
THE EAST AFRICAN COMMUNITY

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THE EAST AFRICAN MONETARY INSTITUTE ACT, 2019

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**THE EAST AFRICAN MONETARY INSTITUTE
ACT, 2019.**

An Act of the Community to establish the East African Monetary Institute as an Institution of the Community responsible for the preparatory work for the East African Community Monetary Union in accordance with Article 23 of the Protocol on the Establishment of the East African Community Monetary Union; to provide for the functions, governance, funding and headquarters of the Institute; and to provide for other related matters.

Date of assent: 16th November, 2019.

Date of commencement: Section 1(2).

ENACTED by the East African Community and assented to by the Heads of State

PART I—PRELIMINARY

1. (1) This Act may be cited as the East African Monetary Institute Act, 2019.

Short title
and
commence-
ment.

(2) This Act shall come into force on such date as the Council may, by notice published in the *Gazette*, appoint.

Inter-
pretation.

2. In this Act, unless the context otherwise requires—

“**Assembly**” means the East African Legislative Assembly established by Article 9 of the Treaty;

“**Audit Commission**” means the Audit Commission established by Article 134 of the Treaty;

“**Community**” means the East African Community established by Article 2 of the Treaty;

“**Council**” means the Council of Ministers of the Community established by Article 9 of the Treaty;

“**East African Central Bank**” means the East African Central Bank established in accordance with Article 20 of the Protocol on the Establishment of the East African Community Monetary Union;

“**fit and proper**” means possessing all the attributes to be taken into account in determining the suitability of a person to be appointed as Director General or Deputy Director General, including the person’s general probity, competence and soundness of judgement for the fulfilment of the responsibilities of the office;

“**Governing Council**” means the Governing Council provided for by section 9 of this Act;

“**Institute**” means the East African Monetary Institute established under section 3 of this Act;

“**Monetary Union**” means the East African Community Monetary Union established in accordance with Article 2 of the Protocol on the Establishment of the East African Community Monetary Union;

“**National Central Bank**” means the central bank of a Partner State;

“**Partner State**” means the Republic of Burundi, the Republic of Kenya, the Republic of Rwanda, the Republic of South Sudan, the Republic of Uganda, and the United Republic of Tanzania, or any other country granted membership to the East African Community under Article 3 of the Treaty;

“**Protocol**” means the Protocol on the Establishment of the East African Community Monetary Union;

“**Summit**” means the Summit of the Heads of State established by Article 9 of the Treaty;

“**single currency**” means a common currency adopted in accordance with Article 18 of the Protocol;

“**single currency area**” means the geographical area of the Partner States which adopt the single currency; and

“**Treaty**” means the Treaty for the Establishment of the East African Community.

PART II—THE EAST AFRICAN MONETARY INSTITUTE

The East African Monetary Institute.

3. (1) There is established, as an institution of the Community, the East African Monetary Institute which shall be responsible for the preparatory work for the realisation of the Monetary Union.

(2) The Institute is a body corporate with—

(a) a common seal;

(b) power to acquire, hold, manage and dispose of movable and immovable property; and

(c) power to sue and be sued in its own name.

Functions of the Institute.

4. The Institute shall—

(a) coordinate the harmonisation of—

(i) the monetary and exchange rate policies of the Partner States;

(ii) the legal framework for the regulation and prudential supervision of banking systems of the Partner States; and

(iii) payment and settlement systems of the Partner States;

(b) enhance cooperation between the National Central Banks with a view to establishing the necessary conditions for the realisation of the Monetary Union;

(c) develop a common monetary and exchange rate policy framework for the attainment of a single currency;

- (d)* foster coordination of fiscal and monetary policies of the Partner States;
- (e)* develop the analytical, research and statistical frameworks necessary for the East African Central Bank to perform its functions;
- (f)* develop the instruments necessary for the conduct of the single monetary and exchange rate policy in the Monetary Union;
- (g)* develop a framework for regulation and prudential supervision of the banking systems within the Monetary Union;
- (h)* contribute to the development of an effective legal and institutional framework, common macro-prudential policy instruments and crisis management measures in order to promote and maintain financial stability within the Monetary Union;
- (i)* enhance the smooth functioning of the payments and settlement systems infrastructure;
- (j)* coordinate the development of the legal and institutional framework for the establishment of the East African Central Bank;
- (k)* take all necessary measures for the design and production of the banknotes and coins denominated in the single currency;
- (l)* develop the general framework for issuing and processing banknotes and coins in the single currency area;

(m) develop a roadmap for the changeover to the single currency;

(n) provide monetary and financial policy direction for the Monetary Union; and

(o) perform any other function relating to the Monetary Union determined by the Council.

Cooperation with the Partner States, Organs and Institutions of the Community.

5. The Institute shall cooperate closely with Partner States, Organs and Institutions of the Community in matters relating to its functions.

Cooperation with regional and international organisations.

6. The Institute may cooperate with regional and international organisations on matters relating to its functions.

Headquarters of the Institute.

7. (1) The Headquarters of the Institute shall be located in such Partner State as determined by the Council.

(2) There may be established other offices of the Institute in the Partner States as determined by the Council.

Independence of the Institute.

8. In the performance of its functions, the Institute shall be independent and shall not be influenced by a Partner State.

PART III—GOVERNANCE OF THE INSTITUTE

Governing Council.

9. (1) The Institute shall have a Governing Council which shall be the policy-making organ of the Institute and shall oversee the operations of the Institute.

(2) The Governing Council shall consist of—

(a) the Governors of the National Central Banks;

(b) the Director General shall be an *ex-officio* member and the Secretary of the Governing Council.

(3) The Governing Council shall have a chairperson who shall hold office for one year.

(4) The office of the chairperson shall be held on a rotational basis among the Governors of the National Central Banks.

(5) The Governing Council shall meet at least once every three months.

(6) The quorum for a meeting of the Governing Council shall be all Governors of the National Central Banks.

(7) Decisions of the Governing Council shall be by consensus.

(8) The Governing Council may invite the Chairperson of the Sectoral Council on Finance and Economic Affairs to attend a meeting of the Governing Council but the Chairperson shall not participate in decision making.

(9) Subject to this Act, the Governing Council shall determine its own procedure, including that of convening its meetings and conduct of business.

10. (1) The Governing Council may establish committees for the effective execution of its functions under this Act or any other written law.

Committees
of the
Governing
Council.

(2) The committees shall exercise such powers and functions as the governing council may determine.

(3) The committees shall conduct meetings in accordance with the rules determined by the governing council.

Director
General and
Deputy
Directors
General.

11. (1) There shall be a Director General and two Deputy Directors General one in charge of finance and administration and one in charge of monetary and fiscal policies, who shall be responsible for the management of the Institute.

(2) The Director General and Deputy Directors General shall be appointed by the Summit on the recommendation of the Council in accordance with the EAC Staff Rules and Regulations, following a competitive recruitment process.

(3) The Summit shall consider gender balance when appointing the Director General and Deputy Directors General.

(4) The Director General shall be the Chief Executive Officer of the Institute.

(5) The Director General and the Deputy Directors General shall be appointed by the Summit on recommendation of the Council in accordance with the EAC Staff Rules and Regulations.

(6) A person is qualified for appointment as a Director General if that person—

(a) is a national of a Partner State;

(b) is a fit and proper person of recognised professional standing in the Partner States;

(c) holds at least a Masters degree in the field of economics, management, business administration, finance, banking, law or any other relevant field from a university recognised by a competent authority in a Partner State; and

(d) has over 15 years' experience in the fields specified in paragraph (c), five of which shall be at management level.

(7) A person is qualified for appointment as a Deputy Director General responsible for finance and administration if that person—

(a) is a national of a Partner State;

(b) is a fit and proper person of recognised professional standing in the Partner States;

(c) holds at least a Masters degree in the field of economics, management, business administration, finance, banking or any other relevant field from a university recognised by a competent authority in a Partner State; and

(d) has at least 15 years' experience in the fields specified in paragraph (c), five of which shall be at management level.

(8) A person is qualified for appointment as a Deputy Director General in charge of monetary and fiscal policies if that person—

(a) is a national of a Partner State;

(b) is a fit and proper person of recognised professional standing in the Partner States;

(c) holds at least a Masters degree in the field of economics, management, business administration, finance, banking, law or any other relevant field from a university recognised by a competent authority in a Partner State; and

- (d) has over 15 years' experience in the fields specified in paragraph (c), five of which shall be at management level.
- (9) Subject to subsection (13), the Director General shall serve a fixed term of office of five years.
- (10) Subject to subsection (13), the Deputy Directors General shall serve a term of office of three years' renewable once.
- (11) The Director General and Deputy Directors General shall be appointed from different Partner States on a rotational basis.
- (12) The Director General and the Deputy Directors General shall perform their duties on a full-time basis and shall not engage in any other remunerated employment.
- (13) The terms and conditions of employment of the Director General and the Deputy Directors General shall be determined by the Council.
- (14) The Director General or a Deputy Director General shall not be removed from office except by the Summit, on the recommendation of the Council—
- (a) for serious misconduct or inability to perform the function of their office due to infirmity of mind or body;
 - (b) if adjudged bankrupt under any law in force of a Partner State;
 - (c) if convicted of an offence involving dishonesty or fraud or moral turpitude under any law in force in a Partner State; or

(d) if found in contravention of the provisions of this Act.

12. (1) The Council shall on the recommendation of the Governing Council consider and approve the organisational structure of the Institute.

Organisational structure and staff of the Institute.

(2) The Council shall on the recommendation of the Governing Council appoint the other staff required for the performance of the functions of the Institute in accordance with the EAC Staff Rules and Regulations.

(3) The Council shall determine the terms and conditions of service of the staff in the service of the Institute in accordance with the Treaty.

PART IV—FINANCIAL PROVISIONS

13. The financial year of the Institute shall be the same as the financial year of the Community.

Financial year.

14. (1) The Institute shall be funded in accordance with Article 132 of the Treaty.

Funding and budget.

(2) The Institute shall submit the budget of the Institute to the Council for consideration.

15. (1) The Institute shall—

Annual accounts and auditing.

(a) keep proper books of accounts and records of its transactions and affairs;

(b) ensure that the moneys received are properly accounted for;

(c) ensure that all payments out of its funds are correctly made and properly authorised; and

(d) ensure that adequate control is maintained over its assets.

(2) The annual accounts of the Institute shall be audited by the Audit Commission within three months after the end of the financial year.

(3) The Institute shall within three months after the end of each financial year submit to the Council an annual report in respect of that financial year containing—

(a) the audited financial statements; and

(b) any other information the Institute may deem appropriate.

(4) The Council shall cause to be laid before the Assembly, the annual report of the Institute for the financial year together with a copy of the report of the Audit Commission within six months after the end of the financial year.

PART V—MISCELLANEOUS PROVISIONS

Reporting obligations.

16. (1) The Institute shall through the Sectoral Council responsible for financial and economic affairs submit to the Council on semi-annual and annual basis, reports on activities relating to its functions.

(2) The Council may require the Institute to prepare such other reports on matters falling within its mandate.

(3) The Institute may on its own initiative, for transparency and good governance, prepare and publish reports on matters falling within its mandate.

17. (1) Notwithstanding section 9(9), the Governing Council shall determine the proceedings and records of its meetings and those of the committees that shall be kept confidential. Confidentiality.

(2) The members of the Governing Council and of the committees, and other staff of the Institute shall be bound by an oath of secrecy and shall not, except as may reasonably be required in the performance of their functions, disclose to any person any material information acquired in the performance of their functions unless called upon to give evidence in a court of competent jurisdiction or to fulfil any other obligation imposed by law.

(3) The members of the Governing Council and the committees as well as the other staff of the Institute shall, even after their duties have ceased, not disclose information of the kind covered by the obligation of confidentiality.

18. (1) The Council may, on recommendation of the Governing Council, make regulations or issue directives for the better carrying into effect the provisions of this Act. Power to make regulations and guidelines.

(2) The Institute may issue guidelines to facilitate the execution of its mandate.

19. (1) The Partner States shall grant the Institute the status, privileges and immunities in accordance with Article 138 of the Treaty. Status, privileges and immunities.

(2) The staff of the Institute shall enjoy such privileges and immunities in accordance with the Treaty.

20. (1) The Institute shall stand dissolved upon the establishment of the East African Central Bank. Dissolution of Institute

(2) All assets and liabilities of the Institute at the time of dissolution of the Institute shall vest in the East African Central Bank.

Dispute
settlement.

21. Disputes under this Act shall be settled in accordance with the provisions of the Treaty.