



EAST AFRICAN COMMUNITY

THE SECOND EAC DEVELOPMENT STRATEGY 2001-2005

The second East African Development Strategy covering the years 2001 – 2005 succeeds the first Strategy which was launched in 1997 covering the period of 4 years, 1997 – 2000. The first Development Strategy formed the basis of the Treaty for the Establishment of the East African Community. During the implementation of this Strategy many lessons were learnt in the process of developing policies and implementing regional programmes. The most outstanding achievement was the coming into force of the Treaty which transformed the East African Co-operation into a Community.

The second Strategy, therefore, takes into account the experience gained during the implementation of the previous one, the provisions of the Treaty, the implications of globalisation on the intensification of competition and the influence of the position of the EAC in the world market.

The Development Strategy sets out the priority programmes to be implemented during the period 2001 – 2005. The priority programmes are in line with the broad goal of the EAC, which is widening and deepening of co-operation in all areas for the mutual benefits of the Partner States. The vision of regional integration in East Africa is to create wealth, raise the living standards of all people of East Africa and enhance international competitiveness of the region. These will be

achieved through increased production, trade and investments into the region.

To facilitate achievement of the goals of regional integration, the Treaty provides that a Customs Union will be established as the entry point of the Community to be followed by a Common Market, subsequently a Monetary Union and ultimately a Political Federation of the East African Partner States. However, this Strategy focuses on a priority programme towards establishment of a Customs Union and Common Market, as the starting point for laying the foundations for attaining a strong and internationally competitive single market and investment area in the region

The Development Strategy recognises that regional integration is a progressive process. However, it is appreciated that in the implementation of the different phases of integration, some elements belonging to future stages of integration may need to be brought forward in order to support the overall integration process. In this regard, political co-operation will be pursued to facilitate progress towards a Customs Union and a Common Market.

It is recognized that implementation of the development strategy will require an appropriate institutional framework. The strategy, therefore, provides for co-operation in legal and judicial affairs and in political matters such as peace, security and good neighbourliness. Appropriate institutional arrangements at the level of Partner States and at the level of the Secretariat are proposed, with a view to facilitating implementation of the strategy.

The implementation of this development strategy will continue to be participatory effectively bringing on board broad participation of key stakeholders. This will require enhanced roles of women, the private sector and the civil society. The strategy makes proposals on strengthening the role of these key stakeholders and enhancing their participation in implementing the development strategy.

The Development Strategy document has 4 Chapters. Chapter 1 is an introduction. Chapter 2 makes a brief review of the implementation of the first Strategy, 1997-2000. Chapter 3 highlights the fundamental operational principles of the Treaty, its goals and identified areas of socio-economic co-operation. The Strategy for the period 2001-2005 is presented in Chapter 4. A Policy Action Matrix which captures the main programmes and timeframes for achieving the set targets is contained in Annex I.

We, the Heads of State of the Republic of Kenya, the United Republic of Tanzania and the Republic of Uganda, appreciate the good work of the Council of Ministers of the East African Community and its Secretariat in producing this Development Strategy. Its implementation will steer the region to greater heights of international competitiveness, socio-economic development and prosperity, for the mutual benefits of the people of East Africa. In this respect, our Governments, individually and collectively, are fully committed to the implementation of this Development Strategy.

DONE at Arusha, Tanzania, on the 24th day of April, in the year Two Thousand and One.

For the Republic of
Kenya

For the Republic of
Uganda

For the United Republic of
Tanzania

.....
H E DANIEL TOROITICH ARAP MOI
PRESIDENT

.....
H E YOWERI KAGUTA MUSEVENI
PRESIDENT

.....
H E BENJAMIN WILLIAM MKAPA
PRESIDENT

TABLE OF CONTENTS

PREFACE	i
ABBREVIATIONS	v
EXECUTIVE SUMMARY	viii
1.0 INTRODUCTION	1
2.0 REVIEW OF THE FIRST EAC DEVELOPMENT STRATEGY (1997-2000)	2
2.1 AREAS OF POLICY AND PROGRAMME OF ACTION	2
2.2 OVERALL STATUS OF IMPLEMENTATION	2
2.3 CHALLENGES AND LESSONS	3
3.0 EAST AFRICAN COMMUNITY TREATY	5
4.0 THE EAC DEVELOPMENT STRATEGY 2001-2005	8
4.1 MACROECONOMIC POLICY COORDINATION	9
4.2 TRADE LIBERALIZATION AND DEVELOPMENT.....	11
4.3 CO-OPERATION IN THE PRODUCTIVE SECTORS.....	16
4.4 CO-OPERATION IN INFRASTRUCTURE AND SUPPORTIVE SERVICES.....	21
4.5 DEVELOPMENT OF HUMAN RESOURCES AND SCIENCE AND TECHNOLOGY	25
4.6 SOCIAL SECTORS, IMMIGRATION AND LABOUR POLICIES	26
4.7 CO-OPERATION IN LEGAL AND JUDICIAL AFFAIRS.....	28
4.8 POLITICAL MATTERS	29
4.9 PEACE AND SECURITY.....	29
4.10 BROAD PARTICIPATION: ENHANCING THE ROLE OF WOMEN, PRIVATE SECTOR AND THE CIVIL SOCIETY	29
4.11 RELATIONSHIP WITH OTHER REGIONAL AND INTERNATIONAL ORGANIZATIONS.....	30
4.12 INSTITUTIONAL ARRANGEMENTS AND CAPACITY BUILDING	31
4.13 MANAGING DISTRIBUTION OF BENEFITS AND COSTS.....	32
ANNEX I: POLICY ACTION MATRIX FOR EAST AFRICAN COMMUNITY DEVELOPMENT STRATEGY 2001-2005	42

ABBREVIATIONS

AIDS	Acquired Immune Deficiency Syndrome
ACP	African Caribbean Pacific Countries
ADB	African Development Bank
AGOA	African Growth and Opportunities Act
ARSO	African Regional Standard Organization
AG	Attorney General
ASYCUDA	Automated System of Customs Data
CCPL	Common Competition Policy and Law
CMSA	Capital Markets and Securities Authority
CRF	Clean Report of Findings
CLVDP	Committee on Lake Victoria Development Programme
CET	Common External Tariff
COMESA	Common Market for Eastern and Southern Africa
CIF	Cost Insurance and Freight
CBI	Cross-Border Initiatives
DANIDA	Denmark International Development Agency
DTA	Double Taxation Agreement
EA	East Africa
EABC	East African Business Council
EAC	East African Community
EADB	East African Development Bank
EASRA	East African Securities and Regulatory Authorities
EATUC	East African Trade Union Council
EIA	Environment Impact Assessment
EIB	European Investment Bank
EU	European Union
EEZ	Exclusive Economic Zone
FAO	Food and Agricultural Organization
FDI	Foreign Direct Investment
EPI-E	Foreign Portfolio Investment in Equity Instruments
GATS	General Agreement on Trade in Services
GTZ	Germany Agency for Technical Co-operation
GDP	Gross Domestic Product
HGV	Heavy Goods Vehicle

HLTF	High Level Task Force
IDF	Import Declaration Form
IDS	Industrial Development Strategy
IT	Information Technology
IFEM	Inter-Bank Foreign Exchange Market
ICAO	International Civil Aviation Organization
IEC	International Electro-technical Commission
IGAD	Inter-Governmental Authority on Development
IMO	International Maritime Organization
IMF	International Monetary Fund
ISO	International Standardization Organization
IUCEA	Inter-University Council for East Africa
HIV	Human Immunodeficiency Virus
LVFO	Lake Victoria Fisheries Organization
MoU	Memorandum of Understanding
MIGA	Multilateral Investment Guarantee Agency
NSE	Nairobi Stock Exchange
NTB	Non-Tariff Barriers
NORAD	Norwegian Agency for Development
OAU	Organization of African Unity
RSCEA	Regional Support Centers for Eastern Africa
RIF	Request for Information Form
R&D	Research and Development
RSDP	Road Sector Development Programme
SPS	Sanitary and Phyto-sanitary
STD	Sexually Transmission Diseases
S & T	Science and Technology
SBE	Single Bill of Entry
SDR	Special Drawing Rights
ADC	Southern African Development Community
SQMT	Standardization, Quality Assurance, Metrology and Testing
SIDA	Swedish International Development Co-operation Agency
TF	Task Force
TAN	Tax Assessment Notice
TBT	Technical Barriers to Trade
TCU	Trade and Customs Unit
USE	Uganda Securities Exchange

UNDP	United Nations Development Programme
UNEP	United Nations Environment Programme
US\$	United States Dollar
URRP	Urgent Road Rehabilitation Programme
WCO	World Custom Organization
WMO	World Meteorological Organization
WTO	World Trade Organization
VAT	Value Added Tax

EXECUTIVE SUMMARY

1.0 Background and Context

The first East African Development Strategy (1997-2000) came to an end at the end of year 2000. The coming to an end of the first development strategy provides the context for formulating the next one. During the implementation of that strategy many lessons have been learned and new developments have occurred. The most important development is the coming into being of the East African Community (EAC) Treaty. The implementation of the Treaty, lessons learned and other new developments will need to be incorporated in a systematic way in regional development endeavours after year 2000. It is in this context that the actions to be taken are organized and rationalized in the next development strategy for EAC for the period (2001-2005).

2.0 Objective

The EAC Development Strategy 2001-2005 is a systematic way of charting out action towards achieving the goals of regional integration in the EAC. The broad goal of the EAC is to widen and deepen Co-operation among Partner States in political, economic, social and cultural fields, research and technology, defence, security and legal and judicial affairs for their mutual benefits. The vision for the regional integration is to create wealth in the region and enhance competitiveness through increased production, trade and investment in the region. Emphasis is placed on accelerating development and building the capacity to compete effectively in the world economy. In order to reach this goal a Customs Union will be established as the entry point of the community followed by a Common Market, subsequently, a Monetary Union and ultimately a Political Federation of the East Africa States.

3.0 Methodology

In formulating the development strategy the following factors have been considered:

- Lessons and experiences gained in the course of implementing the first development strategy.
- On-going activities which must be carried forward from the first development strategy.
- Provisions of the EAC Treaty.
- Findings and proposals contained in various studies which were commissioned by the EAC Secretariat.
- Developments in globalization and the changing international environment and experience from other regional integration arrangements.
- Views of the various stakeholders.

4.0 Highlights of the Strategy

- This strategy focuses on establishment of a Customs Union and a Common Market while laying the foundations for attaining a strong and competitive productive base. Political co-operation will be pursued to ensure facilitation of progress towards a Custom Union and Common Market.
- The strategy has considered developments in globalization and implications on the intensification of competition, influence on the position of EAC in the world market and the imperatives of implementing regional co-operation programmes which are consistent with building a strong supply capacity with a view to attaining international competitiveness. In this context, policy and programme actions have placed emphasis on two main areas. First, priority is accorded to achieving a customs union and a common market. Second, the development strategy gives priority to building the supply capacity in the region. Emphasis is placed on enhancing the capacity of the productive sectors notably agriculture, industry,

tourism and natural resources. Building the supply capacity in the productive sectors needs to be facilitated by appropriate investments in infrastructure, supportive services, science and technology and human resource development.

- Progress made in macroeconomic policy coordination and currency convertibility provides a good basis for a smooth transition towards a single currency for the region in the foreseeable future. However, Partner States will need to strengthen and speed up implementation of issues already in progress and resolve those which are still in dispute. Continued efforts will be made to ensure co-ordination of macroeconomic policies and economic reform programme. Priority is given to harmonization of macroeconomic policies starting with exchange rate policies, interest rate policies and monetary and fiscal policies. Sharing of relevant information measures and policies will continue to be encouraged to enable convergence of macroeconomic variables which is a prerequisite condition for attainment of a monetary union and establishment of a single currency in the region. These actions in monetary and fiscal co-operation will lay the foundation for introducing a single currency. However, there will be need to systematically review the prerequisites for introducing a single currency drawing relevant lessons from other regional blocks (e.g. EU) which have greater experience in this area.
- Resource mobilization especially for investment projects deserve high priority. The role of the East African Development Bank (EADB) in financing regional projects shall be strengthened. EADB shall be revamped by allowing broader purchasing of shares within East Africa and enhancing its capacity to issue international bonds.
- The establishment of a customs union will involve elimination of internal tariffs and adoption of a Common External Tariff (CET). However, given the different levels of economic development among Partner States elimination of internal tariffs needs will be implemented under the principle of asymmetry where the less developed Partners will be permitted to reduce internal tariffs relatively more gradually over a transition period. The adoption of a CET shall be accompanied by measures to stimulate investments and tap opportunities of the comparative advantages in the Partner States.
- The integration of the three customs administrations into one will require a separate coordinating body within the Secretariat to oversee, guide and advise Partner States. In that respect, a separate Trade and Customs Unit (TCU) shall be created. The proposed TCU within the Secretariat will be the mechanism linking national customs departments by ensuring standardized procedures and harmonization of treatment throughout the EAC. Mechanisms of how the regional customs institutions will operate shall be explored further. A study will be commissioned on Customs Union Administration drawing lessons from the experience of relevant regional integration schemes.
- In order to operationalize a common market the development strategy will ensure the formulation of common competition policy, harmonization of export promotion policies, cooperation in developing their capacity to compete internationally, and to collectively build the capacity to negotiate internationally.
 - (i) A Common Competition Policy and Law (CCPL) for East African Community will be instituted with the objective of ensuring, protecting and promoting free competition. To implement the CCPL, a competent, strong and independent, autonomous central common authority shall be established. This authority shall draw members from East African Business Council (EABC), East African Law Society, Investment Promotion Centres, Fair Trade Practices Institutions and any other stakeholders who are key to CCPL issues.
 - (ii) The external policies of the Partner States will therefore, be harmonised with a view to enabling the region to attain international competitiveness in terms of exports to third countries. The principles

that govern the practical achievement of export promotion will be private sector driven. Incentives on export of services will also be harmonised. Consistent with the objective of developing the capacity to compete and participate more effectively in the world economy, EAC Partner States will pay greater attention to trade in services with a view to promoting efficiency and expanding exports of services.

- (iii) Each Partner State shall identify areas of competitive advantage and focus on building capabilities in those areas. At the regional level, analysis shall be carried out to identify those areas where the region shall build international competitiveness. Partner States shall undertake comparative competitiveness studies within the region with a view to identifying areas where cost of doing business is relatively high so that measures to address those areas can be taken.
 - (iv) In order to tap opportunities which arise in such arrangements, efforts will be made to collectively build the capacity to identify and articulate the interests of EAC as a block and negotiate in that context. Collective building of the capacity to negotiate is not only more cost effective but it is also a way of building solidarity through collective bargaining.
- Partner States recognise that development activities may have negative impacts on the environment leading to the degradation of the environment and depletion of natural resources. With this concern, Partner States are committed to co-operating in environmental and natural resource management and conservation activities. Potentials of the coastal zone will be explored more comprehensively considering aspects of environment, security and Exclusive Economic Zone (EEZ).

The EAC Treaty emphasises co-operation in infrastructure to involve co-ordinated, harmonized, and complementary infrastructural development. Policies in this area shall aim at improving the existing transport and communication links and establish new ones as a means of furthering the physical cohesion of the Partner States. Priority shall be placed on completion of rehabilitation of roads and prioritised and sequenced implementation of new ones. To facilitate and promote the movement of traffic within the community, the strategy is to harmonize and simplify regulations, goods classification, procedure and documentation required for multimodal transport within the community. On railways, a Ministerial Conference shall be held to address comprehensively the revitalisation of railways. The on-going processes of restructuring and privatisation shall be harmonised along the lines which will be agreed as the regional approach to the revitalisation of the railways. As regards the energy sector, the first priority in this sector is the completion of the EA Power Master Plan as part of the overall Regional Energy Master Plan. Partner States are committed to adopting policies and mechanisms to promote the efficient exploitation, development, joint research and utilization of various energy resources available within the region. To this end, the Partner States will engage in promoting within the Community the development and transmission of electric power, development of integrated policy on rural electrification, and inter-connection of Partner States electrical grids.

- The development strategy emphasizes the importance of information as a resource and a tool for development. The present day information and information technology revolution as characterized by the high level of development and use of computerization in all aspects of social, economic and technical life of human activity is recognized as one of the pillars of regional integration and development, globalization and modernization.
- Partner States recognise the fundamental importance of science and technology in economic development and in attaining competitiveness. Co-operation in this area has accorded much emphasis in joint research, development of indigenous science and technology, exchange of scientific information, collaboration in the training of personnel in various scientific and technological disciplines, and formulation of science and technology (S&T) policy for EAC. As such S&T policy aims at putting in place policy measures that will

create a science based culture, and ensure diffusion and utilisation of results of R&D. Based on a comparative analysis of national interest in Science and Technology (S & T) policy, Partner States will establish a regional S&T coordinating body which will act as an intermediary between policy makers and sector-specific working groups.

- EAC envisages complementarity with other regional groupings with a view to realizing faster economic development in Africa consistent with the principle of “variable geometry” and the spirit of the Lagos Plan of Action and the Abuja Treaty. In this context the EAC will play the role of a fast track core group within larger regional co-operation arrangements.
- The EAC will continue to harmonize its trade policies towards global level agreements and organizations such as the EU, AGOA and WTO with a view to promoting market access mainly through an enhanced capacity to supply competitively. Efforts shall therefore concentrate on capacity building by Partner States to enhance negotiation power on trade issues with a view to safeguarding and promoting interests of EAC in the global economy.
- The implementation of this development strategy will continue to be participatory effectively bringing on board participation of key stakeholders. This will mean enhanced roles of women, the private sector and the civil society. The strategy makes proposals on strengthening the role of these key stakeholders and enhancing their participation in implementing the development strategy.
- It is recognized that implementation of the development strategy will require an appropriate institutional framework. The strategy, therefore, provides for co-operation in legal and judicial affairs and in political matters such as peace, security and good neighbourliness. Appropriate institutional arrangements at the level of Partner States and at the level of the Secretariat with a view to facilitating implementation of the strategy will be set up. Partner States will revisit their institutional framework for synchronizing demands of EAC programmes of action with national programmes and commitments. Priorities at the national and regional levels shall be harmonized. Institutional arrangements for harmonizing and coordinating the formulation and implementation of decisions at regional and national levels shall be revisited with a view to strengthening them. In addition, institutional mechanisms for managing inter-sectoral and cross-cutting issues will be strengthened. As regards the secretariat, efforts will be made to strengthen its capacity to commensurate with the implementation requirements of this strategy.
- The development strategy will involve taking measures to address imbalances arising from the process of establishing a Customs Union and Common Market. Priority will be given to measures which will promote widespread facilitation and attraction of investments in the region including to the currently less disadvantaged parts of the region. In this context, the Partner States shall put much emphasis on infrastructure development projects, such as, the regional roads, railways, telecommunications, and inter-grid electricity connection projects. Considering that other regional blocs have grappled with this challenge and various approaches have been adopted with mixed levels of success, a study will be commissioned to make a systematic and comprehensive survey of experiences from other regional blocs with a view to adopting the most appropriate approaches for the EAC.

The East African Development Strategy 2001 – 2005 is the second development strategy following the end of the first strategy. The former strategy was instituted with the objective of transforming East Africa into a single market and investment area. The idea of transforming the East African Co-operation into a community came after the summit directed the Tripartite Commission to upgrade the Agreement for the establishment of the Tripartite Commission for East African Co-operation into a Treaty of Co-operation on the 29th April 1997, the day the first Strategy was launched. Several policy actions which were earmarked for implementation during the period are not yet completed. Such activities therefore form part of the second EAC development strategy. The current strategy concentrates on policy issues stipulated in the EAC Treaty. It emphasizes areas of co-operation that have been elaborated through various studies and of which strategies have either been formulated or formulation is at an advanced stage. In this context, this development strategy covers areas which are contained in the Treaty. This is done on the consideration that the current strategy needs to be aligned with the EAC Treaty and should be taken as an instrument for implementing the Treaty and means of enhancing effective participation of each Partner State into the regional integration, as well as, improvement in international competitiveness. The strategy has also taken cognisance of agreements with other regional groupings such as SADC and COMESA and international organizations particularly WTO and ACP-EU.

This Development Strategy document is organized as follows: Chapter 2 makes a brief review of the first Development Strategy. Chapter 3 presents the fundamental and operational principles of the EAC Treaty, its goals and the identified areas of socio-economic co-operation. The Treaty is a background and guide to the focus of this strategy which is the subject of Chapter 4. This chapter contains strategies for development in key areas of co-operation. Some of the areas are a continuation of implementation programmes that are still in progress and others involve new initiatives which are consistent with the Treaty. The policy and programme action matrix annexed hereto captures the main activities arising from areas of co-operation, contained in Chapter 4 of the Strategy.

2.0 REVIEW OF THE FIRST EAC DEVELOPMENT STRATEGY (1997-2000)

The First EAC Development Strategy (1997-2000) was launched on 29th April 1997 by the three Heads of Partner States. The overall strategy aimed to achieve the following:

- To promote the spirit of regional co-operation which was deeply rooted in the history of the region;
- To support the existing forces which have major interest in the strengthening of regional institutions and in the free movement of people, capital, goods, as well as services and information within the region;
- To place immediate emphasis on economic co-operation with a view to promoting enhanced political co-operation, and integration in the long run; and
- To reinforce institutional capacities for regional co-operation.

2.1 Areas of Policy and Programme of Action

In the Policy Action Matrix, the strategy earmarked twelve policy and programme areas of action for implementation by Partner States, namely:

- Easing of border crossing;
- Free movement of capital;
- Harmonization of fiscal and monetary policies;
- Facilitation of inter-State transport and improvement of communication links between Partner States;
- Development of adequate, reliable and affordable energy supply in the region;
- Development of areas of common interests (e.g. environment);
- Sector policies to facilitate trade and investment;
- Preparation of EAC region for the technological challenge of the 21st Century;
- Strengthening institutions of co-operation;
- Legal and judicial framework to support economic integration;
- Attainment of satisfactory co-operation; and
- Facilitation and strengthening of regional joint programs to sustain agricultural and livestock development.

2.2 Overall Status of Implementation

- The overall process of implementing the strategy has been quite successful.* What is established is that all Partner States are committed to integration. It is evident that consensus on many policy and programme actions were reached in accordance with the provisions of the East African Community Treaty.
- Progress that has been made culminating in the signing and ratification of the EAC Treaty is commendable.* With the Treaty in place, the integration processes can now be guided by a legal document. The Treaty is a legal document which will be used to guide future development strategies. The Treaty stipulates the EAC's goals and objectives and identifies areas of co-operation. It specifies that the objective of widening and deepening co-operation among the Partner States is to be achieved through the establishment of a Customs Union as the entry point of the Community, a Common Market, subsequently a Monetary Union and ultimately a Political Federation of the East African States. This provides the road map which future development strategies will be expected to follow.

- (iii) *The speed of implementation of many actions is quite encouraging.* It has been relatively fast when compared to other regional groupings such as SADC and COMESA which have been in place for over 10 years.
- (iv) The future of the EAC can be evaluated as bright based on various factors including:
- The small size of the group facilitates faster conclusions of negotiations;
 - The process of negotiation of trade protocols is taking its course well; and
 - The EAC Secretariat has been performing well.

2.3 Challenges and Lessons

Against this background of reasonable progress made in the implementation of the strategy, several challenges and lessons have been identified. These have been taken into account in the formulation of the current strategy. Some of these challenges and lessons are as follows:

- (i) *Institutional inertia:* The time frame set for various actions was often too optimistic. The strategy did not always determine the feasibility for implementing various policy and programme actions based on country specific conditions. Policy actions, which required negotiation (protocol), such as free movement of capital, reduction of internal tariffs, and the like, lagged behind schedule. It would appear that in the spirit of broad consultations it was necessary that discussions and negotiations take ample time. The time taken was not always estimated in a realistic manner.
- (ii) *Slow decision making processes at national levels raised some concern.* Country specific modes of operation were not fully considered. Decision making often involved several statutory steps. The process involved development of Cabinet Paper by the respective Ministry whereby the Paper had to be submitted to the Cabinet Secretariat for discussion by the Inter-Ministerial Technical Committee, and from there to the Cabinet. If the issue requires approval from the higher level it had to be passed to the Parliament for final approval. Issues, which required amendment of the Law and other sensitive issues had to pass all this process. The time taken could be quite substantial. This fact was not always taken into account in preparing time frame for activities. The decision making processes and prioritization at national level had not adapted to the new situation of the existence of EAC. The need to harmonize regional level priorities and national level priorities was not always recognized or appreciated. In spite of the decisions made at regional level, national level decisions and prioritization tended not to be co-ordinated with decisions made at EAC level. It is also possible that the speed of implementation may have been limited by the absence of a legally binding agreement, like the Treaty. Therefore Partner States may have been at liberty to implement certain aspects at their own pace since there was no legal obligation.
- (iii) *There was a time lag between changes made and change of attitudes and modalities of operation* on the part of the operational staff on the ground. In future, awareness campaigns and public education may be required to reduce the gravity of this problem.
- (iv) *Sequencing of certain activities was sometimes inappropriate.* For instance, the Policy action that required development of adequate and reliable energy supply in the region demanded for *further inter-grid connection by Jan.1997*. In order to have this task undertaken, national power master plan should have been in place first. In contrary, national power master plans were planned to be in place by January 1998.

- (v) *Resource constraints caused delays in implementation.* Implementation of certain activities depends on the availability of resources. For those activities whose implementation required additional finances from governments timing for inclusion in the budget process was crucial. The Implementation of certain programmes was tied to the goodwill of the international community. With the flow of international resources not forthcoming at the required time, these programmes were not implemented on time. The implementation of large regional projects was constrained by the narrow resource base. The lesson to be drawn from this experience is that ways of broadening the sources of finance should be sought. Concerted effort need to be placed on increasing the sources of finance and broadening the resource base for implementation of projects.
- (vi) *Pressures of restructuring and privatization overstretched the capacity of some institutions making it difficult to play their appropriate role in carrying out EAC obligations.* For instance, telecommunications and railways institutions experienced this difficulty. While the large public institutions in particular were stuck in restructuring and privatization new actors in the respective industries were emerging (e.g. in telecommunications, airlines, banking and insurance). Yet the EAC programmes did not adjust to these changes as expected under the principle of subsidiarity which the EAC has endorsed. The lesson to be drawn from this experience is that in future the EAC programmes will need to take fuller account of actors outside government for implementation of programmes.
- (vii) *Managing distribution of costs and benefits. Partner States are not equally developed. A major challenge in reaching agreement on CET is the differences in the levels of industrial development, economic structures and varying revenue implications.* The perception of unequal development and unequal sharing of benefits and costs of integration has contributed to delaying the process of negotiations. However, these factors can be viewed as challenges for effective participation in the Community. The delays experienced during implementation of various policy and programme actions was in some cases a subsequent result of lack of awareness of implications of the actions. In this respect, such delays reflect a learning process rather than a deliberate effort to drag the process behind. Negotiations have taken long in some areas because the benefits were not obvious. More comprehensive identification of benefits and costs and analysis of options available was not always carried out by the respective Partner States. The lessons to be drawn from this experience is that there is need to develop the institutional and human capacity to manage regional co-operation in the context of unequal levels of development of Partner States. Systematic lessons from the experience of other regional blocks would be useful.

3.0 EAST AFRICAN COMMUNITY TREATY

The Treaty for the Establishment of the “East African Community” was signed by Heads of State of the Partner States on November 30, 1999 in Arusha, Tanzania and came into force on 7th July 2000. The East African Community was formally launched by the Heads of State on 15th January 2001.

The broad goal of the EAC is to widen and deepen co-operation among Partner States in political, economic, social and cultural fields, research and technology, defence, security and legal and judicial affairs for their mutual benefits. The vision of the regional integration is to create wealth and enhance competitiveness through increased production as well as trade and investment in the region. Emphasis is placed on accelerating development and building the capacity to compete effectively in the world economy.

In order to reach this goal a Customs Union will be established as the entry point of the community followed by a Common Market, subsequently, a Monetary Union and ultimately a Political Federation of the East Africa States.

Fundamental Principles of the Community are:

- Mutual trust, political will and sovereign equality;
- Peaceful co-existence and good neighbourliness;
- Peaceful settlement of disputes;
- Good governance;
- Equitable distribution of benefits; and
- Co-operation for mutual benefit.

The operational principles of the Community are:

- People centred and market driven co-operation;
- Provision of an adequate and appropriate enabling environment;
- Establishment of an export oriented economy in which there shall be free movement of goods, persons, labour, services, capital, information and technology;
- The principle of subsidiarity with emphasis on multilevel participation and the involvement of a wide range of stakeholders in the process of integration;
- The principle of variable geometry which allows progression in co-operation among groups within the Community for wider integration schemes in various fields and at different speeds;
- The equitable distribution of benefits accruing or to be derived from the operations of the Community and measures to address economic imbalances that may arise from such operations;
- The principle of complementarity;
- The principle of asymmetry; and
- The principles of good governance, including adherence to the principles of democracy, the rule of law, social justice and maintenance of universally accepted standards of human rights.

The objectives of EAC Treaty are:

- Promotion of a sustainable growth and equitable development of Partner States including rational utilisation of the region’s natural resources and protection of the environment;

- Strengthening and consolidating the long standing political, economic, social, cultural and traditional ties by Partner States and associations between the people of the region in promoting a people-centred mutual development;
- Enhancing and strengthening participation of the private sector and civil society;
- Mainstreaming of gender in all its programmes and enhancement of the role of women in development;
- Promotion of good governance including adherence to the principles of democracy rule of law, accountability, transparency, social justice, equal opportunities and gender equality; and
- Promotion of peace, security and stability within the region and good neighbourliness among the Partner States.

In order to achieve the above goals and objectives, the EAC has established an institutional framework which is characterised by the following organs:

- The Summit comprising Heads of States or Government of Partner States with the function of giving general direction and impetus to development and achievement of the goal and objectives of the community.
- The Council of Ministers consisting of Ministers responsible for regional co-operation of each Partner State (or such other Ministers as each Partner State shall determine) is the policy organ of the Community ensuring promotion, monitoring and review of programme implementation and proper functioning of the regional organisation.
- The Coordinating Committee consisting of Permanent Secretaries responsible for regional co-operation. The committee reports to the Council of Ministers and coordinates the activities of the Sectoral Committees.
- Sectoral Committees prepare comprehensive programmes, set priorities and monitor their implementation in the respective sectors. The sectoral committees are established by the Council on recommendation of the coordinating committee to whom they report.
- The East African Court of Justice is the judicial body which will ensure the adherence to the law in the interpretation and application of and compliance with the Treaty.
- The East African Legislative assembly is the legislative organ of the EAC.
- The Secretariat is the executive organ of the EAC.
- Autonomous institutions of the Community shall be established by the Council. Currently these are EADB, Lake Victoria Fisheries organisation (LVFO) and the Inter-University Council for East Africa (IUCEA).

According to Article 8(4) of the EAC Treaty, the Community organs, institutions and laws shall take precedence over similar national ones on matters pertaining to the implementation of the Treaty.

Areas of socio-economic co-operation earmarked by the EAC Treaty are:

- Trade Liberalisation and Development;
- Investment and Industrial Development;
- Standardisation, Quality Assurance, Metrology and Testing;
- Monetary and Financial Co-operation;

- Infrastructure and Services;
- Development of Human Resources, Science and Technology;
- Free movement of persons, labour, services, right of establishment and residence;
- Agriculture and Food Security;
- Environment and Natural Resources Management;
- Tourism and Wildlife Management;
- Health, Social and Cultural Activities;
- Enhancing the Role of Women in Socio-economic Development;
- Political matters;
- Legal and Judicial Affairs;
- The Private Sector and Civil Society; and
- Relations with other regional and international organizations and development Partners.

4.0 THE EAC DEVELOPMENT STRATEGY 2001-2005

The EAC Development Strategy 2001-2005 addresses economic areas of co-operation with the view to articulating policy and programme actions to be undertaken by Partner States during the strategy timeframe. Given that the Treaty intends to establish first a customs union, policy actions should target the conclusion of a customs union protocol within the timeframe of the strategy. It also sets in motion all prerequisite conditions for successful implementation of the subsequent stages of integration i.e. the common market, monetary union, and political federation.

The formulation of this strategy and prioritisation of the programmes has been guided by six main considerations:

- Lessons and experiences gained during the first development strategy.
- Consistency with the Treaty.
- Views of the stakeholders.
- Continuation of on-going activities including decisions made by various Committees and comprehensive use of results of studies which have been commissioned by the EAC Secretariat.
- Imperatives of globalisation and the need to develop the capacity to compete and effectively participate in the world economy.
- Activities which can be implemented with little controversy and without insurmountable obstacles.

During the period of implementation of the first EAC Development Strategy (1997-2000), various studies were commissioned by the EAC Secretariat with the objective of providing amicable solutions in various areas of co-operation by Partner States. The findings and recommendations provided by those studies have formed the basis for activities to be implemented within the timeframe of this strategy. The strategy also takes into account decisions passed by various committees and adopted by the Council for implementation.

The Strategy has also considered the concerns about the globalisation process which is facilitated by the rapid advances in technology especially information technology. The process of globalisation will influence the position of EAC in the world market. Market access will therefore, become more difficult for those who are not internationally competitive. These threats suggest that greater effort will need to be made in technological development and transfer of technology which are important determinants of international competitiveness. This shall be done through co-ordination of research and development (R&D) within the region and improving conditions for stimulating investment, technology flows and human resources in critical areas.

The experience of implementing the first Development Strategy has shown that fast progress can be made in some areas which are not controversial, have little financial implications and their implementation has few obstacles. These types of activities will be given priority as fast track activities. For instance, activities relating to improving the enabling environment for business operations largely fall in this category yet returns in terms of reduced cost of doing business and investment and employment stimulation can be considerable.

This Development Strategy is guided by the provisions of the Treaty. The Treaty stipulates that the entry point into the community will be the establishment of a Customs Union. During this strategy, focus will be on achieving a Customs Union and Common Market. Political co-operation will be pursued as an important means of facilitating progress towards a Customs Union and Common Market. In general, the areas of co-operation covered in this development strategy are derived from the Treaty. In this respect twelve categories of areas and/or issues of co-operation are identified as follows:

- Macroeconomic policies including monetary and fiscal policies.
- Trade liberalization and development.

- Productive sectors consisting of agriculture and food security, investment and industrial development, tourism and wildlife and environment and natural resources.
- Infrastructure and supportive services.
- Human resource development and science and technology.
- Social sectors, immigration and labour policies.
- Legal and judicial affairs.
- Political matters including peace, security and defence.
- Broad participation of women, private sector and the civil society.
- Relations with other regional and international organizations.
- Institutional arrangements at the level of the Partner States and the EAC Secretariat.
- Managing distribution of benefits and costs as a cross-cutting issue.

4.1 Macroeconomic Policy Coordination

4.1.1 Co-operation in Macroeconomic Policy

According to the EAC Treaty, co-operation in macroeconomic policy matters aims at establishing stability in these areas within the Community through: -

- ◆ Co-operation in monetary and financial matters and maintaining the convertibility of currencies of the Partner States as a basis for the establishment of a single currency;
- ◆ Harmonization of macroeconomic policies with special emphasis on exchange rate policy, interest rate policy, and monetary and fiscal policies;
- ◆ Partner States shall work towards closer macro economic convergence on the following economic parameters:
 - Real GDP growth rate of at least 7%
 - Inflation of less than 5%
 - Lower ratio of current account deficit
 - Reduction of fiscal deficit to less than 5%
 - Maintaining reserves at least 6 months equivalent of normal imports
 - Scaling up the ratio of domestic savings to GDP of at least 20%
 - Undertake debt reduction initiatives and maintaining the fiscal burden of serving the external obligations to less than 15%

Achievements already attained during the first strategy are quite encouraging. The adoption of policy reform programmes containing largely similar policy packages has helped to converge macroeconomic policies. The East African Co-operation towards currency convertibility has been a success story. It provides a smooth transition towards a single currency for the region in the foreseeable future. The Partner States will strengthen and speed up implementation of issues already in progress and resolve those which are still in dispute. Continued efforts will be made to ensure co-ordination of macroeconomic policies and economic reform programme. Priority will be given to harmonization of macroeconomic policies starting with exchange rate policies, interest rate policies and monetary and fiscal policies. Sharing of relevant budget information on revenue measures and other economic policies will continue to be encouraged to enable convergence of macroeconomic variables which is a prerequisite condition for attainment of a monetary union and establishment of a single currency in the region.

4.1.2 Monetary and Fiscal Co-operation

Co-operation in monetary and fiscal policies will be managed according to the agreed macroeconomic policy framework. Monetary and fiscal policy harmonisation will be pursued with a view to achieving the following:

- Maintain market determined exchange rate and acceptable level of reserves;
- Pursue policies which will achieve monetary stability and growth;
- Complete financial sector reform to ensure their efficient operation consistent with promotion of savings and investment for growth;
- Harmonize tax policies.

Fiscal, monetary and exchange rate policies will be formulated and implemented as part and parcel of the overall macroeconomic policy framework of Partner States to ensure sound macroeconomic and financial stability that is conducive to sustainable economic growth. Political will and fiscal discipline will underpin buoyancy in economic growth and success of macroeconomic growth and convergence of such parameters.

These actions in monetary and fiscal co-operation lay the foundation for introducing a single currency. However, there shall be need to systematically review the prerequisites for introducing a single currency drawing relevant lessons from other regional blocks (e.g. EU) which have that experience.

4.1.3 Banking and Capital Markets Development

Partner States are determined to create a conducive environment for movement of capital within the Community through:

- ◆ Harmonisation of capital market policies;
- ◆ Promotion of co-operation among the stock exchanges and capital markets and securities regulators;
- ◆ Generating sufficient business in the stock exchange markets in order to facilitate cross-border listing of companies in stock exchange markets;
- ◆ Establishing within the Community a cross-border listing of stocks and rating system of listed companies and an index of trading performance to facilitate the negotiations and sale of shares within and external to the Community;
- ◆ Working towards the establishment of East African Stock Exchange by the three national organisations. In the process of establishing an EA Stock Exchange arrangements shall be made to explore possibilities of using the relative strength of the Nairobi Stock Exchange and the Johannesburg Stock Exchange to promote stock exchange activity in the region. The objective shall be to enhance access by East Africans to all listed companies in the region and to mobilise resources. More viable companies need to go public by selling shares to East Africans and thus facilitate cross listing. Progress in this direction will be through:
 - Review of policies that inhibit participation of both local and foreign investors in EA stock exchange.
 - Removal of legal impediments that constrain active use of the capital markets or cause fiscal distortion.
 - Commissioning a study to ascertain the exact areas of harmonizing the legal frameworks governing the operations of stock exchange markets and facilitate actual harmonization.
- ◆ Instituting measures to prevent money laundering activities;

- ◆ Speeding-up modalities for implementation of the standardized prudential requirements in licensing of Commercial Banks;
- ◆ Fully liberalising of the capital accounts in all Partner States especially Kenya and Tanzania;
- ◆ Putting in place a disclosure standard framework. This is a subject of an on-going study which includes a section on the Disclosure for cross-border listing and is expected to be completed during the period of this strategy;
- ◆ Fiscal and Monetary Policy Environment followed by government has an impact on capital market operations and, therefore, a study on the areas that impact on capital markets shall be carried out at regional level and make recommendations to governments. The study will also recommend policy incentives needed to attract more companies to list and increase investor participation in capital markets. At National level, a study has already been done for Tanzania on fiscal policy impediment and a similar study is expected to be done for both Uganda and Kenya and recommend fiscal and monetary changes needed to facilitate harmonisation.
- ◆ Public Education and Awareness will be developed and disseminated by East African Securities and Regulatory Authorities (EASRA) for market professionals and public using the most appropriate media e.g. TV, radio and video workshops using the most appropriate language; and
- ◆ With regard to Credit Rating Agencies, East African Securities and Regulatory Authorities (EASRA) will adopt the Credit Rating Agencies guidelines issued by Capital Markets Authority (CMA) Kenya. The role of regulators will be to provide the framework for registrations as well as accreditation of credit rating agencies.

The financial sector in East Africa offers a wide range of banking and insurance services. Several financial institutions such as commercial and development banks and postal savings banks offer credit and other financial services to some sections of society. These financial services need to be spread more widely to reach a wider range of actors in the region. For this to be achieved, the financial sector reforms will be accelerated.

As savings in the region are still low and the financial sector reforms are not completed as yet, East African enterprises often rely on international finance. Considering that implementation of regional projects tended to lag behind during the first strategy, an independently funded authority to implement designated regional projects will be established. In the transitional period the EADB will be used as a vehicle for raising funds for regional projects while preparations for forming a Regional Development Fund are being made. In this respect, the role of the EADB in financing regional projects shall be strengthened. East African Development Bank is fulfilling its mandate but needs to fully operationalize the soft window for indigenous business organisations and individuals who qualify for credit from the existing outlets.

The community secretariat shall make arrangements to explore options of broadening the sources of finance for investment in projects of regional significance. EADB shall be revamped by allowing broader purchasing of shares within East Africa and enhancing its capacity to issue international bonds.

4.2 Trade Liberalization and Development

The Development Strategy in this area will be to develop and adopt an East African trade regime that is consistent with establishment of a Customs Union and subsequently a Common Market. Specific measures shall be undertaken in the EAC to assist the less developed Partner States in the EAC to undergo an investment boom by tapping the comparative advantages they have in terms of resources abundance.

4.2.1 Towards Establishing a Customs Union

Given the need to conclude the customs union protocol by year 2003, Partner States will move faster in providing measures to address imbalances among Partner States which could arise from the establishment of a customs union and a common market.

(i) Elimination of Internal Tariffs and Adoption of a Common External Tariff

The establishment of a customs union is subject to elimination of internal tariffs and adoption of a Common External Tariff (CET). Considering the existence of differences in the levels of development and structures of the economies of Partner States, elimination of internal tariffs will be based on in-depth analytical work on anticipated benefits and costs, including on-going work by the High Level Task Force on Article 75(7) of the Treaty, in order to ensure proportionate sharing of benefits and costs among the Partner States. Adoption of a CET shall be achieved during this period.

It is recognised that the agreed level of CET shall aim at facilitating economic growth in the region. High CET acts as trade protectionism which perpetuate high-cost industries thus promoting trade diversion, impairing competitiveness based on comparative advantages, and may lead to rent seeking activities. An extremely low CET on the other hand may introduce premature competitive pressures on domestic industries including those which may have a chance to become efficient over time.

(ii) Non-Tariff Barriers

Non-Tariff Barriers (NTBs) can be more binding than tariffs. Major impediments to trade in EAC are those NTBs related to administrative and bureaucratic inefficiencies. Factors such as poor infrastructure and communication are obstacles to the growth of trade. The EAC shall ensure that Sectoral Committees such as Transport and Communications promote projects and strategies which lead to the elimination of obstacles to trade. Serious attention shall be given to the implementation of identified infrastructure programmes and projects to improve efficiency.

Another category of NTBs is that relating to product standards and technical requirements. These can severely restrict trade when standards are imposed unilaterally to protect local industry. Measures to be taken shall include putting in place regulations to ensure products accepted in one Partner State are also accepted in the market of the other Partner States. The regional bureaux of standards shall therefore speed up the harmonisation of the remaining standards as East African standards.

(iii) Dumping, Countervailing and Safeguard Measures

The dumping of goods by one country into another is condemned if it causes material loss to an established industry. Since dumping is not illegal, the receiving country may levy an anti-dumping duty on such goods. The WTO also allows a country to impose a countervailing duty equivalent to the amount of a subsidy granted by another country which distorts competition. Safeguard measures are also provided for by WTO. Safeguard measures are applied if a product is being imported in increased quantities and as a result it causes, or threatens to cause injury to the industry in the importing country. Within EAC, at some point the imposition of anti-dumping, countervailing duties, and safeguard measures could be necessary. Article 88 of the EAC Treaty provides for action in that area. However, such a decision will have to be compatible with WTO rules and regulations. Safeguard measures shall also take into consideration the interests of both consumers and producers.

(iv) Rules of Origin

Since EAC Partner States belong to other regional integration arrangements such as SADC and COMESA which have varying trade protocols, attention will be paid to rules of origin to ensure that goods entering one Partner State under a different trading arrangement shall not filter into the other Partner States at zero tariff. The rules of origin shall lay down the criteria under which a product will be considered as originating within a Partner State. The criteria most commonly used for manufactured goods is the local value added, value of local content and extent of transformation. Currently the rules of origin for COMESA and SADC stipulate 35 percent value added. The EAC will adopt rules of origin that are common to both COMESA and SADC. The EAC shall also consider the possibility of instituting certificates of origin for goods being traded within the EAC trade regime in order to prevent trade deflection. Moreover, within the Customs Union it will be important to state the content of local inputs in manufactured products in order to reduce imbalances in industrial development among Partner States. It is apparent that imported inputs will enjoy zero tariff under a Customs Union. This could mean that Partner States that are more industrialised could have an advantage in tapping the potentials of a wider market.

(v) *Customs Co-operation*

The integration of the three customs administrations into one will require a separate coordinating body within the Secretariat to oversee, guide and advise Partner States on Customs matters. In that respect, a separate Trade and Customs Unit (TCU) shall be established. The Trade and Customs Unit (TCU) will be the mechanism linking national customs departments by ensuring standardized procedures and harmonized treatment throughout the EAC. This unit will deal with matters such as classification and tariffs, valuation, origin, exemptions, relief, other customs regimes, intelligence, computerization, and WCO/WTO liaison. Mechanisms on how the regional and national customs administration will operate shall be explored further. In this respect, a study shall be commissioned on administration of Customs Union, drawing lessons from the experience of relevant regional integration schemes.

(vi) *Prevention of Trade in Toxic Wastes*

The Treaty emphasizes the prevention of illegal trade in toxic chemicals, substances and hazardous wastes. This will be accomplished through:

- Undertaking/adoption of common positions against illegal dumping of toxic wastes;
- Harmonizing legal and regulatory framework for toxic substances;
- Ratifying international environmental conventions.

4.2.2 *Towards Establishing a Common Market*

(i) *Competition Policy*

The EAC Partner States will work towards ensuring free movement of capital, labour, goods and services within the community. A protocol on a common market will be concluded. In order to operationalize the common market the development strategy will ensure the formulation of a common competition policy, harmonized export promotion policies, co-operation in developing their capacity to compete internationally, and to collectively build the capacity to negotiate internationally.

Competition policy is important to prevent abuse arising from a market based economy. Competition prevents overly high prices and poor quality, therefore it is beneficial to the consumer, the market partners and the entire economy. Allowing competition on the domestic and regional markets can foster the attainment of international competitiveness. Competition policy facilitates the shift of resources towards efficient activities, improves capacity utilization and promotes efficiency and profitability while ensuring fair treatment of consumers.

Promoting competitive markets involves opening up of the economy, deregulating and putting in place private sector development strategies. A clear understanding is also required of how to deal with non-performing and imperfect market system and the relationship between markets, institutions and the government, as well as the structure of incentives that govern the implementation of competition policy. In this respect, a Common Competition Policy and Law (CCPL) for East African Community will be instituted with the objective of ensuring, protecting and promoting free and fair competition. To implement the CCPL, a competent, strong, independent and autonomous regional authority shall be established. This authority shall draw members from EABC, East African Law Society, Investment Promotion Centres, Fair Trade Practices Institutions and any other key stakeholders.

In view of the significance of competition policy it is important to ensure that:

- The three governments consider promotion of competition as one of the development priorities;
- Firms operating in the region adopt international quality and environmental standards
- Industrial standards in the region are harmonised;
- Prices are market determined, and no single agent can determine or influence market price;
- There is wide participation in the East African market through trade liberalisation. This strategy will reduce monopolistic tendencies;
- There is free flow of perfect knowledge and information. Market transparency is impaired when there is imperfect and asymmetric information among players in the market;
- The role of the government is limited to creating an enabling environment to reduce cost of doing business; and
- The public is educated about benefits of competition, competition policy and Law.

(ii) Co-operation in Export Promotion

Co-operation in export promotion strategies is critical now as the process towards establishment of a custom union and common market gains momentum. The need for harmonization of export promotion schemes is justified by the variation of schemes among Partner States (duty drawback; manufacture under bond; duty remission; and export processing zones). Once a custom union and common market is established the region will trade with other countries as a single bloc. In this respect, the external policies of the Partner States shall therefore, be harmonised with a view to enabling the region to attain international competitiveness in terms of exports to other countries. The export schemes will therefore promote exports to third countries rather than among Partner States. The principles that govern the practical achievement of export promotion shall be private sector driven. Incentives on export of services such as tourism services which originate from more than one Partner States shall also be harmonised.

(iii) Co-operation in Developing Competitiveness

More active steps will be taken to build international competitiveness.

To begin with, each Partner State shall identify areas of competitive advantage and focus on building capabilities in those areas. At the regional level, analysis shall be carried out to identify those areas where the region should build international competitiveness.

The countries shall also need to take concerted action to pursue action on factors which hinder competitiveness. In particular, programmes will be established for:

- Facilitation of export activity.
- Promoting technological upgrading in production activities.
- Promoting investment in the necessary infrastructure and monitoring improvements in the level of competitiveness in terms of quality, reliability and cost.

Finally, the Partner States shall undertake competitiveness comparative studies within the region with a view to identifying areas where cost of doing business is relatively high and formulating policies to address those areas.

(iv) Capacity to Negotiate

The EAC Partner States have fairly common interests in various international arrangements such as WTO, EU and AGOA. In order to tap opportunities which arise in such arrangements, Partner States will collectively build the capacity to identify and articulate the interests of EAC as a block and negotiate in that context. Collective building of the capacity to negotiate is not only more cost effective but it is also a way of building solidarity through collective bargaining.

4.2.3 Trade in Services

Services have acquired a new role in the application, adoption and transfer of technology while at same time, advances in technology – particularly information and communication technologies – have provided new conduits for trade in services. Following the importance of services (such as financial, transport & communication, travel services), World Trade Organization (WTO)'s General Agreement on Trade in Services (GATS) was reached particularly for the growth and development of the world economy. The services sector provides inputs for material production in agriculture, industry and other sectors, creates an infrastructure to meet national development of strategic needs, and serves as a catalyst in the development of markets. The services sector contributes to resource mobilization (through financial services such as banking and insurance); and to resource utilization (through infrastructural services such as transport, telecommunications and informatics). In addition, the sector contributes to resource creation through technological services that raise productivity or discover new resources, marketing services that create demands, and social services that develop human resources or raise the productivity of labour. The WTO Agreement seeks to promote the interests of all participants on a mutually advantageous basis and to secure an overall balance of rights and obligations, while giving due respect to national policy objectives.

Consistent with the objective of developing the capacity to compete and participate more effectively in the world economy, EAC Partner States shall pay greater attention to trade in services with a view to promoting efficiency and expanding exports of services.

It is in recognition of the vital role that the services sector plays in the economic growth and development that the Treaty for the establishment of the East African Community has placed emphasis on co-operation in services. Articles 89 to 101 of the Treaty identify the areas of co-operation in infrastructure and services to include transport (e.g. road, rail, maritime and air transport) and communication (e.g. postal services and telecommunication); energy; and other transport supportive services. Other areas of co-operation comprise education and training (Article 102); tourism (Article 115); financial services (Articles 85 & 86) and health (Article 118). Partner States are still at the initial stages of developing the necessary regulatory framework for their services. These shall continue to be developed in context of reforms.

During this development strategy, the EAC will take the following steps to promote trade in services.

- ◆ Select services where competitiveness could be built up at the Community level and undertake liberalization programmes at the regional level prior to possible liberalization at multilateral level. Partner States in undertaking liberalization at regional level will harmonise policy, improve infrastructure, empower the private sector and de-bureaucratize custom procedures at the points of entry and exit.
- ◆ Achieve a better coordination among Partner States and strengthen their commitment to working towards the liberalization of trade in services.
- ◆ Develop economic and policy audit on services sectors at the regional level.
- ◆ Develop mutual recognition of qualifications at the regional level to facilitate the movement of professionals. General immigration legislation, labour market regulations and entry quotas and pre-employment requirements shall be appropriately regulated in order for them to be accommodative.
- ◆ The Partner States will develop a framework in which legal professional and other barriers to trade in the following professional business and related services are removed; Accounting and auditing, Management and consultancy, Building and Construction, Engineering, Architectural, Surveying, Medical, Educational, Legal, E-Commerce, etc.
- ◆ The framework will promote trade in these services by ensuring market access and national treatment in all the four modes of supply of services:
 - (i) Cross-border.
 - (ii) Movement of natural persons.
 - (iii) Commercial presence.
 - (iv) Consumption abroad.

4.3 Co-operation in the Productive Sectors

The development strategy gives priority to building the supply capacity in the region. Emphasis is placed on enhancing the capacity of the productive sectors notably agriculture, industry, tourism and natural resources.

4.3.1 Co-operation in Agriculture and Food Security

The overall objective of co-operation in the agricultural sector is to ensure achievement in food security and rational agricultural production within the region. In this respect, Partner States aim to put in place a scheme for rationalisation of agricultural production with the view to promoting complementarity and specialisation. From available Statistics, it appears that the region can achieve self-sufficiency in almost all food commodities it consumes. Considering the seasonal differences in production and varying state of food security in the three countries, liberalisation of commodity markets can spur trade in the region.

Relying on a wider regional market is preferable due to the fact that production variability and hence price variation is lower at regional rather than at national level. However, a free market system has its inherent risks associated with market failures. Partner States will counter such risks through the following:

- ◆ Improving intra-regional policy and investment co-ordination to ensure that policy in one country does not affect the regional flow of food commodities; and
- ◆ Conducting agricultural policy analysis, research and training to improve the efficiency of the various policies proposed for the sector.

This development strategy will operationalize trade liberalization in agricultural products. These products include maize, rice, sugar, milk products and livestock. Mechanisms will be established to harmonize safeguard measures and to design monitoring measures of the sensitive products.

One specific food security area for regional co-operation is trade in maize and maize seeds. Of the three East African countries Kenya is known to be the major net importer of maize. Since the other partner states generally have food surpluses this comparative advantage shall be promoted. On the other hand Kenya has more well-established seed production technologies. In this regard the other Partner States shall co-ordinate and collaborate their research activities in seed production and regularise trade in certified seeds. This kind of trade in maize and seeds will enhance regional food security.

Partner States will harmonise and adopt a common agricultural policy that will focus on food self sufficiency in the community by ensuring that there is an increased crop, livestock and fisheries production and that post harvest losses are reduced and that improved processing is put in place within the community during this strategy period.

The development strategy will entail co-operation in agriculture and cover seed multiplication and distribution, livestock multiplication and distribution, plant and animal disease control, irrigation and water catchment management and food security, as stipulated in the Treaty. The Partner States will also adopt a Common Agricultural Policy (CAP). As regards, Early Warning Systems, Partner States have established and are managing an early warning system to enable them manage food shortage brought about by frequent drought and floods. In view of the importance of co-operation in early warning system, the sectoral committee responsible for agriculture, livestock, fisheries, and meteorology shall come up with a study proposal on how to strengthen the East African Early Warning System. Irrigation initiatives shall be considered as an important aspect of managing risk and reducing vulnerability.

4.3.2 Co-operation in Investment and Industrial Development

In the context of the establishment of East African Community, co-operation in industrial development is seen as a vital instrument to generate economic growth and development in the region. The manufacturing sector's contribution to GDP is considered too low in all the three countries and more so in Tanzania and Uganda. Despite efforts to improve the macroeconomic environment the sector has been performing below expectations due to various constraints such as insufficient industrial support services, unfavourable legal framework, and lack of effective competition. Other constraints include, barriers in intra-regional and international trade. Co-operation in industrial development will aim at promoting self-sustaining and balanced industrial growth within the Community and improving competitiveness of the industrial sector in terms of efficiency, quality and cost-effectiveness (EQC), so as to enhance the expansion of trade in industrial goods. It also aims at encouraging the development of indigenous entrepreneurs.

The broad objectives of the EAC Treaty in industrial co-operation call for the formulation of an East African Industrial Development Strategy (IDS). The overall goal of the IDS is to create a sustainable economic and social development in East Africa. The strategy aims to create an enabling business environment for the establishment of a single market and investment area which would be internationally competitive while operating in conformity with WTO rules and regulations. The role of foreign direct investment (FDI) is emphasised as an instrument to revive industrial development, attain international competitiveness and speed up the penetration of international markets with locally produced industrial products. Promotion of FDI is therefore an important part of regional IDS. Specific objectives of the Strategy are the following:

- Eliminate the identified constraints to industrial development;
- Develop existing and potential comparative advantages of the industrial sector;
- Promote resource based medium and small-scale industries; and agro-processing activities through adding value;
- Achieve balanced industrial growth in the region;
- Increasingly export internationally competitive manufactured goods;
- Develop and maintain environmental and quality standards;
- Increase income and employment in the industrial sector; and
- Promote indigenous and in particular women entrepreneurs.

Implementation of the regional Industrial Development Strategy depends on continuous contribution of different institutions and measures taken. Implementation measures to be undertaken are as follows:

(i) Harmonize competition and incentive policies

- Laws that affect competitiveness shall be harmonised.
- Introduction of a harmonised competition policy and Law.
- Harmonisation and co-ordination of the rules according to which incentives are granted within EAC.
- Harmonisation of investment incentives and promotion of domestic and foreign investment.
- Development of human resources for the competitive industrial sector.

(ii) Mobilize financial resources for industrial development

- Finalize financial sector reform.
- Mobilize domestic and foreign resources for industrial development.
- The role of EADB in overall economic development including regional industrial financing shall be enhanced.

(iii) Strengthen supportive services for industrial development

- Industrial support services shall be strengthened.
- Enable introduction of new technologies.
- Restructuring of public institutions responsible for technology transfer, standardization, and protection of intellectual property rights to pay greater attention on service orientation.

(iv) Strengthen consultative mechanisms with stakeholders

- The existing joint consultative institutions with business sector stakeholders shall be strengthened.
- Intensify information dissemination and orientation in order to educate the citizens of East Africa on opportunities for investment and trade within the region as well as other benefits of regional integration.
- Mobilize joint effort by public and private sector in planning and promotion of secondary industrial centres.

(v) Harmonize industrial policies

- Develop resource-based sector policies and agro-processing activities.
- Promote industrial exports on the basis of comparative advantages.
- The export promotion organisations shall be dynamized by increasing their autonomy in trade promotion.
- The mechanism and instruments of Small and Medium-sized Enterprises (SMEs) promotion shall be harmonised within the EAC giving special attention to business start-ups, indigenous entrepreneurs and women.

4.3.3 Co-operation in Tourism and Wildlife Management

(i) Co-operation in Tourism

Partner States are committed to developing a collective and coordinated approach to the promotion and marketing of quality tourism. Partner States will establish a common code of conduct for private and public tour and travel operators, standardised hotel classifications, and harmonise the professional standards of agents in tourism and travel industry within the Community. In this respect, a framework of co-operation in the tourism sector will to be established. Phase II of Tourism Study shall be completed during this development strategy along with the implementation of the treaties aspiration. This shall be done after completion of the on-going activities.

Phase I of the study identified areas of common interest and established a case for a regional approach to tourism promotion and co-ordination. Matters relating to cost benefit analysis and joint marketing plan will be addressed during the 2nd Phase of the study.

(ii) Co-operation in Wildlife

As regards wildlife management, Partner States are committed to develop a collective and co-ordinated policy for the conservation and sustainable utilisation of wildlife and other tourist sites in the Community. The development strategy will involve harmonization of wildlife conservation and management policies. A study

shall be undertaken on co-operation in hunting, anti-poaching, preservation of wildlife migratory routes and conservation of fauna.

4.3.4 Co-operation in Environment and Natural Resources

Partner States recognise that development activities may have negative impacts on the environment leading to the degradation of the environment and depletion of natural resources. With this concern, Partner States are committed to co-operating in environmental and natural resource conservation activities. Much emphasis has however, been accorded in areas of common interest such as the Lake Victoria and its Basin and other shared ecosystems e.g. the major watershed/catchment areas of Mt. Elgon, Mt. Kilimanjaro, Ewaso Ngiro and the Pemba Channel. Management programmes in these areas shall be harmonised by the Partner States in order to achieve the maximum benefits possible and to reverse environmental degradation. Institutions to manage resource exploitation shall be identified.

(i) Co-operation in Management of the Environment

Management programmes for trans-boundary eco-system already identified by Environment Committee of EAC, such as Mt. Kilimanjaro and Mt. Elgon shall be harmonised and co-ordinated during the strategy period. Potentials of the coastal zone shall be explored more comprehensively taking into account aspects of environment, security and EEZ.

The following shall be harmonised or addressed:

- Exchange of research findings in forest management in tree breeding;
- Joint forest/bush fire surveillance and fighting programmes;
- Joint position as regards international issues touching on forests;
- Cross-border trade in forest products;
- Restoration of degraded common forest resources;
- Formalisation of meetings between Directors of forest, training and research heads of forest institutions and other interested stakeholders;
- Conservation of forest endemic species, assessment documentation and sustainable use of medicinal plants;
- Joint pest and disease monitoring and management programmes;
- Competition of work on harmonisation of Environmental Regulations that had been on-going, along with the Environmental Impact Assessment System;
- Partnership in capacity building in the sector; and
- Exploitation of the potentials in the coastal zone.

(ii) Co-operation in Sustainable Development of Lake Victoria Basin

Lake Victoria basin has been designated as a regional economic growth zone to be exploited jointly to maximise economic and social benefits while ensuring effective environmental management and protection.

The development strategy in this area will be to:

- Establish an institutional and legal framework that will coordinate the regional aspects of the activities of the different actors and interest groups in the Lake Victoria basin, based on the outcome of the legal and institutional study.

- Prepare and implement a comprehensive Development Strategy and Action Plan for the Sustainable Development of Lake Victoria Basin that shall focus on economic growth, poverty reduction, and protection of the environment. The recommendations of completed and on-going studies shall be incorporated in the comprehensive development strategy.
- Implement the Strategic Partnership Agreement between the Partner States and the Development Partners supporting sustainable development of Lake Victoria Basin.

(iii) Co-operation in Integrated Water Resources Management and Development

Partner States recognize that water is life and is at the heart of sustainable development. Every human being now and in the future, should have access to safe water for drinking, appropriate sanitation, and enough food and energy at reasonable cost. Water is the basis for all living ecosystem and habitats and part of an immutable hydrological cycle that must be respected if the development of human activity and well being is to be sustainable.

Partner States are therefore committed to developing the following:

- a shared Water Resources Vision.
- a common Water Resources Policy.
- a comprehensive Water Resources Strategic Action Programme.

The EAC Water Resources Policy underlying objective is the importance of addressing the management, conservation and development of water resources in an integrated and holistic approach based on institutionalised gender and economic principles.

The main objective of EAC Water Resources Strategic Action Programme is to ensure that the Partner States freshwater, coastal related ecosystems are protected, that every person has access to safe water at affordable cost to lead a healthy and productive life and that the communities are protected from risks of water related hazards.

(iv) Co-operation in Mineral Resource Management and Development

The Partner States will develop a common vision of mineral resources development and management. They will also harmonize national policies in this area and develop areas of joint action e.g. research.

4.4 Co-operation in Infrastructure and Supportive Services

4.4.1 Infrastructure

The EAC Treaty emphasises co-operation in infrastructure to involve co-ordinated, harmonized, and complementary transport and communication. Policies in this area shall aim at improving the existing transport and communication links and establish new ones as a means of furthering the physical cohesion of the Partner States and to facilitating and promoting the movement of traffic within the community.

(i) Roads and Road Transport

The Treaty emphasises the need to have common standards in road transport and safety, documentation procedures, and coordinated approach in the implementation of road projects. Priority shall be placed on:

- Completion of rehabilitation of roads and prioritised and sequenced implementation of new ones.
- Harmonisation of traffic laws, regulations and highway codes and adoption of a common definition of classes of road and route numbering system.
- Harmonisation of provision of laws concerning licensing, equipment, markings and registration numbers of vehicles for travel and transport within the community.
- Reduction of road blocks to a bare minimum for security purposes only.
- Taking the necessary steps to minimize night attacks on motorists.
- Clearing outstanding issues to expedite the ratification of the Tripartite Road Transport Agreement to ensure harmonization of road transport operational principles and documentation requirements.

(ii) *Railways and Railway Transport*

Co-operation in railways aims at establishing and maintaining coordinated railway services that would efficiently connect the Partner States within the Community, and where necessary constructing additional railway connections. A study to establish areas of co-operation and design for extensions and necessary future interconnection of the railways will be carried out. Specifically, a feasibility study on the Tanga-Arusha-Musoma-Portbell/Jinja railway line which will connect the three Partner States will be undertaken. In addition, a comprehensive study will be undertaken on the status of the railway network in East Africa, followed by a Ministerial Conference to address comprehensively the revitalisation of railways. The on-going processes of restructuring and privatisation shall be harmonised along the lines which will be agreed as the regional approach to the revitalisation of the railways.

(iii) *Civil Aviation and Civil Air Transport*

As regards civil aviation and civil air transport the emphasis is in harmonizing aviation policies in order to promote safe, reliable, efficient and economically viable civil aviation with the view to developing appropriate infrastructure, aeronautical skills and technology. In this regard, the proposed study on Unified Upper Area and Search and Rescue Coordination Centre shall be commissioned as soon as possible to establish a safe, efficient and profitable civil aviation service for EAC. Partner States shall finalize ratification of the search and rescue agreements. National air transport policies shall be formulated in order to facilitate their implementation and accelerate harmonisation of legal framework within the Partner States. Legal framework on civil aviation in relation to the upper air space with international organization within the East African Partner States will be harmonised.

A study to this effect shall be commissioned to ascertain what aspects of these laws require harmonization. To enable the use of common resource in the region, the Soroti Flying School shall be revived as a regional centre of excellence.

(iv) *Maritime Transport and Ports*

Co-operation in Maritime Transport and Ports aims at harmonization of maritime transport policies, easy access to port facilities by land-locked Partner States, improved communication systems, maintenance of safety of maritime transport service, joint search and rescue, and improved cargo handling. In this regard, a common maritime transport policy for the East African Community shared by all Partner States covering the areas of transport, communication facilities, operation procedures and safety on navigation shall be formulated. Co-operation in inland waterways transport will involve harmonization of transport policies and harmonized and simplified rules, regulations and administrative procedures governing inland waterways transport. The established task force shall continue to operate during phase II and complete the work for which it was

established. The Dar es Salaam Maritime Institute shall be considered for development as a regional training centre of excellence.

(v) *Multimodal Transport*

The strategy is to harmonize and simplify regulations, goods classification, procedure and documentation required for multimodal transport within the community.

(vi) *Freight Administration and Management*

The development strategy in this field will entail encouraging the establishment of freight booking centres and harmonisation of registration and licensing requirements for freight forwarders, customs clearing agents and shipping agents.

(vii) *Postal Services*

Co-operation in this area will entail harmonization of policies on postal services and undertake the promotion of close co-operation of postal administrations with a view to enhancing efficiency of postal services. It will improve interstate remittance services and increase business flow among Partner States, improve efficiency by reducing operational costs and improve customer satisfaction. The Partner States will continue to operationalize the interstate money order using local currency which was started in August 2000 to facilitate money transfer in EAC.

(viii) *Telecommunications*

Co-operation in telecommunications has focused on adopting common telecommunication policies, improving and maintaining inter-connectivity, harmonising tariffs, cooperating in training and exchange of manpower, and adoption of common frequency management and monitoring scheme. Partner States shall finalise the privatisation process of telecom companies to enable effective implementation of regional projects, (including cross-border connectivity project) to facilitate telecommunication among Partner States. The two remaining phases of the cross-border connectivity project shall be completed by the end of 2002. Priority shall also be placed on completion of the Digital Transmission Telecommunications project.

(ix) *Meteorological Services*

The treaty emphasizes that meteorological information be collected and disseminated to other Partner States in order to facilitate the efficient operation of air navigation; ocean and marine services navigation; coastal shipping; inland waterways transport and issuing of cyclone warnings and other adverse weather phenomena. In Meteorological Services, emphasis shall be placed on expanding and upgrading meteorological observations, network and telecommunications, supporting early warning systems and remote sensing for food security, human resource development, information exchange, climate analysis and seasonal forecasting in real time and harmonisation of policies for the provision of meteorological services.

(x) *Energy Sector*

As regards the energy sector, the first priority in this sector is the completion of the EA Power Master Plan as part of the overall Regional Energy Master Plan. Partner States are committed to adopting policies and mechanisms to promote the efficient exploitation, development, joint research and utilization of various energy resources available within the region. To this end, the Partner States will engage in promoting within the Community the development and transmission of electric power, development of integrated policy on rural electrification, and inter-connection of Partner States electrical grids. Partner States shall ensure the

implementation of the regional programmes already identified to facilitate trade and industrialisation and to stimulate the sustainable rural development through rural electrification in the region. Inter-grid connections shall be continued and completed during the strategy period, as well as, the border towns power interconnections where financiers are found and the interconnection is economically viable. Implementation of national power master plans shall be done during this phase. The construction of oil and gas pipeline from Eldoret to Kampala shall be completed during the time frame of the Strategy to facilitate its supply in Uganda and other neighbouring countries. Emphasis shall be placed on joint research, exchange of information on oil and gas exploration and other forms of energy. Also, the construction of the Dar es Salaam-Mwanza Oil pipeline and the Dar es Salaam-Tanga-Mombasa Gas Pipeline shall be completed.

The following further aspects shall be addressed during this strategy:

- Sequencing of investments will need to be harmonised.
- Privatization of investments in this area will need to be accompanied by arrangements for market assurance.
- Promotion of the petroleum geology and hydrocarbon potential of EAC.
- Preparation of gas pipeline project (including EIA, Commercial negotiations and Songosongo gas marketing in the region).
- Dissemination of renewable energy technologies (*inter alia* solar, wind, mini-hydro and geothermal) in order to increase the access to electric energy among the population of the partner states.

4.4.2 Co-operation in Standardisation, Quality Assurance, Metrology and Testing (SQMT)

Partner States recognise the significance of standardisation and quality assurance in enhancing the standards of living, reducing unnecessary varieties of products, and facilitating trade. The assurance of product quality can be a pre-condition for exports to certain markets and increase marketability of manufactured products. In view of these concerns, Partner States aim at having a common policy for SQMT of goods and services produced and traded within the Community. Given that significant progress has been recorded in this area during the first development strategy, emphasis in this strategy shall be on implementation of the recently concluded protocol on SQMT in particular the following:

- ◆ Increasing the number of EAC industrial standards;
- ◆ Mutual recognition of the existing standards by Partner States;
- ◆ Mutual recognition and acceptance of product certification marks within the partner states;
- ◆ Work on more standards for new commodities that might enter the EAC markets during the next five years;
- ◆ Laws and regulations on standards to be harmonised within the region and facilitate internal regional commodity trade;
- ◆ Joint training activities and regular exchange of experiences;
- ◆ Increasing activities in Quality and Environmental Management System Certification (ISO 9000 and ISO 14000) and accreditation activities within the region;
- ◆ Increasing joint activities in measurement and calibration services;

- ◆ Participation in harmonized inter-Laboratory Proficiency Testing and Laboratory Accreditation schemes based within the region;
- ◆ Effective implementation of the approved EAC protocol on SQMT.

4.4.3 Information and Communication

The present day information and information technology revolution as characterized by the high level development and use of computerization in all aspects of social, economic and technical life of human activity is one of the pillars of regional integration and development, globalization and modernization. Information Technology (IT) development has brought about an information revolution that has made the world a small global village.

The development strategy shall emphasize the importance of information as a resource and a tool for development. In this connection, the Partner States shall:

- Build an East African information highway by developing a vision (10 years) to achieve an information society.
- Formulate and develop national and regional information and communication infrastructure.
- Develop human resources
- Develop dynamic information and communication policy and programme in support of the regional integration and development process, through strengthening of the capacity of the information and communications function at the Secretariat and in the Partner States.
- In accordance with Article 71(f) of the Treaty, ensure that the information and communications unit of the Secretariat will play the lead and co-ordinating role in the promotion and marketing of EAC in the regional and the rest of the world.
- Recognizing the interface of medium and message, apply a multimedia approach, including information technology; using both Kiswahili and English as the lingua franca and official language, respectively of the Community; and the vernacular languages of the EAC countries, through the information and communication programme.
- Establish joint regular meetings of the region's media policy makers and practitioners to oversee the development of EAC information policy and programme, including measures relating to press freedom; training; legislation and media codes and ethics; promotion of collaboration in development and exchange of media products; teaching about EAC in schools; and establishment of an East African Media Foundation.

4.5 Development of Human Resources and Science and Technology

4.5.1 Human Resource Development

Development of human resources by Partner States is the fundamental base for sustainable development of co-operation. Currently Partner States have varying education syllabi, certification and standardisation. As background preparation for the attainment of a common market where the labour force will be moving freely in the region, differences in education syllabi and training standards shall be harmonised. Partner States shall coordinate all human resource training programmes focusing on their development e.g. basic, intermediary, tertiary and special education, adult and continuing education, full professional oriented training programmes at higher levels and vocational training. In addition, the following shall be undertaken:

- Operationalization of an East African Advisory Committee on Education, Research and Training.
- Harmonisation of curricula, examinations, and certifications and accreditation of education and training institutions.
- Extension of support to the Inter-University Council for East Africa.
- Promotion and development of Centres of Excellence at the institutions of higher learning.
- Promotion of teacher professional exchange network.
- Establishment of regional education management information system.

4.5.2 Science and Technology

Partner States recognise the fundamental importance of science and technology in economic development. Co-operation in this area has accorded much emphasis in joint research, development of indigenous science and technology, exchange of scientific information, collaboration in the training of personnel in various scientific and technological disciplines, and formulation of science and technology (S&T) policy for EAC. As such S&T policy aims at putting in place policy measures that will enable to create science based culture, and to ensure diffusion and utilisation of results of R&D. Based on a comparative analysis of national interest in S&T policy, Partner States shall establish a regional S&T coordinating body which will act as an intermediary between policy makers and sector-specific working groups. Its main duties shall be to:

- formulate regional S&T policies based upon identified research areas of common regional interest,
- support research collaboration and co-ordination in these areas,
- identify regional research centres of excellence with the view to promote them,
- promote the dissemination of research findings,
- support the creation of an enabling environment for regional S&T development,
- harmonize curricula, examinations, certifications, and accreditation of education and training institutions, and
- emphasize joint research, development of indigenous S&T and exchange of scientific information.

Other duties of the regional S&T co-ordinating body will include promotion of regionally indigenous knowledge, collaborative training in S&T related issues and advisory support to national S&T councils.

4.6 Social Sectors, Immigration and Labour Policies

4.6.1 Health

Three working groups for the region have been formed for the purpose of:

- Control and prevention of Sexually Transmitted Diseases (STD)/Infections and HIV/AIDs.

- Control of Communicable Diseases.
- Health Research, Policy and Health System Development.

Regional Programmes that are being developed in the Health Sector include control of communicable and vector-borne diseases such as HIV/AIDs, malaria, yellow fever, cholera and and mechanism for response to outbreaks of Communicable diseases with particular reference to the Ebola epidemic.

4.6.2. Culture and Sports

The Partner States resolved to promote co-operation in culture and sports. Emphasis shall be placed on harmonisation of policies on culture and sports and facilitation of cross-border trade in cultural artefacts and materials.

4.6.3 Social Welfare

The Partner States have undertaken to cooperate in the field of social welfare. Priority shall be to develop and adopt a common approach towards the welfare of disadvantaged and marginalized groups.

4.6.4 Immigration

Free movement of persons, labour, services, right of establishment and residence shall be adopted by the Partner States during the next development strategy. The Partner States shall prepare, agree and adopt a protocol on the above to facilitate easy border crossing, common standard of travel documents, common employment policies, training facilities to people from Partner States and enhance employer/worker organizations.

More specifically, action will be taken to:

- Work out modalities of internationalising the EAC passport.
- Harmonize the modality of issuing temporary permits.
- Harmonize the criteria for the issuance of inter-state passes.
- Adequately staff immigration desks at international airports of East African citizens at all times during scheduled flights.
- Design a single entry card (for East African citizens and non-citizens) incorporating all vital information useful for statistical and security purposes. The new cards shall be printed both in English and Kiswahili.
- Enhance awareness of border officials and the public on decisions made on procedures and formalities.
- Harmonize the training curriculum of customs and immigration staff to ensure uniformity and maintenance of standards.
- Ensure continued dialogue between customs officials and the business community to ensure smooth flow of information.
- Rationalize and harmonize the documents necessary for verification.
- Ease congestion and delays at peak times at border crossings.
- Re-issue the circular on the elimination of the yellow fever and cholera certificate requirements for EAC citizens and residents and ensure that this information is conspicuously displayed.

- Develop the protocol on free movement of persons, labour, services, right of establishment and residence.

4.6.5 Labour Standards

In view of the need to facilitate free movement of labour, Partner States will review and standardise labour laws and regulations related to labour standards. Liberalisation of labour markets will be harmonised to allow smooth movement of labour by the time Partner States are at a common market stage of integration. In addition, the following actions shall be taken:

- Conduct a comparative study for Partner States with the view to:
 - a) Reviewing and updating the relevant Municipal Laws in the context of International Labour Conventions.
 - b) Identifying core labour areas of regional nature that need harmonization.
- Carry out Labour Force Surveys and establish national data and labour market information systems.

- Harmonize:
 - (a) labour laws and legislation.
 - (b) procedures and charges for work permits.
 - (c) procedures and fees for granting residence permits.

4.7 Co-operation in Legal and Judicial Affairs

In order to promote a smooth transition to the East Africa Community, Partner States shall harmonise their legal training and certification within the Community. Partner States shall endeavour to:

- ◆ Establish a common syllabus for the training of lawyers and common examination standards for qualification and licensing of advocates in their respective superior courts.
- ◆ Harmonise all their national laws and regulations in the following areas
 - Trade and investment
 - Civil aviation
 - Telecommunications
 - Immigration
 - Environment
 - Health
 - Labour and employment
 - Education sector
 - Joint action in international agreements/protocols
- ◆ Confer upon the Community the legal capacity and personality required for the performance of its functions (Article 8 [2a] of the Treaty).
- ◆ Confer upon the legislation, regulations and directives of the Community and its institutions as provided for in the Treaty, the force of law within its territory (Article 8 [2b] of the Treaty).

- ◆ Make the necessary legal instruments to confer precedence of Community organs, institutions and laws over similar national ones on matters pertaining to the implementation of the Treaty (Article 8 [4 and 5]).

4.8 Political Matters

In order to achieve economic co-operation, Partner States undertake to sustain political will and vision for regional co-operation by among other things, strengthening political co-operation and implementing common foreign and security policies (Article 123 [1]) and good neighbourliness, increased liaison and co-operation among Partner States' political players and working towards a Political Federation. Political co-operation will be realized and sustained at various levels: Heads of States Summit, Ministers responsible for Foreign Affairs, Ambassadors and High Commissioners and National Parliaments.

4.9 Peace and Security

Peace and security is essential for the promotion of trade, investment and other development efforts. Its attainment requires a high level co-operation at the political level. Realizing that EAC cannot be stable if there are political instabilities in neighbouring countries, Partner States have resolved to undertake joint measures to restore peace and security in neighbouring countries. Partner States will foster and maintain an atmosphere that is conducive to peace and security through co-operation and consultations on issues pertaining to peace and security of the Partner States with a view to prevention, better management and resolution of disputes and conflicts between them (Article 124 [1]). Measures to be taken include diplomatic action and addressing issues related to criminal activities across borders and overall safety and security in the region.

4.10 Broad Participation: Enhancing the Role of Women, Private Sector and the Civil Society

4.10.1 The Role of Women

The Partner States recognise that women make a significant contribution towards the process of socio-economic transformation and sustainable growth. To this end, emphasis is placed on empowerment, effective integration and participation of women at all level of socio-economic development, especially in policy formulation and implementation.

The Partner States will continue to encourage the formulation of national gender policies and formation of national machineries to spearhead and coordinate gender responsive development and in particular ensuring the improvement of women's status. The Partner States will expedite the implementation of agreed areas of co-operation within the Beijing Platform of action especially in the six priority area in line with partner states plans of action to the advancement of women; namely:

- Women in decision making;
- Economic empowerment;
- Legal rights of women;
- Education, training and employment;
- Health;
- The girl child.

To this end gender policies will be harmonised and a regional framework for mainstreaming gender and community development programmes will be developed.

In order to integrate gender aspects in development programmes, further work will be done to enhance the knowledge on how to work on the matter. In this respect, a study will be undertaken on how to develop a regional framework for mainstreaming gender and community development programmes.

4.10.2 Private Sector

In order for the private sector to take full advantage of the Community, a conducive environment for their effective participation shall be created. In this respect, Partner States are committed to promoting a continuous dialogue with the private sector and civil society to create an improved business environment, and to provide opportunities for them to participate actively in policy reforms.

The Partner States shall inter alia undertake the following measures:

- Build internal capacities for the private sector business organisations in the region, in order to enhance their capacity to effectively participate in policy formulation and analysis;
- Encourage application of deliberate policies granting specific incentives for promotion of targeted local private sector in view of the important role the sector would play in bringing sustainable regional integration and development;
- Encourage utilization of local expertise, particularly during implementation of programmes funded by the development partners; and lastly
- Prepare a Private Sector Development Strategy. The proposed private sector strategy preparation will enhance the sector development harmonization needed for the private sector driven development of the region.

4.10.3 The Civil Society

It is thought that the lack of strong participation of civil society contributed to the collapse of the East African Community in 1977. A people-centred and private sector-driven system is now seen as an important vehicle for sustainable integration. The Partner States shall therefore make a deliberate effort to balance between the private, civil society and public sectors in future EAC development strategies. The civil society will be helpful as think-tanks during the strategy and policy formulation as well as implementation. The civil society also is best suited for community based initiatives as they can easily mobilize the local communities. The Non-Governmental Organizations will play a significant role in sensitising the community to exploit more effectively the resources in the region.

Institution of EAC as well as Partner States shall as much as possible, utilize available Professional and technical expertise within the region in their activities, as a measure of enhancing human capacity building in the Community. To facilitate this, certification and licensing of various professional services shall be standardized as a priority.

Given the importance of civil society in the regional integration, a study on how civil society issues shall be harmonised will be undertaken. The aim will be to find out how civil society can play a more effective role in the process of regional integration and economic development of the region.

4.11 Relationship with Other Regional and International Organizations

4.11.1 Relations with Other Regional Organizations

The instruments establishing the EAC take cognizance of existing regional co-operation agreements and arrangements binding the Partner States such as OAU, COMESA, SADC, IGAD. EAC envisages

complementarity with other regional groupings with a view to realizing faster economic development in Africa consistent with the principle of “variable geometry” and the spirit of the Lagos Plan of Action and the Abuja Treaty. In this context the EAC will play the role of a fast track core group within larger regional co-operation arrangements.

Partner States belong to more than one trading bloc. Full implications of these multiple memberships has not been explored. A study shall be undertaken to assess the implications of belonging to more than one trading bloc.

4.11.2 Relationship with Other International Organizations

The ultimate objective of the WTO is international free trade. Protection measures and incentives are being phased out, and industries must be able to compete in the international market. It is essential that development policies and programmes are formulated with the global market and its aggressive competition in mind. ACP-EU agreements in trade areas emphasise support of private sector, civil society and poverty reduction. On the global level, the EAC will develop partnerships with international bodies, bilaterals and other regional blocs such as the European Union. The driving forces will be the strengthening of EAC networks, tapping opportunities as they emerge and generating resources to support implementation of its programmes. The EAC will continue to harmonise its trade policies towards global level agreements and organizations such as the EU, AGOA and WTO with a view to promoting market access mainly through an enhanced capacity to supply competitively.

In addition, efforts shall therefore concentrate on capacity building by Partner States to enhance negotiation power on trade issues with a view to safeguarding and promoting interests of EAC in the global economy.

4.12 Institutional Arrangements and Capacity Building

4.12.1 Partner States

During the first development strategy the challenges of a long turn-around time on agreed decisions was observed. At least two types of problems surfaced. First, financing of some activities of EAC was delayed indicating that under tight budgets other national priorities took precedence. Second, co-ordination of EAC activities at national level needed to be improved.

For the current development strategy Partner States shall revisit the institutional framework for synchronising demands of EAC programmes of action with national programmes and commitments. Priorities at the national and regional levels will be harmonised. Institutional arrangements for harmonising and coordinating the formulation and implementation of decisions at regional and national levels will be revisited with a view to strengthening them. These institutions will be given the capacity in terms of human and financial resources within the government machinery. In addition, institutional mechanisms for managing inter-sectoral and cross-cutting issues shall be strengthened.

4.12.2 Secretariat

During the first strategy, considerable progress was made towards enhancing the capacity of the Secretariat. However, the expansion of activities has meant that the capacity of the Secretariat continues to be over stretched. For the current strategy, the capacity of the EAC Secretariat will be strengthened to be commensurate with the implementation requirements of the development strategy. Measures to be taken towards that end include:

- Capacity building through training and adequate work facilities.

- Establishing a consultancy Fund to enable financing of consultancy services in areas stipulated in the development strategy.
- Identifying more reliable and automatic sources of income to fund the operations of the Secretariat in addition to the annual budgetary allocation from the Partner States.
- Conclusion of the study on structure, terms of service and conditions of the Secretariat.

4.12.3 *The East African Legislative Assembly*

During this strategy, arrangements to put in place a functioning Assembly will be completed.

4.12.4 *The East African Court of Justice*

During this strategy, arrangements to put in place a functioning East African Court of Justice will be completed.

4.13 **Managing Distribution of Benefits and Costs**

The development strategy will involve taking measures to address imbalances arising from the process of establishing a customs union and a common market. Towards this end, action to be taken will include the following:

- Instituting measures to address regional imbalances.
- Putting emphasis on infrastructure development projects, such as, the regional roads, telecommunication, and inter-grid electricity connection projects.
- Giving preferential treatment to nationals of EAC in order to build a strong vibrant indigenous private sector in future.

Considering that other regional blocs have grappled with this challenge and various approaches have been adopted with mixed levels of success, a study will be commissioned to make a systematic and comprehensive survey of experiences from other regional blocs, including the establishment of a fund to address imbalances, with a view to adopting the most appropriate approaches for the EAC.

Annex I: Policy Action Matrix for East African Community Development Strategy 2001-2005

Policy	Action to be Taken	Time Frame	Responsible
1 Macroeconomic Policy Coordination	Harmonization of macroeconomic policies	Continuous	Central Banks, Ministries of Finance, Ministries of Economic Planning
2 Harmonization of Fiscal and Monetary Policies	Continue consultations to harmonize fiscal and monetary policies	Continuous	Central Banks, Ministries of Finance, Ministries of Economic Planning
	Put in place mechanisms to facilitate introduction of single currency	Continuous	Central Banks, Ministries of Finance
	Establish credit rating of all financial institutions/instruments	January 2001	Capital Market Authorities
3 Free Movement of Capital	Cross-listing of Companies on National Stock Exchanges	June 2002	Central Banks, Ministries of Finance, Capital Market Authorities
	Full liberalization of Capital Account in all Partner States	June 2003	Central Banks, Ministries of Finance, Capital Markets Authorities
	Establishment of an East African Stock Exchange	June 2002	Central Banks, Ministries of Finance, Capital Markets Authorities
	Establish mechanism for monitoring and management of foreign exchange flows associated with liberalized capital Account	December 2002	Central Banks, Ministries of Finance, Capital Markets Authorities
	Harmonization of capital market policies	June 2002	Central Banks, Ministries of Finance, Capital Markets Authorities
	Conduct a study to ascertain the exact areas of harmonizing the legal frameworks governing the operation of stock exchange markets	June 2001	Central Banks, Ministries of Finance, Capital Markets Authorities
4 Trade Liberalisation and Development	A. Customs Union		
	Conclude the protocol on Customs Union	December 2001	Ministries of Finance, Revenue Authorities, Ministries of trade and Industries, EAC Secretariat
	Develop Rules of Origin for intra -EAC trade	December 2001	Ministries of Finance, Trade, Industry, Revenue Authorities and EAC Secretariat

Policy	Action to be Taken	Time Frame	Responsible
	Harmonization of exemption regimes by Partner States	June 2001	Ministries of Finance, Revenue Authorities, Investment Centres, Trade, Industry and EAC Secretariat
	Removal of internal tariffs to zero by Partner States	Continuous	Ministries of Finance, Revenue Authorities, Trade, Industry and EAC Secretariat
	Establish Common External Tariff (CET)	December 2001	Ministries of Finance, Revenue Authorities, EAC Secretariat
	Establish Trade and Customs Unit to administer CU	July 2002	Ministries of Finance, Revenue Authorities, EAC Secretariat
	Study on the design of a mechanism for monitoring non-tariff barriers to Cross-Border Trade	December 2001	Ministries of Industry, Trade, Ministries of Finance and EAC Secretariat
	Develop a model on Double Taxation Agreements (DTAs) to be used by Partner States during negotiations with other countries seeking DTAs	June 2002	Ministries of Finance, Attorney Generals, EAC Secretariat
	More attention should be paid to rules of origin especially when a partner belongs to another free trade area	Continuous	Ministries of Finance, Trade, Revenue Authorities and EAC Secretariat
	Possibility of instituting certificates of origin for goods being traded within the EAC	December 2001	Ministries of Industries and Trade, Revenue Authorities, Chambers of Commerce and EAC Secretariat
	Conduct a Study on trade issues related to toxic wastes in the community	June 2002	Ministries of Environment, National Bureau of Standards and EAC Secretariat
	Establish a framework for co-operation in prevention of Trade in toxic wastes	June 2002	Ministries of Health, National Bureau of Standards, Ministries of Industries and Trade
	B. Common Market		
	Institute Competition Policy and Law for EAC Partner States	June 2003	Ministries of Industries, Trade, Attorney Generals Chambers and EAC Secretariat

Policy	Action to be Taken	Time Frame	Responsible
	Establish an autonomous central common Authority to co-ordinate competition policy and law	December 2003	Ministries of Industries, Trade and EAC Secretariat
	Partner States to enact Competition Laws	December 2002	Ministries of Finance Attorneys General Chambers, and Ministries responsible for Trade and Industry
	Finalize a Regional anti-dumping legislation	December 2002	Ministries of Industries, Trade and EAC Secretariat
	Conduct a study on harmonization of export promotion schemes to allow fair play by Partner States	June 2002	Investment Promotion centres, Ministries of Finance, Ministries of Industry and Trade
	Harmonize duty draw back and other export promotion Schemes	June 2002	Investment Promotion centres, Ministries of Finance, Ministries of Industry and Trade
	Identify areas of competitive and comparative advantages	Continuous	Ministries of Trade, Industries and EAC Secretariat
	Undertake comparative studies on competitiveness in the region	Continuous	Ministries of Trade, Industries and EAC Secretariat
	Pursue action on factors which hinder competitiveness	Continuous	Ministries of Trade, Industries and EAC Secretariat
	Build capacity for collective negotiation	Continuous	Ministries of Trade, Industries and EAC Secretariat
	C. Trade in Services		
	Coordinate and harmonize liberalization of trade in services	Continuous	Ministries of Trade, Industries and EA C Secretariat
	Develop mutual recognition of professional qualification	Continuous	Ministries of Education
5 Enhancing Supply Capacity in Productive Sectors	A. Co-operation in Agriculture and Food Security Completion and implementation of the agricultural and rural development strategy	June 2001	Ministries responsible for Agriculture and EAC Secretariat

Policy	Action to be Taken	Time Frame	Responsible
	Harmonize and adopt a common agricultural policy that focus on food self sufficiency in the Community	June 2002	Ministries responsible for Agriculture, Livestock, Fisheries, Meteorology and EAC Secretariat
	Establish and manage East African System of Early Warning to manage food shortage brought about by frequent drought and floods	June 2002	Ministries responsible for Agriculture and meteorological services and EAC Secretariat
	B. Promotion of Investment and Industrial Development		
	Preparation of an EAC Model Investment Code	December 2001	Investment Promotion Centres, Ministries of Industries, Ministries of Finance and EAC Secretariat
	Adoption of EAC Model Investment Code by Partner States	June 2002	Investment Promotion Agencies, Attorney General Chambers, Private Sector, Ministries of Finance, and Ministries responsible for Trade and Industry
	Joint promotion of trade and investment	Continuous	Investment Promotion Centres/Export Promotion Agencies
	Finalize EA industrialization strategy	December 2001	Ministries of Industries and Trade
	C. Tourism and Wildlife		
	Finalize the study (phase II) on the impact of liberalization of tourism industry towards a single market in East Africa	December 2001	Ministries responsible for Tourism and Natural Resources and EAC Secretariat
	Harmonize hotel classifications, grading, and licensing and peg them to international standards	July 2002	Ministries responsible for Tourism, and Hoteliers
	(iii) Establish a framework of co-operation on Tourism	December 2001	Ministries responsible for Tourism and EAC Secretariat
	(iv) Develop a collective and coordinated policy for the conservation and sustainable utilization of wildlife and other sites in the Community.	December 2002	Ministries responsible for Tourism

Policy	Action to be Taken	Time Frame	Responsible
	(v) Undertake a study on co-operation in hunting, anti-poaching, preservations of wildlife migratory routes and conservation of fauna.	December 2002	Ministries responsible for Wildlife, EAC Secretariat
6 Development of Areas of Common Economic Interest (Environment)	Put in place regional co-ordinating structures responsible for organization of key actors on the Lake Victoria and its Basin	June 2001	Ministries on Natural Resources, Environmental institutions, EAC Secretariat
	Formulation of a comprehensive Development Strategy for the Lake Victoria and its Basin	June 2001	Ministries on Natural Resources, Environmental institutions, EAC, Secretariat
	Undertake a study on the management and conservation of shared watershed/catchment areas and other shared ecosystems	December 2001	Ministries on Natural Resources, Environmental institutions, EAC Secretariat
	Undertake a study of the potentials of the Pemba Channel	December 2001	Ministries on Natural Resources, Environmental institutions, EAC Secretariat
	To address cross border trade in forestry products and harmonization of environmental regulations and EIA systems	December 2002	Ministries responsible for Forestry and Environment, EAC Secretariat
7 Co-operation in Integrated Water Resources Management and Development and Minerals Development	Development of EAC Water Vision	December 2002	EAC Secretariat, All Partners, Ministries responsible for Water Resources
	Development of EAC Water Policy	December 2003	EAC Secretariat, All Partners, Ministries responsible for Water Resources
	Development of EAC comprehensive Integrated Water Resources Development Strategy	December 2004	EAC Secretariat, All Partners, Ministries responsible for Water Resources
	Harmonize national policies on minerals management and development	Continuous	Ministries responsible for Minerals
8 Development of Infrastructure and Supportive Services	A. Roads		

Policy	Action to be Taken	Time Frame	Responsible
	Harmonization of traffic laws, including regulations and highway codes, adoption of common definition of classes of roads and route numbering system, vehicle dimensions, axle-load limits, and road transit charges and provision of laws concerning licensing, equipment, marking and registration numbers for trade transport within the community	June 2002	Ministries of Finance, Ministries of Transport, Works
	Completion of rehabilitation/construction of prioritised regional roads	December 2005	Ministries of Finance, Ministries of Works
	Ratification of road transport Agreement	December 2001	Ministries responsible for Transport
	Road Safety improvement	Continuous	Ministries responsible for Transport and Communications and EAC Secretariat
	B. Telecommunication		
	Complete implementation of Digital Transmission Telecommunication project	June 2002	Ministries of Transport and Communication, Institutions responsible for telecommunications and EAC Secretariat
	Adopting common telecommunication policies	December 2001	Ministries of Transport and Communications, Ministries of Finance, Institutions responsible for Privatisation and EAC Secretariat
	Partner States to finalize the privatisation process of telecommunication companies to enable effective implementation of regional projects	June 2001	Ministries of Transport, and Communication, EAC Secretariat, Privatisation Agencies, Ministries of Finance and Telecommunications Corporations
	C. Civil Aviation		
	Undertake a study on suitability of Dodoma, Entebbe, and Nairobi and recommend most suited to host Unified/Upper Area Control Centre	December 2001	Ministries of Transport, and Communication, EAC Secretariat
	Ratification of the Search and Rescue Agreement	July 2002	Ministries of Transport, and Communication, EAC Secretariat

Policy	Action to be Taken	Time Frame	Responsible
	Conclusion of the formulation of national air transport policies	December 2001	Ministries of Transport, and communication, EAC Secretariat
	Formulation of common aviation policy by Partner States	December 2001	Ministries of Transport, and Communication, EAC Secretariat
	Strengthen Soroti Training Institute to serve as a regional centre of excellence	Continuous	Ministries of Transport and Communications and EAC Secretariat
	D. Railways		
	Undertake a feasibility Study on Tanga-Arusha-Musoma-Portbell/Jinja Railway line	December 2001	Ministries of Transport, Railways Corporations, and EAC Secretariat
	Undertake a study on status of Railway networks	April 2002	-do-
	Establish a Joint Railway Secretariat	June 2002	-d0-
	E. Inland Waterways		
	Ratification of Inland waterways Transport Agreement	December 2001	Ministries responsible for Transport and EAC Secretariat
	Establishment of common maritime transport policy for EAC with focus on Lake Victoria	December 2001	Ministries responsible for Transport and EAC Secretariat
	Strengthen the Dar es Salaam Maritime Institute to serve as a regional training institute	Continuous	Ministries responsible for Transport and EAC Secretariat
	F. Meteorological Service		
	Conduct study on how to upgrade and expand meteorological observation network and telecommunication	June 2002	Ministries responsible for Agriculture and meteorological services, EA Secretariat
	Harmonize policies for the provision of meteorological services	December 2002	Ministries responsible for Agriculture and meteorological services, EA Secretariat
	Build capacity in Climate Analysis, seasonal/forecasting and meteorological observations	Continuous	Ministries responsible for Agriculture and meteorological services, EA Secretariat
	G. Standardisation (SQMT)		
	Further establishment of EAC industrial standards for local manufactured products	Continuous	Bureau of Standards, Ministries of Industries and Trade

Policy	Action to be Taken	Time Frame	Responsible
	Introduce Joint training and exchange of experiences of bureau of standards	Continuous	Bureau of Standards, Ministries of Industries and Trade
	Implement the Protocol on SQMT H. Information and Technology	Continuous	Bureau of Standards, Ministries of Industries and Trade
	Co-ordinate and harmonize information and communication technology policies	Continuous	Ministries of Finance, Communications and Transport, Science and Technology
9 Develop Adequate and Reliable Energy Supply in the Region	Develop and update Partner States respective national power supply master plans	December 2001	Ministries of Energy, EAC Secretariat
	Develop an E.A Power supply master plan	June 2002	Ministries of Energy, Power Utilities and EAC Secretariat
	Finalize border towns power inter-connection	June 2002	Ministries of Energy and Power Utilities
	Complete construction of oil pipeline (Eldoret- Kampala)	December 2003	Ministries of Energy and Pipeline Companies
	Complete construction of Dar es Salaam – Mwanza Oil Pipeline	December 2005	Ministries of Energy and Pipeline Companies
	Need for joint research and exchange of information on oil, gas and other forms of energy	Continuous	Ministries of Energy
	Complete the construction of Dar es Salaam-Tanga-Mombasa Gas pipeline	December 2003	Ministries of Energy and Gas Companies
10 Development of Human Resources and Science and Technology	Establish regional Science and Technology co-ordinating body	December 2001	Ministries of Science and technology, Research institutions, Academic institutions, EAC Secretariat
	Formulate regional Science and Technology policies based upon areas of common regional interest	June 2002	Ministries of Science and technology, Research institutions, Academic institutions, EAC Secretariat
	Harmonize curricula, examinations, certifications, and accreditation of education and training institutions	June 2003	Ministries responsible for education and EAC Secretariat

Policy	Action to be Taken	Time Frame	Responsible
	Emphasis on joint research, development of indigenous S&T and exchange of scientific information	Continuous	Ministries of Science and Technology, EAC Secretariat and Research/Academic Institutions
	Formulation of East African Advisory Committee on Education, Research and Training	June 2002	Ministries of Education, Research and Technology and Research Institutions
	Operationalisation of EA Advisory Committee on Education, Research and Training	December 2002	Ministry of Education/Research Institutions
11 Co-operation in Social Sector Issues	A. Health		
	Enhance the capacity of the EAC to co-ordinate implementation of health services and exchange experience in the community	Continuous	Ministries responsible for Health, EAC Secretariat, All Partner States
	Harmonize national health and drug policies	December 2001	Ministries responsible for Health Services, EAC Secretariat, All Partner States
	Harmonize pharmaceutical standards	December 2001	Ministries responsible for Health Services, EAC Secretariat, All Partner States
	Undertake joint actions towards the prevention and control of communicable and vector-borne diseases	Continuous	Ministries responsible for Health Services, EAC Secretariat, All Partner States
	B. Culture and Sports		
	Harmonize policies for culture and sports	Continuous	Ministries responsible for Culture, Sports
	C. Social Welfare		
	Develop a harmonized approach towards social welfare	Continuous	Ministries responsible for Social Welfare
12 Easing of Border Crossing	Introduction of an Inter-State Pass	June 2001	Immigration Departments and EAC Secretariat
	Issuance of National Identity Cards for Tanzania and Uganda	June 2002	Immigration Departments and EAC Secretariat
	Extend opening of border posts for 24 hours and reduce number of players at the border	Continuous	Immigration Departments
	Harmonization of airport charges (tax rates)	June 2001	Ministries of Finance, Revenue Authorities.

Policy	Action to be Taken	Time Frame	Responsible
	Develop a Protocol on free movement of persons, labour, services, right of establishment and residence after conclusion of the custom union protocol	December 2002	Immigration Departments, Attorneys General and EAC Secretariat
	Introduction of common standard travel documents and employment policies	December 2002	Immigration Departments, EAC Secretariat and Ministries of Work
13 Labour and Employment	Conduct a study to review and update the relevant Municipal Laws in the context of International Labour Conventions	June 2002	Ministries of Labour, Attorney Generals, Ministries of Foreign Affairs, and EAC Secretariat
	Conduct a study to identify core labour areas of regional nature that need harmonization	June 2002	Ministries of Labour, Ministries of Foreign Affairs, and EAC Secretariat
	Carry out Labour Force Surveys and establish national data and labour market information system	June 2003	National Bureau of Statistics, and Ministries of Labour
	Harmonize labour laws and legislation	June 2004	Ministries of Labour and Attorney Generals
	Harmonize procedures and charges for work permits	June 2002	Ministries of Labour and Immigration Departments
	Harmonize procedures and fees for granting residence permits	June 2002	Ministries of Home Affairs, Immigration Departments
14 Co-operation in Legal and Judicial Affairs	Transform the Lushoto Institute for Judicial Administration to a Regional Judicial Training Centre	December 2001	Attorneys General
	Harmonize legal training and certification	June 2002	Attorneys General
	Harmonize different sector laws and regulations	December 2003	Attorneys General
15 Political Matters	Strengthen Political Co-operation	Continuous	EAC Secretariat, All Partner States
16 Peace and Security	Undertake Joint measures to establish peace and security	Continuous	EAC Secretariat, All Partner States
17 Promote Broad Participation of Stakeholders	A. The Role of Women		
	Facilitate the formulation of national gender policies and expedite implementation of agreed areas of co-operation within the Beijing platform of action.	December 2001	Ministries responsible for Gender and Community Development

Policy	Action to be Taken	Time Frame	Responsible
	Conduct a study to develop framework for mainstreaming gender aspects in EAC development programmes	June 2002	EAC Secretariat, Ministries responsible for Gender and Community Development
	B. Private Sector Development		
	Finalize formulation of EAC Private Sector Development Strategy	June 2002	EAC Secretariat, Ministries responsible for labour force, and Ministries of Trade and Industry
	Undertake a Study on promotion of small and medium enterprises (Nguvu Kazi/Jua Kali sector) in the region	June 2002	EAC Secretariat, Ministries responsible for labour force, and Ministries of Trade and Industry and Privatisation
	Build internal capacities for the private sector business organizations in the region	Continuous	EAC Secretariat
	Establish business dispute settlement mechanism	June 2004	All Partner States
	C. Civil Society		
	Conduct a study on how civil society issues should be harmonized	June 2002	EAC Secretariat
18 Relations with other Regional and International Organization	Undertake a study on the implications of Partners belonging to more than one trading bloc	June 2002	EAC Secretariat
	Harmonize trade policies towards global level agreements and organizations	Continuous	Ministry of Trade, Finance
	Enhance negotiating capacity on global issues	Continuous	Ministry of Trade, Finance
19 Strengthen capacity of EAC Secretariat	Establish a mechanism for more effective consultation and participation of the Private Sector in EAC activities, including the possibility of establishing a private sector desk at the EAC Secretariat	December 2002	EAC Secretariat, All Partner States
	Commission Study for modalities for the above action	December 2001	EAC Secretariat, All Partner States
	Strengthen the capacity of the Secretariat	Continuous	EAC Secretariat, All Partner States
	Establish and strengthen Consultancy Fund	Continuous	EAC Secretariat, All Partner States
	Identify more reliable sources of funds	Continuous	EAC Secretariat, All Partner States

Policy	Action to be Taken	Time Frame	Responsible
20 Strengthen Institutions of Co-operation	Develop EADB as the financial institution for EAC by improving its capital base	Continuous	EAC Secretariat, All Partner States and EADB
	Enhance the role of EADB in overall economic development activities	Continuous	EAC Secretariat, All Partner States and EADB
	Strengthening of Inter-University Council for East Africa (IUCEA)	Continuous	Ministries of higher Education, EAC Secretariat and IUCEA
	Strengthening of the LVFO	Continuous	Ministries responsible for fisheries, LVFO Secretariat, EAC Secretariat
21 Operationalisation of Organs of the EAC	Complete the establishment and Operationalisation of the East African Legislative Assembly	December 2001	EAC Secretariat, Sectoral Committees
	Put in place a functioning EAC Court of Justice	December 2001	EAC Secretariat, Sectoral Committees, All Partner States
	Improve the capacity to negotiate at the regional and international levels	Continuous	EAC Secretariat, Sectoral Committees, All Partner States
22 Coordination	Improve Co-ordination and synchronization of EAC programmes with national programmes	Continuous	EAC Secretariat, Sectoral Committees, All Partner States
23 Distribution of Benefits and Costs	Undertake a study on anticipated benefits and costs	December 2003	EAC Secretariat, All Partner States