



# EAST AFRICAN COMMUNITY

ANNUAL REPORT 2013 - 2014

**EAST AFRICAN COMMUNITY  
ANNUAL REPORT  
2013 - 2014**

EAC Secretariat  
Arusha, Tanzania



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EAC SECRETARIAT  
ARUSHA, TANZANIA



# Heads of EAC Organs and Institutions

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*Amb. Dr. Richard Sezibera*  
**Secretary General**



*Rt. Hon. Daniel Fred Kidega*  
**Speaker**  
**East African Legislative Assembly**



*Hon. Justice Dr. Emmanuel Ugirashebuja*  
**Judge President**  
**East African Court of Justice**



*Dr. Canisius Kanangire*  
**Executive Secretary**  
**Lake Victoria Basin**  
**Commission**



*Prof. Mayunga Nkunya*  
**Executive Secretary**  
**Inter-University Council for**  
**East Africa**



*Mr. Barry Kashambo*  
**Executive Secretary**  
**Civil Aviation Safety and Security**  
**Oversight Agency**



*Mr. Dick Nyeko*  
**Executive Secretary**  
**Lake Victoria Fisheries Organization**



*Ms. Vivienne Yeda Apopo*  
**Director General**  
**East African Development Bank**

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# List of Abbreviations/ Acronyms

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<b>ACP</b>	African Caribbean Pacific
<b>AfDB</b>	African Development Bank
<b>AMREF</b>	African Medical and Research Foundation
<b>BMU</b>	Beach Management Unit
<b>CASSOA</b>	Civil Aviation Safety and Security Oversight
<b>CMP</b>	Common Market Protocol
<b>COMESA</b>	Common Market for Eastern and Southern Africa
<b>COP</b>	Conference of Parties
<b>DRC</b>	Democratic Republic of Congo
<b>DRR</b>	Disaster Risk Reduction
<b>EAC</b>	East African Community
<b>EACDF</b>	East African Community Development Fund
<b>EACJ</b>	East African Court of Justice
<b>EADB</b>	East African Development Bank
<b>EALA</b>	East African Legislative Assembly
<b>EALP</b>	EAC/AMREF Lake Victoria Partnership Programme
<b>ECSA</b>	Eastern, Southern and Central Africa
<b>EDF</b>	European Development Fund
<b>EPA</b>	Economic Partnership Agreement
<b>EU</b>	European Union
<b>ICAO</b>	International Civil Aviation Organization
<b>IGAD</b>	Intergovernmental Authority on Development
<b>IOM</b>	International Organization for Migration
<b>IUCEA</b>	Inter University Council of East Africa
<b>LVBC</b>	Lake Victoria Basin Commission
<b>LVEMP</b>	Lake Victoria Environmental Management Project
<b>LVFO</b>	Lake Victoria Fisheries Organization
<b>LVWATSAN</b>	Lake Victoria Water Supply and Sanitation
<b>M&amp;E</b>	Monitoring and Evaluation
<b>MEAs</b>	Mutual Environmental Agreements
<b>MERECp</b>	Mount Elgon Regional Ecosystem Conservation Project
<b>MoU</b>	Memorandum of Understanding
<b>NEPAD</b>	New Partnership for Africa Development
<b>NFPOs</b>	National Focal Point Officers
<b>NGO</b>	Non-Governmental Organizations
<b>NTBs</b>	Non-Tariff Barriers
<b>OSBP</b>	One Stop Border Posts
<b>PF</b>	Partnership Fund
<b>SADC</b>	Southern African Development Community
<b>TMEA</b>	Trade Mark East Africa



**Hon. Phylis Kandie**  
**Foreword by the Chairperson**  
**EAC Council of Ministers**

Each year the Chairperson of the Council submits an annual report on the activities and achievements of the Community to all key stakeholders in line with Article 49 (2) (c) of the Treaty.

In this year's report we again illustrate the accomplishments of the various Organs and Institutions of the Community within their respective mandates, missions and missions.

Since our last Annual Report, the Community has witnessed a number of important developments in our quest for greater and deeper integration for the people of East Africa.

The signing of the East African Monetary Union Protocol by the Heads of State in November, 2013, and operationalisation of the Single Customs Territory is a clear testimony that the Community is moving forward.

I wish to register my appreciation to the Summit of Heads of State for their continued guidance, plus the Partner States, development partners, the private sector and civil society organizations for their unwavering support to the EAC integration agenda.

***Hon. Phylis Kandie***

*Chairperson EAC Council of Ministers*

The main objective of the Single Customs Territory (SCT) is to lower the cost of doing business and enhance intra EAC trade by integrating Customs clearance processes and reducing internal border controls.

The EAC SCT framework spells out the following three pillars: Free circulation of goods, Revenue Management and Legal and Institutional Framework.

Implementation of this framework is supported by operational instruments outlining processes in Customs and other agencies.

Realization of a SCT is beneficiary to the EAC citizenry in that it will consequently enhance trade within the region by: reducing the cost of doing business by eliminating duplication of processes, reducing administrative costs and regulatory requirements, enhancing capacity of the private and public sector agencies, creating a mechanism for prevention of smuggling at a regional level, reducing risks associated with non-compliance on transit goods, enhancing application of Information Technology (IT) and data collection at the regional level and realizing economies of scale and optimal use of resources in clearance of goods in the EAC region.





## Amb. Dr. Richard Sezibera Summary Report by the Secretary General

The Annual Report 2013/14 covers the July 2013 to June 2014. The report captures the progress made in implementation of planned activities and achievement of targeted results. Key achievements registered during the period under review include the following:

**Protocol on the Establishment of the East African Monetary Union:** The EAMU Protocol that was signed by the EAC Heads of State in November, 2013, was ratified by the United Republic of Tanzania and the Republic of Rwanda. The draft Bills for establishment of the institutions necessary for implementation of EAMU, specifically the EAC Monetary Institute and the EAC Statistics Bureau, were prepared.

**Operationalisation of a Single EAC Customs Territory:** Pursuant to the Summit Directive to commence the implementation of the Single Customs Territory (SCT) on 1st January 2014 and finalization of the operational instruments by 30th June 2014, pilot tests for clearance of goods under the Single Customs Territory commenced in February 2014 on the Northern and Central corridors respectively.

**COMESA-EAC-SADC Tripartite Free Trade Area:** Negotiations for the Tripartite Free Trade Agreement were at advanced stages and was

expected to be signed at the 3rd Tripartite Summit in December 2014.

**Infrastructure Development:** EAC secured a grant of USD 2.8 million to undertake feasibility studies and detailed designs for roads linking Rwanda and Burundi to the Central Corridor. Construction of the Holili – Taveta road (90Km) commenced in April, 2014 on the Kenya side and the project was launched in June 2014 in Tanzania. An EAC Centre for Renewable Energy and Energy Efficiency (EACREEE) was approved by Council in March.

**Productive and Social Sectors:** The EAC Protocol on Sanitary and Phytosanitary Measures was finalised and ratification process commenced. The EAC Food and Nutrition Security Policy (FNSP) aimed at ensuring food security and adequate nutrition for the people in the East African region throughout their life cycle was also finalised and validated by the key stakeholders. In addition, a harmonised registration system for issuance of Mutual Recognition Agreements (MRA) for Immunological Veterinary Products in the EAC was developed.

Two medium term projects namely Climate Change Adaptation and Mitigation Programme in Eastern and Southern Africa (COMESA-EAC-

SADC) Region; and Planning for Resilience in East Africa through Policy, Adaptation and Economic Development (PREPARED) were under implementation.

**Internationalization of the New Generation EAC e-Passport:** In November 2013 Council directed that the new generation East African e-Passport be finalized and ensure that it becomes operational in November 2015. The Computer Generated East African new generation e-passport is expected to be launched by the Summit in November 2015

**The Vehicle Load Control Bill (2012)** enacted by East African Legislative Assembly in May 2013, was assented to by Burundi, Kenya and Uganda. The Secretariat commenced the development of regulations to support the implementation of the Act once fully assented to.

**A Regional Counter Terrorism Strategy and Implementation Roadmap** were finalized and all the Partner States seconded trained personnel to the Regional Defence Counter Terrorism Centre.

**The East African Legislative Assembly** passed three Bills, namely: the East African Commu-

nity Appropriation Bill, 2014; the East African Community Supplementary Appropriation Bill (No. 1), 2014; and the East African Community Supplementary Appropriation Bill, (No. 2), 2014.

**The East African Court of Justice registered an increase in case filings** from 20 in 2013 to 37 in 2014, of which 13 were References, 4 were Appeals, and 20 were Applications. The Court also heard 50 cases and delivered 14 judgments.

**The East African Development Bank** Portfolio size grew from from US\$ 82 million (June 2013) to US\$ 110 million (June 2014) and the percentage of non-performing loans reduced from 5.1% in June 2013 to 1.4% in June 2014.

I extend my sincere appreciation to the Summit of EAC Heads of State, the Council of Ministers, management and staff of all EAC Organs and Institutions and the people of East Africa for the unwavering commitment to the EAC integration agenda.



**Dr. Richard Sezibera**  
Ambassador  
Secretary General  
East African Community



# Chapter 1



## Introduction

# Introduction

## 1.1 Background

The East African Community (EAC) is a regional organisation mandated by the governments of Burundi, Kenya, Rwanda, Uganda and Tanzania to spearhead the East African economic, social and political integration agenda. The Treaty for the Establishment of the East African Community was signed in November 1999 and entered into force in 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.”*

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

## 1.2 EAC Organs and Institutions

The Treaty establishes the following Organs and Institutions: The Summit, composed of the Heads of State of the Governments of Partner States; The Council composed of the Ministers responsible for East African Community Affairs and other Ministers as each Partner State may determine;

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

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

## 1.3 Structure of the Report

In terms of presentation, the report is structured as

follows: chapter 1.0 is the introduction; chapter 2.0 presents socio-economic setting of EAC; Chapter 3.0 presents developments on the Office of the Secretary General; chapter 4.0 is the Office of the Deputy Secretary General (Planning and Infrastructure); chapter 5.0 is the Office of the Deputy Secretary General (Productive and Social Sectors); chapter 6.0 is the Office of the Deputy Secretary General (Political Federation); chapter 7.0 is the Office of the Director General (Customs and Trade); and, chapter 8.0 is the Office of the Deputy Secretary General (Finance and Administration) and includes the audited financial statements of the Community for the financial year 2013/14.

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



# Chapter 2



## Recent Economic Developments in East Africa

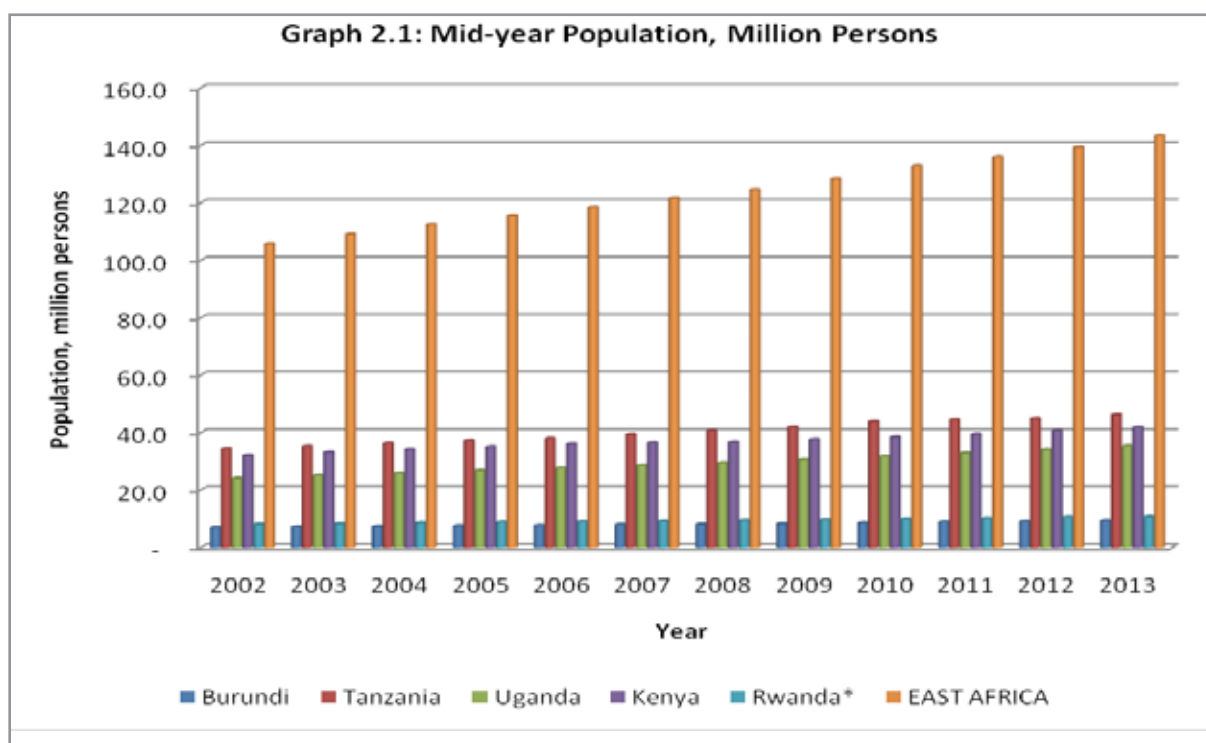
# Recent Economic Developments in East Africa

**Global Economic Environment:** On the global scene, recovery was still fragile despite improved prospects with economic activities broadly strengthened, though without much impetus from advanced economies. There were still large output gaps and commodity price declines in the advanced economies while output growth in emerging market economies was boosted by increased exports to the advanced economies. Growth in emerging Market economies and the developing world was 4.7 percent which accounted for more than two-thirds of global growth while the advanced economies grew by two percent.

The Sub-Saharan region continued to experience strong growth driven by sustained infrastructure investment effort, buoyant services sector and strong agricultural production. Growth was most pronounced in the low income economies and supported by the return of global risk appetite arising from renewed investors' confidence.

**The EAC Land Area:** The EAC region is located between 5030"N, 120S, 28045"E and 410 50" E, and comprises of Burundi, Tanzania, Uganda, Kenya, and Rwanda. The region has a total surface area of 1,817.7 thousand square kilometres. Tanzania accounts for slightly over half (51.7%) of the surface area while Burundi and Rwanda account for equal share of the surface area at 1.5 per cent. Kenya and Uganda account for 32.1 and 13.3 per cent, respectively. The region has a total land area of 1,716.7 thousand square kilometres.

**Population in the Community:** The mid-year population projection in the EAC region was estimated at 143.5 million persons in 2013 compared to an estimated 139.4 million persons in 2012, representing a 2.9 percent growth rate. *Graph 2.1* presents the population distribution by Partner State for the period 2002 – 2013. Population growth rates in 2013 ranged from 1.3 percent in Kenya to as high as 3.6 percent in Uganda.



Total GDP

Estimated population

GDP per Capita

110.3

Billion (US\$)

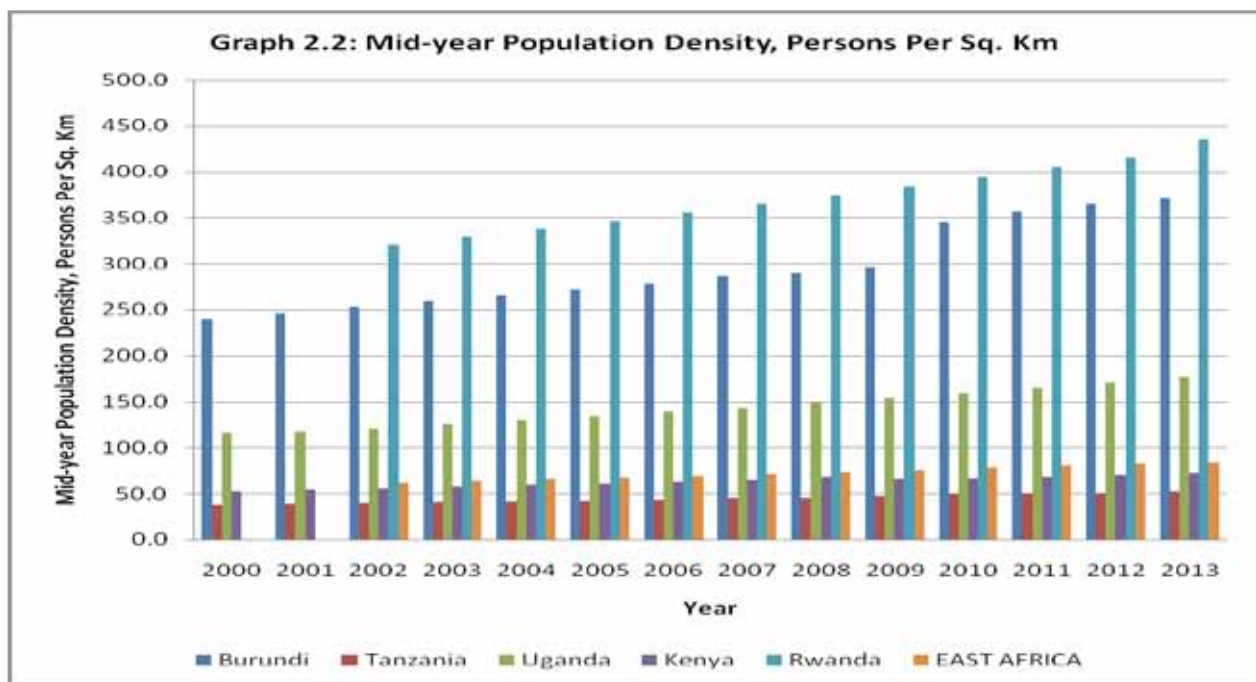
143.5

Million

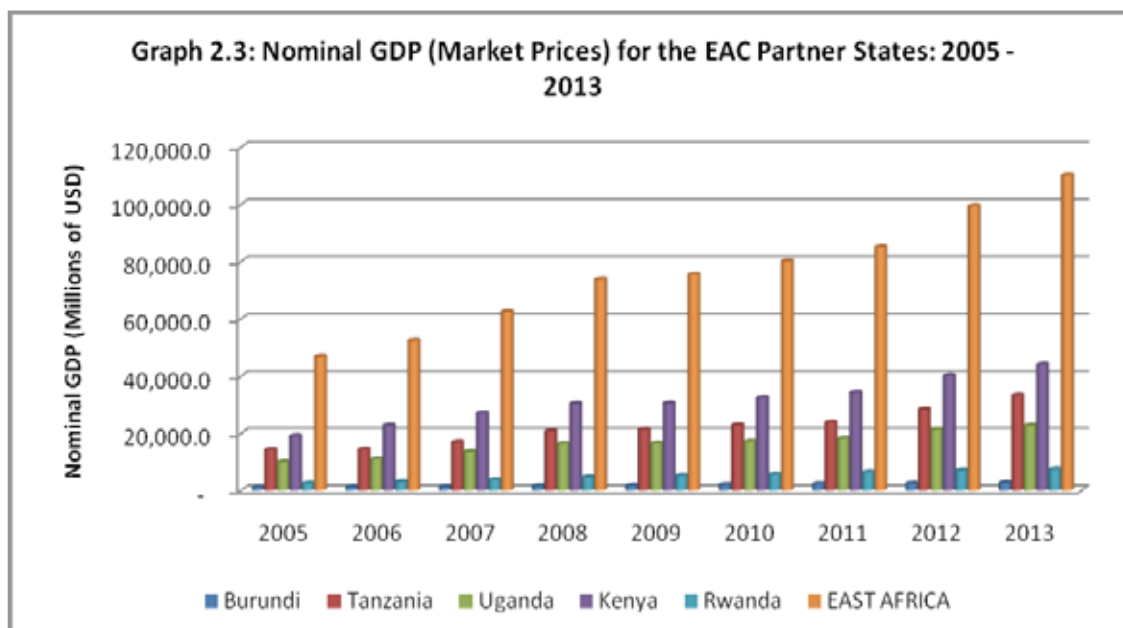
769

US\$

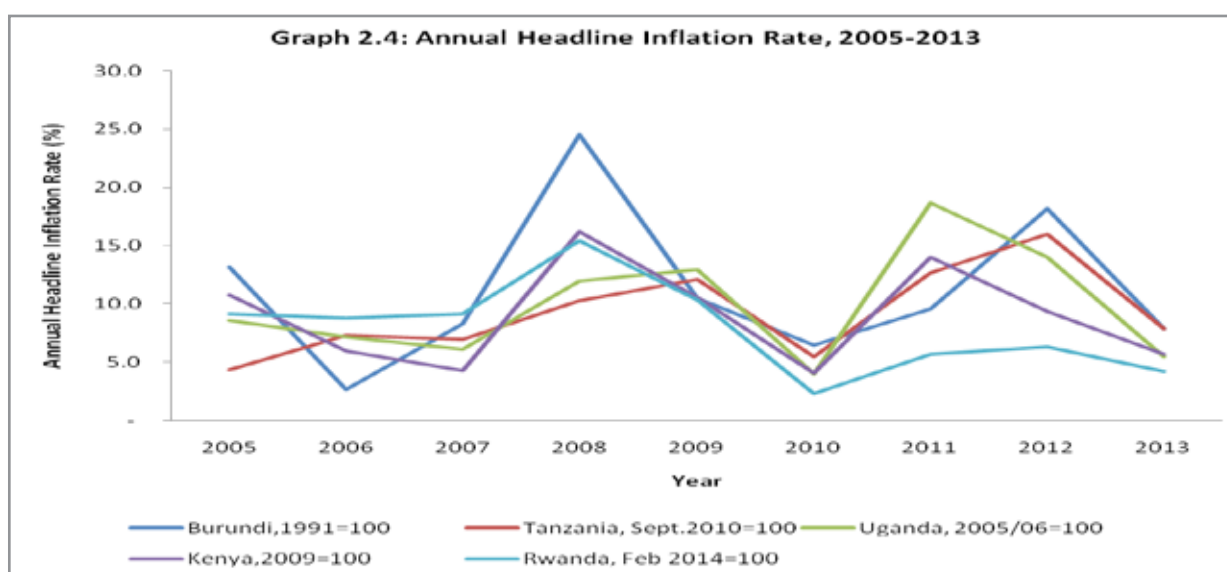
As shown in *Graph 2.2*, the region's population density grew modestly from 82.2 in 2012 to 83.6 in 2013 as a consequence of the growth in population. Population density in the Community ranged from as high as 435 persons per square kilometre in Rwanda to 52 persons per square kilometre in Tanzania.



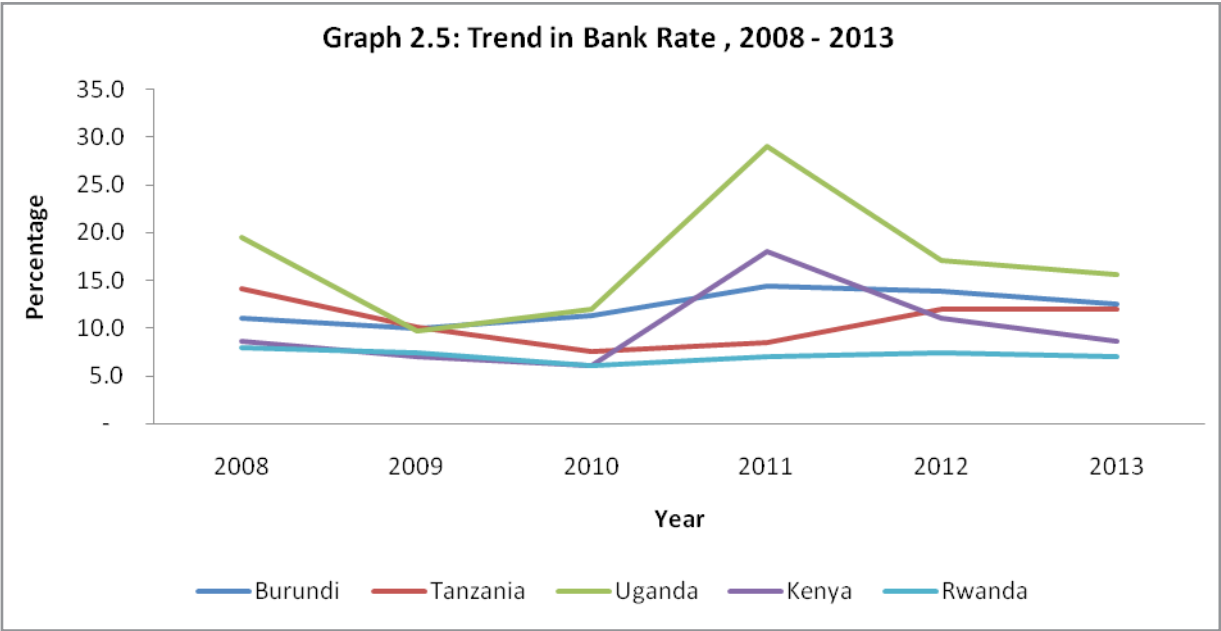
**National Accounts:** The total Gross Domestic Product for the EAC was estimated at US\$ 110.3 billion in 2013 with Kenya accounting for 40 percent followed by Tanzania at 30 percent, while Burundi accounted for 2.5 percent. Tanzania recorded the highest economic growth rate of 7.0 percent followed by Burundi and Kenya with 4.8 and 4.7 percent respectively. Kenya had the highest per capita income of US\$ 1,055 billion while Burundi recorded the lowest at US\$ 294 billion.



**Prices:** Since 2005, headline inflation rates have followed a common trend among the Partner States. The region recorded single-digit headline inflation rates in 2006, 2007 and 2010. However, the rates peaked in 2008 reflecting the effects of the global financial crisis. The region further experienced high headline inflation rates in 2011 to 2012 due to supply side constraints. However, the rates have since stabilized to single digit levels since 2013 mainly due to favourable food and oil prices. *Graph 2.4* shows that Burundi and Tanzania recorded the highest annual headline inflation of 7.9 percent, respectively, while Rwanda registered the lowest rate of 4.2 percent in 2013.



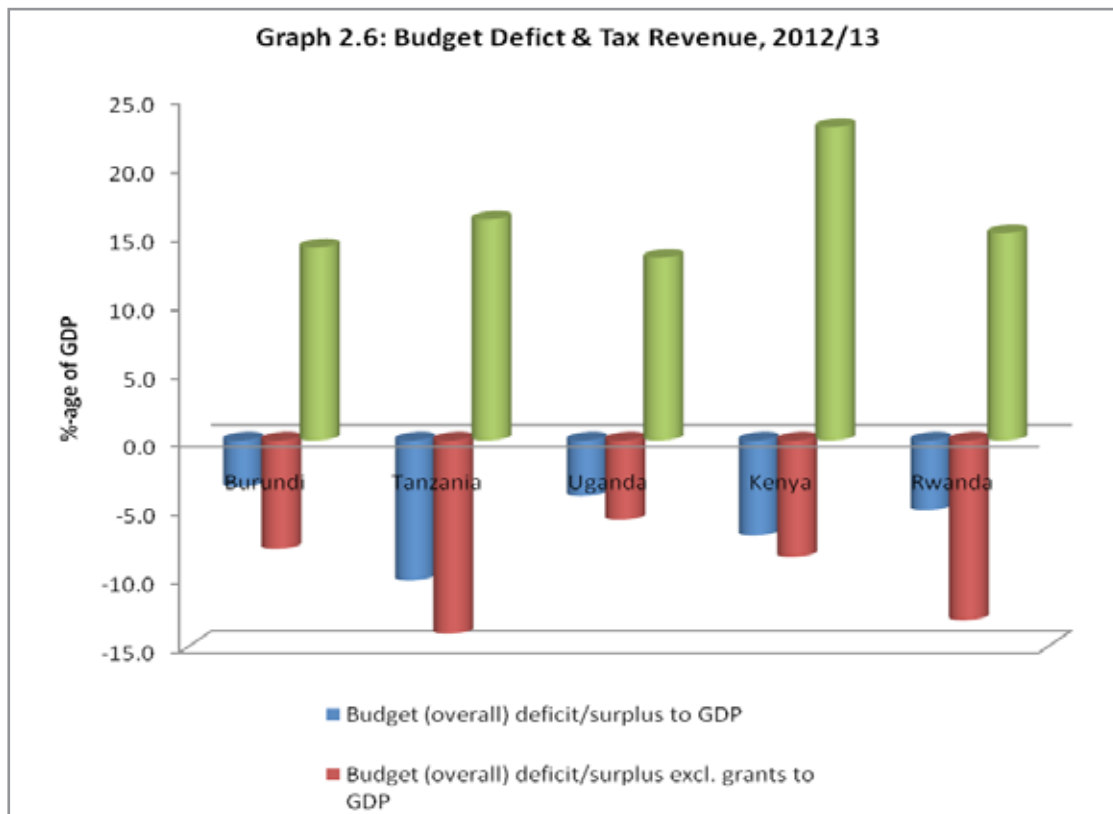
**Interest Rates:** During the reporting period, the 91-days Treasury bills interest rate were highest in Tanzania with an average of 13.6 percent followed by Kenya at 9.5 percent, Burundi at 9.4 percent, Uganda at 8.8 percent and Rwanda at 5.3 percent. Over the same period, Bank Rates averaged 15.5% in Uganda, 12.5% in Burundi, 12.0% in Tanzania, 8.5% in Kenya and 7.0% in Rwanda. *Graph 2.5* below further shows that Bank Rates were at their highest level in 2011, reflecting policy response to curb the then rising inflationary pressures in the region.



**Public Finance:** In 2012/13, all Partner States operated deficit budgets, with Tanzania recording the highest budget deficit (incl. grants) to GDP ratio of 10.2 percent followed by Kenya (6.9 percent), Rwanda (5.1 percent), Uganda (4.1 percent) and Burundi (3.4 percent). In addition, Tanzania had the highest level of budget deficit (excl. grants) to GDP ratio of 14.1 followed by Rwanda with 13.1 percent. The high fiscal deficit levels indicate high reliance on external financing, hence the need for more prudent fiscal policies to ensure sustainability.

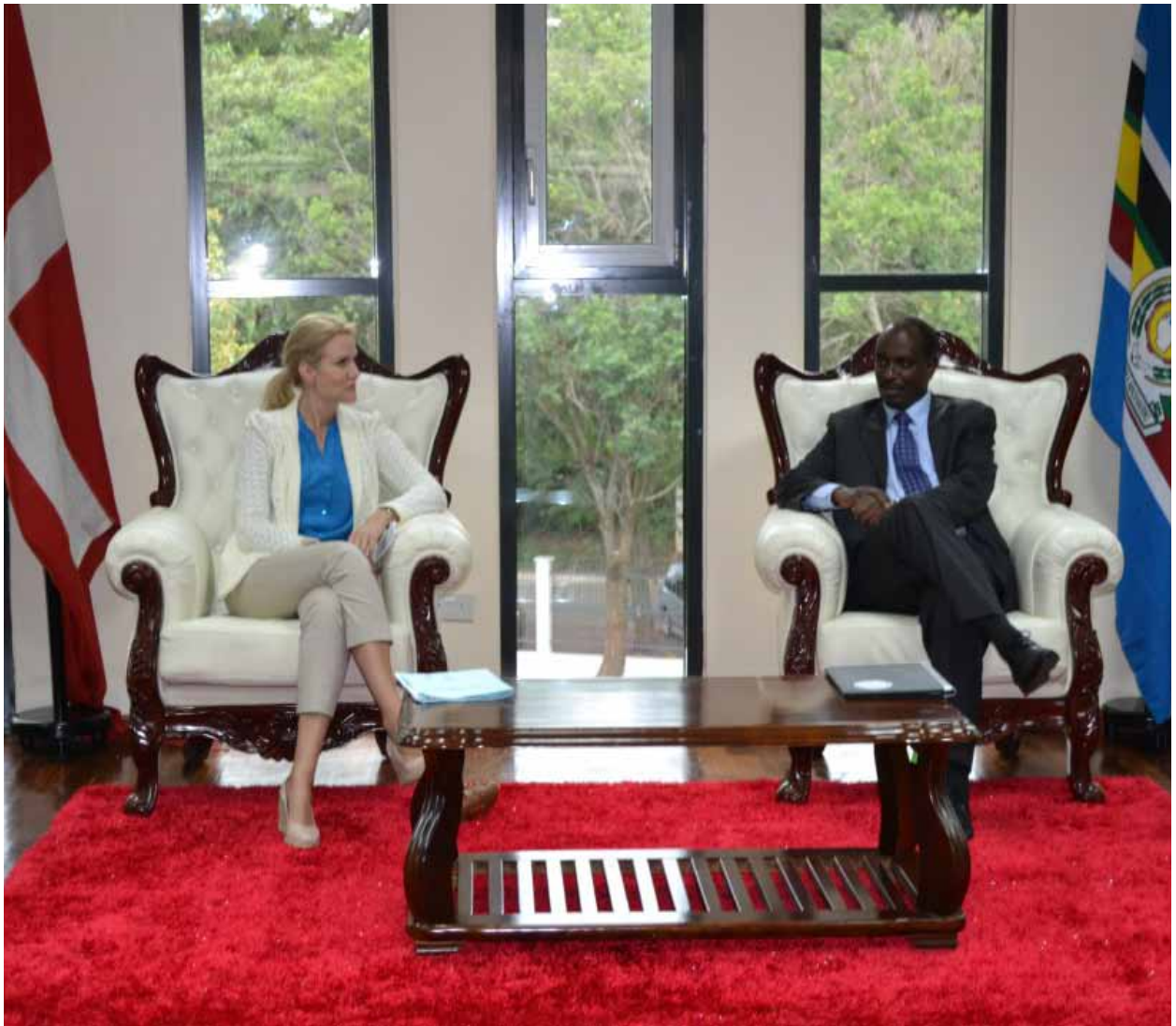
All the Partner States had a tax revenue to GDP ratio of less than 25 percent which is the minimum required tax effort under the EAC macroeconomic convergence criteria framework. As shown in *Graph 2.6*, Kenya had a tax effort of 22.9 percent, followed by Tanzania (16.1 percent), Rwanda (15.1 percent), Burundi (14.1 percent) and Uganda (13.3 percent). Therefore, there is need for all Partner States to improve on their domestic tax collection through widening of the tax base and enhanced efficiency in tax administration.

Graph 2.6: Budget Deficit & Tax Revenue, 2012/13





# Chapter 3



## Office of the Secretary General

# Office of the Secretary General

The office of the Secretary General coordinates all regional projects and programmes in the Community and is assisted by the Offices of the Deputies Secretary General. However, the office directly supervises the following areas: cooperation in legal and judicial affairs; cooperation in defence; corporate communications and public affairs; internal audit; and resource mobilization for the implementation of Community projects and programmes.

## Defense Liaison Unit

**Regional Security:** A Regional Counter Terrorism Strategy was finalized and a roadmap for its implementation was developed. All Partner States have posted personnel to the Regional Defence Counter Terrorism Centre.

**EAC Military Games and Cultural Events:** The 7th edition of the EAC Military Games and Cultural Events were successfully conducted in the Republic of Kenya in August 2013.

**Protocol on Defence Cooperation:** The achievements under Defence Cooperation include signing of the Protocol on Cooperation in Defence as well as ratification of the Protocol by three (3) Partner States. The Republic of Kenya and the

United Republic of Tanzania were still in the process of ratification.

**Joint Military Training:** Harmonization of syllabi for Peace Support Operations (PSO) in Senior Command and Staff Colleges and harmonization of Standing Operating Procedures (SOP) on Peace Support Operations, Counter Terrorism, Counter Piracy and Disaster Management at training facilities were finalized and are currently being used by the various training institutions in the Partner States.

The process of harmonizing syllabi for professional military studies at EAC Officer Cadet Training Academies was still ongoing. Joint Military Exercise code named Ushirikiano Imara 2013 was successfully conducted in the Republic of Burundi in October 2013.

## Technical Cooperation:

Development of modalities for utilization of various defence technical facilities offered by Partner States were in the final stages of completion.

*President Uhuru Kenyatta of the Republic of Kenya graces the 7th edition of the East African Community Military Games and Culture Events in Nairobi Kenya.*





## 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; agreements and legal instruments; and corporate secretarial services among others.

**Litigation Against the East African Community:** The following judgments were delivered by the East African Court of Justice (EACJ) in favor of the Community:

**Harmonisation of National Laws:** Under the EAC Programme on Harmonisation of National Laws, Partner States' laws governing contracts and sale of goods were reviewed. Three (3) laws and four (4) regulations were harmonized: Commercial Laws e.g. Companies, Business Names Registration, Bankruptcy and Insolvency Acts/Codes; Legislation pertaining to Immigration; Intellectual Property (Industrial Design, Copyright/Trade and service Marks/Patent Acts/Codes); Legislation pertaining to Labor and Employment and Laws governing customs now harmonized with EAC Customs Management Act, 2004, Sale of Goods, External Trade and Contracts Acts.

A model Law of contract was finalized and the Laws governing patents, Copyright and related rights and Trade and Service Marks were all reviewed and recommendations made for their harmonization. The model law, once finalised will give actual statements of law and will be used in fast tracking the harmonization process where written laws either do not exist or require review the in Partner States.

**Enactment of EAC Legislation:** The Council initiated the East African Community Appropriation Bill, 2014 and the East African Community Supplementary Appropriation Bill, 2014 both of which were enacted into law.

The following Bills were also presented to EALA for consideration: The EAC One Stop Border Post Bill, 2012; The EAC Vehicle Load Control Bill, 2012; The East African Community Appropriation Bill, 2012; The East African Community Supplementary Appropriation Bill, 2012; The EAC Holidays Bill, 2012; and The East African Community Customs Management (Amendment) Bill, 2012.

**Regional Judicial Training:** The East African Judicial Education Committee successfully conducted four (4) training programmes to enhance the knowledge of senior judicial officers on the EAC integration processes and other key EAC integration milestones as follows: Training on Social, Economic and Cultural Rights Jurisprudence for Judicial Officers in December 2013; Training on Alternative Dispute Resolution in January 2014; Information Technology and the Law and its Impact on Administration of Justice in March 2014; and Training on the East African Community Legal Framework in May 2014.

## Internal Audit

**Provision of Audit and Assurance Services:** Nine (9) audit and assurance assignments were carried out in the Financial Year 2013/14 covering the Civil Aviation Safety and Security Oversight Agency (CASSOA) – two audits; Lake Victoria Fisheries Organization (LVFO) – two audits; African Peace Support Architecture Project

(APSA); Financial Sector Development and Regionalization Project (FSDRP); Medicine Regulations Harmonization Project (MRH); Partnership Fund; Regional Integration Support Project (RISP); EAC – African Union Liaison Office; and EAC Secretariat fleet management.

In addition, an internal audit of Consultancy services undertaken over a three year period (March 2011 - March 2014) through the Partnership Fund and Regional Integration Support Programme (RISP) was undertaken.

**Strengthening of Audit Function in the EAC:**

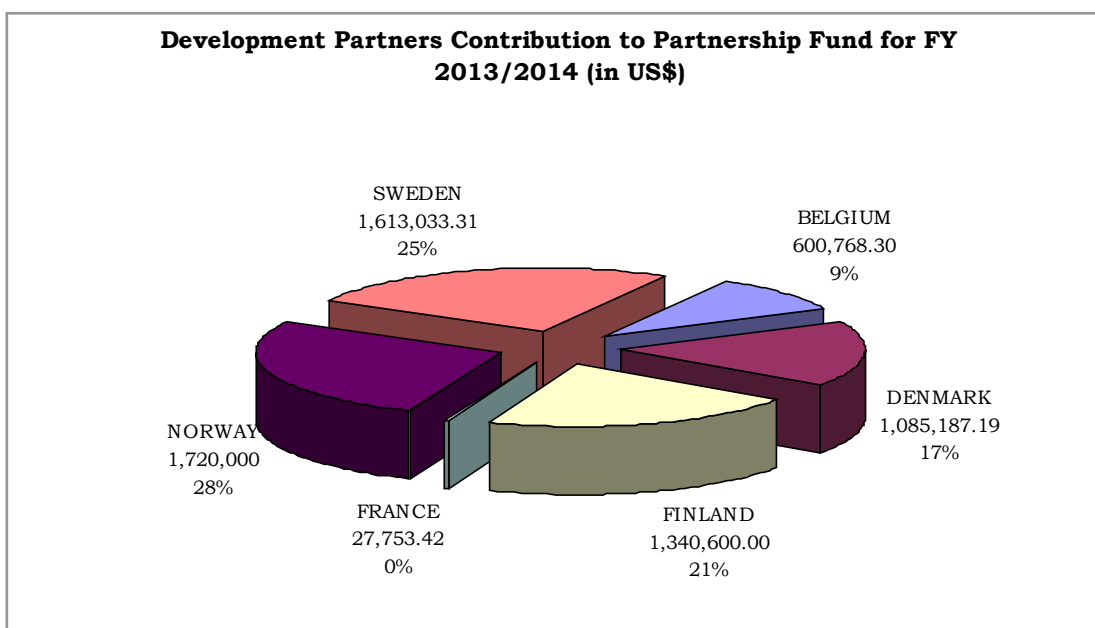
The Unit was part of the Fiduciary Review Task Force that prepared for the European Union assessment of the Community to access the Contribution Agreement. The internal audit office also developed Risk Registers of all departments of the EAC Secretariat to be used in the operationalization of the EAC Risk Management Policy, Framework and Strategy.

**Resources Mobilisation Office**

The Department of Resource Mobilization is responsible for coordinating all EAC Resources mobilization initiatives and processes for its projects and programmes. The key achievements under resources mobilization during the year were:

**Coordination and Management of the EAC Partnership Fund (PF):**

For the Financial Year 2013/14, disbursements made by the Development Partners amounted to US\$ 5,714,752 compared to commitments of US\$ 7,919,805 representing a ratio of 72 percent. This was used to fund the following five key result areas: implementation of the of the Common Market Protocol; finalization and implementation of the East African Monetary Union Protocol; promotion of citizen involvement in the EAC; and support to EAC institutional strengthening.



### **Coordination and Management of the EAC Regional Integration Support Programme (RISP) 2 and 3:**

RISP 2 is an EU supported program aimed at enhancing economic growth and raising the standards of living in the Eastern, Southern and Indian Ocean (ESA-IO) region through the creation of integrated markets.

For the FY 2013/14 USD 5,118,205 was approved and disbursed for the period July-December 2013. The project was extended to March 2014 and was used to fund six (6) key result areas (i) Regional policies and regulations for the implementation of the regional economic integration mandates and agenda are designed and/or adjusted; (ii) Trade development, trade facilitation instruments and strategic, regulatory and technical preparatory works of trade related infrastructure are designed and/or adjusted; (iii) Regional institutions are established and strengthened to implement and monitor regional policies and regulations, including institutions that service private sector at regional level; (iv) Management capacities of the regional organisations are improved to meet international recognised standards of governance; (v) Partner States capacity to address trade related issues and to implement their trade liberalisation and regional integration commitments is enhanced; and (vi) Capacity of the region to negotiate and implement multilateral trade agreements is enhanced.

During the reporting period, the EAC also signed a new agreement with the European Union (EU) for RISP 3. The funding is Euro 4.45 million, equivalent to US\$ 6 million for 2 years from June 2014 to support three (3) key areas namely: (i) Promotion of efficiency, effectiveness, accountability and supporting the monitoring and coordination of the implementation of the EAC Treaty provi-

sions and policy organs decisions; (ii) contribution to strengthening of the COMESA-EAC-SADC Tripartite institutional framework and processes; and (iii) contribution to improvement of the institutional capacity of the EAC Organs and Institutions, relevant regional and national private and public institutions' responsiveness to the regional integration agenda.

### **Finalization of EAC Development Fund (EACDF) Bill:**

The Draft EACDF Bill is aimed at establishing a Fund that will mainstream development support to the Community, and is expected to be used as an instrument for attracting support from development partners. The Fund is expected to fund regional infrastructure projects and other projects with a regional outlook. The bill was finalized and validated and is awaiting submission to council for approval.

### **Development of Framework for Private Sector Partnership Fund:**

During the reporting period, a draft strategy and mechanism for establishing a Private Sector Partnership Fund was developed. The strategy aims at creating an instrument that will enable the private sector to contribute financially to EAC.

### **Finalisation of EDF 11 Negotiations for Funding:**

Negotiations for EDF 11 support to the EAC were finalized and a draft RIP (Regional Indicative program) was developed and submitted to the EU. The EU approved an allocation of Euro 85 million, equivalent to US\$ 110.5 million for EAC to cover three main priorities: Peace and Security; Regional Economic Integration; and Natural Resources, over a period of four (4) years.

**USAID Support to EAC:** For FY 2013/14, USAID approved and disbursed US\$ 3,092,387 to sup-

port EAC Secretariat and LVBC activities in: Trade and Customs; Food Security and Food Safety; Clean Energy, Climate Change, Biodiversity and WASH; and Health and Institutional Strengthening. This is part of the bigger programme of the Assistance Agreement amounting to US\$ 18 Million for EAC from 2009 to 2017 whose primary objective is to increase Regional Economic Growth and integration in the EAC region.

## Corporate Communications and Public Affairs

The Department of Corporate Communications and Public Affairs is responsible for increasing public awareness of the EAC and its projects and programmes. The key achievements during the year were:

**Implementation of EAC Communication Policy and Strategy:** As part of the implementation of the EAC Communication Strategy, three (3) Supplements were published on: Infrastructure carried in the East African Newspaper in October 2013; education harmonization carried in the East African Business Times Magazine in October 2013 and 15th Ordinary EAC Heads of States Summit in The New Vision Newspaper Uganda in December 2013. Others were on EAC Single Currency supplement published in the East African Digest Magazine of March 2014. The secretariat also convened the first EAC integration café in March 2014 aimed at enhancing the corporate culture within the EAC Organs and Institutions.

**Implementation of EAC Brand Survey Project:** The project aimed at gaining insight into how EAC is perceived by her stakeholders was launched and the two stages were finalized. Per-

sonal interviews were conducted in all Partner States and an online web survey in all Organs, Ministries and Institutions of EAC in July 2013. Internal and external EAC Brand Survey process in the Partner States, Organs and Institutions were also completed. The draft analysis report was presented to the EAC in June 2014. Phase 2 of the project to be undertaken in the next Financial Year is preparing the EAC brand identity – where EAC wants to go.

**Promotion and Branding of the Community:** The Community reached out and sensitized up to 1,002,987 stakeholders on the EAC integration process in the following categories: 2,100 students/youth; 785 Members of National Assemblies (Uganda 375, Kenya 290, and Inter-Parliamentary Games 120); 102 Journalists, and over 1,000,000 External Audiences. Thirty two (32) different radio jingles on EAC integration were aired on Fadeco FM (Karagwe, Tanzania) whose signal spills over to areas North of Karagwe into Southern Uganda, Western Rwanda and Western Burundi.

Other promotional materials designed and distributed to stakeholders in the Partner States were: 585 EAC Pole flags; 180 EAC table flags; 40 Partner States pole flags; 25 Partner States table flags; 2500 lapel pins; 1,150 neck scarves; 1200 Diaries; 500 pocket diaries; 500 personal organizers; 3,700 wall calendars; 900 desk calendars; 1,400 Seasons cards; 3,607 T-shirts; 400 conference bags, 500 Key holders; 100 Pens; 900 Vikoi; 1107 pairs of Khanga; 2500 Information packs (CDs/Flash disks), 1,000 Badge reels; 2,000 lanyards; 33 banners; and 300 paper flags.

**Publishing and distribution of IEC integration Materials:** During the period under review, the

Secretariat published and distributed information, education and communication materials to various stakeholders. The IEC materials included 6,000 copies of the Community Magazine (issues 21 and 22); 2,000 copies of Bunge La Afrika Mashariki Magazine (issues 7, 8, and 9); 1000 copies of Bunge La Afrika Mashariki Magazine (20th Anniversary Commemoration of the Genocide Against the Tutsi special issue); 1,840 copies of EACJ Annual Magazine; 3000 copies “What you need to know about EAC Common market”; 1500 copies “Building Regional Interconnections for Trade”; 500 copies of the EALA Compendium of Heads of State Speeches; 100 copies EACJ 10th Anniversary report; 100 copies EACJ Rules of Procedure; 300 EACJ Brochures; 500 brochures on the EAC Common Market; 1000 brochure on the EAC – An Overview; 1000 brochures on EALA – An Overview; 300 copies of 12th Extra Ordinary Summit booklets; 150 standard/harmonized pictures of the EAC Heads of States; 48 banners with various themes; 4,000 copies of NTB publication; and 5,000 copies of Three in One publication.

**Enhancement of EAC Media relations by holding the 6th Annual EAC Media Summit:** The 6th EAC Media Summit was convened in November, 2013 and was attended by over 132 CEOs and senior Journalists. The Media CEOs formed a Task Force to work on the establishment of an umbrella Regional Media Body to advocate for their interests in the regional integration process. Three (3) public and eight (8) private broadcasters/media houses from the Partner State committed to dedicate at least 5% of airtime/space for EAC integration issues.



*Winners of the 2013 EAC-EABC Media Awards pose for the camera with Uganda Prime Minister, Hon Amama Mbabazi; EAC Secretary General, Amb. Dr. Richard Sezibera and sponsors of the Awards.*

**Increased access to information on EAC Regional Integration through Online Platforms:** The annual target was to review 31 sector websites; Weekly website updates; and grow EAC social media users by 1,500 per quarter; (Web cast 2 major EAC events); Prepare and issue 6 e-newsletters. During the period under review, the Secretariat undertook weekly website updates, recorded 106 million hits on www.eac.int; 4 million hits on www.eala.org; 918,000 hits on www.eacj.org; 100% uptime for www.eac.int , www.eala.org and www.eacj.org

The Secretariat went further to develop websites for EAC Open Health Initiative (OHI) www.ohi.eac.int and a website for EAC Investment in Adolescents programme www.ipatform.eac.int. Eight (8) EAC major events were live-streamed including the Media Summit, The Summit of the Heads of States, University students Debate, The Civil society SG forum, the Peace and Security meeting and EALA Sessions.

Summary by Month										
Month	Daily Avg				Monthly Totals					
	Hits	Files	Pages	Visits	Sites	KBytes	Visits	Pages	Files	Hits
<a href="#">Jul 2014</a>	147402	122131	63242	5668	39385	90090795	85033	948639	1831977	2211037
<a href="#">Jun 2014</a>	179785	144944	72630	6308	74992	241113631	189267	2178926	4348327	5393556
<a href="#">May 2014</a>	212611	143464	99017	7187	86896	179914146	222824	3069530	4447398	6590943
<a href="#">Apr 2014</a>	234205	167320	115747	9185	91624	217013991	275552	3472414	5019621	7026177
<a href="#">Mar 2014</a>	252458	211294	116757	9139	92669	241198994	283312	3619471	6550123	7826207
<a href="#">Feb 2014</a>	243776	209568	90170	7624	79847	201295776	213497	2524762	5867909	6825734
<a href="#">Jan 2014</a>	175416	142294	73807	6137	76355	189208325	190269	2288028	4411138	5437897
<a href="#">Dec 2013</a>	216445	140841	85879	7529	75912	192452242	233405	2662258	4366091	6709802
<a href="#">Nov 2013</a>	415117	233176	166992	13572	114222	327142693	407180	5009776	6995292	12453532
<a href="#">Oct 2013</a>	610203	383187	146157	15131	152049	373692500	469061	4530891	11878819	18916307
<a href="#">Sep 2013</a>	442698	396457	113221	10897	153261	303718284	326925	3396636	11893731	13280962
<a href="#">Aug 2013</a>	282487	251570	86690	8808	120440	286941013	273049	2687408	7798672	8757121
<b>Totals</b>						<b>2843782390</b>	<b>3169374</b>	<b>36388739</b>	<b>75409098</b>	<b>101429275</b>

Summary hits on www.eac.int (August 2013 – June 2014)

EAC social media engagement has grown to 2649 Facebook page likes; 3,233 Facebook group Members; and 7,970 Twitter followers, a total increase of 10,779 followers during the period under review.



EAC Facebook Page Followers January – June 2014



In addition, six (6) EAC e-newsletters were prepared and distributed to EAC Missions, development partners and to the general public.

**Strengthening of EAC Media Centre:** Equipment was procured, delivered and set up in the Media Center that includes among others studio cameras, live streaming kit etc. The equipment are already enabling the Department to do live-streaming and engage social media during EAC events.

**Outreach and Joint Cross-border Sensitization Activities:** Several outreach and joint cross-border sensitization and consultations activities were carried out for the border communities on EAC regional integration. The activities were carried out at Rusumo Border between Tanzania and Rwanda and between Makamba and Kigoma at Burundi and Tanzania borders.

**Youth Clubs in Secondary Schools:** As a tool to enhance awareness and sensitization on EAC integration, the Secretariat is supporting the creation and operationalization of EAC Youth Clubs in Secondary Schools in the region. So far, the Youth Clubs have been set up in Burundi, Rwanda and Uganda. Tanzania and Kenya are in the process of forming EAC Youth Clubs in Secondary Schools.



*President Uhuru Kenyatta visits the EAC Exhibition Booth during the 2013 edition of the Nairobi International Trade Fair*

# Chapter 4



## Office of the Deputy Secretary General - Planning and Infrastructure



# Office of the Deputy Secretary General - Planning and Infrastructure

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

## 4.1 Regional Infrastructure Development

**Feasibility study and detailed designs for roads Linking Rwanda and Burundi to the Central Corridor:** The African Development Bank (AfDB) through the NEPAD-IPPF carried out an appraisal mission in January 2014 and committed to provide funds for feasibility studies and detailed designs for two roads: Nyakanazi-Kasulu – Manyovu&Rumonge – Bujumbura and Lusahunga- Rusumo&Kayonza – Kigali. A Grant of USD 2.8 million was approved by the NEPAD-IPPF Board on 18th June 2014 and the procurement process for competent firms to undertake the feasibility studies commenced in June 2014. The Feasibility studies are expected to be finalized in September 2015 and road construction expected to commence in 2016.

**Construction of Arusha – Holili/ Taveta – Voi road:** The contract for construction of the Holili – Taveta road (90Km) was signed between the Contractor and the Government of Kenya in October, 2013 and construction commenced in April, 2014. For the road section in Tanzanian, the project was officially launched by AfDB in June 2014 and the procurement process for construction was on-going with bid submission scheduled for July 2014.

**Undertake Feasibility Studies and Detailed Designs for Malindi-LungaLunga/Tanga - Bagamoyo:** The Project Technical Committee in June, 2014 confirmed the 400m long bridge Centre span over Wami River to be used for design purposes. The Committee further recommended that, analysis be undertaken on costs associated with Project Affected Persons (PAP), environmental mitigation measures and associated costs and conformity of the pavement design with Pavement Design Manual of Kenya and Tanzania. The final Report of the design is expected to be submitted in August, 2014.

**Harmonization of Road & Bridge Design Standards and Specifications:** The Final Report of the EAC Transport Facilitation Strategy was approved by the 11th Sectoral Council on Transport, Communications and Meteorology in June, 2014. The development of a Road Map for the implementation of the recommendations in the EAC Transport Facilitation Programmewas ongoing. The enactment of regional laws and regulations will see the Community enjoy reduction of non-tariff barriers related to transit transport, low cost of maintenance of road infrastructure, less transit time at common borders and hence reduction in the cost doing business.



*Rusumo International Bridge: Constructed to conform to the EAC Design Codes*

### **Development of Regulations for the One-Stop-Border-Post-Bill and the Vehicle Load Control**

**Bill:** As part of operationalization of the EAC Vehicle Load Control Bill, 2012 and the EAC OSBP Bill, 2012 both awaiting Assent by the Heads of State, the Secretariat embarked on the preparation of the relevant regulations. The Terms of Reference and RFP for the preparation of regulations for the EAC Vehicle Load Control Act and the EAC OSBP Act were approved by the Steering Committee in February, 2014. Bids from prospective firms were received and evaluated in April, 2014. It is expected that the assignment will commence by September, 2014.



*Rusumo One Stop Border Post: Rwandan side (L) and Tanzanian side (R)*



**Negotiation of Regional policies and instruments on road transport by EAC and other RECs:**

The Final Report was reviewed by HLSC of the East African Road Network Project and The Sectoral Council on TCM in June, 2014 approved for implementation the recommendations of Final Report of the EAC Transport Facilitation Strategy; and directed the Secretariat to develop a draft Road Map for the implementation of the recommendations in the EAC Transport Facilitation Programme for consideration by the HLSC of the East African Road Network Project scheduled for August, 2014.

**Establishment of a Railways Unit at the EAC Secretariat and unpacking of the railway Master Plan.**

Two contracts: one for the provision of Technical Assistance to the directorate of Infrastructure for a period of 24 months and the other for the provision of consultancy services for the Railways Sector Enhancement Project for 18 months were signed in January and February 2014 respectively. The Study, will involve consultations with relevant organizations, data collection and analysis, economic modelling and environmental screening of proposed links contained in the Master Plan. It will also develop a framework for harmonization of railway regulations in the regional and propose an appropriate institutional arrangement for regional railways development. The Inception Report and Policy Matrix for the Railways Sector Enhancement Project was reviewed and approved by the Technical Committee in April 2014. Technical field visits for environmental, legal and regulatory issues across the region were also undertaken.

**Implementation of ICT broadband infrastructure:** Field assessment on implementation of ICT broadband infrastructure was completed and a

proposal for the development of a harmonized framework for broadcast content regulation was considered and approved by the Sectoral Council in June 2014. A study to develop policy and regulatory framework for roaming has been planned for 2014/2015. The Secretariat in collaboration with Heads of Communications Regulatory Authorities in all the five Partner States initiated efforts at finding medium term solution for the roaming challenge within the Community.

**Development of the EAC Postal Strategy:** A short term Consultancy was hired to undertake a baseline survey on the development of the Strategy for EAC Postal Services sector.

**Establishment of Numerical Weather Prediction (NWP) Units in Partner States:** The Implementation Plan was developed and elements of a training curriculum identified. NWP equipment for running numerical weather prediction models were procured and delivered to Uganda and Rwanda Meteorological centers. The equipment are expected to be installed and tested during the first quarter of FY 2014/15.

**Implementation of the EAC Meteorological Data Policy:** The Meteorological Data Policy was signed in August 2013. As part of the implementation of the Policy, Partner States have formed the necessary technical working groups. Furthermore, Terms of References for the study to develop a cost recovery strategy for aeronautical meteorological services were developed and the resources to carry out the study are being mobilized from Development Partners. (WMO).

## **Development of Maritime Transport**

**Strategy:** Baseline study on maritime transport was finalized and national stakeholders consultative workshops on the study held in March 2014.

## **Establishment of the Unified Upper Flight Information in the Region:**

The objective is to establish an EAC Unified Upper Flight Information Region controlled by one Upper Area Control Centre (UACC). The study on EAC UFIR Follow commenced as directed by the 10th Sectoral Council on TCM. The verification of data collection has been completed. The redesigning of EAC Airspace and the System Architecture for the Upper flight Information Region and The Upper Area Control Center (UFIR&UACC) is ongoing. The study completion date is scheduled for January 2015.

## **EAC Agreement on Search and Rescue operational:**

The MoU on operationalization of the EAC Agreement on Search and Rescue was signed by the Heads of Civil Aviation.

**EAC Regional Framework Accidents and Incidents Investigation:** The Revised Framework has been submitted to Partner States to consider the proposed options for handling Accident and Incident Investigations and only comments from Tanzania have been formally submitted. EAC Secretariat sent reminders to other four Partner states to submit their comments for consideration by the 17th Meeting of Heads of Civil Aviation scheduled in July 2014.

Feasibility study for the implementation of Aviation Training organizations project approved by the TCM - Reviewed TORS were sent to Heads of Civil Aviation from All Partner States to submit their comments by end of August 2013. The Secretariat received only comments from Kenya and

Tanzania. The Secretariat will convene a meeting of Aviation Training Sub Committees in October 2014 to complete the Terms of Reference once all comments from Partner States are received.

**Implementation of EAC e-Government Strategy:** The EAC e-Government Strategy provides for Partner States to establish the enabling legal environment by enacting and implementing cyber laws; development and implementation of instruments for standardizing systems and technology for e-government systems to allow interoperability of e-government applications; and implementation of institutional frameworks that facilitate inter-departmental coordination when implementing e-government services. Towards this goal, a Concept Paper and Terms of Reference for development of a harmonized framework for implementation of e-government services were developed, and were expected to be approved by the 10th Meeting of the Sectoral Council on TCM in August 2013.

## **4.2 Development of Regional Statistics**

**Update of the EAC Statistics Database:** The EAC Web-based Statistical Database and the EAC Trade HelpDesk that facilitates exchange of comparable socio-economic and trade statistical information among the Partner States were timely updated with data for 2012. In addition, a web based agricultural statistics database (CountrySTAT - Burundi) was launched in July 2013 making Burundi the fifth Partner State to maintain a web based agricultural statistics database. Furthermore, a prototype for the EAC RegionSTAT which is a one stop centre for agricultural statistics in the EAC region was developed.

### **Harmonisation of Statistics Necessary for Implementation of the Common Market and Monetary Union Protocols:**

Consolidation of the EAC Customs Union and effective implementation of the EAC Common Market Protocol and transition to EAC Monetary Union require accurate, comparable, reliable and timely data to facilitate effective planning, monitoring and evaluation of the progress made. The Secretariat continued to facilitate the harmonization of the following key socio-economic statistics: Consumer Price Indices; National Accounts Statistics; Government Finance Statistics; Balance of Payment Statistics; and Demographic and Social Statistics. The process of harmonisation of statistics is expected to be finalised in 2017.

### **The EAC Regional Statistics Development Plan:**

The EAC Regional Statistics Development Plan (RSDP) was adopted by the 28th Council in November 2013. The RSDP which is anchored on the National Statistics Development Plans (NSDPs) of the Partner States provides the framework for the EAC regional Statistical System and the relationship between the EAC Secretariat and National Statistics Offices of Partner States in the production and dissemination of Statistics. The Secretariat embarked on the process of developing a Regional Statistics Policy to operationalise the RSDP by defining a coherent context for the management of regional statistical programmes envisioned in the RSDP.

### **Publication of EAC Facts and Figures Report 2013:**

The EAC Facts and Figures Report which is an annual publication by the Community highlighting the socio-economic statistics of the EAC region over the last five years was published.

## **4.3 Harmonization of Fiscal and Monetary Policies**

### **Finalization of the Negotiations of the EAC Monetary Union (EAMU) Protocol:**

The EAMU Protocol whose main objective is to promote and maintain monetary and financial stability aimed at facilitating economic integration to attain sustainable growth and development of the Community was finalized and signed during the 15th Summit of the EAC Heads of State in November 2013. The Partner States were expected to conclude the ratification process by November 2014 to allow the Protocol to come into force. The Protocol among others establishes four key institutions to support the implementation of a sustainable EAC Monetary Union. These include: The East African Monetary Institute; The East African Statistics Bureau; The East African Financial Services Commission and the East African Surveillance, Compliance and Enforcement Commission. The EAMU Protocol defines the EAC macroeconomic convergence criteria which is one of the prerequisites for Partner States to join the single currency area.

### **Harmonization of Monetary and Exchange Rate Policies:**

During the reporting period, the EAC Secretariat continued to coordinate the harmonization of monetary and exchange rate policy frameworks aimed at achieving a common exchange rate policy as the region transits to a single currency area. In addition, the Secretariat facilitated the harmonization of frameworks for Banking Supervision and Financial Stability Payments and Settlement Systems, Information Technology, Finance and Accounting Standards, Financial Markets Operations, Banking and Currency and strengthening national level capacity in the areas of monetary and exchange operations.



*EAC Heads of State display copies of the signed Protocol of the establishment of the East African Monetary Union*

**Harmonization of Fiscal Policies and Tax Regimes:** The Committee on Fiscal Affairs (CFA) continued with efforts on closer coordination of fiscal policies to support the implementation of the East African Monetary Union Protocol. The sector identified fiscal policy areas for harmonization in the context of EAC Monetary Union. These areas, among others include: coordination of budget processes; coordination of public debt management and harmonisation of public debt framework, attainment and maintenance of macroeconomic convergence; and fiscal management of natural resources. Key studies to develop policies for harmonisation of Income Tax; and VAT and Excise Duties were also commissioned during the reporting period.

The Secretariat continued to follow-up with the four Partner States to ratify the Agreement on the Avoidance of Double Taxation (DTA) and Prevention of Fiscal Evasion with respect to taxes on income that was signed in 2010 since only the Republic of Rwanda had completed the ratification process in 2012.

## 4.4 Harmonization of Capital Markets, Insurance and Pensions Sector Policies

### **Insurance Sector Policies harmonisation:**

During the reporting period, a study on the development of insurance certification program and support to policy dialogue under the PAN-EAC Service Providers' Council were started. The Study aims at developing certification syllabi for insurance; establishing the relevant institutional and regulatory framework for certification and designing an education program for the insurance sector. In addition, an assessment of the players in the insurance sector on compliance with the requirements of the International Association of Insurance Supervisors (IAIS) and Insurance Core Principles (ICP) was commenced

### **Harmonisation of Pensions Sector Policies:**

The Study on assessment of the pension's sector from the perspective of EAC regionalization was completed during the year. The Study among others recommended the following: Development of an EAC pension policy to guide the harmonization of scheme designs to allow portability of benefits and reforms to expand inclusion of the majority of the population in retirement benefits schemes.

### **Harmonization of Capital Markets Frameworks:**

A set of seven (7) Council Directives to improve market operations were adopted by Council in April, 2014. These include: Public Offers for Equity Securities; Public Offers for Fixed Income Securities; Public Offers for asset backed Securities; Collective Investment Schemes; Corporate Governance for EAC Securities Market Intermediaries; Regional Listing in Securities Market and Admission to a Secondary Exchange.

The Council directed Partner States to transpose the above Council Directives into national laws. In addition, a Study to assess the extent of compliance with International Organization of Securities Commissions (IOSCO) Principle 38 and the eight new IOSCO principles was finalised.

During the reporting period, efforts to establish an integrated Financial Market Infrastructure continued in the EAC region. The region commenced the implementation of the Capital Markets infrastructure action plan which aims at putting in place an EAC integrated trading platform. At Partner States level, technical assistance was provided to support the automation of Rwanda Stock Exchange and a Study on Demutualization of Uganda Securities Exchange was finalized.

The EAC also commenced the development of the regional bond market with the signing of a two-year agreement with Sweden aimed at establishing an Efficient Securities Markets Institutional Development Program (ESMID) that will execute, manage, and provide technical assistance.

The EAC continued with capacity building programs aimed at strengthening of regulators and market participants with focus on curriculum development at the School of Finance and Banking in Kigali and Light University in Bujumbura. In addition, regional workshops were held on microfinance, payment and settlement systems, cross border insurance, capital market system, accounting and financial reporting among others.



## 4.5 Integration of the Payment and Settlement System

During the reporting period, the EAC Payment and Settlement System Integration Project (EAC-PSSIP) was initiated with the aim of contributing to the modernization, harmonization and regional integration of payment and settlement systems in the EAC. The activities under implementation are supported by a grant of about USD\$ 23 from the African Development Bank (AfDB). The program broadly aims at deepening the financial sector with a view of facilitating cross border funds transfer in the EAC region through enhancing regional integration of payment and settlement; and harmonizing the necessary legal and regulatory frameworks and capacity building in the Partner States.

The program will enhance the integration of financial market infrastructure with focus on Real Time Gross Settlement Systems (RTGS), Central Depository Systems (CDS), SWIFT connectivity, Automated Retail Payment Systems (ACHs) and Business Continuity Plans (BCP)/ Disaster Recovery Sites (DRS) for the Partner States' Central Banks. The Project will also will support capacity building initiatives for the players at the EAC Secretariat, the East African Court of Justice (EACJ) and the East African Legislative Assembly (EALA) to effectively manage the resolution of contractual disputes especially in relation to payment and settlement, and all aspects of the regional payment and settlement systems. In addition, the citizens of East Africa will be sensitized on retail payment systems and use of electronic means of payments to reduce cash usage.

## 4.6 Investment Promotion and Private Sector Development

**Marketing EAC for Business Destination:** During the period under review, the EAC Secretariat in collaboration with the County of Gavleborg-Sweden, the EAC embassies accredited to Sweden and other Nordic countries convened an EAC Investment Forum in May, 2014 in Gavleborg, to showcase investment opportunities and the progress of integration in East Africa.

**Secretary General CEOs Forum:** In collaboration with the East African Business Council (EABC), the Secretariat convened the Secretary General's Chief Executive Officers (CEOs) fora in all the Partner States. The fora provided a platform for dialogue with the Private Sector as part of the implementation of the dialogue framework for engagement of private sector, civil society and other interest groups in the EAC integration process.

**Conclusion of EAC Common Investment Area Protocol:** The draft reports on EAC Common Investment Area were considered by Heads of Investment Promotion Agencies in August 2013.

**Development of the EAC Investment Policy and Strategy developed.** The Strategy was reviewed and a report detailing recommendations aimed at fast-tracking its implementation developed. The Strategy provides the framework to guide investment activities in the region. Work Plans for Investment Promotion Agencies were also harmonized to improve efficiency and share best practices for Investment Promotion.



## 4.7 Planning, Monitoring and Evaluation

**Development and Dissemination of the East African Common Market Scorecard 2014:** Pursuant to fulfilling Article 50 of the EAC Common Market Protocol, which requires the development of a framework for monitoring and evaluating the implementation of the Protocol, the EAC Secretariat with the assistance of the World Bank Group and TradeMark East Africa developed an EAC Common Market Scorecard 2014. The Scorecard was formally launched in February, 2014 and dissemination workshops held in all the Partner States.

The EAC Common Market Scorecard covered three fundamental areas required for the delivery of the EAC Common Market namely: capital, services and goods; identified and created a data base of over 770 laws and regulations relevant to the reform process and provided a guide on the laws and regulations (and which sections within these instruments) that should be amended to conform to the Protocol; organized its analysis along key sectors of commitment, and types of commitments thereby providing an opportunity for sector specific discussions in designing reform programs to accelerate implementation of the Protocol and made recommendations on the strategic, organizational and legal actions required to fast-track the full implementation of the Common Market Protocol.

The Scorecard, the first of its kind in Africa, has facilitated monitoring the implementation of the Common Market by tracking progress of Partner States in fulfilling their commitments under the Protocol and assisted Partner States in identifying areas of slow or limited progress. In addition,

the Scorecard has fostered stronger peer learning among the Partner States that should help to accelerate the implementation of the Protocol. It is expected that the Scorecard would be produced every after two years and the next Scorecard would cover the free movement of goods, services, capital, persons and labour plus the rights of establishment and residence.

**Regional Priorities for FY 2014/2015.** The EAC Pre-budget Conference for the Financial Year 2014/15 held in August 2013 proposed the following key priority interventions for the Financial Year 2014/15:- Operationalization of the Single Customs Territory; Full implementation of the EAC Common Market Protocol; Implementation of the Roadmap towards the EAC Single Currency; Development of cross-border infrastructure with particular focus on implementing the decisions of the Summit Retreat on Infrastructure (held in November 2013); Implementation of the Tripartite Free Trade Area (COMESA- EAC--SADC); Implementation of the EAC Industrialization Policy and Strategy for equitable industrial development; Implementation of the EAC Food Security and Climate Change Master Plan; Sensitization of East Africans; Implementation of the EAC Strategy on Regional Peace and Security; implementation of the activities under Political Federation; and revitalization of the Lake Victoria Fisheries Organization.

**Implementation of a Quality Management System for the EAC Secretariat:** Following the successful pilot implementation of the Quality Management System in the Planning Department, the Secretariat commenced the roll-out of the Quality Management System based on ISO 9001:2008. The objectives of the Quality Management System are to: entrench a culture that

focuses on processes as a basis for continual improvement and stakeholder satisfaction; improve data support/factual basis for decision making; improve stakeholders' perception of the EAC Secretariat; benchmark with regional and international best practices and meet regulatory and other requirements for services developed/delivered by the Secretariat. The roll-out was officially launched with the signing of the EAC Secretariat Quality Policy Statement by the Secretary General.



*EAC Secretary general, Amb. Dr. Ruchard Sezibera signs the EAC Secretariat Quality Policy Statement in line with implementation of the Quality Management System*

**Council Report to the Summit (December 2012 – November 2013):** Pursuant to Article 14(3)(h) of the Treaty, the Council submitted the Council Report to the Summit for the period December 2012 – November 2013 to the 15th Summit of EAC Heads of State that was held in November 2013. The Summit took note of the Report, approved the East African Monetary Union (EAMU) Protocol; pronounced 1st January 2014 as the commencement date of the Single Customs Territory and took note of the Bujumbura Declaration on Child Rights and Well-being in the East African Community.

**Implementation of Web based/on-line reporting System (EAMS):** Data collection and updating the status of implementation of Council Decisions and Directives was on-going as of 30th June 2013. The East Africa Monitoring System (EAMS) was upgraded to incorporate on-line reporting on the implementation of the EAC Common Market Protocol and the 4th EAC Development Strategy (2011/12-2015/16). Status reports on implementation of the Council Decisions and Directives were regularly compiled and considered during all Council meetings.

**Monitoring and Evaluation of Implementation of EAC Common Market:** A comprehensive study report highlighting baseline data for the performance indicators as per M&E Framework for the implementation of EAC Common Market was finalized in April 2014. The baseline information was incorporated into the EAC Common Market M&E Framework.

# Chapter 5



## Office of the Deputy Secretary General - Productive and Social Sectors

# Office of the Deputy Secretary General - Productive and Social Sectors

The Office of the Deputy Secretary General Productive and Social Sectors contributes directly to the strategic objective of promoting sustainable social, economic and political integration. The Office oversees 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 Agriculture, Food Security and Livestock Sector

**Finalisation of the EAC Protocol on Sanitary and Phytosanitary Measures:** The Protocol on Sanitary and Phytosanitary Measures was adopted by the Sectoral Council of Agriculture and Food Security and consequently by the Council of Ministers. The Protocol currently undergoing ratification in the Partner States is aimed at contributing towards rational development of the agricultural sector and increase quality production to ensure food security and safety and free trade in agricultural products in the EAC and other trading partners.

### **Development of the EAC Comprehensive African Agricultural Development (CAADP)**

**Compact:** With support from NEPAD, the community developed an EAC CAADP Compact. The Compact has undergone national and regional validation workshops involving EAC Partner States and was expected to be the Sectoral Council on Agriculture and Food Security for adoption. The Compact sets the parameters for long-term policy priorities, investment commitments and crucial partnerships required to scale up long term development assistance and transformation of the agricultural sector in line with the EAC Food Security Action Plan. The Compact is expected to facilitate coordination of regional and cross-cutting programmes that are best handled

regionally but will as well complement agricultural programmes and projects in the five Partner States.

### **Implementation of EAC Food and Nutrition Security Policy (FNSP):**

The EAC Food and Nutrition Security Policy (FNSP) was finalized and validated both at national and regional level. The policy is aimed at ensuring food security and adequate nutrition for the people in the East African region throughout their life cycle, for their health as well as their social and economic wellbeing. The FNSP is designed to streamline and catalyze efforts aimed at addressing food insecurity in the EAC. The policy further seeks to provide a framework for action that strengthens linkages between nutrition, health, food security, agriculture, development, and other sectors to ensure a reduction in malnutrition.

### **EAC Regional Project on Aflatoxin**

**Abatement:** Development of strategies and measures for control of Aflatoxins contamination in agricultural production is a key intervention area in the implementation of EAC Food Security Action Plan. The EAC Regional Project on Aflatoxin was launched in March 2013 with the aim of preventing and controlling adverse impacts of Aflatoxin along the food and feed value chains in the EAC region. One of the key outputs of this project will be development of EAC Regional Policy on Aflatoxin abatement. During the reporting period, six technical papers were



finalized towards informing the proposed EAC Policy on Aflatoxin Abatement. In addition, the development of regional post-harvest handling and storage measures for aflatoxin abatement has been finalized. The measures will contribute towards the mitigating of the magnitude of aflatoxin contamination along the value chain of key agricultural commodities.



*Effects of Aflatoxin on grain*

**Development of EAC Harmonised Instruments for Fertilizer Market:** Harmonization of a regulatory framework and procedures for fertilizer marketing was being implemented under the EAC Food Security Action Plan. Progress made included identification of key areas for harmonization and an action plan to guide the harmonization process. A draft harmonized regulatory framework and procedures for fertilizer market was also developed and a process of developing EAC fertilizer policy was initiated.

**International Agriculture Symposium:** The EAC in collaboration with the Kilimo Trust, the Association for Strengthening Agricultural Research in Eastern and Central Africa (ASARECA)

and the Government of the Republic of Uganda organized the International Agriculture Symposium in November 2013. The aim of the Symposium was to assess the progress made in the Agricultural Sector by the EAC Partner States in the last 50 years and to strategize for the future of the Agriculture Sector transformation.

**Development of the EAC Livestock Policy:** Livestock production and productivity improvement in the EAC Region requires a regional development policy to give overall guidance to the livestock sector for better sector performance. A Final Draft of EAC Livestock Policy was developed and was awaiting consideration by the Sectoral on Agriculture and Food Security.

**Development of Harmonised Regional Livestock Production Data Capturing Instruments:** The harmonised livestock data capturing instrument was finalised and training on the use of ARIS 2 data management system was undertaken. Data generated will be useful in making policy decisions for improved animal production and productivity improvement in the EAC Region. Considering that basic animal data and information to guide decision making, planning, monitoring and evaluation is critical, investing in livestock data collection that leads to evidence-based policy, decision-making and opportunities for sector investment is important. The instruments for harmonization of data collection in EAC already developed include: Livestock Production data capturing framework; Livestock Sector Indicators; and Livestock Technical Conversion Factors; and Animal Health data capturing frameworks





### **Development of a Pastoralism and Drylands**

**Plan of Action:** A Plan of Action in preparation for climate change impacts and transformation of livestock keeping in drylands of EAC was developed. The Plan aims at enhancing resilience of pastoralists and transforming livestock production in the drylands. The draft plan, which is part of the implementation of the EAC Food Security Action Plan provides for development of emergency plans in order to prevent food and nutrition insecurity in the arid and semi-arid areas of the EAC region. The Plan is also in tandem with Article 105 of the Treaty which envisages rational Agriculture production in the region. The plan was awaiting consideration by the Sectoral on Agriculture and Food Security.

### **Harmonisation of Registration of Veterinary**

**Immunological in the EAC:** Mutual Recognition Procedures (MRP): A harmonised registration system for issuance of Mutual Recognition Agreements (MRA) for Immunological Veterinary Products in the EAC was developed. The initiative is to have harmonised regional veterinary regulations and legislation for the registration of veterinary immunologicals and to allow Mutual Recognition of approvals of veterinary vaccines. The system is expected to reduce duplication of dossier assessments and allow the rapid

introduction of good quality assurance into more markets at less cost. The mechanism is also in line with the EAC Common Market Protocol and the EAC Strategy on Control and Prevention of Transboundary Animal and Zoonotic diseases.

### **Control of Tsetse and Trypanosomiasis in the EAC: A regional proposal on Control of**

**Tsetse and Trypanosomiasis (T&T)** has been developed and a technical Committee to control the disease in the region constituted. Tsetse-transmitted African Trypanosomiasis (AT) in man and domestic animals poses a serious threat to the lives and livelihoods of the communities and constitutes one of the greatest single constraints to livestock and crop production in the EAC Region. Four key belts/areas infested with T&T in the region were identified as Kagera Basin Ecosystem (Burundi, Rwanda, Tanzania and Uganda); Masai Mara Serengeti Ecosystem (Kenya and Tanzania); Busia-Mbale-Karamoja-Turkana Ecosystems (Uganda and Kenya) and East African Coastal Ecosystem (Kenya and Tanzania). The implementation of the proposal will result into: improved human and livestock health; diversified agricultural systems; increased food production and security; and improved livelihood of the communities and more responsible utilization of available natural resources. The Regional Committee on T&T is expected to enhance coordinated transboundary control of T&T.

### **Implementation of the Veterinary Governance Project (VETGOV Project):**

The five year project is aimed at improving the institutional environment of the veterinary services providing effective and efficient animal health services in Africa and EAC in particular. A number of activities were undertaken in the period under review including;

- An oversight study Mission to assess policy

and production constraints affecting the livestock sector in Burundi, Kenya, Rwanda, Uganda and the United Republic of Tanzania by the EALA Committee on Agriculture, Tourism and natural Resources EALA;

- Training in formulation of Veterinary legislation, Policy analysis and Advocacy in the EAC;
- Stakeholder Consultative National Workshops for establishing Livestock Policy Hubs were held in all the 5 EAC Partner States to support establishment of Livestock policy hubs. In addition, Livestock policy hubs were launched in the Partner States;
- Experts in all the Partner States were trained on use of the ARIS II. In addition, computers for livestock data management were purchased for all the 5 EAC Partner States and the EAC Secretariat; and
- EAC laboratory experts and Epidemiologists were trained in disease prioritization and the Phylum Disease Ranking Tool to support regional networks.

**EAC Strategy and Implementation Plan on Sustainable Aquaculture:** The Strategy and Implementation Plan for Sustainable Aquaculture production is at an advanced stage of finalisation. The Strategy aims at providing strategic areas for improvement of the aquaculture in the region and contribute towards meeting the increasing demand for fish and fisheries products in the EAC. A detailed study was undertaken in this regard to generate: an inventory of development instruments currently in the EAC Partner States; a report on analytical review of private sector involvement in aquaculture in the EAC region providing clear recommendations for future areas of growth and support; and production of a policy brief.

## 5.2 Energy Sector

### **5-year Implementation Plan for the Regional Strategy on Scaling Access to Modern Energy Services:**

The EAC contracted Sweco Energuide AB consulting firm of Sweden to design a five-year implementation plan for the Regional Strategy on Scaling Up Access to Modern Energy Services. By close of the financial year, the study had commenced, inception meetings had been held and the inception Report outlining the work programme and methodology had been submitted.

### **EAC Centre for Renewable Energy and Energy Efficiency (EACREEE):**

In March 2014, the Sectoral Council on Energy approved the Project Document for the Establishment of the EAC Centre for Renewable Energy and Energy Efficiency (EACREEE). The overall objective of the Centre is to contribute towards increased access to modern, affordable and reliable energy services, energy security and mitigation of externalities of the energy by creating an enabling environment for renewable energy and energy efficiency markets and investments. The Center will enable EAC to effectively promote the deployment of renewable energy and energy efficiency technologies and tap into various energy initiatives including the Sustainable Energy for All

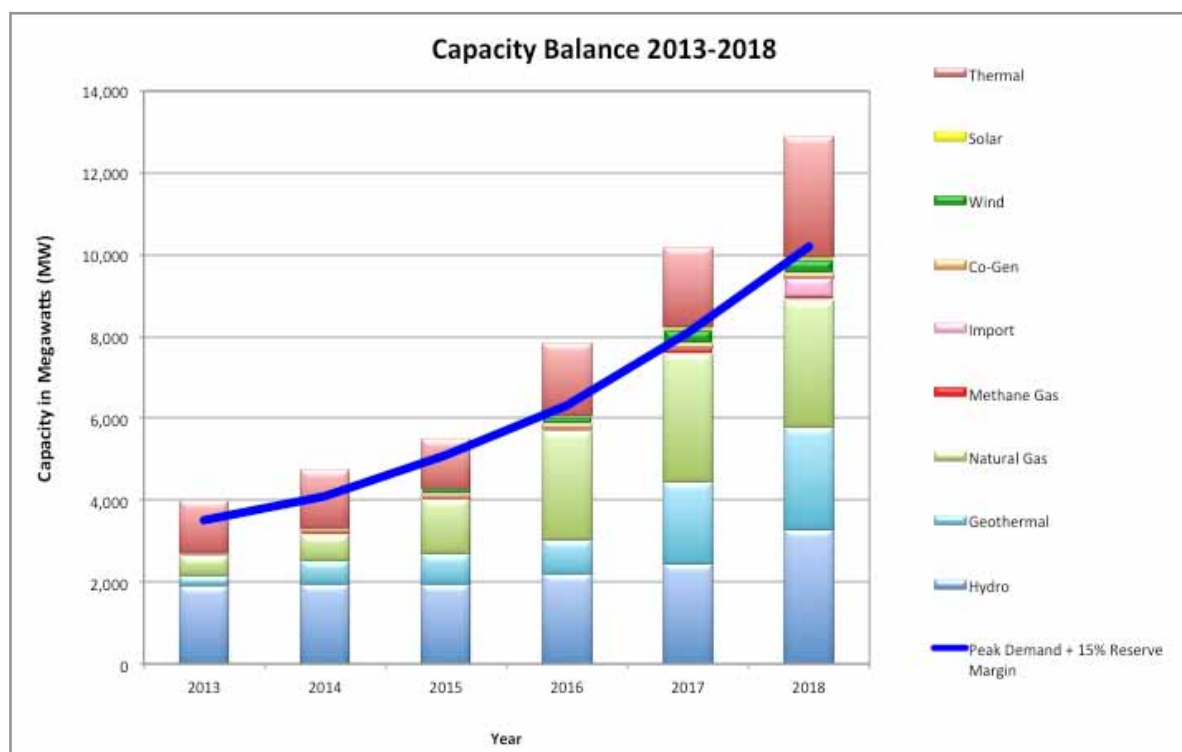
### **Implementation instruments for Cross Border Electrification and shared projects:**

Conclusion of a Bilateral Agreement for Kikagati/Murongo Hydropower Project (HPP) on the Uganda-Tanzania border was deferred pending consensus on proposal by the United Republic of Tanzania to revise the project layout by locating the substation on the Tanzanian side of the

border. A Memorandum of Understanding (MOU) for Nsongezi HPP, which is downstream of Kikagati/Murongo HPP was drafted and was expected to be signed following determination of the way forward on Kikagati/Murongo HPP.

**Market Structure for EAC Power Pool:** The Sectoral Council on Energy approved the Terms of Reference for developing a market structure for East African Community Power Pool (EACPP) to be developed in consultation with the Eastern Africa Power Pool (EAPP) to avoid duplication of efforts. Meanwhile and in preparation for development of market structure for EACPP, common definitions for the following indicators were adopted for use by all Partner States: Electricity Connection Level; Electricity Connectivity/Electrification Rate; and Electrification Penetration Rate and Electricity Access. Key power system performance and reliability parameters were also selected for monitoring and a template for collecting the data was developed and approved by the Sectoral Council on Energy.

**Implementation of EAC Power Master Plan:** Status of implementation of generation and transmission projects under the EAC Power Master Plan was reviewed and a regional capacity balance for the period 2013 to 2018 was developed taking into account the implementation status and projected demand while providing for a pooled 15% reserve margin. The capacity balance indicates that the region will register a surplus of power of between 625MW and 2,684MW by 2018 assuming an average hydrological year.



**Oil Products Pipeline:** The Feasibility Study for Oil Products Pipeline from Kigali to Bujumbura did not commence as planned because funding for the study was not secured from the AfDB as anticipated. However, an AfDB mission was held in June 2014 to appraise the project. The EAC Secretariat and the appraisal mission updated the Project Information Memorandum. Thereafter, EAC Secretariat submitted a formal application to AfDB for a NEPAD-IPPF grant to finance the study. The study is expected to commence during the financial year 2014/15.

Existing and Proposed Pipeline Projects in the region



### 5.3 Industrial Development

Implementation of the EAC Industrialization Policy and Strategy -Implementation of the EAC Industrialization policy and strategy is ongoing with the following targets being pursued:

Table: Targets of the EAC Industrialization Policy and Strategy

No.	Objective	2011	Target 2032
	Diversifying the manufacturing base and raising local value added	Estimated value of 8.62%	to at least 40%
	Increasing Manufacturing industry's contribution to the regional GDP	currently at an average of 9.7%	to an average of 25%
	Increasing manufacturing based employment	456,000	about 2.3 million
	Increasing GDP per capita	\$ 558	\$ 1,300

**Development of Strategic Regional Industry Value Chains:** The EAC Industrialization Strategy identified agro-processing; pharmaceuticals; petrochemicals & gas processing; iron & steel; extractive & mineral processing; energy & bio-fuels; and fertilizers & agro-chemicals as regional industry value chains to be promoted to achieve faster industrialization in the region. During the period under review, value chain studies for agro processing and energy & bio-fuels sectors were undertaken and investment profiles identifying opportunities in the sectors were prepared. The profiles will be presented to private sector and development partners in a forum to be held in early 2015. The third value chain study for iron & steel industry was underway. The objective of the study is to identify investment opportunities to be jointly promoted as well as policy, legal and regulatory impediments which need to be aligned or harmonized to facilitate the growth and development of the sector.



*Manufacture of school cardigans in the EAC*



Regional Framework for the Development of Extractive and Mineral Processing Industries: The EAC, in collaboration with the Commonwealth Secretariat (EAC-COMSEC) Project, carried out a feasibility assessment of mineral resources in the region with potential for local value addition. Legal and technical reports that identified measures hindering investments in extractive and mineral processing industries and also identified mineral resources with potential for mineral value addition in the region were prepared and validated in a meeting held in October 2013 in Bujumbura, Burundi. The reports recommended

- joint promotion of iron ore, coal, natural gas, nickel-copper-cobalt and limestone as potential priority minerals for mineral value addition (MVA) in the region;
- formulation of incentive schemes for the development of priority minerals;
- facilitation of the establishment of relevant private sector associations such as iron & steel industry associations in EAC;
- establishment of technical centers to support technology transfer and skills development; and
- mainstreaming of Artisanal and Small Scale Miners (ASM) into MVA value chain and development of financing.

The Secretariat was still in the process of establishing a Special Task Force to coordinate preparation of a Regional MVA Strategy and implementation of the study findings.

**Implementation of the Industrial Upgrading and Modernization Programme (IUMP):** The 26th Meeting of the Council in November 2012 approved the implementation of the Industrial Upgrading and Modernization programme

(IUMP). A regional steering committee for the implementation of IUMP was established. However, implementation was hampered by lack of funds and resource mobilization for the programme was ongoing.

**Collaboration in the Development of Packaging Industries in the Region:**

In order to address the challenges being faced by manufacturers particularly the small and medium enterprises (SMEs) in packaging, the Secretariat, United Nations Industrial Development Organization (UNIDO), Ministry of Industrialization and Enterprise Development, Kenya and IPACK IMA from Italy signed a Memorandum of Understanding to jointly promote the development of industry in the region. The main work done during the period under review was organizing of an international packaging and exhibition conference that was scheduled for September 2014. The Secretariat constituted a Technical Working Group (TWG) to coordinate the event.

**Regional Collaboration in Industrial Research, Technology and Innovation:**

The EAC undertook a number of activities during the period under review including:

- Establishment of a Technical Working Group of Industrial Research Technology and Innovation (TWG-IRTI) that was approved by the Sectoral Council on Trade, Industry, Finance and Investment (SCTIFI) in November 2013;
- Formulation of a draft Memorandum of Understanding (MOU) for collaboration among the industrial research technology organizations;
- Commissioning and finalizing a consultancy

study on Industrial Research Technology and Innovation Situation in the EAC. The study reviewed the industrial research and innovation situation in EAC, identified gaps and proposed a regional plan of action for collaboration.

- Embarked on the preparation of databases on technologies and research competencies available in the region. Once finalised, the technology databases will facilitate Partner States in sharing and exchanging information on on-going industrial research activities in the region.

#### **Establishment of a Regional Centre for Adaptation & Transfer of Manufacturing & Industrial Technologies (CATMIT):**

The Sectoral Council on Trade, Industry, Finance and Investment (SCTIFI), during its meeting held in November 2013 directed the Secretariat to undertake a study to assess the feasibility of the establishment of a regional Centre for Adaptation & Transfer of Manufacturing & Industrial Technologies (CATMIT). The Secretariat commissioned the study on 13th June 2014. If established, the CATMIT would serve as: a regional reservoir for cutting edge manufacturing and industrial technologies and processes; knowledge management platform on regionally available technologies; and centre for capacity building on technology management, selection, prospecting (foresight) and road mapping. It is further expected to provide support towards technological upgrading of SMEs and selected manufacturing value chains. The study was expected to be finalized by September 2014.

#### **Implementation of the EAC Regional Pharmaceutical Manufacturing Plan of Action (EACRPMPOA):**

The Sectoral Council of Health in a meeting held in April 2014 in Zanzibar, and Sectoral Council on Trade, Industry, Finance and Investment (SCTIFI) in a meeting held in November 2013 agreed on joint implementation of the EAC Regional Pharmaceutical Manufacturing Plan of Action (EACRPMPOA) and established a Joint Steering Committee to coordinate implementation of the Action Plan and also address issues of the development of Pharmaceutical Industry in the Region particularly enhancement of local production of medicines. Implementation of the Action Plan is ongoing with programmes rolled out on quality infrastructure for the pharmaceutical centre and medicines regulation harmonization among others.

#### **Industrial Collaboration under EAC-COMESA-SADC Tripartite:**

The Tripartite Technical Committee on Industrial Development (TTCID) was established pursuant to the decision of the second meeting of the Tripartite Sectoral Ministerial Committee (TSMC) held in Mauritius on 10th July, 2013. The mandate of the Committee is to:

- Coordinate preparation of Tripartite Programme of Work and Roadmap for the Industrial development pillar;
- Prepare modalities for cooperation in industrial development taking into account the need for fostering value additions, add value to raw materials and improve the productive capacity to enhance trade amongst the Member/Partner States and with the rest of the world; and
- Identify areas requiring policy coherence

amongst the Member/Partner States to facilitate the industrialisation process.

Following the constitution of the TTCID, the Committee held its first meeting in September 2013 during which, it considered a draft Roadmap and programme of work; and a draft modality for cooperation.

Further the African Development Bank (AfDB), through Trade Capacity Building Programme (TCPB) made a commitment to support the Tripartite processes. The three broad areas of support within the work programme for the industrial development pillar include strengthening industrial statistics capacity in the tripartite; preparation of Action Plans to implement programmes on selected value chains; and strengthening infrastructure for research, technology and innovation including identification of centres of excellence.



*Mineral Processing in the EAC*

## 5.4 Environment and Natural Resources

**Water Resources Management:** The draft EAC Water Vision 2025 was finalized and presented to the Sectoral Council on Environment and Natural Resources in January 2014. The vision provides a clear framework for sustainable management of regional water resources. It gives guidance on how to best to use, protect, manage and develop water resources. To realize the water vision, resources will be mobilized to formulate the EAC Water Policy and Integrated Water Resources Development Strategy.

**Implementation of International Treaties and Conventions on Environment and Natural Resources:** The draft Framework for Joint Participation in and Implementation of Regional and Multi-lateral Environment Agreements (MEAs) was finalised. The overall aim of the Framework is to guide the Partner States in effective coordination in the implementation of various multilateral environmental agreements that the Partner States are Party to.

The process of institutionalizing EAC's joint participation in International Conventions and Treaties on Environment and Natural Resources Management is ongoing to enhance the implementation of several MEAs that the Partner States have ratified. To implement the outcome of the Rio Summit on Sustainable Development: The Future We Want, an EAC Post-Rio+20 Plan of Action was developed and approved by Council. Technical preparations, including development of regional position papers, in readiness for international policy discourse on Biological Diversity, Climate Change and Disaster Risk Reduction under the UN Convention on Biological Diversity, the UN Framework Convention on Climate Change and the Hyogo Framework for Action on Disaster Risk Reduction are ongoing.

#### **Conservation of Aquatic and Terrestrial Biodiversity:**

The process of promoting conservation and management of shared trans-boundary Natural Resources/Ecosystems for enhanced socio-economic development, improved production and income; and strengthening regional integration through cross border and inter-regional business initiated through the Ecosystems Profile Assessment (EPA) that identified Key Biodiversity Areas (KBAs) for conservation.

As part of the implementation of the outcome of the First EAC Lake Tanganyika Basin Development Conference held in Bujumbura in November, 2011, an Action Plan was developed and The Lake Tanganyika Water, Sanitation and Environment Programme (LTWATSAN) was initiated. The Programme has



been earmarked for funding under the 11th European Development Fund (EDF-11) as part of the Regional Indicative Programme (RIP).

**Harmonization of Biosafety Policies:** National and Regional Consultations on Biosafety were finalized in Partner States in November 2013. National and Regional Priorities on Biosafety were identified and a road map for developing the EAC Biosafety Policy Framework prepared. Mechanisms to enhance regional information sharing and networking including establishment of regional Biosafety Clearance House and Advanced Informed Agreement procedures to facilitate decision making, promote compliance, and capacity building have also been identified. Financial resources will be mobilized to develop the Regional Biosafety Policy Framework.

#### **Implementation of the EAC Climate Change Policy:**

The EAC Climate Change Strategy, Climate Change Master Plan and Operational Modalities for the EAC Climate Change Fund were approved by the Council of Ministers in August 2013. Two medium term projects are currently under implementation, namely: Climate Change Adaptation and Mitigation Programme in Eastern and Southern Africa (COMESA-EAC-SADC) Region; and Planning for Resilience in East Africa through Policy, Adaptation and Economic Development (PREPARED). Efforts to provide a legal framework for the implementation of the EAC Climate Change Policy through enacting an EAC Climate Change Bill was initiated and a roadmap for its conclusion was developed.

In addition, a 2nd Parliamentarian's Workshop on Climate Change was held in December, 2013 to review the status of implementation of the EALA Climate Change Report and Resolution. An



organizational capacity assessment of the EAC Climate Change Coordination Unit was also conducted in December 2013 and additional staff recruited under the two projects to enhance EAC's technical capacity on climate change matters.

**Disaster Risk Reduction:** In order to address the increasing frequency and intensity of both natural hazards and man-made environmental disasters in the region, a draft Bill on Disaster Risk Reduction and Management was developed pursuant to Article 59 (1) of the Treaty. The object of the Bill is to provide a legal framework for intervention and assistance to protect people, property, livelihoods and the natural environment affected by both natural and man-made disasters through integration and comprehensive disaster risk preparedness and response practices in the EAC. The EAC also participated in the Post Hyogo Framework of Action discussions through the African Disaster Risk Reduction Working Group (AWGDRR) and the Intergovernmental Panel in preparation for the 3rd World Conference on Disaster Risk Reduction scheduled for March 2015 in Sendai, Japan.



*Livestock production systems in the region highly affected by the fall in fodder availability due to low rainfall*





*Chairperson of the EAC Council of Ministers, Hon. Phylis Kandie during the World Travel Market (WTM) Fair in London*

## 5.5 Tourism and Wildlife Management

**EAC Single Tourist Visa:** A roadmap to fast track the introduction of an EAC Single Tourist Visa was developed and adopted by the Multi-Sectoral Task Force. The Single Tourist Visa is expected to enable tourists to visit all Partner States on a single visa. Introduction of a Single Tourist Visa will complement efforts of marketing EAC as a single tourist destination. This is expected to encourage tourists to organise multi-Partner State tour packages and translate into higher tourist numbers. Higher revenues are expected to accrue to the Partner States' governments from increased tourism in addition to job creation due to higher demand for services.

### **Promotion of EAC as a Single Tourist Destination:**

The Community continued to promote East Africa as a single tourist destination by participating in the World Travel Market (WTM) in London in November 2013 and the International Tourism Bourse (ITB) in Berlin in March 2014. Tourism and travel buyers and sellers from all EAC Partner States exhibited together, and were able to promote multi-destination packages. During the event, distribution of various promotional materials and hosting of EAC joint events strengthened the image of the EAC as a single tourist destination. In both events, EAC Ministers for responsible for tourism and wildlife management fielded interviews that were uploaded to YouTube and distributed to media houses in the UK and in Germany. In addition, the Ministers issued a joint press statement on Regional collaboration to combat negative travel advisories.

**EAC Tourism Branding Strategy:** During the reporting period, an EAC Tourism Branding Strategy was developed. The Strategy focuses on positioning the EAC as a single tourist destination. In addition, an EAC Tourism Marketing Plan detailing key activities for marketing the Region was reviewed in line with the 4th EAC Development Strategy (2011-2016) to support the EAC Branding Strategy. The Marketing Plan highlights the goals, objectives and a roadmap for implementing the EAC Tourism Branding Strategy. The Marketing Plan and Branding Strategy are awaiting review by the Heads of Tourist Boards and Directors of Tourism.

**Production and Distribution of Promotional Material:** Materials were produced and distributed to various stakeholders including: 1000 DVDs, 1000 promotional bags, 1000 key holders, three promotional banners, and 2000 magic mugs. The EAC also produced and distributed 500 copies of "Travelling around East Africa" regional magazine and 200 magic mugs with the theme "Destination of Wonders and Opportunities". In addition, 30 branded rocks were produced, of which five were presented to EAC Ambassadors based in Berlin, Germany.

A magazine supplement on the East African region was published for the Association of British Tour Agents (ABTA) in May 2014. The supplement was distributed to all ABTA members in the United Kingdom, EAC Partner States, Embassies and Missions in London. TV and Radio Campaigns were also aired in all Partner States.

**Regional Framework of collaboration in the Tourism and Wildlife Management Sectors:** In an effort to coordinate the development of harmonized laws in tourism and wildlife management, a Comparative Matrix of Laws in Tourism and Wildlife Management was finalized. In addition, principal indicators to guide the development of regional policies and to draft Bills for tourism and wildlife management were also defined.

## 5.6 Gender, Community Development and Civil Society

**Harmonization of Gender, Youth, Children, Persons with Disabilities, Social Protection and Community Development Policies and Strategies:** The Secretariat developed various policies and strategies in addressing issues of Gender, Youth, Children, Persons with Disabilities, Social Protection and Community Development in the EAC region. Specifically, the following policy documents were finalised and adopted by the 27th Council which took place in August 2013: The EAC Social Development Framework (2013); The EAC Youth Policy; Participatory Gender Audit Report; Gender Sensitive Outcome Indicators for the 4th EAC Development Strategy (2011-2016); Gender Mainstreaming Strategy; Gender Mainstreaming Action Plan for Partnership Fund; and Gender Mainstreaming Guidelines and Checklists. Action plans are being prepared to facilitate the implementation of the adopted policy documents and frameworks.



*Women play an integral role in social-economic development of the region*

### **Promotion of Children’s Rights in the EAC Region:**

The formulation of the zero draft EAC Child Policy was initiated during the 1st EAC Child Rights Conference held in Bujumbura in September 2012. Development of the Policy is still ongoing and the EAC Secretariat in partnership with the Inter Agency Working Group (IAWG) comprising Save the Children International, World Vision East Africa, Plan International, Region of Eastern and Southern Africa (RESA), African Child Policy Forum (ACPF), Elizabeth Glaser Pediatric Aids Foundation (EGPAF) and the African Platform for Social Protection (APSP) agreed on a roadmap for finalization of the Policy by June 2015.

### **Promotion of Citizenry Participation in the EAC Integration:**

Following the adoption by the 26th Council of the Consultative Dialogue Framework for Private Sector, Civil Society and other Interest Groups in the EAC Integration Process, a 2nd EAC Secretary General Forum for Civil Society and Private Sector was held in October 2013 and was themed: “The EAC We Want.” Recommendations were made particularly on fast-tracking the implementation of the Single Customs Territory and the Common Market Protocol. Stakeholders recommended that gender and social development matters be

taken into consideration in the implementation of the Customs Union and the Common Market.

### **Promotion of the Rights of Persons with Disability (PWDs).**

The second EAC persons with Disability Conference was held in June 2014. The main theme was “Empowerment: The Disability Concern in the EAC Regional Integration Agenda” Subthemes included: Empowerment for employment (with emphasis education, skills and affirmative action); MDGs and Post MDGs; Towards Agenda 2063; Unpacking the EAC Policy on Persons with Disabilities; and Presentation of the draft EAC Disability Bill and Experts presentations on how to make International Legal instruments work at National and Regional levels. A communiqué outlining the actions to be undertaken at both national and regional levels to take the empowerment agenda forward was adopted by the Stakeholders.

### **Popularisation and Dissemination of Information on Key Programmes:**

Key information in the area of gender, youth, children, persons with disabilities, social protection and community development was posted on EAC website in order to allow wider access by the public.





*Namanga Border between Kenya and Tanzania*

## 5.7 Immigration, Labour/ Employment and Refugee Management

### **Review of Immigration Laws and Policies:**

The Republics of Rwanda and the Republic of Kenya reviewed their immigration laws in line with the provisions of the EAC Common Market Protocol. The Republic of Uganda developed a comprehensive Migration Policy which is expected to guide the review of the Immigration and Citizenship Act. Other Partner States are at various stages of the review process.

### **Internationalization of the New Generation**

**EAC e-Passport:** The 28th meeting of the Council held in November 2013 directed that the new generation East African e-Passport shall take effect in November 2015. Towards this end, the 20th Meeting of the Sectoral Council for Ministers Responsible for EAC Affairs and Planning adopted the Computer Generated East African new generation e-passport and the Roadmap to ensure that the e-passport is launched by Summit in November 2015.

### **EAC e-Immigration Strategic Framework:**

A draft e-Immigration Strategic Framework

was developed between March-June 2014. The framework is expected to guide the Partner States as they implement e-immigration services and Integrated Border Management systems. The e-Immigration Strategic Framework will be finalised after stakeholder validation of the draft during the FY 2014/15.

**Refugee Management Policy:** With funding from the United Nations High Commissioner for Refugees (UNHCR), a draft Refugee Management Policy was developed. The draft policy was considered by the Chiefs of Refugee Management and presented to the Sectoral Council on Interstate Security in February 2014.

**Manpower Survey:** The Republics of Kenya and Rwanda finalized their national manpower surveys and prepared national reports based on the survey findings. The Republic of Burundi also finalised the main survey and was in the process of analyzing the collected data. The Republic of Uganda was still finalizing her pilot survey while the United Republic of Tanzania was in the process of mobilizing resources for the main survey.

## 5.8 Education, Science and Technology

**Harmonisation of the EAC Education Systems and Training Curricula:** The Secretariat, together with the Technical Committee on the Harmonisation of the EAC Education Systems and Training Curricula (TECHCOM) developed structures and frameworks for the Harmonisation of the: EAC Pre-primary Education; the EAC Primary Education; the EAC Secondary Education; the EAC Primary Teacher Education; and the EAC Secondary Teacher Education. Rules and Guidelines for the conduct of examinations and assessments in the EAC Institutions were also developed.

**The EAC Technical, Vocational Education and Training (TVET) Technical Committee (TECHCOM):** As directed by the Council, a separate Technical Committee (EAC TVET TECHCOM) to guide the Harmonisation of the EAC Technical, Vocational Education and Training was instituted and its Terms of Reference developed.

**Hosting of East African Science and Technology Commission (EASTEKO) in Kigali, Rwanda:** Negotiations between the EAC Secretariat and the Republic of Rwanda to host the East African Science and Technology Commission (EASTEKO) were successfully concluded and culminated in the signing of the Headquarter Agreement in April 2014.

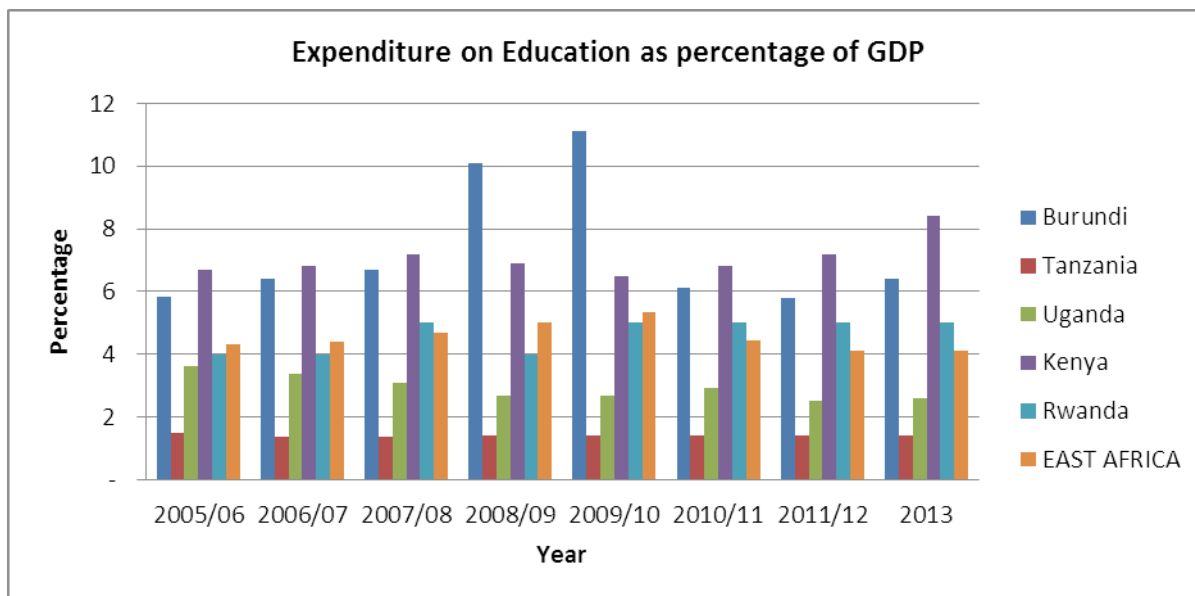
**Improving the quality of the delivery of education:** In order to improve the quality of the delivery of education in the Partner States', a draft eLearning concept paper was drafted from which a draft EAC ICT in Education Strategy was developed. National Stakeholders workshops

were held in all the Partner States where the draft strategy was validated. In addition, an EAC ICT Introduction into Education booklet was compiled in the Regional workshop held in Kampala, Uganda.

**The 2013 EAC Students' Essay Competitions:** The 2013 EAC Secondary Schools Essay Writing Competition was concluded in November, 2013 under the topic: "How will the improvement of infrastructure promote the economic development of the East African Community Partner States?" The essay competitions have gone a long way in sensitizing the youth in schools about the EAC regional integration agenda. The winners of the essay competitions from the various countries and the overall winner were awarded certificates during the 15th Summit of EAC Heads of State held in November 2013 in Kampala, Uganda.

**Development of Mutual Recognition Agreements:** As part of the implementation of the EAC Common Market Protocol specifically on removal of restrictions to trade in services amongst Partner States, Veterinary professionals initiated the process of developing a Mutual Recognition Agreement (MRA) among the Partner States. Rules and procedures for adopting MRAs in line with Annex VII of the EAC Common Market Protocol were also developed.





## 5.9 Culture and Sports

The Department of Culture and Sports is responsible for: developing policies and strategies for promoting Culture and sports activities, safeguarding and developing of cultural heritage; and popularization of the symbols of regional cultural identity especially the EAC Anthem.



*Burundi Drummers*

### Operationalization of the Kiswahili

**Commission:** Negotiations of the Headquarters agreement between the Community and the United Republic of Tanzania for hosting the EA Kiswahili Commission were concluded in December 2013 in Zanzibar. A draft Bill for the Establishment of the EA Kiswahili Commission has been prepared and will be presented to the 12th Sectoral Council on Education Science and Technology Culture and Sports and thereafter tabled to EALA for consideration.

### Regional Mapping of Culture and Creative

**Industries in the EAC:** Culture and Creative Industries across the globe today represent one of the most rapidly expanding economic sectors. In this regard, EAC continued to conduct the mapping of the Culture and Creative Industries in the region. The 2nd phase of the project implementation included field data collection and analysis and production of National Status Reports on the state of Culture and Creative Industries which were conducted in the Republics of Kenya and the United Republic of Tanzania from February to June 2014. The mapping aims

at collecting socio-economic data on the different segments of cultural and creative industries. It is envisaged that availability of information and statistics on regional creative economy will be used to facilitate public and private sector investment in the development of the creative arts and culture sector. The regional report of the Mapping exercise is expected to be finalized by June 2015.

**EAC Arts and Culture Festival and Sports Tournaments:** The Community continues to promote regional socio-cultural integration through culture and sports activities as drivers of EAC integration through the East African Arts and Culture Festivals and sports tournaments which facilitate bringing together East Africans public to celebrate the rich and diverse cultural heritage of the region. In this regard, the 1st Preparatory Film Festivals and Film makers Forum was held in March 2014 in Arusha, Tanzania. In addition, the 7th Edition of the EAC Military games and Culture Event was held in August 2013 in the Republic of Kenya. The East Africa Inter Parliamentary Sports Tournaments was also held in November 2013 in Kampala Uganda, while the 12th edition

of the East Africa Secondary School Games was held in Gulu in September 2013 in the Republic of Uganda.

In addition, during the period under review, the EAC initiated the planning process for the 1st Edition of East Africa Community Games (EACoG) planned to be held in 2016. The 1st technical planning meeting of Sports Experts was held from 13th -15th May 2014 in Dar es Salaam Tanzania. The Concept paper highlighting the background, main and specific objectives, the expected outputs, outcomes, list of the proposed Sports as well as the strategy and financing plan for the proposed EAC games was developed. Plans are underway to undertake the 2nd edition of the EAC Arts and Culture Festival during Financial Year 2014/2015 in the Republic of Kenya.

**Participation and Networking with other Regional and International Organizations on Culture and Sports:** The Community was represented at the ACALAN experts workshop to develop a framework for Terminology development of African Languages held in June 2014 in Nairobi Kenya.



*Dancers from Rwanda during the Street Carnival of the 1st Edition of the EAC Arts and Culture Festival (JAMAFEST) in Kigali, Rwanda*

# Chapter 6



## Office of the Deputy Secretary General - Political Federation

# Office of the 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

**Proposed Model Structure of the Political Federation:** The 12th Extra-ordinary Summit of the EAC Heads of State held in April, 2014 considered a progress report on the establishment of the Political Federation and directed the Council to initiate the process of drafting a constitution and develop a roadmap for the Political Federation. In this regard, the EAC Secretariat convened a regional experts to review and incorporate Partner States comments into the instruments before submission to the Summit.

**The EAC Election Observation Mission (EAC-EOM) to Rwanda Parliamentary Elections:** Following invitation by the Government of the Republic of Rwanda, the East African Community deployed a total of 40 observers from the East African Legislative Assembly, Partner States and EAC Secretariat to observe the Parliamentary Elections in the Republic of Rwanda that took place on 16th-18th September 2013. Hon. Musa C. Sirma, former Minister for EAC Affairs, Republic of Kenya, led the Mission. The Mission was conducted in line with the EAC Principles on Election Observation and Evaluation. The EAC Mission observed the elections, offered a balanced and informed assessment, and identified challenges, weaknesses, opportunities and strengths that can be harnessed into best practices for the region. The EAC-EOM was on the ground in Rwanda for 11 days from 9th -19th September 2013.

The report of the Mission was officially handed over to the Secretary General who in turn submitted it to the Republic of Rwanda to consider the recommendations and address the challenges highlighted in report. The overall finding was that the elections were conducted in accordance with the Rwandan legal framework for elections and the outcome expressed the will of the people of Rwanda.

**Progress on Implementing the EAC Programme on Good Governance:** The EAC Annual Conferences on Good Governance have become one of the signature events in the drive for political integration. In the period under review, the 4th EAC Annual Conference on Good Governance was held from 8th – 9th July 2013 in Kigali, Rwanda. The theme of the Conference was *“Sustaining the Fight against Corruption to promote Regional Integration”*. The conference aimed at promoting dialogue and policy development in the fight against corruption through a multi - sectoral approach. The Conference focused on corruption as one of the impediments to the regional integration agenda. The Conference observed that due to its multifaceted nature, fighting corruption also requires a multi - sectoral and multi-agency approach.

**Implementation of the EAC Plan of Action on Preventing and Combating Corruption:** The EAC Plan of Action on Preventing and Combating Corruption was adopted by the 18th Meeting of the Sectoral Council of Ministers Responsible for EAC Affairs and Planning (SCMEACP). At a



meeting of the anti-corruption agencies held in May 2014, the agencies agreed on a framework for its implementation through complementary national efforts and harmonization of strategies and programmes.

**Strengthening of the EAC Nyerere Centre for Peace Research (NCPR):** In the period under review, the NCPR Strategic Plan streamlining the activities of Nyerere Centre within the political integration programmes was adopted by the Council. The Centre conducted students exchange and training programmes on peace and conflict resolution, good governance and human rights, all designed to interest students to advocate for peace initiatives and regional integration.

**The Annual EAC University Students' Debate:** The debate was established to promote continuous dialogue among the youth and interest them in advocating for regional integration initiatives. The best debaters are appointed as Honorary EAC Youth Ambassadors. As a result the EAC-Youth Ambassadors Platform was launched during the 2nd debate in September 2013 to enable structured engagement with the University Community. The Youth Ambassadors were trained in advocacy and leadership to equip them with skills to carry out sensitization in their respective Partner States. The students have been instrumental in advocating and sensitising students on the EAC integration agenda.

**Sensitization Activities for EAC-Youth Ambassadors Platform:** The Platform carried out national sensitization programme among universities students and lecturers. The EAC-YAP contributed to the development of the African Union Agenda 2063 in November 2013 where a regional position paper was developed and

presented to AU during the High level youth Dialogue in Dakar, Senegal. The Platform has also carried out sensitization activities from February to June 2014. During the period over 6000 university students were reached and sensitized on EAC processes. A total of 25 EAC Clubs were also established for continuous dialogue and networking among the students.

## 6.2 International Relations

**Engagement of Diplomatic Missions in the promotion of EAC Integration:** As of 30th June 2014, thirty three (33) countries, the EU and the United Nations High Commission for Refugees (UNHCR) had accredited their Heads of Diplomatic Missions to the EAC. The increasing accreditations are a clear indication of the positive relationship and trust that foreign missions have in the EAC. This diplomatic channel provides an added opportunity to engage with the accredited Ambassadors in a bid to optimise on the potentials of collaboration for mutual benefit.

A Dialogue with Partners was held in October 2013, at which Heads of Missions Diplomatic Missions accredited to the EAC, other Partners and friends of the EAC participated. At the broader level, the Secretariat continued to share news updates on-line with Embassies and High Commissions of the Partner States worldwide. These initiatives also aimed at using the Partner States' Missions to reach out to East Africans in the Diaspora.

**Cooperation with the Africa Union (AU) Commission:** The EAC continued to engage with other RECs on the strategies for strengthening cooperation and collaboration for continental in-



tegration pursuant to the provisions of the Protocol on Relations between the AU and Regional Economic Communities (2008). Indeed, at appropriate sessions of various fora, such as the SADC policy organ meetings of August 2013; the AU Assembly in January and June 2014; experiences on advancing regional and continental integration and lessons learnt were shared.

Close collaboration was also nurtured with the NEPAD Planning and Coordinating Agency (NPCA), particularly during Experts/Thematic group meetings and the NEPAD Steering Committee sessions held in August, September and November 2013, January and May 2014. The Secretariat played an active part in the NEPAD driven Capacity Needs Mapping and Assessment study focusing on RECs. EAC's capacity needs have been incorporated in the draft proposal on AU Multiyear Capacity Development Program, which is due for consideration by the AU Summit of Heads and Government in 2015. The EAC Secretariat has also ensured that the Community's strategic integration objectives are mainstreamed into the draft AU Agenda 2063.

#### **Cooperation Arrangements with Other Regional Organisations of Complementary Mandates:**

The Community continued to closely follow up on the implementation of Memoranda of Understanding and related commitments entered into by the EAC with other regional Organisations, The EAC participated at policy meetings of the ICGLR aimed at strategizing on stabilization of eastern DRC and the wider eastern Africa region (July; Sept 2013) and EAC perspectives, where applicable, were shared. Presentations were made to the July 2013 Meeting of the High Level Oversight Mechanism for the Framework Agreement on Peace and Security on the DRC

and the region. This partly informed the decision by the Mechanism and IFIs to the effect that the EAC Infrastructure Master plans be linked to the eastern DRC within the broader context of development of eastern Africa region. Networking and collaboration with COMESA and IGAD were emphasized throughout the period under review, within the framework of the collaborative arrangement in place for mutual benefit.

#### **EAC engagement in United Nations and its specialised Agencies:**

The Community continued to closely engage in UN General Assembly processes for purposes of mobilizing support for EAC integration. The EAC participated at the briefing to the UN member countries, which was conducted on the margins of the 69th UN General Assembly General Debate session on 1st October 2013 in New York, USA. The briefing focused on the region's integration initiatives for building the resilience and the capacity to pre-empt and respond to humanitarian crises and disasters. A post-briefing strategy session was also held between RECs and through the UN-OSAA and follow up measures were agreed upon. Furthermore, in the pursuit of raising the region's influence at the global arena, the Partner States successfully mounted concerted regional, continental and international mobilisation campaigns in support for the candidature of Uganda's Foreign Minister for the presidency of the UN General Assembly for the year 2014/15

#### **Fostering other Multilateral Partnerships:**

Support for EAC integration was also mobilized at the annual review meetings of the continental Regional Coordination Mechanism (RCM), held in Addis Ababa, November 2013 and in Abuja in May 2014. Following through on the conclusions of these sessions, the EAC effectively participated

in the review of the Business Plan for UN's Sub-Regional Coordination Mechanism (SRCM). The Business Plan aims at facilitating coordinated delivery of UN assistance to regional integration initiatives.

Input was also provided for the elaboration of the Africa-EU Partnership framework in July 2013, during the Retreat for East & Southern Africa-RECs. The outcome document informed the background papers for the African Union position in preparation for the Africa – EU Summit which held in Brussels on 2-3rd April 2014.

### 6.3 Peace and Security

#### **Policies and Strategies on Police, Prisons, Counter-Terrorism and Small Arms and Light Weapons:**

The Sectoral Council on Interstate Security ,at its 6th Meeting approved the designation of two Police Institutions per Partner States to serve as Regional Centres of excellence in various Policing disciplines that include traffic management, Police Marine, Police Aviation, Community Policing, Disaster Management and Counter terrorism.

**Maritime Security:** The implementation of the East and Southern Africa-Indian Ocean(ESA-IO) Maritime Security Strategy and Action plan commenced in April 2014 with interventions geared at enhancing investigative capacity, Prisons Reform and Capacity building of the Judiciary and Prosecution. The EU is providing funding support towards its implementation. Activities undertaken include conclusion of a strategic plan for the Regional Forensic Referral Centre; development of pre-deployment curriculum for Prisons and Correctional services; and benchmark visit for the sector to the United Republic of Tanzania

#### **Conflict Prevention, Management and Resolution:**

The EAC Early Warning Centre became operational on 1st July 2013 with the deployment of two technical officers to facilitate extraction and analysis of open sourced information. Daily news reports and weekly summaries have since been generated by the centre. Further work on enhancing analytical capacity and reporting templates were undertaken. In addition, the 2nd Peace and Security Conference was held to promote dialogue and tolerance as a means of conflict prevention and peaceful co-existence. A retreat for faith based leaders underscored the need for broad based inclusive approach towards addressing peace and security issues. On preventive diplomacy, consultations on the proposed establishment of an EAC Panel of Eminent Persons was held and specific interventions to move the process forward were undertaken.

#### **Co-ordination and Partnership with other Regional Organizations with Peace and Security Mandate:**

During the reporting period, engagement with other organizations with that deal with peace and security in the EAC Region were sustained to promote complementarity. These included ICGLR,INTERPOL,RECSA,ESAAMLG among others. Alongside this, mandatory reporting obligations to the UN and AU were also fulfilled.



*Illicit arms being destroyed during an initiative by the EAC to enhance regional peace and security*

# Chapter 7



## Office of the Director General - Customs and Trade

# 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 Customs

### Implementation of the EAC Single Customs Territory

**Territory:** Following the decision of the Summit in April 2012 to adopt the destination principle for the implementation of the EAC Single Customs Territory and commence the implementation on 1st January 2014, the Council in November 2013 approved a Framework and roadmap for its implementation.

In order to implement the directives, the Committee on Customs constituted five Technical Working Groups (TWGs), namely: Business Flows and Legal; ICT; Compliance and Enforcement; Capacity Building and Change Management; and Inter-Agency Cooperation to develop the required instruments for operationalization of the EAC Single Customs Territory. The Committee undertook a number of activities and developed the operational instruments including: the SCT business process manual; Compliance and Enforcement Framework; and proposed amendments to the EAC Customs Management Act and regulations to cater for the SCT. Activities undertaken during the period under review included developing capacity building and change management intervention tools to support the implementation of the SCT.

**Enhanced Trade Facilitation and Customs Services through Interconnectivity of Customs Systems:** Following the finalization of

the Study on the Interconnectivity of customs systems, the Council directed the Secretariat to develop Customs Information Technology regulations to reinforce the use of IT in Customs. As at 30th June 2014, the draft regulations were awaiting final adoption by Council after legal input by the Sectoral Council on Legal and Judicial Affairs.

**Review of Rules of Origin:** The draft revised EAC Rules of Origin were considered by the Sectoral Council on Trade, Industry, Finance and Investment during its meeting in May 2013 that among others, directed that further consultations and sensitization of stakeholders be undertaken. The Secretariat undertook the consultations in the Partner States particularly on the following new elements:

- (a) Simplification of origin criteria:
  - Value added criterion by proposing to lower the threshold from 35% to 30% and using the Ex - works price instead of Ex- factory costs;
  - Change in Tariff Heading has been made more flexible to some goods by allowing changes in Tariff Sub-headings;
  - Introduction of specific manufacturing processes as a qualifying criterion to some goods, such as manufacturing to start from completely knocked down kits for motor vehicles assembled in the region.



- (b) Review of the definition of ownership of a fishing vessel of a Partner State by lowering the threshold of ownership from 75% to 20%;
- (c) Introduction of a rule that provides for the treatment of goods sold in sets;
- (d) Establishment of central database of registered exporters at the Secretariat;
- (e) Provision for other forms of cumulation other than full cumulation such as cumulation with countries or Regional Economic Communities that EAC has concluded a Free Trade Area with;
- (f) Introduction of a rule on Approved Exporter, where the competent authorities of the exporting Partner States may authorize any exporter who makes frequent shipments of products;
- (g) Introduction of a rule on validity of proof of origin where proof of origin shall be valid for six months from the date of issue in the exporting country.

### **Development and Review of Customs Laws and Regulations:**

Work towards amending the EAC Customs Management Act commenced in order to align it with the procedures under the Framework of the Single Customs Territory. The 27th Meeting of the Council held in August 2013 approved the recommendations to amend certain provisions of the EAC Customs Management Act and EAC Customs Management Regulations and referred the provisions to the Sectoral Council on Legal and Judicial Affairs for legal input.

### **Establishment of One Stop Border Posts (OSBP):**

There were fifteen OSBP Projects at various levels of development on internal borders in the region supported by various Development Partners. Construction at Taveta, Namanga, Rusumo, Isabania, and LungaLunga/ Hororo were at advanced stages of completion while work on Kabanga, Busia, Mutukula, Malaba, Katuna, Kagitumba/Mirama Hills was expected to progress faster given that most contractual issues had been resolved. One stop border posts infrastructure at Holili, Sirari, Nemba/Gasenya and Ruhwa had been completed while construction at Tunduma and Kobero was planned to commence late in 2014.

### **Capacity Building in Customs:**

The EAC Customs Training curriculum was rolled-out in November 2012 in Rwanda and officially launched in May 2013 by the Committee on Customs. The other four Partner States commenced implementation in July 2013. The EAC Customs capacity building initiatives focused on developing tools to support the implementation of the EAC Customs training curriculum. The training materials were published and distributed to Partner States for application.





**Regional Time Release Study:** The East African Community (EAC) in conjunction with the World Customs Organization (WCO) conducted a Regional Time Release Study (TRS) on the Central Corridor between Dar es Salaam and Bujumbura and Kigali via Kabanga/Kobero and Rusumo borders respectively. The Study which commenced in February 2014 developed terms of references, work plan, questionnaires, and a budget. The TRS experts also undertook a route survey and sensitization of the stakeholders that was slated for completion by end of September 2014

**Customs Integrity Action Plan:** The Secretariat in collaboration with customs experts from revenue authorities developed and finalized the EAC Customs and Tax Integrity Action Plan and the Regional Code of Conduct in July 2013. The document was submitted to the Partner States for further consultations.

**Duty Remission for Motor vehicle Assemblers:** The Sectoral Council on Trade, Industry, Finance and Investment at its meeting held on 10th June 2013 in Arusha, considered the recommendations of the Committee on Customs to adopt the list of items to be excluded from CKD for vehicle assemblers, items to be included in the CKD kits for assembling of trailers and the level of breakdown of CKD kits for motor vehicles. SCTIFI directed the Secretariat to conduct a comprehensive regional study and finalise the regulations. The Secretariat coordinated the validation and finalized the regulations which are awaiting consideration by SCTIFI.

## 7.2 Trade

**The EAC Mechanism on Elimination of Non-Tariff Barriers (NTBs):** The EAC Time Bound Programme (TBP) on elimination of Non-Tariff Barriers was updated during the 14th Regional Forum on NTBs held in February 2014. Seven (7) new NTBs were reported by the Partner States.

**Development of a Legally Binding Mechanism on Elimination of NTBs:** The draft EAC NTBs Bill was adopted by the Council in November, 2013 and forwarded to the Sectoral Council on Legal and Judicial Affairs for legal input. Once the Bill is enacted into law, it will enhance the work of EAC Regional Forum on NTBs and the National Monitoring Committees on the elimination of NTBs as contained in the EAC Time-bound Programme.

**Compilation and Dissemination of Trade Statistics:** As a strategy to improve both internal and external trade, the Community annually compiles and publishes the Trade Report highlighting EAC intra-trade and Customs revenue and investment performance in the Community, among others. The EAC Trade Report 2012 was finalized and printed. Preparation of the zero draft of the EAC Trade report 2013 was on-going.

**Promotion of Jua Kali/NguvuKazi Artisans:** The Jua Kali/NguvuKazi Artisans Exhibitions have been held annually in the Partner States on rotational basis since 1999. The main objective of the annual Exhibition is to facilitate the formalization of informal sector activities within the East African region by allowing the artisans to meet, exchange business information, and expand markets for their products in order to exploit opportunities offered under the EAC Common Market. The specific objectives are to bridge the gaps



*Port of Dar es Salaam, Tanzania*

in trade, culture and social economic imbalances in the region; create awareness of the sector's potential in producing and providing affordable goods; create expanded investment opportunities for the region's up-coming/emerging entrepreneurs; and initiate dialogue between the entrepreneurs and sharing knowledge in technology, innovations and business techniques.

The 14th EAC JuaKali/ NguvuKazi Exhibition was held in Nairobi - Kenya in December, 2013 and the Post exhibition Report was prepared with key recommendations and lessons for improvement of future exhibitions. A total of 500 artisans drawn from the Partner States were sensitized on market opportunities in the EAC.

**Trade in Services Under the EAC Common Market Protocol:** In June 2013, the Sectoral Council on Trade, Industry, Finance and Investment (SCTIFI) directed Partner States to make proposals in accordance with Article 53 of the Common Market Protocol (CMP), for amendment of the relevant Articles of the EAC CMP that affect trade in services and free movement of workers

by February 2014. The directive was based on the fact that Partner States were of the view that it was difficult to implement Trade in Services provisions in the CMP and the schedules of commitments due to some technical errors, omissions and legal inconsistencies/discrepancies. A meeting of Experts on trade in services held in April 2014 developed proposals for amendment of the relevant Articles on Trade in Services and free movement of workers under the EAC CMP, which were subsequently adopted by the SCTIFI meeting held in May 2014.

Further, under the World Trade Organisation (WTO) Transparency Mechanism, the WTO Secretariat prepared a Factual Report on the Provisions on Trade in Services under the EAC CMP. EAC meetings of Experts on Trade in Services were held in January and May 2014 to develop comments on the Report and responses to the questions raised by Colombia, Chile and Canada. The Factual Report was adopted by the 73rd WTO Transparency Session of the Committee on Regional Trade Agreement held in June 2014 in Geneva, Switzerland.

**Finalization and Implementation External Trade Agreements:** During the reporting period, the Community continued to negotiate external trade agreements namely, the EAC-EU Economic Partnership Agreement (EPA) and the EAC – U.S. Trade and Investment Partnership (TIP).

Under the EAC-EU EPA Negotiations, substantial progress was made on the issues under the negotiations. As of March 2014, both Parties had reached agreement on the outstanding issues under Institutional Arrangements, Dispute Settlement, Rules of Origin and Most Favored Nation Clause. Outstanding issues remained on Export Taxes, Agricultural Domestic Support, Relations with the Cotonou Agreement, Good Governance on Tax Matters and Consequences from Customs Union Agreements concluded with the EU.

Regarding the EAC-U.S. TIP, the first public-private sector EAC-U.S. Commercial Dialogue was held in August 2013. The EAC and U.S. private sectors jointly enumerated priority areas including trade facilitation and related infrastructure, energy, agribusiness, services, access to finance and markets, development of supply chains and strengthening of women in business leadership. Subsequently, exploratory discussions were held between the EAC-U.S. Technical Officials Meeting in February 2014 in Bujumbura, Burundi to discuss the components of the TIP, namely Regional Investment Treaty, Trade Facilitation Agreement, Trade Capacity Building Assistance, SPS and TBT; and Commercial Dialogue. Both parties agreed on follow up actions.

**Model Investment Treaty:** The Secretariat developed a draft Model Investment Treaty to be used by the EAC Partner States as a basis for

negotiations with third parties. The draft was submitted to Partner States for further consultations.

**Finalization of EAC Joint Export and Investment Promotion Strategy 2013-2017:**

The EAC Export Promotion Strategy 2013 - 2017 was considered by the Council in June 2013. The key highlight of the EAC Export Promotion Strategy was the separation of the joint EAC Export and Investment Promotion Strategy.

**Development of Efficient Export Incentives:**

The development of policies for the Export Processing Zones (EPZs) and the Special Economic Zones (SEZs) continued during the reporting period. The SEZs Policy and the draft study report on the impact of the Customs Union on the existing EPZs/SEZs firms were reviewed and validated respectively.

**Implementation of EAC SQMT Act 2006:**

During the period under review, thirty eight (38) Standards were developed and approved by East African Standards Committee, and were awaiting adoption by Council. In addition, three (3) sets of regulations to operationalize the SQMT Act were adopted by the Council in November 2013. As part of the follow-up on the implementation of harmonized standards at the regional entry points, a monitoring mission was undertaken to eight (8) border posts in the region.

**Negotiations for the Establishment of the COMESA-EAC-SADC Tripartite Free Trade Area:**

The Tripartite Trade Negotiation Forum (TTNF) established four (4) Technical Working Groups (TWGs): Customs Cooperation; Rules of Origin; TBT/SPS/NTBs; and Trade Remedies and Dispute Settlement. The TWGs concluded the

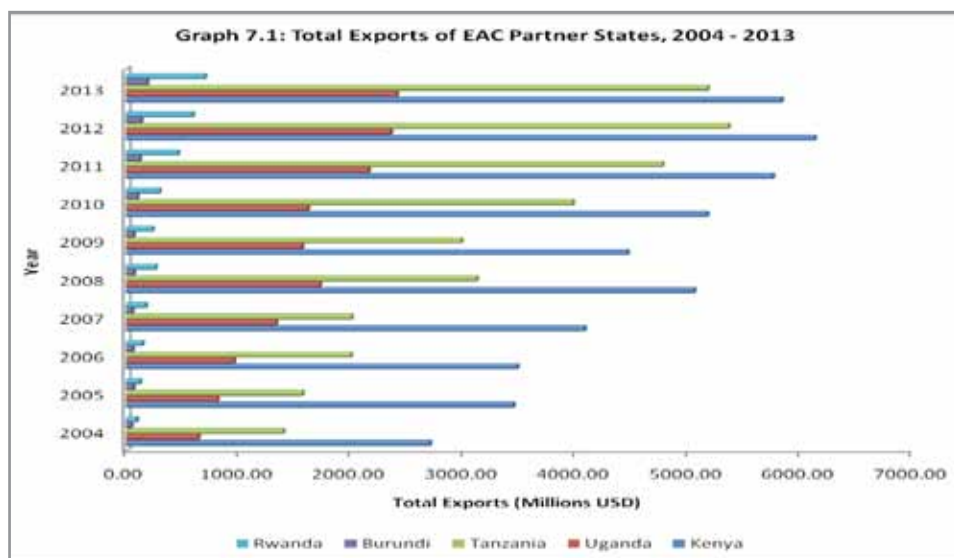
situational analysis on key thematic issues for substantive negotiations and considered the respective annexes (3, 4, 5, 6, 7, 9 and 10) of the draft FTA Agreement. The TTNF also commenced text-based negotiations schedule and adopted Annex 6 of the draft TFTA Agreement on Simplification and Harmonization of Trade documentation and procedures. More critically, the TTNF resolved the contentious issues on modalities for tariff liberalization which cleared the way for Tripartite Member/Partner States to embark on preparation and exchange of their tariff offers.

On negotiations on movement of business persons, the Tripartite Task Force (TTF) Chief Executive Officers established a TTF Sub Committee on Movement of Business Persons (SCMBP). The TTF SCMBP held its inaugural meeting in April 2013 in Nairobi Kenya and reviewed the draft terms of reference (ToRs) for the proposed Tripartite Technical Committee on Movement of Business Persons (TTC-MBP); updated the draft Situational Analysis of the Movement of Business Persons in the three RECs; and prepared a work programme on negotiations on movement of business persons.

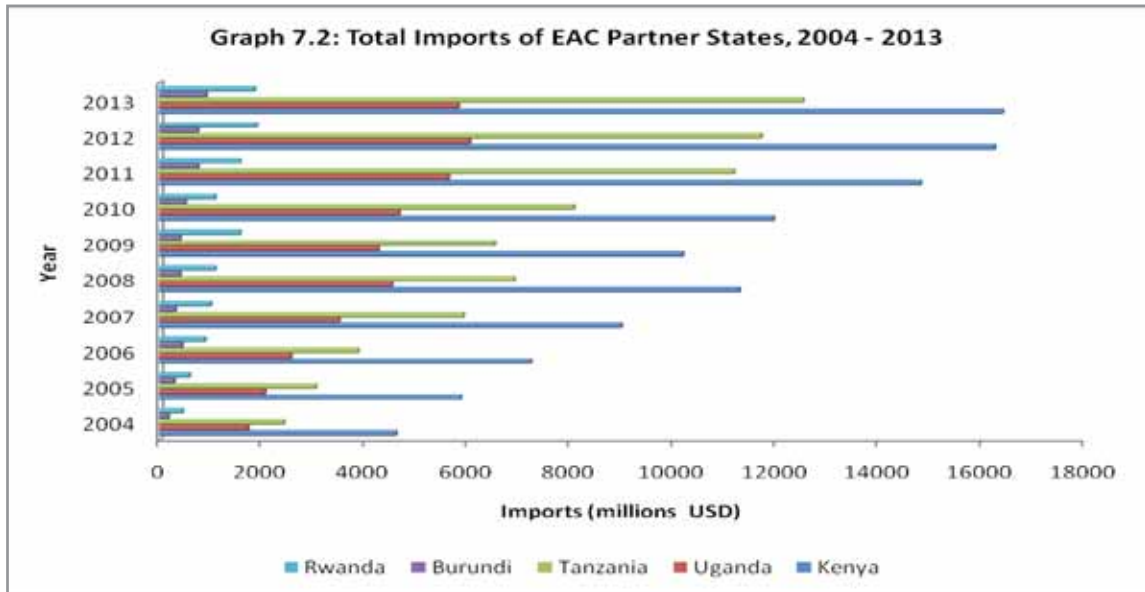
Under the Tripartite industrial development pillar, a Tripartite Regional Consultative Workshop was held in June 2013, in Nairobi, Kenya. The workshop brought together stakeholders from ministries of trade and industry in the Tripartite region as well as the private sector and enabled them to provide inputs to the draft Work Programme/Roadmap on the Tripartite Industrial Development Pillar.

Under the Tripartite infrastructure development pillar, work progressed on Operationalisation of the Joint Competition Authority (JCA); Tripartite Corridors Infrastructure Development and Border Posts and development of a Tripartite Infrastructure Master Plan (including Development of the Project Database and Tripartite Work on Corridor Monitoring).

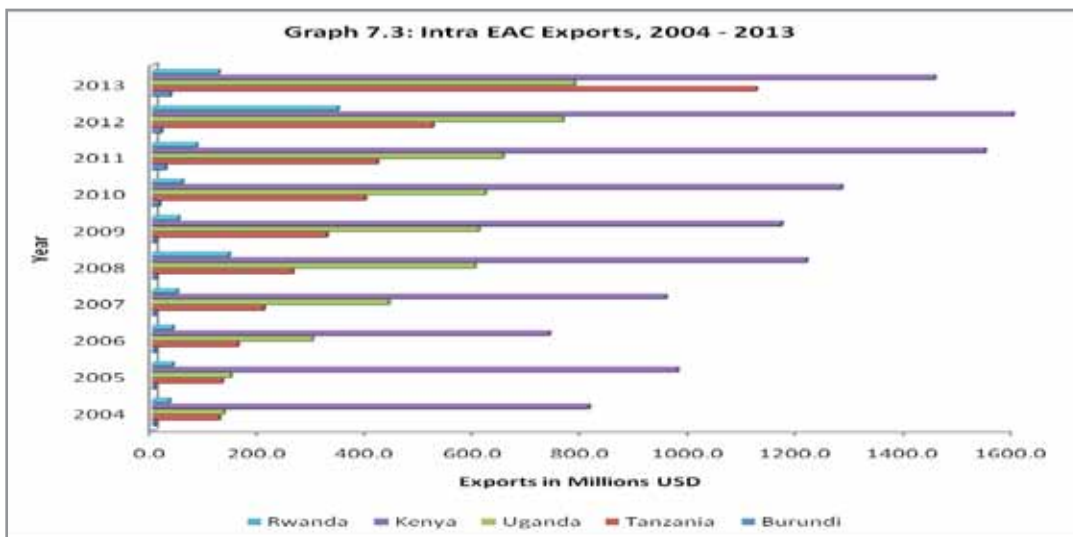
**Exports:** The value of total exports by the EAC Partner States has more than tripled from USD 4.9 billion in 2004 to USD 14.3 billion in 2013 with respective shares of 41% (Kenya), 36% (Tanzania), 17% (Uganda), 5% (Rwanda) and 1% (Burundi). *Graph 7.1* shows the upward trend in the value of exports, with Kenya as the lead exporting country, followed by Tanzania, while Burundi has the least exports in value terms.



**Imports:** The value of total imports by the EAC Partner States has more than quadrupled from USD 9.4 billion in 2004 to USD 37.5 billion in 2013 with respective shares of 44% (Kenya), 33% (Tanzania), 16% (Uganda), 5% (Rwanda) and 2% (Burundi). *Graph 7.2* shows the trend in the value of imports, with Kenya as the lead importing country, followed by Tanzania, while Burundi has the least imports in value terms.



**Intra EAC Exports:** The value of intra EAC exports by the EAC Partner States has increased from USD 3.1 billion in 2004 to USD 5.6 billion in 2013. *Graph 7.3* shows the upward trend in the value of intra EAC exports, with Kenya as the lead exporting country, followed by Tanzania, while Burundi has the least exports in value terms.

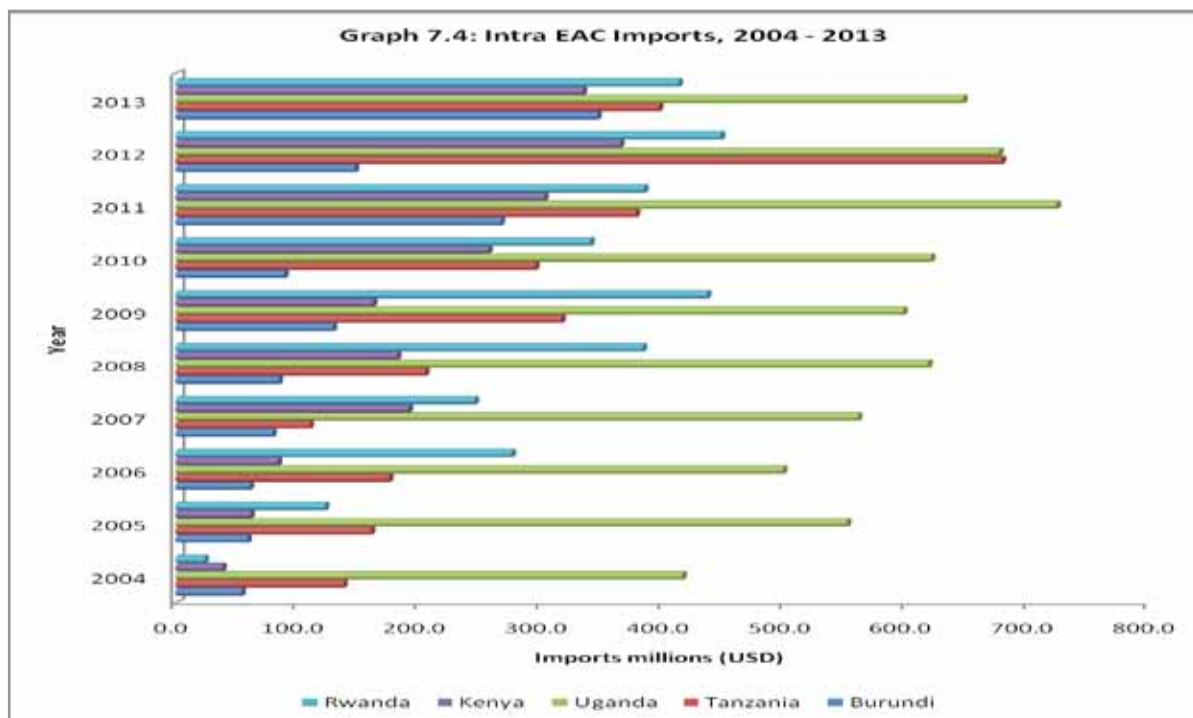






*Trucks carrying goods within the region*

**Intra EAC Imports:** The value of intra EAC imports by the EAC Partner States increased from USD 0.7 billion in 2004 to USD 2.1 billion in 2013 with respective shares of 16% (Kenya), 19% (Tanzania), 30% (Uganda), 19% (Rwanda) and 16% (Burundi). *Graph 7.4* shows the trend in the value of intra EAC imports, with Uganda as the lead importing country, followed by Tanzania, while Burundi and Kenya were the least importers in value terms.



# Chapter 8



## Office of the Deputy Secretary General - Finance and Administration

# Office of the Deputy Secretary General - Finance and Administration

## 8.1 Human Resources and Administration

Staffing Levels - As at 30th June 2013, the EAC Secretariat, Court and Assembly had a total staff complement of six (6) Executive Staff, eighty six (86) Professional Staff, ninety three (93) General Staff, eighty four (84) Project Staff and twenty (20) Temporary Staff broken down by category and Organs in the tables below:

### EAC SECRETARIAT, COURT AND ASSEMBLY STAFF COMPLEMENT AS OF 30 JUNE 2014

Staff Category	30 June 2013	30 June 2014
Executive	6	6
Professional	83	86
General	87	93
Project	93	84
Temporary	31	20
<b>Total</b>	<b>300</b>	<b>289</b>

### EAC STAFF COMPLEMENT BY ORGAN AS PER 30 JUNE 2014

Staff Category	EAC Secretariat		EACJ		EALA	
	30 June 2013	30 June 2014	30 June 2013	30 June 2014	30 June 2013	30 June 2014
Executive	6	6	-	-	-	-
Professional	65	69	5	4	13	13
General	56	46	18	18	13	19
Project	93	84	-	-	-	-
Temporary	19	16	3	2	9	2
<b>Total</b>	<b>239</b>	<b>231</b>	<b>26</b>	<b>24</b>	<b>35</b>	<b>34</b>



*Hon Phyllis Kandie;  
Minister for EAC  
Affairs, Commerce and  
Tourism officially  
launches the EAC In-  
formation and Resource  
Centre at the EAC  
Secretariat.*

### **Finalization of the Institutional Review**

**Process:** An external consultant contracted to undertake a comprehensive institutional review of EAC Organs and Institutions submitted the Interim Report to the Secretariat. The Council considered the report and the clarifications sought by the Consultant, and directed that the Report be finalized based on the original Terms of Reference. Consequently, a new roadmap for the finalization of the report for the Institutional Review was agreed upon. The final Report is expected in March 2015.

### **Review of the EAC Staff Rules and Regulations**

**Regulations:** The EAC Staff Rules and Regulations were revised and the Draft EAC Staff Rules and Regulations (2013) were adopted by the 28th Meeting of the Council and referred to the 16th Meeting of the Sectoral Council on Legal and Judicial Affairs for legal input.

**Digitizing EAC Information Resources:** In the process of developing various regional policies and programmes, vast amounts of information is generated by the Organs and Institutions of the Community. Recognizing the critical role of information in the integration agenda and socio-economic development, EAC Secretariat embarked

on a number of initiatives to improve information management and dissemination.

To address the issues of visibility, accessibility, preservation, harmonization and effective dissemination of information, EAC Secretariat commissioned the Tropical Royal Institute of the Netherlands (KIT) to undertake a study between November 2013 and February 2014. Covering the EAC Organs and Institutions, the study recommended among others, the establishment of a “One-stop shop framework for the Organs and Institutions of the Community, to include a distributed scenario, where the institutions will set up and manage their own databases that will be aggregated into a resource discovery platform to provide a single access point for the EAC Information.

### **Establishment of the EAC Information Resource Centre (IRC)**

**IRC:** With support from EU, DEMCO Interiors (U.K) was contracted to carry out interior planning and designing of the EAC Information Resource Center (IRC) in March 2013. The IRC was officially launched in April 2014, by the Chairperson of the Council of Ministers, Hon. Phyllis Kandie, in the sidelines of the 29th Extra-Ordinary Meeting of the Council of Ministers.



## 8.2 Financial Management

The Directorate of Finance facilitated the preparation of budgets, mobilization and collection of financial resources, and expenditure control while safeguarding the resources of the Community. This was evidenced by unqualified (clean) audit opinion across all Organs and Institutions of the Community. The following activities were carried out during the period under review:

### **Roll out of Sun Systems to EAC Institutions:**

In order to facilitate effective financial reporting, Sun systems was being rolled out in three (3) EAC institutions - LVFO, IUCEA and CASSOA - which had been previously using different financial management systems. By June 2014, Sun system had been fully operationalised at LVFO, and was expected to be installed at IUCEA and CASSOA by end of December 2014.

### **Modalities for sustainable financing mechanism of the Community:**

Modalities for sustainable financing mechanism of the EAC were explored and a report submitted to the Council of Ministers and the Summit for consideration. The Ministers of Finance from the Partner States were also involved and recommended that Partner States be given time to consult until 15th January 2015 on the proposed inclusion of a 1% levy on imports from outside the EAC region. It is expected that experts from Partner States will consider the proposal and recommend a sustainable financing mechanism for the Community to the Council of Ministers and the Summit for consideration by April 2015.

**Budget Management System:** The expansion of the EAC projects and programmes called for the establishment of an effective and efficient budgeting process and away from Microsoft Excel. The Secretariat contracted University Computing Center (UCC) of Dar es Salaam, Tanzania to develop a Budget Management System (BMS) to address the budgeting needs of the EAC Organs and Institutions, including preparation of annual operational plans, budgeting as well as monitoring budget execution. Development of the BMS software was finalised and was to be implemented effective July 2014.

### **Harmonization of Public Financial Management regulations and practices in the**

**Partner States:** The Directorate of Finance was also involved in the process of implementing a project geared towards harmonization of Public Financial Management regulations and practices in the Partner States. The project is expected to contribute towards laying a strong foundation for the implementation of the EAC Common Market and Monetary Union Protocols.

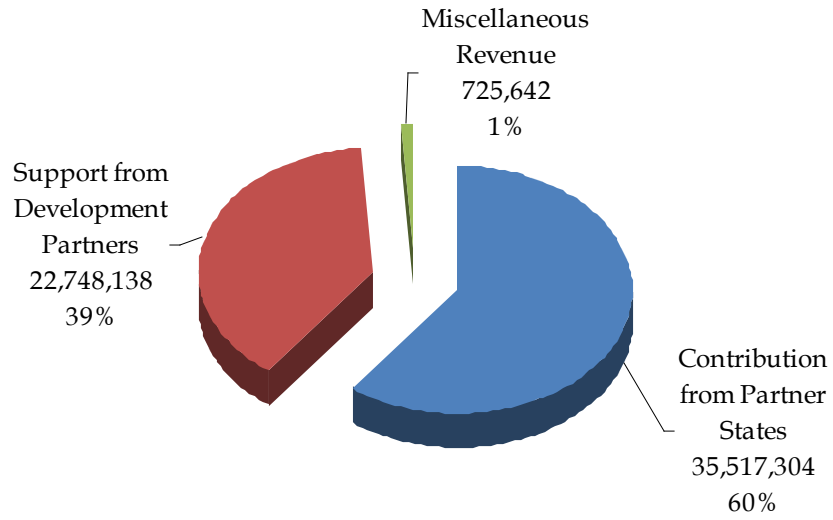
### 8.3 Financial Statements for the East African Community

The following are the Financial Statements for The East African Community (Secretariat, EALA and EAC), for the Financial Year 2013/2014 (unaudited) with comparatives for the Financial Year 2012/2013 (audited).

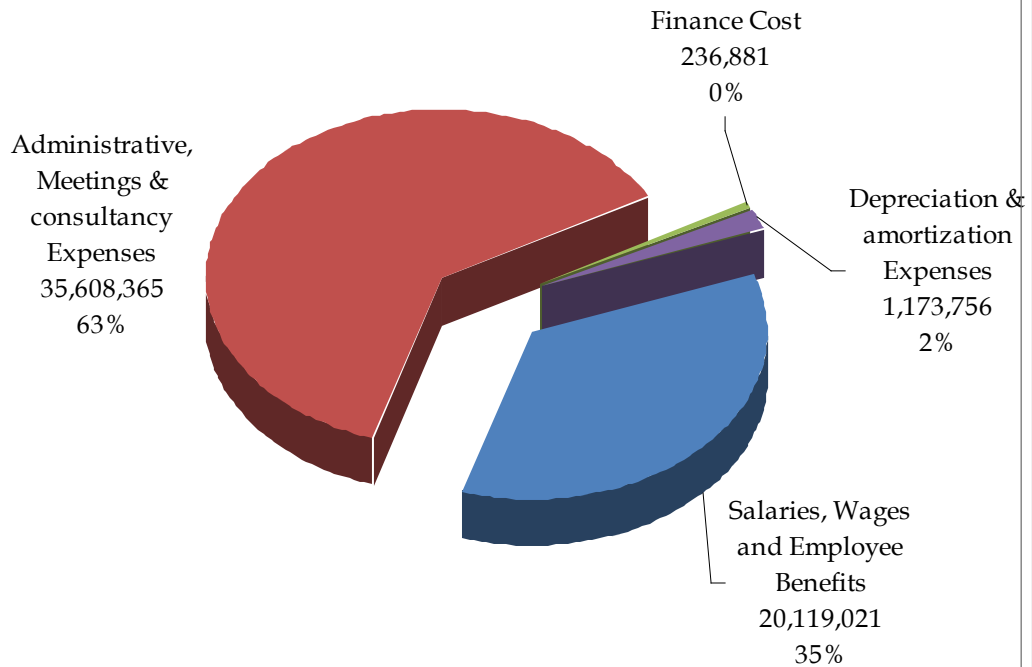
#### STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2014

	2013/14	2012/13
	USD	USD
<b>REVENUE</b>		
Contribution from Partner States	35,517,304	32,947,461
Special funds from Development Partners	22,748,138	21,970,971
Other Revenue	725,642	262,003
<b>Total Revenue</b>	<b>58,991,085</b>	<b>55,180,435</b>
<b>EXPENSES</b>		
Salaries, Wages and Employee Benefits	20,119,021	19,136,286
Administrative, Meetings & consultancy Expenses	35,608,365	31,687,766
Finance Cost	236,881	335,045
Depreciation & amortization Expenses	1,173,756	889,754
<b>TOTAL</b>	<b>57,138,022</b>	<b>52,048,850</b>
<b>SURPLUS / (DEFICIT) FOR THE PERIOD</b>	<b>1,853,063</b>	<b>3,131,585</b>
<b>Attributable to:</b>		
<b>EAC</b>	<b>3,013,217</b>	<b>1,600,374</b>
<b>Development Partners</b>	<b>(1,160,153)</b>	<b>1,531,211</b>

### REVENUE FY2013/14



### EXPENSES, FY2013/14



## STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2014

	2013/14	2012/13
<b>ASSETS</b>	USD	USD
<b>CURRENT ASSETS</b>		
Cash and Cash equivalents	15,436,966	18,584,956
Financial Assets	4,100,000	2,100,000
Receivables	4,029,271	2,183,284
Inventories	97,542	125,424
Prepayments	52,660	20,050
Taxes Recoverable	951,933	802,481
<b>TOTAL CURRENT ASSETS</b>	<b>24,668,371</b>	<b>23,816,195</b>
<b>NON CURRENT ASSETS</b>		
Property, Plant and Equipment	4,023,902	3,451,261
Land and Buildings	18,647,621	19,086,852
Intangible Assets	697,344	209,319
<b>TOTAL NON CURRENT ASSETS</b>	<b>23,368,867</b>	<b>22,747,432</b>
<b>TOTAL ASSETS</b>	<b>48,037,238</b>	<b>46,563,628</b>
<b>LIABILITIES AND NET ASSETS/EQUITY</b>		
<b>CURRENT LIABILITIES</b>		
Payables	4,999,692	4,713,177
Employee benefits	1,121,349	636,018
Deferred funds from Development Partners	5,022,320	7,809,928
Other Current Liabilities	35,426	111,026
<b>TOTAL CURRENT LIABILITIES</b>	<b>11,178,788</b>	<b>13,270,149</b>
<b>NON CURRENT LIABILITIES</b>		
Employee Benefits	3,648,071	3,635,702
Deferred Credit for Assets	1,421,491	974,401
<b>TOTAL NON CURRENT LIABILITIES</b>	<b>5,069,563</b>	<b>4,610,103</b>
<b>TOTAL LIABILITIES</b>	<b>16,248,350</b>	<b>17,880,252</b>
Net Assets/Equity	31,788,888	28,683,375
<b>TOTAL LIABILITIES AND NET ASSETS/ EQUITY</b>	<b>48,037,238</b>	<b>46,563,628</b>



# Chapter 9



## East African Legislative Assembly (EALA)

# East African Legislative Assembly (EALA)

Article 49 of the Treaty for the establishment of the East African Community establishes EALA as the legislative Organ of the Community. EALA's core functions are; Legislative, Oversight and Representation. EALA contributes to a number of the Strategic objectives of the EAC but is directly linked to strengthening of the EAC's Oversight Role. During, the reporting period, the following achievements were registered:

## 9.1 Legislation

During the period under review, the Assembly held six plenary sessions/meetings: 1st, 2nd, 3rd, 4th, 5th & 6th Meetings of 2nd Session of the 3rd Assembly and the following Bills were passed.

- a)** The East African Community Public Holidays Bill, 2013, which provides for holidays in the Community and other related matters.
- b)** The East African Community Supplementary Appropriation Bill (No. 1), 2014: provides among others for the supplementary appropriation out of the budget of the East African Community, of specified amounts of money for the services and purposes of the Community for the financial year ending 30th June, 2014.
- c)** The East African Community Supplementary Appropriation Bill, (No. 2), 2014: provides among others for the Supplementary appropriation out of the budget of the East African Community, of specified amounts of money for the services and purposes of the Community for the financial year ending the 30th June, 2014 and
- d)** the East African Community Appropriation Bill, 2014: Provides among others for the appropriation out of the budget of the East

African Community, of specified amounts of money for the services and purposes of the Community for the financial year ending the 30th of June, 2015

## 9.2 Resolutions

The fourteen (14) resolutions were debated and adopted by the Assembly:

- a)** Resolution of the Assembly urging the East African Community and Partner States to take urgent concerted action to end the encroachment and poaching of elephants and other endangered wildlife animal species;
- b)** Resolution of the Assembly urging the Partner States to provide Sanitary facilities to protect girls in the East African Community Region;
- c)** Resolution of the Assembly paying tribute to Rotary International for the humanitarian service around the world in general and the East African Community Region in particular;
- d)** Resolution of the Assembly urging the EAC Partner States to study the security impact of Genocide Ideology and denial in the region;



*Tanzania Minister of East African Cooperation, Hon. Dr. Harrison Mwakyembe (c) is sworn in as an Ex-Officio Member of the East African Legislative Assembly*

**e)** Resolution of the Assembly to decide the issue of rotational sittings in Partner States of the EAC by the whole House.

**f)** A Resolution of the Assembly urging the EAC Partner States to institutionalize 15th September as the International Day of Democracy;

**g)** A Resolution of the Assembly to condole with the Government and people of the Republic of Kenya over the tragic loss of lives in the Westgate Mall attack;

**h)** A Resolution of the Assembly urging the International Criminal Court (ICC) to defer the Criminal cases against the President and Deputy President of the Republic of Kenya;

**i)** Resolution of the Assembly urging the EAC Council of Ministers on strategies for slum upgrading and prevention in East African Community region;

**j)** Resolution of the Assembly urging the EAC Council of Ministers to catalyze action to combat trafficking in persons in the East African Community;

**k)** Resolution of the Assembly urging the EAC Summit to adopt the Charter for African Cultural Renaissance;

**l)** A Resolution paying special thanks to Hon. Shem Bageine, Minister of State for EAC Affairs of the Republic of Uganda for his extraordinary performance as Chairperson of the EAC Council of Ministers;

**m)** A Resolution of the Assembly paying tribute to the Late Nelson Mandela and;

**n)** Motion to commend the Chairperson of the EAC Summit of Heads of State for the concise exposition of the EAC policy contained in the State of the EAC address to this Assembly on Tuesday 25th March, 2014.

### 9.3 Committee Reports

The East Africa Legislative assembly established Seven (7) Committees namely: the Commission; General Purpose Committee; Committee on Accounts; Committee on Legal Rules and Privileges; Committee on Regional Affairs and Conflict Resolution; Committee on Agriculture, Tourism and Natural Resources; and the Communication Trade and Investment Committee. The Assembly debated and adopted fourteen (14) Committee reports as listed below:

**i.** Report of the Audit Commission on the East African Community Financial Statements for the year ended 30th June 2012;

**ii.** Report of the Inter-Parliamentary Relations Seminar (Nanyuki VII) under the theme "Promoting a People-centered and market driven East Africa – The missing link in the EAC Integration;

**iii.** Report of the Committee on Communication, Trade and Investments on the consultative workshop on the East African Monetary Union (EAMU);

**iv.** Report of the Committee on General Purpose on Policy Framework and Initiatives in

Partner States on linking the harmonized education curricular to labour and employment in the context of the Common Market Protocol;

**v.** Report of the Committee on Communication, Trade and Investment on the On-Spot Assessment of Regional Cooperation ICT;

**vi.** Report of the Committee on Agriculture, Tourism and Natural Resources on how to make agricultural investment work for Africa: A parliamentary response to the Land Rush;

**vii.** Report of the Committee on Legal, Rules and Privileges on Assessment of Adherence to Good Governance in the EAC and the status of the EAC Political Federation;

**viii.** Report of the Oversight tour of the EAC Organs and Institutions;

**ix.** Report of the Committee on Agriculture, Tourism and Natural Resources on the oversight study mission to assess Policy and Production constraints affecting the Livestock Sector in the East African Community;

**x.** Report of the Committee on Communication, Trade and Investments on Single Customs Territory;

**xi.** Report of the Committee on Agriculture, Tourism and Natural Resources on the 2nd Parliamentarians Workshop on Climate Change;

**xii.** Report of the Committee on Accounts on Internal Audit Systems of EAC Institutions;



**xiii.** Report of the Committee on General Purpose on the EAC Annual Report for the period 2011/2012; and

**xiv.** The Budget for the East African Community for FY 2014/2015

## 9.4 Institutional Matters

**Taking Oath:** The Oath of Allegiance was administered to Hon. Jacqueline Muhongayire, upon her appointment as Minister for EAC Affairs Republic of Rwanda and Hon. Celestin Kabahizi as an EALA member.

**Launch of the EALA Strategic Plan:** President Pierre Nkurunziza launched the EALA Strategic Plan (2013-2018) in October 2013 at the Burundi National Assembly. The President urged the Assembly to double its efforts in the next five years as the EAC consolidates on the gains already realized.

**Election Observation:** The Assembly in collaboration with the Electoral Management Bodies (EMBs), Civil Society Organisations (CSOs), National Human Rights Commissions from four EAC countries namely Burundi, Kenya, Tanzania and Uganda and the EAC Secretariat participated in the EAC Observer Mission Parliamentary Elections, in September 2013 in the Republic of Rwanda.





# Chapter 10



## East African Court of Justice (EACJ)

# East African Court of Justice (EACJ)

## 10.1 Institutional Matters

During the period under review, in collaboration with the Raoul Wallenberg Institute (RWI), the Court organized a two days stakeholder's conference in Nairobi with a view to touching base with its stakeholders and reviewing its performance. The conference was attended by representatives of various institutions and organizations including members of the civil society from the five Partner States.

The Court also in collaboration with RWI had a four day national judicial workshop for judges in Kampala, Uganda between 30th June and 3rd July 2014. During the workshop, national courts judges, representatives of civil societies and other stakeholders were sensitized on the role of the Court in the East African Community integration.

The Court held its Plenary sessions on 9th November 2013 and 24th June, 2014 where it considered several matters and bid farewell to the outgoing judges Justice Harold Nsekela Judge President, Justice Philip Tunoi Vice President, Justice Laurent Nzosaba, Justice Johnston Busingye Principal Judge, Lady Justice Mary Stella Arach Amoko Deputy Principal Judge, Justice John Mkawawa Judge whose term had ended. The Plenary also welcomed the newly appointed judges, Justice Emmanuel Ugirashebuja Judge President, Justice Liboire Nkrunkiza Vice President, Justice Edward Rutakangwa, Justice Aaron Ringera and Justice Fakihi A. Jundu.

The Court officially launched its new case management system on 30th April 2014 during the Summit of Heads of State. The process of rolling it out to the Court's stakeholders is in its final stages after the installation of the necessary Courtroom equipment and amending the rules. During the same Summit of Heads of State the Court launched its Court Users Guide whose purpose is to educate and guide Court users on how to approach the East African Court of Justice

## 10.2 Cases

There was a continued increase in Court case filings and hearing sessions during the period under review. Court case filings rose from one (1) in 2005, five (5) in 2006, thirteen (13) in 2007, two (2) in 2008, seven in 2009, fourteen (14) in 2010, twenty five (25) in 2011, thirty six (36) in 2012, twenty (20) in 2013 and thirty seven (37) in 2014 (including 13 References, 4 Appeals, 20 Applications).

The Court has heard and determined cases that were brought forward from the last reported periods but there are still 31 pending hearing and determination. This trend is expected to continue with the anticipated extension of the jurisdiction of the Court and conclusion of other protocols. The Court continued to hold quarterly sessions in order to reduce the backlog of cases but the ad hoc nature of the judges continued to affect the effectiveness of the Court.

# Chapter 11



## Lake Victoria Basin Commission (LVBC)

# Lake Victoria Basin Commission (LVBC)

During the period under review, LVBC registered the following achievements:

**Strengthening Coordination Capacity of the LVBC Secretariat:** The achievements during the reporting period include: (i) facilitating adequate and quality staffing of the secretariat; (ii) enhanced delivery of financial services including facilitating annual audit of the FY 2012/13; (iv) Widening the scope and coverage of the resource centre by establishing a web-portal and a repository for enhanced virtual access; (v) undertaking various resource mobilization initiatives for new Projects; (vi) streamlining knowledge management strategies and approaches; (vii) Finalization of the Results Based Management System for LVBC; and (viii) securing of new LVBC Headquarters in Kisumu, Kenya.

**Cooperation with EAC Organs, Institutions and other Stakeholders:** The LVBC continued to build synergies and strengthened cooperation with key stakeholders within the Basin through signing of Memoranda of Understanding (MoUs), which include: signing of an MoU with Global Water Partnership Eastern Africa Region (GWPEnA) in December 2013.

Towards harmonization of policies, laws, regulations and standards for strengthened institutional development and governance in natural resources management, the Commission successfully secured support from KfW (German Development Bank) for development and implementation of an Integrated Water Resources Management Plan.

Other notable achievements on cooperation with stakeholders include: adoption by the 28th Council of the harmonized regional standards

for discharge of industrial and municipal effluent into public sewers and water bodies within Lake Victoria Basin; initiation of the Water Resources Management Bill and development of the MoU to facilitate the Governments of the Republic of Kenya and the United Republic of Tanzania to manage the Trans-boundary Biodiversity and Water Resources in the Mara River Basin.

**Public Health Services on HIV/AIDS, Reproductive Health, Gender, Water Supply and Sanitation:** The Commission finalized and disseminated the Serobehavioural study for Rwanda and concluded the implementation of the EAC/AMREF Lake Victoria HIV Partnership (EALP) programme; initiated the implementation of Population, Health and Environment (PHE) Programme; and Sensitized and inducted key stakeholders including LVBC, regional PHE Technical Working Group (TWG), Permanent/Principal Secretaries and National and EALA Parliamentarians on the PHE programme and concept.

Under Lake Victoria Water Supply and Sanitation Program (LWATSAN), the Commission coordinated implementation of civil works contracts for the development of water supply and Sanitation infrastructure in the targeted 15 secondary towns in the basin across the Partners States and facilitated training and capacity building of programme implementers, beneficiaries and other relevant stakeholders on operation and maintenance of water supply and sanitation infrastructure and services.

To further improve access to Water supply and sanitation facilities to communities living in the



Lake Victoria Basin (LVB), the Commission secured a new commitment of funding from the Government of the Federal Republic of Germany through KfW, its cooperation Agency, to the tune of €10 million as the first tranche for the Transboundary Water Supply and Sanitation Program in order to contribute to improved water and sanitation infrastructure in selected EAC border towns. The Commission has already started joint technical preparatory works with KfW for project kick-off.

**Safety of Navigation and Security on Lake Victoria:** Under this objective, the Commission continued with resource mobilization initiatives for the Maritime Communication Safety on Lake Victoria (MCSLV) Project; finalized studies for the implementation of the oil spills and toxic chemicals contingency plan. These include purchase of goods and training; and facilitating the ongoing process, undertaking a hydrographical survey for main and local navigational routes on Lake Victoria for installation of aids to navigation on these routes.

The Commission established wildlife clubs in 10 secondary schools to advocate for anti-poaching of elephants and rhinos in Maasai Mara and Serengeti; coordinated the implementation of the Basin-wide strategy and regional guidelines for Sustainable Land Management in LVB; coordinated the implementation of the water hyacinth surveillance and control strategy and regional guidelines in Lake Victoria; adopted cleaner production technologies by 85 industries in LVB; secured funds for Mt Elgon Ecosystem Regional Conservation Programme (MERECP) Bridging budget amounting to US\$1,157,758; developed the Draft Project Proposal for Phase two of MERECP and successfully held the 3rd Mara Day celebrations in Narok, Kenya to raise awareness on the importance of conserving the critical Maasai Mara/Serengeti ecosystem. This enhanced the management of ecosystems, natural resources including climate change adaptation and mitigation strategies.





# Chapter 12



## The EAC Civil Aviation Safety and Security Oversight Agency (CASSOA)

# The EAC Civil Aviation Safety and Security Oversight Agency (CASSOA)

During the period 1st July 2013 – 30th June 2014, the Civil Aviation Safety and Security Oversight Agency (CASSOA) continued to assist, support and guide Partner States in carrying out their safety and security oversight obligations under the International Civil Aviation Organisation (ICAO) Chicago convention and the provisions of its Annexes. Specifically, the following achievements were registered:

## **Harmonization of Civil Aviation Regulations:**

CASSOA sustained the coordination of the development and amendment of the harmonized Civil Aviation Regulations and their technical guidance materials in compliance with (ICAO) Standards and Recommended Practices as stipulated in ICAO Annexes to the Chicago Convention.

## **Commencement of the Operations of the Centre for Aviation Medicine (CAM):**

Operations of the Centre for Aviation Medicine (CAM) commenced in February 2014. The Centre is currently hosted in Entebbe but will relocate to Nairobi upon completion of hosting arrangements by the Republic of Kenya. The Agency under the auspices of the CAM successfully initiated the EAC efforts to combat the spread of Ebola virus into the region.

## **Launch of EAC Aviation Examination System:**

The EAC Aviation Examination system was launched in May 2014. This is a major milestone in the establishment of a common licensing regime and support to the implementation of the Common Market Protocol.

## **Implementation of Safety Oversight Systems:**

The effective implementation of safety oversight systems for Burundi and Uganda in the preparation of the successful ICAO Safety Audits were done in November 2013 and June 2014 respectively.



# Chapter 13



## Inter-University Council for East Africa (IUCEA)

# Inter-University Council for East Africa (IUCEA)

The Inter-University Council for East Africa (IUCEA) is an institution of the East African Community (EAC) mandated to promote strategic and sustainable development of higher education systems and research for supporting East Africa's socio-economic development and regional integration. In achieving her mandate, IUCEA works closely with the EAC Partner States, EAC Secretariat, Higher Education Institutions, the Private Sector through the East African Business Council (EABC), development partners, and other stakeholders. IUCEA registered the following key achievements during the period under review:

## **Study on status of higher education systems and human resources development in East Africa:**

Following concerns regarding lack of graduate employability in the Community, in December 2013 to January 2014 IUCEA carried out a study to profile the various types of higher education programmes and models currently existing in the region and the qualifications awarded, and the extent to which they contribute in graduate skills and competences. The study showed that there are 361 institutions of higher education in EAC, most of which are categorized as universities. It also highlighted that higher education enrolment in the Community was still low, at about 6.4% of the age cohort, and university enrolment being at about 4.2% of the age cohort, which is below the Sub-Saharan average of 7%.

The study further established: existence of great disharmony between higher education qualifications within and among institutions in the same country and among the Partner States; less than 50% of the graduates are considered by employers not suitable for the job market; graduates have low capacity for creativity, innovativeness and entrepreneurship, and that most higher education programmes do not address the national/regional development agenda as stipulated in the national visions of the Partner States. It also showed that while many graduates are unable to get employment upon graduation, the labour

market has many jobs for which qualified applicants are not available from local education and training institutions.

## **Harmonization of higher education system:**

Upon finalization of a regional quality assurance system that is currently operational in the National Councils/Commissions for higher education and higher education institutions in the Partner States, A draft Regional Qualifications Framework for Higher Education in EAC was developed and submitted to the 12th Sectoral Council on Education, Science and Technology, Culture and Sports for consideration and subsequent adoption by adoption the Council of Ministers. The framework will contribute towards mutual recognition of qualifications among the Partner States as provided for in the Common Market Protocol, thus transforming EAC into a common higher education area. IUCEA has also developed a regional quality assurance policy framework for further guiding harmonization of quality assurance practices in higher education in the Community.

## **Implementation of Principles and Guidelines for Quality Assurance in Higher Education in East Africa:**

In order to harmonize the quality assurance practices and process based on the regional quality assurance framework, IUCEA developed a regional quality assurance policy



framework titled “Principles and Guidelines for Quality Assurance in Higher Education in East Africa”, which are similar to the European Standards and Guidelines in Quality assurance that guide implementation of the Bologna Process in Europe. The Principles and Guidelines will guide the harmonization of higher education systems in the Community, with the eventual transformation of EAC into a common higher education area. The guidelines will also provide a common frame of reference that will assist and guide universities and national commissions and councils for higher education in developing and practicing a common quality assurance culture in line with the regional aspirations and international developments in quality assurance.

**Academia-Private Sector Forum and Exhibitions 2013: The second dialogue forum was held in Nairobi in October 2013 under the auspices of EAC, under the theme, “Bridging the Academia and the Private Sector through Engagement with the Public Sector.”** The forum was attended by over 250 participants, including Vice Chancellors, Rectors and other Senior Officials from universities and other higher education institutions, public sector as well as private sector executives: The forum noted the need for increased attention to non-traditional sources of future development, particularly focusing on research and innovation as the basis for the construction of new business opportunities and social models based on human resources capacity building strategies and academia-public-private partnership arrangement.

**Formulation of the Research and Innovation & ICT Policies:** IUCEA developed a research and innovation policy to guide planning and implementation of regional research and innovation

projects and programmes as stated above. The policy will guide the development of quality research facilities as well as innovations of commercial value that would motivate private sector to support research and take up innovations of commercial value. The Inter University Council further finalised the ICT Policy Plan and Master Plan 2009/10-2014/15 to guide development and management of ICT at universities and IUCEA Secretariat and was approved in June 2014.

**Finalization of IUCEA operational documents:**

Pursuant to the recommendation of the EAC Audit Commission and the need for IUCEA operational instruments to facilitate efficient discharge of its mandate and to have them aligned to those of EAC, the IUCEA Secretariat has developed operational policies, rules and manuals that were approved in June, 2014 as follows: Staff Rules and Regulations; Financial Rules and Regulations and ICT Policy, Guidelines and Procedures, Accounting Manual; Procurement Manual; Audit and Risk Management Manual and Board Manual.

**Construction of IUCEA Office Premises:** After completion of preparatory processes, the construction of Phase I of the IUCEA Headquarters building in Kampala, Uganda commenced in July 2014, being undertaken by China Nanjing Corporation International Limited at an estimated cost of USD 1,536,802,89. Construction of Phase I to be financed by contributions from Partner States is expected to be completed within a period of 36 months. Completion of construction is expected at the end of March 2015.

# Chapter 14



## Lake Victoria Fisheries Organization (LVFO)

# Lake Victoria Fisheries Organization (LVFO)

The key activities implemented by the Organization during the reporting period includes the following:

## **Monitoring, Control and Surveillance (MCS) of Fisheries on Lake Vitoria:**

Joint operations were conducted in Kenya, Uganda and Tanzania with funding from EU under the Smart Fish Programme. The operations included training of fisheries officers and equipping them with relevant skills to plan effective MCS operations based on intelligence information. A regional workshop on reducing illegal fish trade around Lake Victoria was conducted in October 2013 and was attended by participants from Kenya, Tanzania, Uganda, South Sudan, Burundi, Rwanda and Democratic Republic of Congo.

The training identified the following key issues:

- i. Cross-border fish trade was mainly informal with small consignments crossing without being recorded or inspected and safety of the fish could not be guaranteed and that only few border points had put in place systems to collect the data on the informal trade;

- ii. The trade in immature fish is one of the main causes of declining Nile perch stocks in Lake Victoria and requires harmonized controls; and

- iii. The need to amend of EA Customs Management Act Schedule 2 to empower Revenue Authorities to prohibit all imports of monofilament gillnets, and for the National Competent Authorities to issue clearance to traders in gillnets, fish hooks and fishery products.

## **Promotion of Commercial Aquaculture:**

A regional training on management and development of commercial aquaculture was conducted in September 2013 through support from ACP FISH II project. The key issues of regional importance included:

- i. The urgent need to develop and harmonize guidelines for the development of cage culture on Lake Victoria and other shared



*Officers inspect mosquito nets being illegally used in place of fishing nets on the shore of lake Victoria*

water bodies as investors have piloted commercial cage culture in some of these water bodies;

ii. The need to set up regional standards for fish feeds manufactured in the region as there are complaints of compromising standards by the manufacturers and thus frustrating the development of aquaculture in the region;

ii.) The need for Competent Authorities to be fully involved to avoid the importation of alien species which can escape to natural water bodies and cause ecological hazards;

iv. The need for lake wide studies to identify suitable sites for cages and also establish the carrying capacity for each identified area to avoid over investment and pollution of the lake; and

v. The need to build the capacity of fisheries staff and fish farmers and sensitization of fishers to enable proper management and development of cage culture on the lake.

**Review and Update of the Nile Perch Fisheries Management Plan (NPFMP) 2009-2014:** The Nile Perch Fisheries Management Plan was revised with a proposal for weekly closure of three days, equivalent to six months in a year, in order to re-build the Nile perch biomass. This proposal is a management strategy that aims at enforcing the existing management measures (technical measures) over a two year period to rebuild Nile perch stocks. The LVFO governing council considered the matter and the need to rebuild the Nile perch stocks and requested the Partner States to:

i. Strengthen Monitoring, Control and Surveillance to prevent catching and trading in immature fish as well as preventing monofilament and other illegal gears from entering into the lake;

ii. Implement species specific licensing and LVFO Secretariat to coordinate the process; and

iii. Re-plan the Strategy for the recovery of the Nile perch Stocks.

**Review and Harmonization of Regional Fisheries Policies:** The review and harmonization of regional fisheries policies commenced in November 2013 by the Regional and National Working Groups from the three Partner States (Kenya, Tanzania and Uganda). The Working Groups agreed to produce an Inland Fisheries and Aquaculture Policy for East African Community. The draft policy document for Inland Fisheries and Aquaculture for EAC is expected to be developed in the financial year 2014/15.

**Sustainable Funding for Management of the Fisheries:** Fish Levy Trust Fund (FLVT): The process of establishing of Fish Levy Trust Fund (FLTF) commenced during the period under review. Progress registered included:

i. an FLTF Working Group was established in Kenya. A draft FLTF Regulations (June 2011) Bill was developed, cleared by Cabinet and forwarded to the Kenya National Parliament;

ii. In July 2013, the Finance Bill introduced a levy on fish exports for the first time in Uganda; and



iii. the United Republic of Tanzania established a task force to spear head the process. Stakeholders agreed to use the Tanzania Trustees Incorporation Act Ordinance No. 375 of 1956 to establish the fund.

**Resource, Environmental and Socio-Economic Research and Monitoring:** During the reporting period, a Catch Assessment Survey (CAS) was conducted and the key findings were:

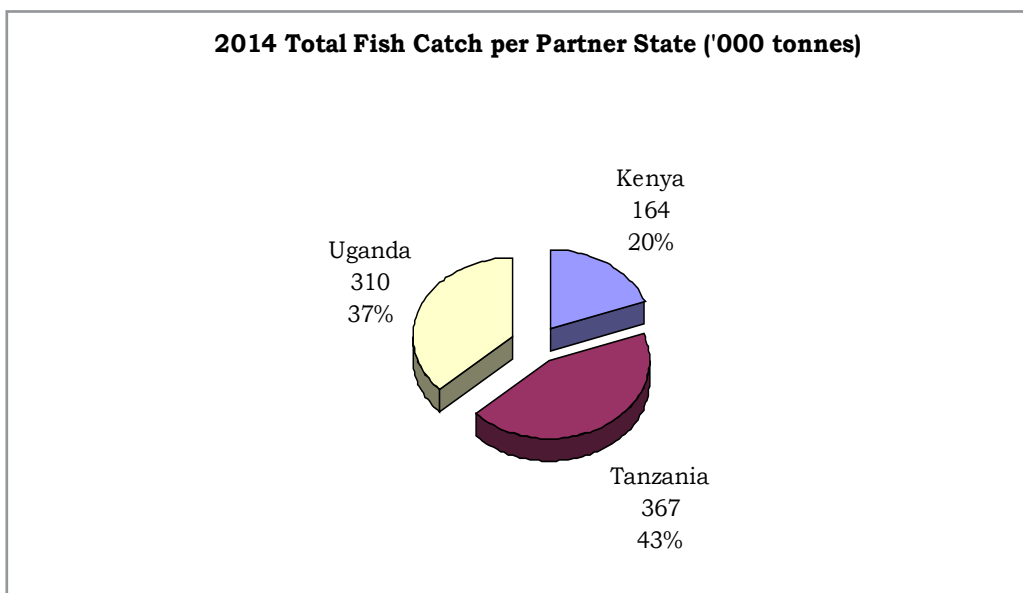
i. Total catch in 2014 rose to an estimated at 919,310 tonnes valued at US\$ 840 million at beach level compared to an estimated 839,783 tonnes valued at USD 550 million in 2011;

ii. The estimated total catch in Kenya was 164,290 tonnes, 366,991 tonnes in Tanzania and 309,605 tonnes in Uganda.

iii. The estimated catch for Nile perch was 251,063 tonnes, Tilapia 59,681 tonnes, Dagaa 509,598 tonnes, Haplochromines 73,556 tonnes and others 25,411 tonnes;

iv. It was observed that 40% of the Nile perch by numbers caught and 12% of Nile perch by weight was below the slot size. There is need to reduce this percentage and also to evaluate the benefits in value if the percentage of young fish caught is reduced;

v. The haplochromines are being targeted for bait for Nile perch and yet it is also the food for Nile perch. There is need to encourage using of catfish from the fish farms for baits instead of using haplochromines.



# Chapter 15



## East African Development Bank (EADB)

# East African Development Bank (EADB)

**Overall performance of the Bank in 2013-2014:** The Bank continues to enjoy robust growth and positive turnaround throughout the Strategic Plan 2011-2015. The Table below shows the Bank's performance in the period July 2013 to June 2014.

## Summary of Performance/Activities from July 2013 to June 2014

<b>Membership</b>	Kenya (27%), Rwanda (6%), Tanzania (24%), Uganda (27%), AfDB, Netherlands Development Finance Company (FMO) & German Investment Development Corporation (DEG)
<b>Shareholder distribution</b>	Class A (84%); Class B (16%)
<b>Net Income</b>	\$ 7.029M (2013)
<b>Portfolio Size</b>	\$110 (June 2014) from \$82 (June 2013)
<b>Non- performing loans</b>	1.4% (June 2014) against 5.1% (June 2013)
<b>Liquidity Ratio</b>	At 2.53X(June 2013) compared to the required benchmark of 1.3X
<b>May 2014</b>	EADB Board of Directors reviewed Burundi's request for admission into the Bank
<b>May 2014</b>	EADB's Director General awarded African Banker of the Year
<b>May 2014</b>	EADB is awarded Best Performing Development Financial Institution in Africa by Association of African Development Financial Institutions (AADFI)
<b>June 2014</b>	Moody's maintained the Bank's rating at BA1 stable. EADB is currently East Africa's highest rated institution
<b>June 2014</b>	EADB signs facility agreement with Organization of Petroleum Exporting Countries (OPEC) for \$15M line of credit

**Capital and Shareholding:** Supported by shareholders capital and rising profitability since 2009, the Bank's net worth increased by 20% from US\$ 151.3 million in June 2013 to US\$ 182.3 million in June 2014. Overall the Bank's net worth grew by more than 90% within a period of 5 years from 2009. Total equity is expected to grow to US\$ 189 million by the end of 2014. The program to inject a further US\$ 90 million which commenced in 2007 is progressing well. By 2013, 40% of commitment was paid-in. The Bank maintains high capital adequacy ratio and high liquidity ratio. By June 2014, capital adequacy ratio (Basel II) was 78% against the benchmark of 15% while the liquidity ratio stood at 2.53X against the benchmark of 1.33X.

**Financial Performance:** The Bank continues to maintain a steady growth in profitability since 2009. During financial year ending December 2013 the Bank posted a net income of US\$ 7.029 million.

**East African Community Development Fund (EACDF) Bill:** The Bank effectively contributed in the preparation of the EACDF Bill, whose draft was reviewed by the EADB Board and Governing Council. The Bank subsequently submitted the draft Bill to the Secretariat, highlighting matters for consideration by the EAC Organs.

**Strategic Partnerships:** During the reporting period, the Bank entered into partnerships with various institutions. The Bank commenced implementation of the Institutional Strengthening Project under AfDB Fund for African Private Sector Assistance (FAPA) programme (March 2014); organized training on International Business Transactions negotiation and drafting in March 2014 with DLA Piper Global Law Firm; and with the IUCEA to developed a proposal on Research and Innovation program for East Africa with the objective of promoting enterprise evolution and growth through research and innovation capacity building in conjunction with IUCEA.











*East African Community  
Secretariat  
P.O.Box 1096,  
Arusha, Tanzania  
Telephone: +255 27 2162100  
Fax: +255 27 2162190  
E-mail: [eac@eachq.org](mailto:eac@eachq.org)  
Website: [www.eac.int](http://www.eac.int)*

