



*...Budget prioritizes consolidation of the Common Market and the move towards the Monetary Union*

**East African Legislative Assembly, Arusha, Tanzania; May 14, 2015:** The EAC today presented Budget estimates for the Financial Year 2015/2016 totalling \$110, 660,098 to the East African Legislative Assembly sitting in Arusha.

Hon Dr. Abdallah Sadaala Abdallah, Deputy Minister for EAC, United Republic of Tanzania and the Chair of the Council of Ministers presented the Budget Speech to an attentive House.

The 2015/2016 Budget is a drop down from \$126,110,145 Million in the previous Financial Year. The Budget prioritizes operationalization of the Single Customs Territory by developing requisite systems and administrative mechanisms, enhanced implementation of the EAC Common Market Protocol with particular focus on implementation of the new generation EAC internationalised e-Passport and development of the EAC trading, payments and settlements systems.

The EAC Political Federation is also a key priority area on the agenda in the coming Financial Year as the mode of the regional Constitution making process commences. Other key areas include development of cross-border infrastructure including roads, implementation of the

Vehicle Load Control Law and sensitization of weighbridge operators.

In addition, the Budget focuses on the implementation framework of a liberalised EAC Airspace, and in the preparation of a policy and regulatory framework for International mobile communications roaming services.

Other areas include the EAC Industrialization Policy which is expected to be implemented with focus given on upgrading of Small and Micro-Enterprises (SMEs) competitiveness, strengthening the collection and compilation of industrial statistics and the implementation of EAC Peace and Security initiatives under the Political Federation division.

The Budget is allocated to the Organs and Institutions of the EAC as follows; East African Community Secretariat (\$69,636,849), East African Legislative Assembly (\$15,865,646) and the East African Court of Justice (\$4,301,551).

The Inter-University Council for East Africa shall receive (\$4,507,648), Lake Victoria Basin Commission (\$10,137,163) while \$ 3,091,097 is earmarked for the Lake Victoria Fisheries Organization. On their part, the East African Science and Technology Commission shall receive (\$ 726,755), East African Kiswahili Commission (\$ 756,361) and the East African Health Research Commission (\$ 935,498). A new outfit, East African Competition Authority is to benefit from \$701,530 in the Financial Year.

The 2015/2016 Budget is to be financed by Partner State contributions (\$47,566,973) compared to USD 46, 958,273 of the current year; Development Partners support (\$58,555,635) which is a significant drop from USD 75,121,126 of the previous year. Other sources of revenue shall account for USD 4,537, 490, according to the Minister.

Hon Dr. Abdallah highlighted a number of achievements registered in the Financial Year 2014/2015, notably, the commencement of the clearance of goods under the Single Customs Territory on the Central Corridor as well as rollout of more products on the corresponding Northern Corridor.

He remarked that the EAC Elimination of Non-Tariff Barriers Bill (NTB), 2015 passed recently by EALA was a boost and the Bill coupled with a legally binding mechanism for elimination of NTBs, would spur business and enhance the free movement aspects. The Minister told the House that National Monitoring Committees on NTBs and the EAC Regional Forum on NTBs continued to spearhead the elimination of NTBs affecting Intra-EAC trade.

According to Hon Dr. Abdallah, the status of elimination of NTBs as reflected in March 2015, shows that: eighteen NTBs were reported as unresolved, four NTBs were reported as new while another eighty-three NTBs were reported to have been cumulatively resolved.

Hon Dr. Abdallah noted that EAC had adopted the legal and regulatory framework of the EAC Securities Market that include public offers for equity securities and fixed securities and regional listings in the securities market.

On the Common Market, the Chair of Council remarked that the EAC Common Market Scorecard 2014 launched in February 2014 was a key tool in the implementation of the Protocol.

"The Scorecard should be able to assist Partner States to identify areas of slow or limited progress and foster stronger peer learning to accelerate its implementation" the Minister said.

He remarked that the financial period had also witnessed the ratification of the East African Monetary Union Protocol which was signed in November 2013. The Minister noted that construction of the One Stop Border Posts (OSBPs) at the common borders was on-going with a completion rate of over 80% in majority of the border posts.

Minister Abdallah remarked that a holistic mapping of regional value chains was being undertaken for agro food and agribusiness, renewable energy and fuels in the industrialization sector. He remarked that there was on-going Research and Development and exchange of experiences in the local pharmaceutical production sub-sector to enhance access to quality and efficacy medicines.

Under Infrastructure development, the Minister noted the on-going works especially on the Northern Corridor. He said the Arusha-Holili/Taveta-Voi road project and the second multinational road projects in the region had commenced.

The Arusha-Holili section in the United Republic of Tanzania comprises of a by-pass and the dual passage way of the Sakina-Tengeru road while on the Kenyan side, the 90km long Taveta-Mwatate road awaits an upgrade from gravel to bitumen.

The African Development Bank (AfDB), Hon Dr Abdallah, states, has set aside USD 200 Million for each of the portions (on the Kenya and Tanzania side) of the Malindi-Lungalunga/HoroHoro Tanga – Bagamoyo roads.

At the same time, Minister Abdallah stated that EAC had signed a grant with the AfDB under the NEPAD-IPPF to finance feasibility studies for two links to the Central Corridor. They are the Lusahunga-Rusumo and Kayonza- Kigali road and the Nyakanazi-Kasulu-Manyovu and Rumonge-Bujumbura road.

In the railways subsector, the Secretariat received USD 2.3 Million from AfDB for the Railways Sector Enhancement Project as a precursor to the establishment of the EAC Railways Authority deemed by EALA as key to the long-term investment strategy for the railway sector.

In the maritime sector, the Chair of the Council of Ministers stated that a baseline study on Maritime transport and subsectors was completed in December 2014 and added that a proposal for financing development of the Maritime search and rescue exercises framework had been developed.

The Minister also assured the House that the EAC corridor Initiatives were on course."Mr. Speaker, in July 2014, the EAC Secretariat signed a Strategic Cooperation Framework

Agreement with the East African Corridors Agencies namely; the Central Corridor Transit Transport Facilitation Agency, the Northern Corridor Transit and Transport Coordination Authority; and the LAPSSET Corridor Agency. The Agreement aims at fostering co-operation and collaboration between the parties in activities aimed at promoting integrated, efficient and cost effective transport systems in the EAC region and beyond. Pursuant to this Agreement, several consultative meetings have been held between the parties", Minister Abdullah said.

The Minister highlighted a number of initiatives in the civil aviation sub-sector aimed at sustainability of the EAC Airspace. In the productive sectors, the Minister revealed that steady progress towards the establishment of the East Africa Centre for Renewable Energy and Energy Efficiency (EACREE) had been made. The EACREE, he reported, aims at providing a platform for sustainable energy in the region.

On industrialization and the Small and Medium Enterprise Development (SMEs) sub-sector, the Minister was categorical that both areas are critical in enhancing development in the region. He further noted that the region had finalised the review of legal and regulatory frameworks for mineral value addition in the region.

The Chair of the Council said that steady progress had been made towards enacting an EAC Bill on Industrialization.

The Bill aims to empower the Community to take actions for the development of industries and to coordinate the pattern and direction of industrial development and regulate investments to achieve industrial development targets. It further aims to govern the operations of strategic regional industries including addressing issues such as competition, counterfeiting, industrial financing, technology transfer, Public Private Partnership (PPP) in industrial investments, taxation, tariff structures,

On environmental matters, the Minister was emphatic that the region would institute a strategy to combat poaching and illegal trade in wildlife and wildlife products. He added that the process of promoting conservation and shared transboundary ecosystems was on course.

The Minister added that a draft Bill on Disaster Risk Reduction had been developed to provide a legal framework for the implementation of a DRR strategy to address increasing frequency of both natural hazards and man-made environmental disasters.

On tourism, the Minister noted that EAC continued to promote itself as a single tourism destination in line with the objectives of the Common Market Protocol.

The Minister termed some of the successes in the health sector in 2014/15 as the finalisation of the EAC Health Sector Strategic Plan 2012-2020 and the operationalisation of the East African Health Research Commission.

He outlined the key priorities for the coming year to include harmonisation of policies revolving on health professionals and streamlining of the laws and regulations of the sector in line with the Common Market Protocol.

On immigration and labour, the Minister informed the House the region had remained focused towards ensuring internationalization of the new generation e-East African Passport to take effect by November 2015.

"Mr. Speaker, the immigration subsector has further prioritized the need to enhance the capacity of the Immigration Directorates and Departments to develop integrated e-immigration management systems, create enhanced e-immigration services for the public by adopting advanced Technology and improving processes and to put in place a secure e-immigration network, through the adoption of biometric technology at all borders to reinforce the national security systems", the Minister said.

"Towards this end, the 2015/2016 Budget will support the implementation of the e-Immigration Regional Strategic Framework, the development of an Action Plan and further build the capacity of immigration officers on ICT to enhance the implementation of the immigration obligations under the EAC Common Market Protocol", the Chair of the Council of Ministers added.

On the Political Federation, the Minister informed the House that the Council of Ministers had established a Sub-Committee to consider the roadmap for the constitutional making process and to determine the model structure for the Political Federation. He said this would be considered at the next meeting of the Council of Ministers.

He however said that success of the integration process was tantamount to a predictable security environment including combating security.

"Terrorism remains an omnipresent threat to the enjoyment of these freedoms and rights. Whereas security agents will remain vigilant and fulfill their mandate through the platforms availed within the integration realm, focus within the coming year, will be on greater engagement of trans-boundary communities in border security management" Hon Dr. Abdullah noted.

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