EAST AFRICAN COMMUNITY

"One People. One Destiny"

ANNUAL REPORT

FINANCIAL YEAR
2017/2018

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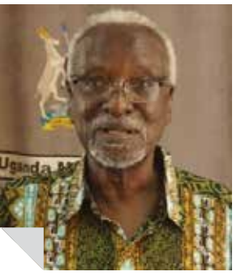
List of Abbreviations/Acronyms

AAU	Association of African Universities
ACE II	The Eastern and Southern Africa Higher Education Centers of Excellence Project
ACP	African Caribbean Pacific
ACOA	African Congress of Accountants
AfDB	African Development Bank
AMREF	African Medical and Research Foundation
APPPF	Academia-Public-Private Partnership Forum
BCAA	Burundi Civil Aviation Authority
BMU	Beach Management Unit
CAAs	Civil Aviation Authorities
CAAU	Civil Aviation Authority Uganda
CAM	Centre for Aviation Medicine
CAPs	Corrective Action Plans
CASSOA	Civil Aviation Safety and Security Oversight Agency
CCPAD	Corporate Communications and Public Affairs Department
CMP	Common Market Protocol
CIPP	Certified International Procurement Professional
CPA	Chartered Public Accountants
COMESA	Common Market for Eastern and Southern Africa
COP	Conference of Parties
DAAD	Deutscher Akademischer Austausch Dienst (German Academic Exchange Service)
DLI/R	Disbursement Linked Indicators/Results
DMEs	Designated Medical Examiners
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
EACJ	East African Court of Justice
EADB	East African Development Bank
EAHEMIS	East African Higher Education Management Information System
EALA	East African Legislative Assembly
EALP	EAC/AMREF Lake Victoria Partnership Programme
EAQAN	East African Higher Education Quality Assurance Network
EASA	European Aviation Safety Agency
EASTECO	East African Community Science and Technology Commission
ECSA	Eastern, Southern and Central Africa
EDF	European Development Fund
ELP	English Language Proficiency
EOI	Expression of Interest
EPA	Economic Partnership Agreement
ESAF	Eastern and Southern African Office
EU	European Union
FAA	Federal Aviation Administration
FY	Financial Year/Fiscal Year
GIZ	German Society for International Development Cooperation
HAQAA	Harmonization of African Higher Education Quality Assurance and Accreditation
HRK	Hochschul rektoren konferenz (German Rectors Conference)
ICAO	International Civil Aviation Organization
ICF	International Cooperation Forum
ICT	Information Communication Technology
IDA	International Development Association
IGAD	Intergovernmental Authority on Development
IEC	Information, Education and Communication
IOM	International Organization for Migration
IoT	Internet of Things
IPSAS	International Public-Sector Accounting Standards
IT	Information Technology
ITS	Inspectors Training System
IUCEA	Inter-University Council of East Africa
KCAA	Kenya Civil Aviation Authority
LVBC	Lake Victoria Basin Commission
LVEMP	Lake Victoria Environnemental Management Project
LVFO	Lake Victoria Fisheries Organization
LVRI	Lake Victoria Research Initiative
LVWATSAN	Lake Victoria Water Supply and Sanitation
M&E	Monitoring and Evaluation
MEAs	Mutual Environmental Agreements
MERECP	Mount Elgon Regional Ecosystem Conservation Project
MoU	Memorandum of Understanding
NCD	Non- Communicable Diseases
NEPAD	New Partnership for Africa Development
NFPOs	National Focal Point Officers
NGO	Non-Governmental Organizations
NTBs	Non-Tariff Barriers
OSBP	One Stop Border Posts
PEL	Personnel Licensing
PF	Partnership Fund
PR	Public Relations
PSs	Partner States
RCAA	Rwanda Civil Aviation Authority
RFU	Regional Facilitation Unity
RSC	Regional Steering Committee
RTD	Retired
SADC	Southern African Development Community
SARPs	Standards and Recommended Practices
SARUA	Southern Africa Regional Universities Association
SAUT	Saint Augustine University of Tanzania
SIDA	Swedish International Development Cooperation Agency
SMS	Safety Management System
SOFIA	Safety Oversight Facilitated Integration Application
SSP	State Safety Program
STI	Science Technology & Innovation
TCAA	Tanzania Civil Aviation Authority
TCM	Transport, Communication and Meteorology
TGMs	Technical Guidance Materials
TMEA	Trade Mark East Africa
UK	United Kingdom
USA	United States of America
USAP	Universal Security Audit Programme
USOAP	Universal Safety Oversight Audit Programme
UTANA	Uganda Textbook Academic and Non-Fiction Authors Association
VC	Vice Chancellor
WG	Working Group

Foreword by Chairperson of the Council of Ministers



In line with Article 49(2c) of the Treaty, the Chairperson of the Council of Ministers annually presents a report of the activities of the Community describing the key developments, achievements and milestones made during the year. The 2017/2018 EAC Annual Report gives a description of the key achievements and accomplishments by the various EAC Organs and Institutions. They include the EAC Secretariat; the East African Legislative Assembly; the East African Court of Justice; the Civil Aviation and Safety and Security Oversight Agency (CASSOA); the Lake Victoria Basin Commission (LVBC); the Lake Victoria Fisheries Organization (LVFO); the Inter University Council of East Africa (IUCEA); The East African Kiswahili Commission(EAKC); the East African Health Research Centre(EAHRC); the East African Competition Authority (EACA); the East African Science and Technology Commission (EASTECO) and the East African Development Bank (EADB).

Since the last Annual Report, the Community has witnessed a number of important developments in the integration process for the people of East Africa. The full roll-out of all imports under the Single Customs Territory in December 2017; the operationalization of ten (10) One Stop Border Posts (OSBPs) out of 12 already completed, 3 of which were officially launched; development and adoption of the RSS Integration Roadmap; RSS Integration Roadmap launched; adoption of the EAC Energy Security Policy Framework and the launch of the 5th Development Strategy by the EAC Heads of State Summit on 23rd February 2018.

I extend my warm appreciation to the Summit of EAC Heads of State for its strong political goodwill and unwavering commitment to the EAC integration agenda. As a Treaty requirement and on behalf of the Council of Ministers, I hereby present the EAC Annual Report of the Financial Year 2017/2018, providing key highlights on the implementation of EAC activities during the period July 2017- June 2018.

Rt. Hon. Dr A.M. Kirunda Kivenjija
CHAIRPERSON OF THE COUNCIL OF MINISTERS

Report by the EAC Secretary General

The EAC Annual Report 2017/2018 covers the period of one year from July 2017 to June 2018. It captures the progress made in the implementation of planned activities and achievement of targeted results as at end-June 2018, highlighting the key success stories and challenges encountered during the period under review. It also portrays innovative solutions the various Organs and Institutions adopted to overcome challenges encountered; insight into the priority programs and other strategic actions and the status of budget performance as at the end of the financial year.

Overall, implementation and delivery of planned outputs was below expectation during the financial year largely due to limited financial resources occasioned by delays in remittance of funds by Partner States and Development Partners, especially those under the EAC Partnership Fund framework. Notwithstanding, as reported during the 24th Meeting of the Sectoral Council of Ministers Responsible for EAC Affairs and Planning, the Secretariat held a number of meetings with the Partnership Fund Steering Committee and other Development Partners to discuss ways and means of ensuring sustainable flow of funds during the coming financial year. The Secretary General further instituted a number of internal control measures and guidelines, all aimed at enhancing efficiency in the use of community resources. It is expected that the Secretariat will mobilize more external resources during the FY2019/2020.

In line with the 5th EAC Development Strategy (2016/17–2020/21) and various Summit and Council directives, the following were the major priority areas planned for the Financial Year 2017/18:-

a) Consolidation of the Single Customs Territory (SCT) to cover all imports and intra-EAC traded goods including agricultural and other widely consumed products;

b) Infrastructural development in the region;

c) Further liberalization of free movement of skilled labour across the Partner States;

d) Enhancement of regional industrial development through investment in key priority sectors, skills development, technological advancement and innovation to stimulate economic development;

e) Improvement of agricultural productivity, value addition and facilitation of movement of agricultural goods to enhance food security in the region;

f) Promotion of regional peace, security and good governance; and

g) Institutional transformation.

In spite of the financial and other technical constraints, the Secretariat was able to deliver some key achievements as listed below:

1. CUSTOMS UNION

i. Key Priorities under the Customs Union

Key progress made in the area of Customs Union is in respect to the implementation of the Single Customs Territory (SCT); establishment and roll-out of operations of One Stop Border Posts; enhancement of the regional Authorized Economic Operator Programme; and development of a regional interconnectivity platform. Also worth recoding is the review of regional Customs legal and procedure instruments; and elimination of Non-Tariff Barriers.

a. **Implementation of the Single Customs Territory (SCT)**

Since the commencement of the Single Customs Territory (SCT) in 2014, the supporting instruments have been developed and products rolled onto the SCT incrementally. All Partner States have taken measures to mitigate the impact of used clothes and shoes, including

raising of levies/charges on imports of such products. In some Partner States, administrative measures have been taken, including enforcing conformity with Sanitary and Phytosanitary (SPS) requirements, particularly for used undergarments. However, there are reports that the importation of used clothes and shoes mainly from USA, UK, Canada and China has been growing in all the EAC Partner States with the value imported in the EAC in 2015 amounting to $151 million, accounting for eight (8) percent of global imports. It has also been reported that some sub-standard and counterfeit undergarments are still being dumped in the region through informal channels.

b. **Modalities for Promotion of the Automotive Industry**

Launch of the East African Community Industrial Competitiveness Report in November 2017. The Report assesses EAC's industrial performance vis-à-vis other regions and role models in Asia and Africa and sheds light on strategic short and long-term industrialization paths that the EAC should pursue;

c. **Avoidance of Double Taxation in the EAC Region**

In November 2010, five EAC Partner States, namely Republic of Burundi, Republic of Kenya, Republic of Rwanda, Republic Uganda and the United Republic of Tanzania signed an agreement for avoidance of double-taxation and prevention of fiscal evasion with respect to taxes on income. The objective of the Agreement is to remove or reduce double taxation arising from one country taxing income at source while the same income is taxed in the recipient's country of residence where both countries treat a taxpayer as their own resident, or where both countries treat income as having a source in their jurisdiction. Implementation of the Agreement is expected to promote cross-border investment in the EAC region and reduce tax avoidance and evasion. The Agreement will come into force once all the five Partner States have deposited their instruments of ratification to the EAC Secretary General.

As of November 2014, only the Republic of Rwanda had ratified the EAC Double Taxation Agreement (DTA).The Council therefore directed the Republic of Burundi, the Republic of Kenya, the United Republic of Tanzania and the Republic of Uganda to bring the East African Community Double Taxation Agreement into force by 30th September, 2015 *(EAC/CM 30/Directive 15)*. Following the directive, the Republic of Kenya and Republic of Uganda have ratified the Agreement and deposited the instruments of ratification to the Secretary General. In Burundi, the EAC Double Taxation Agreement was adopted by the Cabinet in July, 2018. Actually it is tabled before the Parliament and awaits adoption. The United Republic of Tanzania is yet to ratify the Agreement.

2. COMMON MARKET

(a) Issuance of the New International EA e-Passport

The 17th Ordinary Summit of the EAC Heads of State held on 2nd March 2016 directed Partner States to commence issuance of the New EA e-Passport. The Republic of Kenya commenced the issuance of the International EA e- Passport to nationals on 1st September, 2017; The United Republic of Tanzania on 31st January, 2018 and the Republic of Burundi on 28th May, 2018. The Republic of Uganda will commence the process in January, 2019 while the Republic of Rwanda will commence issuance of the EA e-Passport in February, 2019. The Republic of South Sudan is studying the requirements of the entire process and will commence issuance at a later date.

(b) Free Movement of Persons and Workers

Under the EAC Common Market Protocol, the Partner States have continued to guarantee the free movement across the borders, of persons and workers who are citizens of the other Partner States.

The Republic of Burundi allowed entry to 37,761 persons from other EAC Partner States during the period January to June 2018. The Republic of Kenya allowed 225,948, the Republic of Rwanda allowed 445,989, United Republic of Tanzania allowed 203,671 and The Republic of Uganda allowed 339,644.

Since accession to the Community, the Republic of South Sudan has maintained a visa regime with the Republic of Kenya, Republic of Uganda and the United Republic of Tanzania. Since visa regimes are reciprocal, the three Partner States have also maintained a visa regime with the Republic of South Sudan. The Republics of Rwanda and Burundi maintain a bilateral visa free entry for their citizens with the Republic of South Sudan.

The 36th Meeting of Council of Ministers held on 20th February 2018, directed the Republic of South Sudan to grant visa free entry to the citizens of other EAC Partner States and the Republic of Uganda and Republic of Kenya to grant visa free entry to the citizens of Republic of South Sudan. Arrangements are being made by the respective Partner States to further facilitate the free movement of persons in the Community.

The Republic of Burundi granted work permits to 12 workers from other EAC Partner States during the period January to June 2018; The Republic of Kenya granted 540; The Republic of Rwanda 1,264; The United Republic of Tanzania granted 568 and the Republic of Uganda granted 580 work permits.

The Republic of Burundi charges work permit fees to the citizens of other EAC Partner States but has waived the requirement for residence permit. The Republic of Burundi is however, reviewing her national laws to grant preferential treatment in the issuance of Work Permits to the citizens of EAC Partner States. The United Republic of Tanzania charges residence and work permits fees to the citizens of other EAC Partner States, however, it has commenced the process of reviewing their legal framework to complete internal consultations on harmonisation of residence and work permit fees with other EAC Partner States. The completion of these consultations will bolster the movement of workers in the community.

(c) African Continental Free Trade Area (AfCFTA)

The Agreement establishing the African Continental Free Trade Area (AfCFTA) was signed and launched by the AU Assembly on 21st March 2018 in Kigali, Rwanda. The Agreement contains the Protocol on Trade in Goods, Protocol on Trade in Services and Protocol on Rules and Procedures on the Settlement of Disputes. EAC Partner States negotiated as a Bloc and are among the AU Member States that signed the Agreement. Kenya and Rwanda have ratified the Agreement.

Negotiations are ongoing to finalize the outstanding Phase-I issues (Tariff Offers, Rules of Origin). The agreement has an in-built mechanism for negotiations on Phase-II issues (Competition Policy, Intellectual Property Rights and Investment).

3. MONETARY UNION

a) Establishment of the East African Monetary Union Institutions

During the financial year 2017/18, the Secretariat continued to work with Partner States to develop legal instruments for the establishment of the four institutions provided in the East African Monetary Union (EAMU) Protocol. The four institutions are (i) the East African Monetary Institute; (ii) the East African Statistics Bureau; (iii) the East African Surveillance, Compliance and Enforcement Commission, and; (iv) the East African Financial Services Commission. These institutions are expected to support the Monetary Union by providing a robust institutional framework to ensure compliance and safeguard the convergence process.

It is worth noting that the Bill for establishment of EAMI was approved by EALA in May 2018, and is pending assent by the Heads of State. The Bill for establishment of East African Statistics Bureau (EASB) is also with EALA for third reading, and hopefully approval by October 2018. Further, the draft Bill for establishment of East African Surveillance, Compliance and Enforcement Commission has been negotiated by the Taskforce on EAMU institutions and cleared by the Sectoral Council on Finance and Economic Affairs and has been forwarded to the Sectoral Council on Legal and Judicial Affairs for legal input. Meanwhile a draft Bill for the establishment of East African Financial Services Commission has been developed and is currently being negotiated by the Taskforce on EAMU Institutions.

On Establishment of EAMU Institutions: To expedite the establishment of the East African Monetary Institute, the Bill for the establishment of EAMI was passed by EALA in April 2018 for assent by the 20th Summit. Preparation of Bills for the establishment of the other two institutions is ongoing.

On Streamlining of EADB into the EAC Main Structure: A Regional Technical Working Group (RTWG) has been constituted and Terms of

Reference to guide it have been developed. The RTWG is composed of experts from the Ministry of Finance, Attorney General's Chambers, and EADB, Ministries responsible for EAC affairs and Central Banks.

The Bill for establishment of East African Surveillance, Compliance and Enforcement Commission has been negotiated by the Taskforce on EAMU institutions and cleared by the Sectoral Council on Finance and Economic Affairs and has been forwarded to the Sectoral Council on Legal and Judicial Affairs for legal input. Meanwhile a draft Bill for the establishment of East African Financial Services Commission has been developed and is currently being negotiated by the Taskforce on EAMU Institutions.

As part of modernizing Monetary Policy Frameworks in the EAC region, the EAC Central Banks developed the Codes of Conduct for Designated Market Makers for Government Securities in order to promote efficient market practices by providing comprehensive standards and best practices in the Government securities market. The Codes of Conduct includes business conduct, detailed processes and reporting requirements. To facilitate such efforts, a Regional Technical Working Group 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.

4. POLITICAL FEDERATION

a) Constitution-making for the EAC Political Confederation

The 18th Ordinary Summit of Heads of States adopted the Political Confederation in May, 2017 as a transitional model of the East African Political Federation and directed the Council of Ministers to constitute a team of constitutional experts to draft the Constitution for the Political Confederation.

Pursuant to the directives of the 18th Summit of Heads of State, the Council of Ministers has initiated the process of constituting a team of Constitutional Experts to develop the Constitutional Framework for the EAC Political Confederation. The Council approved the Concept Note, Terms of Reference for the Constitutional Experts, and the Road Map for the Constitution-making process. The Team of experts has since initiated the process of developing the constitutional framework for the EAC Political Federation.

b) Peace and Security

The Peace and Security Sector registered significant progress in the following areas; Operationalization of the ten (10) Police Centres of Excellence; Implementation of the requirements of the Continental African Peace and Security Architecture; strengthening of capacity in counter terrorism and other transnational organized crimes; forensic investigations as well as chemical hazards identification and response. The sector supported the development of preventive diplomacy and EAC mediation capacity building through the EAC Conflict Prevention, Management and Resolution (CPMR) Mechanism to minimize security threats and foster Regional integration and development.

5. CROSS-CUTTING ISSUES

a) Roadmap for the Integration of the Republic of South Sudan (RSS)

Pursuant to the Summit directive on the development of a detailed Roadmap for the fast tracking of integration of RSS into the Community, and further to the directive of the 17th Extraordinary Summit of the Heads of State Communiqué (Directive No. 5 Ref No. EAC/EXSHS17/2016), the 35th Extra-ordinary Meeting of Council of Ministers meeting approved the RSS Detailed Integration Roadmap.

In line with Council Decision (EAC/EX-CM/35/Decision10) to approve the priority areas and activity plan for the fiscal year 2017/18 for RSS integration into the EAC, the Secretariat has organized a capacity building programme to train and sensitize officials and stakeholders in the Republic of South Sudan up to June 2019. The initial training and sensitization sessions are scheduled to commence during the month of December 2018. The programme is in accordance with the identified key intervention areas on the Roadmap which are: EAC Legal and Judicial Framework; EAC Customs Union; EAC Trade Integration.

b) The 5th EAC Development Strategy 2016/17 – 2020/21

The Community finalized the formulation of the **5th EAC Development Strategy 2016/17–2020/21** with its main goal of building a firm Foundation for Transforming the East African Community into a Stable, Competitive and Sustainable Lower-middle Income Region by 2021. Accordingly, the theme of the Strategy is: "Accelerating a People-centred and Market-driven Integration". The implementation of the 5th EAC Development Strategy 2016/17 – 2020/21 will focus on the following key priorities: -

a. consolidation of the Single Customs Territory (SCT) to cover all imports and intra-EAC traded goods, including agricultural and other widely consumed products;

b. infrastructure development in the region;

c. enhancement of free movement of all factors of production and other areas of cooperation across the Partner States as envisaged under the Common Market and Monetary Union;

d. enhancement of regional industrial development through investment in key priority sectors, skills development, technological advancement and innovation to stimulate economic development;

e. improvement of agricultural productivity, value addition and facilitation of movement of agricultural goods to enhance food security in the region;

f. promotion of regional peace, security and good governance; and

g. Institutional transformation at the regional and Partner State levels.

The Strategy was launched by the EAC Heads of State Summit on 23rd February 2018.

c) Infrastructure Development

Initiatives to integrate the region with efficient infrastructure, especially in transport, communication, and energy related infrastructure are yielding notable results. In transport, the project to upgrade the 90 km section of the road from Taveta to Mwatate in Kenya to bitumen, including the construction of a 12 km by-pass for Taveta town was completed in July 2017 leading to a reduction in travel hours by half from 4 hours to approximately 2 hours from Taveta to Voi. In Tanzania, construction of the Sakina – Tengeru road to dual carriageway (14.1Km) has been completed, while the Arusha Bypass (42.4km) is in good progress. From July 2017 up to September 2018, the OSBP Busiga-Mutukura was operationalized and a retreat on infrastructure was held in Kampala November 2017.

Railway transport is also gaining enhancement, marked with construction of the Standard Gauge Railway (SGR) along the central corridor (Dar es Salaam-Isaka-Kigali/Keza-Musongati) and Northern Corridor (Mombasa-Nairobi-Kampala-Kasese/Kigali). The construction of the Dar-es-Salam-Morogoro section commenced in April 2017 as Phase I, while for phase II (Morogoro – Makutupora (336 Km)), the project was launched in March 2018 and the construction has commenced. This project is a continuation of the SGR construction from Dar es Salaam to Mwanza whereby construction of Lot I from Dar es Salaam to Morogoro (205 Km) commenced in May, 2017. On the Kenyan side, the construction of the Mombasa-Nairobi SGR line 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.

In respect to improvement of *Maritime transport*, the implementation of the Intermodal Strategy has entered its second phase comprising the Lake Tanganyika Transport Program (LTTP) which was launched in November 2017 in Bujumbura Burundi. The LTTP is a successor program to the Lake Victoria Transport Program whose implementation is in progress. Development Partners including the World Bank, JICA, AfDB and Trademark East Africa have provisionally committed more than US$ 600 million to support the implementation of the Lake Tanganyika Transport Program. The implementation of the program is jointly coordinated by EAC, Central Corridor and Lake Tanganyika Authority.

d) Civil Aviation and Airports

EAC Partner States Upper Flight Information Regions have been unified, as evidenced by the approval by the 14th Sectoral Council on Transport, Communications and Meteorology (TCM) of the proposed Roadmap for the implementation of the EAC Upper Flight Information Region (EAC UFIR) Project. The Project is under implementation and aims at enhancing aviation safety and performance through the establishment of a seamless Upper Airspace. EAC Partner States have committed to fully implement the Yamoussoukro Decision as part of the Common Market Protocol. In order to achieve improved efficiency, enhancement in capacities and eventually lowering the cost of Air Transport in the Region, the EAC Secretariat has completed the draft Regulations to guide the Partner States to fully liberalize their Air Transport Services.

e) Communications

The *EAC Postal Development Str*ategy was approved by the 15th Sectoral Council on Transport, Communications and Meteorology (TCM) while the draft EAC Cross-border Interconnection Regulations was validated by stakeholders and considered by the Technical Committees. When adopted, the regulations will provide mechanisms for effective and efficient implementation of cross-border ICT infrastructure, while the approved Postal Development Strategy will facilitate the development of the postal sector through harmonized policies, laws and regulations. The Republics of Kenya, Rwanda, and Uganda had fully implemented the EAC Roaming Framework on a reciprocal basis.

f) Meteorology

Tanzanian Meteorological Agency was ISO 9001: 2015 Certified in the Quality Management System (QMS) for aeronautical meteorological services which is an International Civil Aviation Organization (ICAO) requirement while Kenya Meteorological Department and Uganda National Meteorological Authority initiated the certification process. The implementation of the HIGH Impact Weather Lake System (HIGHWAY) project in collaboration with the EAC Secretariat and the World Meteorological Organization (WMO) aimed at developing an early warning system for the Lake Victoria Basin was launched.

g) Cooperation in Defense

Partner States continued with negotiations and formulation of the EAC Mutual Defense Pact in line with Article 17 of the EAC Protocol on Cooperation in Defense Affairs. In May 2018, the Sectoral Council on Cooperation in Defense adopted the Draft EAC Mutual Defense Pact and the Mechanisms for the Operationalization of the Pact.

In October 2018, the Sectoral Council on Cooperation in Defense approved the following Standing Operating Procedures to be tested and validated in 11th EAC FTX *USHIRIKIANO IMARA* 2018:-

i) Standing Operating Procedures on Peace Support Operations for EAC Defense Forces;

ii) Counter Terrorism Standing Operating Procedures;

iii) Counter Piracy Standing Operating Procedures;

iv) Disaster Risk management Standing Operating Procedures;

v) EAC Police Standing Operating Procedures

vi) EAC Civilian Standing Operating Procedures

The Sectoral Council also approved subjects on emerging security threats to be incorporated in syllabi for EAC Partner States' Armed Forces Command and Staff Colleges.

The United Republic of Tanzania successfully hosted the 11th EAC Armed Forces Field Training Exercise (FTX) *USHIRIKIANO IMARA* 2018 in Tanga in November, 2018. The main objective of the FTX was to enhance the capabilities of the EAC Partner States Armed Forces, Police, Civilian Component and other Stakeholders in jointly addressing complex and multidimensional security challenges.

(a) East African Legislative Assembly

During FY2017/2018, the 3rd East African Legislative Assembly (EALA) wound up its tour of duty on 4th June, 2017. The 4th Assembly was expected to have commenced on 5th June 2017. However, by then, only the Parliaments of the Republic of Uganda, the United Republic of Tanzania, the Republic Burundi and the Republic of Rwanda had finalized the processes.

The Parliament of Kenya elected its nine representatives to the regional Assembly on Thursday 14th December, 2017, setting stage for the inauguration of the 4th Assembly on December 18th, 2017, in Arusha, Tanzania. Since then, EALA Members have taken the oath of allegiance, elected the Speaker and EALA Commission Members, and appointed members to the Six Standing Committees of the Assembly i.e. Accounts; General Purpose; Communication, Trade and Investment; Agriculture, Tourism and Natural Resources; Legal, Rules and Privileges; and Regional Affairs and Conflict Resolution. The Rt. Hon. Ngoga Karoli Martin is the newly elected Speaker of the 4th Assembly. The 4th Assembly has since been fully constituted and commenced on its legislative, oversight and representative mandate.

h) East African Court of Justice

The East African Court of Justice (EACJ) held six sessions, three for the First Instance Division and three for the appellate Division. In all, a total of 47 matters were handled during the period under review, 32 of which were adjudicated upon by the First Instance Division while 15 were adjudicated by the Appellate Division. The Court delivered nine judgments and six rulings on applications arising from cases that had been filed.

The Court held its first bi-annual plenary and planning in April 2018 attended by all Judges and staff. The plenary session considered and reviewed its calendar of activities while also deliberating on emerging issues affecting the operations of judicial work. Among the outcomes of the plenary were: a) adoption of the EACJ Strategic Plan 2018-2022; b) adoption of the EACJ Judicial Code of Conduct; and c) adoption of the reviewed Rules of Procedures currently awaiting gazetting.

Several other activities were carried out as follows:

i) Judges underwent training on arbitration to improve skills and enhance the Courts capacity to handle arbitration cases;

ii) The Court conducted training on the EACJ Rules of Procedures to practicing lawyers in Rwanda to enhance understanding for effective advocacy.

iii) The President of the Court participated in the EAC Chief Justices Forum held in May 2018. The Forum issued a communiqué where the CJs made a commitment to uphold the rule of law in discharge of their duties to create efficient judiciaries that will promote the rule of law in the Partner States;

iv) The Court conducted sensitization workshops in May and June, 2018 in South Sudan, Rwanda and Uganda. The workshops brought together Judges, State Attorneys and practicing lawyers. At the end of the workshops, participants called for frequent similar activities in Partner States to enlighten stakeholders on the role of the Court in the EAC integration agenda.

v) In line with the need to collaborate with other international Courts, the Court hosted all Judges of the African Court of People and Human Rights in September 2018 in Arusha. Presentations on the workings of each Court were made after a tour of the Court facilities and EAC headquarters. Both parties agreed on sharing information and inviting each other to respective events of mutual benefits. The two Courts shall be signing an MOU to guide their collaborations.

i) East African Health Research Commission

Under Digital Regional East African Community Health (REACH) Initiative: A Digital Regional East African Community Health (Digital REACH) roadmap was developed under the coordination of the East African Health Research Commission.

The Digital REACH Initiative

i. is a coordination mechanism that brings together stakeholders from the EAC region, development partners and other key players outside the region to improve health outcomes across the EAC;

ii. has been developed based on collaboration and inputs from representatives of each of the EAC Partner States;

iii. is intended to promote economic efficiencies through cost savings, economies of scale, and shared digital health resources across the region;

iv. will support improved health systems by enhancing data sharing, policies and standards, access to and continuity of health care, disease surveillance, and use of data; and

v. Will position the region as a leader in digital health.

vi. Establishment and launching of Holistic Approach To Unravel Antibacterial resistance in East Africa (HATUA)

vii. Publication of the East African Health Research Journal (EAHRJ) volume 2, issue

j) Status of Ratification and Accession of Legal Instruments

The Community concluded a number of Protocols some of which are yet to be ratified and brought into force. The Protocols include: -

(i) Protocol on Extended Jurisdiction of the East African Court of Justice (not yet ratified by any Partner State);

(ii) Protocol on Cooperation on Meteorological Services (not yet ratified by any Partner State)

(iii) Protocol on Immunities and Privileges of the East African Community, its Organs and Institutions (not yet ratified by any Partner State)

(iv) Protocol on Sanitary and Phyto-Sanitary Measures (ratified by the Republic of Burundi, Republic of Kenya, Republic of Uganda and Republic of Rwanda);

(v) Protocol on Peace and Security (ratified by the Republic of Kenya, Republic of Uganda, Republic of Rwanda, and the United Republic of Tanzania);

(vi) EAC Agreement for Avoidance of Double Taxation and Prevention of Fiscal Evasion with respect to Taxes on Income (DTA) (ratified by the Republic of Kenya, Republic of Rwanda and Republic of Uganda);

(vii) The COMESA-EAC-SADC Tripartite Free Trade Area Agreement (ratified by the Republic of Uganda);

(viii) Protocol on Information and Communications Technology Network (not yet ratified by any Partner State); and

(ix) Accession to the Convention Establishing the Lake Victoria Fisheries (the Republic of Burundi, Republic of Kenya, Republic of Uganda and the United Republic of Tanzania have acceded to the Convention).

k) East Africa Community Civil Aviation Safety and Security Oversight Agency (CASSOA)

The 4th East African Community Civil Aviation Safety and Security Oversight Agency (CASSOA) symposium was held in Nairobi, Kenya from 1st to 2nd February 2018 at the Crowne Plaza Hotel under the theme 'Aviation Safety: A Collaborative Approach'. The symposium provided an opportunity to review the Agency's safety and harmonization programmes, including the assistance to Partner States in complying with ICAO Standards and Recommended Practices.

l) Inter-University Council for East Africa

In April 2018, the East African Community and Government of the Federal Republic of Germany signed an agreement for a non-repayable grant worth EUR 5,000,000 (Five million Euros). The Inter-University Council for East Africa was selected as the Project Executing Agency. The project will offer financial support for academically skilled but disadvantaged Masters students with the main focus on Mathematics, Informatics, Science, Technology (MINT) or Business Science. In addition, the project will cater for extracurricular activities with a minimum of one event-visit per year and student. The 8th East African Higher Education Quality Assurance Network (EAQAN) Annual Forum was held from 7th to 10th May 2018, at Park Inn by Radisson Kigali in Kigali.

m) Lake Victoria Basin Commission

One of the projects under the Lake Victoria Water Supply and Sanitation Phase (LVWATSAN II) Program was commissioned at Sengerema Water by the President of United Republic of Tanzania H. E. Dr. John P.J. Magufuli on 4th July, 2017. The project is now fully operational with a water capacity supply of 15,840 cubic meters per day.

Regional standards for industrial and municipal effluent discharges into water bodies of LVB were developed, approved by EAC COM, gazetted and are being used to guide regulators, municipalities and industries in the basin. Adherence to the standards is expected to reduce water pollution. A state-of-the-art Water Resources Information System was developed for Lake Victoria Basin;

The Commission successfully facilitated the negotiations between Rwanda and Burundi to finalize a MoU for the joint management of the Nyungwe –Kibira Ecosystem. Nyungwe is a national park, while Kibira is a forest reserve. The Nyungwe-Kibira ecosystem was determined to be one of the nine (9) Biologically Significant Areas within the Lake Victoria Basin. LVBC under the PREPARED Project developed an investment program for Nyungwe-Kibira to support key interventions on the ground. A Joint Action Plan (JAP) for Management of the Trans-boundary Nyungwe-Kibira Landscape (2019-2029) between the Government of the Republic of Burundi and The Government of the Republic of Rwanda was finalized.

The Lake Victoria Basin Commission (LVBC) in collaboration with the Uganda National PHE Network, K4Health a USAID-funded project of the Johns Hopkins University and the Population Reference Bureau (PRB) hosted a regional PHE Symposium from 27th to 28th September 2017 in Entebbe, Uganda. The Conference made 10 resolutions which are being implemented.

n) Lake Victoria Fisheries Organization

A Fisheries and Aquaculture Policy was developed and approved by LVFO Sectoral Council in March 2018. The Policy provides a negotiated position to guide the management and development of fisheries and aquaculture in contributing to economic growth and development.

The 20th Lake-wide hydro-acoustic survey (to establish amount of fish in the lake) was conducted from 8th September to 5th October 2017. The estimated total biomass of fish and *Caridina nilotica* in the lake was 2.63 million tonnes. The estimated total biomass of fish represented about 16% increase from the biomass recorded in August 2016. The estimated biomass of Nile perch, *Lates niloticus* was 1.12 million tons, which represented a 31.6% increase compared to biomass recorded in August 2016 however the majority of the Nile perch were small in size.

Guidelines for Establishment and Operation of Cage Fish farming in East African Community were approved by LVFO Sectoral Council in March 2018. The guidelines will streamline the establishment and operation of cage fish farming and aquaculture parks to ensure environmental sustainability and harmony among the resource users.

o) East African Kiswahili Commission

The Commission organized and held its first International Conference on 6th-8th September, 2017 at the Golden Tulip Stone Town Hotel, Zanzibar, and United Republic of Tanzania. Research papers that provided insights on how Kiswahili can contribute to economic development in our communities and EAC in particular were presented at the conference.

The Commission also developed an inclusive Mobility Policy and Programme to cater for staff, students, government officials, media practitioners, civil society and business people. A manual was developed to guide Kiswahili

stakeholders designated as capacity assessors in ensuring capacity assessment is conducted in a consistent and rigorous manner taking into account the required processes and guidelines. The Manual spelled out standards of conduct for capacity assessors and the capacity assessment reporting as well.

p) East African Competition Authority

The Authority finalized the EAC Competition Authority (Conduct of Meetings) Rules, 2018 which was adopted by the 37th meeting of the Council of Ministers held on 2nd-8th May, 2018 **(**EAC/CM37/Directive 12). The Rules will govern the conduct of the Authority in the discharge of its functions as provided under section 40 of the said Act. The Authority revised the job descriptions for the positions of the Registrar and Deputy Registrar, Monopolies and Cartels as guided by the Ad-hoc EAC Service Commission in preparation for re-advertisement. This was facilitated by a directive of the 35th meeting of the Council of Ministers held on 30th March to 4th April, 2017 *(EAC/CM 35/Directive 74)**.***

q) East African Science and Technology Commission

Regional Research Collaboration with National Commissions/Councils for Science & Technology agreement was signed in partnership with African Centre for Technology Studies (ACTS) - Nairobi and SGCI/IDRC (Science Granting Councils Initiative): - A memorandum of understanding (MOU) was signed with ARIPO (African Regional Intellectual Property Organization) for the development of the Regional Intellectual Property Rights (IPR) policy.

An Indicative list of partners and contacts for collaboration and partnerships with UNESCO-Nairobi was established for the development of Regional STI Policy (technical assistance) and STEM Programme; UNECA for the development of the regional framework for sustainable renewable energy technology deployment (technical assistance); and AfDB for the Regional STI Forum (in collaboration with IUCEA and NM-AIST).

r) East African Development Bank

In October 2017, the African Development Bank approved USD 25,014,522 to support the Multinational Lake Victoria Maritime Communications and Transport Project. The Bank (AfDB) has signed the Loan Agreement with the Partner states which are riparian to the Lake (Kenya, United Republic of Tanzania and Uganda). The United Republic of Tanzania has provided land for construction of EAC Regional Maritime Rescue Coordination Centre (RMRCC) in Mwanza.

CONCLUSION

In light of the following prevailing regional development challenges experienced during the financial year: inadequacy of resources and delays in disbursements of financial commitments from Partner States; delays in the implementation of policy decisions; recurring Non-Tariff Barriers that affect movement of goods across borders; slow pace of implementation of the Common Market Protocol mainly due to delays in amending national policies to conform to the Protocol; and delays in ratification and accession of legal instruments, the EAC remains focused on the following key priorities as stipulated in the 5th EAC Development Strategy:

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) Infrastructure development in the region.

iii) Enhancing free movement of all factors of production and other areas of cooperation across the Partner States as envisaged under the Common Market and Monetary Union Protocols.

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.

vii) Institutional transformation at the regional and Partner State levels.

The Community has further registered considerable achievements and will strengthen collaboration with the Private Sector towards greater and deeper integration for the people of East Africa. In the next Financial Year, the Secretariat will continue engaging Partner States and Development Partners to ensure timely disbursement of funds to facilitate timely implementation of projects and programs and expedite the process of formulating alternative financing options for consideration by the Council.

I take the opportunity to thank all our key stakeholders, particularly the Partner States and Development Partners for the continued commitment and support towards enabling the region to realize its objectives.

Amb. Libérat Mfumukeko
EAC SECRETARY GENERAL

01/

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 and the United Republic of Tanzania. The EAC 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, defence, security and legal and judicial affairs for their mutual benefit." Since then, the EAC Customs Union was established in March 2005 and has made significant progress. In 2010, the EAC established a Common Market followed by Monetary Union signed in 2013 that will come into force in 2023 and then a Political Federation as the ultimate goal.

As one of the fastest growing Regional blocs in Africa, the EAC has a population of about 150.6 million people with a combined GDP of US$150 billion by 2015. The economies of the EAC mainly depend on export of agricultural commodities although industrial production especially manufacturing has recently increased in all the countries that comprise the trading bloc. At the same time, the services sector has grown mainly 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 for the Community. The Summit composed of the Heads of State of the Governments of Partner States; The Council composed of the Ministers responsible for the East African Community Affairs and other Ministers as each Partner State may determine; and the Coordination Committee composed of Permanent Secretaries. The Sectoral Committee composed of Senior Officials from the Partner States are responsible for preparation of comprehensive programmes implementation reports and priorities in the respective sectors.

Other Organs are:- The Secretariat, as the executive organ of the Community responsible for initiating and coordinating the harmonization of policies and strategies relating to the development of the Community and general administration and financial management of the Community; 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, seven ex-officio members who include the Ministers responsible for EAC Affairs, the Secretary General and the Counsel to the Community; and the East African Court of Justice, a judicial body of the Community responsible for administration of justice.

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

1.3 STRUCTURE OF THE REPORT

The report is structured as follows: Chapter 1.0 presents the introduction to the Annual report, followed by brief analysis of recent social economic development in Chapter 2. Performance on planned activities across the EAC Secretariat is presented in Chapter 3 through Chapter 8. Performance registered by the EAC Organs and Institutions is presented in Chapter 9 through Chapter 17. The report ends with presentation of challenges faced and proposed solutions in Chapter 18 and 19 and lastly conclusions in Chapter 20.

02/

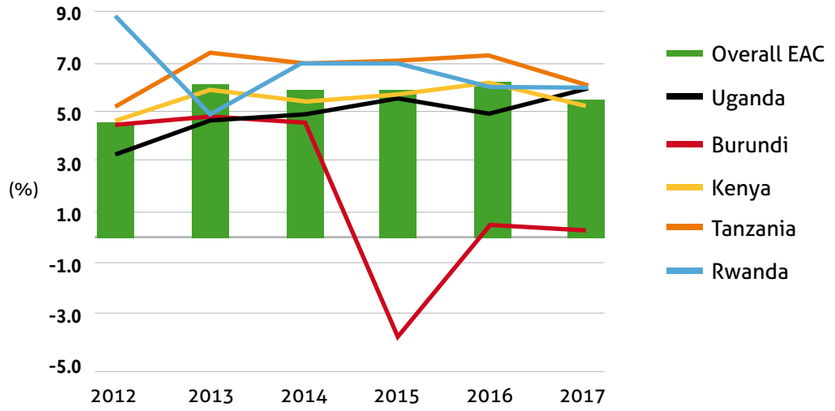
RECENT SOCIO-ECONOMIC DEVELOPMENT IN EAST AFRICA

The East African Community with its six Partner States constitutes an important regional economic bloc in Africa in terms of its coverage, population and economic strength. The region with its territorial area of around 2,463,146 km^2 is endowed with vast ranges of arable land, massive water resources, forest coverage and related resources, tourist attractions, and a number of mineral resources notably gold, diamonds, gas and petroleum resources. Complimented to its population of around 170 million people in 2017, and overall gross domestic product (GDP) of over US$165 billion in 2017, the region is a home of a number of foreign investments. With the exception of the Republic of South Sudan, and the Republic of Burundi, the rest of the EAC Partner States are marked with remarkable economic growth averaging GDP growth of 5.6% in 2017. The region is considered as the world's fastest reforming with stable economic and political environment; harmonized tariff; great marketaccess 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 2017/18 was generally positive. Available data indicate that real GDP growth in EAC Partner States varied over the past three years to 2017, with an annual average growth of 5.6%. In Kenya, real GDP grew on average by 5.6% while Tanzania and Rwanda experienced the highest annual average growth rates of 6.8% and 6.3% respectively. Uganda on average recorded moderate growth of 5.5%, while Burundi, owing to political instabilities experienced since 2015 resulted to economic downturn leading to an average growth rate of around 0.8%. The Republic of South Sudan is yet to recover from the economic downturn. In 2017, the country recorded a decline in GDP by 2.4%, though much lower compared to the negative growth of 13% in 2016.

Figure1: Real GDP Growth of EAC Partner States, 2012 – 2017



Source: EAC Facts and Figures 2016; AfDB Africa Economic Outlook 2017

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$165 billion in 2017; Kenya had the highest per capita income estimated at around US$1,583, followed by Tanzania with around US$976, Rwanda US$775 and Uganda US$728. Lastly Burundi and South Sudan recorded the least per capita income at around US$321 and US$223 respectively. Overall, the EAC region had per capita income of around US$974 in 2017.

2.2 DEMOGRAPHIC TRENDS

a) Population

The EAC had a combined population of around 169.6 million in 2017, compared to an estimated 165.5 million persons in 2016. Tanzania had the largest population accounting for 30% of the region population, followed by Kenya and Uganda at 27% and 22% respectively; while South Sudan accounted for 8%, Rwanda 7% and Burundi 6% of the regional population. The average population growth rate in the region was estimated at about 2.5% in 2017. It is thus estimated that the region's population is likely to double by 2050.

Table 1: Annual Population Growth rate (in %)

Partner State/Years	2013	2014	2015	2016	2017 (e)
Burundi	3.1	3.0	3.0	3.0	3.0
Kenya	2.7	2.6	2.7	2.7	1.7
Rwanda	2.4	2.4	2.4	2.4	2.4
Tanzania	2.7	2.7	2.7	2.7	2.2
South Sudan	-	-	-	-	3.2
Uganda	3.0	3.0	3.0	3.0	3.3
East Africa	***2.9***	***2.9***	***2.9***	***2.9***	***2.5***

Source: EAC Facts and Figures, 2016 , IMF Country Reports

The population density for the EAC region in 2017 continued to surge ranging from as high as 448 and 405 persons per Km² respectively in Rwanda and Burundi, to as low as 20 persons in South Sudan, 53 in Tanzania and 79 in Kenya, and 160 persons in Uganda; with overall regional population density of 69 persons. The persistent high total fertility rate is among factors contributing to population increase in the region. Total fertility rate across the EAC Partner States averages at 5.0 births per woman[1], with Burundi and Uganda respectively recording the highest rates of 5.8 and 5.7 births in 2015.

Table 2: East Africa's Population Trends

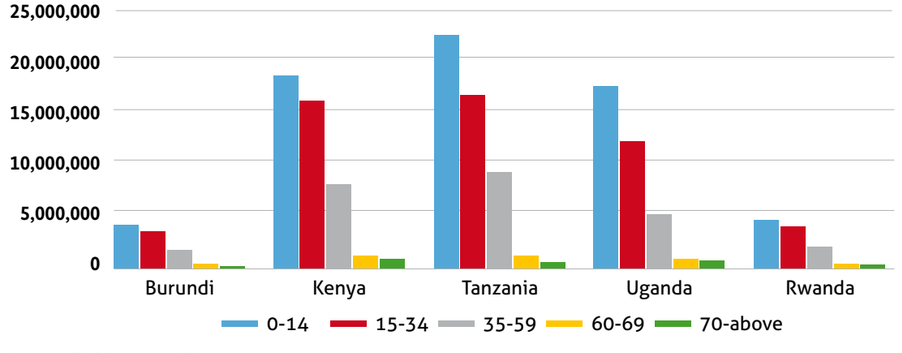
Country	Land Area ('000 Sq. Km)	Population (in thousands)			
		1950	**2000**	**2016**	**2017 (e)**
Tanzania	886.3	7,886	35,119	49,400	50,500
Kenya	580.7	6,265	30,669	45,349	46,115
Uganda	200.5	5,210	23,300	36,581	37,800
Rwanda	24.2	2,120	7,609	11,533	11,800
Burundi	25.0	2,456	6,356	10,283	10,591
South Sudan	644.3	-	-	12,400	12,800
EAC	**2,361,000**	**23,937**	**103,053**	**165,546**	**169,606**

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

[1] EAC Facts and Figures 2016; World Bank at https://data.worldbank.org/indicator/

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 of age group 0 -14 and 15 – 34 years respectively accounted for 44% and 34% of the region's total population and that proportion is expected to have maintained over the year to 2017. The middle age population between 35 – 59 years accounted for just 17% of the population, while the old age (60 years and above) constituted only 5% of the region's population. Against this background, such a 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. Similarly, the low proportion of the population at age 60 years and above is justified by the rather low life expectancy rate of around 63 years.

Figure 2: EAC Population Distribution in 2015 by Age Group



Source: EAC Facts and Figures 2016

a) 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 despite the fact that the EAC region is endowed with abundant arable land and numerous natural resources.

Table 3: Unemployment Rates (%) in East Africa

Country	Labour force 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

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

2.3 SOCIO-ECONOMIC INDICATORS

2.3.1 LIFE EXPECTANCY

Expectancy at birth on average stood at 62.74 years in the East African countries, slightly higher than the life expectancy for Sub Saharan Africa that stands at 60.80 years in 2017. Rwanda has the highest life expectancy at 67.49 years, with Burundi ranking the least at 57.86 years. The under-five mortality rate per 1000 births was on average at 55 in 2012, while average maternal mortality (per 100,000 births) stood at 446, which is slightly below the Africa average of 460. The state of health systems in the region is a contributing factor to the current life expectancy and mortality rates.

2.3.2 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.

While in Burundi it is indicated that around 70% of the population are living below the national poverty line, in Uganda and Tanzania over 50% of the population are living above the poverty line. Kenya recorded the lowest poverty level at around 37% of population below the poverty line. Overall poverty remains a big challenge in the region, 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 2017	Life Expectancy at birth, 2017	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	10.6	57.86	142	71.8 (*2013*)	67.2
Kenya	46.1	67.29	52.4	36.8 (*2015*)	87.4
Rwanda	11.8	67.49	50	55.5 (*2016*)	71.1
Tanzania	50.5	66.31	49.7	49.1 (*2011*)	73.2
Uganda	37.8	60.18	57.8	41.7 (*2016*)	73.2
South Sudan	12.8	57.29	-	42,7 (*2009*)	-
East Africa	**169.6**	**62.74**	**70.4**	**-**	**74.4**
Sub-Sahara Africa	**1,006**	**60.80**	**71.4**	**-**	**64.9**

Source: EAC Fact and Figures2016; World Bank Data (https://data.worldbank.org/country).

2.3.3 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

Country	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

03/

OFFICE OF THE SECRETARY GENERAL

The office of the Secretary General is headed by the Secretary General assisted by three Deputies.It coordinates all regional projects and programs in the Community and directly supervises the following functions: Legal and judicial affairs; Cooperation in Defence; Corporate Communications and Public Affairs; Internal Audit; and Resource Mobilization.

3.1 OFFICE OF THE CHEF DE CABINET

During the financial year 2017/2018, the Office of the Secretary General had to achieve eight targets as follows: strengthen the relationships with the private sector and Civil Society by June 2018; strengthen Inter-organ/institutional collaboration and co-operation; strengthen relations with other regional and international organizations; ; held Annual inter-Organ and Institutions meetings and briefing sessions with the Summit Chair; and to strengthen the coordination of EAC Organs/Institutions; Policy formulation capacity.These targets were to be achieved through different activities such as consultation meetings with Partner States and conducting official functions, attending statutory and EALA Meetings, producing Audit reports, putting in place Risk Registers, undertaking risk identification, assessment, mitigation and reporting, conducting internal audit harmonization retreats, producing oversight committee reports and training staff on internal auditors skills and competences by June 2018.

Key Achievements registered in the period under review:

a) **Relationships with the private sector and Civil Society strengthened by June 2018:**

The Office officiated at the opening of the 3rd Edition of EAC Arts and Culture Festival – JAMAFEST, 8th to 10th September, 2017, Kampala, Uganda.

b) **Strengthening of inter-organ/institutional collaboration and co-operation**:

Attended the Tripartite Ministerial Committee on Infrastructure, 24th – 26th October, 2017 in Dar es Salaam.

c) **Strengthening Relations with other regional and international organizations**

Attended the EU High Level Meeting in Pretoria, South Africa; Launching of the 1st EAC Industrial Competitiveness Report 2017, Dar es Salaam, Tanzania; Meeting with Director General of African Development Bank, Nairobi, Kenya, 2017 UN Environment Assembly, 5th – 6th December, 2017, Nairobi, Kenya; Attended the EAC-EU EPA Meeting with the Chairperson of the Summit on 24th to 28th September, 2017.

Convened a meeting with Development Partners in Dar es Salaam, Tanzania; Meeting with USAID Mission Director, Karen Freeman 5th October 2017, Nairobi, Kenya; Consultative Meeting with EAC Central Corridor, Lake Tanganyika Authority and World Bank, 26th October, 2017 in Bujumbura, United National General Assembly, 16th – 25th September 2017, New York, USA; World Bank/IMF Annual Meetings, 12th – 15th October 2018, Washington, DC.

d) **Annual inter-Organ and Institutions meetings and briefing sessions with the Summit Chair held**

Held a number of consultative meetings with the Chairperson of the Council; Paid a courtesy call on the EAC Minister for Rwanda, 9th October 2017, Kigali, Rwanda; Attended the 36th Meeting of the Council of Ministers, 23rd to 29th November 2018, Kampala, and the 27th Meeting of the Sectoral Council of the EAC Affairs and Planning, 30th October 2017, Kampala, Uganda which gave a number of directives and decisions under implementation

Budget Execution
The budget allocated to the Secretary General's Office amounted to US$754, 673.00for the Financial Year 2017/2018 with an expenditure of US$ 691,239.73. The budget performance was 92%.

3.2 DEFENCE LIAISON

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 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 Defence Liaison Unit planned to: sign and ratify Protocol on Cooperation in Defence Affairs; harmonize training doctrines and syllabi; implement Joint Operations by June 2018; improve Defencetechnical facilities, increase visits and exchange of Information and Intelligence; and enhance training among EAC Partner States Armed Forces by June 2018.

Key Achievements registered during the period under review:

Signing and ratifying Protocol on Cooperation in Defence Affairs;
Protocol on Cooperation in Defence Affairs was ratified by all Partner States. All activities as per the Roadmap for the signing of a Mutual Defence Pact have been carried out as of 31st March 2018.

a) **Implementation of the Joint Operations by June 2018;**

Convened a Meeting of EAC Militaries Training Experts which developed the Military Exercise Training Concept Paper upon which the planning for the Field Training Exercise (FTX) USHIRIKIANO IMARA 2018 will be based.

The IPC, attended by Military Exercise Planners from Partner States Militaries developed the Exercise Manning List, budget estimates for the FTX and allocated thematic areas to Partner States to develop and present in the Main Planning Conference (MPC).

b) **Improving Defence Technical facilities and increase Visits and Exchange of Information and Intelligence by June 2018;**

The Military Health Experts, in accordance with the DefenceSectoral Council Decisions, finalized the remaining Standing Operating Procedures on the disease conditions affecting military operations and developed common disease management protocols which are to be used by the EAC Militaries. The DEWG also benchmarked the RDF Medical Simulation Center based at the Main Military Hospital and recommended that it formally be offered for shared utilization.

On Visits and Exchange of Information and Intelligence; three of the quarterly meetings have been carried out. The Intelligence Chiefs reviewed the security situations in the region and made recommendations to the DefenceSectoral Council due in May 2018. CIMIC activities carried out during the UPDF TareheSita for the financial year were successfully concluded. The aim of the activities was to cement a cordial relationship between civilian population and civic institutions on one hand and the EAC Militaries on the other, win the hearts and minds of the civilian populace and contribute to the socio-economic development within the Partner States.

Three of the quarterly DLO national Consultations were fully accomplished and DLOs received and provided briefings from/to their respective CDF/CDS. –The scheduled Military Games and Cultural Event took place in the Republic of Burundi in August 2017 thus strengthening 'esprit de corps' among the EAC Militaries.

c) **Enhancement training among EAC Partner States Armed Forces**;

The two scheduled bi-annual meetings were conducted. At these meetings, Commandants discussed progress made in the implementation of the Protocol on Cooperation in Defence Affairs during the period under review. They noted progress made in the Burundi Military Academy's curriculum development and encouraged them to expedite its implementation.

Budget Execution
The budget allocated to the Defence Office amounted to US$ 543350.OO for the Financial Year 2017/2018 with an expenditure of US$ 537131.31 indicating a budget performance of 99 %.

3.3 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 service designed to add value and improve the Community's operations.

In the period under review, Internal Audit planned to conduct at least 16 Audit assignments by the end of the financial year 2017/18; maintain the Risk Registers for EAC Organs by June; harmonize Internal audit tools and techniques by June 2018; coordinate the end of the External Audit of the Financial Statements for the financial year by 30th June 2017; effectively support the Oversight Committees and Council as required; and enhance the EAC Internal Auditors Skills and Competences by June, 2018.

Key Achievements registered during the period under review include;

a. **Conducted 8 of the 16 Audit assignments by the end of the financial year 2017/18**;

Audit reports were shared with senior management and considered by the EAC Audit and Risk Committee.

b. **Coordination of the External Audit of the Financial Statements for the financial year ended by 30th June 2017;**

Coordinated the Audit Commission audit processes and issued audit opinion on the Audited Financial Statements for the financial year 2016/2017 of the EAC Organs and Institutions.

c. **Effectively support the Oversight Committee and Council as required**

Convened three of the fourmeetings plannedto consider Audit reports from EA Organs and Institutions. One meeting of the fourwas held to prepare the Annual report of the Committee to the Council of Ministers.

d. **Enhancement of the EAC Internal Auditors Skills and Competences by June, 2018**
Internal Audit staff was trained and attended CPD to improve their competency and comply with professional standards requirements on CPD.

Budget Execution
The budget allocated to the Internal Audit amounted to US$ 290,900.OO for the Financial Year 2017/2018, with an expenditure of US$.242, 336.07. The budget performance was thus 83. %.

Challenges and recommendations

Due to a delay in disbursement of funds from the Partner States, some of the activities could not be implemented.

3.4 COOPERATION IN LEGAL AND JUDICIAL AFFAIRS

The Office of the Counsel to the Community is established under Article 69 of the Treaty and is responsible for legislative drafting and parliamentary services; advisory services and litigation; drafting of agreements and legal instruments; and corporate secretarial services among others.

In the period under review, the Office of the Counsel to the Community planned to implement four activities namely to: Harmonize five laws by June 2018; provideLegal advice to Organs and Institutions of the Community by June 2018; establish the East African Law Journal by June, 2018; draft Bills for the Council and Private Members Bills by June 2018; and train 30 Judges from Partner States on the EAC Treaty.

Key Achievements registered during the period under review include:

a) **Harmonization of Five laws by June 2018**

The department held a Task Force meeting on Harmonization of Laws on 31st January- 3rd February, 2018. The Roadmap for the Harmonization of Laws was developed by the task force on Approximation and Harmonization of Laws, targeting harmonization in the following areas for the FYs 2018-2021:Investment Laws; Financial Laws and Regulations, including Banking, insurance and Capital Markets; Tax Laws; Transport Sector(specifically Road and Air Transport); Information and ICT Systems; Industrial Development and SMEs for the mining and

mineral sector to promote mineral value addition; Agriculture and Food Security; and Laws related to the Education Sector, e.g aspects of Foreign Students.

b) **Legal advice to Organs and Institutions of the Community by June 2018**

The Legal Department has continuously provided legal support to the Institutions and Secretariat.

The Secretary General was represented by the Office of the Counsel to the Community at all hearings at the East African Court of Justice. These include-

- AngellaAmudoVs Secretary General (Claim No 1 of 2012);
- Castro ShirimaVs Secretary General and the Partner States (Application No 3 of 2018);
- Attorney General of the Republic of Burundi vs the Secretary General of the East African Community (Reference No 2 of 2018)
- Grand Lacs Supplier S.A.R.L & Others vs the Attorney General of the Republic of Burundi & The Secretary General of the East African Community (Reference No 6 of 2016); and
- Hon. Justice MalekMathiangMalekvs the Minister of Justice of the Republic of South Sudan and the Secretary General of the East African Community(Reference No 9 of 2017).

c) **Bills for Council and Private Members Bills by June 2018**

The Bills for Council and the Private Members Bills were drafted by June 2018 and the EAC Customs Management (Amendment) Bill, 2018 was concluded by the 20th Meeting of the Sectoral Council on Legal and Judicial Affairs in March 2018.

d) **30 Judges of Partner States trained on the EAC Treaty and Regional Integration Matters**

Two meetings of the East African Judicial Education Committee were held from 28th February to 2nd March 2018 in Arusha, Tanzania; and from 16th- 18th May, 2018 in Kigali, Rwanda.

The East African Judicial Education Committeeidentified thematic areas for the regional judicial training programmes and engagement of trainers for the FY 2018/19; scheduled training programmes East African Judicial Education Committee meetings for the FY 2018/2019; developed a training programme for Judges from the Republic of South Sudan; and considered the revival of the Forum of EAC Chief Justices.

A training of members of the EAJEC took place between 16thand 18th May, 2018 in Kigali, Rwanda and covered the following areas-

(a) Gender and Children's' Rights;

(b) The mandate and objectives of the EAJEC;

(c) Presentation on the Harmonization of Judicial Education in the EAC;

(d) Understanding the Legal and Judicial Framework of the EAC; and

(e) The evolving jurisprudence of the Court on key areas of the Law and Treaty interpretation over the years

A total of 15 Judges were trained. The number was low due to the limited funding availed to facilitate the training of Judges.

e) Legal Support to Meetings of Organs and Institutions of the Community provided

The Legal Department has continued to provide adequate facilitation to Meetings of Organs and Institutions. Legal support was provided at the 35th Extraordinary Meeting of the Council in February 2018 as well as the 36th and 37thMeetings of the Council which took place in February and May, 2018 respectively; and other technical meetings.

Budget Execution
The budget allocated to support cooperation in Legal and Judicial Affairs amounted to $ 695550.00for the Financial Year 2017/2018, with an expenditure of $184339.88.The budget performance was at 27% due to the low disbursement and unavailability of funds to enable maximum budget performance.

Challenges and recommendations
The challenge registered wasthe withdrawal of support of the activities of the East African Judicial Education Committee (EAJEC) and Litigation which forms one of the core tasks of the Legal Department.

3.5 RESOURCE MOBILIZATION

The Resource Mobilization Office (RMO) is responsible for the overall coordination of Resource Mobilization (RM) initiatives of the EAC Organs and Institutions. The mandate of the RMO originates from the Treaty for the establishment of the EAC. Article 71(i) states that "the Secretariat shall be responsible for the mobilization of funds from Development Partners (DPs) 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. The RMO therefore creates an enabling environment for mobilization of resources, by providing in-house knowledge for donor intelligence, policy advice, guidelines, tools and instruments for RM and leading the negotiation and development of financing agreements as well as oversight on donor compliance.

In the period under review, with the objective of increasing and sustaining support from DPs, the RMO set out the following priorities: Strengthen staff capacity as well as communication and Information flow on RM matters; increase donor engagement and streamline the management of the Partnership Fund.

During FY 2017/18, financing agreements totaling **USD$ 48,524,815** were signed with various DPs. These include:

Table 6: Financial Agreements

Financing Agreement / Objective	DP	Amount	Time Frame
FAO-Sub Regional Office for Eastern Africa (FAO-SFE)	FAO	400,000	Jan 2017-Sept 2018
Tripartite Transport and Transit Facilitation Programme-EDF 11 (EAC component)	EU	809,400	Aug 2017-Nov 0201
EAC Regional Project on Vaccines and Immunization in collaboration with the KfW and GAVI	KFW	34,200,000	Aug2017-Dec 2019
NEPAD-IPPF Grant to EAC Secretariat for financing part of the costs of the preparation of the Multinational Road Uganda-Tanzania Project	AfDB	1,515,415	Nov 2017-Jan 2020
EAC Regional Network of Public Health Reference Laboratories for Communicable Diseases	KFW	11,400,000	Nov 2017-Nov 2020
General support from China		200,000	2017-2018
TOTAL ($)		**48,524,815**	

Other Key achievements included the following:-

a) Streamlined flow of communication and information on RM:

In order to streamline coordination and the flow of RM information among various users within the EAC Organs and Institutions, an Internal Resource Mobilization Network (IRMN) was established in June 2017 and is operational to date. The Network is composed of (24) Focal points from each EAC Directorate and Organ/Institution. The Focal Point acts as a Liaison between his/ her Directorate/ Organ/ Institution and the EAC RMO on resource mobilization matters.

b) Enhanced Staff capacity on resource mobilization matters:

Twenty (20) Staff from the EAC Organs and Institutions were trained on ***"Writing Successful and Winning Grants Proposals"*** from 14th to 16th March 2018 in Nairobi Kenya. During this capacity building session, four (4) proposals were developed on selected programmatic themes out of which 1 proposal on TVET was considered by the Swiss Development Agency for funding.

c) Resources mobilized to support the EAC Heads of States Retreat:

During the period under review, RMO coordinated the resource mobilization efforts for about $500,000 from different donors to support the EAC Heads of State Retreat on Infrastructure and Health and Investor/donor round table that took place in Kampala on 21st-22nd February 2018.

a) Enhanced management of the Partnership Fund (PF) (2017/18)

During the FY 2017/18, the Fund Steering Committee approved a budget of USD 2,716,949 and a total of USD 2,613,353 equivalent to 96.2% was disbursed. Table 1 below provides a summary of budget performance and percentage utilization for each of the four priority areas that were supported during the period under review. It is important to note that the overall low budget utilization and activity implementation was occasioned by the late approval of the Partnership Fund work plan and delays in procuring service providers especially consultants.

Table 7: Summary Budget Performance for July 2017 – June 2018

S/N	DESCRIPTION	Total Budget (US$)	Actual Expenditure (US$)	Balance (US$)	% Utilization
i)	Support The Implementation Of EAC Common Market Protocol and the Customs Union Protocol	1,190,590	679,244	511,345	57%
ii)	Support to the Implementation of the East African Monetary Union	323,330	132,722	190,609	41%
iii)	Sensitization and Public Awareness	171,550	126,057	45,493	73%
iv)	Capacity Strengthening of EAC Organs and Institutions.	1,031,479	683,626	347,854	66%
	TOTAL	**2,716,949**	**1,621,650**	**1,095,300**	**60%**

The low absorption capacity as per table above was occasioned by the late approval of revised work plan that was done in December, 2017 and actual implementation of the work plan commenced during the 3rd quarter (January – March). However, going into the next financial year 2018/19 the Secretariat will ensure that the work plan is approved before the commencement of the financial year and that all the required procurement processes are finalized on time during the first quarter of the current financial year.

There are still challenges related to poor prioritization and proper activity planning and budgeting on the part of the project implementers, especially in regard to allocation of inputs for various activities leading to difficulties during implementation in most some cases requiring going through lengthy processes of reallocation.

Budget Execution

The budget allocated to support Resource Moblization amounted to $732,125 for the Financial Year 2017/2018. This budget included the funding for activities to be supported by the Partnership Fund. The budget performance was 27% due to the low disbursement by the Partnership Fund and unavailability of funds to enable maximum budget performance.

Challenges and Recommendation

During this reporting period, the main challenges faced by the RMO included inadequate human and financial resources. The growing trend of DP's preference to offer technical assistance as opposed to budget support largely affected the Partnership Fund (basket fund), which was expected to provide the larger portion of budget for resource mobilization. In order to address the above challenges, the RMO will conduct an in-depth analysis of the RM prevailing framework and come up with appropriate strategies to address them.

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. CCPAD 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, CCPAD planned to: enhance Information, Education and Communication (IEC) and popular participation of the EAC citizenry in the EAC integration process.

The key achievements made during the Financial Year 2017/2018 were:

a. Enhance Popular Participation of the Citizenry in the EAC integration process

- Two thousand (2,000) copies of The Community Magazine- Issue 28 were printed with GIZ funding.
- Two thousand (2,000) copies of The Community Magazine – Issue 29 were printed.
- One thousand, six hundred (1,600) copies of An Overview of the EAC Factsheet were printed and
- One thousand (1,000) copies of EAC Information Guide (Kiswahili) were printed.
- Improved real time response to enquiries and comments by 71% which is an average of 1 day on social media channels; that is Twitter 40,000, Facebook Group- 6,670, Face book Page 8,100, Facebook Group for Journalist on East African Affairs- 516, EAC Media Centre (Twitter - 1,100, Instagram – 130).
- Sensitization was carried out and included:
- Sensitization of 1,879 students who visited the EAC headquarters on study tours
- Sensitization of 100 government officials and foreign dignitaries who visited the EAC headquarters on study tours
- Sensitization of 100,000 residents of Bujumbura city during the 11th EAC Military Games
- Sensitized over 200,000 residents of Kampala city during the JAMAFEST 2017
- Received 400 entries for the EAC Logo Design Competition
- Preparation underway to convene a meeting of the judging panel to evaluate submissions/entries
- 150 copies of the EAC Trade and Investment Report 2015 were printed

- Live-streamed and documented JAMAFEST 2017
- Election Observer Mission to the Republics of Rwanda and Kenya in August 2017
- World Rabies Day Celebration held under the Pandemic Workshop in Burundi
- 22 Press Conferences were held during the period under review
- 1 Workshop convened for RSS Media practitioners in Arusha, Tanzania
- 1 media breakfast held in Burundi during workshop of Lake Tanganyika
- Issued 117 Press Releases
- Issued 11 editions of the e- Newsletter
- 150 names/emails of Journalist/stakeholders were added in the email database
- 25 side interviews organized during the period under review
- Over 100 articles/stories originated from EC Press releases published by the mainstream print media houses in the region
- 1 video documentary on the infrastructure produced and distributed to stakeholders
- Department organized SG'S Media Tour of EAC Institutions in Kenya, Uganda, Rwanda and Burundi with reports drawn from media houses in five countries. The tour resulted in wide and favorable media coverage of EAC Institutions and their programmes.

b) To implement directive of the 24th Meeting of the Sectoral Council of Ministers on the EAC Affairs and Planning on the EAC Brand Architecture Strategy: The Secretariat mounted the EAC Emblem and Logo Design Competition 2017 involving the Youth between 1st June – 31st August, 2017 . A total of 438 entries were received from all the six Partner States. Each Partner States subsequently nominated one (1) Brand. Design Expert from the Private Sector and/or University to sit in the Panel of Judges for the adjudication, alongside the Communication Officers from the Partner States Ministries of the EAC Affairs, and EAC Organs and Institutions

Two Adjudication meetings were held, the first from 22nd to 24th January, 2018 in Arusha and the second from 26th to 28th March, 2018 in Nairobi, Kenya. The Secretariat submitted the report of the panel of Experts to the 37th Meeting of the Council of Ministers held from 2nd to 8th May, 2018 in Arusha, Tanzania.

The 37th Meeting of the Council directed the Secretariat to:

a). select one best entrant from each Partner State (for inclusivity and ownership to work with Brand Design Expert to conclude the EAC Brand Architecture Strategy and report to the 38th Council of Ministers (EAC/CM37/Directive 15)
b). Award letters recognizing participation to all the 438 entrants and certificates participation to the best two(2) entrants from each Partner State (EAC/CM37/Directive 1)
c) EAC Communication Policy and Strategy implemented by June 2018
The Secretariat has noted increased interest and popular participation of more stakeholders in the integration process. Increased interest in the Community has been noted among various opinion leaders including students, civil society organisations, academics and researchers, political leaders and mass media.

Budget execution
The Corporate Communications and Public Affairs Department was allocated a budget of US$360,420 for the Financial Year 2017/2018. An expenditure of US$166,140.39 marked a budget performance of 46.0%.

Challenges
Due to unavailability of funds, CCPAD was unable to provide PR Management Support in terms of coordinating media briefings especially for events held outside the EAC Headquarters in Arusha, Tanzania. The Department is at the moment largely dependent on support by Development Partners for the execution of its activities.

The Department was unable to participate in any of the Trade Fairs in the Partner States. However, the department participated in the JAMAFEST 2017 exhibition. The EAC Media Excellence Awards for community-based media initiative was not launched due to unavailability of funds.

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

04/

THE OFFICE OF DEPUTY SECRETARY GENERAL - PLANNING AND INFRASTRUCTURE

4.1 REGIONAL INFRASTRUCTURE DEVELOPMENT

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 Corporate Strategic Planning.

4.1.1 TRANSPORT AND WORKS DEPARTMENT

The Department of Transport and Works coordinates cooperation programmes for the road transport and railway transport sectors, as provided for in Articles 90 and 91 of the Treaty.
In the period under review, the Transport and Works Unit planned to harmonize policies procedures, guidelines and standards and procurement procedures in the roads sub-sector to monitor and evaluate the impact of the EAC VLC and EAC OSBP Acts; harmonize road safety regulations to reduce road fatalities; prepare at least 1 Multinational Road Project for construction; develop a pipeline of bankable roads development projects for the region; promote a Joint financing and implementation of regional projects; develop new corridors and identify missing links along existing corridors.

The following were achieved under Transport and Works:

a) **Policies, procedures, guidelines and standards and procurement procedures in the roads sub-sector were harmonized to monitor and evaluate the impact of the EAC VLC and EAC OSBP Acts**

As part of the monitoring of implementation of the EAC Vehicle Load Control (VLC) and the EAC One Stop Border Acts and the harmonized Road Standards and Specifications, the Secretariat held a meeting of the Regional Technical Committee on East African Trade and Transport Facilitation Project (RTC on EATTFP) from 17th–19th January, 2018 in Arusha.

b) **Road safety regulations harmonized to reduce road fatalities**

The High Level Standing Committee on the East African Trade and Transport Facilitation Project was convened in June 2018 to consider harmonization of road regulations in the Region. The completion of the harmonization process is expected to reduce road fatalities in the Region.

c) **At least 1 Multinational Road Project prepared for construction**

The multinational Tanzania/Uganda Road Project has been earmarked for feasibility study and detailed engineering design. The financing was concluded in November 2017 by the AfDB. Procurement of Consultant to carry out the study was concluded in June 2018 and the consultant embarked on the assignment.

d) **Pipeline of bankable roads development projects for the region developed**

Grant for Multinational Tanzania/Uganda to undertake feasibility studies and detail design was secured by the Secretariat and Procurement of consultant to carry out the studies concluded in June, 2018.

e) **Joint financing and implementation of regional projects promoted**

During the reporting period, the Secretariat convened the Joint EAC Heads of State Retreat on Infrastructure and Health Financing and Development on 22nd February 2018 and Infrastructure Donors/Investors Roundtable on 21st February, 2018 in Kampala, Uganda.

f) **New corridors identified and missing links along existing corridors developed**

The Secretariat convened a meeting of the Task Force on EAC Railways to review and validate the final report of the EAC Railways Sector Enhancement Project from 21 to 23 March, 2010 Nairobi, Kenya.

Budget execution

The budget allocated to Transport and Works amounted to US$ 1758740.00 for the Financial Year 2017/2018 with an expenditure of US$ 434,336.87, indicating abudget performance of 25.%.

4.1.2 METEOROLOGY

The Department of Meteorology coordinates cooperation programmes on meteorology, including collection, processing and dissemination of meteorological information; expansion and upgrading of meteorological infrastructure, human resource development, and climate analysis as guided by article 100 of the Treaty on cooperation in meteorology.

During the period under review, Meteorology planned to enhance capacity in weather and climate prediction and to ensure that Regional Seaports met international standards in infrastructure and services and maritime safety.

The following were achieved under regional Meteorology:

a) **Capacity in Weather and Climate Prediction Enhanced**

EAC Secretariat participated in the first Annual African Ministerial Conference on Meteorology (AMCOMET) – Africa Hydromet Forum, held in Adidis Ababa, Ethiopia, where they launched the EAC Highway project whose objective is to develop an early warning system for the Lake Victoria Basin. The Secretariat was also represented at the Forty Seventh Greater Horn of Africa Climate Outlook Forum (GHACOF 48) held from 12th to 14th February 2018 in Mombasa where the seasonal forecast for the March to May 2018 rainfall season was developed.

Furthermore, the Secretariat held the operations meeting and the meeting of the Heads of Meteorological Services in Mwanza, Tanzania on 11th –16th December 2017. Three sessions of the meeting were held as follows: Real time meteorological data monitoring 11th – 12th December 2017; Meteorological Operations meeting 13th – 14th December 2017; Heads of Meteorology meeting 15th – 16th December, 2017. During the meeting operational and policy related recommendations were made for implementation by the Meteorological Services and for consideration by the 15th TCM. The meeting of the Taskforce on cost recovery of aeronautical meteorological services was also held in Entebbe from 14th to 16th March 2018 to develop strategies for the improvement of quality of aeronautical meteorological services at regional airports.

b) **Regional Seaports Meet International Standards in Infrastructure and Services and Maritime Safety**

The Secretariat developed the TOR for the establishment/selection of EAC maritime University as directed by the 14th Sectoral Council on Transport, Communication and Meteorology (TCM) and shared with Partner States.

The Secretariat further requested Partner States to nominate the taskforce members for establishment/selection of the proposed EAC Maritime University and held a videoconference meeting to discuss the TOR.

EAC Secretariat also participated in the preparations of the 4th EAC Retreat on Infrastructure held in Kampala in February 2018 where the status of the development of ports within the EAC region was presented.

Budget execution

The budget allocated to Meteorolgy amounted to US$ 72,775.00 for the Financial Year 2017/2018 with an expenditure of US$ 69,698.66, indicating a budget performance of 96%.

4.1.3 CIVIL AVIATION AND AIRPORTS

As per Article 92 of the Treaty, the Department of Civil Aviation and Airports coordinates the harmonization of policies, regulations, and programmes on civil aviation to promote the development of safe, reliable and economically viable civil aviation.

In the period under review, the Department of Civil Aviation and Airports planned to implement the Regulations for the Liberalization of Air Transport Services; establish the partnership with all Aviation key stakeholders; implement the Unified Upper Flight Information Region Project; develop the Regional Framework for Aircraft Accidents and Incidents Investigations and follow up on implementation of the Regional Civil Aviation and Airports Projects and Programmes approved by the Heads of Civil Aviation and Airport Authorities.

The following were achieved under Civil Aviation and Airports Office:

(a) **The Regulations for the Liberalization of Air Transport Services Implemented**

The 14th TCM requested EAC Secretariat to convene the meeting of 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 TCM. During the 14th Air Transport Sub Committee meeting held from 1st to 3rd November 2017, Kenya submitted her position to remove restrictions on ownership provision and join others in adopting Regulation 8(g) on eligibility criteria for Air Operators as per the YD provisions (with only effective control). The meeting reviewed Tanzania's position on Article 5 (Market Access) and found that it was not in conformity with YD which provides for granting of 1st, 2nd, 3rd, 4th and 5th freedom of the Air among the Partner States. The meeting proposed a new text of Regulation 5 to accommodate Tanzania proposal, based on the YD. Tanzania requested up to end of December, 2018 to consult further on the new proposed text of regulation 5 and report officially to EAC Secretariat. Tanzania has not yet submitted her position to EAC Secretariat despite the reminder vide letter P&I/2/4/24 of 9th January 2018.

Once the regulations are adopted, EAC Secretariat will prepare a roadmap for full liberalization with objectives to remove restrictions on capacity, frequencies and establishment of new traffic routes, and eventually reduce the current high Air transport cost in the region

(b) **A Unified Upper Flight Information Region Established**

EAC UFIR Project was also among the EAC priority Infrastructure Projects under Civil Aviation presented at the 4th Heads of State Retreat on Infrastructure and Health Financing and Development held in February 2018. The purpose of the project is to facilitate EAC Seamless Upper Airspace operations.

During the reporting period, the following activities were executed to support the implementation of the project: Review of EAC Air Navigation Services Regulations to incorporate Seamless Upper Airspace was done by holding a UFIR Task Force meeting in February 2018; and Review of Manuals of operations in all Partner States to incorporate Seamless Upper Airspace was done in by the UFIR Task Force in a meeting held in March 2018.

(c) **The Regional Framework for Aircraft Accidents and Incidents Investigations developed and implemented**

The draft final Multilateral Agreement on Aircraft Accident and Incident Investigation was presented during the 14th Sectoral Council on TCM held in June 2017. The 14th TCM directed Tanzania to submit her comments of the final Agreement. During the reporting period, the EAC Secretariat convened an experts meeting to finalize regulations and Tanzania provided her comments during the meeting. The draft final Agreement was adopted by 15th Sectoral Council on TCM in June 2018.

Budget Execution

The budget allocated to the Civil Aviation and Airports amounted to US$ 111,050.00 for the Financial Year 2017/2018 with an expenditure of US$.92, 892.56, thus the budget performance was 84%.

4.1.4 COMMUNICATIONS

In line with Articles 98 and 99 of the Treaty, the Department of Communications coordinates Partner States cooperation in the communications sectors. Cooperation activities encompass harmonization of policies, laws and regulations and promoting investment in infrastructure and services in the telecommunications and the postal services.

During the period under review, the Communications Department planned to develop the harmonized framework for broadcast content regulation; review the implementation of the EAC Framework for Roaming; develop the draft framework for harmonization of spectrum management; complete the development of EAC cross-border interconnections regulations; and finalize the development of the EAC Postal Strategy.

The following were achieved under Communications:

a) **Harmonized Framework for Broadcast Content Regulation Developed**

A Baseline survey on broadcast content regulation in the EAC was undertaken to facilitate the development of the harmonized broadcast content regulations. Implementation of the EAC Framework for Roaming was reviewed.

During the reporting period, the progress on the implementation of the EAC Roaming Framework was considered by the 7th Meeting of Heads of Communications Regulatory Authorities held in January 2018.

b) **Development of EAC cross-border interconnections regulations in progress completed by June 2018**

The revised draft cross-border ICT interconnection regulations were considered by the 7th meeting of ICT regulators held in January 2018.

c) **EAC Postal Strategy developed by June 2018**

The EAC Postal Development Strategy was finalized by the Technical Committee for Postal Services in June 2018 and adopted by the 15th TCM. Partner States have embarked on its implementations to improve service delivery.

Budget execution

The budget allocated to communication amounted to US$ 259,550.00 for the Financial Year 2017/2018 with an expenditure of US$ 1011,186.3 thus the budget performance was 39%.

Challenges

A number of activities were not implemented during the financial Year 2017/2018 due to financial constraints. Among these are the strategic framework for implementation of last- mile broadband ICT infrastructure; a framework for implementing the EAC E-Government Strategy; the draft framework for the harmonization of spectrum management developed by June 2018.

4.2 PLANNING, RESEARCH, MONITORING AND EVALUATION

The Department of Planning, Research, and Monitoring & Evaluation coordinates the Community's strategic planning, management and monitoring of programmes for the development of the Community.

4.2.1 PLANNING AND RESEARCH

During the Financial Year 2017/18, Planning and Research Unit focused on: i) monitoring of implementation of the EAC Common Market Protocol; ii) identification of the global priority areas for 2018/19 through the Pre-budget Conference; iii) establishment and maintenance of the EAC Policy Research Unit; iv) policy generation through convening of meetings of the Sectoral Council of Ministers for EAC Affairs and Planning; and v) strengthening of the EAC Secretariat's Quality Management System.

In line with Article 71(c) of the Treaty for the Establishment of the East African Community, which states that the Secretariat shall be responsible for the strategic planning, management and monitoring of programmes for the development of the Community, the Department coordinated the formulation of the fifth ***EAC Development Strategy 2016/17–2020/21.*** The goal of the Strategy is to build *a firm foundation for transforming the East African Community into a stable, competitive and sustainable lower-middle income region by 2021".* Accordingly, the theme of the Strategy is: "*Accelerating a People-centred and Market-driven Integration*". The implementation of the 5th EAC Development Strategy 2016/17 – 2020/21 focuses on the following key priorities: -

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) Infrastructure development in the region;
iii) Enhancing free movement of all factors of production and other areas of cooperation across the Partner States as envisaged under the Common Market and Monetary Union Protocols;
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 at the regional and Partner State levels.

The Strategy was launched by the EAC Heads of State Summit on 23rd February 2018 in Kampala, Uganda.

a) **Global Priority Areas for the Financial Year 2017/18**

Under the Theme: "***Accelerating Implementation of the EAC Integration Agenda***", the MTEF for the Financial Year 2017/18-2019/20 has been prepared in line with the outcome of the Pre-budget Conference that was held in August 2016 and subsequently approved by the 34th Meeting of the Council of Ministers.

During the FY 2017/18, the Community will focus on the following key priority programmes:

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.

b) **Policy Research**

As outlined in the Treaty for the Establishment of the East African Community, the objective of the Community is to develop policy and programs aimed at widening and deepening cooperation among the Partner States. Effective discharge of the functions of the Council of Ministers towards attainment of this objective requires policy research to inform the Council's decision-making processes. Consequently, the 31st Extra-Ordinary Meeting of the Council of Ministers held in March, 2015 approved the project for the establishment of a Policy Research Unit under the Planning Directorate with the support from the African Capacity Building Foundation.

The Research Unit became operational in April 2017 following the recruitment and assumption of duty of initial key professional team members comprising of a Principal Research Fellow; Senior Research Fellow; Research Assistant and an Accounts/Administrative Assistant.

The EAC Policy Research Unit is responsible for all research activities at the Secretariat and is mandated to:

i) Conduct policy research and analysis on core regional integration issues in order to inform the decision making process of the Council;
ii) Coordinate research efforts across the Secretariat through facilitation of the process of setting a common research agenda and prioritization of research needs for advancement of the strategic pillars of the integration process;
iii) Provide the required quality control and oversight function for all research work at the Secretariat including project-based research studies;
iv) Facilitate the Secretariat's engagement in, and ownership of research initiatives by stakeholders (donors, think tanks in the Region, Partner States, EABC, EACSOF etc.), and
v) Disseminate research findings through policy dialogue workshops, research conferences, policy briefs, seminars, research paper series and any other appropriate means.

The following were the main achievements under the EAC Policy Research Unit during the Financial year 2017/18:-

i) Development of the ***EAC Research Agenda 2017/2018 - 2019/2020*** to guide the Community's research activities in addressing regional priority policy research needs. The Document prioritizes a number of research topics on which EAC research efforts will be focused during the three year period; and
ii) The Unit commenced on three studies during the Financial Year 2017/18: i) The study on the status of EAC integration report to review the status of EAC integration (2000--2017); ii) Cost Benefit Analysis of EAC Concluding FTA Agreements With Third Parties; and iii) Factors that affect Implementation of EAC Projects and Programmes. The studies will be concluded in the Financial Year 2018/19.

c) **Policy Generation**

The 26th and 27th meetings of the Sectoral Council of Ministers Responsible for EAC Affairs and Planning were held in August and October, 2017 respectively to review the status of implementation of the Sectoral Council's previous decisions and directives, reports on implementation of planned activities, and to provide policy guidance on key integration issues including implementation of the EAC Common Market Protocol, regional and international trade matters and political federation, among other agenda items.

d) **EAC Secretariat Quality Management System.**

The EAC Secretariat was ISO 9001:2008 certified in August, 2015 following a rigorous process involving documentation of the Secretariat's Quality Policy, Quality Manual, and Standard Operating Procedures, and external quality audits by a certification company. During the period under review, the Secretariat carried out continuous internal quality audits and implemented corrective actions to ensure compliance with the ISO certification requirements. The validity of the Certificate extends to August, 2018.

Budget Execution

The budget allocated to planning amounted to US$ 169,814 for the Financial Year 2017/2018 with an expenditure of US$ 350,409.4, marking budget performance of 48.5%.

Challenges

The Planning and Research Unit faced a few challenges in implementing the planned activities during the Financial Year 2017/18. These mainly include;

Financial constraints that impacted negatively on the implementation planned activities. For example, shortening the duration of the ACBF financial grant to the EAC Policy Research Unit by six months impacted negatively on sustainability of the Unit. Although the Council through its directive EAC/EX/CM31/Decision 13 approved allocation of $ 638,913 as Counterpart funds for the policy research function, the Secretariat did not set aside any portion of these funds under the budget for 2017/2018 so as to utilize and exhaust the ACBF financial grant which was envisaged to expire in June 2018.

4.2.2 MONITORING AND EVALUATION

a) Report on the status of the implementation of Directives/Decisions of Council, Sectoral council and Summit

The Monitoring and Evaluation Unit coordinated a review of outstanding Council decisions and directives as directed by the previous Council of Ministers, Summit and Sectoral Council meetings . The Report was considered and highlighted that some decisions and directives had been overtaken by events with the ratification of some of the EAC Protocols such as the EAC Common Market Protocol and were no longer implementable. In addition, the absence of a clear time frame and adequate budget had impacted the full implementation of the outstanding decisions and directives.

b) Monitoring of the implementation of the EAC Common Market Protocol

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.

The first and second Scorecards were published in February 2014 and October 2016 respectively. Given the large number of commitments under the CMP, the scorecard covered only some of them, namely: Capital (all the 20 operations committed in the CMP); Services (Professional Services – architecture, engineering, accounting and legal; Distribution - retail and wholesale; Transport - road and air; and Telecommunication services) and Goods (NTBs, Standards and CET). The 2014 and 2016 Scorecards assessed and tracked de jure compliance with commitments in the above sectors, with the analysis focusing on a review of laws and regulations relevant to the CMP commitments in the above areas; along with key legal notices, reports and trade statistics.

In 2017, a separate Scorecard that tracked compliance in the free movement of Labour (workers and self- employed persons) and Right of Establishment and Residence was developed and validated in October 2018.

The three Scorecards found several bottlenecks to the implementation of the EAC CMP in the laws and regulations of EAC Partner States: for example, the 2016 CMS indicated that 18 out of 20 capital market operations continue to have restrictions in at least one Partner State; numerous barriers remain to free movement of goods; and in the four service sectors addressed over 59 non-conforming measures slow down trade in important sectors such as professional services, distribution, transport and communication. The EAC CMS 2016 process concluded with development of an action plan for implementation of the recommendations both at national and regional levels which were considered by the Sectoral Council on Trade, Industry, Finance and Investment(recommendations on free movement of goods and services) and the Sectoral Council on Finance and Economic Affairs(recommendations on free movement of capital). The World Bank Group committed to collaborate with other development partners in facilitating the implementation of the action plan of the recommendations of the 2016 Scorecard through technical and financial support.

Furthermore, the meeting of the 23rd SCMEAP held on 12th February 2016, noted the need for the **'scope of the scorecard to be widened to include the four freedoms and two rights'** and the progress made in the development of the Common Market Scorecard 2016 **(EAC/SCMEAP/23/Directive 08).** Therefore, the World Bank Group, in collaboration with the EAC Secretariat, developed an EAC Common Market Scorecard on the Free Movement of Labour, Rights of Residence and Establishment.

The draft EAC CMS 2017 on Free Movement of Labour, rights of residence and establishment was developed and submitted to Partner States for comments. The process of validation of the scorecard 2017 will be undertaken during the National implementation committee of Common Market Protocol scheduled from September to October 2018 before its launching.

c) Collaboration and sharing best practices with other REC's and International organizations

During the financial year 2017-2018, the Unit has undertaken some missions to African Union Commission on the Agenda 2063 and shared experience of East African Community with Other Regional Economic Communities such as ECOWAS, SADEC, COMESA and IGAD. These missions allowed the Unit to create a network /platform which will keep helping information exchanges among all REC's

Budget Execution

The budget allocated to the Monitoring and Evaluation Unit amounted to US$ 259, 300.00 for the Financial Year 2017/2018 with an expenditure of US$175,239.78, which translates to 67.6% of budget execution.

Challenges

A number of activities were not implemented due to inadequate funds allocated to the Monitoring and Evaluation Unit.

4.2.3 STATISTICS

During the period under review, Statistics Department planned to: i) put in place frameworks for compilation of harmonized macroeconomic; ii) demographic and social statistics necessary for operation of the EAC Common Market and EAMU by June 2018; and iii) update the databases of comparable statistics and implement the framework for the Regional statistical system implemented by June 2018.

The following were achieved under Statistics Office:

a) Frameworks for compilation of harmonized macroeconomic, demographic and social statistics necessary for operation of the EAC Common Market and EAMU in place by June 2018

The department finalized 3 additional chapters of the EAC for compilation of Government Finance Statistics (GFS) and Public Sector Debt Statistics (PSDS), in the Community. The guidelines provide government officials who are responsible for the compilation and dissemination of fiscal statistics in the EAC with the basic information necessary to compile good quality and comparable fiscal statistics, based on the 2014 edition of the Government Finance Statistics Manual (GFSM 2014).

The department also developed Project Appraisal Document (PAD) for the EAC-WB Regional Statistics Development and Harmonization Project. The objective of the project is to enhance the statistical capacity of the EAC Statistics Department and the National Statistical Offices (NSOs) to produce harmonized and quality statistics necessary for planning, implementing, and monitoring the EAC integration agenda.

b) Framework for the Regional statistical system implemented by June 2018

Second EAC Regional Statistics Development Plan (RSDPII) adopted by the Sectoral Committee on Statistics in July, 2017 and the Meeting of the Sectoral Council on Finance and Economic Affairs (SCFEA) in November, 2017. The Plan aims to consolidate the gains from implementation of the first EAC RSDP in the creation of a Community Statistical System (CSS) for production and dissemination of timely, reliable, regionally and internationally comparable community statistics which is anchored on a legal and institutional framework.

Budget Execution

The budget allocated to the Statistics Department amounted to US$ 348,774.8 for the Financial Year 2017/2018 with an expenditure of US$ 101,662.09, about 29,% of budget execution due to low disbursement from the Partnership Fund which accounted for nearly 90% of the budgetary allocation to the deaprtment.

4.2.4 FISCAL AND MONETARY AFFAIRS

During the period under review, the main activities of focus under fiscal and monetary affairs included implementation of the EAC Common Market Protocol and establishment of the East African Monetary Union. Specific activities for implementation during this period included; i) Strengthening of skills for 100 Market Participants in the insurance and banking sector; ii) implementation of the action plan on retail payments systems; iii) development of One Microfinance/ SACCOS Bill; iv) development of a harmonized legal and regulatory framework for the Pensions, Insurance and Capital Markets sub-sector; and v) development of the Institutional Framework for Burundi Capital Markets.

Further, the following activities were to be implemented; i) Strengthening of Capacity of financial sector Regulators, Market Players and Institutions; ii); Development of a forecasting and policy analysis system (FPAS) for forward-looking monetary policy in place; framework; iii) An Act for the establishment of EAMI enacted by EALA and Assented to by the Summit; iv) Integration of the regional Payment and Settlement Systems Platforms; v) Harmonization of the legal and regulatory framework for payment and settlement systems in the EAC region harmonized; vi) Sensitization of stakeholders in payment and settlement systems; and vii) Capacity building for structured implementation and coordination of project activities.

a) **Progress on the Financial Sector Development and Regionalization Project (FSDRP I)**

The Financial Sector Development and Regionalization Project (FSDRP) continued to undertake and implement the recommendations of diagnostic studies aimed to establish the foundation for financial sector integration among EAC Partner States. The following are some of the activities implemented by the Project.

i) Skills Strengthening for Market Participants in the Insurance and Banking sectors

During the period under review, the EAC Secretariat developed a draft Insurance Certification Program Implementation Strategy. The Strategy was subjected to the in-country stakeholders' consultations in June 2018. The Strategy provides a framework for the widening and deepening of the Regional insurance sector, risk mitigation, consumer protection, and human capital development. The draft Insurance Certification Program Implementation Strategy will be submitted to Capital Market Insurance and Pension Committee, Sectoral Council on Finance and Economic Affairs and the Council of Ministers for approval during the Financial Year 2018/2019.

For the EAC Banking Sector, the EAC Secretariat developed the draft EAC Banking Certification Policy and Implementation Strategy. The draft was submitted to the in-country stakeholders' consultations in June 2018. The objectives of the EAC Banking Certification Policy are to; i) harmonize the regulatory frameworks in the EAC Partner States regarding the EAC banking certification program; ii) scale up skills and capacity of Professional Bankers and other stakeholders; iii) promote the creativity, research and innovation among the EAC banking certification candidates; and iv) promote the practical banking experience and use of ICT infrastructure in the banking certification. The draft Banking Certification Policy will be submitted to Capital Market Insurance and Pension Committee, Sectoral Council on Finance and Economic Affairs and the Council of Ministers for approval in 2018/2019.

On the implementation of the recommendation of the financial education studies, the EAC Secretariat developed the draft Financial Education Implementation Strategy. The Strategy was subjected to the in-country stakeholders' consultations in June 2018. The Strategy aims to foster a broad based financial education framework that promotes financial inclusion, consumer protection resulting in improved livelihoods and wealth creation in the EAC. The draft Financial Education Implementation Strategy will be submitted to Capital Market Insurance and Pension Committee, Sectoral Council on Finance and Economic Affairs and the Council of Ministers for approval in 2018/2019.

ii) Development of the One Microfinance/ SACCOS Bill

During this financial year, the EAC Secretariat developed a draft EAC Microfinance (MFI) Policy and implementation Strategy. The Policy was adopted by the sub-committees of the Monetary Affairs Committee (MAC) in March, 2018. MAC urged the EAC Secretariat in collaboration with Partner States to mobilize resources required to implement the EAC MFI Policy.

iii) Development of a Harmonization of Legal and Regulatory Framework for the Pensions, Insurance and Capital Markets Sub-sector

The EAC Secretariat Legal Draftsperson reviewed the format and facilitated publication of the 2nd set of Securities Market Council Directives in the Community Gazette in October 2017. The EAC Partner States are required to harmonize their National Laws taking into consideration the gazetted Securities Market Council Directives.

On the Pension Sector, the EAC Secretariat worked with EAC Pension Stakeholders to develop the draft EAC consumer protection guidelines for the pension sector and draft EAC principles for regulation and supervision of the pension sector. The draft EAC guideline and principles will be submitted to Capital Market Insurance and Pension Committee, Sectoral Council on Finance and Economic Affairs and the Council of Ministers for approval in 2018/2019 FY.

The EAC Secretariat and East Africa Insurance Supervisors Association (EAISA) Technical and Legal Committee (TLC) developed a draft EAC Insurance Bill and 21 corresponding regulations. The draft EAC Insurance bill will be submitted to Capital Market Insurance and Pension Committee, Sectoral Council on Finance and Economic Affairs and the Council of Ministers for approval in 2018/2019.

iv) Institutional Framework for Burundi Capital Markets

In this Financial Year, the EAC Secretariat organized two capacity building meetings for the Central Bank of Burundi (BRB) on the establishment of the Burundi Securities Marketin Bujumbura, Burundi. The meetings reviewed the operational set up of Central Securities Depository System, the settlement arrangement and agreed on the interim functional structure, roles and responsibilities of the department established under BRB to regulate the capital market.

v) Strengthening of Capacity of Regulators, Market Players and Institutions

The EAC Secretariat together with the National Advisory Committees and sub-sector Technical Working Groups for capacity building for Light University- Burundi and University of Rwanda-College of Business Economics reviewed and validated the resource mobilization strategy and the communication policy and strategy which will guide the implementation of the capacity building policy. In addition, the meeting agreed on the harmonized academic and professional courses topics for each financial subsector.

EAC Secretariat and the National Advisory Committee reviewed and validated the draft course content in March 2018. The meeting also considered the way forward for implementing the remaining milestones of the capacity building project in Rwanda and Burundi as per the Financial Sector Capacity Building Policy and its corresponding Implementation Strategy. The meeting also agreed on the way forward for the formalization of partnerships with potential training institutions, identification of potential trainers and conducting training of trainers programs, enrolment of trainees as well as engagement of national authorities and other key stakeholders.

vi) Implementation of roadmap towards the establishment of an EAC Financial Sector Database

In March 2018, the EAC Secretariat together with other financial sector stakeholders developed the Implementation Roadmap towards establishing an EAC Financial Sector database.

b) **Progress on the Payment and Settlement Systems Integration Project (EAC- PSSIP)**

The Objective of the EAC Payment and Settlement Systems Integration Project (EAC-PSSIP) is to contribute to modernization, harmonization and cross-border interoperability of payment & settlement systems for commercial, securities market and retail transactions across the EAC. The Project has made the following achievements:

i) Implemented cheque truncation system for National Bank of Rwanda (BNR) automated clearing house (ACH) that has reduced the clearing period to two days.
ii) Upgraded IT Network infrastructure and Disaster Recovery solution for National Bank of Rwanda (BNR); this has increased efficiency in payment system operations and enabled the country to digitize its payments including government revenue collection.
iii) Procured and implemented infrastructure equipment for disaster recovery and business continuity for Central Bank of Kenya (CBK). This has provided operational efficiency and stability for banking operations.
iv) Procured and implemented Disaster Recovery site (DRS) systems for Bank of Tanzania (BOT). This has provided operational efficiency and stability for banking operations.
v) Upgraded SWIFT infrastructure for National Bank of Rwanda (BNR) including the operational excellence services.

4.2.5 INVESTMENT PROMOTION AND PRIVATE SECTOR DEVELOPMENT

Investment climate reforms undertaken by the East Africa Partner States led to the increase in the attractiveness of the EAC Partner States according to the Rand Merchant Bank (RMB). Investment Attractiveness Index assesses the most appealing investment destination in Africa considering four aspects: doing business index; global competitiveness index; corruption perception and economic freedom index.

Three of the EAC Partner States were in the top 10 in the 2017 report. Tanzania ranked 7th in 2017 from 9th in 2016, Rwanda ranked 8th from 12th in 2016, Kenya 6th from 5th in 2016 and Uganda ranked 11th from 15th in 2016. Tanzania's ranking was a result of government's efforts at reforms to combat corruption and facilitate corporate registration and licensing as well as the quest to boost domestic productivity and reduce import dependence to attain middle-in-

come status. Rwanda's attractiveness was attributed to the government's efforts to diversify the economy and the steady position and improvement in the ease of doing business index. Kenya's marginal fall is attributed to issues such as corruption, rising debts, ethnic divides though it is one of the strongest economies in Africa.

It is estimated that the EAC economic growth will reach 5.9 percent in 2018 and 6.1 percent in 2019 with many of the EAC countries recording 5 percent growth or more. However, these growth prospects have not been accompanied by increased FDI inflow in the medium term. The economies of the EAC mainly depend on export of Agricultural commodities although industrial production especially manufacturing has recently increased in all the EAC Partner States especially in Kenya and Tanzania. However, the level of global FDI into these two sectors in the EAC was low in 2017. Intra-EAC Investment flows were also low despite efforts to create a conducive environment to foster cross-border investments. Investment inflows in the EAC Partner States were mainly concentrated in the Manufacturing Sector.

Foreign Direct Investments into East Africa decreased by 25.3 percent to USD 6.6 billion in 2017 from USD8.8 billion in 2016.Inflows to Burundi and Rwanda grew by 356.2 percent and 91.3 percent to USD65.1 million from USD14.6 million in 2016 and to USD1.2 billion in 2017 from USD 600.1 million in 2016 respectively. FDI into Kenya, Tanzania and Uganda fell by 60.6 percent, 7.0 percent and 14.2 percent to USD717.7 million, 3.3 billion and 1.3 billion in 2017 respectively. South Sudan has experienced negative FDI flows for the past three years. The few international ventures both within and outside the oil industry have more recently left the country citing a hostile investment climate due to the conflict. Reforms towards improvement of the EAC investment climate as well as the efforts of the investment promotion activities are expected to increase the FDI into the region to USD7.8 billion in 2018 and 9.4 billion in 2019. It is anticipated that FDI flows to EAC will double from their current levels over the next five years. Investment climate reforms undertaken by the East Africa Partner States led to the increase in the attractiveness of the EAC Partner States according to the Rand Merchant Bank (RMB) Investment Attractiveness Index.

In an effort to promote the region as a single investment destination, the EAC developed a number of bankable projects as part of the investment promotion strategy for the region. The bankable projects that reflect a Public- Private-Partnership (PPP) adopted by the six Partner States are aimed to transform the region into an investment and manufacturing hub as part of the EAC strategy 2063. These projects include: The Blue Tanganyika Complex of USD 30.8 million; the Lamu Port of USD 4.95; the Rwanda National Fruit Development Project of USD180million; the MICE Uganda Limited of US D85 million; the Tanzania Mchuchuma Coal to Power project of USD 646 million project the USD 664 million, 400kV North West Grid Mbeya.

Key Priorities in 2017/2018

During the period under review, Investment Promotion and Private Sector Development, had the following key priorities: Adoption and implementation of the EAC Investment Policy and Strategy by June 2018; Participation in four (4) regional and two (2) International Fora; Develop an EAC Investment Report by June 2018; Promotion of EAC as a place in which to do business and as a single investment destination by convening meeting of Investment Promotion Agencies (IPAs) to agree on joint investment promotion events and share experiences and learn from the best practices on investment promotion; and convene five (5) national and one (1) regional SG's Forum and capacity building for private sector in line with the implementation of the Consultative Dialogue mechanism for engagement of private sector in the EAC Integration process. However due to resources constraints the department could not undertake most of the activities. The available resources supported meetings of experts on the development of an EAC Investment Policy, public-private sector dialogue meetings and policy meetings.

The following were achieved under Investment Promotion and Private Sector:

a) **EAC Investment Policy and Strategy adopted and implemented by June 2018**

During the period under review, A draft EAC Investment Policy was developed and considered by the meeting of experts and the policy organs of the Community. The process of development of an EAC Investment Policy started in August, 2017 with a meeting of experts held via video conference to consider the study report on the development of the EAC Investment Policy. The experts report was considered by the Sectoral Committee on Investment held from 24th-26th October, 2017 in Arusha, Tanzania and recommended that the Partner States study the policy document and send comments on the proposed policy. Subsequently a meeting of experts held in Entebbe in October, 2018 considered the revised draft EAC Investment Policy and recommended that it be adopted after validation and incorporation of comments from Partner States. The EAC Investment Policy was adopted in November, 2018 by the Sectoral Council of Ministers on Trade, Industry, Finance and Investment (SCTIFI)

Budget Execution

The budget allocated to the Investment Promotion and Private Sector amounted to US$ 238385 for the Financial Year 2017/2018 with an expenditure of US$ 23957.5 indicating a budget performance of 10%.

Challenges

The main challenge faced during the FY 2017/2018 was the delay in the remittance of funds by donors/unavailability of funds to undertake department activities. Further the commitment to support department priorities was different from the actual remittances and this caused discrepancies in terms of total budget for the department as recorded in the MTEF and approved by EALA and the actual budget as per the remittances from the Development Partners.

The other challenge was the delay in submission of comments by Partner States on the policy document coupled with the absence/ non-participation of some of the Partner States in the experts meeting that led to the delay in the adoption of the policy document.

05/

THE OFFICE OF 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 the following functions: 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, FOOD SECURITY AND LIVESTOCK SECTOR

The Department of Agriculture and Food Security is mandated to coordinate activities relating to co-operation in the agricultural sector, achievement of food security and rational agricultural production within the Community as per Articles 105 and 110 of the Treaty. This includes coordinating undertakings to adopt a scheme for the rationalization of agricultural production with a view to promoting complementarity and specialization in and the sustainability of national agricultural programmes in order to ensure a common agricultural policy, food sufficiency within the Community; an increase in the production of crops, livestock, fisheries and forest products for domestic consumption, exports within and outside the Community; and as inputs to agro-based industries within the Community; as well as post-harvest preservation and conservation and improved food processing.

During the period under review, the Department of Agriculture and Food Security Department planned to carry out an inventory and emulation of lessons learnt and best practices under the agriculture sector in the EAC region; create awareness and share information to enhance visibility of EAC agricultural sector interventions through strategic farmers and Pastoralists; support and strengthen Partner States and non-state actors capacities to domesticate and implement the EAC CAADP Agricultural Investment Plan (RAIP); strengthen mechanisms of regional management of transboundary plant and animal diseases control; promote youth employment in the agricultural sector; implement EAC Aflatoxin Control Strategy and Action Plan by June 2018; support implementation of EAC SPS Protocol and SPS Act by June 2018; hold two Sectoral Council meetings on Agriculture and Food Security by June 2018.

The following key achievements made during the period under review:

a. **EAC Aflatoxin Control Strategy and Action Plan implemented by June 2018**

The EAC multi-sectoral Aflatoxin Prevention and Control Strategy was adopted by the 10th meeting of the Sectoral Council on Agriculture and Food Security, alongside nine (9) policy briefs on aflatoxin prevention and control.

In October 2017, EAC Secretariat in collaboration with the International Institute of Tropical Agriculture (IITA) organized a one-week training course on aflatoxin management for experts from EAC Partners. The training courses strengthen the EAC Partner States capacity in the science of aflasafe technology and its production protocols in a laboratory setting.

a) **Inventory and emulation of lessons learnt and best practices under agriculture sector in the EAC region**

Regional reports and policy briefs on Animal Resources Information System (ARIS 2) and aflatoxin prevention and control were printed to enhance visibility of EAC agricultural sector interventions through strategic farmers and pastoralists.

b) **Partner States and non-state actors capacities to domesticate and implement the EAC CAADP Agricultural Investment Plan (RAIP) supported/strengthened**

A regional meeting to validate EAC Regional Agriculture Investment Plan (RAIP) was convened in December 2017. RAIP is a tool to guide regional coordination and harmonization framework to complement and accelerate achievement of CAADP goals at the national levels. RAIP identified and prioritized key projects and investment areas with potential for agricultural transformation in the region.

c) **Mechanisms of regional management of transboundary plant and animal diseases control strengthened**

In May 2018, the EAC Secretariat in collaboration with the International Maize and Wheat Improvement Center (CIMMYT) organized a regional workshop on MLN to appraise EAC Partner States and other regional stakeholders on the current state of MLN in the region and management practices in place; share knowledge and information on current activities including capacity building, awareness creation, technologies developed or under development and deployed to manage MLN; and identify areas that require enhanced coordination and complementarity among EAC Partner States in the management of MLN. A draft EAC preparedness and Response plan on Maize Lethal Necrosis (MLN) is in place.
A regional meeting of plant protection officers was held in May, 2018 to build capacity and provide a platform for information sharing on MLN management.

d) **Youth employment in the agricultural sector promoted**

In 2017 implementation of EAC-FAO project activities took place. Project focal points were recruited in each Partner State and consultants to document outstanding models of youth in agribusiness selected through a competitive process. The documentation on best practices was developed and launched in June 2018. The EAC Documented Report on Best Youth Agribusiness Models will provide detailed information to Governments and Development Partners on identified models to replicate, adapt, and upscale investment on youth in the agriculture sector.

e) **Implementation of EAC SPS Protocol and SPS Act supported by June 2018**

EAC Secretariat with financial and technical support from USAID developed SPS regulations and technical guidelines. The SPS instruments aimed at strengthening capacities of Partner States to enforce SPS measures, and enhance competitiveness of agricultural commodities traded within and beyond the region.

Budget Execution
The budget allocated to the Agriculture, Food Security and Livestock Sector amounted to US$ 976,875 for the financial year 2017/2018 with an expenditure of US$ 569024.38, leading to budget performance of 58 %.

5.1.2 ENERGY SECTOR

The Department of Energy is charged with the responsibility of coordinating development of policies and mechanisms for promoting the efficient exploitation, development, joint research and utilization of various energy resources available within the region in accordance with Article 101 of the Treaty. In particular this includes promoting the least cost development and transmission of electric power, efficient exploration and exploitation of fossil fuels and utilization of new and renewable energy sources; and joint planning, training and research. It is also charged with the exchange of information on the exploration, exploitation, development and utilization of available energy resources; development of integrated policy on rural electrification; development of inter-Partner State electrical grid interconnections; and the construction of oil and gas pipelines, as well as all such other measures to supply affordable energy to their people taking cognizance of the protection of the environment as provided for by the Treaty.

In the period under review, the Energy Sector planned to fully operationalize the East Africa Centre for Renewable Energy and Energy Efficiency (EACREEE) fully by June 2018; finalize the Preparations for the 9th East African Petroleum Conference & Exhibition to be held in 2019; and complete the feasibility studies for the Mbarara to Dar es Salaam and Kigali - Bujumbura oil products pipeline projects by December 2018.

The key achievements during the year were as follows:

a) **The East Africa Centre for Renewable Energy and Energy Efficiency (EACREEE) fully operationalized by June 2018**

A business plan for EACREEE was prepared and presented to the EACREEE Steering Committee at its 3rd meeting in Kigali on March 22, 2018. The Steering Committee made comments that are being incorporated before it is submitted to the Sectoral Council on Energy for consideration.

b) **Preparations for the 9th East African Petroleum Conference & Exhibition to be held in 2019**

Republic of Kenya confirmed her readiness to host EAPCE'19 in March 2019. All Partner States except South Sudan nominated members of the Steering Committee to organize the conference. The Steering Committee held its first preparatory Meeting in Mombasa in April 8-10, 2018.

c) **Feasibility studies for the Mbarara to Dar es Salaam and Kigali-Bujumbura oil products pipeline projects completed by December 2018**

EAC Secretariat finalized the Evaluation of the bids for the consultancy services as well as the draft agreement. EAC has written to the funding agency African Development Bank (AfDB) expressing EAC concerns regarding the delay of giving a no objection for EAC to proceed with implementation of the project.

Budget Execution
The budget allocated to the Energy Sector amounted to US$ 1,353,750 for the Financial Year 2017-2018, with an expenditure of US$ 63631.29. This translates to 5% of budget execution.

Challenges and Recommendations
The department faces the challenge of inadequate funding. The contribution from Partner States is not enough to implement decisions and directives of the Summit, Council and Sectoral Council on Energy plus continental programmes developed jointly with other Regional Economic Committees (REC's). The Department is understaffed with only one established staff that is the Senior Energy Officer.

Donor funds are not released in time and that has an impact on implementation of planned activities.

There is need to increase Partner States funding and establish more positions and recruit more staff under the Department.

5.1.3 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 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 the period under review the Department of Environment and Natural Resources continued to coordinate initiatives for strengthening EAC's institutional and financial capacities for environment and natural resources management. This included building technical and institutional capacity on climate change adaptation and mitigation; strengthening EAC governing capacity on natural resource management and biodiversity conservation and development of the instruments to enhance coordination and collaborative efforts on transboundary water resources management.

The key achievements during the year were as follows:

a. **EAC's Institutional and financial capacities for environment and climate change adaptation and mitigation strengthened**

In the quest of strengthening the regional capacity for environmental governance in the region, a Concept Paper on Plastics and Plastics Waste Management and the revised Programme of Action for Nairobi Agreement on Air Pollution were adopted by the 5th Sectoral Council on Environment and Natural Resources Management held on 5th-9th February 2018.

Three concept papers to guide the development of the Projects on energy efficiency, renewable energy, food security, water, sanitation and hygiene to be submitted to Green Climate Fund (GCF) and Adaptation Fund (AF) were

developed and adopted by the Sectoral Council. The envisaged projects will strengthen regional resilience by enhancing food security, access to renewable energy, water supply and sanitation services.

The Secretariat continued to coordinate regional efforts on disasters risk reduction and management (DRRM). A multi year's action plan for the implementation of the Sendai Framework on disaster risk reduction was approved by the 5th Sectoral Council on Environment and Natural Resources Management. The draft EAC Disaster Risk Reduction and Management Bill was further revised by incorporating Partner States' comments. The Bill seeks to provide a framework for intervention and assistance for people affected by natural hazard-related and human induced disasters, and to protect the livelihoods and natural environment through integration of comprehensive disaster risk reduction and management practices in the Community.

In a bid to raise awareness on disasters and displacement related disasters, the Secretariat organized a seminar to mark the International Day for Disaster Reduction on 13th October 2017 at EAC Headquarters. EAC position paper and updates on the region's status of Implementation of the Sendai Framework on DRR and its Africa Programme of Action was developed and shared with Partner States.

b. Climate Change Coordination Unit operationalized by June 2018

Under this planned activity, the following were achieved: Terms of Reference (ToR) for feasibility study for the establishment of the EAC Carbon Credit Exchange (EAC-CCX) mechanism were developed and adopted by the Sectoral Council in February 2018.
EAC regional position on climate change was developed to guide negotiation during UNFCCC's COP23/CMP13/CMA1.2 was developed and shared with the African Group of Negotiators (AGN) on climate change.

Draft Climate Change Information Network (CCIN) and EAC climate change portal were developed to facilitate sharing and exchange of the climate change data and information. EAC accreditation as a Regional Implementing Entity (RIE) for Adaptation Fund (AF) and Green Climate Fund (GCF) was initiated. The objective of the RIE accreditation is to enable EAC have direct access to the funding mechanism under the UNFCCC.

The Lake Victoria Basin (LVB)'s Climate Change Adaptation Strategy and Action Plan and the Terms of Reference for the review of the EAC Climate Change Policy and Strategy were developed and adopted by the Sectoral Council on Environment and Natural Resources in February 2018.

Development of the EAC Climate Change Bill was initiated and the Concept Paper on the proposed Climate Change Bill was adopted by the 5th SCENR in February 2018.

A project proposal to secure regional partnership with the African Caribbean and Pacific Secretariat – Global Climate Change Alliance Plus (GCCA+) under EU EDF11 Strategy was developed and adopted by the 6th SCENR.

c. EAC Natural Resource Management and Biodiversity Policies developed and Capacity Strengthened

EAC secretariat continued to coordinate regional efforts on strengthening the Environment and Natural Resources governance. In this view, the following were achieved in the year 2017-2018:

Review of the EAC Protocol on Environment and Natural Resources Management was initiated. Terms of Reference for the Multi-Sectoral Technical Task Force on issues raised by Partner States on the Protocol were adopted by 5th SCENR in February 2018.

Capacity of the Regional Technical Working Groups (TWG) was enhanced to effectively provide the needed technical back stopping on environment and natural resources management. The revised ToRs for TWG were developed and adopted in February 2018.

The Inventory Report on EAC Mineral Policies and Mining Regimes was developed in February 2018 and development of the EAC Forestry Policy and Strategy was initiated. The Terms of Reference to guide the processes were adopted by the 5th SCENR in February 2018.

A project on collaboration conservation and management of natural capital in East African Community was developed. The descriptions for the USAID/KEA's funded project were adopted by the 5th SCENR.

d. EAC Water Vision, Policy and Strategy finalized by June 2018

The Secretariat continued to coordinate regional efforts on transboundary water resources management. Under the same time frame, the following were achieved:

Development of the EAC Water Vision to guide regional efforts on the sustainable management of the shared water resources was finalized. The revised EAC Water Vision document was adopted by 5th SCENR in February 2018.

Development of the EAC Water Policy and Integrated Water Resources Management to strengthen regional coordination and collaborative efforts on transboundary water resources management was initiated. The draft Terms of Reference were developed and adopted by the 5th SCENR in February 2018.

Budget execution
The budget allocated to the Environment and Natural Resources amounted to US$1,072,550 for the financial year 2017-2018 with an expenditure of US 326,676.76. Budget performance of 30 % was achieved.

Challenges and Recommendations
The Department is mostly relying on donor support. Overall, contributions from Partner States are insufficient to implement decisions and directives of the Summit, Council and Sectoral Council on Environment and Natural Resources. Moreover, the Department is understaffed with only one established staff i.e. Principal Environment and Natural Resource Officer (PENRO) who is supported by Project Staff. It is thus recommended that Partner States increase the budget and develop project proposals for resource mobilization and cover staff gap.

5.1.4 TOURISM AND WILDLIFE MANAGEMENT
The Department of Tourism and Wildlife Management is charged with the responsibility of coordinating activities aimed at developing a collective and coordinated approach to the promotion and marketing of quality tourism into and within the Community, as well as in conservation and sustainable utilization of wildlife and other tourist sites in the Community in accordance with Articles 115 and 116 of the Treaty. In particular, these activities comprise development of coordinated tourism and wildlife policies; common code of conduct for tour and travel operators; a standardized hotel classification system; regional strategy for tourism promotion and coordinated efforts in controlling and monitoring encroachment and poaching in respect to wildlife resources.

During the period under review, the Department planned to produce and disseminate the "East Africa a Single Tourist Destination" promotional materials to key global markets by June, 2018; Explore new markets in Asia (China & Japan) to identify opportunities for joint promotion by 2018; Adopt the EAC Tourist Visa by Council and the implementation of the roadmap for the introduction of the EAC Tourist Visa by 2018; enhance promotion of Regional Tourism Wildlife Conservation and Management in the Region to combat poaching and illegal trade in wildlife and wildlife products by June 2018; and adopt the Protocol on Tourism and Wildlife Management Cooperation by 2017.

The Department made the following key achievements:

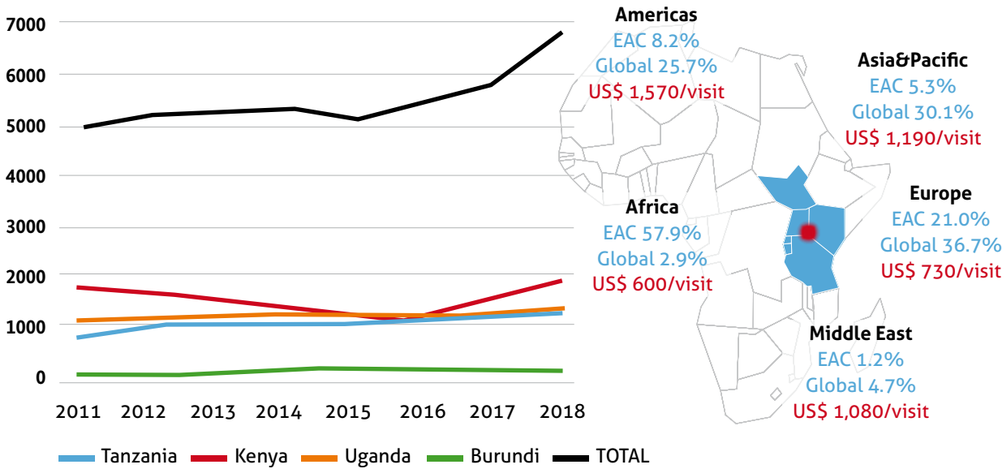
a. Protocol on Tourism and Wildlife Management Cooperation adopted by 2017

The protocol on Tourism and Wildlife Management Cooperation was reviewed by the sub-sectoral committees on Tourism and Wildlife Management in their meeting of 16th-19th January 2018. It was subsequently considered and approved by the 8th Meeting of the Sectoral Council on Tourism and Wildlife Management that was held from 19th -22nd June 2018. The meeting of the Sectoral Council directed the Secretariat to submit the protocol to the Council of Ministers for adoption.

b. Joint Tourism Promotion of East Africa Community as a Single Tourist Destination through production and dissemination of promotional materials in key global markets by June, 2018

EAC participated at the World Travel Market (WTM) in London, United Kingdom from 5th – 6th November 2017 as well as at the International Tourism Bourse (ITB) in Berlin, UK from 6th – 11th March 2018. EAC Joint Tourism Promotion Events were held on 8th November 2017 and 9th March 2018 in London and Berlin respectively where a joint statement was issued. Assorted promotional items that included EAC branded key holders, pens, bags and folders were distributed in both events. Joint tourism promotion is aimed at reinforcing the individual efforts by Partner States in enhancing the visibility of EAC Partner States and the region as a whole in the international markets and consequently increasing tourism in the region. The figure below demonstrates growth in tourist arrivals in the region mainly attributed to regional and national tourism promotional efforts.

Figure 3: International Tourist Arrivals 2011-2018 and Source Markets



The total EAC tourist arrivals in 2018 increased by 17% over 2017 compared to 7% growth between 2016 and 2017. The European market where the EAC Partner States undertake joint tourism promotion remain the second most important market region at 21% compared to other regions which each accounted for less than 10% of tourist arrivals to the region in 2018. The largest market region is Africa which accounts for 58%.

c. Promotion of Wildlife Conservation and Management in the Region through combating poaching and illegal trade in wildlife and wildlife products by June 2018

Following the approval and adoption of the Regional Strategy to Combat Poaching and Illegal Trade and Trafficking of Wildlife and Wildlife Products by the Sectoral Council on Tourism and Wildlife Management and the Council of Ministers, the Secretariat embarked on strengthening the regional and international collaboration. This was among other things through organizing a coordination meeting comprising the Partner States, Development Partners and Conservation Partners which was held from 27th – 28th March 2018 and UN Complex, Nairobi. The meeting was organized in collaboration with UNEP and about 15 Development and Conservation Partners were sensitized on the EAC Regional Strategy to Combat Poaching and Illegal Wildlife Trade. These included UN agencies (UNEP, CITES, UNDP, UNODC), British High Commission, AWF, WWF, TRAFFIC, IUCN, IFAW, Birdlife International, GIZ and PAMS Foundation.

Budget Execution

The budget allocated to the Tourism and Wildlife Management amounted to US$ 388,235 for the financial year 2017-2018. Out of this, US$ 107,400 was from the Partner States budget while the other US$ 280,835 was to come from USAID. However, due to delay in signing of the funding agreement and Implementation Letter, the USAID funding was not availed. The expenditure was US$106,566.36 that translates to 27 % of the total budget (Partner States and USAID) but 99% of the budget that was available (Partner States Budget).

Challenges and Recommendations

Mainly due to budgetary constraints, the other planned activities under the Annual Operational Plan for the year under review were not implemented. These include exploring new markets in Asia (China & Japan) to identify opportunities for joint promotion and adoption of the EAC Tourist Visa by the Council and implementation of the roadmap for the Introduction of the EAC Tourist Visa.The USAID budget was not availed and therefore the planned sensitization of the wildlife law enforcement officers including wildlife managers, judiciary, prosecutors, police and custom officials was not undertaken.

In view of the above the following recommendations are made:

i. A special budgetary allocationfor undertaking joint tourism promotion activities such as joint road shows and direct consumer campaigns in new high-yield markets including the Asian, Middle East and American markets;

ii. Adoption of a multisectoral approach, sensitization of key stakeholders and allocation of adequate financial resources for development of necessary infrastructure and systems in respect to implementation of the Single Tourist Visa; and

iii. Enhanced coordination between EAC and Development Partners to ensure synchronization of calendars and timely release of funds.

5.1.5 INDUSTRIAL DEVELOPMENT

The Department of Industrial Development draws its mandate from Articles 79 and 80 of the Treaty. In this regard, the Department coordinates activities relating to promoting self-sustaining and balanced industrial growth; improving the competitiveness of the industrial sector so as to enhance the expansion of trade in industrial goods within the Community and the export of industrial goods from the Partner States in order to achieve the structural transformation of the economy that would foster the overall socio-economic development in the Partner States; and encouraging the development of indigenous entrepreneurs.

In particular, the Department coordinates, among others, development and implementation of East African Industrial Development Strategy; promoting linkages among industries within the Community through diversification, specialization and complementarity; facilitating the development of small-and-medium scale industries, basic capital and intermediate goods industries and food and agro-industries; and rationalizing investments and the full use of established industries. It also promotes industrial research and development; harmonizing and rationalizing investment incentives; and disseminating and exchange industrial and technological information.

In the period under review, Industrial Development planned to convene the 2nd Edition of the Manufacturing and Business Summit by 2016; develop and operationalize the EAC Motor Vehicle Assembly Strategy by 2018; and to enhance the private investment and technical assistance to leather, textiles and apparel value chains by June 2018.

The key achievements during the year were as follows:

a. Summit Directive: Short Term Modalities for the Promotion of Automotive, Textiles and Leather Industries in the EAC Region

Short Term Modalities and Policy briefs for promoting the Automotive, Textiles and Leather Industries were prepared and presented to the Sectoral Committee on Industrialization; Sectoral Council on Trade, Industry, Finance and Investment (SCTIFI) of 13th to 17th November 2017 and Senior Official and Coordination Committee of the 36th Meeting of Council. The briefs outlined policy and private sector actions to develop the sector ahead of the preparation of the Automotive, Leather and Textile Implementation Strategies.

The region also developed the Terms of Reference (TOR) for the Establishment of Regional Industry Platforms for the Automotive, Textile

and Leather industries to coordinate the working between the public and private sectors and promote the development of the sectors.

To enable consideration of the TORs Regional platforms on leather and footwear, and textile/ apparels were convened in Burundi and Uganda respectively where stake-holders considered and approved the TORs for the platform. The platform provided policy inputs to be considered in the ongoing Common External Tariff (CET) review exercise with respect to leather and footwear sectors, and also aided the preparation of policy briefs to be presented to the Summit in February 2018.

b. Second (2nd) Edition of the Manufacturing and Business Summit by 2016

The National and Regional Organizing Committees were established to coordinate the preparation of the 2nd EAC Manufacturing and Business Summit (EAMBS).

The Second East African Manufacturing Business Summit (EAMBS) was held 23rd to 25th May 2017 in Kigali, Rwanda. The report and the recommendations of the Summit were presented to the Sectoral Council on Trade Industry, Investment and Finance (SCTIFI) for consideration and decision.

The Secretariat wrote to the Republics of Kenya, Burundi, South Sudan and the United Republic of Tanzania about hosting the 3rd Summit; and coordinating with the EABC and national manufacturing associations in the region in preparing the sustainable Manufacturing Business Summit Framework and its Funding Mechanisms and the Development of Manufacturing Excellence scheme.

c. Strengthening capacity of the Secretariat to effectively coordinate implementation of EAC industrialization policy

The programme a collaboration between UNIDO and Government of Korea enhanced the region's capacity for industrial policy design, monitoring and evaluation: The programme rendered a number of outputs including: strengthened capacities/knowledge in four training modules covering application of UNIDO Competitive Industrial Performance Index (CIP); Sectoral Competitiveness and Value Chain analysis; Industrial Performance Drivers & Manufacturing Employment; and Designing an Effective Industrial Policy: five national trainings were undertaken. As an output of the training, the region prepared the first, EAC Industrial Competitiveness Report, to guide decision-makers and track the performance of industrial sector in the EAC. The culmination of the programme was the launch of the 1st East African Community Industrial Competitiveness Report which was held in November 2017. The Report assesses EAC's industrial performance vis-à-vis other regions and role models in Asia and Africa and sheds light on strategic short and long-term industrialization paths that the EAC should pursue.

d. Statutory Meetings: Sectoral Committee on Industrialization (SCI) and Sectoral Committee on Trade, industry, Finance and investments (SCTIFI)

In order to get policy guidance from the policy organs of the EAC, policy meetings were held as follows: Committee meeting on industrialization was held in September 2017 and the SCTIFI meeting on 13th to 17th November 2017.

Budget Execution

The budget allocated to the Industrial Development amounted to US$ 952165 for the financial year 2017-2018 with an expenditure of US$ 86,970.38; leading to budget performance of 9%. A number of activities were undertaken by development partners.

5.2 DIRECTORATE OF SOCIAL SECTORS

5.2.1 GENDER, COMMUNITY DEVELOPMENT AND CIVIL SOCIETY

The department coordinates the affairs concerning Gender, Women in Socio Economic Development and in Business, Youth, Children, Persons with Disabilities, Social protection and social welfare, Community development, and Civil Society mobilization.

In the period under review, the Gender, Community development and Civil Society department planned to: Implement the EAC Social Development Framework; implement Legally Binding Instruments for Gender and PWDS; implement the EAC Consultative Dialogue Framework; integrate fully the Gender mainstreaming in EAC; coordinate the approval and operationalization of the 50 Million African Women Speak Networking Platform Project.

The key achievements registered were:

a. EAC Gender Policy was produced and adopted by the 4thSectoral Council on Gender, Youth, Children, Social Protection and Community Development in May 2018 in Kampala as directed by the 25th meeting of Council of Ministers (EAC/CM25/Directive 24)

A project Implementation Unit for the 50 Million African Women Speak Networking Platform Project was established to EAC Secretariat since 1st of December 2017 to support the Sector as part of the implementation of the Regional Strategy on Women in Business for Socio-Economic Development.

Assessment study on the Harmonization of Child Laws in EAC was done by IAWGand a Validation study on Harmonization of Child Laws in EAC was held in Dar es Salaam from 20th to 22nd June 2018.

Printing of EAC Child Policy and development of its summarized version was done in December 2017.Validation of Incubator for Integration and Development in East African (IIDEA) long term Strategy was held on 16th -17th October 2017 in Nairobi.

EAC commemorated IWD on 8th March 2018. The year's theme was'Press for Progress'. As EAC, the message was: "Together, let us press for progress in every sphere of Women's development and empowerment as every small effort contributes to achieve our vision of the 50/50 gender parity agenda".

The Women marched to the local market in Arusha; 'SokoKuu' where community services such as cleaning the market and donation of cleaning materials were carried out.

The Simplified Guide and Information Pack which was developed to sensitize cross border traders on the opportunities provided for by the Customs Union and Common Market Protocols in addressing challenges faced by women in business especially in the EAC cross border trade was launched.

Launch of the SGWCBT on IWD March 2018

A framework for strengthening child protection systems was developed and adopted by the Sectoral Council.

Development of a draft MOU between African Union for the deaf (AUD) and EAC was developed in December 2017to implement the action plan on People with disability.

b. Approval and Operationalization of the 50 Million African Women Speak Networking Platform Project. The 50 Million African Women Speak Project achieved the following:

The Technical Launch of the Project and the training of all PIU staff on AfDB financial, procurement and disbursement rules and procedures was conducted in October 2017 in Lusaka, Zambia bringing together all PIU staff from COMESA, EAC and ECOWAS;

The Project was presented to and endorsed by the 4th Meeting of the Sectoral Council on Gen-

der, Youth, Children, Social Protection and Community Development in Kampala, Uganda in May 2018. In this meeting, the Project was presented to three different audiences namely Senior Officials, Principal/Permanent/Under Secretaries and Ministers who discussed it, had question and answer sessions from which very valuable feedback was gathered. This information will used to create strategies to engage the Partner States during the implementation of the Project.

Consultative meetings were held with key Project Stakeholders in Partner States. The main objective of these meetings was to introduce the 50 Million African Women Speak Networking Platform Project (50MWS) to different stakeholders in Partner States.

These meetings targeted key Government institutions as partners to the project, including the Ministries of Gender, ICT, Trade, Youth, East African Community affairs in each Member State. Stakeholders from Civil Society, NGOs and UN Agencies, made it possible for the EAC Secretariat to engage stakeholders on all aspects of Project implementation.

The 50MWS PIU conducted a mission to Entebbe, Uganda, for a briefing session with the Gender Experts from the different Partner States. The Project team made several presentations aimed at introducing the Project to the Gender Experts and thereafter held discussions on the objectives, scope and implementation arrangements of the Project and sought their feedback and support especially with regard to the setup and operationalization of the Project Country teams. The Project was endorsed by the Gender Experts from Partner States.

The EAC PIU (composed of the Project Coordinator, the Procurement Specialist, the Finance Manager and the Content Manager,) along with the EAC Principal Gender and Community Development Officer were invited by COMESAtoattend a Consultation and Exchange of Information Workshop with all Project implementing Regional Economic Communities (RECs) in Lusaka in March, 2018. This consultation workshop enabled the RECs to discuss a number of important points including but not limited to set up and operationalization of Project country teams, content development strategy, communications strategy, and other operational issues related to project risk management, monitoring and evaluation, as well as the involvement of young people in the project through mentorship and incentives required to embark on the digital industry.

URT Consultations

South Sudan Consultations

Uganda Consultative Meeting

Burundi Consultations

More details in the video in the link below:
https://www.youtube.com/watch?v=T2MY_5LlJag

The Project Steering Committee (PSC) that provides the policy and strategic oversight for the Project was established. This Committee has representation from all the implementing RECs namely COMESA, EAC and ECOWAS as well as AU and organizations working with women in business.

The Content Development Framework was developed in consultation with COMESA, ECOWAS and AfDB;

Content collection tools/templates to be used by Project Country Teams were developed;

c. Integrate fully the Gender mainstreaming in EAC

The department produced an EAC Gender Policy to guide all Organs and Institutions and Partner States on Gender Equality in all their endeavors. The sector has, within the period, prepared a training of all staff and Gender experts from all partner States on gender equality, gender mainstreaming and the EAC Gender Policy.

Budget Execution
The budget allocated to Gender amounted to US$ 495125 for the financial year 2017-2018 with an expenditure of US$ 162797.38 marking the budget performance at 33%.

Challenges and Recommendations:
The major contributing factor was the liquidity challenge.Gender Department is chronically understaffed and underfunded.The department carries an extra task of civil society mobilization and coordinating the implementation of the Consultative Dialogue Framework (CDF) which takes a huge budget of the already slim budget allocated. The Gender and Community Development Department continues to receive a meagre budget from Partner States.

Inadequate Human resource: There is only one substantive officer, PGCDO to the department despite several Sectoral Council and Council directives, EALA report for the Financial Year 2015/16, recruitment of sector specific officers has never been initiated.

The following recommendations were made:
Consider the huge mandate of the Gender, Community Development and Civil Society Mobilization sector and assign (even on a short-term basis) another officer to support the PGCDO as the Institutional Review Process concludes; two programme assistants under the department and short term consultants and professional interns.

Establish the Technical Working Groups that were adopted by the 37th Meeting of the Council of Ministers and ensure that they meet regularly to consider and guide on progress in the implementation of Sectoral Council decisions and directives.

Apportion an annual minimum budget of 25,000 USD to each of the eight units under the department i.e to facilitate the minimum coordination of implementation of the EAC Gender policy; EAC Youth policy; EAC Child Policy; EAC Persons with Disabilities Policy and the EAC Consultative Dialogue Framework for the Participation of Civil Society, Private Sector and other interest groups; and develop policies on Social Protection and Community Development.

There were significant delays in the recruitment of PIU staff for the 50 Million Women Speak Project that subsequently resulted in delays in commencement of the Project at EAC.

5.2.2 IMMIGRATION, LABOUR, EMPLOYMENT AND REFUGEE MANAGEMENT
The Department coordinates areas of cooperation under labor, immigration and refugee management sector with a view to operationalize Articles 76, 104 & 124 of the Treaty. Article 76 establishes the EAC Common Market Protocol; Article 104 on free movement of persons, labor, services, right of establishment and residence; and Article 124 on development of common mechanisms to management of refugees in the Community. The Department also coordinates the implementation of Articles 7, 8,9,10,11,12,13 and 14 of the EAC Common Market Protocol.

During the period under review (July 2017- June 2018), the following were achieved:

(a) Development of the Labor Migration Policy

The initiative to develop a regional labour migration policy was conceived in February 2013 as a means to facilitate the implementation of the EAC Common Market Protocol Provisions on Free Movement of Labour. Accordingly, a Multi-Sectoral Experts' meeting was held from 27th-30th March 2018 in Bujumbura, Burundi. The meeting enriched the draft EAC Labour Migration Policy. The draft policy addresses a number of areas of focus such as: Protection of Migrant workers' rights; Skills Recognition and Development; Irregular labor Migration; Diaspora engagement and remittances; Bilateral Labor Agreements for migrant workers beyond the region; and Informal Sector.

(b) Coordination of Social Security Benefits in EAC

Article 10 (3) (f) of the EAC Common Market Protocol entitles workers to enjoy the rights and benefits of social security as accorded to the workers of the host Partner State.Therefore, a meeting of Social Security Experts was held from 11th-13th June 2018, Kampala- Uganda. The meeting among others developed a Roadmap to update and review the EAC draft Directive on Coordination of Social Security Benefits and developed Terms of Reference for the consultancy to consolidate actuarial studies undertaken by national social security institutions.

(c) Capacity Building of Immigration Officers

Training of Immigration Officers has been noted at policy level, as necessary to equip the officers with skills and knowledge on Integrated Border Management Systems and the EAC Common Market Protocol to promote efficiency and effectiveness. As such, a Capacity Building Training Workshop for Twelve (12) Immigration Officers on the EAC Common Market Protocol was held from 25th- 28th June 2018, in TanzaniaRegional Immigration Training Academy (TRITA) - Moshi, Tanzania.

(d) Development of the EAC Common Policy on Refugee management

In order to operationalize 124 (5) (h) of the Treaty and Article 7(8) of the EAC Common Market Protocol, the process of developing theEAC Common Policy commenced. The EAC Secretariat held the 6th Meeting of the Chiefs of Refugee Management (CRM) Entities on 15th -17th May 2018, in Nairobi- Kenya. The meeting among others developed 17 key priorities areas of the proposed Policy.

Budget Execution

The budget allocated to the Immigration, Labour, Employment and Refugee Management amounted to US$ 222,900 for the financial year 2017-2018 with an expenditure of US$ 129,833.91, marking the budget performance at 58%. The major contributing factor was the liquidity challenge arising fromthe Partnership Fund.

Challenges and Recommendations

1. Budget constraints as the Department depends more on contributions from donors such as International LabourOrganization (ILO), International Organization for Migration (IOM), and United Nations High Commission for Refugees (UNHCR)to support the activities.

2. Need tolobby for more funds from Partner States to facilitate activities under Labour, Immigration and Refugee Management.

3. Lack of Human resource as the whole department has only one officer.

5.2.3 EDUCATION, SCIENCE & TECHNOLOGY

The Department of Education draws its mandate and functions from Article 5, Article 102, and Article 103 of the EAC Treaty, in which the EAC Partner States commit to undertake concerted measures to foster cooperation in education, training, Science and Technology within the Community. During the period under review, the planned activities included: Alignment of approved curricula within the approved structures and frameworks completed by December 2017; Resource mobilization strategies for EAC ICT in Education Strategic Plan 2015-2020 developed by December 2017; The 2017 EAC Secondary Schools Essay Writing Competition is conducted by December 2017; EAC is represented in at least 4 regional and international meetings/conferences on education, science and technology.

The key achievements realized during the planned period include:

a) **At least 2 Fora provided for professionals to negotiate Mutual Recognition Agreements**

Two fora were provided for competent authorities in two professions i.e. Pharmacists and Land Surveyors to negotiate Mutual Recognition Agreements (MRAs). National sensitization meetings were held in the Partner States (except RSS) as a first step towards the negotiation and signing of the MRA for Pharmacists. The negotiation of the MRA for Land Surveyors was concluded. The MRA is ready for signing. In addition, a Study on Implementation of Signed MRAs was undertaken. The study identified the barriers hindering the full implementation of the signed MRAs. A workshop was held from 5th-7th Dec 2017 to share the outcomes of the study on implementation of MRAs and develop strategies to enhance their implementation.

b) **Alignment of approved curricula within the approved structures and frameworks completed by December 2017**

National Workshops of Examination Experts were held in the Partner States (except RSS) to align Examination Rules and Regulations to the harmonized EAC Examination Guidelines and Frameworks. National Workshops for teacher educators were held in Partner States (except RSS) to align national curricular with the approved EAC Structures and Frameworks. There were important steps towards the harmonization of the education and training curricular of the EAC Partner States.

c) **The 2017 EAC Secondary School Essay writing competition conducted by December 2017**

The 2017 EAC Secondary School Essay Writing Competitions was conducted as planned. The Regional Adjudication meeting was held in Kampala, Uganda from 14th to 15th October 2017 to identify winners of the EAC Essay Writing Competition for the Regional Awards. The Regional Awards for the winners of the 2017 Secondary Schools Essay Writing Competition was undertaken at the 20th Summit of EAC Heads of State on 1st February 2019. The EAC Secondary School Essay Writing Competition is aimed at involving school going youths into the activities of the Community.

d) EAC represented in at least 4 regional and international meetings/conferences on Education, Science and Technology

The EAC was represented in two international meetings. These included the FAWE Conference on Girls Education held in Lusaka Zambia in August 2017 from 22nd-24th August 2017. The conference was attended by the DSG- PSS and the Principal Education Officer. The opportunities were used to share the developments that EAC has made in education with other stakeholders. EAC also participated in the technical meeting of the Committee of Ten Heads of States on Science and Technology held in Lilongwe, Malawi from 26th- 28th October 2017. This enabled the EAC to make an input into the recommendations that were made to the ten Heads of States mandated to champion science and technology by the African Union.

Challenges

Due to financial/budgetary constraints, some of the workshops to facilitate the alignment of national curricular to the approved EAC structures and frameworks were not undertaken. The Resource mobilization strategy for EAC ICT in Education Strategic Plan 2015-2020 that was to be developed by December 2017 was also not actualized. The Department recommends allocation of more funds to enable completion of activities that are lagging behind schedule. There is also need to enhance staffing of the department to ensure execution of activities.

5.2.4 CULTURE AND SPORTS

The Culture and Sports Sector derives its mandate from Article 119 of the EAC Treaty, which provides for Partner States to promote close cooperation amongst themselves in Culture and Sports; and Article 137 of the Treaty, which provides for Partner States to undertake measures to foster the development of Kiswahili as the lingua franca of the Community aimed at promoting an East African identity. During the period under review, the department planned to undertake the following activities:Modalities for the establishment of EAC Culture Trust Fund finalized by June 2018; Comprehensive study on modalities for introduction of French as an official language of the Community conducted by June 2018; Regional framework for capturing data for trade in culture and creative goods and services in the EAC developed by June 2018; 1ST Edition of EAC Sports Tournament held by December 2017; and partnership with regional and international development partners strengthened by June 2018.

The following are the main activities undertaken within the period under review:

(a) Modalities for the establishment of the EAC Culture Trust Fund finalized by June 2018.

A meeting of the Culture and Planning Experts to finalize the concept paper for the establishment of the EAC Culture Trust Fund was held from 6th-8th March 2018 in Kampala Uganda. A draft concept paper for the Trust Fund was developed and shared with Partner States for further inputs and comments

(b) 1st Edition of EAC Sports Tournament held by December 2018.

A meeting of the Regional Steering Committee for the 1st Edition of the EAC Sports Tournament was held from 27th February to 2nd March 2018 in Bujumbura Burundi. At the meeting, plans were developed for the tournament to take place from 16th-30th August 2018 in Bujumbura, Burundi under the theme *Fostering EAC Integration and Peace through Sports.*

(c) The 3rd Edition of the EAC Art and Culture Festival is held by December 2017

The 3rd Edition of the EAC Art and Culture Festival (JAMAFEST) was held in Kampala, Uganda from 7th-15th September 2017 under the theme *Culture and Creative Industries: the Engine for Unity and Employment Creation.* It provided space for intercultural dialogue, showcasing and celebrating EACs cultural diversity and the enhanced regional integration agenda.

Budget Execution

The overall budget allocated to the Education, Culture & Sports, and Science & for the Financial Year 2017-2018 amounted to US$616,235.00 with an expenditure of US$183,664.79.Thus budget performance was 30% though this is the total of what was received.

5.2.5 HEALTH SECTOR

The Health Department oversees and coordinates all health policy and governance aspects in the region. It is made up of six units namely: Regulation of Health Professionals and Health Services Unit; Health Systems Development and Policy Unit; Disease Prevention and Control Unit; Medicines, Food Safety and Health Technologies Unit; HIV and AIDS & Sexually Transmitted Infections Unit; and Reproductive, Maternal, Newborn, Child and Adolescent Health and Nutrition Unit. The EAC Health Sector draws its mandate from Article 118 of the Treaty that establishes the Community as well as the EAC Regional Health Policy (2016) and the EAC Health Sector Strategic Plan (2015-2020).

In the period under review, the Health Sector planned to approve the EAC Regional Health Policies, Strategies and Guidelines by the Sectoral Council on Health; EAC Statutory meetings (EAC Sectoral Council and Sectoral Committee on Health and Technical Working Groups;develop EAC Regional pooled Bulk Procurement of Medicines and Health Products Strategy and Business Plan and start domestication by June 2018;continue with domestication of EAC Regional Harmonized guidelines on Medicines Evaluation and Registration, Good Manufacturing Practice and Quality Management System across the EAC Partner States NMRAs by June 2018 to improve access to medicines; develop harmonized and integrated SRHR/RMNCAH and HIV&AIDS Packages, Standards and Guidelines by June 2018; EAC HIV&AIDS Programme and the EAC OHI-RMNCAH Programme Knowledge Management Systems into an integrated and upgraded robust EAC Regional SRHR/RMNCAH, HIV&AIDS and Health Knowledge Management Platform; Innovative Advocacy documents, tools and materials developed by June 2018; Operational Capacity of the Medical Reference Laboratory Project strengthen by December; Regional programs for key and vulnerable populations in the EAC Region harmonized; EAC regional Package (s) of essential reproductive maternal newborn child and adolescent health harmonized and integrated to expand access to quality services in an equitable manner in the East African Community.

The key achievements were:

a) EAC Regional Health Policies, Strategies and Guidelines approved by the Sectoral Council on Health

The following strategy and policy instruments were approved by the 15th Ordinary Meeting of the EAC Sectoral Council (and the 2nd and 3rd Extra-Ordinary Meeting by videoconference):

- The ten year (2018-2028) EAC Health Sector Investment Priorities which the Heads of States subsequently approved on 22nd February 2018 during the Joint EAC Heads of State Retreat on Infrastructure and Health Financing and Development
- One-year roadmap for the EAC Pharmacy Regulatory Boards and Councils.

b) EAC Statutory meetings (EAC Sectoral Council and Sectoral Committee on Health and Technical Working Groups

The 15th Ordinary Meeting of the EAC Sectoral Council of Ministers of Health was held on 17th November 2017. The 24thSectoral Committee was held at the Session of Senior Officials of the 15th Ordinary Meeting .The 16th Ordinary Meeting of the Sectoral Council on Health will be convened from 23rd to 27th April 2017.

c) To develop EAC Regional pooled Bulk Procurement of Medicines and Health Products Strategy and Business Plan and start domestication by June 2018

Pooled Bulk Procurement was not done due to lack of finances. Draft EAC Medicines and Health Technologies Policy and Strategic Plan was approved by Permanent Secretaries during the 15th Ordinary Meeting of the EAC Sectoral Council of Ministers of Health on 17th November 2017.

d) To support strengthening of National Medicines Regulatory Authorities NMRAs) of Tanzania (Zanzibar) Burundi and Rwanda by June 2018

The EAC Guidelines for Registration of Vaccines, Biosimilar and Similar Bio therapeutics approved by 14th Ordinary Meeting of the EAC Sectoral Council of Ministers of Health.

e) To continue with domestication of EAC Regional Harmonized guidelines on Medicines Evaluation and Registration, Good Manufacturing Practice and Quality Management System across the EAC Partner States NMRAs by June 2018 to improve access to medicines

A total of Fourteen (14) medical products were registered under EAC Joint Assessment Procedures and subsequently registered by EAC Partner States National Medicines Regulatory Authorities (NMRAs).
Fourteen (14) Pharmaceutical Manufacturing Facilities were jointly inspected by EAC Partner States Experts from National Medicines Regulatory Authorities (NMRAs).

f) EAC HIV&AIDS Programme and the EAC OHI-RMNCAH Programme Knowledge Management Systems into an Integrated and upgraded into a robust EAC Regional SRHR/RMNCAH, HIV&AIDS and Health Knowledge Management Platform

Convened the 2nd Joint Meeting of the EAC RMNCAH and HIV&AIDS Technical Working Groups from 2nd to 6th October 2017, to address the knowledge management matters. The meeting among others, developed terms of reference for a joint EAC Expert Working Group (EWG) on Knowledge Management for Health which was approved by the 15th Sectoral Council on Health which in turn directed the EAC Secretariat to constitute and operationalize the expanded EWG. In addition, the meeting reviewed the report on the Assessment of Knowledge Man-

agement Systems in the EAC Partner States as well as the draft EAC Knowledge Management Strategy for the Health Sector.

g) Innovative Advocacy documents, tools and materials developed by June 2018

The 2nd Joint Meeting of the EAC RMNCAH and HIV&AIDS Technical Working Groups convened from 2nd to 6th October 2017 also developed the TOR for the development of the EAC regional state of SRHR/RMNCAH (Women Children and Adolescent Health and HIV & AIDS Report that was approved by the 15th Meeting of the Sectoral Council on Health.

h) Development of Regional strategy and convening of EAC High Level Dialogue (HLD) on sustainable financing of SRHR/RMNCAH, HIV and AIDS and Health

The Joint EAC Heads of States Retreat on Infrastructure and Health Financing was convened on 22nd February 2018 instead of the High Level Dialogue (HLD) on sustainable financing of SRHR/RMNCAH, HIV and AIDS and Health.

Drafting of the EAC regional strategy for sustainable financing of SRHR/RMNCAH, HIV and AIDS and Health is ongoing with support from UNAIDS and is meant to operationalize the recommendations of the 1st High Level Dialogue on Sustainable Financing for Universal Health and HIV Coverage that was convened in 2016.

i) Operational Capacity of the Medical Reference Laboratory Project strengthen by December

An EAC regional orientation and planning/kick-off meeting on the operationalization of the EAC regional network ofpublic health reference laboratories for communicable diseases was convened at the EAC Secretariat from 19th-21st September 2017. The report and recommendations of the meeting were adopted by the 15th Sectoral Council on Health. The Sectoral Council reviewed the guidelines for training of trainers in Hamburg, Germany and approved the establishment of the project Steering Committee and Expert Working Group.

j) Human resource and operational capacity of EAC Secretariat and Partner States to coordinate and implement the project developed by June 2018

The EAC Integrated Health Programmestaff are in place except the M&E and the Linkages and Partnership Officer whose recruitment is still ongoing.

Procurement of office equipment was postponed to 2018 due to budget misalignment with market rates, especially for computers.

The Joint Programme Steering Committee meeting was held on 30th January 2018 but with no other Partners apart from Sida, the primary Donor.

One Joint Meeting of the EAC RMNCAH and HIV/AIDS Technical Working Group was held from 2nd to 6th October 2018.

k) Regional programs for key and vulnerable populations in the EAC Region harmonized

The key population strategy has been drafted and the 15thSectoral Council on health requested that further country consultations be held on the strategy before the Sector Council can re-consider it.

l) EAC regional Package (s) of essential reproductive maternal newborn child and adolescent health harmonized and integrated to expand access to quality services in an equitable manner in the East African Community

The in-depth analysis is to be done as part of the Regional meeting of experts to develop methods and tools for the assessment of RMNCAH and HIV/AIDS integration in the Partner States.

Budget Execution

The budget allocated to the Health Sectoramounted to US$ 9,161,115 for the financial year 2017-2018 with an expenditure of US$ 1,699,919.91, with the budget performance of 19 %.

06/

The Office of Deputy Secretary General - Political Federation

The Office of the Deputy Secretary General Political Federation comprises of the three departments namely: Political Affairs (including EAC Nyerere Centre for Peace Research); International Relations; and Peace and Security.

6.1 POLITICAL AFFAIRS

In the period under review, the Political Affairs Department planned to have the Anti-Corruption Index and Assessment Tool adopted; Structures established and Institutional Capacities strengthened for Political Integration.

The key achievements were:

a) **Anti-Corruption Index and Assessment Tool adopted**

In order to strengthen the implementation of the principle of preventing and combating corruption, a meeting of legal draftsperson was convened from 19th to 21stJuly 2018 to re-draft the articles with divergent views of draft Protocol on preventing and combating corruption. The draft protocol was referred to the Sectoral Council on Legal and Judicial Affairs for legal input by the Council at its 24th Extra Ordinary Meeting (EAC/EX/CM25/Directive 05). The Experts revised the draft protocol taking into account the observations made in respect of the specified provisions (Articles 3(2), 7(8), 8, 9, 12 and 14), the Constitutions of the Partner States and similar regional and international treaties. The revised draft was forwarded to the Sectoral Council on Judicial and legal Affairs for consideration and awaits consideration.

b) **Structures established and Institutional Capacities strengthened for Political Integration**.

In a bid to promote regional standards and benchmarks on good governance, a forum of strengthening Democracy and Elections was convened. The 6th Good Governance Conference was held from 10th - 11th October 2017 Arusha, Tanzania under the Theme "***Strengthening Democracy for sustainable Integration***".The conference brought together key stakeholders from the offices of Attorney Generals, Justice and Constitutional Affairs, Internal Security, Defence, Heads of Anti-Corruption Authorities, Human Rights Commissions, Electoral Commissions, the Chief Justices, Speakers of National Parliaments and East African Legislative Assembly, President of the East African Court of Justice, heads of regional organizations and Civil Society Organizationsto share experiences. . The participants identified emerging issues and recommended possible mitigation frameworks and mechanisms that would enhance good governance and strengthen democracy in the region to enhance the integration agenda in the region.

A meeting to review the concept note, Terms of Reference, roadmap and budget estimates for development of constitutional framework of EAC political confederation was held in December 2017 in Mombasa-Kenya. The meeting aimed to constitute the Team of Constitutional Experts as directed by the 12thextra-ordinary meeting of Heads of State held on 30th April, 2014 in Arusha, that directed the Council of Ministers toInitiate the process of drafting a constitution for the political federation; anddevelop a roadmap on what the negotiated constitution making process would involve; and make a comprehensive evaluation of the implementation of the Protocol on the EAC Customs Union, Common Market and Monetary Union plus other laws of the Community. The experts developed a Concept Note which outlined the objectives intended to be achieved accompanied by Terms of Reference and the roadmap for the operationalization of the Summit directive. The Draft was forwarded to Council for onward transmission to the 19th Summit of Heads.

c) **EAC Program on Democratic Governance Implemented and Electoral Support**

The Deployment of observation missions in the EAC Partner States is in line with the principles and values espoused by the Treaty of the East African Community. In addition, the 4th EAC Development Strategy is explicit on the promotion of democracy and inculcation of a democratic culture in the EAC region.It's upon this background that the EAC deployed two EAC Pre-Election Assessment Teams ahead of the Presidential Elections in the Republic of Rwanda and General Elections in the Republic of Kenya.

The Missions assessed the political environmentin which the elections were being held and conducted a comprehensive analysis of the electoral process (pre-election period, election period and post-election period) and offer an impartial, balanced and informed assessment of the elections.A total of 60 Observers were deployed across all regions in Kenya while 35 observers were deployed in all the districts of Rwanda.

The Missionsused Electoral Data Management Software procured to enable the Missions transmit data in time for analysis by the situation room for report writing.

A short team observer mission was also deployed in the repeat Presidential Elections in Kenya, and the EAC-Election Observer Mission Reports of the three Missions were finalized and handed over to SG and later for adoption by Council and forwarding to the Republic of Rwanda and Kenya.

In addition to the above, consultative sessions on implementation of the urgent Election Observer Mission recommendations were held between October and December 2017 in Bujumbura and Arusha to follow up on implementation so far made. The meeting attended by representative of the EAC Forum of Electoral Management Bodies updated the Secretariat on the progress made in implementation of previous decisions in the sector. The office with the support of the African Union Department of Political Affairsalso convened the Annual meeting of EAC Forum of Electoral Commission in November 2017 in Nairobi – Kenya. The meeting among others developed criteria for selection of the Pre-Election Assessment Experts Team (PEAT) and among the recommendations of the meeting was the Secretariat to work with Partner States to build a database for the PEAT.

d) **Capacities strengthened through Dialogue, Training and Exchange Programmes**

The East Africa Youth Leadership Summit, (YouLead) in 2017 in line with the provisions of the East African Community (EAC) Youth Policy (2016) priority 14 which mandates the EAC Secretariat to build networks and partnerships to, 'Institute an annual youth leaders' forum with the EAC Secretary General as a regional platform for youth engagement with the EAC leadership.' The summit brought together approximately 250 youth leaders and supporters within government, NGO and business organizations from across the East African region.The outcomes of the Summit included among others:

- Creating a network to connect YouLead Alumni with mentors and mentorship opportunities, to inspire alumni to compete for elective positions elections in the next election cycle across the EAC Partner States, and working together toward peaceful elections to avoid election related violence and insecurity.
- A formation of a network of young CEOs and entrepreneurs across the EAC and
- Identified and documented set of youth specific policy and capacity gaps faced by youth business leaders attempting to do cross-border business within the EAC.

Budget Execution
The budget allocated to the Political Affairs Department amounted to US$ 2,371,024.49 for the financial year 2017-2018 with an expenditure of US$ 1,375,262.33, leading to budget performance of 58%.

Challenges and recommendations

1. There is a need to lobby more commitment of funds from Partner States to finance EAC Election Observation Missions in the face of dwindling donor support.

2. The EAC Youth Ambassadors from Partner States are the face of the EAC Integration. They are well grounded, exposed and well informed in matters of the integration. They keep alive the integration agenda as they are involved in the broadcast of EAC activities through their 'Youth Ambassadors' Platform' they need to be continuously supported.

3. The staff complement at the Centre is currently inadequate to design and generate research and capacity building programmes since the only Centre staff remaining is the Programme Assistant.

6.2 INTERNATIONAL RELATIONS

Guided by the Protocol on Relations between the AU Commission (AUC) and Regional Economic Communities (2008), the EAC continues to engage with other RECs in regional and continental integration initiatives. The Coordination Committee of Chief Executives of the AU Commission, RECs, African Development Bank (AfDB) and the UN Economic Commission for Africa (UNECA) have prioritized the mainstreaming of the AU Agenda 2063 and its First Ten Year Implementation Plan into the medium and long term strategic plans of RECs. The EAC is already working with the UNECA on strategies for popularizing the EAC Vision 2050 and developing its indicators, ensuring that these are aligned to the Sustainable Development Goals (SDGs) and the AU Agenda 2063.

In the period under review, the Department of International Relations in collaboration with Partner States continued to emphasis the need for a Regional Foreign policy, Partner States' Diplomatic Missions and EA Diaspora were mobilized for effective participation in EAC integration processes and Multilateral/international networks were further strengthened in pursuit of EAC objectives. Furthermore, the AU Reforms and Assembly Decision 635 saw a further engagement of the RECs in the continental agenda.

The key achievements were:

a) **Foreign policy formulation strengthened**

Sectoral Council on Foreign Policy Coordination was scheduled for May 2018in Arusha, the United Republic of Tanzania alongside the Joint Sectoral Council on Inter State Security, Defense and Foreign Coordination. The purpose of the meeting is to consider pending issues under the sector and to deliberate on emerging matters pertinent to the Sectoral Council on Foreign Policy Coordination.The meeting was to consider among other items the review on implementation of previous decisions, Report on collaboration with UN, AU and other RECs and Ratification of Protocols under the sector. However, the meeting could not take place as scheduled due to the request from a partner State for its postponement.

b) **Partner States' Diplomatic Missions and EA Diaspora mobilized for effective participation in EAC integration processes**

The activity was not implemented due to budgetary constraints.

c) **Multilateral/international networks strengthened in pursuit of EAC objectives**

The Secretariat has continued to collaborate with the African Union Commission (AUC) and other RECs guided by the Protocol on Relations between the AU and the Regional Economic Communities (RECs) (2008) and other AU Instruments and Assembly Decisions and directives.

Furthermore, the United Nations Office of Special Adviser on Africa (OSAA) maintains a multifaceted engagement with the East African Community (EAC) and other RECs as major parties in the implementation of its mandate and their roles and ways in which the contributions of RECs in consolidating peace, security and socio- economic development in Africa is enhanced.

The Joint UN- AU Framework for Enhanced Partnership in Peace and Security signed in April 2017 and the Joint Framework for Implementation of Africa's Agenda 2063 and 2030 Agenda for Sustainable Development signed in January 2018 call for closer cooperation between the AU, UN and RECs.

The Department in collaboration with the Secretary General's Office continued to represent the EAC in Regional and International forums in pursuit of its objectives. The EAC was represented at the African Union Summit in July 2017 and Jan 2018 and the UN General Assembly in particular meetings organized by the Office for the Special Advisor for Africa: Africa week. The EAC attended the Senior Officials Meeting of Africa-China Partnership (FOCAC) which was held in November 2017 inBeijingto prepare for the Africa China summit held in March 2018. The Secretariat attended theAU- EU Summit on the theme 'Peace and Security' held in Abidjan, in April 2018.

Budget Execution
The budget allocated to the International Relations Office amounted to US$ 87,250 for the financial year 2017-2018 with an expenditure of US$ 85,296.28, with budget performance of 98. %.

6.3 PEACE AND SECURITY

In the period under review, the Peace and Security office planned to provide Policy Guidance to the Sector on a continuous basis; Crisis/Conflict Management: Mediation; Strengthen regional capacities for coordinated management and response to disasters in the region by June 2018; Offer oversight on the implementation of Small Arms and Light Weapons (SALW) Control Interventions Sustained; Strengthen Border Management in the EAC Region; and harmonize Policing practice across the Region by 2018. Strategic Security Issues: Consolidate capacities to address existing complex and emerging trans-national security threats and challenges by 2018; Implement the Multi Regional Maritime Security Strategy; Implement the Prison and Correctional services cooperation by 2017.

The key achievements were: -

a) **Crisis/Conflict Management: Mediation**

Consultancy services for the development of the operational modality have been hired. An inception report has been produced. The Consultant is undertaking consultations with stakeholders. Procurement for international analytic data has been conducted and contract signed.

Partner States Senior Officials and EAC staff involved in CPMR have been trained in mediation and negotiation. An EAC Mediation Support Standing Group is being developed. Consultancy services for the development of a model National Early Warning Center (NEWC) to guide establishment & operationalization of NEWCs have been hired and the task is ongoing.

b) **Policing practice across the Region harmonized by 2018**

One meeting of experts on harmonization of SOPs was held from the 29th to 31st August 2017. Draft SOPs on Combating Child, Domestic, Gender Based Violence and Abuse, Drafts SOPs on Human Trafficking and migrants smuggling and Draft SOPs on Cyber Crime were produced.

c) **Strategic Security Issues: Capacities to address existing complex and emerging transnational security threats and challenges consolidated by 2018**

An EAC Workshop for the Heads of Anti-Narcotics and Human Trafficking Units was held from 7th -10th November 2017. Training on Gender, Peace and Security was conducted in November 2017

Budget Execution
The budget allocated to the Peace and Security office amounted to US$ 3,556,493.80 for the financial year 2017-2018 with an expenditure of US$1,472,203.53, with the budget performance of 41%.

07/

The Office of the Director General - Customs And Trade

The Office of the Director General (Customs and Trade) is responsible for the implementation of the customs and trade (internal and external) functions in the EAC. Customs encompasses tariff and valuation, compliance and enforcement, procedures and facilitation while trade covers international trade, internal trade and Standards, Quality Assurance, Metrology and Testing.

7.1 DIRECTORATE OF CUSTOMS

The Directorate of Customs initiates policies on Customs and Trade related matters and coordinates such policies in the Partner States. The Departments of the Directorate of Customs include Tariff and Valuation, Compliance and Enforcement, Procedures and Facilitation.

During the period under review the Directorate of Customs planned priority activities that included the implementation of the Single Customs Territory (SCT); the review of CET, EAC Customs Management Act, 2004 and its regulations and Customs procedure operationalization of One Stop Border Posts; enhancement of the regional Authorized Economic Operator Programme, development of a regional interconnectivity platform and; and elimination of customs related Non-Tariff Barriers.

The following key achievements were registered:

a. Implementation of the Single Customs Territory

Since the commencement of the Single Customs Territory (SCT) in 2014, the supporting instruments have been developed and products rolled onto the SCT incrementally. As of November 2017, the necessary arrangements had been completed and all products within the EAC were expected to be transacted under the Single Customs Territory framework. Furthermore, the full roll-out of all imports under the SCT was completed in December 2017 (Roll-out of movement of maritime goods on the Single Customs Territory (SCT) was successfully undertaken. Roll-out of the export regime under SCT commenced in July 2018 on a pilot basis. Stakeholders have been trained on SCT processes to support the implementation of the SCT. The application of the Electronic Cargo Tracking System was enhanced on the Northern Corridor and 73 compliant traders were accredited as Authorized Economic Operator (AEO) program at regional level by June 2018. Partnership with the private sector will enhance compliance and secure the international supply chain thus improving the business-operating environment in the EAC. To this effect, there have been recorded notable milestones that included, among others, reduction in turn-around time and the cost of doing business which has had positive impact on trade facilitation. In the same period, all imported procedures were implemented.

b. Operationalization of One-Stop Border Posts (OSBP)

To operationalize the OSBP Act 2016, the OSBP Regulations and manual were developed and adopted by the Council. H.E YoweriKagutaMuseveni, President of the Republic of Uganda and H.E Dr. John Pombe Joseph Magufuli, President of the United Republic of Tanzania jointly officially commissioned ***the Mutukula (TZ)/ Mutukula (UG) OSBP on 9th November, 2017, followed by Busia OSBP on the Kenya/Uganda*** border that was launched by the President of the Republic of Kenya, H.E. Uhuru Kenyatta and the President of the Republic of Uganda, H.E YoweriKagutaMuseveni on 24th February 2018. Currently 13 OSBPs have been completed and mobilization of funds for the completion of the three remaining OSBPs (Gatuna/Katuna, Manyovu/Mugina, and Kanyaru/Akanyaru) is on-going. For the period up to September 2018, Namanga was operationalized as one additional stop border and the community has up to that date 13 OSBP operational. A program of capacity building and sensitization has been undertaken for the benefit of officers on Post borders including clearance agencies and is still ongoing.

c. Common external tariff

During that period, the process of reviewing the CET was ongoing and national reports for CET were finalized and the process now is the consolidation at regional level for adoption, The Technical Working Group (TWG) on Rules of Origin has so far fully completed work on 2879 tariff lines in 46 Chapters representing 53.44% of the total tariff lines (5387) in the HS 2017 version and from there A number of HS Codes in the EAC CET and provisions of the CMA were reviewed and published through the legal notice no 8 of 30th June, 2017.

Budget Execution
The budget allocated to the Customs Directorate amounted to US$77,900.00 for the financial year 2017-2018 with an expenditure of $50335.84 thus, budget performance stood at 65%.

7.1.1 PROCEDURES AND FACILITATION
In the period under review, the Department planned to review Customs Processes implemented under the Single Customs Territory (SCT); sensitize stakeholders on the Single Customs Territory (SCT); train Customs Officers/stakeholders on OSBP procedures and other instruments; interface Customs systems with Cross-Border and Regulatory Agencies' (CBRAs) systems to facilitate real time exchange of information.

The key achievements were:

a) **Customs Processes implemented under the Single Customs Territory (SCT)**

1. SCT procedure manual was reviewed and updated to include the export, ex warehousing and railways processes.

2. IT solutions were enhanced to support SCT processes.

3. Customs Valuation and Risk management system was developed and Operational Acceptance Testing finalized in August 2017. System rollout has commenced.

b) **Customs Officers/stakeholders trained on OSBP procedures and other instruments**

1. OSBP Training curriculum and training materials were developed and validated in July, 2017.

2. OSBP Procedure Manual was aligned to the regulations in July 2017 and was published.

3. Procured Equipment and furniture for Namanga OSBP (computers, scanner and printers) with the support of AfDB.

4. 12 Border officials underwent OSBP Training of Trainer's (TOT) course in August 2017.

c) **Customs Administration staff/stakeholders trained**

28 Customs Officials underwent a master trainer programme on Customs Union and Trade Policy, 65 customs Officials and stakeholders were sensitized on Authorized Economic Operator Programme.

Furthermore, 114 Customs Officials and 162 stakeholders were trained and sensitized on World Trade Organization Trade Facilitation Agreement, Coordinated Border Management, Risk Management and Post Clearance Audit Controls at borders.

d) **Stakeholders sensitized on the Single Customs Territory (SCT).**

Kenya:
594 people were sensitized on the borders of Busia, Malaba (with Uganda), LungaLunga/Hororo, Isebania/ Sirari, Namanga, Taveta / Holili.

Uganda:
All Customs Clearing Agents and other key stakeholders were sensitized on all the modules in Uganda.

Tanzania:
823 stakeholders were sensitized at Mutukula, Rusumo, Kabanga, Dar es Salaam, Hororo, Holili, Namanga, Tarakea and Mwanza.

Burundi:
- 60 Customs Officers were sensitized.
- 150 stakeholders were sensitized by OBR
- Ministry of EAC Affairs sensitized 53 stakeholders upcountry
- Radio programmes focusing on integration including the SCT issue are hosted every Saturday.

Rwanda:
- 469 stakeholders were sensitized
- 2 radio and TV programmes on AEO and RECTS were aired
- 102 clearing agents were sensitized on SCT export regime.

e) **Interfaced Customs systems with Cross-Border and Regulatory Agencies' (CBRAs) systems to facilitate real time exchange of information.**

Only Customs to Customs and Customs to Ports Authorities systems were interfaced.

Port of Mombasa (Source: Kenya Port Authority)

f) The Centralized Platform Proof of Concept System

- There is improved traceability of message exchanges since any officer with access to the centralized platform can confirm the status of any document through the platform as long as they have the relevant reference number
- It is easier to diagnose problems and initiate re-transmission of messages where necessary
- Intra-trade reports can be easily extracted from customs system.

g) Training and Sensitization on the SCT Export Regime

Customs Officers and key stakeholders such as clearing agents and exporters were trained on the SCT Export processes.

A total of 1,102 clearing and forwarding agents and other stakeholders, 291 Customs officers and 33 Port operations officers were trained/sensitized in the different locations as per the breakdown in the table below. The total attendance was 1,426 trainees out of a target of 1,500 (approx. 95% of the target).

Table 8: Number of trainees

Location	CFAs & Other Stakeholders	Customs & Other Agency Officers	Port Officers	Total
Mombasa	68	39	7	114
Nairobi	98	46	7	151
Dar es Salaam	88	49	15	152
Kampala	411	42	4	457
Kigali	85	45	-	130
Bujumbura	100	12	-	112
Busia	122	19	-	141
Malaba	130	39	-	169
Total	**1102**	**291**	**33**	**1426**

Source: SCTIFI report May 2018

One Stop Border Post Training

For the period under review the following OSBPs were covered:

Table 9: Number of Trainees at OSBPs

No	STATION	DATE	OUPUT	MALE	FEMALE
1	LungaLunga / Hororo,	02 – 06/10/2017	45	41	4
2	Katuna / Gatuna	16 -20/ 10/ 2017	44	35	9
3	Namanga	20– 4/11/ 2017	43	33	10
4	Holili / Taveta	13-16/02/2018	40	32	8
	TOTAL		**172**	**41**	**31**

Source: SCTIFI report May 2018

Budget Execution
The budget allocated to the Procedures and Facilitation Department amounted to US$1,045,650 for the financial year 2017-2018 with an expenditure of US$372665.38, thus the budget performance stood at 36%.

7.1.2 TARIFF AND VALUATION

In the period under review, Tariff and Valuation Department planned to review, coordinate and monitor implementation of the Common External Tariff;Revised EAC Rules of Origin and valuation.

The key achievements were: -

a) **Review, coordinate and monitor implementation of the Common External Tariff (CET)**

Findings of Sectoral Study reports were presented and considered by SCTIFI in May, 2017 and decisions gazetted in June, 2017 for implementation in July, 2017

The regional Task Force transposed the EAC CET 2012 to 2017 Harmonized System (HS), developed data collection instruments and validated the criteria for classifying goods within the EAC CET.

The Secretariat conducted evaluation of consultants who will support the National and Regional Task Forces during the review exercise.

b) **Revised EAC Rules of Origin implemented**

The Technical Working Group (TWG) on Rules of Origin under Tripartite FTA has fully completed work on 2879 tariff lines in 46 Chapters representing 53.44% of the total tariff lines (5387) in the HS 2017 version. The EAC Secretariat provided interpretation of the provisions of Rules of Origin through letter ref: C&T2/2/3 dated 27th March 2018 to TRA.

c) **The EAC Electronic Certificate of Origin**

The process of transmission of electronic certificate of origin was developed and incorporated in the SCT procedure manual. The objective of implementing the electronic Certificate of Origin (e-COO) is to facilitate intra-regional trade by providing a platform for verification of authenticity of certificates of origin. So far the e-certificate has been implemented between Rwanda and Uganda.

Budget Execution
The budget allocated to the Tariff and Valuation Department amounted to US$ 413,850 for the financial year 2015-2016 with an expenditure of $ 56655.27; thus, budget performance stood at 14%.
Challenge

The certificates are issued by the Chamber of Commerce in URT and it may be easier to manage and automate if it is issued by Customs Administrations in all Partner States.

7.1.3 PREVENTION AND ENFORCEMENT

In the period under review, the EAC Prevention and Enforcement Department planned to review the EAC CMA and its regulations, Review of duty remission regulations and the development of Anti-Counterfeit Bill; SCT Compliance and Enforcement Action Plan.

The key achievements were:

a) **Review the EAC CMA and its regulations**

A consultant was engaged to support the review. National Workshops were held to receive and discuss Partner States' proposals.

b) **Review of duty remission regulations**

Duty remission requests and proposals to amend the exemption regime were considered and approved by SCTIFI upon recommendation from the Ministers of Finance during the pre-budget consultations. The approved changes were gazetted in the EAC gazette on 1st July 2017.

c) **SCT Compliance and Enforcement Action Plan enforced**

Compliance and Enforcement Action plan focusing on cross border trade and SCT related matters is being implemented by Partner States along with other measures in the implementation of the SCT.

d) **Enhancement of the regional Authorized Economic Operator Programme**

73 compliant traders were accredited as Authorized Economic Operator (AEO) program at regional level by June 2018. Partnership with the private sector will enhance compliance and secure the international supply chain thus improving the business-operating environment in the EAC.

The number of companies on the program was also expanded from 46 to 73 with distribution per country as below.

Table 10: Number of Companies

Partner State	Number of AEOs
Burundi	09
Kenya	14
Rwanda	25
Tanzania	02
Uganda	23
Total	**73**

Of the 73 authorized companies, 15 were awarded certificates during the AEO Global Conference in Kampala, 13 were awarded certificates earlier in 2015. The remaining 45 companies were awarded certificates during the Committee on Customs held in Arusha in April 2018.

Budget Execution
The budget allocated to the Prevention and Enforcement Department amounted to US$159,025 for the financial year 2017-2018 with an expenditure of US$ 33,684.8, leading to budget performance of 21%.

Challenges:
- Budget constraints and late disbursement of funds.
- Delayed or non-implementation of policy organs directives and decisions.

7.2 DIRECTORATE OF TRADE

7.2.1 INTERNAL TRADE

The mandate of the department of Internal Trade is to promote the intra-EAC trade within the Community through among others,removal of non-tariff barriers and other forms of trade restrictions that hinder free movement of goods and services in the Community, as well as promotion of MSMEs development and compilation and publication of trade statistics.

Planned Activities
During the period under review, the Internal Trade Department planned three key activities specifically to eliminate NTBs in the EAC Region; prepare and publish the EAC Trade and Investment Report 2017; and promote MSMEs to engage in cross border trade within the EAC Single Market.

Key achievements were:-

a) Eliminated NTBs in EAC Region

The Internal Trade Department continued to fast-track the NTBs elimination programme through implementation of the EAC Time Bound Programme for elimination of the identified NTBs. During the period under review, eleven (11) long outstanding NTBs were resolved from the EAC Time Bound Programme for elimination of identified NTBs.

(i) Five (5) NTBs were resolved

(ii) Thirty-One (31) NTBs remain unresolved;

(iii) Five (5) new NTBs were reported with documentary evidence; and

(iv) One Hundred Twenty-Seven (127) were resolved cumulatively from since 2009.

The resolved NTBs are:

(a) Ban on importation of poultry and poultry products from Uganda to Kenya.

(b) Denial of preferential treatment on automotive products manufactured in Kenya by Toyota Tsusho East Africa Ltd. (TTEA) when exported to Tanzania i.e. for both Toyota Land cruiser 79 pickups and Hino trucks and buses. The products are being subjected to full CET duties.

(c) Tanzania imposes Business visa fees of US$100 charged contrary to provisions of the Common Market Protocol.

(d) Long lead time to confirm paid taxes; for exports into Tanzania once entries have been lodged and taxes paid, it takes 1 week for Tanzania Revenue Authority to confirm that taxes have been paid. The process of confirmation is supposed to take 1 day.

(e) Delays in issuance of certificates by Tanzania's NEMC which has the validity for three months. It also takes three months to renew the certificate that allows Bralirwa Ltd to export broken glasses and bottles to Dar es Salaam to be recycled by KIOO Ltd.

The new NTBs reported with documentary evidences are:

Report by Kenya

(a) Uganda's limitation on importation of processed meat products from within the region. It also addressed it as a measure to promote local capacity in Uganda to produce such processed meats rather than importing meat and meat products from the Partner States. This will negatively affect Kenya Manufacturers who have been exporting processed meat products into Uganda.

(b) Tanzania not granting preferential tariff treatment and non-recognition of EAC Certificate of Origin issued by KRA to Leaf Springs.

Reported by Tanzania

(a) The requirement for containerization of cargo entering or transiting through Rwanda.

(b) Uganda does not recognize the calibration certificate issued by Weight and Measures Agency (WMA) for oil tanks from URT; and

(c) Lack of free parking facilities for transit vehicles at Mutukula One Stop Border Post on the side of Uganda for clearance purpose and other procedures like dipping process. Each truck is required to pay parking fees of Ugshs 24, 000.

The meeting observed that all NTBs that already existed in the EAC Time Bound Programme should be removed among the new reported NTBs during the EAC Regional Forum. These are;

(i) Uganda has denied market access for Kenya's sugar-based products since February 2018. The lack of preferential treatment of Kenya manufactured sugar-based products accompanied with EAC Certificate of Origin (CoO) exported into Uganda includes: confectionary products, juices, biscuits, chewing gum among others.

(ii) Tanzania not granting preferential treatment and non-recognition of EAC Certificate of Origin issued by KRA to sugar-based products from Kenya.

The department also developed and finalized the Regulations operationalizing the EAC Elimination of NTBs Act 2017.

b) Facilitated movement of Small and Micro-Enterprises' goods in the EAC Market

The Directorate of Trade is mandated to promote the Intra-EAC Trade in the region by establishing policy interventions that facilitate free circulation of goods in the Community. It is against this background that the Department put in place a program to support Small and Micro Enterprises commonly known as Jua Kali NguvuKazi to hold annual exhibitions.

The 18th EAC Jua Kali/NguvuKazi Exhibition was successfully held from 4th to 10th December 2017 in Bujumbura, Burundi where 568 exhibitors participated in exhibiting different locally made goods.

The number of exhibitors from each Partner State who participated in the exhibition is shown in the table below:

Table 11: Number of Exhibitors per Partner State

Partner States	Number of Exhibitors
Burundi	236
Kenya	134
Rwanda	0
Tanzania	148
Uganda	50
South Sudan	0
Total	**568**

c) Prepared the EAC Trade and Investment Reports for 2016 and 2017 prepared by 2019

The Internal Trade department in close collaboration with Partner States and with support from TradeMark East Africa prepared the draft EAC Trade and Investment Reports for 2016 and 2017.

The key outputs were: (i) the finalized EAC Trade and Investment Report 2016, and (ii) the Draft EAC Trade and Investment Report 2017.

The EAC Secretary General Amb. Liberat Mfumukeko

Budget Execution

The approved budget for the Internal Trade Department was **US$ 413,500** while the actual utilized budget is **US$ 108,685.27** representing budget execution of 26%.

Challenges and Recommendations

Internal Trade is the key to the EAC integration but the budget allocated to the programmesis very thin and mostly facilitated by Development Partners.There was need for the Finance and Administration (F&A) Committee to consider increasing the budgetfor the department to undertake their mandate.

Her Excellency Mrs. Denise NKURUNZIZA, First Lady of the Republic of Burundi Signing the EAC Visitors book during the 18th EAC Jua Kali/Nguvu Kazi exhibition in Bujumbura

7.2.2 INTERNATIONAL TRADE

The mandate of International Trade Department is to promote trade between EAC region and the rest of the world through negotiating trade agreements with third parties. The Department provides strategic guidance during trade negotiation processes and organizes EAC Partner States to develop and agree on the EAC common position.

The International Trade Department coordinated the development of regional and national action plans and finalized the Draft Regional Action Plan on Trade Facilitation during the Second Meeting of the EAC Subcommittee on Trade Facilitation held in June 2016.

During the period under review, the International Trade Department planned to finalize the regional and national action plans on Trade Facilitation which were to be implemented by June 2018; Negotiations for the COMESA-EAC-SADC Tripartite Free Trade Area concluded by June 2018; EAC export promotion enhanced by June 2018; Negotiations on the EAC - U.S. Trade and Investment Partnership undertaken by June 2018 ; The AGOA Program in EAC implemented by June 2018; EAC Trade Information Desk (TID) The EAC Trade Support Institutions in market penetration and network cooperation coordinated and fully functional and efficient; EAC Trade Information Desk (TID) fully functional and efficient; Commitments on Trade in Services under the Common Market Protocol implemented.

The key achievements were:

a) Finalized the Regional and National action plans on Trade Facilitation implemented by June 2018

Following the adoption of the Regional Action Plan on implementation of the WTO Trade Facilitation Agreement, a donor round table conference was organized on 27th September 2017 to discuss the modalities of collaboration in the implementation of the WTO Agreement on Trade Facilitation. Following this conference, the Secretariat developed concept notes that summarize key issues of Trade Facilitation implementation and identification of projects that need donor support.

The Secretariat also partnered with UNCTAD and TMEA to hold a regional workshop on Trade Information Portals on 21 and 22 November 2017 in Nairobi. The workshop assessed the progress made in implementation of Trade Information Portals in Partner States and identified how the Portals could best support and monitor the implementation of national and regional trade facilitation agendas.

The key output of the donor round table conference was a workshop report which among others recommended the Secretariat to develop a detailed concept paper to be shared with Development Partners as a resource mobilization tool.

b) Participated in the Trade Negotiations with other Regional blocs

(i) **COMESA-EAC-SADC Tripartite Free Trade Area**

The 6th Meeting of the Tripartite Sectoral Ministerial Committee held on 7th July 2017 in Kampala, adopted the Annex on Trade Remedies, The Tripartite Guidelines on implementations of Trade Remedies, Annex on Dispute Settlement Mechanism and the Annex containing the transitional arrangements on Rules of Origin.

EAC Partner States continued negotiating exchange of tariff offers with SACU in September and October 2017 and March 2018. Currently SACU has offered to immediately liberalize 66.67% of its tariff lines while EAC's offer stands at 65.94% of tariff lines.

The Technical Working Group on Rules of Origin continued to meet to continue work on the outstanding list rules. Agreement was reached on 2,593 tariff lines or about 47.6% of the tariff lines being negotiated.

To date 22 of 26 Member States have signed the Tripartite Agreement and two countries have ratified the Agreement (Egypt and Uganda).

The key outputs of this activity are the Annex on Trade Remedies, The Tripartite Guidelines on implementations of Trade Remedies, Annex on Dispute Settlement Mechanism and the Annex containing the transitional arrangements on Rules of Origin which were adopted by the 6th Meeting of the Tripartite Sectoral Ministerial Committee held on 7th July 2017 in Kampala.

(ii) **Participated in the African Continental Free Trade Area (AfCFTA)**

On the African Continental Free Trade Area (AfCFTA), the Secretariat undertook analyses to inform Partner States' positions on the modalities for the CFTA Tariff Liberalization and Trade in Services negotiations. African Union Ministers of Trade have since adopted the modalities for Tariff Liberalization with the level of ambition of 90%.A mixed approach of progressive liberalization and regulatory cooperation on Trade in Services were held to prepare EAC positions for the CFTA Negotiations. The Protocol on Trade in Services as well as annexes on NTBs, TBT, SPS, Trade Remedies and Customs Cooperation were finalized by December 2017.

Legal scrubbing of the AfCFTA Text was undertaken in early March 2018. During the 10th AU Extraordinary Session of the Assembly on the launch of the AfCFTA held on 21 March 2018 in Kigali, Rwanda; where 44 Member States signed the AfCFTA consolidated Text that comprises the Agreement establishing the AfCFTA; the Protocol on Trade in Goods; the Protocol on Trade in Services; and, the Protocol on Rules and Procedures on the Settlement of Disputes.

47 Member States signed; The Kigali Declaration on the launch of the AfCFTA; and 30 Member States signed the Protocol on Free Movement of Persons.

The key output of the activity is the consolidated text that comprises the Agreement establishing the AfCFTA signed on 23rd March, 2019 in Kigali, Rwanda.

c) Developed a draft EAC Export Promotion Strategy

The EAC Secretariat in collaboration with Partner States developed the Draft EAC Export Promotion Strategy (EPS) 2017-2022, which was circulated to Partner States for comments and inputs.

The key output for this activity was the Draft EPS which was validated by stakeholders in March 2018 and is awaiting submission to the Trade Committee for consideration.

d) Participated in the Negotiations between EAC and Third Parties undertaken by June, 2018

The 3rd Technical Meeting of EAC and EFTA (European Free Trade Area Association) was held in October 2017, which resolved one bracket regarding exchange of views and encouraging cooperation in trade areas of mutual interest. Both Parties agreed to consult internally on the bracketed issues with a view to come up with new compromise texts that would accommodate each side.

On the EAC- EU EPA, following the 18th EAC Summit decision that had mandated the EAC Chairperson to reach out to the EU, a meeting between the EAC Chairperson of the Summit and the President of the EU was held on 28th September 2017 in Brussels. Preparatory meetings of EAC Permanent Secretaries and Ministers as well as an EAC Ministers' meeting with the EU Director General of Trade were held on 27th September 2017. During the Meeting of the EAC Chairperson and President of EU, the EAC Chairperson presented a statement on EAC concerns and formally submitted the statement. The EU formally responded to the EAC Chairperson of the Summit in mid – December 2017.

The EAC Chairperson presented a report to the 10th Ordinary Summit in February 2018. The Chair of the Summit was mandated to continue engaging with the EU for satisfactory clarification of concerns of some Partner States on the EPAs. In the event that an acceptable way forward is not reached, the Community shall explore the use of variable geometry in the implementation of EPA.

The key output of the activity was the Report of the EAC Chairperson which was presented to the 10th Ordinary Summit in February, 2018.

e) Participated in the Negotiations on the EAC - U.S. Trade and Investment Partnership undertaken by June2018

Negotiations between the EAC and the U.S. on the Trade and Investment Partnership did not take place between July and December 2017 as discussions between the two Parties were dominated by the AGOA out of Cycle Review.

The Secretariat organized national sensitization workshops on the EAC – U.S. Cooperation Agreement on Trade Facilitation, Sanitary and Phytosanitary Measures (SPS) and Technical Bar-

riers to Trade (TBT) were convened from 13th to 22nd December 2017 in the EAC Partner States to sensitize stakeholders from the Government, Private Sector and Civil Society on the implementation of the Cooperation Agreement.

Further, on 27 – 29 March, 2018, the Secretariat organized an EAC Experts Meeting to assess implementation of the Work Plans under the Cooperation Agreement on Trade Facilitation, SPS, TBT and the Commercial Dialogue. Recommendations have been submitted to the Trade Committee for consideration.

f) The AGOA Program in EAC Implemented by June 2018

Since July 2017, AGOA discussions have been dominated by the Out of Cycle Review of AGOA eligibility of Rwanda, Tanzania and Uganda, which was initiated by a petition from the U.S. based Secondary Materials and Recycled Textiles Association (SMART), regarding the phasing out of importation of used clothing and textiles.

EAC Meetings of Permanent/Principal Secretaries and Ministers were held to discuss practical strategies to mitigate the AGOA out of Cycle Review of the three Partner States. These strategies were proposed by the SCTIFI to the Council for consideration in February 2018 and were subsequently adopted by the Summit in February 2018.

g) Commitments on Trade in Services under the Common Market Protocol implemented

The Republics of Burundi, Kenya, Rwanda and Uganda submitted their revised schedules of Commitments on the progressive liberalization of services. URT was in the process of finalizing her Schedule of Commitment. Partner States are to further revise their Schedules of Commitments to ensure compliance with the parameters adopted by SCTIFI on 3rd February 2017, which include commitments on at least 78 services sub-sectors.

Draft Regulations on movement of Services and Services Suppliers were finalized at the expert's level and a roadmap for trade in services activities was developed in March, 2018.

These documents will be submitted to the Trade Committee for consideration

In accordance with the SCTIFI directive of 2016, the Secretariat drafted a mechanism for monitoring removal of restrictions on Trade in Services.

Budget Execution

The budget allocated to International Trade Department amounted to **US$ 748,650** while the budget utilization was **US$ 513,221.01** representing 69% budget execution. The low budget utilization is attributed to lack of liquidity in Partnership Fund.

Challenges

(i) Low staffing which slows down implementation of planned activities.

(ii) The late payment of contributions from Partner States also caused the low budget utilization of the allocated budget.

Recommendations

(i) Partner States should make timely payments of their annual statutory contributions to ensure the Secretariat implements planned activities.

7.2.3 STANDARDIZATION, QUALITY ASSURANCE, METROLOGY AND TESTING (SQMT)

The Department is mandated to ensure the standardization, quality assurance, metrology and testing of products produced or traded in the Community in order to facilitate industrial development and trade; to make provision for ensuring the protection of health and safety of society and environment in the Community.

During the period under review the SQMT Department achieved the following activities:

EAC Standards developed and implemented for application in Partner States

Declared and gazetted 106 standards for the commonly traded goods and endorsed 108 international standards for adoption by the Partner States. Soft copies of the declared and gazette standards circulated to Partner States to facilitate adoption in accordance with the SQMT Act 2006. The office further undertook five sector technical committee meetings for the harmonization and editing of the standards.

The Draft Metrology Bill and the Standardization, Accreditation and Conformity Assessment Bill (SACA) was approved by SCTIFI of November 2017 and the Council of Ministers as progress towards the review of the SQMT Act 2006.

Budget Execution

The budget allocated to SQMT department amounted to US$ 195,025 while the budget utilization was US$ 134,062.68 representing 69. %. The low budget utilization is attributed to lack of liquidity in Partnership Fund, where SQMT activities had been budget.

Challenges

a) Understaffing challenges which limit implementation of activities.

b) The late payment of Partner States' contributions also caused the low budget utilization of the allocated budget.

Recommendations

Partner States should make timely payments of their annual statutory contributions to ensure the Secretariat implements planned activities.

08/

The Office of Deputy Secretary General- Finance and Administration

8.1 HUMAN RESOURCE AND ADMINISTRATION

8.1.1 ADMINISTRATION

The Administrative Department provides support to staff, visitors to the Headquarters and other stakeholders to enable them undertake their mandates to the Community in a conducive, secure and healthy environment. It ensures that goods and services are procured and dispensed, supporting conferencing, managing estates, and proving security of staff and assets.

Key achievements registered were:-

The development objective for the period under review was to strengthen the service support sectors by June 2018. This was done continuously by managing all procurement processes to ensure EAC has goods and services needed for effective functioning; EAC meetings for 2017/18 effectively managed; Office supplies and stores were well managed and availed equipment and consumables to EAC Organs; EAC HQ was well maintained and this provided a good working environment for staff, Partner States delegations and stakeholders who visited the HQ. Security for staff and assets of the Community was maintained.

Budget execution

The budget allocated to the Administration Department amounted to US$ 352,980.00 for the financial year 2017-2018 with an expenditure of US$327,619.71representing 93% of budget execution.

8.1.2 HUMAN RESOURCES AND ADMINISTRATION

The purpose of the Department is to procure and manage EAC workforce from entry to separation from service for effective service delivery to the Community.

In the period under review, the Human Resource Department planned to have Phase 1 of Institutional Review Recommendations implemented by June 2018; Staff Salaries and Benefits paid by June 2018; EAC structures, Functional roles and responsibilities established; Qualified personnel, supporting systems, and policies in place by June 2018;

The key achievements registered by the department include:

Phase 1 of Institutional Review Recommendations implementation; The EAC convened a meeting of experts to undertake workload analysis and job evaluation. The activity is ongoing and a draft report was produced and discussed byPermanent secretariesin June 2018.

All salaries and benefits are paid on a regular basis;A staff retreat was held for helping staff to air their issues to management which led to improved morale and enhanced productivity;the EAC Ad Hoc Service commissioners held several meetings in activities relating to staff recruitment in pursuit of implementing relevantCouncil Decisions and Directives. Induction for newly recruited staff was conducted in June 2018 to ease them into EAC workforce. A training needs assessment was conducted during the period under review and a report was produced which Directorates can use to organize training for identified staff for the benefit of the EAC.

Budget Execution

The budget allocated to the Human Resource Department amounted to US$ 18,391,366.6 for the financial year 2017-2018 with an expenditure of US$ 13,932,213.99 representing 76 % of budget execution.

8.1.3 MANAGEMENT INFORMATION

The Department's core responsibility is providing efficient information management systems for EAC records and archives. In the period 2017/2018 the Department planned to improve registry operations, shorten information dissemination periods to stakeholders as well as ensure that requisite information for statutory meetings documents are availed in a timely manner and well preserved for posterity.

The key achievements were:

i. Information flow between EAC and stakeholders was improved as anticipated.
ii. Professional linkages with Eastern and Southern Africa Regional Branch on International Council on Archives (ESARBICA) were maintained.
iii. Preservation of EAC records and archives was improved by digitization of 5,325 records into the electronic records managementsystem.
iv. Documentation was provided for the following statutory meetings: 36th Ordinary Council of Ministers (27th November – 2nd December 2017); 35th Extraordinary Council of Ministers (15th – 20th February 2018); 19th Summit of Heads of State (23rd February 2018) which led to efficiency in decision-making by the relevant EAC Organs.

Budget Execution
The budget allocated to the Management and Information Section amounted to US$ 194,078.4 for the financial year 2017-2018 with an expenditure of US$157444.8, representing 81% of budget execution.

Challenges

(i) The absence of substantive job holders in the registry is a threat to information security.
(ii) Preservation of digital records is threatened by the lack of a policy that covers them.

8.1.4 INFORMATION AND COMMUNICATION SECTION

The Department's core business is to coordinate the planning and implementation of an effective and efficient Information Systems Strategy; develop, maintain and fully manage efficient and cost effective Information Communications Systems of the EAC Secretariat; Coordinate; manage and control Information and Communication Technology (ICT) activities to enable the organization gain competitiveadvantage and perform its functions more efficiently and effectively.

In the period under review, Information and Communication Section planned to maintain Internet and local bandwidth; Upgrade, customize and support deployed systems in EAC and procure consultancy to review the EAC Corporate ICT Strategy; EAC video conferencing systems phase 2; ICT infrastructure maintained by December 2018.

The key achievements were:

i. Internet invoices for 2017/2018 period were paid and services delivered as per contractual obligations.
ii. Annual license and maintenance of deployed systems was paid for as per contract with vendor;
iii. Draft TORs for the consultancy were developed and await the ICT Strategy for harmonization;
iv. Video conference installed in South Sudan, including provision of Internet through TMEA support; and
v. AndICT infrastructure and systems maintained during the period as per contractual obligations.

Challenges

i. Internal processes are not automated.
ii. High overhead costs resulting from running duplicated systems across organs and institutions.
iii. Multiple license renewals, support contracts in place.
iv. Systems are not integrated, all are operating in "Silos".

Recommendations
EAC should mobilize resources to have one integrated system to avoid managing multiple duplicated systems.

Budget Execution
The budget allocated to the Information and Communication section amounted to US$ 864350 for the financial year 2017-2018 with an expenditure of US$ 748710.77 leading to budget execution of 87%.

8.1.5 LIBRARY AND DOCUMENTATION

In the period under review, the Library and Documentation office planned to haveInformation acquisition, management and dissemination enhanced by June 2018; and Networking and sharing of information among EAC Organs, Institutions and Coordinating Ministries strengthened by June 2018;

The key achievementsincluded:participating intwo exhibitions namelyJumuiyayaAfrika-MasharikiUtamaduni Festival(Jamafest) in Kampala, Uganda 7th – 15th, Sept 2017; Opening of Lake Nyasa Conference Hall, AICC – 17th – 21st July 2017.

International Workshops attended included: Kenya National Library Association, 27th Nov – 3rd Dec, 2017Standing Conference of Eastern, Central and Southern Africa Library and Information Associations 23 – 28 April, 2018, Entebbe, Uganda; and 3rd TWGIRC Meeting conducted 6th – 7th December, 2017 in Nairobi.

Budget Execution
The budget allocated to the Library and Documentation office amounted to US$ 263,200 for the financial year 2015-2016 with an expenditure of US$ 168,105.48, representing 64. % of the budget.

8.2 DIRECTORATE OF FINANCE

The Directorate of Finance is responsible for administering and managing all financial aspects of Community including preparations and control of the budget, control of expenditure; documentation of all the receipts and payments, assets and liabilities and safe custody of security documents, and facilitation of audit. This is derived from the EAC-Financial Rules and Regulations (2012) as derived from the Articles 7(h), 132 and 135 of the Treaty for Establishment of the East African Community (EAC).

The Directorate registered the following key achievements during the Financial Year 2017/2018:

a) **EAC Financial Operational & Management; Project Management Capacity implemented and enhanced in line with leading best practices by June 2018**

Harmonized COA and reporting structures were developed in all Organs and Institutions; EAC Organs & Institutions Accountants' and Auditors' meeting were conducted prior to the Audit of FY 20178. Validation of FY 2017/18Financial Statements was done in Accountants' & Auditors' meeting in Arusha; and Bank charges and Commissions up to December, 2017 were paid.

b) **Budget Management System Operationalized in all Organs & Institutions by June 2018**

The Budget Management System (BMS) annual maintenance was paid and 32 new incoming staff trained. Institutions' staff on BMS is on-going and will be done in 3rd quarter.

c) **Staff trained on both the usage of Budget Management System and Budgeting Process by June 2018**

Two (2) staff of the Budget department were trained in Contemporary Budget Management Best Practices (Administrator Training of BMS and Budget Best practices)

8.2.1 EAST AFRICAN COMMUNITY, STATEMENT OF FINANCIAL POSITION FOR THE YEAR ENDED 30 JUNE 2018

Table 12: East African Community Statement of Financial Position as at 30th June 2018

		30/6/2018	30/6/2017 (Restated)	30/6/2017 (Audited)
ASSETS	**NT**	**USD**	**USD**	**USD**
CURRENT ASSETS				
Cash and Cash Equivalents	1	8,756,398	9,123,961	9,123,961
Other Financial Assets	2	2,000,000	2,100,000	2,100,000
Receivables from non-Exchange Transactions	3	10,531,615	6,525,754	6,430,178
Receivables from Exchange Transactions	4	81,363	61,709	
Inventories	5	156,705	124,355	124,355
Prepayments	6		4,000	4,000
Taxes Recoverable	7	2,290,522	1,877,840	1,877,168
TOTAL CURRENT ASSETS		**23,816,604**	**19,817,618**	**19,659,662**
NON-CURRENT ASSETS				
Work in progress	8		56,282	64,812
Property, Plant and Equipment	9	18,058,421	18,897,562	19,126,621
Intangible Assets	10	1,001,214	1,127,665	1,060,180
TOTAL NON-CURRENT ASSETS		19,059,635	20,081,509	20,251,613
TOTALASSETS		**42,876,239**	**39,899,127**	**39,911,275**
LIABILITIES AND NET ASSETS/EQUITY				
CURRENT LIABILITIES				
Payables	11	3,831,173	4,083,903	4,414,799
Employee Benefits	12a	1,257,522	1,259,058	1,259,058
Deferred Funds from Development Partners	13	4,089,876	3,843,269	3,792,158
Other Current Liabilities	14	65,282	66,640	66,640
TOTAL CURRENT LIABILITIES		**9,243,854**	**9,252,870**	**9,532,655**
NON-CURRENT LIABILITIES				
Employee Benefits	12b	3,464,454	2,013,159	2,013,159
Deferred Credit for Assets	15	1,333,047	1,437,635	1,270,619
TOTAL NON-CURRENT LIABILITIES		4,797,501	3,450,794	3,283,777
TOTAL LIABILITIES		**14,041,355**	**12,703,664**	**12,816,432**
Net Assets/Equity				
Capital contribution and Grant		17,883,293	18,768,229	19,105,349
Accumulated Surplus		10,951,590	8,427,236	7,989,493
Total Net Assets/Equity		28,834,884	27,195,464	27,094,842
TOTAL LIABILITIES AND NET ASSETS/EQUITY		**42,876,239**	**39,899,128**	**39,911,275**

8.2.2 EAST AFRICAN COMMUNITY, STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2018

Table 13: East African Community Statement of Financial Performance for the Year ended 30th June 2018

		FY*2017/18	FY'2016/17 (Restated)	FY'2016/17 (Audited)
REVENUE	**NOTES**	**USD**	**USD**	**USD**
Revenue from non-Exchange Transactions				
Contribution from Partner States	16	19,877,916	18,477,270	18,477,270
Special funds from Development Partners	17	14,533,241	11,892,754	11,946,688
Other Revenue	18	28,450	79,095	79,095
		34,439,607	30,449,119	30,503,053
Revenue from Exchange Transactions				
Other Revenue	19	298,709	158,639	157,953
Total Revenue		**34,738,316**	**30,607,758**	**30,661,006**
EXPENSES				
Salaries, Wages and Employee Benefits	20	13,195,170	13,220,293	13,220,293
Administrative, Meetings Consultancy Expenses	21	16,725,420	15,789,053	16,116,728
Transfers to Other Institutions	22	1,947,486	1,305,570	881,104
Finance Cost	23	23,253	75,665	75,665
Depreciation and amortization Expenses	24	1,153,510	1,064,077	1,957,036
TOTAL		**33,044,839**	**31,454,657**	**32,250,825**
SURPLUS/ (Deficit) FOR THE PERIOD		**1,693,478**	**(846,899)**	**(1,589,819)**

8.2.3 EAST AFRICAN COMMUNITY, STATEMENT OF CHANGES IN NET ASSETS/EQUITY AT 30 JUNE 2018

Table 14: East African Community Statement of Changes in Net Assets/Equity at 30th June 2016

	Capital Contribution/Grant	Accumulated Surplus	Total Net Assets/ Equity
Description	**USD**	**USD**	**USD**
At 1 July 2016	**20,499,807**	**9,995,440**	**30,495,247**
Prior year adjustment	(642,283)	(545,674)	(1,187,956)
Transfers from/to Reserve	-	(1,264,927)	(1,264,927)
Surplus/ (deficit) for the year	(1,089,295)	242,397	(846,899)
At 30 June2017	18,768,229	8,427,236	27,195,465
At 1 July 2017	**18,768,229**	**8,427,236**	**27,195,465**
Prior year adjustment	(88,299)	34,240	(54,059)
Surplus/ (deficit) for the year	(796,636)	2,490,114	1,693,478
At 30 June 2018	**17,883,293**	**10,951,590**	**28,834,884**

8.2.4 EAST AFRICAN COMMUNITY, STATEMENT OF CASH FLOW FOR THE YEAR ENDED 30 JUNE 2018

Table 15: EAC Statement of Cash Flow for the Year Ended 30 June 2016

	Notes	FY'2017/18	FY7016/17 (Restated)	FY'2016/17 (Audited)
Description	**USD**	**USD**	**USD**	**USD**
Cash flows from operating activities				
Surplus/ (Deficit) at the end of the year		1,693,478	(846,899)	(1,589,819)
Addback (deduct):				
Depreciation and Amortization for the year	24	1,153,510	1,064,077	1,957,036
Interest Received	19	(100,690)	(156,022)	(156,022)
(Profit) Loss on Assets disposed/Written-off	19	(20,060)	0	-
		2,726,238	**61,157**	**211,195**
Changes in working Capital				
(Increase)/Decrease in Receivable from Non Exchange Transactions	3	{4,005,861)	1,562,643	2,430,011
(lncrease)/Decrease in Receivable from Exchange Transactions		(19,654)	(61,709)	0
(lncrease)/Decrease in Inventory	5	(32,351)	(16,242)	(16,242)
(Increase)/Decrease in Prepayments	6	4,000	(4,000)	(4,000)
(Increase)/Decrease in Taxes Recoverable	7	(412,682)	(479,531)	(478,859)
(Increase)/Decrease in Taxes Recoverable	7	(412,682)	(479,531)	(478,859)
lncrease/(Decrease) in Payables	11	(252,729)	(1,028,251)	(1,243,012)
Increase/(Decrease) in Employee Benefits	12(a) &(b)	1,449,760	(3,640,161)	(3,640,161)
lncrease/(Decrease) in Deferred Revenue	13	246,607	3,010,403	2,187,499
lncrease/(Decrease) in Other Current liabilities	14	(1,358)	(329,749)	329,749)
Increase/(Decrease) in Deferred Credit for assets	15	(104,589)	729,459	562,442
Net Cash flows from operating activities		(402,620)	(195,981)	(320,876)
Cash flow from investing activities				
Acquisition of fixed assets	9&10	(131,635)	(1,174,601)	(1,098,014)
Proceeds from disposal	19	43,901		
(Increase)/Decrease in PPE due to review of useful lives of Assets	9	(77,899)	(59,073)	(10,766)
Decrease/(increase) in Investment in Fixed Deposits	2	100,000	2,000,000	2,000,000
Cash generated from investing activities		(65,633)	766,326	891,220
Cash flow from Financing activities				
Interest Received	19	100,690	156,022	156,022
Transfers to (from) Reserve Fund			(1,264,927)	(1,264,927)
Cash generated from financing activities	-	100,690	(1,108,905)	(1,108,905)
Net increase in cash and cash equivalents	-	(367,563)	(538,560)	(538,561)
Cash and cash equivalents at beginning of period	1	9,123,961	9,662,521	9,662,521
Cash and cash equivalents at end of period	1	8,756,399	9,123,961	9,123,960

8.2.5 EAST AFRICAN COMMUNITY, STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED 30 JUNE 2018

Table 16: East African Community Statement of Comparison of Budget and Actual Amounts for the Year Ended 30 June 2016

Description	Budgeted Amounts in USD		Actual Amounts on comparable basis in USD	Difference: Final Budget and Actual (in USD)	Explanation
RECEIPTS	**Original**	**Final**			
Contribution from Partner States	19,877,916	19,877,916	12,638,252	7,239,664	(1)
Special funds from Development Partners	40,073,625	42,198,409	16,663,893	25,534,516	(2)
Miscellaneous Revenue	231,660	360,660	327,159	33,501	
Total Receipts	**60,183,201**	**62,436,985**	**29,629,304**	**32,807,681**	
PAYMENTS					
Salaries, Wages and Employee Benefits	17,994.922	17,994,922	13,121,018	4,873,904	(3)
Administrative, meetings &consultancy Expenses	33,768,488	36,022,272	15,800,431	20,221,841	(4)
Transfers to Other Institutions	1,947,486	1,947,486	1,947,486	0	
Finance Cost	70,620	70,620	23,253	47,367	(5)
Capital Expenditure	6.401,686	6,401,686	187,917	6,213,769	(6)
TOTAL	**60,183,201**	**62,436,985**	**31,080,104**	**31,356,881**	
NET RECEIPT/ (PAYMENTS)					
	0	**0**	**(1,450,801)**	**0**	**0**

Explanation of Variances

(1) As at 30th June 2018, the Secretariat had received 63.67% of the Partner States'contributions. To alleviate effects of late disbursement, USD1, 450,801 was borrowed from the BAG General Reserve.
(2) The amount received from Development Partners was USD 16,663,893 representing 40% of the amount budgeted for. For other projects, the next disbursement is subject to absorption capacity, which explains the variance between the budget and received amounts.
(3) And (4) are positively correlated. There were a number of project staff positions not filled and activities not carried out, due to late disbursements from Development Partners.
(5) The lower finance cost was due to better negotiation of applicable charges to EAC bank accounts, with our bankers
(6) The under-spending in Capital Expenditure is due to delays in the procurement process where no objection from Development Partners is required.

09/

East African Court of Justice

The East African Court of Justice (EACJ) is the judicial Organ of EAC, which ensures the adherence to law in the interpretation and application of and compliance with the Treaty for the Establishment of the East African Community. The Court has jurisdiction over interpretation and application of the Treaty. The core business of the Court is dispensation of quality justice through: settlement of disputes; provision of advisory opinions;provision of preliminary rulings; and arbitration. Being an organ for disputes resolution, the Court recorded a number of achievements arising from its core business.

In the period under review, the Court planned to hear and determine cases within a reasonable time as filed. The Court planned to hold plenary sessions on management and governance of the Court. In order to improve efficiency and delivery of justice to the residents of the Community, the Court planned to enhance the knowledge level of the Judges on emerging issues and developing jurisprudence as well as undertake continuous professional development for staff.Against this background, the Court achieved the following key milestones during the period under review:-

A. Cases heard and/or determined by the First Instance and Appellate Division

During the period under consideration EACJ held six (6) Sessions against the projected eight (8) Sessions.A total of 43 matters were heard and 15 Judgments/Rulings delivered as shown in the table below:

First Instance Division July 2017 to June 2018

Table 17: First Instance Division July 2017 to June 2018

Description		Numbers
Received	References	19
	Applications	16
	Taxation Causes	3
Matters heard		34
Judgments delivered		5
Rulings delivered		5

Table 18: Appellate Division July 2017 to June 2018

Description		Numbers
Received	Appeals	4
	Applications	5
Matters heard		9
Judgements delivered		1
Rulings delivered		4

In comparison to the previous years, there was a steady increase in the number of References received in the Registry of the First Instance Division which is an indicator of improved understanding across East Africa on the role and place of the Court in the EAC Integration Agenda. The number of matters heard and determined was affected negatively by the two (2) cancelled Court Sessions.

B. Court Plenary

The Court held its first bi-annual plenary and planning session in April 2018 attended by all Judges and staff. The plenary session considered and reviewed its calendar of activities while also deliberating on emerging issues affecting the operations of judicial work. Among the outcomes of the plenary were: a) adoption of the EACJ Strategic Plan 2018-2022 to guide operations of the Court for the next five years; b) adoption of the EACJ Judicial Code of Conduct to regulate the conduct of judicial officers and staff of the Court thus building trust among Court users and stakeholders; and c) adoption of the reviewed Rules of Procedures to make the Court user friendly and facilitate easy access.

C. Increased visibility of the Court

i. As part of the Court's outreach activities, the Court conducted awareness creation workshops in May and June, 2018 in the Republics of South Sudan, Rwanda and Uganda. The workshops brought together Judges, State Attorneys and practicing lawyers. At the end of the workshops, participants called for frequent similar activities in Partner States to enlighten stakeholders on the role of the Court in the EAC integration agenda.

ii. In order to raise visibility of the Court, EACJ carried out sensitization activities during the East African Magistrates and Judges Association (EAMJA)and Commonwealth Magistrates and Judges Association (CMJA)annual Conferences. In both Conferences, the Hon Judges made presentations on various aspects of the role of the Court in deepening regional integration.

iii. The President of the Court participated in the EAC Chief Justices Forum held in May 2018. The Forum issued a communiqué where the Chief Justices made a commitment to uphold the rule of law in discharge of their duties to create efficient judiciaries that will promote the rule of law in the Partner States.

D. Training

i. Judges underwent training on arbitration to improve skills and enhance the Court's capacity to handle arbitration cases;

ii. The Court conducted training on the EACJ Rules of Procedures to practicing lawyers in the Republic of Rwanda to enhance understanding for effective advocacy.

Budget Performance

The budget allocated to the EACJ amounted to US$ **4,140,166** for the financial year **2017-2018** with an expenditure of US$**3,546,134.78** representing **86**% of budget execution.

Challenges

Despite the achievements recorded, there are still challenges facing the Court, which impact negatively on timely delivery of justice to the residents of the Community. Some of the challenges are:-

i) The *adhoc* nature of service for the Judges had contributed to the delay in hearing and determination of cases. Cases filed under certificate of urgency were not handled with the urgency they deserve which impacted negatively on the confidence of the litigants who would otherwise have opted to use the regional Court for dispute resolution.

ii) Inadequate organizational structure of the Court and human capacity. For effective discharge of its mandate, the Court must have sufficient human resources. The Court's number of staff remains the same from the original structure when the Court was inaugurated, against a background of rising number of cases and the resultant workload.

iii) Inadequate budgetary allocation and untimely disbursement of funds. During the period under review, the Court was forced to canceltwo (2) Court sessions which led to delay in conclusion of cases.

iv) Some activities though budgeted for were never funded especially from the Partnership Fund. This led to postponement of the activities especially those on awareness creation that is important for visibility of the Court.

v) The Court still lacks visibility both physically and functionally. Based on the feedback received by the Registry, there are many East African citizens who do not understand the mandateof the Court especially with regard to arbitration jurisdiction.

Recommendations

i. The services of the Judges of the Court should be moved from ad hoc to permanent. The dual service of Judges between the Court and the national judiciaries is impeding the service delivery of the Court.

ii. The level of staffing at the Court should be increased to fill in the gaps resulting from the increased workload of cases being handled by the Court.

iii. The Court should establish a fully-fledged communication department.

Sufficient funds should be availed to the Court to allow convening the sessions in the event of urgent applications, recruit more staff and undertake effective sensitization activities among the stakeholders.

10/

East African Legislative Assembly

Article 49 of the Treaty for the establishment of the East African Community establishes the East African Legislative Assembly (EALA) as the legislative Organ of the Community. EALA's core functions are; legislative, oversight and representation. The Assembly contributes to a number of strategic objectives of the EAC by effectively discharging its mandate.

Following the winding up of the tour of duty of the 3rd Assembly on 4th June, 2017, the EALA planned to: -

i. Constitute its 4th Assembly

ii. Undertake plenary and legislative activities to support the integration agenda

iii. Carry out oversight activities on the implementation of EAC programs and projects

iv. Participate in election observation mission in the EAC Partner States

v. Enhance the capacity of its members to effectively discharge their mandate

vi. Strengthen the relations with its stakeholders (the National Assemblies, business community, civil society organizations, among others).

10.1.1 KEY ACHIEVEMENTS

A. LEGISLATION AND PLENARY MATTERS

During the period under review, the Assembly held five scheduled meetings, namely:1st Meeting of the 1st Session of the 4th Assembly in Arusha, Tanzania from 17th-23rd December 2017, the 2nd Meeting of the 1st Session of the 4th Assembly in Kampala, Uganda from 21st January-9th February 2018, the 3rd Meeting of the 1st Session of the 4th Assembly in Arusha, Tanzania from 4th -23rd March, 2018, the 4th Meeting of the 1st Session of the 4th Assembly in Dodoma, United Republic of Tanzania from 9th April-28th April, 2018, the 5th Meeting of the 1st Session of the 4th Assembly in Nairobi, Kenya from 28th May-15th June 2018. Through the afore-mentioned meetings, the following achievements were recorded:

B. Bills Passed

The Assembly passed four Bills to support the integration process in accordance with the Treaty. The Bills are awaiting the SUMMIT of Heads of State for assent as per Summit Decision. (EAC/SHS 17/Decision 03)

The Bills are as shown below;

i. The East African Community Monetary Institute Bill, 2017

The Bill seeks 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. It provides for the functions, governance, funding and headquarters of the Institute and other related matters.

ii. The East African Community Oaths Bill, 2017

The Bill seeks to provide for the taking and administering of oaths in relation to specific persons appointed to serve in the Organs or Institutions of the Community or required to take oath before giving evidence in the East African Court of Justice.

iii. The East African Community Supplementary Appropriation Bill, 2018

iv. The Bill seeks to appropriate a supplementary sum of USD4,968,590 out of the budget of the Community for additional expenditure of the Organs and Institutions of the Community for the financial year ending 30th June, 2018.

v. The East African Community Appropriation Bill, 2018.

The Bill seeks to appropriate the sum of USD99,770,716 out of the budget of the Community for expenditure of the Organs and Institutions of the Community for the financial year ending 30th June, 2019.

C. Consideration of the Budget of the East African Community for the Financial 2017/2018

The Assembly also passed a total Budget of USD 110,130,183 for the FY 2017/2018 and Supplementary Budget USD 2, 146,513 to finance the EAC.

A. Resolutions

The Assembly adopted five (5) Resolutions, which were thereafter transmitted to Partner States for consideration and appropriate action.

The following Resolutions were adopted:

i. Resolution of the Assembly to save, retain and continue with Bills that were pending before the 3rd Assembly in June, 2017.

ii. Resolution of the Assembly urging the EAC to participate as observer in the process by IGAD to resolve the conflict in the Republic of South Sudan.

iii. Resolution of the Assembly to adopt and operationalize the Administrative and Financial Autonomy granted to the East African Legislative Assembly by the Council of Ministers.

iv. Resolution of the Assembly to appoint Members to Standing Committees (rule 79, 80 & 83).

v. Resolution of the Assembly to grant special leave of the House to intervene and use records of the House for Court purposes in the EACJ (Case reference no.02 of 2018) challenging the election of the Speaker of the 4th Assembly.

10.1.2 OVERSIGHT

A. On-spot Assessment of EAC Central Corridor, EAC Northern Corridor, EAC Institutions, Projects and Facilities

EALA Members conducted the on-spot assessment of the EAC Institutions, Projects and Facilities along the Central and Northern Corridor, from 11th -24th February 2018.

The objectives of the on-spot assessment were for Members: -

i. To appreciate the operations of the EAC Institutions, agencies, installations that provide services that facilitate the EAC integration.

ii. To create awareness to the East Africans on the role of EALA in the integration process, on the benefits of integration, and experience the challenges of the EAC Integration.

iii. To enhance the mutual relationships and suitable networking between EALA and the people of East Africa.

iv. To get feedback and recommendations from the citizens on their perception of the EAC integration efforts so far.

v. The findings from the on-spot assessment were debated in the House, which adopted a number of recommendations to the Council of Ministers and Partner States to address the challenges identified and improve the overall performance of the Community in the implementation of its integration agenda. The Report of the Assembly on the On-spot Assessment was also transmitted to the National Parliaments of the Partner States and other key stakeholders to inform their necessary action to support the attainment of the objectives of EAC integration.

A. Oversight activities conducted by the Standing Committees of the Assembly

During the period under review, the Assembly conducted oversight activities through its Committees. The Committees reported their findings and recommendations in the following reports:

i. Report of the Committee on General Purpose on the budgetary proposals of the East African Community for the Financial Year 2018/2019. The report was adopted by the Assembly and transmitted to the Council of Ministers, the EAC Secretariat and the National Parliaments of the Partner States for the implementation of the recommendations therein.

ii. Report of the Committee on Accounts on the EAC Audited Financial Statements for the Year ended 30th June, 2016.

B. Priority Questions

Five (5) Priority Questions were asked to the Council of Ministers by various members on the following subjects related to the Community's operations: -

i. The status of the EAC Institutional Review Process **(QUESTION REF: EALA/PQ/OA/4/06/2018)**

ii. The steps that have been taken to install internet connectivity at the Horohoro -Lungalunga OSBP Border post between Tanzania and Kenya for its operationalization after it was completed in 2014 (**QUESTION REF: EALA/PQ/OA/4/07/2018)**

iii. The status of implementation of the 3rd and 4th pillars of integration (**QUESTION: EALA/PQ/OA/4/01/2018)**

iv. The status of the process of drafting a Constitution for the EAC Political Confederation (**QUESTION: EALA/PQ/OA/4/02/2018)**

V. The delay in reporting to the Assembly by the Council of Ministers on the progress made by the EAC in the development of its common foreign and security policies (**QUESTION: EALA/PQ/OA/4/03/2018)**

All the questions were satisfactorily answered by the Chairperson of the Council of Ministers.

10.1.3 INSTITUTIONAL MATTERS

a) Swearing in of the Members of the 4th Assembly

The fourth East African Legislative Assembly (EALA) was sworn-in on Monday, December 18th, 2017 at the EALA Chambers in Arusha.

b) Election of the Speaker

Right Honorable Martin Ngoga was elected Speaker of the 4thAssembly on 19th December, 2017.

c) Appointment of Standing Committees

EALA appointed members of the six Standing Committees on Tuesday, January 30, 2018, in accordance with the provisions of Rules 79 and 80 of the Rules of Procedure of the Assembly.

d) Induction Programme

EALA Members have undergone two weeks induction programme aimed at enhancing their capacity to discharge the legislative, oversight and representation mandate of the Assembly. The two weeks induction exercise was administered by the Eminent East Africans who called up for further strengthening of the Regional Assembly and the integration process.

e) Capacity Building

EALA Members undertook capacity building in the following selected specific areas:

i. Key principles of the EAC budgeting and MTEF process, from 19th-23thin Arusha, Tanzania, attended by Members of the General-Purpose Committee. International Humanitarians Law (IHL) for Humanitarian Professionals and Policy Makers, 18th -23rd March, 2018, Nairobi, Kenya, attended by nominated Members.

10.1.4 ELECTION OBSERVATION

Former Members of the 3rd Assembly in conjunction with the Electoral Management Bodies (EMBs), Civil Society Organizations (CSOs), EAC Youth Ambassadors, National Human Rights Commissions, and the EAC Secretariat participated in the EAC Observer Missions in;

(a) The Presidential Elections in the Republic of Rwanda in August, 2017;
(b) The General Elections in the Republic of Kenya in August 2017; and
(c) The Repeat Presidential Elections in the Republic of Kenya in October 2017.

10.1.5 COMMENCEMENT DATE OF THE EAST AFRICAN PARLIAMENTARY INSTITUTE (EAPI) Act, 2012

The Council appointed the 1st day of October, 2017 as the date upon which the East African Parliamentary Institute Act, 2012 shall come into force. This is in accordance with the powers conferred upon the Council of Ministers by Section 1 of the EAPI Act, 2012. Accordingly, during the budget process, EALA set aside funds to facilitate the process of its operationalization. The Act has also been duly gazetted and now has the force of law in the Community.

10.1.6 RELATIONS WITH OTHERS

The Assembly is a key player in both regional and international fora and therefore continued to relate with a number of key stakeholders both at Regional and International levels. It is on the basis of this recognition that nominated Members of the EALA participated in a number of meetings, workshops and seminars. The lessons learnt for furthering the EAC integration agenda were shared with other Members of the Assembly in the following reports laid on the table:

(i) Report of the Delegation to the ECOWAS opening forum on issues and challenges of free movement of persons and goods within the ECOWAS Region and migration from 12th-15th February 2018, Dakar, Senegal.

(ii) Report of the EALA Delegation to the 138th Inter-Parliamentary Union Assembly in Geneva, Switzerland from 24th -28th March, 2018.

(iii) Report of the EALA Delegation to the 2018 Global compact for safe, orderly and regular migration in New York from 22nd -23rd February, 2018.

(iv) Parliamentary hearings on safe, orderly and regular migration of refugees in New York from 22nd -23rd February, 2018.

(v) Brief Session with the SADC Parliamentary Forum (SADC-PF) on social Accountability and the role of Regional Parliaments in Johannesburg, South Africa on 23rd March, 2018.

(vi) The 138th Assembly of the Inter-Parliamentary Union and related meetings from 24th -28 March, 2018 in Geneva, Switzerland.

BUDGET PERFORMANCE

The overall budget performance stood at 85.8%.

KEY CHALLENGES

The 4th Assembly was finally inaugurated in December 2017 after being in abeyance for five and a half months due to inadequate management of election processes in the Partner States. Delay of remittances from Partner States also caused delay in the implementation of planned activities.

RECOMMENDATIONS

(i) Partner States should adhere to their commitments of remitting their contributions on time.

(ii) EAC should take interest in finding out why Partner States are delaying their contributions.

Election processes in the Partner States should be well managed to avoid disruption in the functioning of the EAC Organs and Institutions.

11

Lake Victoria Basin Commission

Lake Victoria Basin Commission (LVBC) is a specialized institution of the East African Community (EAC) responsible for coordinating sustainable development in the Lake Victoria Basin. The broad functions of LVBC as espoused in Article 33 of the Protocol sustainable development in the Lake Victoria Basin are to promote, facilitate and coordinate activities of different actors (state and non-state) towards sustainable development and poverty eradication in Lake Victoria Basin. During the period under review, LVBC implemented a number of interventions along the Key Results Areas (KRA) enshrined in the 3rd LVBC Strategic Plan (2016 – 2021).

During the period under review, Lake Victoria Basin Commission planned for the following key priority areas: coordinate the implementation of the Lake Victoria Environmental Management Project Phase II (LVEMP), Lake Victoria Water Supply And Sanitation Phase II (LVWATSAN II), Prepared Project, Population, Health and Environment (Phe), and Projects In Pipeline.

11.1.1 LAKE VICTORIA ENVIRONMENTAL MANAGEMENT PROJECT PHASE II (LVEMP)

During the period under review (July 2017/June 2018) which marked the end of the additional 2.5 years which the project had been extended to allow for the finalization of any outstanding activities as well as commence the preparation of the 3rd phase of LVEMP, several activities were implemented under each of the four project components by the various project teams. These activities are summarized under each component as follows:

Key activities

No	Development Objective	Planned Activities
1	To Promote and Facilitate the Implementation of Environment and Natural Resources Management in Lake Victoria Basin	(i) Development and harmonization of Standards for Industrial and municipal effluent discharges into sewerage and river systems; (ii) Development of a Basin-wide Sustainable Land Management Strategy (SLM); (iii) Developing options for establishing the Lake Victoria Environmental Fund (LVEF); (iv) Developing the Water Hyacinth Surveillance and Management Strategy for the Lake Victoria Basin and coordinating its implementation; (v) Development of "Guidelines for sharing data and information among and within countries and agencies in Lake Victoria Basin"; (vi) Development of a GIS Based Regional Monitoring and Evaluation Management Information System with web-based feedback mechanisms and an Internal Communication System to facilitate information sharing; (vii) Harmonization of water resources management policy;
2	To Promote and Facilitate the Implementation of the Integrated Water Resource Management and Development	Development of the 1st phase of the Integrated Water Resources Management Plan (IWRMP-I) for the Lake Victoria Basin; i) to support implementation of the WASH activities in for selected WASH sites to improve WASH services delivery; ii) Programs management and coordination (Audits, monitoring and evaluation, operational costs)
3	To Promote, Facilitate and Enhance Maritime Transport Safety and Security on Lake Victoria	i) Procured a hydro-lab to be installed on the Research Vessel "RV Jumuiya" to facilitate water and fisheries research in the Lake.
4	To Strengthen Social Development Services in Lake Victoria Basin	ii) Prepare policy briefs from the assessment, PHE studies and best practices for dissemination among policy makers iii) Support scale up of mhealth applications for CBOs and frontline health workers through country-based stakeholder coalitions in the EAC Partner States iv) Support National PHE Networks to undertake PHE mainstreaming and resource mobilization activities at national level v) Organize one exchange visit for representatives of the national PHE networks vi) Train PHE implementing community-based organizations (CBOs) and frontline health workers in Rwanda, Burundi and Tanzania
5	To Promote the Investment for Economic Development in Lake Victoria Basin	i) Development of LVBC Regional Investment Plans
6	To Strengthen the Institutional and Coordination Capacity of Lake Victoria Basin Commission	i) To undertake resource mobilisation for the projects in pipelines and various embassies as per need ii) To set up a robust data consolidated and storage system for the mission critical data at the primary site iii) to set up a tier data center at LVBC new office that provides 99.99% service availability iv) Automation of business processes payroll management, electronic banking, fixed assets management & tracking

OVERALL ACHIEVEMNTS OF THE LVEMP II PROJECT

Based on the analysis project performance against results framework targets, the project has cumulatively delivered impressive results that are changing lives of the target beneficiaries as envisaged during project design and during the Mid-term Reviews.

(i) The Green Growth in the Lake Victoria Basin Project - This is an initiative between the World Bank and the Lake Victoria Basin Commission to support the Cleaner Production Initiatives under Lake Victoria Environmental Management Project. The initiative has been developed to make continuation of the good results and lesson from the on-going initiatives of the Cleaner Production Centres. The programme is funded by the Grant from the Nordic Development Fund (NDF) and will be implemented by LVBC. The Financing Agreement for the Programme was signed in October 2017 by the World Bank and the EAC. The total funding is USD 3.77 Million and will be implemented for a period of 2 years from January, 2018 to December, 2019. The programme will be implemented by the Five Partner States National Cleaner Production Centres in Burundi, Kenya, Tanzania, Uganda and Rwanda.

(ii) Regional standards for industrial and municipal effluent discharges into water bodies of LVB were developed, approved by EAC COM, gazetted and are being used to guide regulators, municipalities and industries in the basin. Adherence to the standards is expected to reduce water pollution;

(iii) Developed a state-of-the-art Water Resources Information System for Lake Victoria Basin;

(iv) Improved sanitation in public places by constructing 93 sanitation facilities mainly in schools and public places such markets, hospitals/clinics, bus terminus and other public arenas which are serving on average a total of 171,558 people daily;

(v) Adoption of cleaner production and resource efficient technologies by 185 industries in LVB after LVEMP II facilitated the training and capacity building of 540 on in-plant assessment of cleaner production and resource efficient technologies and generating and implementing clean and green options on-plant;

(vi) Equipping of a total of 37 locations along main and local navigation routes in Kenya, Tanzania and Uganda with aids to navigation that has tremendously improved safety of navigation on Lake Victoria;

(vii) Adoption of improved Sustainable Land Management (SLM) practices by a total of 12,196 farmers in LVB after capacity building and training of a total of 18,922 framers on various aspects of SLM by the LVEMP II project teams in the five Partner States;

(viii) Restored and/or rehabilitated 1,462 hectares of ecologically vital but degraded wetlands by communities in targeted sub-catchments in Lake Victoria Basin; and

(ix) Implementation of a total of 697 Community Driven Development (CDD) subprojects with two pronged benefits of community livelihoods improvements and environmental conservation valued at over USD 17 Million and directly benefitting over 543,170 needy community members in Lake Victoria Basin.

11.1.2 LAKE VICTORIA WATER SUPPLY AND SANITATION PHASE II (LVWATSAN

i) *Commissioning of Sengerema Water and Sanitation project at Sengerema* – one of the projects under the Lake Victoria Water Supply and Sanitation Phase (LVWATSAN II) Program was commissioned at Sengerema Water by the President of United Republic of Tanzania H. E. Dr. John P.J. Magufuli on 4th July, 2017. The project is now fully operational with a water supply capacity of 15,840 cubic meters per day.

ii) LVBC facilitated the AfDB Supervision Mission carried out from 20th– 29 November 2017. The Mission was concluded with an aide memoir signed between the LVBC and the Bank on 29th November 2017. The implementation of the agreed actions of the Aide-memoire is being done by the Implementing Agencies of the Partner states.

iii) The Commission held a meeting with AfDB on up-scaling the LVWATSAN program and reached an agreement that each Partner state will submit to LVBC, selected towns for up-scaling, with indications on their readiness (feasibility studies and designs, the population size , percentage of the population supplied with WATSAN services), and further expedite finalization of the LVWATSAN II Completion Reports.

iv) The Commission received the clean audit opinion from the AfDB after the external audit on the Lake Victoria Water and Sanitation Programme LVWATSAN II.

11.1.3 PREPARED PROJECT

The Planning for Resilience in East Africa through Policy, Adaptation, Research and Economic Development (PREPARED) is a medium-term (five years), multi-organization, comprehensive program with agreement signed by East African Community (EAC) and USAID East Africa (EA). The overall goal of the project is to strengthen the resilience and sustainability of East African economies, transbondary freshwater ecosystems and communities.

(i) The 5th EAC Sectoral Council on Environment approved the Lake Victoria Basin Climate Change Adaptation Strategy and Action Plan (LVB CCASAP).This Strategy is guiding the implementation of projects geared towards the adapting to climate change within the Basin.

(ii) The Commission secured funding from USAID and Winrock international to support the sustainability of Mara River Basin Transboundary ecosystem. This initiative is implemented through the Sustainable Water Partnership (SWP) which is a 3-year pilot activity for the Mara River Basin focused on reducing vulnerabilities and risks through improved data, science and analytics to inform decision making.

(iii) The Commission successfully facilitated the negotiations between Rwanda and Burundi to finalize MoU for joint management Nyungwe-Kibira Ecosystem. The Nyungwe-Kibira ecosystem was determined to be one of the nine (9) Biologically Significant Areas within the Lake Victoria Basin. LVBC under the PREPARED Project developed an investment program for Nyungwe-Kibira and support key interventions on the ground. Nyungwe is a national park, while Kibira is a forest reserve. Joint Action Plan (JAP) for Management of the TransboundaryNyungwe - Kibira Landscape (2019-2029) between the Government of the Republic of Burundi and The Government of the Republic of Rwanda was finalized.

(iv) The 6th Mara Day Celebrations were held in Tarime in the United Republic of Tanzania. The Mara ecosystem is one of the critical ecosystems in the Lake Victoria Basin that supports sustainable socioeconomic development and biodiversity conservation the sixth Mara day was held on 15th September 2017.; **"AfyayaMto Mara kwaMaendeleoEndelevu"**. ("Health of Mara River for Sustainable Development"). The 6th Mara Day was widely covered both in social media and newspaper articles in Kenya and Tanzania.

11.1.4 POPULATION, HEALTH AND ENVIRONMENT (PHE)

The program aims at strengthening PHE regional coordination, knowledge management and advocacy. The ultimate goal is to contribute to the sustainable development of the Lake Victoria Basin through integration of Family Planning, Reproductive Health, Maternal Newborn and Child health services and Environmental conservation initiatives.

The following is the key achievements during the 2017/18 financial year

i) The Lake Victoria Basin Commission (LVBC) in collaboration with the Uganda National PHE Network, K4Health a USAID-funded project of the Johns Hopkins University and the Population Reference Bureau (PRB) hosted a regional PHE Symposium from 27th to 28th September 2017 in Entebbe, Uganda. The Conference made 10 resolutions which are being implemented.

ii) The Commission trained 100 Community Health Workers from the five partner states on ***Community Case Management training in Integrated Management of Childhood Illness (IMCI).*** In the republic of Kenya, for example,this was a major milestone for the health sector in Trans Nzoia because a critical mass of iCCM-trained experts was built to propagate management of childhood illness both at home and in health facilities. Trans Nzoia became the 19th County in Kenya to adopt and implement iCCM.

iii) A women led PHE CBO in Mt. Elgon Uganda by the name of Bushiuyo PHE Community Group submitted a proposal to UNDP and received USD 10,000 to support provision of integrated services including Family Planning, Immunizations, land terracing and establishment of tree nurseries among other activities as a result of the training on business proposal received from LVBC.

The graphs on the next page showing the progress of activities.

Figure 4: Percent change in utilization of modern FP methods

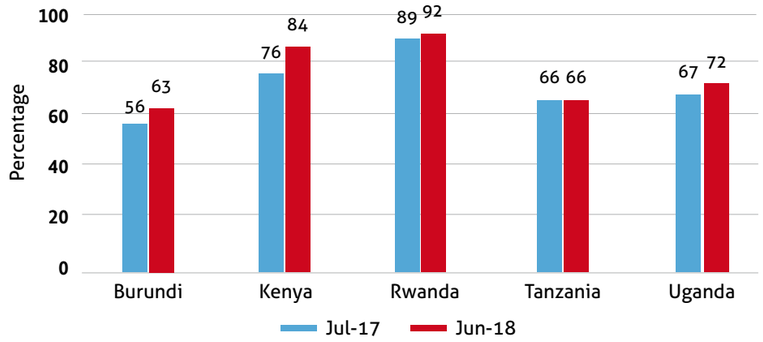
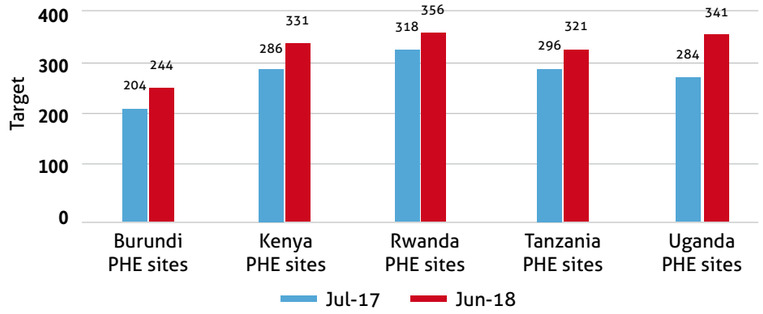


Figure 5: Number of under-fives fully immunized



11.1.5 OTHER PROJECTS IN PIPELINE

LVB – Integrated Water Resources Management Programme with High Priority Investment - The programme is supported by the Federal Republic of Germany through a Grant. The total budget for the IWRM Programme (Phase I), which has been developed by the Lake Victoria Basin Commission (LVBC) supported by KfW is €30 million of which €20 million will be provided by KfW and €10 by EU through the European Development Fund (EDF 11).

In February 2017, KfW signed a financing agreement with EAC and LVBC in that respect. The programme will involve the designing and construction of up to 4 High Priority Infrastructure Investments, including: Preparation of final project design, ESIA and PCA. The four (4) selected HPI's have been identified with a total funding of Euro 26 Million and include:

a) Constructed Wetland at Nakivubo Channel;
b) Faecal Sludge Treatment Plant, Kigali, Rwanda:
c) Development of network and house connection for waste water treatment, Mwanza, Tanzania:
d) Sanitation in informal settlements in Kisumu, Kenya.

Figure 6: Percent households with energy saving stoves as at Jun 2018

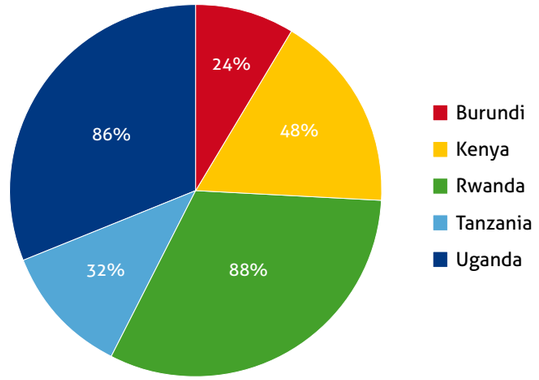
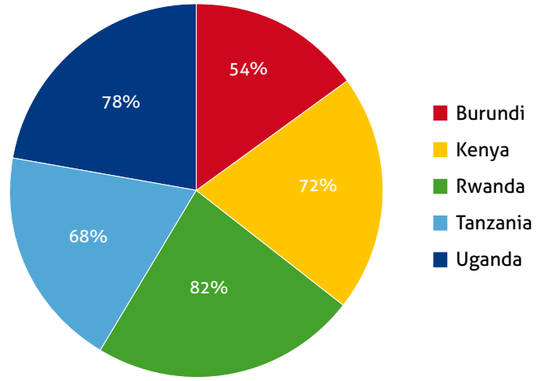


Figure 7: Percent health facility deliveries in PHE sites (Jul 2017- Jun 2018)



Multinational Lake Victoria Maritime Communications and Transport –
In October 2017, the African Development Bank approved USD 25,014,522 to support the Project. The Bank (AfDB) has signed the Loan Agreement with the Partner states which are riparian to the lake (Kenya, United Republic of Tanzania and Uganda). The United Republic of Tanzania has also provided land in Mwanza for construction of EAC Regional Maritime Rescue Coordination Centre (RMRCC).

KEY SUCCESS STORY

LVBC with support from K4Health documented success stories as told by the beneficiaries of the PHE Program. The stories dubbed the PHE VOICES are a key advocacy tool as they express real life experiences before and during PHE.

Table 19: LVBC Summary of Budget Performance for the period FY 2017/ 2018

Project / Cost Centre	Annual Budget	YTD Actual's	YTD Commitments	YTD Budget Consumed	Budget Available	Utilization %
LVWATSAN II	574,024.87	97,090.38	24,076.70	121,167.08	452,107.79	21.11%
DFPA	80,000.00	29,036.45	1,200.00	30,236.45	49,763.55	37.80%
MLVMCT	3,553,199.99	275	4,500.36	4,775.36	3,548,424.63	0.13%
LVB-IWRM	2,921,147.63	0	0	0.00	2,921,147.63	0.00%
USAID-PHE	696,320.20	222,630	12,291.00	234,921.00	461,398.87	33.74%
PREPARED	973,837	161,351	46,644.30	207,995.3	766,091.4	21.36%
LVEMP II	589,066	456,335	40,638.35	496,973.35	92,092.5	84.37%
Partner States	2,900,247	2,306,364	65,377.19	2,371,741.19	528,505.73	81.78%
NDF	830,000.34	54,649.00	249,200	303,849.00	526,151.34	36.61%
PPA	584,278.74	128,065.30	0	128,065.30	456,213.39	21.92%

Challenges and Recommendations

1. Late disbursement of funds hindered the timely implementation of planned activities
2. Lack of sustainability plan/strategy for completed projects;
3. Lack or inadequate budgetary provision for key departments such as resource mobilization, monitoring and evaluation and communication/publicity;
4. The overall budget for the Commission is dangerously skewed to donor support. There is need to narrow the gap between support by Partner States and support from development partners.

12/

East African Kiswahili Commission (EAKC)

The East African Kiswahili Commission (EAKC) is an institution of the East African Community (EAC) responsible for the coordination and promotion of the development and use of Kiswahili in the region and beyond. During the Financial Year 2017/18, the Commission planned to hold EAKC annual conference, develop EAKC Mobility Policy and Programme, assess knowledge, attitudes and practices in the use of Kiswahili in EAC Partners States, enhance relationship and working mechanism with EAKC stakeholders, recruit Commission staff and training of EAKC staff. In view of the planned activities, achievements registered were as follows:-

a) EAKC Annual Conference

The Commission organized and held its First International Conference on 6th-8th September, 2017 at the Golden Tulip Stone Town Hotel, Zanzibar. Various research papers were presented that provided insights on how Kiswahili can contribute to economic development in our communities and EAC in particular. Recommendations for fast-tracking the development and use of Kiswahili as a *lingua franca* for the region were made and conference proceedings were edited into a ten chapter book that will be made available to the public after publication.

b) EAKC Mobility Policy and Programme

The Commission developed an inclusive Mobility Policy and Programme to cater for staff, students, government officials, media practitioners, civil society and business people. This programme will help the Commission work with stakeholders to develop and use Kiswahili through innovative initiatives for regional integration and sustainable development. Mobility is critical in strengthening the Commission and helping build the capacity that will contribute to the successful implementation of the EAKC Strategic Plan (2017 - 2022).

The Mobility Policy and Programmeis thereforepart of the Commission's drive to develop institutional strategies, concrete initiatives and support structures to enhance and create opportunities for highly dynamic partnerships and linkages for nurturing skills and competencies of Kiswahili stakeholders in East Africa and beyond.The Policy and Programme will help to build additional bridges amongst and between Kiswahili stakeholders wherever they are found in the region and beyond.

Mobility is expected to be instrumental in sustainable and fruitful partnerships for cooperation, capacity-building and in establishing clear links to both business and society.

c) Assessment of knowledge, attitudes and practices in the use of Kiswahili in EAC Partners States

The Commission developed a manual to guide Kiswahili stakeholders who are designated as capacity assessors in ensuring capacity assessment is conducted in a consistent and rigorous manner, taking into account the required processes for conducting assessments, guidelines for conducting capacity assessments, standards of conduct for capacity assessors and the capacity assessment reporting. The Commission collected data on different Kiswahili Language Domains and generated a draft report on status and capacity of institutions that develop and use Kiswahili in EAC. This assessment provided information on the state of Kiswahili in the whole of East Africa that is critical in the development and use of the language in the Community. Unless facts and figures are known about Kiswahili institutions, the knowledge and skills possessed by individuals who work for them, the quality of the institutions, their operations, incentives, structures of power and the influence of institutions in public and private, it becomes challenging to build the capacity of these institutions to further efforts towards development of the language.

Findings of the capacity assessment exercise helped the Commission to identify training needs and initiatives in Kiswahili for Partner States. A proper analysis of the training needs and skills requirements in the form of a skills audit is an important step in the process of developing a comprehensive Kiswahili Skills Development Plan for individual Partner States and the EAC at large.

d) Relationship and working mechanism with EAKC stakeholders.

EAKC was represented in CHAKITA, CHAWAKIMA, CHAWAKAMA and CHAWAKA meetings and provided guidance on how they should work with EAKC in developing and promoting Kiswahili in EAC and beyond. The Commission works with significant stakeholders who include the following regional Kiswahili Associations: CHAKAMA (Chama cha Kiswahili cha AfrikaMashariki); CHAIKIVAMA (Chama cha Idaraza Kiswahili katikaVyuoVikuuvyaAfrikaMashariki) and CHAWAKIAMA (Chama cha Wanahabariwa Kiswahili katikaAfrikaMashariki). These associations have national Chapters and have been instrumental in championing the agenda of the Commission. The Commission frequently meets with officials and members of the already established associations and participates in their activities. Their discussions and recommendations continue to give the Commission the momentum and impetus to move on executing its mandate.

e) Training

Shortage of staff at the Commission necessitated addition of duties to staff beyond their normal routine for the Commission to function normally. The Commission therefore arranged for need based trainings as a stopgap measure to help staff cope with the needs of the organization. As a result, the Commission facilitated five staff to train in areas of resource mobilization, financial management, corporate governance, strategic management and risk management.

Challenges

Although the Commission had planned to recruit staff to strengthen its capacity to implement its mandate, this was not possible since all recruitments of the Commission were put on hold awaiting the finalization of the workload analysis and job evaluation process. Also the Commission would have wished to carryout more programmatic activities but the limited budget provided to the Commission made this impossible.

13/

East African Competition Authority (EACA)

The EAC Competition Authority (EACA) is an institution of the East African Community established pursuant to Article 9 of the Treaty Establishing the East African Community (EAC) and regulated within the framework of Article 75 (1) (i), Article 21 of Protocol on the Establishment of the EAC Customs Union and Article 33 - 35 of the Protocol on the Establishment of the EAC Common Market Protocol. In particular, Section 37 of the EAC Competition Act, 2006 (the Act), which came into force in December, 2014, provides for the establishment of the EACA.

The EACA is mandated to promote and protect fair trade and ensure consumer welfare in the EAC. It has both investigative and adjudicative functions as a regional body responsible for regulating cross border anti-competitive business practices and advocating for effective and efficient EAC regional markets. Section 38 also provides for the appointment of commissioners by the Council (one from each partner State).

The key functions of EACA are (i) regulation of market structure (mergers and acquisitions, subsidies); (ii) regulation of market conduct (cartels and abuse of dominance); (iii) protection of consumers; and (iv) advocacy and capacity building.

In the period under review, the EACA planned to finalize on the Authority's Rules of procedure; Commencement on the review of the EAC Competition Act, 2006; development of the EACA Strategic Plan; Conduct market inquiries and research in selected sectors; To analyses mergers, investigate restrictive trade practice cases and exemption applications; conduct a stakeholder sensitization Workshop on competition policy and law in the region; and, recruit Authority staff to implement the mandate of the EACA.

The Key achievements registered during the period under review include:-

(a) Review of the EAC Competition Act, 2006

EACA commenced the process of reviewingitsregulatory framework,theEACCompetitionAct,2006to address the lacuna identified in regulation of market structure and market conduct. The proposed amendments to the EAC Competition Act, were motivated by the following:

i. Report on Review and Assessment of The EAC Merger Control Framework (a study conducted with the support of World Bank).

ii. The SectoralCouncilforTrade,Industry, FinanceandInvestment(SCTIFI), atitsmeeting heldon26thFebruary2016 directedthe-Secretariat toinitiateareviewoftheAct.

iii. The 20th Meeting of the Sectoral Council on Legal and Judicial Affairs (SCLJA) made observations regarding the amendment of the Act in regard to section 37, 42, 43 and 44 of the Act:

iv. The 37th Council of Ministers Meeting held on 8th May 2018, considered the report of the 20th Meeting of the SCLJA and directed the Authority Secretariat to convene a meeting of Legal and Competition Experts to identify and make proposals for amendment of the EAC Competition Act, 2006 to address the shortcomings identified **(EAC-ICM37/Directive 13).**

Cognizant of the above, the Authority convened three meetings to consider the proposed amendments as follows: (i) the meeting of competition experts on 27th February - 2nd March, 2018; (ii) the meeting of legal and competition experts on 22nd – 26th May, 2018; and, the (iii) the meeting of Commissioners held on 12-15 June, 2018.

(b) The EAC Competition Authority (Conduct of Meetings) Rules, 2018

During the year under review the Authority finalized the EAC Competition Authority (Conduct of Meetings) Rules, 2018 and adopted by the 37thMeeting of the Council of Ministers held on 2nd - 8th May, 2018 **(EAC/CM37/Directive 12)**. The aim of the Rules is to govern the conduct of the Authority in discharge of its functions conferred by the Act as provided under section 40 of the said Act.

The Secretary General with the EAC Competition Authority Commissioners and Staff during the 2nd Meeting of the Ad Hoc EAC Competition Authority

The Ad hoc EAC Competition Authority Commissioners held a meeting on 13th – 15th September 2017 to consider the said Rules, after which they submitted to SCTIFI for consideration and adoption by the Council. During their meeting, the Secretary General, who attended the meeting informed the Commissioners that they had a critical role towards leveling competition regulation across the Partner States. He also highlighted that EACA was expected to nurture a deeper understanding of competition principles in the region and continue to create efficient regional markets so that the gains of integration in the region are sustained.

(c) Sensitization of Partner States Competition Experts on the implementation of the EAC Competition Act, 2006

A meeting to sensitize Partner States competition experts and those responsible for competition matters was held on 22nd to 26th May 2018. The meeting was attended by experts from Partner States and resource persons from the World Bank, EAC Secretariat staff and experts from experienced competition agencies. The meeting was necessitated by the fact that only four countries in EAC (Republic of Burundi, Republic of Kenya, Republic of Rwanda and United Republic of Tanzania (URT)) had competition laws and out of the four, two countries (Kenya and URT) had operational competition institutions. Those with competition regimes appeared to have succeeded in attaining substantial enforcement in regard to competition regulation in markets, hence contributing to economic development and other goals of their respective countries and the region. Therefore, the meeting enlightened the participants on the importance of competition law and policy in the region and also shared practical experiences in enforcing competition. The following topics were covered during the meeting:

i. Competition Policy and Law in East African Region and its Role in Regional Integration.
ii. Overview of merger analysis - including notification process, investigation plan, assessment - market definition, the use of market shares (including thresholds), competitive effects, entry and expansion, efficiencies, failing firm and remedies;
iii. Recommendations on international best practices in competition policy and law and how this can be applied in the EAC region – Focus on Mergers – thresholds, filing fees, cooperation/ interactive mechanisms, referral mechanisms, overlapping jurisdictions; Restrictive Trade Practices - Unilateral and concerted practices and Control of Subsidies.
iv. Practical case examples in Mergers and Abuse of dominance. The meeting noted the need to increase sensitization and awareness creation activities to entrench the culture of competition in the EAC region, considering the major role played by competition policy ad law in the common market.

(d) Sensitization of Commissioners on Legal Instruments for the East African Community

The EAC Competition Authority organized for a session to sensitize the EACA Commissioners on the legal instruments for the East African Community. The session was aimed at enlightening the Commissioners on the relationship between the Authority and other EAC Policy Organs. The presentations among others covered the following aspects:-

(a) EAC Policy Organs and their functions;
(b) The Authority regulatory framework, establishment, mandateand function, structure, relationship with the Council and reporting structure;and
(c) The relationship between EAC institutions and the EAC Secretariat.

(e) Development of EACA Strategic Plan

During the year under review, EACA commenced the process of developing a five (5) year strategic plan, which was one of the prioritized areas under the 5th EAC Development Strategy. The Strategic Plan is was an important policy document expected to stipulate the roadmap for the Authority intended for effective and efficient implementation of its mandate.

By the close of the year, a consultancy contract had been signed between the East African Community and the University of Johannesburg – Centre for Competition Regulation and Economic Development (CCRED) for the development of a 5 year Strategic Plan (2019/20 - 2023/24).

(f) EAC Regional Retail Sector Study

During the year under review, EACA commenced the process of conducting a study in the EAC Retail sector (case of Supermarket) to inform the development of a regional policy and regulatory framework on the cross border retail sector. This was a directive by SCTIFI pronounced during its meeting held on 2nd June 2017 **(EAC/SR/01/ Directive 44)**. The study was necessitated by the fact that EAC retail sector plays a key role in the EAC economies by supporting the whole trade sector through availing goods and services to the end users.

EACA Commissioners sensitization Session

However, despite the gains that had been realized in the sector, it had experienced various challenges includingdelayed payments or non-payment to suppliers which impacted the EAC economy.

By the close of the year, a consultancy contract had been signed between the East African Community and the Genesis Analytics to undertake the Study and also develop a Draft Policy and Regulatory Framework to address the challenges that were being experienced in the sector.

(g) Participation in Regional competition meetings

During the year under review, the Authority participated and articulated EAC's position in various regional Workshops. These include: - Africa Competition Forum/COMESA Merger Review and Analysis Workshop held in Malawi on 17th– 21st September, 2017; and, UNCTAD/ Commission of the Economic and Monetary Community of Central Africa (CEMAC) Conference in regard to strengthening competition and consumer protection held in Cameroon from 21st-24th November, 2017, where EACA made a presentation on *"Challenges in the enforcement of competition and consumer policy in EAC at national and regional level".*

(h) Recruitment of the Staff

The Authority revised the job descriptions for the positions of the Registrar and Deputy Registrar, Monopolies and Cartels as guided by the Ad-hoc EAC Service Commission in order to make the job requirements attractive and in preparation for re-advertisement. This was facilitated by a directive of the 35thMeeting of the Council of Ministers held on 30thMarch to 4th April, 2017 ***(EAC/CM 35/Directive 74).*** Re-advertisements for the positions of the Registrar and Deputy Registrar, Monopolies and Cartels were done, however it was observed in the Report of the 36th Council of Ministers meeting held in February, 2018 that during the shortlisting exercise no candidate was found eligible due to job requirements which were not attractive for the two positions. As the year came to an end, EACA had a total of two (2) staff, one established and one (1) short term.

Budget performance
The total budget allocated to EACA in the year under review was USD 1,337,045. Out of this amount, USD 817,995 was to be funded by Partner states, though only USD 520,075.03 (63.58%) was received and USD 519,050 was to be funded by Development Partners, which was not received. The amount utilized was USD 410,970.54

Key challenges
During the year under review, EACA faced challenges which include:

(i) Lack of adequate human capital - Although the EACA's approved six vacant positions were advertised to operationalize the Authority, only one staff was recruited and a temporary staff was also recruited in the last half of the year under review;
(ii) Budgetary constraints (All the activities expected to be funded by the development partners were not undertaken because no funds were provided); and,
(iii) Limited competition culture in the region.

14/

Lake Victoria Fisheries Organization (LVFO)

The Lake Victoria Fisheries Organization (LVFO) is a specialized institution of the East African Community (EAC) whose mandate is to coordinate the management and development of fisheries and aquaculture resources in the EAC region. The LVFO's vision is "A Competitive and Sustainable Fisheries and Aquaculture Industry in the East African Community". Its Mission is "To promote Sustainable Management and Development of Fisheries and Aquaculture in the East African Community for Food Security and Wealth creation". The main objective of the organization is to foster cooperation among the Partner States, harmonize national measures for the sustainable utilization of the fisheries and aquaculture resources of the East African Community water bodies, and to develop and adopt conservation and management measures.

During the financial year 2017/2018, the organization planned to: Strengthen governance structures of the Organization; Improve LVFO visibility amongst stakeholders; Mobilize funding and resources for the organization; Share knowledge on capture fisheries and aquaculture development; Information Maintenance and Technology Management; Management of financial systems and resources of the Community; Strengthen the EAC Institutional Framework; Coordinate and assess the performance of the different planned activities of the Organization; Implement the LVFO Strategic Plan 2016/2020; LVFO also planned to: Promote Sustainable Development and optimum use of fisheries resources; Strengthen Monitoring, Control and Surveillance systems (MCS) on the water bodies in the EAC; Strengthen institutions and institutional processes for development and management of fisheries resources of Lake Victoria; Conduct timely, demand driven and innovative research programmes on fisheries in the region; Disseminate research output for effective development of fisheries; Streamline aquaculture training and extension service; and Promote fish quality, safety, product development and marketing of fish and fishery products, and Participate in EAC regional meetings.

Key Achievements of the Organization were as follows:

a) The LVFO Sectoral Council with the related technical Committees were convened in March 2018 to provide technical and policy guidance to the programs and operations of the Organization.
b) Thirteen (13) internal audits were undertaken during the financial year under review. The Internal Audits assisted in the improvement of the effectiveness of the Organization's Governance, Risk management and the Internal Controls through the implementation of the audit recommendations. The External Audit by the EAC Audit Commission was supported, facilitated and was successfully undertaken. The Organization got an Unqualified Audit Opinion.
c) LVFO mobilized funds to the tune of USD 3.8 million through GIZ Project 'Responsible Fisheries Business Chains on Lake Victoria'; E€OFISH project 'Contribution of sustainable fisheries to the blue economy of the Eastern Africa, Southern Africa and the Indian Ocean region; University of Denver through the project titled "The potential for aquaculture in Lake Victoria and implications for wild fisheries and fish commodity markets; University of St. Andrew Scotland through funding from Global Challenges Research Fund Networking (GCRF) Grants and Smart Fish Project 'Implementation of Regional Fisheries Strategies for the ESA-IO (IRFS)' funded under the 10th EDF.
d) Training of Regional Database Working Group members and national Database developers was conducted in April 2018 at the LVFO Secretariat to build the capacity in the implementation of the Frame Survey Module in the EAFish application system. The Bandwidth for internet was procured and the Network racks, switches and wireless access points procured and deployed to improve the communication services.
e) The Financial rules and regulations and the Procurement Manual were revised to customize to EAC and were approved by the LVFO Sectoral Council in March 2018.
f) Proposals for resource mobilization were developed in-house covering fisheries and aquaculture management and development, fisheries research, fish quality assurance, trade and marketing and support to the Organization in preparation for Donor's conference.
g) Progress on the implementation of EAC Council and LVFO Sectoral Council of Ministers' Decisions was documented and presented in the respective meetings.
h) Developed Fisheries and Aquaculture Policy which was approved by LVFO Sectoral Council in March 2018. The Policy provides a negotiated position to guide the management and development of fisheries and aquaculture in contributing to economic growth and development.
i) Developed Harmonized Fisheries and Aquaculture Border Inspection Manual for EAC which was approved by Fisheries and Aquaculture Sectoral Council in March 2018. The manual is aimed at facilitating intra-regional fish trade by adopting common systems, documentation and procedures at border post in the EAC. It provides the necessary administrative and procedural guidance for the preparation and execution of official controls by Border Fisheries Inspectors.
j) Developed Guidelines for Species-Specific Licensing for Lake Victoria which were approved by LVFO Sectoral Council in March 2018. The guidelines provide guidance on species-specific licensing procedures, requirements, acquisition of various types of licenses, permits, certificates, roles and responsibilities of various stakeholders involved in licensing.
k) LVFO convened a regional meeting of Fisheries Directors, Technical Officers and a representative of Beach Management Units (BMUs) 22nd to 23rd January 2018 and a work plan and budget on Operation Save Nile perch was developed and this was approved by the LVFO Sectoral Council in March 2018 for implementation to save the Nile perch fishery.
l) The 20thLake-wide Hydro-acoustic Survey (to establish amount of fish in the lake) was conducted from 8th September to 5th October 2017. The estimated biomass of Nile perch, *Latesniloticus* was 614,694 tons, which represented a 10% decrease compared to biomass recorded in August 2015 however the majority of the Nile perch were small in size which indicated good reproduction potential.
m) The 15th and 16th volume of the Journal of Tropical Hydrobiology and Fisheries was finalized and posted onto the African Journals online (AJOL) website (https://www.ajol.info/index.php/ajthf) to provide information on different study findings and outputs regarding fisheries, aquaculture and related fields.
n) The total aquaculture production increased over the years from 78,640 metric tons in 2009 to 140,140 metric tons in 2016 with Kenya contributing 15,000 metric tons, Uganda 121,300 metric tons and Tanzania

4.84 metric tons.

LVFO Sectoral Council meeting held at Entebbe, Uganda in March 2018

o) Developed guidelines for Establishment and Operation of Cage Fish farming in East African Community which were approved by LVFO Sectoral Council in March 2018. The guidelines are to streamline and guide the establishment and operation of cage fish farming and aquaculture parks to ensure environmental sustainability and harmony among the resource users.
p) Training of Fish inspectors and business operators was conducted at 9 Border Posts in September/October 2017 regarding fish quality, safety and requirement for trade to streamline cross-border fish trade.

Budget Performance

The approved budget for the FY2017/2018 totaled US$2,476,030.00. Revenue received during the FY was US$ 1,143,339.85 being contributions from Partner States and US$ 237,567.22 from development partners, including US$3,968.24 from miscellaneous income. The actual expenditure incurred, as at 30th June 2018 was US$ 1,286,414.00 (52%).

Challenges and Proposed Recommendations

- Slow and untimely remittance of funds
- Non disbursement of funds

A number of activities were planned and not implemented due to non-disbursement and/or delayed disbursement of funds.

15/

African Science and Technology Commission (EASTECO)

The East African Science and Technology Commission (EASTECO) is a semi-autonomous institution of the EAC established by the 5th Extra-ordinary Summit of the EAC Heads of State held on 18th June 2007, in accordance with the Treaty of the East African Community under the relevant provisions as set out on Article 103.

The objectives and functions of the Commission are:

- The overall objective: *be to promote and coordinate the development, management and application of Science and Technology in the Partner States;*
- The general function: *to coordinate and facilitate the activities of the Partner States and national science and technology institutions in promoting the development and application of science, technology and innovation in all its aspects including policy development, administrative issues, resource mobilization and utilisation, research and development programme, product and project development and implementation 'and all matters integral and incidental thereto.*

The Key achievements registered during FY 2017/18 were:-

(a) **Outline of the FY 2017/18 priority activities and targets**

The activities of the financial year 2017/18 were as per the EASTECO Strategic Plan, FY2017/22, which is in line with the 5th EAC Development Strategy 2016/21. The activities aimed to achieve the following targets:
Long term target 1: Evidence based Regional Science, Technology and Innovation policy
Long term target 2: Leveraging scientific research and technology development
Long term target 3: Application of Science, Technology and Innovation (STI) for socio-economic development
Long term target 4: Strengthening of EASTECO's institutional framework.

(b) **Development of the regional policies in STI**

i. ***The progress made in the development of the East African Regional Policy for Science, Technology and Innovation:***

During the Financial Year 2017/18, EASTECO worked on the development of a Regional policy for Science, Technology and Innovation (STI) which will provide for key long term objectives and targets in relation to EAC development and integration agenda, as well as the Partner States' common areas of interest as per their respective Science, Technology and Innovation policies. In this regard, a consultant was hired to develop the East Africa Regional Policy for Science, Technology and Innovation. This policy aims to create an enabling environment for increased investment in Science, Technology and Innovation, as well as their application to support sustainable regional development and socioeconomic transformation.

Multi-sector consultations were conducted at national and regional levels where 295 stakeholders from governments, private sector, academia, research organizations, civil society and development partners were engaged in discussions on what the EAC STI Policy ought to address and how, throughout the development process. The interim report was presented at a regional stakeholder meeting on 15th and 16th June 2018, where views previously collected and documented in the development process were further analyzed and refined. The draft report was planned to be validated in September 2018.

ii. ***The progress made in the development of the East African Regional Policy for Intellectual Property:***

As per Article 43 of the Protocol on Common Market, the EAC Partner States undertake to cooperate in the field of intellectual property rights in order to promote and protect creativity and innovation for economic, technological, social and cultural development in the Community.Intellectual Property Rights are important not only because the EAC partner states acceded to the TRIPs Agreement but because they offer possible means for stimulating research, enabling access to technology and promoting the growth of enterprises. In this regard, the EASTECO Annual Operational Plan 2017/18 included the development of the *EAC Regional Policy for Intellectual Property*, which intends to encourage technical innovation, and to promote the industrial and commercial use of technological inventions and innovations so as to contribute to the social, economic, industrial and technological development of the Community. A consultant was therefore hired in FY 2017-18 to develop the above mentioned policy, through a consultative process.
After a broad Stakeholders consultation to collect views and expectations of various sectors and actors from EAC Partner States to conduct a comprehensive situational analysis and identify options of policy priorities, a regional meeting was held on 25th June 2018 to review the interim report on the EAC Regional Policy for Intellectual Property. The draft policy that includes policy objectives, strategies and key policy actions was planned to be validated in September 2018..

(c) **Leveraging scientific research and technology development**

The East African Science and Technology Commission in collaboration with the Inter-University Council for East Africa developed a joint project for the establishment of an EAC Forum for Science, Technology and Innovation, partly funded by the African Development Bank. The forum for Science, Technology and Innovation is an initiative that will include the operationalization of the East African Journal of Science, Technology and Innovation lead by EASTECO, and the organization of the EAC Regional Conference on Science, Technology and Innovation.

i. **Establishment and operationalization of the East African Journal of Science, Technology and Innovation**

The East African Science and Technology Commission (EASTECO) established the East African Journal of Science Technology and Innovation (EAJSTI) in collaboration with the Inter-University Council for East Africa (IUCEA). EAJSTI is a multidisciplinary journal, which publishes original research of relevance to the East African Community, covering science, technology and innovation applications for development. The goal of the Journal is to enhance, advance and disseminate scientific, technological and innovative knowledge that supports regional development. A Regional Stakeholder meeting held in April 2018 adopted the Policy, the Governing Instruments and structure and objectives of the Journal including the scope, periodicity and fields. A team of 23 scientists was appointed to constitute the editorial board and reviewer committees.

ii. **Establishment and operationalization of the regional EAC Research Cooperation Grant Initiative (CGI)**

In order to support Regional Collaborative Research in the EAC region, Partner States' institutions participating in the Science Granting Councils Initiative (SGCI) in Sub-Saharan Africa, including Uganda National Council for Science and Technology (UNCST), Tanzania Commission for Science and Technology (COSTECH), National Council for Science and Technology (NCST) of Rwanda, and the National Research Fund (NRF) of Kenya came together with EASTECO to support competitive research projects in mutually agreed thematic areas. The Research Cooperation Grant Initiative (CGI). This initiative is coordinated by the EASTECO, and the collaborating partners include the African Centre for Technology Studies (ACTS) and the Science, Technology and Innovation Policy Research Organization (STIPRO). The objective of the CGI is to support knowledge exchange between research institutions, and the private sector, and to strengthen partnerships between science granting councils and other science system actors.

The first call for research proposals under CGI was published in June 2018. The aim of the call was to provide funds to support research and innovation in the manufacturing sector, with focus on regional processing.

iii. **Establishment of the regional Network of Research and Technology Organizations (RTOs)**

Research and Development has been a focus priority of the EAC Partner States in the search of industrial development. In this way the EAC Partner States have established National Industrial Research and Development Institutions who are scoring a number of achievements in R&D for priority domains such as SMEs development, agro-processing, energy, water and sanitation among others.

To build synergies that benefit all EAC Partner States, an initiative was created where EASTECO, EAC secretariat (Department of Industrial Development), KIRDI (Kenya Industrial Research and Development Institute), TIRDO (Tanzania Industrial Development Organisation), UIRI (Uganda Industrial Research Institute), NIRDA (National

Industrial Research and Development Agency-Rwanda), and CNTA (Centre National des Technologies Alimentaires-Burundi) entered in a regional network (through an MOU) to establish linkages and conduct joint regional programs targeting technology transfer and commercialization for private firms and enterprises.

iv. Assessment of Knowledge and Technology Transfer Institutions in the EAC Partner States

To support technology adoption and industrial development, EASTECO conducted an Assessment of Knowledge and Technology Transfer Institutions (KTTIs) in EAC Partner States, in order to identify potential Regional Centres of Excellence.The overall goal of the assessment was to improve national and regional systems of innovation through enhanced management and exploitation of the research results, efficient technology transfer institutions, in order to support industrial development and economic growth.

More than 160 STI institutions were identified out of which 40 organisations participated in the evaluation of their knowledge and technology transfer functions and institutional capacity. The draft report incorporating all stakeholder comments and recommendations was adopted by the EASTECO Governing Board at its second meeting held in Arusha, Tanzania on 5th September 2018, with its appendices composed of i) the Assessment Tools for Knowledge and Technology Transfer Institutions; ii) the draft Regional Guidelines for improvement of KTTIs, and iii) the draft Regional guidelines for Intellectual Property Rights.

(d) ***Application of STI for socio-economic development***

i. ICT Application for Health: Organization of the 2nd EAC Regional e-Health and Telemedicine Workshop, Ministerial Conference and International Trade Exhibition, in Kigali, Rwanda, from 15th to 18th May 2018

The EAC is seeking to improve its healthcare delivery systems using newfound e-health and informatics initiatives, as outlined in the EAC Regional e-Government Framework that was approved by the 13th regular meeting of the EAC Council of Ministers and the 8th Summit of the EAC Heads of States held in November 2006, where e-Health was identified as one of the seven focus areas in the implementation of the e-Government Programme. In this regard, EASTECO convened the "*2nd EAC Regional e-Health and Telemedicine Workshop, Ministerial Conference and International Trade Exhibition*", in Kigali, Rwanda from 15th to 18th May 2018, in collaboration with the "East African Community Regional Centre of Excellence (RCE) on Biomedical Engineering and eHealth (College of Science and Technology, University of Rwanda) and the EAC Secretariat (Health Department & ICT Department). The general theme of the conference was: *"Harnessing Science, Technology and Innovation to transform Healthcare Delivery and accelerate attainment of the Sustainable Development Goals in East Africa".*

The activities of the Conference were composed of a two-day workshop (15 & 16 May) followed by the Ministerial Conference on 17th May 2018 and a field visit on 18th May 2018. The exhibition took place from 15th to 17thMay 2018.

The conference brought together 140 participants from organizations and institutions from the region and beyond, including EAC Partner States Ministries for ICT, Health, Education, UN agencies, academic and research institutions, private businesses, NGOs, CSOs, healthcare providers, EAC Secretariat, EASTECO, EAHRC and the IUCEA.

The 2nd EAC Regional e-Health and Telemedicine Ministerial Conference made a number of resolutions to be implemented through collaboration with EASTECO, EAC Secretariat and EAHRC, including i) *an EAC regional e-Health readiness assessment incorporating aspects of systems interoperability, costs and benefits of investing in e-Health by 30th December 2019; ii) promotion of incubation of local digital health solutions; iii) convening the EAC regional e-health and telemedicine workshops, ministerial conferences and international exhibitions every two years on a rotational basis among the Partner States in last week of October.*

(e) **Strengthening EASTECO's Institutional Capacity**

i. **Operationalization of the EASTECO Governing Board**

To make the Commission fully operational, the Partner States nominated their representatives during the FY2016/17, to constitute the Governing Board in accordance with the relevant provisions of the EASTECO Protocol. The Board was fully constituted in May 2017 and held its 1st Meeting on 21st June 2017 and its 2nd Meeting on 5th September 2017.

During its 2nd meeting, the EASTECO Board considered and adopted its Rules of Procedures. Among other matters, the Board established 5 Specialized Board Committees including: *1) Committee on STI Policies and Regulations; 2) Committee on Research and Innovation Development; 3) Committee on Outreach and Partnership; 4) Committee on Finance and Administration; 5) Committee on Audit and Risk.*

ii. **Establishment of Regional Working Groups on Science, Technology and Innovation**

The EASTECO Annual Operational Plan for Financial Year 2017/18 included the establishment of Regional Working Groups in Science, Technology and Innovation (STI) areas. The Regional Working Groupsto be established included: i) STI Policies and Indicators (RWG-STIPI), ii) Research and Development (RWG-RD), and iii) Innovation and Technology Development (RWG-ITD).

The overall objective of these East African Regional Working Groups in STI is to generate and provide direct technical expert support to the East African Science and Technology Commission (EASTECO) in order to stimulate broad cooperation of STI stakeholders in the regional STI strategic domains.

The establishment of the three Regional Working Groups in STI areas were considered and approved by the EAC Sectoral Council on Education, Scienceand Technology, Culture and Sports at its 14th meeting.

i. **EASTECO Website**

During the period of reporting, the EASTECO Website, www.easteco.org was upgraded and updated, in order to disseminate STI information in EAC and beyond, and increase the visibility of EASTECO. The EASTECO Portal incorporated web pages on: i) the 2nd EAC Regional eHealth and Telemedicine Workshop, Ministerial Conference and Trade Exhibition; and ii) the East African Journal on Science, Technology and Innovation.

ii. **Recruitment of EASTECO key professional staff:**

During the period of reporting, 4 additional professional staff were recruited and appointed by the EAC Council of Ministers, resulting in a staffing level of 44% compared to the total Staff provided for in the EASTECO Organogram (11 staff recruited out of 25 established positions of EASTECO organogram).

Table 20: Staff Composition by end of the reporting period

Positions	Established Staff	Appointed
Executive Secretary	1	1
Deputy Executive Secretary	2	1
Professional Staff	15	7
General staff	7	2
Total	**25**	**11**

The Budget Performance for the FY 2017/18
The approved budget of the Commission for the financial year 2017/18 was USD 1,739,791 detailed as follows:

i) USD 1,482,164 funded by equal contributions from the 6 Partner States
ii) USD 27, 200 funded by other miscellaneous Revenue
iii) USD 230,427 funded by Development Partners

Out of the approved budget, a total amount of USD 1,599,060 was disbursed, and USD1,457,235 was executed, that was 91% of the disbursed budget.

16/

Inter-University Council for East Africa (IUCEA)

The development of the IUCEA Strategic Plan 2016/17-2020/21 culminated into a new vision statement, mission and strategic objectives developed in line with IUCEA goals and the 5th EAC Development Strategy.

The Strategic Objectives of IUCEA are: to enhance university contribution to regional innovation and competitiveness through improved research management and coordination within universities and collaborations with public, private and civil society partners; to transform IUCEA into a regional information hub for integrated higher education; to strengthen the capacity of universities to manage transformative higher education and research for sustainable development; to advocate for and foster the implementation of the EAC Common Higher Education Area; to enhance IUCEA's capacity to effectively fulfil its vision and mission and each year strategic objectives are selected together with their corresponding specific strategic interventions, strategies, targets, key performance indicators, and resources for implementation.

The key priorities under thisfinancial year were: enhance research development, coordination and support systems in the community; Strengthen coordination and operational capacity of Inter University Council and develop human resource capacity in all disciplines of higher education in East Africa; Develop a regional quality assurance framework for East African universities; Strengthen university support in ICT application for academic, research and other functions; Enhance support to university academic and networking system, and Strengthen Institutional Governance, Management and Operational Framework.

In the period under review, IUCEA planned: IUCEA Governance, Communication and Investment Effectiveness of governance, risk management, control and accountability processes, Publicity and Marketing among stakeholders, Quality of Research and Teaching in HLIs,Governance and Networking of IUCEA Members, Innovations Addressing Community needs, Operationalization of the EAC Common Higher Education Area (EACHEA) and Free Movement of Professionals and Students.

a) Capacity Building on Quality Supervision of Postgraduate Students and Development of Harmonized Standards and Guidelines on Supervision of Postgraduate Students

In the implementation of this initiative, IUCEA entered into partnership with other organizations in the region with similar missions, which include the German Academic Exchange Service (DAAD) and the African Population and Health Research Center (APHRC)—through its flagship program, the Consortium for Advanced Research Training in Africa (CARTA) and held its first meeting in Kigali, Rwanda from April 23rd-25th, 2018 that brought together about 70 participants from all the EAC Partner States.

In the same vein, IUCEA is addressing the quality of supervision of postgraduate students, and started to develop harmonized regional "Standards and Guidelines for Supervision of Postgraduate Studies", in 2017, which are due to be finalized.

b) Development of Benchmarks for Agriculture, Engineering and Medicine

As part of the implementation of the Regional Quality assurance System and as a way of facilitating harmonization of the education and training system in the region, IUCEA initiated the process to develop subject benchmarks. The finalized and published benchmarks are for: Business related studies, Computer Science and IT, Education. The next set of benchmarks being developed are Medicine, Agriculture and Engineering.

c) 8thEast African Quality Assurance Network Forum 2018

The 8th East African Higher Education Quality Assurance Network (EAQAN) Annual Forum was held from 7th to 10th May 2018, at Park Inn by Radisson in Kigali, Rwanda. The East African Quality Assurance forum was conceived to provide a unique and important opportunity for quality assurance practitioners, top administrators of Higher Education Institutions (HEIs), executive members of national commissions/councils for higher

education, higher education researchers and policy and decision makers to share ideas on quality assurance issues, systems, practices, challenges and prospects in the East African Higher Education Arena.

d) Development of harmonized Criteria for establishment of Centers of Excellence in East African Community

IUCEA has undertaken coordination of development of a harmonized criteria for establishment of Centers of Excellence in the region. The draft criteria was peer reviewed by experts from the region and sent to various centers of excellence for piloting implementation.

e) Progress report on the development of an EAC harmonized accreditation framework

IUCEA in a bid to develop an EAC harmonized accreditation framework, organized a meeting on 26th and 27th April 2018, in Kigali, Rwanda from which a draft framework was developed. Subsequent meetings to peer review the framework shall be held in 2018/19.

f) Progress report on the development of the EAC harmonised Credit and Transfer System

In 2015, the EAC Council of Ministers approved the East African Qualifications Framework for Higher Education (EAQAFHE) which was aimed to serve as a convergence platform for harmonisation of qualification levels and types, entry requirements, and articulation and exit pathways for the qualification level and types. Thus, contribute towards harmonisation of education systems and consequently transforming East Africa into a common higher education area. One of the key aspect of the EAQFHE that needed to be developed for operationalisation of this policy documents is a harmonised regional credit accumulation and transfer system. This is the essence that prompted IUCEA through a participatory process to develop an East African Credit Accumulation and Transfer System (EACATS).

g) Development of an EAC Forum (Journal and Conferences for Science, Technology and Innovation)

In line with the Article 6 of the IUCEA act which cites the functions of IUCEA among others: promotion of collaborative research and development programmes including creation and development of collaborative relationships with development partners and existing organizations with similar research objectives, and helping establishment of a database on research capacity and current activities in the community, IUCEA in the reporting year, played one of its roles in implementing the function by developing a Forum for Science, Technology and Innovation in collaboration with the East African Science and Technology Commission (EASTECO), with special focus on the functions of the Nelson Mandela African Institutions of Science and Technology (NMI-AIST) and the science, technology and innovation stakeholders in the East African Community. The forum involves a Journal and Conferences for science, technology and innovation.

This initiative is a continuation of efforts involving IUCEA and its partnerships with the EABC and EADB since 2012, under the auspices of the East African Community, focused on promoting knowledge based economies in East Africa through the academia-public-private partnership under a forum dubbed APPPF. EASTECO has joined IUCEA, EABC and EADB in the forum as at the APPPF 2018, held at the Catholic University of Eastern Africa in Nairobi, on 22nd -23rd March 2018.

In the reporting period thefollowing progress has been made:

a) East African Journal of Science, Technology and Innovation

A meeting for development of the framework for the Forum for Science, Technology and Innovation was held from April 9th to 11th 2018 in Arusha, with the governance and administrative framework being established; themes for the journal being selected; periodicity being decided at 2 months cycles at the initial stage, with the first issue due for November 2018; framework for identification of reviewers and editors established. It was agreed that the journal will be called East African Journal for Science, Technology and Innovation.

b) East African Conferences for Science, Technology and Innovation

The meeting also considered some aspects of the conference, namely, confirmation that the conferences will be coordinated by IUCEA; the periodicity of the conferences at 2 years cycles; potential for sustainability being ensured by holding the science, technology and innovation conferences within the annual APPPFs which are institutionally statutory. In addition to that, IUCEA will organize another meeting to accomplish other deliverables of the development of the forum, including pending matters on the Science, Technology and Innovation conferences. It is expected that the consortium: IUCEA, EASTECO and NMI-AIST will accomplish their tasks within the project timeframe.

h) Development of the Higher Education Fees Structure for use by institutions based in the East African Community Partner States

IUCEA is at an advanced stage of development of the Higher Education Fees Structure for use by institutions based in the East African Community Partner States. The fees structure includes a model in which there is categorization of all costs incurred in running the institutions and the apportionment of the costs to the university core missions of teaching, research and community engagement, as well as in provision of administrative services.

The 36thCouncil of Ministers directed IUCEA to refer to the Fees Structure Model to the sectoral council as well as to recirculate the Fees Structure Model Software to all Partner States through ministries responsible for East African Community Affairs (MEACAs) for coordination. The ministries would coordinate interactions with stakeholders in higher education in the Partner States so as to test out the model, considering their mandate in relation to the higher education in general or fees and financing in particular.

i) KFW Scholarships agreement between Government of the Federal Republic of Germany and the EAC

In April 2018, the East African Community and Government of the Federal Republic of Germany signed an agreement for a non-repayable grant worth EUR 5,000,000 (Five million Euros). The Inter-University Council for East Africa was selected as the Project Executing Agency. The project will offer financial support for academically skilled but disadvantaged master students with the main focus on Mathematics, Informatics, Science, Technology (MINT) or Business Science. In addition, the project will cater for extracurricular activities with a minimum of one event-visit per year and student. These could be through networking events, trainings on regional integration topics or other subject based seminars. The other component of the project will entail short-term training programmes for EAC employees and staff of the affiliated ministries in the Partner States based on the need to implement the four pillars of regional integration strategy of EAC (customs union, internal market, and monetary union and political federation). The project support will in addition to scholarships, cater for institutional strengthening at the IUCEA secretariat, consultancy costs and funding of studies and monitoring activities (auditing). Facilitation of students will start in September 2019.

The Financing Agreement provides for IUCEA (as the Project Executing Agency) to assign the preparation, implementation and supervision of the Project to an independent, qualified consulting firm, whose role is to "assist and co-manage the development and execution of the project". To this end, Adroit Consulting Services, a firm based in Uganda, was recruited. This firm is awaiting contracting once funds flow commences following the recent signing of the Channeling Agreement. The project also requires that "the Recipient, the Project-Executing Agency and KfW" sign a separate agreement, which "shall determine the details of the Project and the goods and services to be financed from the Financial Contribution".

j) Progress Report on the East Africa Skills for Transformation and Regional Integration Project (EASTRIP) initiative

The World Bank is financing the establishment and implementation of an East Africa Skills for Transformation and Regional Integration Project (EASTRIP), which initially involves three East African countries along the Northern Transport Corridor including Ethiopia, Kenya, and Tanzania. The Project's development objectives are to increase the access and improve the quality of TVET programs and to support regional integration and regional economic corridors. The

objectives and results will be achieved through strengthening selected Regional TVET Centers of Excellence for high quality skills development in NCIP related sectors; Capacity building for national TVET systems; and Enhancing regional collaborative capacity in TVET and project coordination. The Project is targeting the development of specialized technical skills in priority sectors including transportation, energy, and agriculture processing, manufacturing, and information and communications technology.

IUCEA has been selected through a competitive process to be the Regional Facilitation Unit of the World Bank facilitated East Africa Skills for Transformation and Regional Integration Project (EASTRIP), International Development Association (IDA) credit facility. The (EASTRIP) initiative initially involves three East African countries along the Northern Corridor Integration Project (NCIP), including Ethiopia, Kenya, and Tanzania.

The project will be implemented in three components, namely: Strengthening selected Regional TVET Centers of Excellence for high quality skills development in NCIP related sectors; Capacity building for national TVET systems, and Enhancing regional collaborative capacity in TVET and project coordination. A total of 17 TVET institutions will be facilitated to become regional TEVT Centers of Excellence, whereby the distribution in Ethiopia, Kenya and Tanzania will be 7, 6 and 4 respectively.

Total financing of the project from the World Bank for the initial phase of five years will be around US$230 million including national and regional IDA credit as well a regional IDA grant. Final negotiations between the World Bank and IUCEA are underway before the Financing Agreement is signed and rolling out of project activities commences.

k) Collaboration between IUCEA and the Nile Basin Initiative (NBI) for the purpose of enhancing research in water management and utilization in the Nile Basin

IUCEA held a meeting with Nile Basin Initiative on 23rd January 2018 to explore possible avenues of collaboration between the two institutions. The meeting was held at IUCEA headquarters and parties were led by the respective Institutional heads. The meeting recognized that there was need for cooperation and collaboration between the two institutions to further their shared goals and objectives relating to the enhancement of research in water management and utilization in the Nile Basin. The meeting therefore agreed on the following areas of cooperation:

a) strengthening the capacity of universities engaged in research in water resources management and utilization,
b) strengthening the harmonization of studies and research in water resources management & utilization in universities and NBI,
c) facilitating studies, analysis and implementation of appropriate water scarcity responses;
d) organizing workshops, seminars, symposia and training programmes for enhancing the capacity of leaders in research in water resources management & utilization;
e) carrying out the process of resource mapping at participating universities and research centres including human resources and physical infrastructure
f) supporting review of PhD curricula for water resources management & utilization at participating universities among others.

The parties also agreed to utilize their regional mandate and existing linkages with the EAC Partner States, universities, regulatory commissions, and other academic and funding partners in the region to further NBI's and IUCEA's objectives. The above therefore culminated in the signing of an MOU on 27th February 2018. This was followed by the participation of NBI in the Academia Public Private Sector Partnership Forum held at the Catholic University of East Africa in Nairobi, Kenya on 21st and 22nd March 2018, where NBI participated in panel discussion and forum exhibition. The parties also agreed to individually and jointly mobilize financial and other resources for the implementation of activities of common interest.

(a) Center of Excellence on ICT and embedded mobile systems

The first meeting of all partners onestablishing of the regional center of excellence in mobile and embedded systems hosted by Nelson Mandela African Institute of Science and Technology (NM-AIST) took place on 15th -16th November, 2017. The meeting which took place in Arusha, Tanzaniawas attended by representatives of the consortiums of Universities (NM-AIST, UDSM, and Oldenburg representing Germany) with GIZ, DAAD, and IUCEA. This was followed by a meeting of experts which developed a joint curriculum and admission criteria at NM-AIST from 30th November 2017 to 5th December, 2017. The project of USD 250,000,000 is implemented at the NMI AIST and is focused at providing postgraduate programmes on embedded mobile systems under the partnership between NMI-AIST, University of Dar es Salaam and University of Technology and Arts-BYUMBA based in Rwanda. IUCEA is the facilitating unit. The project is funded by BMZ, and supported by GiZ and DAAD. In March and May 2018, IUCEA signed the Financing agreement of 250,000 Euros and the Implementation agreement with GIZ for coordination the CENIT@EA respectively.

The East African Community (EAC) and the German Federal Ministry for Economic Cooperation and Development (BMZ) agreed to establish a Regional Centre of Excellence (CENIT@EA) in the field of Information and Communication Technology (ICT) in one of the EAC Partner States. In terms of implementation, three key partners were identified. GIZ is the lead implementing agency. The Inter-University Council for East Africa (IUCEA) is the implementing partner on the East African side and the German Academic Exchange Service (DAAD) is supporting the implementation of the academic strand of the project on the German side. This technical cooperation is part of the Regional Economic Integration Programme under the umbrella of the BMZ's "Digital Africa Initiative", an initiative that calls upon the private sector to support strategic partnerships towards a digital Africa. The project runs from April, 2017 to March, 2021.

The centre will offer 70 full scholarships to the students from the EAC who will be admitted for Masters of ICT in Embedded and Mobile Systems at NM-IAST starting from the next academic year 2018/2019. The deadline for submission of the joint proposals was July 31, 2017. Five applications were submitted by universities from four Partner States in cooperation with universities from Germany:

a) Kibabii University, Kenya and Göttingen University in Germany
b) University of Rwanda, Rwanda and Chemnitz University of Technology in Germany
c) A Consortium led by Nelson Mandela African Institute of Science and Technology, Tanzania and University of Oldenburg, Germany[1]
d) Makerere University, Uganda and University of Applied Sciences Würzburg-Schweinfurt, Germany
e) Strathmore University, Kenya and Paderborn University, Germany.

An independent selection committee comprising of professors and experts from African and German universities thoroughly reviewed and examined the applications for hosting the centre in line with the selection criteria. Nelson Mandela African Institute of Science and Technology (NM-AIST), Arusha, the United Republic of Tanzania was selected the best institution to host the Regional Centre of Excellence in ICT (CENIT@EA). This centre of excellence will address three fields of intervention: a) Establishment of a need-driven postgraduate Master's program on mobile and embedded systems in East Africa, which is offered as part of the East African-German university partnership (East African Center of Excellence for ICT); b) Gearing the courses and services of the universities towards the needs of the private and public sector in East Africa c) Regional networking.

l) Staff Mobility programme

Section 6 (i) of the IUCEA Act, 2009, stipulates that the council shall "encourage the exchange of students and staff between member universities". This is one of the main functions of IUCEA. The Staff Mobility Programme's objective is to encourage the sharing of academic human resources, exchange of knowledge, skills and experiences and hence contribute to the EAC regional integration while helping address capacity gaps in member universities. Participants in the exchange programme are expected to offer their services in teaching, research, external examination and community engagement. The 2017/18 Call, attracted 140 applications from staff and host universities against an approved budget for 60 participants. Of the 140 applicants, 53

met all requirements for support but IUCEA only supported 34 applicants. The 19 qualifying applicants were not supported due to budget constraints.

m) The Eastern and Southern Africa Higher Education Centers of Excellence (ACE II) Project

In the reporting period, IUCEA continued coordinating **(ACE II) Project**as the Regional Facilitation Unit (RFU). Some of the achievements attained in project implementation have been highlighted below:

(a) **Scholarships to encourage regional student mobility**

On May 4th 2018, IUCEA/RFU launched a call for the first 30 Fellowships available for the 2018/2019 academic year.It is expected that successful applicants will be placed in their respective universities by September 2018 to pursue academic programs within any of the ACEs. During its last meeting on November 10th 2017, the RSC directed that IUCEA should provide all the 60 MSc fellowships to female graduate students in order to encourage the participation of young African female students at postgraduate level, as well as to promote regional female student mobility. The Masters Fellowship Program is an investment to develop young female talents with Bachelor of Science (BSc) degree from the participating countries to undergo training and research towards the award of Masters of Science degree (MSc).

(b) **Establishment of Incubation Centers**

Turning regional research hubs that will demonstrate the pathways for the transformation of research outcomes into innovative products or policies has been a dream for African researchers. During its last meeting on November 10th2017, the Regional Steering Committee directed IUCEA to support development of eligibility criteria for ACEs to compete through co-financing development of incubation centers or learning factories by 4 disciplines (*Industry, Agriculture, Health and Education/Statistics*). Furthermore, establishment of incubation centers in universities would bring academia and industry closer to each other by providing graduate students and faculty a platform to commercialize their research, academic outputs and other technology-based business ideas.

In the reporting year, a concept note was developed with guidelines for ACEs to compete through co-financing development of incubation centers, and a request-for-proposals to host incubation centers is now ready for sharing with all 24 ACEs. An evaluation panel is being constituted, and their first role will be to come up with an evaluation protocol for the proposals.

(c) **Regional Steering Committee and Technical Advisory Meetings**

IUCEA coordinated 2 Regional Steering Committee and Technical Advisory Meetings.

The ACE II Project operates under the overall guidance and oversight of a Regional Steering Committee (RSC), which meets at least twice a year to set guidelines for the project, and to ensure that the ACEs achieve the project development objectives. The 8th Regional Steering Committee was held on November 10th2017 in Accra, Ghana. Following this meeting, 10 action points were identified to guide the work of IUCEA/RFU over the coming period. Consequently, IUCEA/RFU has been implementing the action points, one of which was to hold the next RSC Meeting in Lusaka, Zambia in early May 2018 which also took place. Prior to the 8th RSC meeting, a joint ACE I and ACE II technical and advisory meeting was held on November 7-9 2017, as a platform for networking among the ACEs and learning from the ACE I experiences.

(d) **Technical Support Missions**

In order to take stock of progress made in project implementation and discuss any challenges that may require support or facilitation by the World Bank and/or the Regional Facilitation Unit RFU/IUCEA), IUCEA and World Bank teams organized technical support missions to the ACEs in the following countries: Mozambique (31 July-1 Aug. 2017), Tanzania (20-26 Sept. 2017), Rwanda (2-9 Oct. 2017) and Uganda (13-15 Nov. 2017), Ethiopia (Jan 29-30 2018), Malawi (Apr 9-13 2018) and Zambia (May 7-8 2018). During the joint technical support missions to Malawi and Zambia, the World Bank and IUCEA/RFU teams were accompanied by experts in the respective Centers' areas of specialization to provide additional technical and thematic guidance as appropriate.

(e) **Recruitment of the Independent Verifier Firm**

Effective implementation of the results-based financing framework includes timely verification of disbursement-linked indicator (DLI) results submitted by each ACE, collecting necessary data for M&E, ensuring timely compliance, and coordinating and sharing information with the participating countries. In order to achieve this, IUCEA/RFU is expected to hire an independent firm that will verify the results achievement of the agreed DLIs/DLRs for all the ACEs every six months during the project implementation. The process of hiring an independent verification firm started on November 30th2017 through a request for proposals. Negotiations with the best technically-evaluated firm, KPMG East Africa Ltd, commenced on March 9 2018 but were terminated recently based on budgetary constraints. Contact has now been made with Technopolis, the independent verifier firm for ACE I Project, whose methodological approach may be accommodated within the available budget.

BUDGET PERFORMANCE

The total approved Partner States' contributions to IUCEA budget for the Financial Year is USD4,848,432 (each USD808,072). A summary of Partner States' contribution for FY2017/2018 can be found in the table below:

Table 21: STATUS OF PARTNER STATES CONTRIBUTIONS FOR FY2017/2018 AT 18th June 2018

Country	Expected for FY2017/2018	FY2017/2018 Contribution Received	% Received	Outstanding FY2017/18 as at 31st May 2018
Tanzania	808,072	808,072	100%	0
Kenya	808,072	794,236	98%	13,836
Uganda	808,072	650,963	81%	157,109
Republic of South Sudan	808,072	-	0%	808,072
Rwanda	808,072	-	0%	808,072
Burundi	808,072	28,058	3%	780,014
Total	**4,848,432**	**2,281,330**	**47%**	**2,567,102**

Table 22: Budget performance

Departments/Units	Approved Budget FY2017/18	Actual & Commitments Spending	Percentage Utilization
Office of Executive Secretary	609,245	523,976	86%
Deputy Executive Secretary	103,675	30,929	30%
Administration	3,044,183	2,104,732	69%
Estate Unit	195,714	59,477	30%
Internal Audit	71,905	37,660	52%
Accounts Office	125,896	56,542	45%
Quality Assurance Office	448,085	240,455	54%

Table 22: Budget performance

Departments/Units	Approved Budget FY2017/18	Actual & Commitments Spending	Percentage Utilization
Information communication Technology	119,265	59,757	50%
Project and Program me Office	506,555	119,540	24%
Corporate Public Relation Office	90,725	10,953	12%
Research and Innovation	248,230	140,777	57%
Total IUCEA	**5,563,478**	**3,386,226**	**61%**
ACE 11	**1,203,450**	**359,362**	**30%**
Overall total Recurrent Expenditure	**6,766,928**	**3,745,588**	**55%**

Challenges and Recommendations (Challenges, Lessons Learnt)

The main challenge was low remittances by Partner States, leading to some activities not being funded. The delay by the Partner States to remit to IUCEA the approved contribution on time greatly affected the ability of IUCEA Secretariat to perform its planned activities. Consequently, the Secretariat experienced cash flow constraints that required it to borrow internally as a stop gap measure.

Office of the Executive Secretary

a. **Laws, Rules and Regulations governing IUCEA management are abided with**
Held two Executive committee meetings on 11th Dec 2017 and 20th March 2018 respectively and four standing committees; and participated in the 36th& 37th Council of Ministers' Meetings and Heads of State Summit.

b. **Establishment and facilitation of Centers of Excellence in key areas of Higher Education**
Facilitated one RSC meeting in Accra Ghana in Nov.2017; held a joint technical/supervision by IUCEA and the World Bank mission in Ethiopia from 29th -30th January 2018; and launched a call for the first 30 Fellowships available for the 2018/2019 academic year.

1. Organized Technical support missions to the ACEs in the following countries: Mozambique (31 July-1 Aug. 2017), Tanzania (20-26 Sept. 2017), Rwanda (2-9 Oct. 2017) and Uganda (13-15 Nov. 2017), Ethiopia (Jan 29-30 2018),
2. Carried out the process of hiring an independent verification firm on November 30 2017 through a request for proposals. Negotiations with the best technically-evaluated firm, commenced on March 9th2018 but were terminated recently based on budgetary constraints. Contact has now been made with the independent verifier firm for ACE I Project, whose methodological approach may be accommodated within the available budget.
3. Paid rent for new administrative block of ACE 11.

c. **Laws, Rules and Regulations governing IUCEA management are abided with**
Attended one meeting of EAC Audit and Risk committee meeting and continuous professional development programs (Annual seminar of ICPAU);Held the Audit Committee meeting and handled audit matters.Internal audit reports and external audit reports were carried out and the new Audit Committee members were taken through induction training.
Carried out the publication of IUCEA documents for various meetings and printing of new IUCEA Banners;Participated in the exhibition and organized media conferences during theAcademia Public Private Sector Partnership Forum of March 2018.

d. **Facilitate MOUs and collaboration between Universities in the region and with stakeholders outside the region**
Terms of Reference have been developed for the study on implementation of the HEMIS.

e. **Organize forums and mediums for knowledge sharing, exhibition of innovations and for recognition of innovators**
Attended workshop on proposal writing;-Supported EAC debate competition held in August 2017: East Africa through Creative Eyes competition organized and manuscripts received and shortlisted.

f. **Regional Recognition of programs and Mutual recognition of Qualification across EAC**
Benchmarks for Medicine and Agriculture completed. Benchmarks for Engineering commenced and will be completed in Q4.Finalized Guidelines for postgraduate studies on 23-25 April 2018 and developed harmonized framework for accreditation of institutions and programmes in April 2018.

g. **Establishment of Quality Assurance Units and training of Quality experts Promoted**
Held a training of QA experts and the EAQAN forum from 7-11 May 2018 participated in five regional training and workshops on Quality Assurance and trained peers reviewers. The external assessment exercise took place in April and May 2018.

h. **Mediums for knowledge sharing, exhibition of innovations and for recognition of innovators**
APPPF Forum was held in March 2018.

i. **Involvement of Private Sector and Industry in design and implementation of academic Programs**
Presented a paper entitled, "Harnessing the Potential of Academia-Public-Private Partnerships for the Socio-economic Development and Regional Integration in East Africa," at the 8th ANIE Conference held in October 4-6 2017 in Kigali, Rwanda.

j. **Establishment and facilitation of Centers of Excellence in key areas of Higher Education**
The draft criteria for establishment of centers of excellence was peer reviewed by experts from the region and sent to various centers of excellence for piloting implementation.

k. **IUCEA Conference Center is built and funds mobilized through appropriate Public Private Partnership Policy and Strategy**
Participated in regional workshops and training on EAMS and prepared M&E Reports for statutory meetings and EAC council meetings.

l. **Students originating from EAC benefit from equal treatment in each country (tuition fees, admission, credit accumulation and transfer)**
The call for staff exchange was issued on 14th December 2017 for FY 2017/18 with planned support 72 staff. By the reporting period (March 2018), over 100 applicants had been received and 34 staff had qualified for support, of which, 9 had been facilitated.The IUCEA secretariat has submitted the Fees Structure Model to the Ministries responsible for EAC affairs awaiting the feedback from the ministries for any additional action as per the directive of the 36th Council of Ministers meeting.

m. **Facilitate MOUs and collaboration between Universities in the region and with stakeholders outside the region**
Participated in the 7th Annual Int'l Universities Networking Conference in Moscow, Russia.
Uganda Cancer Institute developed a programme for operationalization of the regional component of the project. A meeting for development of the framework for the Forum for Science, Technology and Innovation was held from April 9th to 11th 2018 in Arusha.

n. **Academic Center for Digital Innovation in East Africa by Q4**
One EAC technical working group on information resources establishing of the regional center of excellence in mobile and embedded systems hosted by Nelson Mandela African Institute of Science and Technology (NM-AIST) took place on 15th -16th November, 2017.

o. **IUCEA structure is implemented and IUCEA is staffed appropriately in line with its ambitions**
Ensured payment of staff emoluments and service providers to IUCEA procured various assets (Project (ACE II) and IUCEA vehicle; ICT Equipment and consumables as and when needed, recruited of the following staff was carried out: Chief Research and Innovation Coordination officer; Senior Legal Officer, Monitoring & Evaluation Officer; Procurement Assistant both for (ACE II) while recruitment for Project Coordinator (ACE II) is underway, various staff participated in capacity building training and held a staff retreat in Feb- March 2018.

17/

Civil Aviation Safety and Security Oversight Agency (CASSOA)

The East African Community Civil Aviation Safety and Security Oversight Agency (CASSOA) was established following the signing of the Protocol on the Establishment of the East African Community Civil Aviation Safety and Security Oversight Agency on 18th April 2007. The mandate of CASSOA is based on Article 92 of the EAC Treaty, under which the Partner States undertake to make air transport services safe, efficient and profitable; adopt common policies for the development of civil air transport in the region; harmonise civil aviation laws and regulations and coordinate measures and co-operate in the maintenance of high security.

The specific functions of the Agency are to: -

1) Develop policies on the development of safe, reliable, efficient and economically viable civil aviation with a view to developing appropriate infrastructure, aeronautical skills and technology as well as the role of civil aviation in support of other economic activities;
2) Assist the Partner States in meeting their safety and security oversight obligations and responsibilities under the Treaty and the Chicago Convention and its Annexes; and
3) Provide the Partner States with an appropriate forum and structure to discuss, plan and implement common measures required for achieving the safe and orderly development of international civil aviation through the implementation of international standards and recommended practices relating to the safety and security of civil aviation

Key Priorities during FY 2017/18

EAC CASSOA had planned its activities under three (3) Priority Areas during the period under review. The priorities were to; Enhance CASSOA's Corporate image and strengthen its governance and finance structure, promote an effective and sustainable Civil Aviation *Safety* Oversight system in the region and promote an effective and sustainable Civil Aviation *Security* Oversight system in the region.

Key achievements registered were:-

(A) Continuous technical support to partner states in preparation of ICAO Safety Audits

The objective of a Universal Safety Oversight and Audit Programme Continuous Monitoring Approach (USOAP CMA) audit is to determine a State's capability for safety oversight by assessing the effective implementation of the Critical Elements (CEs) of the safety oversight system and the status of the State's implementation of all safety-related ICAO Standards and Recommended Practices (SARPs), associated procedures, guidance material and best safety practices.

The Agency is mandated to assess readiness of States for ICAO USOAP CMA Audits, assist EAC Partner States to comply with ICAO SARPs and adequately prepare for the ICAO USOAP CMA Audits. In order to fulfil this obligation, during the period under review, CASSOA conducted a Technical Mission to Republic of Kenya, United Republic of Tanzania, Republic of Burundi and Republic of Rwanda.

EAC CASSOA would like to report that Republic of Kenya through KCAA scored 78.15 % on USOAP – CMA Audit, UnitedRepublic of Tanzania through TCAA scored 64.7 % and the results of Republic of Burundi and Rwanda will be shared by ICAO on the second half of FY 2018.

(B) Technical Support to Partner States in establishing and maintaining State Safety Programme (SSP)

A team of Technical Experts from EAC-CASSOA visited the Kenya Civil Aviation Authority (KCAA) and Tanzania Civil Aviation Authority (TCAA) in February 2018 and March 2018 respectively to evaluate the status of compliance with the SSP Regional Roadmap jointly developed and agreed upon by the Partner States.

Progress was recorded by Republic of Kenya and the United Republic of Tanzania where, their maturity levels have graduated from levels 2 and 1 respectively to level 3 with level 4 as the highest on the International Civil Aviation Organisation (ICAO) Online Framework after addressing the issues raised during the Technical Missions and updating the information on the ICAO portal.

(C) Review and Amendment of Model EAC Civil Aviation Regulations

The Agency in November 2017 convened a meeting of the Personnel Licensing (PEL) Experts, Legal and Draftspersons Working Group to amend the Model EAC Personnel Licensing and Model EAC Approved Training Organization Regulations in line with ICAO Annex 1 Amendments 171, 172, 173 and 174 and industry best practices.

The amended Model EAC Personnel Licensing and Model EAC Approved Training Organization Regulations were transmitted to Partner States for stakeholders' comments and input to pave way for adoption.

The adopted model EAC Civil Aviation Regulation by Partner States will be up to date in line with ICAO Annex 1 amendments.

(D) Developed, reviewed and amended technical guidance materials

The Agency continued to revise, formulate and develop Technical Guidance Materials as mandated. During the period under review, the Agency developed and reviewed Technical Guidance Materials in aircraft accident and incident investigation, safety management, safety assessment of foreign aircraft, cabin safety, and dangerous goods and unified upper flight information region.

(E) A successful 4th EAC Aviation symposium

The 4th East African Community Civil Aviation Safety and Security Oversight Agency (CASSOA) symposium was held in Nairobi, Kenya from 1st to 2nd February 2018 at the Crowne Plaza Hotel under the theme 'Aviation Safety: A Collaborative Approach'. The symposium provided an opportunity to review the Agency's safety and harmonizationprogrammes, including the assistance to Partner States in complying with ICAO Standards and Recommended Practices.

A wide range of professionals and organizations attended the 4th CASSOA Symposium across the region including CAAs, ICAO, aircraft manufacturers, airlines and air operators, maintenance and training organizations. The total number of delegates in attendance was 310.

The Symposium deliberated on a wide range of issues and unanimously resolved that Partner States should delegate regulatory functions to CASSOA in the areas of Personnel Licensing and Accident Investigation; have all harmonized EAC model regulations domesticated by the Partner States and fast track the implementation of the Unified Upper Air Space system.

In addition, the symposium resolved that the Partner States harmonize Aviation Training Organizations (ATOs) as Centers of Excellence to avoid duplication of services in the existing Centers of EASA (Kenya), CATC (Tanzania) and EA Academy, Soroti (Uganda); and that CASSOA should be resourced with sustainable funding by way of all Partner States accepting the immediate implementation of the passenger embarkation charge.

(F) Capacity building in the Region

During the period under review, Airbus, Civil Aviation Authority Uganda, SENASA and EAC CASSOA jointly organized a Technical Course of Safety Assessment of Foreign Aircraft (SAFA) in Entebbe, Uganda between 27th November and 1st December, 2017. The overall objective of this course was to familiarize the participants with the SAFA Programme, ICAO Standards and related Regulations and give all the necessary information on how to deal with SAFA inspections in order to close deficiencies that have been identified during ICAO Audits in Partner States. There were 26 participants drawn from the Partner States Civil Aviation Authorities for this exercise.

The Agency also collaborated with Airbus and BUREAU VERITAS to deliver training in Dangerous Goods and Radio Active substances (DGR + RADIO) Training to Civil Aviation Inspectors from Partner States. This training conducted as per International Air Transport Association (IATA) category 6/7 training syllabus took place from 28th May to 2nd June, 2018 in Entebbe, Uganda.

Category 6 Dangerous Goods Training - Entebbe

(A) Monitoring and evaluation by centre for aviation medicine

The Collaborative Arrangement for the Prevention and Management of Public Health Events in Civil Aviation (CAPSCA) is an ICAO global programme to improve preparedness, planning and response to public health events that affect the aviation sector, such as Ebola virus disease, influenza pandemic or a nuclear power-plant accident.

The CAM consultant conducted CAPSCA Assistance Technical visits to Jomo Kenyatta and Bujumbura International Airports, in March 2018 and May 2018 respectively, to monitor and evaluate the implementation of the CAPSCA Public Health Emergency Preparedness Response Plan and intervention strategies.

(B) Automation of Aviation processes

ICT is central to the Agency's support to Partner States' Civil Aviation Authorities as well as its competent administration of its oversight duties. CASSOA's activities in the realm of IT during FY 2017/2018 included;

- Installation of ECCAIRS Version 5 (European Co-ordination Centre for Accident and Incident Reporting Systems) in Rwanda Civil Aviation Authority (May 2018);
- Installation of the EAC Common Examination System in Kenya Civil Aviation Authority headquarters (April 2018)
- Installation of a Backup of the EAC Common Examination System on a remote site in Tanzania Civil Aviation Authority Server (March 2018);
- Installation and roll out of SOFIA V2 (Safety Oversight Facilitated Integration Application) in Tanzania Civil Aviation Authority (February 2018) and in Kenya Civil Aviation Authority (November 2017);
- Technical Training on SOFIA V2 for IT system Administrators in Partner State Civil Aviation Authorities;
- Continuous update of EAC Common Databank of Aviation Examination System
- Development of the EAC Common Flight Crew Syllabus for both Aeroplane and Helicopter i.e Airline Transport Pilot License (ATPL), Commercial Pilot License (CPL) and Private Pilot License (PPL).

Connecting with the community

The Agency continued to harness every available opportunity to increase its visibility during FY2017/2018. This was achieved by increasing participation in regional and international fora.

Members of EALA study information Materials provided to them during a visit to the CASSOA headquarters in Entebbe

Some of the participants at the 4th EAC Aviation Symposium held at the Crowne Plaza Hotel in Nairobi, Kenya

CASSOA Board members and staff paid a visit to Moi International Airport in Mombasa and interacted with various Units within the facility

Table 23: STATEMENT OF FINANCIAL POSITION AS AT 30TH JUNE 2018

	Notes	2017/2018 US$	Restated 2016/2017 US$
ASSETS			
Current Assets			
Cash and cash equivalents	5	1,888,624	1,710,166
Other Receivables	6	672,630	205,203
Prepayments	7	20,796	31,581
Total Current Assets		**2,582,051**	**1,946,949**
Non-Current Assets			
Property, Plant and Equipment	8	785,931	809,404
Intangible Assets	9	20,660	30,990
Total Non-Current Assets		**806,591**	**840,394**
Total Assets		**3,388,642**	**2,787,343**
LIABILITIES			
Current Liabilities			
Payables	10	96,304	32,691
Deferred Income	11	-	5,035
Staff gratuity payable within 1 year	12	64,994	33,325
Total Current Liabilities		**161,298**	**71,052**
Non-Current Liabilities			
Staff gratuity payable after 1 year	12	133,206	106,849
Total Non-Current Liabilities		**133,206**	**106,849**
Total Liabilities		**294,504**	**177,900**
NET ASSETS		**3,094,139**	**2,609,443**
Net Assets /Equity			
Accumulated Surpluses/(deficits)		1,537,128	1,314,967
Cash Reserve		1,557,011	1,294,476
TOTAL NET ASSETS/EQUITY		**3,094,139**	**2,609,443**

Table 24: STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30TH JUNE 2018

	Notes	2017/2018 US$	Restated 2016/2017 US$
Revenue			
Contribution from Partner States	13	2,400,704	2,017,397
Revenue from non-exchange transactions	14	98,515	17,850
Revenue from exchange transactions	15	28,924	3,601
Gain on disposal of non-current assets	22	6,532	5,800
Other revenue	16	99	17,836
Total Revenue		**2,534,775**	**2,062,484**
Expenses			
Wages, salaries and employee benefits	17	846,380	769,319
Administrative and consultancy expenses	18	1,149,207	908,298
Depreciation expense	19	36,155	48,734
Amortization expense	20	10,330	39,128
Loss on exchange	21	2,735	2,556
Finance costs	23	5,273	3,821
Total expenses		**2,050,080**	**1,771,856**
Surplus/(deficit) for the period		**484,695**	**290,628**

Table 25: STATEMENT OF CHANGES IN NET ASSETS/EQUITY FOR THE YEAR ENDED 30TH JUNE 2018

	Cash Reserves	Accumulated Surpluses/ (Deficits)	Total
Balance at July 1, 2016 brought forward	**900,256**	**1,418,559**	**2,318,815**
Changes in net assets/equity for 2016/2017			
Transfer to cash reserve	394,220	(394,220)	-
Utilisation of Reserve fund	-		-
Surplus for the period as restated	-	290,628	290,628
Balance at June 30, 2017	**1,294,476**	**1,314,967**	**2,609,443**
Balance at July 1, 2017 brought forward	**1,294,476**	**1,314,967**	**2,609,443**
Changes in net assets/equity for 2017/2018			
Transfer to cash reserve	262,535	(262,535)	**-**
Utilisation of Reserve fund			**-**
Surplus for the period		484,695	**484,695**
Balance at June 30, 2018	**1,557,011**	**1,537,128**	**3,094,139**

Table 26: CASH FLOW STATEMENT FOR THE YEAR ENDED 30TH JUNE 2018

	2017/2018 US$	Restated 2016/2017 US$
Cash flows from operating activities		
Surplus (deficit)	484,695	290,628
Non-cash movements		
Depreciation	36,155	48,734
Amortisation	10,330	39,128
Loss/(Gain) on disposal of PPE	(6,533)	(5,800)
Donation from development Partners	-	-
(Increase)/decrease in receivables	(467,428)	(72,834)
(Increase)/decrease in prepayments	10,785	(3,161)
Increase/(decrease) in payables	63,613	(32,993)
Increase/(decrease) in deferred income	(5,035)	(17,850)
Increase/(decrease) in gratuity	58,026	45,323
Net cash flows from operating activities	**184,607**	**291,176**
Cashflows from investing activities		
(Acquisition)/liquidation of Short term Investments	-	-
Acquisition of fixed assets	(13,059)	(57,235)
Disposal of fixed assets	6,910	5,800
Net cashflows from investing activities	**(6,149)**	**(51,435)**
Net cashflows from financing activities	**-**	**-**
Net increase/(decrease) in cash and cash equivalents	**178,458**	**239,741**
Cash and cash equivalents at beginning of the financial year	**1,710,166**	**1,470,425**
Cash and cash equivalents at end of the financial year	**1,888,624**	**1,710,166**

Table 27: STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED 30TH JUNE 2018

PARTICULARS	Budgeted Amounts		Actual Amounts on comparable basis	Difference Final Budget and Actual
	Original	Final		
RECEIPTS				
Contribution from Partner States	2,400,702	2,400,702	1,969,967	(430,735)
Funding from Reserve	183,707	183,707	183,707	-
Other receipts	16,500	16,500	122,404	105,905
Total receipts	**2,600,908**	**2,600,908**	**2,276,078**	**(324,830)**
PAYMENTS				
Wages, salaries and employee benefits	992,553	1,059,521	846,380	213,140
Administrative expenses	1,556,155	1,498,487	1,149,207	349,280
Finance expenses	5,400	4,500	5,273	(773)
Capital expenditure	46,800	38,400	13,059	25,341
Total Payments	**2,600,908**	**2,600,908**	**2,013,921**	586,987
NET RECEIPTS/(PAYMENTS)	**-**	**-**	**262,158**	

Performance Budget
The budget approved was **2,172,325**US$ and the budget expenditure about ***1,686,069*** USD$, so the execution budget is about 77.6%.

Revenue received for the FY2017/2018 as contributions from Partner States through their civil aviation authorities was US$ 1,969,967. This amount comprised contributions from Burundi, Kenya, Tanzania, Rwanda and Uganda. No contribution was received from South Sudan. The Agency also received miscellaneous income of US$85,880 being sponsorship of the 4th EAC Aviation Symposium and tender fees, and interest from banks of US$ 19,063 and US$9,461 on fixed and current deposits held in various banks respectively.

Expenditure
Total actual expenditure incurred as at 30th June 2018 was US$2,071,555 which is 80% of the annual budget and comprises US$846,185 staff emoluments, US$1,185,271 as administrative expenses and US$40,099 capital expenditure.

US$ 40,099 capital expenditure
US$ 846,185 staff emoluments
US$ 1,185,271 administrative expenses
US$ 2,071,555 TOTAL EXPENDITURE

Main challenges
The Agency continues to experience challenges in staffing arising primarily from the scarcity of technical expertise in the region, and compounded by the inadequate funding mechanism of the Agency. Due to these challenges, the CASSOA Board has embarked on creating a sustainable funding mechanism for the Agency. This proposed mechanism will be presented to TCM once finalized and thereafter recommended to the Council of Ministers for consideration.

18/

East African Health Research Commission (EAHRC)

The East African Health Research Commission (EAHRC) is an Institution of the East African Community (EAC) established by the 5th Extra-Ordinary Summit of the EAC Heads of State on 18th June 2007. The EAHRC has been established as a mechanism for making available to the community, advice upon all matters of health and health related research and findings necessary for knowledge generation, technological development, policy formulations, practices and related matters. The Commission is the principal advisory institution to the EAC on all matters related to health Research and Development (R&D).

During the period under review, the East African Health Research Commission worked under the **Development Objective of the East African Community which** *is to develop and strengthen the Regional competitive and sustainable Productive and Social Sectors to support regional and global integration process*underpriority area *Strengthening and expanding regional integration in the health sector.*

Key achievements

(a) East African Health Research Commission Headquarters (HQ)

Operationalization of the Commission commenced in July 2015 by the appointment of a core staff for the Secretariat. The EAHRC Secretariat started by establishing systems for operations, acquisition of furniture, concept notes development and implementing the FY 2015-2016 operational plan of the Commission that comprised the establishment of the EAHRC Governing Board and the Development of the 1st EAHRC Strategic Plan.

The 27thMeeting of the Sectoral Council of Ministers responsible for EAC Affairs and Planning directed the EAHRC to relocate to the Republic of Burundi by 15th December 2017, reiterated by the 15thSectoral Council of Ministers. The process to relocate the staff to Bujumbura was fully completed by early March 2018, and the address of the EAHRC is: **Quartier Kigobe, Avenue des Etats Unis, no 71, BP 350 Bujumbura, Burundi, Tel +25722279980/1/2.**

Temporary Headquarters of the EAHRC, Bujumbura, Burundi

(b) Journals of the EAHRC

- **East African Health Research Journal (EAHRJ)**
  The East African Health Research Journal (EAHRJ)," *Basis for better Health Policy and Practice*", peer reviewed journal was launched during the 6th East African Health and Scientific Conference, is produced 3 times annually and publishes material generated from the region that can inform policy and improve practice.

  The EAHRJ has a digital object identifier (DOI) and is a member of Cross Ref which allows all manuscripts submitted to be tracked wherever they are cited. All articles of EAHRJ are deposited and are available on https://doi.org/1024248/EAHRJ-D-16-00341.

  The EAHRJ print publication is recorded permanently in the International Standard Serial Number (ISSN) Register as follows: *ISSN 2520-5277 Key title: East African health research journal (Print) Abbreviated key title: East Afr. health res. j. (Print) Parallel title: EAHRJ.*

- **East Africa Science Journal (EASci)**
  The East Africa Science Journal (EASci), *"Search: Discover: Develop:"* promotes innovation, discovery, and development in the region. The EASciis already recorded permanently in the International Standard Serial Number (ISSN).

(c) **East Africa Web Portal for health information**

The concept note of the East African Web Portal for health information was approved by the 12thSectoral Council of Health. As a knowledge management platform for health, the East African web portal is a mechanism to generate, to capture, to synthesise, to assess, to share, to disseminate and to utilise health information in the region. The web portal comprises of a core website with a comprehensive directory of health services, research training, health information for the public, travel advice information about EAHRC, opportunities for employment, collaboration, events, news, health alerts and policy documents, and other publications. The web portal hosts both a conference website with a booking system, abstract submission and review system; and the EAHRC Journals (EAHRJ &EASci) publication and other journals from the region.The process development of the web portal (www.eahealth.org) was concluded in March 2018.

(d) **Preparations for the 7th East African Health and Scientific Conference**

The 14thSectoral Council of Ministers of Health directed the EAHRC to convene the 7th East African Health and Scientific Conference (EAHSC) from 27th to 29th March 2019 in the United Republic of Tanzania. The concept note of the 7th East African Health and Scientific Conference was developed. Under the request from EAHRC, all Partner States have reactivated their organizing committees for the 7th EAHSC.

The approved main theme of the conference is "**Technology for health systems transformation and attainment of the UN-Sustainable Development Goals**".

(e) **Baseline Assessments of Research Capacity in EAC Partner States**

As part of implementation of the EAHRC Strategic Plan 2016-2021, the EAHRC Secretariat planned to conduct three baseline assessments on research capacity in EAC Partner States, namely the baseline assessment of clinical trials capacity, baseline assessment of ethics review frameworks in health research for the purpose of harmonization of the frameworks; and, baseline assessment and mapping of sources for domestic financing health research.

The reports of the baseline assessments on ethics review frameworks in health research for the purpose of harmonization of the frameworks, and the baseline assessment and mapping of sources for domestic financing health research have been validated by experts from partner states and are informing implementation of activities on ground.

(f) **Digital Regional East African Community Health Strategic Plan**

That 15thSectoral Council on Health and subsequently the 35th Extra-ordinary Council of Ministers approved the Digital Regional East African Community Health roadmap. The Digital REACH roadmap is supporting the following programs: *the East African Open Science Cloud for Health* (EAOSCH) aiming to establish a real-time regional data warehouse for capturing, storing, retrieving, analyzing and managing national and regional health in EAC; *the East African Cross Border Health Services pilot programs* that addresses key challenges associated with delivering quality health services to mobile populations and border communities including the use of innovative health technology for disease surveillance, detection and response; *country-specific programs implementation* to provide technical assistance for country specific implementations in individual partner states to enable integration with regional digital health programs and *implementations using new technologies* by leading the development, testing, and use of new, disruptive technologies in regional or country-specific health programs to identify new efficiencies.

The Joint EAC Heads of State Retreat on Infrastructure Development and Health Financing approved the 10 years EAC Regional Health Priorities Framework (2018-2028) including health research and development priorities, which has a component on investment in digital health technology for better research for health, health services delivery and health outcomes.

Opening remarks by the Executive Secretary of the EAHRC, Arusha, Tanzania, 30th May 2018.

(g) **The East African Cross Border Health Services Pilot program**

Under the Digital REACH roadmap, and in order to implement one of the strategic objectives of the current five year strategic plan of the Commission which is to establish research and capacity strengthening programmes, and to harness advancement of science, technology, innovation, and ICT, the EAHRC developed the East Africa Cross-Border Health Services (EA-CBHS) Program, an implementation science which will contribute towards building regional infrastructure within EAC Partner States. The goal of the EA-CBHS Program is to employ a technology-driven strategy to strengthen the cross-border health system by establishing digital health implementation that enable continuous and real-time generation of information on priority health issues associated with mobile populations and communities residing along strategic border areas and support the continuum of care for priority diseases and services.

(h) **Young East African Health Research Scientists' Forum (YEARS' Forum)**

The YEARS' FORUM, an EAHRC initiative aiming to empower EAC young Researchers to shape the future of research for health in the region, was approved by the 15th EAC Sectoral Council of Ministers of Health as one of the preconference meetings of the East African Health and Scientific Conference.

The first meeting of YEARS' Forum was organized in Arusha International Conference Center from May 30th to June 1st 2018.

In their conclusion, mentors insisted on the personal aspiration and commitment. They recalled that the post doc program is meant to train one to become an independent researcher and mentor and that whatever they generate as scientists has to make a difference in people's lives.

Budget performance of the EAHRC for the FY 2017-2018

Funding Source	Budget (US$)	Actual Expenditure US$	Variance US$	Percentage
Partner States	1,871,922	1,291,255	580,667	69%

Challenges

(a) Budget Paradox between pledge and implementation, approved budget for the Strategic Plan and approved through Finance and & Administration meetings.
(b) Strategic Plan**:** Research programmes developed were based on the approved number of staff to be recruited, budget for the recruitment provided but recruitment was halted therefore Strategic Objectives will not be achieved.
(c) Staff recruitment paradox: the recruitment of EAHRC staff suspended due to the workload analysis. There is challenge to achieve fully planned activities.
(d) Roles and responsibilities:

- EAHRC Commissioners, their mandate and functions and their position in the sectoral council. The role of the EAHRC as a mechanism for advising the Community on health issues is still not fully implemented.

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General Challenges

The key challenges which affected implementation of Community programmes and projects during the period under review include: -

a) Slow pace in harmonization of national laws and policies to comply with the Treaty that has hampered the implementation of the protocol commitments at the EAC Secretariat
b) Inadequate political mobilization for the full implementation of the Common Market Protocol;
c) Maintenance of the key macro-economic criteria essential for the Monetary Union;
d) Inadequate staffing, particularly in the run-up to exit of several staff in early 2017;
e) Delays in remittance of funds from Partner States to Organs and Institutions of the Community;
f) Limited financial resources, occasioned especially from non-remittances from development partners; and
g) Long decision-making and budget approval processes.

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Recommendations

The Community will implement the following strategies to mitigate the effects of the above challenges: -

a) Elimination of NTBs to facilitate growth of trade through the operationalization of EAC NTBs Act 2015, thereby enhancing prosperity among the East Africa citizens;
b) Fast-tracking of implementation of the priority projects in infrastructure;
c) Of the Alternative Financing Mechanism for a more sustainable source of funds for implementation of Community projects and programmes. This is critical in the face of dwindling financial resources from development partners;
d) Finalization and implementation of the policy on harmonization of domestic taxes (income tax, Excise Tax, and VAT), and simplification of tax procedures and harmonization of tax incentives to promote fair competition;
e) Finalization and implementation of the institutional review exercise. This is long outstanding and is affecting the operational efficiency of the Community; and enhanced human resource capacity for effective delivery on the Community's commitments to the people of East Africa.

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Conclusion

The achievements of the EAC have earned it international recognition as the top performing REC on regional integration overall by internationally renowned institutions like the African Development Bank, the East African Development Bank and the World Bank.

The Annual Report FY2017/18 highlights that the Community has witnessed a number of important developments for the people of East Africa. The 5th EAC Development Strategy launched by the Heads of State in February 2018 with its critical priorities focusing on agriculture, infrastructure development, industrial development, peace and security for purposes of addressing the basic needs of the EAC citizenry, The signing of the an MoU with Google and Singularity University - a hi-tech incubation center based in the Nasa Ames Research Park in the Silicon Valley in June, 2018, the EAC-EABC Committee was established in 2018, an Action Plan was agreed upon, and the development of an EAC Investment Portal as well as other joint initiatives are ongoing.

Though the Community has registered a number of key achievements, it has also faced a number of challenges which are delaying the implementation of the EAC activities at all levels. These challenges among others include: - delayed disbursements of funds by Partner States and developed Partners which led to postponement of a number of our planned policy and technical meetings.

In the next Financial Year, the Secretariat will continue engaging Partner States and Development Partners to ensure timely disbursement of funds to facilitate timely implementation of projects and programs and expedite the process of formulating alternative financing options for consideration by the Council.

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