Disaster Risk Reduction and Management Bill, 2016. We can notice that those bills have been assented during the 18th Summit of head of states in May 2017.

Budget Execution

The budget approved for the Legal and Judicial Affairs was US\$246,901, coupled with total expenditure of US\$95,749, hence budget execution of about 39%.

Challenges and Recommendations

Planned trainings were not conducted due to lack of fund, and the Model laws have taken too long to be finalized also due funding challenges.

3.6 Corporate Communications and Public Affairs

The Department of Corporate Communications and Public Affairs (CCPAD) is responsible for increasing public awareness of the EAC and its projects and programmes. The Department derives its mandate from Article 71 of the Treaty for the Establishment of the EAC (Functions of the Secretariat), Section 1 [f] which states that *the Secretariat shall be responsible for "the general promotion and dissemination of information on the Community to the stakeholders, the general public and the international community."*

In the period under review, the Department planned to: enhance Popular Participation of the Citizenry in the EAC integration process, and; to implement the EAC Communication Policy and Strategy by June 2017.

The key achievements made during Financial Year 2016/2017 were:

a) Enhancement of Popular Participation of the Citizenry in the EAC integration process

The EAC Secretariat through the Department sensitized 204 students, and 100 government officials and foreign dignitaries who visited the EAC Headquarters on study tours; trained 25 media practitioners from media houses in five EAC Partner States on EAC integration process; printed and distributed 2,000 copies of the Community Magazine (Issue 27); and Improved real time response to enquiries and comments by 71% which is an average of 1 day on social media channels. Social Media users increased to reach the following levels: Twitter-38,174; Facebook Group-6,559 followers; Facebook Page-7,842 followers; Facebook Group for Journalists on East African Affairs-515 members; EAC Media Centre (Twitter)-890; and Instagram-85.

Also conducted is Kiswahili conference campaign, #EAKC (promoting Kiswahili as the Lingua Franca); JAMAFEST campaign-#JAMAFEST2017; and EAC Website attained an average 4,500,000 million hits per month, about 94.3% Website uptime.

The Department designed and printed 4 Generic Banners; 150 copies of the EAC Trade and Investment Report 2015; conducted five (5) Press Conferences; Issued fifty (50) Press Releases; and three (3) editions of the e-Newsletter, as well as five (5) Internal News Briefs.

b) Implementation of the EAC Communication Policy and Strategy

A Concept Note for the EAC Media Excellence Awards for community-based media in the region was developed but the initiative was not launched due to unavailability of funds.

Budget Execution

The budget approved for the Department for FY2016-17 was U\$676,375, coupled with the budget execution of US\$72,643, about 11% of the approved amount.

Challenges and Recommendations

Due to unavailability of funds, the Department was unable to provide Public relations (PR) Management Support in terms of coordinating media briefings and coverage, especially for events held outside the EAC Headquarters in Arusha, Tanzania. The Department was also unable to participate in any of the Trade Fairs in the Partner

States. The EAC Media Excellence Awards for community-based media initiative was not launched due to unavailability of funds.

The Department recommends for additional allocation of funds by Partner States for its core planned activities, particularly the provision of PR Management Support to EAC events; production of infomercials and public education programmes on EAC integration, and; outreach programmes, notably sensitization and participation in Trade Fairs and Exhibitions in the Partner States.

4 The Office of Deputy Secretary General - Planning and Infrastructure

The Office of the Deputy Secretary General - Planning and Infrastructure is responsible for the following sectors: infrastructure development comprising of Roads, Railways, Civil Aviation and Airports; Meteorology, Information and Communication Technology; Monetary, Fiscal, Financial Sector development, harmonization of regional statistics, Private Sector Investments; and Strategic Planning and Monitoring Evaluation of EAC projects and programmes.

4.1 Regional Planning

4.1.1 Planning and Research

Planning and Research activities entail coordination of preparation of the Community's short, medium and long-term strategic and operational plans, research for policy analysis, and coordination of development and implementation of quality assurance programmes for improved processes.

During the FY 2016/17, the Planning and Research Unit focused on: - monitoring and reporting on implementation of the Common Market Protocol to inform policy decisions in collaboration with the Monitoring and Evaluation Unit; strengthening the planning, research, monitoring and evaluation functions for enhanced efficiency in operational planning and budgeting; operationalization of the EAC Policy Research Unit; and implementation of the EAC Secretariat Quality Management System.

a) Coordination of the implementation of the EAC Common Market Protocol

During the period under review, the EAC Secretariat and Partner States intensified efforts to expedite the realization of the commitments under the EAC Common Market Protocol. A number of Partner States' National Laws were amended to comply with the EAC Common Market Protocol. Further, a total of 104 Standards were approved by the SCTIFI in June 2017, as East African Standards and 108 international Standards were endorsed for adoption by the Partner States in accordance with the EAC procedures.

This brings to date, the cumulative number of harmonized standards to 1,428 for the period 2000 - to June 2017. Of the 1,428 Standards, five hundred and seven (507) are indigenous, designated as East African Standards and the nine hundred and twenty-one (921) are international Standards agreed upon and endorsed for adoption by the Partner States.

Following the establishment and operationalization of the EAC Competition Authority, the EAC Competition Authority Commissioners were appointed by the 34th Meeting of the Council of Ministers held in September, 2016.

In regard to the implementation of the EAC Competition Authority, the Republic of Burundi adopted the Competition Law No. 1/06, 25th March 2010; the regulation framework is still waiting for the Cabinet approval. The Republic of Kenya and the United Republic of Tanzania have established their Competition Authorities. The Republic of Rwanda's Law operationalizing the RICA was gazetted and relevant regulations are being drafted to operationalize the Competition Authority. The Republic of Uganda reported that the drafting of the Competition and Consumer Protection Bills were completed and consultations to provide a basis for regulatory impact assessments are on-going.

A zero draft EAC Labor Migration policy has been developed. The finalization of the harmonized classification of Entry/work/residence permit fees/procedures is awaiting consultations on the category of refugees and NGOs; harmonized entry/work/resident application forms were developed.

Mutual Recognition Agreements (MRAs) had been signed for Accountants, Architects, Engineers and Veterinarians. Negotiations of MRA for Land Surveyors has been concluded waiting signing. Furthermore, the Study on the effectiveness of MRAs was undertaken.

b) EAC Common Market Scorecard 2016

In an effort to expedite implementation of the EAC Common Market Protocol provisions, the EAC Secretariat in collaboration with Trademark East Africa and the World Bank Group developed the EAC Common Market Scorecard (CMS) - a framework that monitors the implementation of the Protocol by tracking progress of Partner States in fulfilling their commitments as provided in the Protocol. During the period under review, the 2nd CMS 2016 covering the free movement of goods, services and capital was launched. The CMS 2016 findings indicate that Partner States are lagging behind in implementing the Protocol due to a number of factors, particularly lengthy procedures for amending national policies, laws and regulations to conform to the Protocol and lack of a concrete implementation plan, among other factors. The EAC CMS 2016 process concluded with development of an action plan for implementation of the recommendations both at national and regional levels.

c) EAC Priority Interventions for the Financial Year 2017/18

The following key priority areas for the FY 2017/18 were approved by the 34th Meeting of the Council of Ministers: -

- i) Consolidation of the Single Customs Territory (SCT) to cover all imports and intra-EAC traded goods including agricultural and other widely consumed products;
- ii) Infrastructural development in the region;

- iii) Further liberalization of free movement of skilled labour across the Partner States;
- iv) Enhancement of regional industrial development through investment in key priority sectors, skills development, technological advancement and innovation to stimulate economic development;
- v) Improvement of agricultural productivity, value addition and facilitation of movement of agricultural goods to enhance food security in the region;
- vi) Promotion of regional peace, security and good governance; and
- vii) Institutional transformation.

d) Formulation of the 5th EAC Development Strategy (2016/17-2021/22)

The Community continued with the process of formulation of the 5th EAC Development Strategy (2016/17 – 2020/21) during the period under review. The first draft of the Strategy was completed in June 2017, for further review and approval by the Council of Ministers and consequently adoption by the Summit of Heads of State..

e) Operationalization of the Policy Research Unit

The EAC Secretariat operationalized the EAC Policy Research Unit, with initial support from the African Capacity Building Foundation (ACBF). The objective of the Unit is to enhance development and coordination of evidence-based regional policy research in EAC. The EAC Policy Research Unit has spearheaded the formulation of the first-ever EAC Research Agenda to cover a three-year period 2017/18 - 2019/20.

The Research Agenda represents regionally agreed priorities in fields related to regional integration in which research efforts will be concentrated. The Unit has also commissioned a number of studies covering different areas of cooperation.

Budget Execution

The budget approved for the Planning and Research Department was US\$626,365 and the budget expenditure was at US\$436,733 representing budget execution of about 70%.

Challenges and Recommendations

During the period under review, the Department faced a number of challenges in the coordination and implementation of the EAC Common Market Protocol (EAC CMP), which include the slow pace at which the National Laws are being amended to comply with the EAC CMP; persistent NTBs and restrictions, which are still hindering the free movement of goods; lack of a Regional Monitoring & Evaluation Frameworks for Protocols referred to in the EAC CMP; and that the implementation of the EAC CMP provisions on social security is lagging behind. Also, inadequate data on the implementation of other Protocols referred to in the EAC Common Market Protocol hindered implementation.

There is a need to revise the CMP Monitoring and Evaluation Framework to make it user friendly, remove/amend indicators which are no longer relevant and develop new indicators to track emerging issues. There is also a need to provide adequate resources at national and regional levels to facilitate the identification and amendment of non-compliant laws and develop required regional frameworks to expedite the implementation of the EAC CMP.

4.1.2 Monitoring & Evaluation

During the financial year 2016/17, the monitoring and Evaluation planned to carry out end of term review of the 4th EAC Development Strategy; to monitor the implementation of at least 80% of EAC projects and programmes, including Summit and Council Policy Decision; and to promote regular sharing of M&E information between organs and institutions. Key achievements registered were as follows: -

a) Implementation of the Results-Based Monitoring and Evaluation System

With GIZ support, the EAC Secretariat enhanced the East African Monitoring System (EAMS) and developed three new modules to monitor Bills, Acts and Single Customs Territory.

b) Monitoring of projects, programmes including Summit and Council Decisions and directives

Bi- annual reports on the status of implementation of outstanding Council Decisions and Directives (2001-2015) were generated through EAMS and a meeting of Focal Point Officers responsible for implementation of the Summit, Council and Sectoral decisions/directives was convened in August 2016.

The meeting agreed on criteria to be applied during the assessment of outstanding Council Decisions and Directives, the criteria which were approved by the 34th Meeting of the Council of Ministers.

Budget Execution

The approved budget for Monitoring and Evaluation Unit was US\$305,286, coupled with budget expenditure of US\$167,277 which accounted for 55% of the approved budget.

4.2 Statistics Development and Harmonization

During the financial year 2016/17, the Statistics Department planned to develop a Regional Framework for Compilation of Harmonized Statistics necessary for operation of the EAC Common Market and East African Monetary Union (EAMU); to put in place a database of regionally comparable statistics necessary for operation of EAC Common Market and EAMU and to establish a regional statistical system. To this effect, two Sectorial compilation frameworks/guidelines have been developed and an action plans for harmonization of 5 sectorial statistics were developed and are under implementation. Concerning database, the Open Data Platform under the African Information Highway was adopted and successfully migrated to a new data dissemination portal. An EAC Regional Statistics policy was also developed and adopted by the Council and a Draft Bill for establishing the East African Statistics Bureau was developed and adopted by the Council, awaiting enactment by East African Legislative Assembly (EALA).

Budget Execution

The budget approved for the Statistics Department was US\$362,764 and by end of FY 2016/17, budget expenditure was US\$205,854, representing budget execution of 57%.

4.3 Harmonization of Fiscal and Monetary Policies

During the fiscal year 2016/17, the Secretariat implemented various activities aimed at laying a foundation for the establishment of the East African Monetary Union (EAMU). The envisaged Monetary Union is expected to be in place in 2024 with the introduction of a common currency to replace the national currencies and the establishment of a regional central bank. The transition to the East African Monetary Union is conceptualized as a two-phase process. In the initial convergence phase, the Partner States are to work towards achieving preconditions designed to limit the union's exposure to internal economic strains. These preconditions include, among others, the establishment of institutions to support the Monetary Union and harmonization of monetary and fiscal policies and practices.

During the period 2016/17, there were three key priorities set in the Annual Operational Plan (AOP) in the area of fiscal and monetary affairs.

First, was the modernization of monetary policy formulation and implementation by the EAC central banks to support the transition to a forward-looking monetary policy framework as prerequisite for establishment of the East African Monetary Union. Second, was the harmonization of fiscal policies and domestic tax regimes in the EAC region.

Final key priority was the development of legal instruments for the establishment of institutions for supporting the Monetary Union, as provided for in the EAMU Protocol. Key achievements registered over the period under review include: -

a) Establishment of Regional Technical Working Group (RTWG) for implementing EAC Code of Conduct and Guidelines for Designated Market Makers for Government Securities

As part of modernizing Monetary Policy Frameworks in the region, the EAC central banks developed the Code of Conduct for Designated Market Makers for Government Securities (DMMGS) in order to promote efficient market practices by providing comprehensive standards and best practices. The Codes of Conduct include business conduct, detailed processes and reporting requirements and were discussed and endorsed by the 20th Meeting of the Monetary Affairs Committee, which was held in Kampala Uganda in July, 2017. The meeting recommended the implementation of the Codes of Conduct by all Partner States. To facilitate such efforts, a Regional Technical Working Group (RTWG) for implementing the EAC Codes of Conduct and Guidelines for Designated Market Makers for Government Securities was established in September, 2017 to fast-track the implementation and adoption of the Codes of Conduct by all EAC Partner States.

b) Coordination and Harmonization of Fiscal Policy

The EAMU protocol provides for coordination and harmonisation of fiscal policies during the transition to the Monetary Union, which according to the EAMU roadmap is to be achieved by 2018. Some marked achievements were made in this front during the period under review. Two policy documents were developed to guide the process of tax harmonization; namely the EAC Tax Treaty Policy, which was developed to provide a policy framework for the EAC Model Tax Treaty to guide future treaty negotiations by the EAC Partner States; and the EAC Model Tax treaty which is expected to further develop Partner States' economic relationship and to enhance cooperation in tax matters in order to eliminate double taxation without creating opportunities for tax evasion or avoidance. The two policy documents were discussed and endorsed by the 7th Meeting of the Sectoral Council on Finance and Economic Affairs (SCFEA), which was held in Arusha in May, 2017.

c) Developed Legal Instruments for the Establishment of Institutions to Support the East African Monetary Union (EAMU)

During the period under review, some achievements were made towards the establishment of EAMU institutions. Bills for the establishment of the EAC Monetary Institute and the EAC Bureau of Statistics were adopted by the 35th meeting of the Council of Ministers held in March, 2017 (The two Bills were forwarded to Legislative Assembly (EALA) for consideration and enactment.

The Bill for the establishment of EAC Surveillance, Compliance and Enforcement Commission was considered and adopted by the 7th Meeting of Sectoral Council on Finance and Economic in May, 2017.

d) Organized the EAC-EU-IMF Conference on regional integration in the EAC – Making the most of the common market on the road to monetary union:

The East African Community (EAC) Secretariat, the European Union (EU), and the International Monetary Fund (IMF) jointly organized a high-level conference entitled "*Regional Integration in the EAC: Making the Most of the Common Market on the Road to a Monetary Union*" in Arusha, Tanzania on October 31–November 1, 2016. Discussions focused on progress in implementing Customs Union and Common Market so far, steps for strengthening them, and the prerequisites for an effective transition to East African Monetary Union (EAMU).

The Conference brought together Finance Ministers and Ministers in charge of regional cooperation, Central Bank Governors, other senior policymakers, regional capital markets regulators, academics, civil society, and private sector leaders from across EAC member countries, as well as senior representatives from international financial institutions and other monetary unions. Policymakers of the EAC region reaffirmed their commitment to build a strong economic and monetary union.

Participants assessed the current state and pace of economic integration since the inception of the Customs Union in 2005 and the Common Market in 2010. Participants noted considerable progress towards a single-entry visa, processing times at ports, and removal of internal tariffs. As indicated in the second EAC Common Market Scorecard 2016 which evaluates Partner States' compliance to the free movement of capital, services, and goods, private sector representatives in particular underlined the need for further progress in the areas of non-tariff barriers, rules of origin, tax administration and

harmonization, automation of trade process, and labor mobility to facilitate trade of goods and services further. Given experiences in other regions, sequential harmonization could be pursued in implementing the single customs territory and tax harmonization. It was also noted that accountability and ownership are critical to a successful integration process.

Much as considerable progress has been made in financial sector integration, including integration of the payment systems and financial markets, participants noted still high compliance cost in light of different regulations in member countries. On the Fintech front, however, the EAC region is ahead of many other countries in the world. The importance of proper sequencing and pace of financial integration was stressed in light of risks involved.

Under the theme "*The Road toward a Monetary Union*," the status of macroeconomic convergence in the EAC was discussed. Participants acknowledged that fiscal deficits need to be brought down to meet the convergence criterion and to ensure the stability of the future monetary union. Convergence goes beyond headline fiscal deficits and public debt, and fiscal risks need to be monitored closely. Moreover, further progress is needed in data harmonization and monetary policy frameworks and operations, and there is a need to establish the new institutions that will play a key role for the implementation and resilience of the union.

The program, speeches and presentations to the conference are available at: <http://www.imf.org/en/News/Events/Regional-Integration-in-the-EAC>



Budget Execution

The budget approved for the Monetary and Fiscal Affairs Department was US\$9,881,593, marked with budget expenditure of US\$2,029,123, thus representing budget execution of just 21%.

Challenges

During the period under review, the Community continued to face financial difficulties. All activities financed under Partner States budget were implemented but activities earmarked under Partnership Fund were not implemented because such funds were not available. Also, the establishment of East African Monetary Institute, which was envisaged to take place by December, 2016 was not possible, partly due to lack of funds and also due to the lengthy process of decision making in the structure of the Community.

4.4 Investment and Private Sector Promotion

During FY 2016-17 the Department responsible for Investment and Private Sector Promotion planned to undertake the following activities: development of an EAC Investment Report; convene a Secretary General Forum for private sector; participate in regional/international fora to promote EAC business image; convene meeting of Investment Promotion Agencies (IPAs) to create synergy and a regional investment promotion agenda; and carry out three stakeholder roundtable meetings to promote Public Private sector dialogue, as well as holding meeting of Sectoral Committee on Investment to provide policy guidance on investment matters.

In the period under review, the Department heavily suffered due to the late disbursement and non-disbursement of funds from donors as the Department is mainly supported by donors to the tune of 99% of its activities. However with the limited the resources the Department undertook to implement the dialogue framework for engagement of the private sector in the integration process to enhance private sector participation in the integration and come up with appropriate recommendations to improve the EAC business environment. It also participated in various fora to promote EAC as an ideal investment destination by showcasing the available investment opportunities. In efforts of promoting the region as a single investment destination, an investment guide highlighting the investment climate and investment opportunities was produced. Key achievements attained during the period under review include among others:-

a) Inaugural of East Africa Entrepreneurship Conference and Exhibition 2016.

The inaugural of East Africa Business and Entrepreneurship Conference and Exhibition was held in Nairobi from 10th -13th October, 2016. The event was co-organised with the East Africa Business Council and with the support of the Federation of German Industries (BDI). The theme of the event was “Scaling **up the bonds of integration through Entrepreneurship**” and aimed at recognizing the importance of entrepreneurship in transforming the livelihood of East Africans and find solutions to the impediments affecting investments in the region. The event attracted participation of high-level government officials, prominent business personalities from the region, entrepreneurs and investors. More than 300 participants from 14 countries came for the

event. A special emphasis was put on women entrepreneurs, as they are seen as the group of entrepreneurs with the highest growth potential. A number of policy recommendations were made that will go a long way in creating an enabling environment for businesses and promoting the region as a single investment destination.

b) Development of Continental Framework for private sector participation in transboundary infrastructure development in Africa

The Department participated in the inception meeting and the validation workshop held in Addis Ababa and Nairobi Kenya in June and November, 2016 respectively for the development of a continental operational framework for engagement of the private sector in the transboundary infrastructure development in Africa.

This is in line with the request by the Heads of State in 2013 for a comprehensive study of the available domestic resources be undertaken that could be used to fund Africa's development.

The study shows that Africa has a good potential to raise enormous domestic resources and identified nine instruments through which African countries exploit. Further, in January 2015, the 24th Ordinary Session of the Assembly of the Heads of State of the African Union, in Addis Ababa, took a decision calling on ECA, NEPAD Agency, the RECs and other relevant stakeholders, to propose a regional framework to harmonize policies, laws and regulations pertaining to private sector investment in transboundary infrastructure projects. A common regional framework for policies, laws and regulations on private sector investment in transboundary infrastructure projects has been developed and will be considered by all Heads of States in the next African Union Summit.

It is worthy to note that a continental framework for private sector participation in the transboundary projects is in place after validation by stakeholders and awaits consideration by the African Union Heads of States. The framework provides for harmonization of policies, laws and regulations on private sector investment in transboundary infrastructure projects.

c) Facilitation of the 14th UNCTAD Trade and Investment Conference

The 14th session of the United Nations Conference on Trade and Development (UNCTAD 14) was held in Nairobi, Kenya, from 17 to 22 July 2016. It was the second time the Conference was held in East Africa. It has taken 40 years from the last time the event was held in East Africa. UNCTAD-14 is the first major conference after the adoption of some truly historic agreements in 2015 "agreements which promise to secure the prosperity that we seek.". The meeting brought together Heads of State, ministers and other prominent players from the business world, civil society and academia, to tackle global trade and economic development issues. The theme of the event was '*From Decisions to Actions*'. The Conference featured ministerial debates, high-level round tables, and thematic events, a World Investment Forum, a Global Commodities Forum, a Youth Forum and a Civil Society Forum, among other events.

d) Facilitation of the 5th Secretary General (SG's) Forum

The 5th SGs Forum was held in Bujumbura, Burundi from 22nd to 23rd June 2017. It attracted participation ranging from youth ambassadors, civil society and private sector.

The theme for the 5th SG's Forum was "*15 Years of the EAC: Towards a Borderless Community*". The forum provided an opportunity for private sector in identifying barriers to regional integration and ensure enhanced stakeholder participation and inclusivity in the widening and deepen of the integration process. The 5th SG's Forum created space in which all stakeholders in the integration process were able to take stock of the progress towards the "one destiny of the EAC" highlighting the challenges and success stories in the last 15 years and workout a coordinated strategy towards a common future of political integration and borderless community. The Forum came up with recommendations on addressing the challenges that are presented to Sectoral Council of Ministers responsible for EAC Affairs and Planning for consideration and guidance.

Budget Execution

The budget approved for the Department of Investment and private Sector Promotion was US\$204,445, with budget expenditure of US\$50,987, thus recording budget execution of around 27%.

Challenges

The main challenge that the Department faced was mainly the unavailability of financial resources.

4.5 Regional Infrastructure Development

4.5.1 Transport and Works

Articles 90 and 91 provide the mandate for the Department of Transport and Works, which is to coordinate development programmes for road and rail transport infrastructure and services in the Community

With objective to develop regional Infrastructure to support the EAC integration process, the Department planned to execute the following activities: implement the harmonized Axle Load limit of 56 Tones; harmonize national road standards, specifications and regulations; prepare and present at least five regional projects to development partners for investment; complete three (3) studies on new corridors; establish a Regulatory Authority as an institution of the EAC; and to prepare the 4th EAC Heads of State Retreat for Infrastructure Development and Financing.

In respect to infrastructure development, especially on transport infrastructure to ease movement of goods within the region; a number of initiatives were realized. These include progress in regional railways development; the conclusion, consideration and approval regulations to support implementation of the Vehicle Load Control Act (VLC Regulations); the entry into force of the VLC Act following the signing of the Commencement Instruments by the Chairperson of Council; and the adoption of the East African Community Standardized Curriculum for Drivers of Large Commercial Vehicles by the 34th Meeting of the Council. With funding from the African Development Bank (AfDB), the Secretariat commenced feasibility studies and detailed engineering designs for two multinational road projects, one linking Tanzania and Rwanda and the

other linking Tanzania and Burundi. Furthermore, the Secretariat secured financing from AfDB for feasibility studies, detailed engineering design and design reviews for a 211km road linking Tanzania with Uganda. More details of the achievements are as follows:

a) Regional Railways Development

The construction of the Mombasa-Nairobi Standard Gauge Railway (SGR) line in Kenya was completed and inaugurated on 31st May, 2017, and the Phase II from Nairobi to Naivasha is ongoing and expected to be completed by 2019. These are backbone lines for the Mombasa-Nairobi-Kampala-Kasese/Kigali and Tororo-Pakwach/Gulu-Nimule-Juba SGR project along the Northern Corridor. For the Central Corridor, the Dar es Salaam-Isaka-Kigali/Keza-Musongati SGR project is underway. The construction of the Dar-es-Salam-Morogoro section commenced in April, 2017, as Phase I, while for phase II (Morogoro – Makutupora), the project is due to be launched in March 2018 and the construction has commenced.

The Secretariat completed the EAC Railways Sector Enhancement Project study in August, 2016. The study identified quick wins to be followed up and has further made detailed recommendations on new priority lines and has also proposed institutional reforms aimed at improving the railways sector in the region. In line with the above study and to facilitate the development and operation of seamless, safety and efficient railway transport services in the region, the Secretariat has developed technical specifications for rail infrastructure and appropriate regulations for safety, interoperability and access management. These await the development of appropriate legal frameworks to anchor their implementation. Upon the adoption of the study by the council, the Secretariat would be mobilizing resources to support the recommendations therein the study including, but not limited to, soft issues and detailed design studies for selected EAC railway projects and overall railways infrastructure policy harmonization.

In conformity to the African Union (AU) Agenda 2063, the Heads of State are desirous to interconnect capital cities in Africa with high speed inter-city railways with operating speeds of up to 250 km/hour through a project known as “*The Continental African High Speed Railway*.” The AU Commission, in collaboration with Regional Economic Communities and Member States, commenced preparation of a pre-feasibility and feasibility study on the project in January 2017. The EAC is a member of the Implementation Committee for this project.

b) Implementation of the Harmonized Axle Load limit of 56 Tones

The Instruments of Commencement of the Act were signed by the Chairperson of Council and the Vehicle Load Control Regulations covering Enforcement Measures and Transport of Awkward and Hazardous Loads were developed and adopted by the SCLJA in December 2016.

Following the commencement of the Act, and considering the need for stakeholder sensitization, the Secretariat commenced the process of printing the Act and its Regulations for subsequent distribution to stakeholders.

c) Harmonization of National Road Standards, Specifications and Regulations

The East African Community Standardized Curriculum for Drivers of Large Commercial Vehicles was completed and adopted by the 34th Council of Ministers. Partner States have commenced implementation of the curriculum. The legal instrument to underpin the implementation of the curriculum is under development.

d) Preparation and presentation of at least five regional projects to Development Partners for investment

Feasibility studies and detailed engineering designs for two multinational roads commenced, namely: Lusahunga – Rusumo / Kayonza– Kigali(Tanzania/Rwanda) and Nyakanazi – Manyovu / Rumonge – Bujumbura (Tanzania/Burundi). Funding for preparation of one regional road project i.e. Masaka – Mutukula / Bugene – Kasulo, linking Tanzania and Uganda was secured from the AfDB.

e) Completed three (3) Studies on new corridors

The feasibility studies and design for the Malindi – Bagamoyo road were completed. The project awaits commitment from Development Partners for funding the construction.

f) Establishment of a Regulatory Authority as an Institution of the EAC

Funding proposals for a comprehensive study on the institutional issues were prepared and submitted to Development Partners for consideration.

g) Conduction of the 4th EAC Heads of State Retreat for Infrastructure Development and Financing

The Consultant to prepare documentation for Heads of State Retreat on Infrastructure Development and Financing was engaged and documentation for the Retreat were prepared.

Budget Execution

The approved budget for the Department of Transport and Works was US\$1,784,671, with budget expenditure of US\$688,802; hence budget execution of 39%.

Challenges

Low budget absorption on new corridors studies and construction, due to lack of activities, since the phase 1 was completed and phase 2 had not commenced.

The Retreat of Heads of States did not take place due to postponement of the Summit and was re-scheduled to early, 2018.

4.5.2 Meteorology

The mandate of the Department of Meteorology is to coordinate cooperation programmes in meteorological services among Partner States, in accordance with Article 100 of the Treaty.

During the financial year 2016-2017, the Department planned to undertake the following activities: establishment and operationalization of maritime search and rescue coordination centre for Lake Victoria; rehabilitation of Lake Victoria Ports; implementation of the Five Year Meteorological Development Plan and Investment Strategy 2013-2018; development of EAC Maritime Transport Strategy; and enhancement of capacity in weather and climate analysis. Also planned include, putting in place short, medium and long-range forecasting; harmonization of the Port Procedure Manual for EAC seaports; and to ensure that regional seaports meet international standards in infrastructure and services. Among key achievements include:

a) Establishment and operationalization of Maritime Search and Rescue Coordination Centre (MRCC) for Lake Victoria, rehabilitation of Lake Victoria Port

The Secretariat, in collaboration with LVBC, requested for funds for the MRCC from the African Development Bank (AfDB). Consequently, the AfDB issued the General Procurement Notice for the Multinational Lake Victoria Maritime Communications and Transport project, which contains the MRCC component. With support from the World Bank, project preparation for the Lake Victoria Transport Program under the Intermodal Strategy commenced.

b) Implementation of the Five Year Meteorological Development Plan and Investment Strategy 2013-2018

Under the Weather and Climate Information services for Africa (WISER) programme, funded by UK's Department for International Development (DFID), the Secretariat is implementing the HIGHWAY (High Impact Weather Lake System) focusing on development of a regional short term (1-5 days) severe weather early warning system around Lake Victoria led by World Meteorological Organization (WMO). The project was discussed at the meeting of the Heads of Meteorology Services held in Arusha Tanzania in June 2017. The funding was secured and project preparation meeting was held with the support of the WMO.

c) Development of EAC Maritime Transport Strategy

EAC in collaboration with LVBC developed a proposal and shared it with the AfDB for support. The Maritime Strategy will be developed as a component of the Multinational Lake Victoria Maritime Communications and Transport project, and the project was expected to commence in April 2017, following the AfDB grant of General Procurement Notice.

d) Implementation of the Protocol on Cooperation on Meteorological Services

Following the signing of the Protocol on cooperation of National Meteorological Services in April 2016 by the Ministers responsible for EAC, preparations for its implementation were marked with a number of meetings to include the meeting of the Task Force on the Protocol on cooperation of Meteorological Services that was held in Kigali in May 2017. The meeting deliberated on the roadmap on implementation of the protocol and made

recommendations for consideration by the Heads of Meteorological Services. The meeting developed operational and policy related recommendations for submission to the Sectoral Council on TCM for consideration and approval.

e) Harmonization of the Port Procedure Manual for EAC seaports

A meeting of experts in maritime transport and ports was held in Mwanza in December, 2016 which considered the status of harmonization of Ports Procedures/Operations Manuals in the EAC and status of harmonization of Port Statistics in the EAC. The Secretariat, in collaboration with Inter-governmental Standing Committee on Shipping (ISCOS), carried out sensitization workshops on implementation of the Safety of Life at Sea (SOLAS) amendment requiring weight verification for loaded export containers. The sensitization workshops sought to assist Partner States in the implementation of SOLAS amendment.

Budget Execution

The budget approved for the Department of Meteorology for FY 2016-17 was US\$71,655, was marked with total expenditure of US\$64,029, representing budget execution of 89%.

4.5.3 Civil Aviation and Airports

The Department of Civil Aviation and Airports is mandated by Article 92 of the Treaty to facilitate the realization of a safe, secure and efficient air transport systems in the region and derive maximum benefits therefrom.

For the period 2016/2017, the Department planned to undertake the following activities: realize full liberalization of Air Transport Services in the region; facilitate the integration of Communication, Navigation and Surveillance/ Air Traffic Management (CNS/ATM) systems; and coordinate the establishment of the EAC Unified Upper Flight Information Region (EAC UFIR). The details of achievements during the period under report include the following:

a) Roadmap for the operationalization of the Global Navigation Satellite System (GNSS) Programme

During the period under the review, the roadmap for the operationalization of the Global Navigation Satellite System (GNSS) Programme was developed and agreed upon by Partner States through the Committee of the Heads of Civil Aviation and Airports Authorities October 2016. Other notable achievements include the completion and adoption of the final report of the EAC UFIR study including a Five-Year Implementation Plan for Seamless operations. The report of the study and the Five-Year Implementation Plan were adopted by the 14th Sectoral Council on Transport Communication and Meteorology (TCM) in June 2017.

b) The full liberalization of Air Transport Services in the region



Stakeholder consultations on the draft Regulations for Air Transport Liberalization continued. During the 14th Meeting of the Sectoral Council on TCM, held in Kenya submitted her position on Article 8(g) on eligibility criteria for air operators *“that an eligible air operator be at least 51% owned and effectively controlled by a State Party or its Nationals or both, and/or State Parties or their Nationals or both.* Tanzania also reported her proposal to amend the Article 5 on Market access for granting freedom rights. The Sectoral Council directed the EAC Secretariat to convene the Air Transport Sub Committee in the first quarter of 2017/18 to finalize the regulations taking into consideration the positions of Kenya and Tanzania and report the progress at the 15th Meeting of TCM. The regulations seek to remove restrictions on capacity, frequencies and establishment of new traffic routes, and eventually reduce the current high Air transport cost in the region.

c) The Integration of CNS/ATM systems

The roadmap for the operationalization of the Global Navigation Satellite Systems (GNSS) Programme was developed and considered by a meeting of the Committee of the Heads of Civil Aviation and Airports Authorities in October 2016. The EAC Secretariat, in collaboration with the GNSS Joint Programme Office (JPO) coordinated various regional awareness and sensitization workshops to help develop an Eastern African Global Navigation Satellite Systems/European Geostationary Navigation Overlay Service (GNSS/EGNOS) Module, as per the roadmap approved in October 2016. In May 2017 JPO confirmed availability of funding to start the Technical and Economic viability assessment for the establishment of the Eastern African GNSS/EGNOS Module in both Aviation and Non-Aviation sectors. This activity is also planned for the next financial year as per the Joint Work Programme signed between EAC and JPO.

Budget Execution

The budget approved for the Department of Civil Aviation and Airports was US\$120,800 coupled with expenditure of US\$116,300, thus representing budget execution of 96%.

4.5.4 Communications

The mandate of the Department of Communications is provided in Articles 98 and 99 of the EAC Treaty. The Department is responsible for coordinating the formulation and implementation of development programmes for the ICT and postal sectors. The programmes encompass harmonization of policies, strategies, laws and regulations to promote availability, access to and use of ICT services in the Partner States.

For the period 2016/2017, the Department planned to undertake the following activities: development of harmonized framework for broadcast content regulation; reviewing the implementation of the EAC Framework for Roaming; development of a draft framework for harmonization of spectrum management; and development of draft EAC cross-

border interconnections regulations. Also planned include development of strategic framework for implementation of last-mile broadband ICT infrastructure; development of a framework for implementing the EAC E-Government Strategy; preparation and approval of Monitoring and Evaluation (M&E) reports on the implementation of the EAC Framework for Cyberlaws; and finalizing the development of the EAC Postal Strategy.

The key achievements registered by the sub-sector include the periodic review of the implementation of the EAC Roaming Framework and finalization of the Draft EAC Postal Development Strategy. Other deliverables include:

a) Review of the implementation of the EAC Framework for Roaming

Data and information on the implementation of the framework were collected and implementation progress reports prepared. The progress reports were considered by the 6th Meeting of Heads of Communications Regulatory Authorities and the 14th Meeting of Sectoral Council on TCM, both in June 2017. Actions to address identified challenges are under implementation.

b) Development of a draft cross-border ICT interconnection regulations

With funding from the African Union Commission, a consultant to develop the draft regulations was procured. The consultant undertook baseline assessments between October 2016 and February 2017 and prepared a baseline report that was validated by stakeholders in March 2017. It thus paved way for development of a draft regulations, which were scheduled for validation by stakeholders in July 2017.

c) Preparation of Postal Development Strategy

Draft EAC Postal Development Strategy was finalized by the 5th Meeting of the Technical Committee on Postal Services in January 2017 in Nairobi, followed with stakeholder validation sessions in Uganda, Burundi and Tanzania by May 2017. Draft Strategy will be submitted to the 15th Meeting of the Sectoral Council on TCM for consideration and approval.

Budget Execution

The budget approved for the Communication Department for FY 2016-17 was US\$433,144 though total expenditure was US\$63,591; hence budget execution of just around 15%.

5 The Office of the Deputy Secretary General – Productive and Social Sectors

The Office of the Deputy Secretary General Productive and Social Sectors contributes directly to the strategic objective of promoting sustainable social, economic and political

integration. The Office oversees functions relating to: Agriculture and Food Security; Labour, Employment and Immigration; Gender and Community Development and Civil Society; Education, Culture and Sports; Training, Science and Technology; Health; Energy; Tourism and Wildlife Management; Environment and Natural Resources; and Industry.

5.1 Productive Sectors

5.1.1 Agriculture And Food Security

During the financial year 2016-2017, the Department of Agriculture and Food Security planned to execute the following activities: promotion of key priority agricultural value chains through implementation of at least five regional projects; identify and strengthen at least five strategic value chains in the region; prepare and present at least two joint regional projects to Development Partners for funding; harmonization and implementation of Regional policies, regulations, and standards/SPS; and establishment and operationalization of effective cooperation by the Partner States in agriculture and food security including an Agricultural Development Fund. The key achievements registered include among others:-

a) Promotion of key priority agricultural value chains through implementation of at least five regional projects

Steering Committee meetings were held on Pastoralism and Drylands development to assess and provide guidance on pastoralism development in the EAC.

b) Identification and strengthening at least five strategic value chains in the region

The EAC Secretariat facilitated a benchmarking visit to International Institute of Tropical Agriculture in Ibadan, Nigeria. The aim of the visit was to share best practices among farmers and scientists on the role of biocontrol in reducing aflatoxin contamination in the food and feed value chains

c) Harmonization and application of Regional policies, regulations and standards/SPS

The first session of the technical working groups established to work on EAC harmonized pesticides management guidelines was held in September, 2016. The second session of the technical working groups established to work on EAC harmonized pesticides management guidelines was held in March/April 2017.

The process of developing EAC SPS Bill was successfully undertaken. The Bill was validated at the national and regional levels in 2016 and subsequently adopted by the Sectoral Council on Agriculture and Food Security in June 2017.

d) Establishment and operationalization of effective cooperation by the Partner States in agriculture and food security including an Agricultural Development Fund

A draft EAC Regional Agriculture Investment Plan (RAIP) was developed and reviewed by EAC Partner States in November, 2016. The draft EAC Regional Agriculture Investment Plan (RAIP) was subjected to national validation workshops in March/April, 2017. The Draft dairy regulations were formulated in October, 2016, coupled with training of 30 members of the national livestock policy hub in policy development and communication. This was followed with a meeting of EAC Animal Resources System (ARIS2) experts in November, 2016 to develop national and regional policy briefs. The reports and policy briefs developed will be finalized, printed and disseminated to sensitize and create broad awareness among policy-makers and investors on the importance and potential of animal resources. Further, the 10th Sectoral Council on Agriculture and Food Security was held in June 2017 and provided policy guidance in the sector.

Budget Execution

Approved budget for the Department of Agriculture and Food Security for the FY2016/17 was US\$1,403,480. Total expenditure amounted to US\$860,266, thus accounting for 65% budget execution.

Challenges encountered and proposed recommendations

In April 2017, USAID suspended cash advances to EAC on the grounds that EAC's financial management systems did not meet USAID requirements for cash advances. The cash advances were reinstated five months later after compliance with corrective actions spelt out by USAID. During this period implementation of planned activities was grossly affected.

In addition, from December 2016 to May 2017, activities of the Department slowed down after the departure/retirement of established staff. Only one staff was left in the Department to manage both administrative and technical matters.

5.1.2 Industrial Development

During the financial year 2016-2017, the Department planned to undertake various activities that include establishment of an institutional decision making framework for effective management of industrial development and for facilitating undertaking of joint regional projects/programmes; establishment of a regulatory framework for enhancing value addition on industrial minerals resources; formulation and adoption of SME business linkage programme; and a study on the Modalities for the Promotion of Automotive Industry in the Region, as well as Modalities for the Promotion of Textiles and Leather Industries in the EAC Region.

Also envisaged was to undertake consultancy to support drafting of the EAC Leather Strategy; implementation of the EAC Regional Pharmaceutical Manufacturing Plan of

Action (EACRPMPOA); organize the 2nd EAC Manufacturing Business Summit to attract investors in EAC priority regional industries in line with the EAC industrialization policy and strategy; preparation of a progress report on the Industrial Development Pillar of the EAC-COMESA-SADC Tripartite; and implementation of the EAC-UNIDO programme, which aims to enhance the region's capacity for industrial policy design, monitoring and evaluation. The key achievements registered include:-

a) Establishment of an institutional decision-making framework for effective management of industrial development and for facilitating undertaking joint regional projects/programmes

The Department held the 5th Sectoral Committee on Industrialization from 14th to 16th December 2016 and SCTIFI from 29th May to 2nd June 2017. The meetings gave policy direction on the interventions being undertaken by the Department.

b) Study on formulation and adoption of SME business linkage programme

The Department coordinated the undertaking of a study on SME business linkage. The study observed that MSMEs issues were widespread and multi-sectoral in nature and that many institutions/agencies were involved in implementing programmes targeting MSMEs. The study noted the need to explore specific provision of regulations/laws which should be harmonized including Taxation Laws; Licensing & Regulations; Business/Entities Registration Laws & Regulations; Consumer Protection Laws; Environmental Laws; Labor Laws; Financing laws and regulations; The by Laws/ County Laws; and Intellectual property Laws. In addition to the study report, a draft SME Charter has also been prepared. The Charter provides Partner States with a framework for creating harmonized business environment for MSMEs development in the region.

c) Study on the Modalities for the Promotion of Automotive Industry in the region and Modalities for the Promotion of Textiles and Leather Industries

The EAC Secretariat, in the wake to conduct the study on the Modalities for the Promotion of Automotive Industry undertook jointly with experts from EAC Partner States learning missions to EAC Partner States and selected countries in ASEAN (Japan and Vietnam) during September to October, 2016. The visit aimed at appreciating the status of the industry as well as collect relevant information on policies and strategies that can be applied to promote motor vehicle assembly and parts manufacturing in East Africa region. A draft study report on the learning mission was presented and discussed during experts meeting which took place in Nairobi, Kenya from 24th to 26th October, 2016. The second phase for the Automotive, as well as Textiles and Leather Action Plans were developed and generated short term policy measures that were considered by the 34th Extra-Ordinary Meeting of Council of Ministers held on 18th May 2017.

Consequently, the 18th Summit of Heads of State directed the Secretariat to submit policy briefs to the Sectoral Council on Trade, Industry, Finance and Investment (SCTIFI) for guidance in the areas of common external tariffs; duty remissions and to

undertake further work to refine the proposals and come up with actionable recommendations. The policy briefs were presented to the SCTIFI meeting of 29th May to 2nd June 2017, which further directed the Secretariat to undertake further work on refinement of the study proposals on leather & footwear and come up with actionable recommendations and submit the same to the next SCTIFI Meeting.

d) Implementation of the EAC Regional Pharmaceutical Manufacturing Plan of Action (EACRPMPOA)

The Department embarked on the preparation of the EACRPMPOA (2017-2027) through financial support of GIZ/ GFA Consultants.

The study commenced in October, 2016 and a draft plan developed and validated during regional meetings held from 6th to 8th February 2017 and national stakeholders' forum held in all the EAC Partner States between 13th June to 12th July, 2017. The draft report was then planned for validation in August 2017 for further consideration by the Sectoral Committee on Industrialization and SCTIFI. Further, the EAC Secretariat convened the 1st International High Level Multi-Stakeholders Conference on Promoting Pharmaceutical Sector Investments in the East African Community (EAC) from 2nd to 4th November 2016, in Nairobi, Kenya. The overall objective of the workshop was to develop a common and shared vision for promoting investment in pharmaceutical manufacturing sector.

e) Conduct 2nd EAC Manufacturing Business Summit

The 2nd East African Manufacturing Business Summit (EAMBS) was held from 23rd to 25th May 2017 in Kigali, Rwanda. The Summit made resolutions, which are to be considered by the Sectoral Committee on Industrialization and SCTIFI to be held in November 2017. The Summit was held within the context of the EAC industrialization policy and strategy to attract investors in EAC priority regional industries.

f) Progress Report on the Industrial Development Pillar of the EAC-COMESA-SADC Tripartite

The 5th meeting of the Tripartite Sectoral Ministerial Committee (TSMC) took place from 28th to 29th October 2016, while that of the 4th Meeting of the Tripartite Council of Ministers took place on 30th October 2016 in Nairobi, Kenya. The Council approved the Draft Framework for Cooperation and Work Programme/Roadmap of the Industrial Development Pillar and urged the Tripartite Task Force (TTF) to mobilise resources for the implementation of the Work Programme/Roadmap of the Industrial Development Pillar and report to the next meeting of the TSMC. In addition, the African Development Bank (AfDB) is providing support to the Tripartite Industrial Development Pillar.

The AfDB support aims at strengthening of industrial Statistics capacities in member states; support for regional value chains for agro-processing, mineral and extractive

industries, and pharmaceuticals; and strengthening Research and Development (R&D), Technology and Innovation Systems.

g) Implementation of the EAC-UNIDO Programme

The SCTIFI meeting of 22nd May 2015 noted that UNIDO through financial support by the Government of Korea, and in collaboration with the EAC Secretariat was implementing a joint programme on "*Strengthening Capacities for Industrial Policy Formulation and Implementation in the East African Community*". The support aims to enhance the region's capacity for industrial policy design, monitoring and evaluation. The region's capacity was enhanced in four training modules covering application of UNIDO Competitive Industrial Performance Index (CIP); Industrial Performance Drivers & Manufacturing Employment; and Designing an Effective Industrial Policy. Further, the EAC Industrial Competitiveness Report was prepared, with the objective of informing decision-makers and other stakeholders on the developments of the industrial sector in the EAC region. The report provides a synopsis of competitiveness of the industrial sector, the growth dynamics among Partner States, and a set of policy recommendations to help bolster industrial competitiveness.

Budget Execution

The budget approved for the Department of Industry for FY 2016-17 was US\$275,775 with budget expenditure of US\$74,550; hence budget execution of just 27%.

Challenges

The main challenges for all the activities was unavailability of funds from Partner States.

5.1.3 Tourism and Wildlife Management

The Department of Tourism and Wildlife Management is charged with the responsibility of coordinating activities on development and marketing EAC as a single tourist destination, as well as development of a coordinated approach to management and conservation of wildlife resources.

To this end, the Department planned to implement a number of activities during the financial year 2016-2017. These included coordinating joint promotion at the two major annual international tourism trade fairs, that is World Travel Market in London and International Tourism Bourse in Berlin; explore new markets in Asia through joint participation at tourism exhibitions; and production and distribution of tourism promotional DVDs, brochures, branded bags, folders, banners and pens. Other initiatives include; introduction of the East African Tourist Visa; common approach in conservation and management of wildlife; finalization of Protocol on cooperation in Tourism and Wildlife Management; review training programme and other material for EAC Assessors of tourist accommodation establishments and restaurants; and develop model policies for tourism and wildlife sectors. The Department also aimed at developing guidelines and code of conduct to facilitate cross border tour operations; undertake a tourism study to identify key strengths and selling points; and establish EAC Fund for Tourism and Wildlife Sectors. The Department thus made the following key achievements:-

a) Joint Promotion at International Tourism Trade Fairs

EAC undertook joint tourism promotion at the World Travel Market (WTM) - London in November 2016 and at International Tourism Bourse (ITB) in Berlin in March 2017. During the events Ministerial interviews were conducted and distributed to the market through YouTube and media houses in the UK, Germany and the rest of Europe. In addition, joint press statements by the Chair of the Sectoral Council on Tourism and Wildlife Management were made on regional collaboration to combat negative travel advisories and projecting the region as a secure destination that is endowed with wonders and opportunities.

b) Production and Distribution of Tourism Promotional Material

Promotional materials that included 1,000 updated tourism promotional DVDs, 1,000 brochures, 1,000 pieces of branded bags, folders and pens were distributed to key travel agents, tour operators and consumers during WTM and ITB.

c) Common Approach in Conservation and Management of Wildlife

A strategy to combat poaching and illegal trade in wildlife and wildlife products was formulated and validated by a meeting of experts held in December 2016. The Strategy was considered and approved by the 7th Sectoral Council on Tourism and Wildlife Management that took place in March 2017.

d) Adoption of Protocol on Cooperation in Tourism and Wildlife Management:

Sectoral Council on Tourism and Wildlife Management (SCTWM) considered the comments on the draft Protocol given by Sectoral Council on Legal and Judicial Affairs (SCLJA). SCTWM directed that Legal and Technical Experts review the Protocol in light of the comments by SCLJA and submit report to the 8th Meeting of the sectoral council on Tourism and Wildlife Management.

e) Review EAC Marketing Strategy:

The 7th Meeting of the Sectoral Council on Tourism and Wildlife Management established a sub-sectoral committee on Tourism to fast track review of the marketing strategy among other pending tourism-related activities.

Budget Execution

During the financial year 2016/17, the budget approved for the Department of Tourism was US\$355,875 and the budget expenditure at 30th June 2017 was US\$120,797.5; hence budget execution of just 34%.

Challenges and Recommendations

The main challenge encountered by the Department is the lack of adequate funds, which affected activities already planned for the period under review. In addition, the Department is constrained with lack of adequate staff who would ensure implementation

of all planned activities. The proposed recruitment of a Senior Wildlife Officer is still delayed by the on-going institutional review.

To address the challenge of adequate funding, it is recommended that intensive resource mobilization to support Departmental activities be undertaken. It is also recommended that technical assistance from relevant Development Partners be sought. In this regard, it would be imperative for EAC to seek partnership with tourism and wildlife related international agencies such as United Nations World Tourism Organization. A Tourism Study that provides insights into key strengths and unique selling points for the EAC should be conducted. This will inform on the areas of interventions that can ensure effectiveness in developing and marketing the region as a single tourist destination.

5.1.4 Environment and Natural Resources

The Department of Environment and Natural Resources is charged with coordinating the implementation of Chapter 19 of the Treaty for Establishment of the East African Community (EAC). Under Chapter 19 of the Treaty, Partner States agree amongst other things to undertake through environmental strategy, to co-operate and co-ordinate their policies and actions for the protection and conservation of natural resources and environment against all forms of degradation and pollution arising from developmental activities. The activities undertaken by Environment and Natural Resources Department seek to develop and strengthen the regional and sustainable productive sectors to support regional and global integration process.

During financial year 2016-2017, the Department planned to achieve a number of activities that include strengthening EAC's Institutional and financial capacities for Environment and Climate Change Adaptation and Mitigation; operationalization of Climate Change Coordination Unit; developing EAC Natural Resource Management and Biodiversity Policies and strengthening capacities; and strengthening the Resilience and Sustainable Management of Biologically Significant Trans-boundary Fresh Water Ecosystems. Also envisaged include the need to finalize harmonization of Biosafety policies and guidelines on Genetically Modified Organisms (GMOs); formulating TORs for development of EAC Water Policy and Integrated Water Resources Management; and implementation of EAC Disaster Risk Reduction and Management Strategy. Further, the Department planned to develop a regional policy on management of plastic and plastic wastes; development of regional mechanism on the management of plastic and plastic wastes; and developing an EAC electronic waste management framework. Among key achievements include:-

a) Strengthened EAC's Institutional and Financial Capacities for Environment and Climate Change Adaptation and Mitigation

Draft EAC Information and Knowledge Management Strategy was developed, coupled with the design of the Web Portal to facilitate dissemination of the climate information in conjunction, the roadmap for the implementation of the Paris Agreement was revised, including development of Terms of Reference for the Multi-Sectoral Technical Task

Force on Environment and Natural Resources Management. In November 2016 EAC participated and showcased the achievement and lessons learnt from the implementation of PREPARED Program during COP 22/CMP12/CMA1 sessions in Marrakech.

b) Operationalization of Climate Change Coordination Unit

Following the establishment of Climate Change Coordination Unit, a number of milestones have been achieved to include, validation of Climate Vulnerability Impacts Assessment (VIA) Communication and Outreach Strategy and Stakeholders engagement strategy by regional experts in July, 2016; and preparation of TORs to undertake study on EAC Carbon Exchange Mechanism. It also facilitated preparation of a Regional Position Paper to guide Partner States negotiation prior to UNFCCC's COP 22 sessions. Moreover, the recruitment of the Climate Finance Specialist (CFS) has facilitated accreditation processes of the EAC Regional Implementing Entity (RIE).. To that effect, the processes for EAC accreditation as RIE to Adaptation Fund and Green Climate Fund was initiated and submission to Adaptation Fund in June 2017.

c) Development of EAC Natural Resource Management and Biodiversity Policies and Capacities strengthening

The regional strategy to combat poaching and illegal trafficking of wildlife and wildlife products was validated, coupled with the development of Term of References (ToR) for the sub-sectoral committees of tourism and Wildlife. Also, technical inputs were provided for the development of Global Forests Conservation Strategic Plan (2017-2035).

d) Strengthening the Resilience and Sustainable Management of Biologically Significant Trans-Boundary Fresh Water Ecosystems

Discussions with Bird Life International on regional wetlands management, as well as discussions to develop the Regional Reference Information System (RRIS) were initiated, all aimed at sharing and dissemination of biodiversity information in the region. Also achieved is the preparation of the report on State of Protected Areas in EAC.

e) Implementation of EAC Disaster Risk Reduction (DRR) and Management Strategy

There was effective participation of the EAC Secretariat and EAC Partner States in the 6th Africa Platform on DRR and 5th High Level Ministerial Meeting on DRR. EAC coordinated the development of an EAC Position paper on DRR and contributed to the Mauritius declaration and the adopted Sendai Framework Programme of Action. Meeting of sub regional platform was held in Kigali under UNISDR support on 6-7 March, 2017. The EAC second forum on DRR of Parliamentarian was held in Mombasa, Kenya from 26th -27th March 2017. Parliamentarians came from the national assemblies of United Republic of Tanzania, Republic of Sudan and Burundi. Republic of Kenya, Uganda and Rwanda sent an apology. UNISDR supported the activity.

f) A regional Policy on Management of plastic and plastic waste was developed

Development of regional mechanism on the management of plastic and plastic wastes by EALA is ongoing.

Budget Execution

The budget approved for the Department of Environment was US\$958,560 and the budget expenditure US\$298,000. Therefore, budget execution was around 29%. The low performance was due to the fact that 75% of committed budget from Development Partners was not disbursed.

Challenges

The Department mostly relies on donor support i.e. USAID through PREPARED Project; IUCN for BIOPAMA. The contribution from Partner States in most cases is not enough to implement decisions and directives of the Summit, Council and Sectoral Council on Environment and Natural Resources.

The Department is understaffed with only one established staff i.e. Principal Environment and Natural Resource Officer, supported by Project Staff.

Recommendations

Increase Partner States' budget and develop project proposals for resource mobilization; and at least a Senior Environment and Natural Resources Officer (SENRO) is recruited.

5.1.5 Energy

During the financial year 2016-2017, the Department of Energy planned to execute the following activities: Implementation of the Power Master Plan Energy Priority projects; the establishment of EAC Centre of Excellence for Renewable Energy and Energy Efficiency (EACREEE); EAC companies secure funding for at least half of the submissions made to the Energy and Environment Partnership (EEP) Programme; preparations for the 8th East African Petroleum Conference & Exhibition; participation in international energy events to enhance linkages with stakeholders in the energy sector; to provide Policy and Strategic Guidance in the Energy Sector; and development of Energy Project preparatory documents. Key achievements registered include among others:-

a) Implementation of the Power Master Plan Energy Projects

EAC Secretariat in collaboration with the Partner States continued the implementation and monitoring of the priority energy projects from the regional power master plan. The installed capacity increased from 3,825.2 MW in 2015 to 4,124.7 MW in 2017. The project dossier of the priority projects was also updated by the technical experts from Partner States.

b) Establishment of EAC Centre of Excellence

EAC Centre of Excellence for Renewable Energy and Energy Efficiency (EACREEE) was launched on June 11, 2016 and the letter of Agreement between EAC UNIDO and CEDAT was also signed on the same day (June 11, 2016).

The Executive Director of EACREEE was recruited and two other professionals Project Management Expert and Sustainable Energy Expert supported by UNIDO were also recruited. Makerere University also provided two-part time experts to assist on capacity building and gender issues. The Centre has been registered and its Secretariat is operational and running.

c) EAC companies secure funding

Projects proposals that were submitted for funding to *the Energy and Environment Partnership (EEP) Programme*, over 50% of submitted p proposals were funded.

d) Preparations for the 8th East African Petroleum Conference & Exhibition

The 8th East African Petroleum Conference and Exhibition was held in Bujumbura Burundi in June 2017. The conference attracted over 300 participants from government, NGOs and the private sector.

Budget Execution

The budget approved for the Energy Department was US\$ 819,900 and the budget expenditure was US\$103,039; hence budget execution of just12.5%.

Challenges

The challenges encountered by the Department during the year under review included delays in procurement, and postponement of technical planning meetings.

5.2 Social Sectors

The aim of the Social sectors as mandated by Treaty provisions is to actualise the achievement of the social dimensions of the regional integration process and to enhance greater cooperation by the Partner States in the following broad human development areas:-

- Health (Article 118);
- Education and Human Resource development; Culture and Sports (Articles 102,119);
- Science and Technology (Article 103);
- Gender mainstreaming and gender equality issues (Articles 3, 5);
- Promotion of women in social economic development (Articles 121-122)
- Civil society mobilisation (Articles 5,127&129)
- Immigration, Labour/Employment, Refugee management. (Articles 104,124).

The need to strengthen the work under the Social Sectors is heightened with the critical demand to implement the provisions of the EAC Common Market Protocol and the implementation of the 5th EAC Development Strategy (2016/17-2020/21).

5.2.1 Education, Science and Technology, Culture and Sports

The Department coordinates the Education, Science and Technology; Culture and Arts; and Sports sectors. The most notable programmes coordinated under the department are the harmonization of the education curricula; coordination of 19 Centers of Excellence and implementation of an annual essay writing competition; overseeing the EAC Arts and Culture Festival (JAMAFEST), EAC Military Games and the EAC annual sports day.

The Department prioritized the following activities during the period under review: i) Finalizing the Harmonization process of the E.A Education systems and training curricula; ii) Negotiation & Implementation of Mutual Recognition Agreements (MRAs) under the EAC Common Markets Protocol; iii) Facilitating and conducting the Secondary Schools Essay Writing Competition; iv) Strengthening TVET institutions and programmes in the EAC Partner States; and v) Preparation of the 1st edition of the EAC Sports Tournament initiated by December 2016. Other activities include; vi) Developing the Regional Framework for Capturing data on regional Trade in Cultural and Creative goods and services in the EAC; vii) Establishing an EAC Culture Trust Fund; and viii) Representing EAC in regional Culture and Sports meeting/workshops/events organized by different Partners for promotion of integration through Culture and Sports.

The major milestone recorded by the Department in the year under review is the successful completion of the **EAC Students Essay Writing Competition**. The EAC Students essay writing competition for lower secondary at both National and Regional levels were successfully conducted under the following Essay writing question:

“Why Is Political Stability Important for the Integration of the East African Community Partner States?”

“La Stabilité Politique Est –Elle Importante Pour L’Intégration Des Pays Partenaires De La Communauté Est Africaine ?”

“Jadili Umuhimu Wa Utulivu Wa Kisiasa Katika Mtangamano Wa Jumuiya Ya Afrika Mashariki”



Winners of the Essay Writing Competition with the EAC Heads of State

This question was based on the need for Political Stability as a prerequisite for successful integration of the East African Community.

The EAC Students Essay Writing Competition has been conceived as part of the broader EAC outreach programme with the aim of creating awareness among the school going population about the activities and programmes of the East African Community. It also aims to give the students within the region an opportunity to analyse from their own perspective the benefits and constraints of Regional Integration.

The winners were presented their awards during the 18th Summit of the Heads of State on 20th May 2017 at a ceremony that took place in Dar es Salaam, Tanzania.

Budget Execution

The budget allocated to the Department for the financial year 2016/17 amounted to US\$751,595 with the expenditure of US\$150,319; about 20% of budget performance.

Challenges

The experienced low budget performance is attributed to various factors key among all, under funding and reliance on donor funding - the Partnership Fund which did not disburse any funds during the financial year.

It is therefore recommended that Partner States show their commitment to advance the education mandate given its importance toward contributing to knowledge, skills development, productivity, socio cohesion, unity and harmony in the region. Besides Education; Science and Technology, Culture and Sports as drivers of regional integration still has great untapped potentials, which need to be harnessed to create more opportunities for East Africans to integrate.

5.2.2 Gender, Community Development and Civil Society Mobilisation

The Gender and Community Development Department, coordinates areas of Gender, Youth, Children, Persons with Disabilities, Social Protection, Community Development, Women in Business and Social economic development and Civil Society and Private sector engagement.

During the period under review, the Gender, Community and Civil Society planned to convene the 5th Annual EAC Secretary General's Forum; develop and adopt the EAC Gender bill; develop and approve the Project Proposal on Empowering Border Communities through modernization of selected locally shared markets; and convene the 2nd Conference on Child Rights; The Department also planned to develop the