

EAST AFRICAN COMMUNITY



EAC DEVELOPMENT STRATEGY 2006 – 2010

**DEEPENING AND ACCELERATING
INTEGRATION**

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ABBREVIATIONS AND ACRONYMS

ADEC	African Development and Economic Consultants Ltd
APSEA	Association of Professional Services in East Africa
CET	Common External Tariffs
CM	Common Markets
CSOs	Civil Society Organisations
CU	Custom's Union
EAC	East African Community
EAC-DS	East African Community Development Strategy
EABC	East African Business Council
EACF	East African Cooperation Forum
EACJ	East African Court of Justice
EADB	East African Development Bank
EALA	East African Legislation Assembly
ESRF	Economic and Social Research Foundation
EU	European Union
FEAC	Federation of East African Consultants
FDI	Foreign Direct Investment
FPI	Foreign Portfolio Investment
GDP	Gross Domestic Product
GRP	Gross Regional Product
ICT	Information and Communication Technology
IDC	International Development Consultants Ltd
IEC	Information, Education and Communication
IGAD	Inter-Governmental Authority on Development
IUCEA	Inter University Council of East Africa
LVBC	Lake Victoria Basin Commission
LVEMP	Lake Victoria Environmental Management Programme
LVFO	Lake Victoria Fisheries Organisation
ODA	Official Development Assistance
PPP	Public-Private Partnership
PRSP	Poverty Reduction Strategy Paper
SMEs	Small and Medium Enterprises
SQMT	Standardization, Quality Assurance, Metrology and Testing
TOR	Terms of Reference
WTO	World Trade Organisation

EXECUTIVE SUMMARY

Introduction

Under the Treaty for the establishment of the East African Community, the Partner States of Kenya, Tanzania and Uganda, set out a bold vision for their eventual unification. The vision of EAC is to have a prosperous, competitive, secure and politically united East Africa. The mission of EAC is to widen and deepen economic, political, social and cultural integration in order to improve the quality of life of the people of East Africa through increased competitiveness, value added production, trade and investment. Operationally, EAC adopted a development strategy to facilitate the implementation of the Treaty in a systematic manner. The first EAC Development Strategy (1997-2000) was succeeded by the second EAC Development Strategy (2001 – 2005) which expired in December 2005 thus the need to formulate the third EAC Development Strategy 2006-2010.

Political and Socio-Economic Development

In the last 10 years, the EAC Partner States have gone through positive political developments. They have been able to hold multiparty elections through democratic processes. The East African Community is also participating in the Great Lakes Initiatives whose objective among others is to ensure that the Great Lakes region enjoys peace and stability.

On the economic front, in general, there have been positive developments towards achieving convergence in macroeconomic indicators with varying degrees of success. There has been convergence in the growth rates and inflation rates in all the three partner states with some variations. Government budget deficits for the three Partner States have been maintained at manageable levels over the past five years. Deficits on the current account have been maintained at reasonably low levels and foreign exchange reserves have risen to comfortable levels.

The structure of the East African economies is generally dominated by agriculture, more so for Tanzania and Uganda than Kenya, and agriculture caters for the livelihood of a large part of the population of East Africa. Tanzania and Uganda have seen an increase in FDI flows while Kenya has received rather low levels. Most of the inflows went to the natural resource sectors such as mining and tourism in the region. The major challenge that the region is facing is to stimulate investments beyond the natural resource sectors and generate a higher level of linkages in the economy.

The majority of East African people live in rural areas, and their main source of energy is mainly from traditional biomass consisting of fuel wood, charcoal and agricultural waste. Currently, a small proportion of the population of East Africa is connected to the national electricity grids (32 per cent of the urban population and 3 per cent of the rural population). Energy is still a serious constraint to industrial activities particularly manufacturing in the region.

The flow of trade between the three EAC partner states is still modest but it has been growing in recent years. The ongoing implementation of the EAC customs union is expected to provide an impetus for even higher achievements on this front. Disaggregated trade flows reveal that intra-regional trade is

characterised by imbalances with Kenya exporting more to its neighbours than it is importing and Uganda and Kenya importing more from Kenya than it is exporting to their neighbouring country. However, if unofficial trade statistics were to be captured the picture could change considerably.

The issue of poverty reduction has been accorded high priority in the Partner States. Poverty remains stubbornly in the region and the general characteristics are similar across the three countries. Poverty in East Africa is predominantly a rural phenomenon although it is becoming increasingly significant in urban areas, the so called urban poor. Available information indicates that inequality is still a challenge in the region. HIV/AIDS continues to be a major threat to socio-economic development in the Partner States.

Review of the EAC Development Strategy 2001-2005

The second EAC Development Strategy (2001-2005) was ambitious covering a wide range of areas and activities. The Strategy contained a policy action matrix that was meant to facilitate implementation. However, implementation would have been facilitated even further if the policy action matrix had been followed up by more detailed and time bound action plans. Implementation was further held back by the prolonged and protracted negotiations on the EAC Customs Union Protocol. Nevertheless, the eventual conclusion of the Customs Union puts EAC ahead of many other similar economic blocs in Africa.

In the process of implementing the EAC-DS (2001-2005), useful lessons have been learned. These lessons have been drawn for enhanced implementation of the third EAC-DS (2006-2010) with particular reference to the decision-making process, roadmaps for implementation, enforcement and follow-up mechanisms, legal and administrative issues, capacity issues, statistics and information sharing and budgetary issues.

The Secretariat together with other organs and institutions of the Community namely EACJ, EALA, IUCEA, EADB, LVFO and LVBC undertake various functions related to development of the EAC. In a number of cases, the mandates have expanded overtime but the corresponding human and financial capacities have not always increased to levels that are commensurate with efficient and effective service delivery.

The relationship between regional and national policies and strategies has not been addressed adequately. The principle of Sublimity has been endorsed but it has not been fully operationalised in terms of shared regional values, policies, strategies, laws, regulations, and practices.

Deepening and Accelerating Integration

For East Africa, cooperation commenced in 1993 with the signing of a declaration *on Closer East African Cooperation*, with the intent to cooperate in virtually all economic, social and political sectors. The 1st EAC Development Strategy (1997-2000) was designed to re-launch East African cooperation. The 2nd EAC Development Strategy was for consolidation of the East African Cooperation culminating in the launching of the East African Customs Union with effect from 01st January 2005. A major task ahead is to consolidate and fully implement the Customs Union in parallel with the three other pillars of

East African integration. Thus, the primary objectives of this strategy will be to consolidate and complete the E.A Customs Union; establish the EA Common Market; and lay all foundations for an EA Monetary Union and an EA Political Federation. This makes the next five years (2006-2010) a most important and complex period of East African integration.

The establishment of the East African Common Market will be a primary goal of the EAC-DS (2006-2010) in which a larger market and more attractive single investment area will be created with a view to providing the opportunity to the region to be more competitive and more amenable to effective participation in the global economy. In the process, an accelerated growth rate will be realizable and the welfare of the people of East Africa will be enhanced consistent with the concept of people centred development.

Strategic Directions and Priority Intervention Areas

The formulation of the EAC-DS (2006-2010) is guided by developments in the world economy, the regional economy and in the national economies. The strategic interventions that have been proposed in this strategy have been driven by the following considerations: globalisation and intensification of competition in the global markets; emergence of other regional economic blocs; link between regional and national plans and long term visions; operationalising areas of common economic interests; consolidating peace and security in the region; setting the timeframe for various activities and proper sequencing; providing for an effective institutional mechanism for overseeing implementation; greater involvement of the key stakeholders; empowering the citizens of East Africa to benefit from the Community; publicity and marketing the community to the people of East Africa and the rest of the world; clarifying the roles of each organ of the Community for effective implementation of agreed policies and programmes to deliver tangible services and benefits; equitable sharing of benefits of the integration process coupled with willingness to sacrifice by all stakeholders; enlargement of the Community; and ensuring sustainability of the Community;

The Strategy will first focus on the key pillars of East African integration. These are consolidating the implementation of the Customs Union, establishing a Common Market, laying the foundation for establishing a Monetary Union, and laying the foundation for establishing a Political Federation.

Sectoral priority interventions are driven by the imperative of developing competitive supply capacities. Interventions will be geared towards achieving high and shared growth that is capable of effectively reducing poverty and raising the living standards of the majority of the people of East Africa. The priority sectors are agriculture and food security, industry, tourism and wildlife. Development objectives that are accorded priority in these sectors include promoting value addition, productivity and competitiveness with a view to maximising benefits to the people of East Africa. Other important sectors include infrastructure, health, education, environment and natural resources, and legal and judicial affairs.

Provision of adequate and reliable supporting infrastructure is a key area of intervention for deepening and accelerating integration through the sharing of the production, management, and operations of infrastructure facilities, hubs, and development corridors. Priority sectors include energy, roads and Information and Communication Technology (ICTs).

With the signing of the Protocol on the establishment of the Lake Victoria Commission, priority will be accorded to its implementation guided by the mission of enhancing the supply capacity in the region and developing Lake Victoria as a shared natural resource.

Cross-cutting priority interventions include: science and technology with emphasis on developing and strengthening systems of innovation in order to drive sustainable socio-economic development in the region; human resource development and combating HIV and AIDS pandemic; peace and security; consolidating relations with other regional and international organisations; and promoting participation of the citizenry (civil society, women and the private sector), publicity and marketing to ensure that the people of East Africa are fully aware of the East African Community affairs and are actively involved in community matters.

Institutional capacity needs of organs and institutions of the Community are addressed in terms of strengthened capacity; enhanced mandate and empowerment of the EAC Secretariat; strengthened capacity and enhanced mandate of EALA; realising effectively operational EACJ, LVBC and LVFO; making EADB a lead financial institution in East Africa for both public and private development finance; and developing the IUCEA into an all-embracing Research and Human Resource Development institution for East Africa.

A major feature of deepening and accelerating integration will be the operationalisation of the principle of sublimity with a view to achieving shared regional values, policies, strategies, laws, regulations, and practices. The development objective is to have in place East African policies, laws and standards to enable smooth operation of the Common Market.

Implementation and Coordination Framework

The implementation and coordination framework in the community will need to be based on operationalised principles of asymmetry, complementarity, subsidiarity, and variable geometry. In order to ensure effective implementation of the strategy, the following factors have been addressed: acceptance, trust and real commitment of Partner States; a common understanding and acceptance of the roles to be played by the line function responsibility structures; regular dialogue and consensus building on issues that are critical to the region; active participation of key stakeholders (the private sector, civil society and women) in the EAC matters; developing concrete time bound and costed activities and clearly spelt out in annual implementation work plans for each project or programme; empowerment of key EAC organs and institutions to make and implement decisions and strengthened linkages between the Secretariat and ministries responsible for East African Community affairs in the Partner States.

Overall, for successful implementation of the EAC Development Strategy 2006-2010, it is critical that the mandates of EAC Organs and Institutions are rationalised further with a view to broadening and deepening their roles and responsibilities and empowering them to make decisions and issue guidelines and binding directives on Partner States provided they are consistent with the decisions made by the Partner States. Financial capacity and autonomy will be enhanced to enable each organ or institution to

implement agreed EAC programmes and activities. A number of interventions are proposed to ensure that implementation of this strategy is consistent with the EAC Long-Term Strategic Vision.

Monitoring and Evaluation Framework

Monitoring and Evaluation system for the EAC Development Strategy 2006-2010 provides for a mechanism for assessing progress in the implementation of the development strategy. The M&E system will assess progress towards the agreed milestones; act as an early warning system in cases where targets seem unlikely to be achieved; and provide regular information to all stakeholders on the performance of implementation of the Development Strategy. The feedback from monitoring and evaluation will be used to ensure continuous sharpening and focusing of interventions at all stages of implementation of the development strategy.

The Institutional Framework for monitoring and evaluation of the EAC Strategy will be made up of an M & E System; and M & E institutions, including reporting relationships. As a working principle, the EAC M & E System will be based on manageable processes, measurable and verifiable indicators, and will conform to the basic rules of simplicity, timeliness, and cost-effectiveness. The Development Strategy will be monitored regularly at various levels (operational and technical, policy and political, and stakeholders' level).

Starting with the Activity Matrix, the EAC will develop a comprehensive M & E System for monthly, quarterly, semi-annual and annual reporting, as appropriate. Short periodicity monitoring, up to -annual reviews will be executed internally by the EAC and partner states while a mid-term review is to be out-sourced. The reporting chain will be in tandem with the general reporting structure of the EAC right up to annual reports to the Summit. The Ministries responsible for EAC in all member states will establish M&E departments/units to link with corresponding departments and units at the EAC headquarters. The EAC statistics department will be strengthened and empowered to coordinate monitoring and evaluation of the performance of the Strategy.

Sustainable Financing of the EAC Development Strategy

The budget of the Community has been rising, implying a bigger financial burden to the Partner States. However, the Community budget has increasingly become dependent on development partners, a pattern which is not sustainable. As the East African Community takes on more responsibilities as envisaged the EAC-DS (2006-2010), consistent with the Treaty, there is need to explore alternative sources of sustainable revenue to the Community. Two categories of financing the strategy are considered: sources of financing the recurrent budget and sources of financing development projects and programmes.

As regards, the recurrent budget, two broad alternative sources are considered (i) equal contributions and (ii) assessed contributions. The former implies continuing with the status quo whereby the budget of the community is shared equally among the Partner States and timing of remittances depends on the budget cycles. The drawback of the equal contributions system is that it does not reflect ability to pay. On this consideration, a formula can be worked out that takes into account ability to pay and distribution

of benefits derived from the EAC regional market (represented by intra EAC export data). After having assessed the advantages and disadvantages of the financing options available, it is recommended that financing of the EAC be pegged to 1.5 percent of Partner States Customs Revenues. On average, this would generate about US\$ 22 million, which would fully finance the budget of the community¹. However, adopting this option would require other decisions to be taken including amendment of Article 132 (4) of the Treaty, which specifies equal contributions by Partner States.

Financing EAC development projects and programmes can be sought from several potential sources, notably, a Partnership Fund, national development budgets, EADB, PPP and FDI and FPIs.

A Partnership Fund is vital for addressing economic and structural weaknesses across the region. This Fund will address infrastructure development issues, development imbalances, promotion of cross border investments and other development issues, which are amenable to joint investments as regional projects. It is proposed that a restructured and capitalised EADB be used for this purpose.

Potential sources for financing EAC project and programmes include joint financing institutionalised in the development budgeting systems at the national level; Partner States seeking ways of restructuring and capitalizing the East African Development Bank; tapping more effectively sources of financing from the Private Sector through Public Private Partnerships; and Foreign Direct Investments (FDIs) and Foreign Portfolio Investments (FPIs).

It is envisaged that more effective utilisation of resources from development partners can be realized through pooling of resources into an EAC Development Fund to finance projects, programmes and other activities to further the socio-economic development of the region. The proposed Fund could become a much needed vehicle for better co-ordination of donor support and better alignment with the priorities established by the EAC. The operationalisation of this fund will call for close collaboration and institutional linkages with existing development financing facilities.

¹ Based on 2004 figures

1.0 THE EAC FRAMEWORK FOR INTEGRATION

1.1 Background and Context

1. The history of cooperation in East Africa (Kenya, Uganda and Tanzania) goes back a long way on account of these countries being neighbours, their people engaging in trade across the borders, and on having shared common colonial administration under the British (See Appendix I for a short history of EAC).

2. For East Africa cooperation commenced in 1993 with the signing of a ***Declaration on Closer East African Cooperation***, a declaration of intent to cooperate in virtually all economic, social and political sectors. Since its establishment the EAC has adopted a development strategy approach to facilitate the implementation of cooperation in a systematic manner. The current EAC-DS is the third after the first EAC-DS (1997-2000) and the second EAC-DS (2001-2005).

3. The 1st EAC Development Strategy (1997-2000) was designed to re-launch East African cooperation. Within the period of the first EAC-DS (1997-2000) and in accordance with its provisions, the three countries negotiated the transformation of the Tripartite Agreement into a Treaty. The Treaty for establishment of the East African Community was signed by the three Heads of State on 30th November 1999 and entered into force on 7 July 2000. This stands out as the single most important achievement of the first EAC development strategy. The Treaty was a more serious commitment to the integration process and laid the basis for negotiations of subsequent stages of deepening and accelerating integration. Under the Treaty, the Partner States of Kenya, Tanzania and Uganda, set out a bold vision for their eventual unification of East Africa.

4. The 2nd EAC Development Strategy was for consolidation of EAC, and for enabling preparatory activities, for launching of the East African Customs Union. The customs union was launched and what remains is to consolidate it. Since the Customs Union is to be consolidated and completed under this period, in parallel with the three other pillars of East African Integration (as per Figure 1), this is, historically, by far, the most important and complex period of East African Integration, hence the theme “Deepening and Accelerating Integration”.

1.2 The EAC Vision and Mission

1.2.1 Vision

5. The vision of EAC is to have a prosperous, competitive, secure and politically united East Africa.

1.2.2 Mission

6. The mission of EAC is to widen and deepen economic, political, social and cultural integration in order to improve the quality of life of the people of East Africa through increased competitiveness, value added production, trade and investment.

1.2.3 Key Objectives of the EAC Treaty (1999)

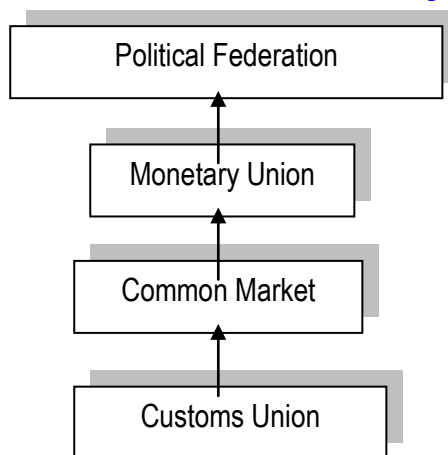
7. The objectives of the Community, according to Article 5 (1) of the Treaty, shall be to develop policies and programmes aimed at widening and deepening cooperation among the Partner States in political, economic, social and cultural fields, research and technology, defence, security and legal and judicial affairs for mutual benefit.

8. According to Article 5 (3), the Treaty stipulates that in pursuit of the objectives as provided for in the Treaty, the Community shall ensure the attainment of sustainable growth and development of the Partner States by promoting a more balanced and harmonious development of the region; the strengthening and consolidation of cooperation in agreed fields; the promotion of sustainable utilization of the natural resource base in the region; and the strengthening and consolidation of the long standing political, economic, social, cultural and traditional ties and associations between the peoples of the Partner States so as to promote a people-centred mutual development of these ties and associations. The Treaty goes further to state that the Community will ensure the promotion of peace, security and stability; the enhancement and strengthening of partnerships with the private sector and civil society and the mainstreaming of gender in all its endeavours.

1.2.4 Key Elements of the East African Integration Process

9. The sequence of events towards full integration of East Africa, according to Article 5 (20 of the Treaty, comprises the establishment of a Customs Union, followed by a Common Market, a Monetary Union and ultimately a Political Federation as shown in Figure 1 below.

Figure 1: Key Elements of the East African Integration Process



10. A customs Union is essentially a joint administration of a Common External Tariff (CET) in an environment of zero internal tariff as well as elimination of all non-tariff barriers to cross-border trade among the Partner States. A common market calls for free movement of goods and services and all factors of production. A monetary union, by creating a single currency area, dramatically cuts cross-border transaction costs. A federation, by creating a single policy centre, deepens integration further by enhancing the effectiveness and sustainability of common market operations. The various stages are therefore mutually reinforcing.

11. It should be noted that every level of regional integration requires firm political commitment, demonstrated through strong and adequately-financed regional structures and institutions as well as willingness to share sovereignty through subjection of national policies/strategies/plans, laws and standards to regional standards. Such demonstrated political will is certainly called for in order to deepen and accelerate integration over this plan period.

1.2.5 Fast Tracking the Process of E.A Integration

12. The most conspicuous achievement of the second EAC Development Strategy (2001-2005) was the completion of negotiations of the Customs Union Protocol, which was signed on 2nd March 2004 and entered into force on 1st January 2005. The EAC Customs Union is being overseen by a Customs and Trade Directorate at the Secretariat, but implementation will be done by the respective revenue authorities through a decentralised structure.

13. Towards the end of the EAC Development Strategy (2001-2005), the Heads of State, meeting in August 2004, decided to explore options for fast-tracking the process towards achieving a Political Federation. In this regard, the Heads of State set up a Committee to work on this matter. The Committee did the work and produced a report (the Report of the Committee on Fast Tracking East African Federation, November 2004).

14. The Fast Tracking Report recommended that an overlapping approach should be adopted, which would allow parallel implementation of activities. The time-frame for consolidation and completion of the Customs Union would remain unchanged (January 2005 to December 2009). In addition, it was recommended that during the transitional phase (2006-2009) the implementation of the Customs Union, Common Market and Monetary Union would be enhanced sufficiently to lay sufficient conditions for the Political Federation for East Africa by 2010. The Committee observed that the achievements of the transitional period would be influenced by two main factors: the design and implementation of the strategic interventions and the involvement of the people of East Africa. In this regard, the EAC-DS (2006-2010) is taking into consideration the issues raised in the fast Tracking Report and the consultations are being conducted widely among stakeholders in the region. It was also observed that the speed of implementation would depend on political will and commitment as well as on the availability of resources.

1.3 Structure of the Development Strategy

15. This Development Strategy is organised into seven (7) Chapters including this introductory framework for integration. Chapter Two gives an overview on political and socio-economic developments of the East African Economies. Chapter Three reviews the implementation of the EAC Development Strategy (2001-2005). While Chapter Four identifies strategic priorities for the next EAC Development Strategy (2006-2010). Chapters Five, Six and Seven contain the implementation and coordination framework, monitoring and evaluation framework, and financing Strategy respectively. Annex 1 presents an Action Matrix indicating actions to be taken by when and by whom and suggesting indicators of performance while Annex 2 presents Pre-qualification benchmarks with respect to application for accession to the EAC. Annex 3 presents key elements of strategic planning.

2.0 POLITICAL AND SOCIO-ECONOMIC DEVELOPMENTS

2.1 Political Situation

16. In the last 10 years, the EAC Partner States have been able to hold multi-party elections through democratic processes. The East African Community is also participating in the Great Lakes Initiatives whose objective, among others, is to ensure that the Great Lakes region enjoys peace, security and stability.

2.2 National Development Strategies

17. The first generation of Poverty Reduction Strategies - encompassing PRSP in Tanzania and PEAP (Poverty Eradication Action Plan) in Uganda laid the framework for effective public expenditure management. Currently, the second generation of poverty reduction strategies are addressing the gaps of the first generation, with Kenya coming on board with the strategy for "Economic Recovery and Employment Creation" and Tanzania re-focusing her strategy on growth (National Strategy for Growth and Reduction of Poverty). But, in the end, the challenge is to ensure that growth accelerates and the benefits of growth are broadly shared among the players, and in particular, the level of poverty in rural areas is reduced. Both Tanzania and Uganda have successfully restored macroeconomic stability, and attained higher levels of growth, but these macroeconomic achievements are yet to be transformed into improved livelihoods in these countries.

2.3 Economic Developments

18. The EAC Partner States of Kenya, Tanzania and Uganda had in 2004 a collective GDP of US\$ 38.3 billion. Kenya is the largest of the three economies with a GDP of US\$ 19 billion (2005), about the size of Tanzania's (S\$ 10.3 billion) and Uganda's GDP (US\$ 9 billion) put together.

19. One of the challenges in the implementation of the previous strategy was to achieve convergence in the major macroeconomic indicators for all Partner States. The criteria for macroeconomic convergence are:

- Maintenance of low and stable underlying inflation to single digit rates of less than 5 percent.
- High and sustainable rate of growth of real GDP of 7 percent as the minimal target annually.
- A reduction of Current Account deficit to GDP ratio to a sustainable level.
- Reduction of budget deficit excluding grants to GDP ratio of less than 5percent.
- Raising national savings to GDP ratio to at least 20 percent in the medium term.
- Building gross foreign exchange reserves to a level equivalent to 6 months of imports of goods and non-factor services in the medium term.
- Maintenance of low market determined interest rates.
- Maintenance of stable market determined exchange rates.
- Pursuit of debt reduction initiatives to reduce both domestic and foreign debt.
- Maintenance of prudential norms of banking regulation, strict supervision, improved corporate governance and transparency of all financial transactions.

20. In general, there have been positive developments towards achieving convergence in the above-mentioned macroeconomic indicators. Table 2.1 gives a summary of the key macroeconomic indicators, and their trend towards convergence for EAC economies.

Table 2.1: Macroeconomic Indicators and Trend towards Convergence for EAC Economies

Aggregate	EAC Partners	1999	2000	2001	2002	2003	2004	2005
GDP Growth Rate	Uganda	7.3	5.9	5.7	6.2	4.5	5.8	5.3
	Kenya	1.4	-0.3	1.2	1.1	1.8	4.9	5.8
	Tanzania	4.7	4.9	5.7	6.2	5.7	6.7	6.8
Inflation – Annual Average	Uganda	6.1	2.5	2	1.8	5.7	5.0	5.4
	Kenya	3.5	10.0	5.8	2.0	9.8	11.6	13.1
	Tanzania	7.8	6.0	5.2	4.5	4.4	4.2	4.3
Current Account Deficit / GDP	Uganda	-9.1	-10.7	-14.3	-13.0	-12.9	-12.6	2.8
	Kenya	-2.0	-3.4	-4.3	-0.1	-1.1	-3.3	-2.6
	Tanzania	-13.2	-7.4	-7.0	-3.8	-4.5	-5.5	-4.9
Budget Deficit (Excl. Grants) /GDP	Uganda	-6.9	-9.1	-11.2	-13.0	-12.0	-12.5	-8.6
	Kenya	-0.1	0.4	-5.1	-4.7	-3.9	-0.4	3.3
	Tanzania	-2.1	-5.9	-4.9	-6.4	-9.3	-8.2	-11.8
Gross National Savings/GDP	Uganda	14.4	19.3	13.3	14.5	14.7	15.1	
	Kenya	10.6	7.5	4.6	7.6	9.8	10.2	12.2
	Tanzania	6.9	10.6	11.0	16.5	16.8	17.1	11.08
Gross Foreign Exchange Reserves in Months of Imports of goods & non-factor services	Uganda	4.9	4.4	6.1	6.3	6.1	6.6	6.6
	Kenya	2.9	2.9	3.2	3.4	4.2	3.5	3.3
	Tanzania	4.5	5.7	6.6	8.5	9.3	8.1	6.4

Source: EAC Database, Member Countries' Statistical Agencies, /Background to the Budget 2006/07 and Central Banks.

2.3.1 General Trends in Economic Growth

21. There are some variations in the GDP growth experiences for the three Partner States but signs of convergence are apparent. Over the past six years, Uganda and Tanzania have experienced an average growth of 5 percent and 4.8 percent respectively while Kenya has seen a lower average growth of 1.3 percent per annum over the same period. However, during 2005 Kenya's economy saw a revival with GDP growth rising to 5.8 percent compared to 6.8 percent in Tanzania and 5.3 percent in Uganda. While the 7percent EAC growth target has not been met by any of the EAC Partner States during the second EAC Development Strategy (2001-2005), the trend suggests positive improvements with a convergence to a growth rate of about 6 percent.

2.3.2 Price Stability

22. With regard to price stability, Tanzania and Uganda have managed to contain inflation to single digit levels over the past five years. The general trend is that inflation has been declining in these two economies, reaching annual average inflation rates of about 5 per cent for Uganda and 4.2 percent for Tanzania but rather high in Kenya at 13.1percent in 2005. The Inflation rate in Uganda has been fluctuating moderately at a low level while Tanzania's inflation rate has consistently declined over time although currently there are upward pressures originating from power shortages and the price petroleum

based fuels. Kenya's inflation has been somewhat erratic falling from 11.2 percent in 1997 to 3.5 percent in 1999 and then rising again to 10 percent in 2000, falling to a low of 2 percent in 2002 but rising again to 13.1 percent in 2005. There are indications that inflation in Kenya could decline in 2005 and 2006. With growth picking up, and the ongoing efforts to ensure political stability in the country, there are prospects for future price stability, and subsequent convergence towards levels attained by the other two Partner States.

2.3.3 Government Budget

23. Government budget deficits for the three Partner States have not fluctuated much over the past five years. Kenya's deficit as a percentage of GDP has generally remained the lowest compared to other Partner States. In 2000 Kenyan deficit was about 2 percent of GDP, rising to about 5.1 percent of GDP in 2001, before declining steadily to only about 2.0 percent of GDP in 2005. Uganda's deficit as percent of GDP increased from about 9.1 percent in 2000 to about 13 percent in 2002. In 2004, the deficit declined slightly to 12.5 percent and further to 8.6 percent in 2005/06. Tanzania's trend of deficit has not been very different from Uganda's though at a slightly lower level. In 2000, Tanzania's deficit was about 5.9 percent of GDP rising to 8.2 percent in 2004. Ongoing reforms have led to improvements in domestic revenue collection. However, the revenue/GDP ratios in Tanzania and Uganda are still low, at less than 15 percent. At the same time the budgets of the two economies continue to be heavily dependent on external finance to the tune of more than 40 percent. Kenya, with a revenue/GDP ratio exceeding 20 percent, has a much lower degree of dependence on external financing of the government budget. Aid dependence of the government budgets poses a challenge to Tanzania and Uganda. The challenge to them is to pay greater attention to innovative ways to mobilise domestic resources and to aid management and coordination mechanisms that can promote ownership and leadership in the development process.

2.3.4 The External Sector: Current Account Deficit

24. Deficits on the current account have been maintained at reasonably low levels in Kenya and Tanzania and foreign exchange reserves have been at comfortable levels in Tanzania and Uganda. Current account deficit trends indicate a fairly consistent level of the current account deficit as a percent of GDP for Kenya over the past six years compared to the Uganda and Tanzania. Uganda's current account deficit has generally remained high – above 12 percent of GDP since 2001. However, the decline in the deficit during 2005/06 is a positive development. Tanzania's deficit has been declining steadily, reaching 5.5 percent of GDP in 2004 largely driven by mineral exports, which by 2004 accounted for more than half of country's export receipts.

2.3.5 General Structure of EAC Economies

25. The structure of the East African economies is generally dominated by agriculture, more so Tanzania and Uganda than Kenya, and agriculture caters for the livelihood of a large part of the population of East Africa. There is a declining trend in the share of agriculture to varying degrees in all the three economies. There is no sufficient information to indicate the extent to which the decline in the share of agriculture is resulting from rising productivity, a desirable outcome for a sector that caters for the livelihood of the majority of East Africans. The challenge of agricultural transformation and its linkage to other sectors of the economy needs to be addressed from the regional perspective. The

increasing shares in services, which reached 62.6percent in Kenya, 45.9percent in Uganda and 39.3percent in Tanzania in 2002 tended to stabilize at these levels, making up for the declining share of agriculture. Nevertheless, agricultural growth is a key driver of the overall economic growth and improvements in the livelihoods of the people in the region. As regards trade, agricultural products account for a significant proportion of cross-border trade among the three Partner States although a large part of this trade is informal and therefore not captured in official statistics. Table 2.2 shows the general structure of the EAC economies.

Table 2.2: General Structure of the EAC Economies (percentage of GDP)

	Kenya			Uganda			Tanzania		
	2001	2002	2004	2001	2002	2004	2001	2002	2004
A: BROAD SECTORS OF THE ECONOMY									
Agriculture ²	27.8	26.2	24.8	36.4	31.4	33.2	44.8	44.4	43.3
Industry	18.2	18.3	19.0	20.9	22.7	23.1	16	16.3	17.5
Services	62.9	62.6	64.0	42.8	45.9	43.7	39.2	39.3	39.2
B: PRIVATE AND GOVERNMENT CONSUMPTION									
Private consumption	79	81.1	71.5	81.4	78.3	76.8	79.9	77.1	71.2
General government consumption	16.8	10.2	19.2	12.5	15.3	15.6	11.7	12.5	15.3

Source: World Bank, Africa Development Indicators; 2005

26. One important macroeconomic aspect, which has called for urgent attention by all Partner States, is investment (domestic and foreign). Looking at FDI first, over the past decade, Tanzania and Uganda have seen an increase in FDI flows while Kenya has received rather low levels of FDI. By 2004, the EAC region had accumulated FDI stock amounting to US\$8039 million of which 64.7percent is accounted for by Tanzania, 20.1percent by Uganda and 15.2percent by Kenya (World Investment Report, 2005). Most of the inflows went to the natural resource sectors such as mining and tourism in the region. The major challenge that the region is facing is to stimulate investments beyond the natural resource sectors and generate a higher level of linkages in the economy Kenya is the only country with significant outward FDI, most of which goes to the other two member countries. Table 2.3 below gives a snapshot of the inward FDI to the EAC member countries and stock of FDI in these countries.

Table 2.3: Foreign Direct Investment Flows and Stock (million US\$)

	Inward FDI Flows			FDI Stock		
	1992-97 Average	2000	2004	1990	2000	2004
Kenya	18	111	46	668	984	1223
Tanzania	90	282	470	388	3028	5203
Uganda	95	275	237	6	807	1613

Source: World Investment Report, 2004 and 2005

² Includes crop production, livestock, fishing, forestry and related activities, in line with International Classification of Economic Activities (International Standard Industrial Classification - ISIC - Rev.2 Code 1)

27. In general, inward FDI is expected to contribute to the national economies by bringing in new technologies, new business practices, new managerial skills, etc. Therefore, for these inflows to be beneficial to the economy, apart from adding to the capital stock, the spillovers to the economy are quite crucial. In that respect, FDI is capable of complementing the domestic investments by ‘linking up’ with other investments, and stimulating the establishment of new businesses through “crowding-in effects” on domestic investment. However, these crowding-in effects do not seem to have been tapped sufficiently in the region as shown by the rather stagnant share of gross domestic investment in GDP as indicated in Table 2.4. Gross domestic investment share of GDP in the EAC is below the average for SADC region, which is also significantly lower than investment ratios in East Asia and Pacific region which exceeded 33 percent of GDP. A major challenge is to put in place incentives and policies, which can stimulate both FDI and domestic investments in a complementary manner.

Table 2.4: Gross Domestic Investment as a Percentage of GDP

	2000	2001	2002	2003	2004	2005 ^a
Kenya	15.38	14.61	13.39	12.93	12.46	13.08
Tanzania	17.63	17.00	19.12	18.63	19.19	19.74
Uganda	19.96	18.57	19.71	20.68	21.65	23.06
EAC Average	17.66	16.72	17.40	17.41	17.77	18.63
SADC Average	20.38	21.83	20.59	20.20	20.39	20.74

^a Projections

Source: World Bank, Africa Development Indicators, 2005

2.4 Infrastructure, ICTs and Energy

28. Infrastructure, Energy and ICTs are important elements in any economy due to the catalytic role they play in the entire functioning of the economy. Infrastructure, which includes road transport, air and marine transport, has been given special attention by all the Partner States, and there have been regional efforts to improve the state of infrastructure in the region. Energy and ICT have also received emphasis, both at national and regional level.

2.4.1 Infrastructure

29. Development of infrastructure is crucial for stimulating investments in many parts of the region whose potentials are yet to be exploited. This is important because it would facilitate not only communication, but also ease the flow of goods and services as well as the movement of persons within the region. Currently, the poor state of infrastructure, particularly roads, remains a major constraint to the performance of the other key sectors in all the three East African Economies.

30. With regard to road transport, the launching of East Africa Road Network project, which is about 7426 km, has been a crucial step in addressing the infrastructure bottlenecks in the region. The objective of this infrastructure project is to develop cross border links with a view to facilitating trade. The project corridor links are presented in Appendix II.

31. With regard to Railways, EAC is involved in the Assessment of the Restructuring of the East African Railways project. The main objectives are: First; to assess the state of restructuring of railways in the three Partner States in areas of ownership, management, infrastructure, financing and investment, national legislations and human resources; and Second; to recommend a harmonised approach towards restructuring of the railways in the region and possible areas of co-operation during the restructuring process. The Partner States have reached different stages in the restructuring process, and the responsible authorities are committed to refurbish this important transport sub-sector.

32. In the areas of marine and air transport, there have been notable developments especially in security matters. But there is still much to be done to modernise the East African ports and airports, and improve the services.

2.4.2 Information and Communication Technologies

33. Information and Communication Technologies (ICTs) have spread quickly across East Africa and are regarded as essential to the region's economic development, democratisation, social advancement, cultural progress, as well as for its global presence and competitiveness. The available statistics for Internet usage and mobile telephones – two of the newest technologies demonstrate the recent developments in ICTs in EAC region.

Table 2.5: Internet Use and Mobile Phone Subscription in EAC

	Internet Users			Mobile Phone Subscribers		
	2001	2002	Latest year ³	2001	2002	2004
Kenya	200,000	400,000	1,054,000	600,000	1,187,100	2,546,200
Uganda	60,000	100,000	500,000	283,500	393,300	1,165,000
Tanzania	60,000	80,000	333,000	427,000	760,000	1,640,000
Total For EAC	320,000	580,000	1,887,000	1,310,500	2,340,400	5,351,200
EAC's Share in Africa (percent)	5.0	5.6	5.8	5.1	6.2	6.8
Kenya's Share in Africa (percent)	3.1	3.8	3.2	2.3	3.2	3.2
Tanzania's Share in Africa (percent)	0.9	0.8	1.0	1.7	2.0	2.1
Uganda's Share in Africa (percent)	0.9	1.0	1.5	1.1	1.0	1.5

Source: ITU; World ICT statistics; 2002, 2003 and 2005.

34. Table 2.5 depicts the developments in the use of ICTs in EAC region for the past few years, and it is clear that the rapid changes point to much greater potential in the future. But, it is important to note that, there are significant differences in this regard, with Kenya dominating the field. While on average, EAC region had 5 percent of the total Internet users in Africa in 2001. According to the latest data updated as of 18 September 2006, EAC Internet usage had increased to about 5.8 percent of Africa's total with Kenya accounting for 3.2 percent, Tanzania 1.0 percent and Uganda 1.5 percent. The

³ Africa Internet Statistics from <internetworldstats.com> updated as of 18th September 2006.

penetration rate (percent of population) is still low at 3.1 percent in Kenya, 0.9 percent in Tanzania and 1.8 percent in Uganda. The penetration rate in East Africa compares rather unfavourably with the Africa penetration rate of 3.6 percent.

35. The rate of growth of mobile users has been phenomenal. After 2000 the rate of growth of internet users has grown at 427.5 percent in Kenya, 189.6 percent in Tanzania and 1150 percent in Uganda (<internetworldstats.com> as updated on 18 September 2006). The numbers engaged with ICT are high and are growing at a phenomenal rate. The challenge ahead is to harness the huge potential of ICTs and cope with the fast growth in usage, for a much greater impact on the EAC economies, and improved livelihoods especially for the rural areas, where the majority of the poor live. The challenge is to expand connectivity and enhance cost effectiveness.

2.4.3 Energy

36. Energy strongly influences people’s welfare, through providing access to water, agricultural productivity, health, education, wealth creation and environmental sustainability. Because energy plays a crucial role in development, in terms of improving poor peoples’ living conditions, energy supply and energy access will be fully integrated into the EAC Development Strategy.

PRSPs in the EAC Region look principally; fuels for cooking, motive power, sustainable management of biomass, modern biomass and renewable energies are generally not mentioned. In terms of budgets, only a small percentage of PRSPs specifically provide for medium term investment in energy. Budgetary allocations in the PRSPs remain lower than \$4 per capita in EAC countries at a time when the studies carried out elsewhere in the region suggest that minimum per capita investment of \$15 will be needed to meet the MDGs. EAC is therefore involved in exploring the numerous associated issues, including the gender aspect to energy poverty defined as *the absence of sufficient choice for adequate, affordable, reliable and efficient energy services for sustainable economic and human development*.

This energy poverty is reflected in the fact that a majority of East African people live in rural areas, and derive their energy sources mainly from traditional biomass consisting of fuel wood, charcoal and agricultural waste, which contribute to more than 70 percent of the region’s energy mix. Household cooking and heating constitute the largest energy demand. Modern energy sources such as electricity or liquefied petroleum gas (LPG) are available only for a few urban centres and economic structures, with the majority of the poor excluded. Currently, less than 3 percent of East Africa’s rural population and 32 percent of its urban population are connected to the national grids. Table 2.6 gives a snapshot of the energy situation in East African Region.]

Table 2.6: Energy indicators in EAC

	Energy Consumption		Electrification	
	Biomass	Modern	Urban	Rural
Kenya % of Population)	70%	30 %	46%	4 %
Tanzania (% of Population)	90 %	10 %	38 %	2 %
Uganda (% of Population)	93 %	7%	8%	1%
EAC	84%	16%	31%	2%

Source: United Nations; UNDP 2005

This low energy consumption is aggravated by **the serious inefficiency of modes of consumption and production.**

The heavy use of traditional energies – 84% of EAC population is dependent on biomass, and this figure rises to 93% in Uganda – is one of the main explanations for this, though it is important not to overlook the low level of energy efficiency in the industrial sector for instance. This heavy dependency results mainly from the inability of people to access modern fuels: their low monetary income means they consume much less energy per unit of added value than in developed nations. This over-consumption has harmful effects on the environment (soil erosion, desertification, etc.). Therefore, the lack of modern fuels keeps people locked in a vicious poverty circle.

37. Electricity generation is lagging behind the growing demand for its use making the EAC a deficit region in electricity supply. Apart from being a serious constraint to industrial activities particularly manufacturing in the region, energy has an explicit gender dimension whereby women and girls are disproportionately burdened by lack of access to modern fuels and electricity. Women are predominantly responsible for cooking and food preparation such as threshing, husking and grinding) and other activities. In addition, women spend considerable time spent gathering biomass fuels. They also suffer considerable damage to their health; especially respiratory diseases from indoor air pollution, by having to cook indoors on poorly vented stoves. Many girls are withdrawn from school to attend to such domestic chores, with adverse consequences on their literacy and economic opportunities. In these respects, energy is particularly important for women and girls.

2.5 Trade Development

38. The flow of trade between the three EAC member countries is quite significant. Over the period 1991 – 2004, intra-regional trade in exports increased as shown in table 2.7. The ongoing implementation of EAC customs union is expected to provide an impetus to even higher achievements. Disaggregated trade flows reveal that intra-regional trade is dominated by Kenyan exports to Uganda. The largest importer from the region is Uganda followed by Tanzania. Kenya imports rather small amounts from within the region. However, if unofficial trade statistics were to be captured the picture could change considerably.

Table 2.7: Country Exports to EAC as percent of National Exports

	1991	1995	2002	2004	2005
Exports Within EAC:					
Kenya's Exports to EAC as percent of National Exports	8.0	27.0	22.7	25	26
Tanzania's Exports to EAC as percent of National Exports	2.8	4.6	4.5	7.2	5.8
Uganda 's Exports to EAC as percent of National Exports	1.3	0.9	2.2	14	
Imports Within EAC:					
Kenya's Imports from EAC as percent of National Imports	0.4	0.9	1.4	0.8	1

Tanzania's Imports from EAC as percent of National Imports	3.1	12.7	5.9	5.4	5.7
Uganda 's Imports from EAC as percent of National Imports	13.9	36.0	48.4	23	

Source: EAC Statistics Data Base

39. Regional trade is dominated by manufactures, food and electricity. Differences in the level of industrialisation among the countries are reflected in their trade patterns. Kenya exports manufactures to Uganda; Uganda exports food products and energy to Kenya; Kenya and Tanzania trade mainly in manufactures and food products; Tanzania exports manufactures to Uganda and Uganda's exports manufactures, food products and energy to Tanzania. The EU is the main trading partner with EAC countries. While regional trade has grown somewhat, the European Union (EU) remains the largest market for EAC's exports, absorbing around 40 percent of the region's exports. EAC imports are quite diversified; around a quarter come from the EU, and about 20 percent each from Asia and the Middle East. A major development in recent years is the rising price of oil which is likely to have considerable implications on the oil importing East African economies considering that the current level of oil dependence is high (at 3.5percent of the GDP) and is likely to rise even further as these countries industrialise.

2.6 Human Development

40. One common development objective of the EAC Partner States is poverty reduction largely through more vibrant growth and broad based wealth creation. Poverty remains high in all the Partner States, and the general characteristics are similar across member countries. Poverty is predominantly a rural phenomenon in the region although it is becoming increasingly significant in urban areas. As Table 2.8 indicates, the human poverty index is quite high at 35-36 percent in the region and there are still critical gaps to address in all the three Partner States, with respect to human development and poverty issues. This suggests that there still remains a lot to be done to address important elements of both income and non-income poverty in the region.

Table 2.8: Selected Human Development Indicators (2004)

		Kenya	Uganda	Tanzania
Human Poverty Index (HPI)	Value (percent) ^a	35.4	36	35.8
	Rank	64	66	65
Human Development Index (HDI)	Value	0.474	0.508	0.418
	Rank	154	144	164
Urban population (percent of total population)		35	12.3	35.4
Life expectancy at birth (years)		47.2	47.3	46
Infant mortality (per 1,000 live births)		79	81	104
Child malnutrition (percent of children under 5)		22	23	29
Access to an improved water source (percent of population)		57	52.0	68
Illiteracy (percent of population age 15+)		16	31	31
Gross primary enrolment (percent of school-age population)		94	136	96
Male		95	143	99
Female		93	129	93

Note: ^aHPI value is the composite index, which estimates the percentage of population facing deprivation in three essential elements of human life, namely: longevity, knowledge and decent standard of living.

Source: Africa Development Indicators, Member Country poverty Reports, UNDP Human Development Report, 2005.

41. The three countries have made recommendable efforts to contain HIV/AIDS. However, the pandemic continues to be a major threat to socio-economic development and there are still signs that HIV/AIDS could erode key achievements in economic and social development. According to the World Health Statistics (2005) the adult prevalence rate (for individuals aged between 15 and 49 years) is about 6.7percent in Kenya, 8.8percent in Tanzania and 4.1 for Uganda. The major challenge in addressing the HIV/AIDS problem is the behavioural aspect that the pandemic bears, and the cultural aspects that have to be dealt with in the process.

42. While in general there have been some achievements in the key social indicators – particularly education as indicated in table 2.6; there are still some gaps to be addressed. The issue of poverty reduction has been accorded high priority in all the Partner States. The most recent developments have depicted better incorporation of the social dimensions in the reform agenda.

Table 2.9: Development Disparities

	Inequality measures		
	Bottom 10% (Poorest)	Top 10% (Richest)	Gini index ⁴
Tanzania	2.8	30.1	38.2
Kenya	2.5	33.9	42.5
Uganda	2.3	34.9	43

Source: UNDP Human Development Report, 2005.

43. As indicated in table 2.9, alongside depth and pervasiveness of poverty in all the three Partner States, inequality is still a problem in the region with the Gini index hovering around 40 percent. The major challenge to all Partner States in dealing with inequality is to generate sufficiently high economic growth, in which the poor participate effectively and is shared broadly in society.

⁴ The Gini index shows inequality with the value 0 representing perfect equality, and 100 representing perfect inequality.

3.0 REVIEW OF THE EAC DEVELOPMENT STRATEGY (2001–2005)

44. The Second EAC Development Strategy (2001 – 2005) took into account the experience gained during the implementation of the first EAC Development Strategy (1997 – 2000), the provisions of the Treaty, the implications of Globalisation and the influence of the position of the EAC in the world market. The Strategy identified the programmes to be implemented during the period 2001 – 2005, in line with the broad goal of widening and deepening co-operation in all areas for the mutual benefit of the Partner States.

45. The Strategy sought to chart the implementation of those aims and goals through a detailed policy action matrix with implementing agencies identified and the time frame specified. This review has followed closely the implementation of the proposals of the second EAC development Strategy and the policy action matrix.

46. The review starts with a brief summary of the components of the second EAC Development Strategy (in section 3.1) followed by a review of the status of implementation of programmes and planned activities (section 3.2) and the assessment of the institutional framework (section 3.3). The review of the status is followed by the overall assessment and identification of lessons for the way forward (section 3.4). On the basis of the findings of this review a SWOT analysis is constructed (section 3.5) which, together with the lessons learned, contributes towards informing the formulation of the third EAC Development Strategy.

3.1 Main Components of the Strategy

47. Building on the experience of implementing the 1st EAC-DS (1997-2000), the 2nd EAC Development Strategy (2001 – 2005) was formulated basically with the following objectives:

- To deepen the regional integration efforts in a more liberalised environment while concluding the Customs Union protocol;
- To promote convergence of macroeconomic indicators, and harmonization of financial and fiscal policies;
- To enhance the EAC Development agenda through infrastructure development and supportive services; cooperation in productive sectors, environment and natural resources; joint promotion of human resource development (HRD), science and technology; wider stakeholder participation to embrace women, youth, private sector, civil society and the citizenry of the Partner States; joint promotion of peace and security in the region; and harmonisation of regional efforts with ongoing continental and global efforts.

48. The following areas of cooperation are contained in the second EAC Development Strategy (2001-2005):

- (i) Macroeconomic policies including monetary and fiscal policies.
- (ii) Trade liberalisation and development.

- (iii) Productive sectors including agriculture and food security, investment and industrial development, tourism and wildlife and environment and natural resources.
- (iv) Infrastructure and supportive services.
- (v) Human resources development and science and technology.
- (vi) Social sectors including immigration and labour policies.
- (vii) Legal and judicial affairs.
- (viii) Political matters including peace, security and defence.
- (ix) Broad participation of women, private sector, and the civil society.
- (x) Relation with other regional and international organisations.
- (xi) Institutional arrangement at the level of Partner States and EAC Secretariat.
- (xii) Managing distribution of benefits and costs as a cross cutting issue.

3.2 Status of Implementation of Programme and Planned Activities⁵

49. The overall assessment of the EAC Development Strategy (2001 – 2005) indicates that it was extremely ambitious, covering a broad range of areas and activities. In many cases, the implementation of the various elements in the action matrix lagged behind the prescribed time frame. However, the level of achievements is commendable as manifested in the level of cooperation and political good will that is enjoyed by the EAC. However, at the level of implementation of programmes and planned activities, a number of challenges emerged. The major ones comprised governance and institutional constraints, budgetary constraints, inadequacy of enforcement machinery and sanction mechanisms, lengthy decision making processes, legal and administrative handicaps, shortfalls in statistics and information and capacity constraints.

3.2.1 Macroeconomic Policies including Monetary and Fiscal Policies

50. The main areas under macroeconomic policy convergence include currency convertibility as a basis for a single currency; harmonization of exchange rates, interest rates, and fiscal policies; and banking and capital markets development. In this area, all the Partner States have adopted market-determined policies, investment incentives have been harmonised, considerable harmonization of fiscal policies has occurred and there is increased harmonisation of banking policies and legislation. However, it is notable that the East African macro-economic convergence criteria that were to be attained did not feature explicitly in the national plans of the Partner states over the period. It is therefore still ambiguous as to whether the achievements in macro-economic convergence resulted from full incorporation of regional level criteria in national level macroeconomic policy making processes or simply from simultaneous meeting of agreements reached between individual countries and the Bretton Woods Institutions.

⁵ A more detailed description of implementation status is presented in Volume 2 of the Report.

Macroeconomic Convergence over the Review Period

The Partner States have experienced mixed progress in terms of attaining the macroeconomic convergence criteria. Whereas Uganda and Tanzania registered GDP growth rates averaging above 5.0 percent per annum over the last five years, Kenya' growth rates gradually bounced back from negative 0.3 percent in 2000 to 1.8 percent in 2003 and up to 4.3 percent in 2004. One area that has seen remarkable convergence is price stability with underlying inflation in the three countries contained at below 5.0 percent in 2003¹. The current account and fiscal deficits (including grants) were contained at below 5 percent in 2003 in Kenya and Tanzania and at 5.9 percent in Uganda in the same year. (*EAC, Report of the Committee on Fact Tracking East African Federation, November 2004*)

3.2.2 Trade Liberalization and Development

51. Under trade liberalization and development, the key objective was to move towards establishment of a Customs Union with a Common External Tariff (CET), elimination of internal tariffs, removal of non-tariff barriers, adoption of common anti-dumping, countervailing and safeguard measures, adoption of common rules of origin, and adoption of common positions against illegal dumping of toxic waste. In addition, the Partner States aimed at moving closer to a Common Market with a common competition policy, enhanced cooperation in export promotion and trade in services and development of competitiveness and a stronger negotiation capacity. The most significant achievement was the signing of the Customs Union Protocol on 2nd March 2004 and its coming into force on 1st January 2005.

3.2.3 Productive Sectors

52. Productive sectors that were covered include agriculture and food security, investment and industrial development, tourism and wildlife management, and environment and natural resources. Progress has been made in formulating region-wide policies and strategies of key productive sectors. In this context, the EAC now has in place Agriculture and Rural Development Policy, an Agricultural and Rural Development Strategy, and an Industrialisation Strategy. Other significant achievements include conclusion of the Protocol on Environment and Natural Resource Management and developing a Tourism Marketing Plan and Strategy. Implementation of these initiatives is the focus of the third Development Strategy.

3.2.4 Areas of Common Economic Interest

53. The EAC Secretariat through the Lake Victoria Development Programme (LVDP) Unit and working with the responsible Sectoral Committee implemented all the focus areas and achieved almost maximum outputs expected in this area. In 1999, The EAC Secretariat commissioned a study to determine the most suitable institutional and legal framework for the Lake Basin becoming an economic growth zone for East Africa. On institutional aspects, the study recommended the establishment of a Lake Victoria Development Programme Unit within the EAC Structure as a transitional arrangement. This was expected to evolve into an independent body within the East African Community framework. In 2001, the LVDP Unit was set up and became operational in January 2002.

54. Meanwhile, in order to effectively implement the activities of the Programme in the Partner States, the Council in 2002 decided that Partner States should establish focal Ministries for LVDP activities. This has been done. The Ministries of Environment and Natural Resources, Water and Livestock Development and Water, Lands and Environment in Kenya, Tanzania and Uganda respectively, are the national focal point ministries for LVDP activities.

55. Another output of the study was a legal framework in the form of a draft Protocol. The Partner States in 2002-2003 held detailed negotiations based on this draft Protocol which was signed in November 2003 and ratified in November 2004. The Protocol defines the specific areas of cooperation and provides for the establishment of an institution, the Lake Victoria Basin Commission (LVBC) to be an apex organ to oversee the implementation of the Protocol.

56. A Shared Vision and Strategy framework for the Management and Development of Lake Victoria Basin was developed and completed in 2003. A wide range of stakeholders and actors representing governmental institutions and agencies, civil society organisations and the private sector in the Partner States and development partners were involved in the vision and strategy development process. The Council of Ministers adopted the Vision report in January 2004, and recommended that all the stakeholders involved in Lake Victoria Basin development should henceforth use the Vision and Strategy Framework as a planning tool. The Partnership Agreement on Sustainable Development of Lake Victoria Basin which was signed by EAC with the Governments of France, Norway and Sweden and the World Bank and the East African Development Bank in April 2001 is now under implementation following the development and adoption of the Rules and Regulations governing the Partnership Fund and the Procedures thereof for the Partnership Consultative Committee in December 2002. Several critical projects have been undertaken and more are in the process of implementation.

3.2.5 Infrastructure and Support Services

57. The Second EAC Development Strategy recognised that regional infrastructure interventions are key to attracting investment into the region, improving competitiveness, and promoting trade. The infrastructure and support services sub-sector covers roads, railways, civil aviation, maritime transport and ports, multi-modal transport, freight administration and management, postal services, telecommunications, and meteorological services as well as energy and cooperation in supportive services including Standardization, Quality Assurance, Metrology and Testing (SQMT). Partner States have reaffirmed their commitment to enhancing budgetary resources, expediting the necessary legislations in the roads sub-sector, strengthening of the institutional and administrative capabilities of the ministries and agencies formed to manage the sub-sector, and to prioritise the EAC Road Network Project within their national poverty reduction strategies and budget provisions. A number of tripartite agreements have been reached in the field of infrastructure including the Road Transport and Inland Water Transport aimed at providing a facilitative instrument to regulate inland waterways transport, particularly across Lake Victoria. Provision has been made for a facilitative instrument to regulate Search and Rescue across the borders and to enhance cooperation in the joint utilization of available facilities in the region.

3.2.6 Cooperation in Social Sector Issues

58. Co-operation under social sectors including immigration and labour was supposed to focus on health especially combating HIV/AIDS, communicable diseases and health research, policy and health systems development; culture and sports; social welfare, immigration and adoption of common labour standards. The Draft Protocol of the East African Health Research Council (EAHRC) is being finalised, and efforts to harmonise EAC Partner States HIV/AIDS policies, strategies, and treatment protocols are underway. The East African Integrated Disease Surveillance Network (EAIDSNET) was established to facilitate collaboration in research in the areas of communicable diseases. The EAC Partner States National Regulatory Authorities and Experts Committee on Pharmaceutical and Medical Products have also been established. An EAC regional expert Committee on the incorporation of World Trade Organisation (WTO), Trade-Related Intellectual Property Rights (TRIPS) Agreement into EAC Partner States' National Patents and Pharmaceutical Regulatory Laws has also been established.

3.2.7 Labour and Employment

59. In the area of labour and employment a harmonised classification for issuance of entry/work permits consisting of twelve sectors and classes of entry/work permits has been adopted. This was meant to start with immediate effect. Partner States have worked out the necessary administrative arrangements for implementation. Fees for any class of permits issued to citizens of East Africa are to be 50 percent of the rates charged to foreigners. A review of the Municipal Laws and Acts in each Partner State is underway. In terms of easing cross-border trade, issuance of interstate passes commenced on 1st July 2004. The East African Passport is being popularised for use by the citizens of East Africa and modalities for making it international have already been worked out.

3.2.8 Development of Human Resources, Science and Technology

60. In the area of human resources, science and technology, Partner States were to harmonise their education and training syllabi and standards and co-ordinate all human resources training programmes in anticipation of free movement of East Africans within the region as expected of a Common Market. Cooperation in science and technology was to emphasise joint research, development of indigenous science and technology, exchange of information, collaboration in training of technical personnel and formulation of science and technology (S & T) policy for EAC, among other measures. Partner States National Science and Technology Commissions/Councils have been working closely on these issues. A Protocol on the establishment of a Science and Technology Council is at an advanced stage of clearance. A regional study on harmonisation of curricula, examinations, certification and accreditation in East Africa was to be conducted. The East African Advisory Committee on Education, Research and Training was formed and has been meeting every year since 2002. The Inter-University Council of East Africa (IUCEA) has been active in harmonising and coordinating various activities of universities in the region.

3.2.9 Broad Participation of Stakeholders

61. Broad participation of stakeholders has been an important element of the Development Strategy. Measures in this area include enhancing the participation of key stakeholders in the EAC affairs. Implementation has started including the formulation of an EAC Private Sector Development Strategy that contains various modalities of enhanced participation of the private sector. After going

through the Council of Ministers in November 2003 it was decided that the Strategy would be subjected to national level consultations and discussions. The consultations are still in progress. The East African Business Council (EABC) was accorded observer status in the community and has contributed greatly in terms of advocacy for a conducive environment for private sector development. The EABC organised and completed the first ever Business Climate Index in East Africa with special focus on non-tariff barriers. It has also prepared its five-year strategic plan whose main elements are taken on board in this strategy. A comprehensive regional framework on Gender and Community Development based on best practices from the Partner States has been prepared. A number of professional, civil society, local government associations and youth organisations have formed alliances across borders and meet regularly. Indigenously owned SMEs, particularly in the transport sector, have either resumed or initiated business in East Africa.

3.2.10 Legal and Judicial Affairs

62. Under legal and judicial affairs, achievements recorded so far include establishment of the East African Court of Justice. The Protocols and Agreements that were concluded during the 2001-2005 Development Strategy include Protocol on Decision-making by Council (April 2001); Protocol on Combating Drug Trafficking in the EA region (January 2001); Protocol on Standardisation, Quality Assurance, Metrology and Testing (January 2001); Tripartite Agreement on Road Transport (November 2001); Tripartite Agreement on Inland Waterway Transport (November 2002); Protocol on the Establishment of the Inter-University Council for East Africa (September 2002); Search and Rescue Agreement (September 2003); Protocol for the Sustainable Development of Lake Victoria Basin (November 2003); and the Protocol on the Establishment of the East African Community Customs Union (March 2004). However, there has been limited cross border legal practice amongst the Partner States, but there are ongoing efforts on harmonisation of municipal laws and judicial training.

3.2.11 Political Matters, Peace and Security

63. Implementation of political matters, including peace, security and defence has involved, inter alia, sustaining political will and taking the initiative towards Fast-Tracking the Political Federation, enhanced collaboration in security and defence matters, and generally ensuring that the region is peaceful so as to provide a conducive environment for sustainable development. EAC has already established two institutions (the East African Court of Justice, and the East African Legislative Assembly), which also serve as building blocks to a Political Federation. There are memoranda of understanding guiding cooperation in foreign policy, and in defence and security. The MoU on Defence is soon to be elevated to a Protocol. Another important achievement is enhanced cooperation of police and customs authorities in combating cross-border illegal activities (e.g. smuggling, piracy, illegal entry).

3.2.12 Relations with Other Regional and International Organisations

64. With regard to relationships with other regional and international organisations, the Strategy anticipated achievement of complementarities to ensure faster economic development in the spirit of the Lagos Plan of Action and the Abuja Treaty while rationalizing and harmonising commitments under COMESA, SADC, IGAD and IOC. In this regard, EAC has signed Memoranda of Understanding on cooperation in regional integration issues with several other regional blocs. Harmonisation of policies between overlapping regional blocs is ongoing and the COMESA yellow card for intra EAC and

COMESA transportation is in use. The COMESA African Trade Insurance Agency (ATIA), which cushions investments from political risks, is also used in EAC. Work on harmonisation and rationalization of commitments under COMESA, SADC, IGAD and IOC is ongoing.

3.2.13 Managing Distribution of Costs and Benefits

65. The second EAC Development Strategy undertook measures to address imbalances arising from the process of establishing the Customs Union. These measures are consistent with the provision of the operational principle under article 7(f) the Treaty which calls for “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 intra-regional trade imbalance is being addressed through the application of the principle of asymmetry in the elimination of internal tariff.

3.3 Assessment of the Performance of EAC Organs and Institutions

66. The Treaty establishing the East African Community incorporates the principal organs and institutions as the pillars of the Community’s framework with support from Coordinating Ministries. At the Secretariat, Community matters are run through Task Forces, Sectoral Committees, the Coordination Committee of Permanent Secretaries, Council and other organs established by the Treaty.

3.3.1 EAC Organs

i. The Secretariat

67. The Secretariat has not been adequately staffed in terms of professional staff to undertake research, management and monitoring and evaluation of the tasks outlined in the Second EAC Development Strategy. Most of the staff is overstretched and not able to be as productive as is required for the implementation of all areas of the Strategy.

68. There have been several restructuring exercises at the level of the Secretariat to realign the structure and functions with the expanding volume of activities under the Community. In the course of implementing the second EAC Development Strategy, the Secretariat has been strengthening in terms of recruiting additional staff; offering short-term training to staff and equipping their offices; planning the construction of an EAC headquarters; establishing the Directorate of Customs and Trade to spearhead implementation of the Customs Union Protocol; and establishing the Lake Victoria Basin Commission. Another development is that the Partnership Fund has been established. A study on the structure terms of service and conditions of the staff of the Community has been finalised and is to be implemented effective 1st January 2007.

ii. The East African Legislative Assembly (EALA)

69. EALA is one of the organs of EAC established under article 9 of the Treaty. EALA is the legislative arm of the Community and operates within the overall purview and strategic goals of the East African Community. Under the provision of Article 49, EALA is mandated to exercise both legislative and oversight functions on all matters related to the community. The mission of EALA therefore is to support through legislation and oversight, the overall mission of EAC.

70. EALA has enacted a total of 9 pieces of Legislation that are now Laws of the Community and fully in force in the Partner States. Four Acts relate to the operations of EALA as an assembly; another four relate to the approval of the EAC budget (Appropriation Laws), and the EAC Customs Management Act. Under the provisions of the Treaty, Article 49(2) (a); EALA is required to liaise with National Assemblies of Partner States on matters relating to the community. On this count EALA has held three Inter -Parliamentary relations Seminars with Members of National Assemblies of Partner States. These seminars deliberated on complementarity of the roles of EALA and National Assemblies and other actors in the process of regional integration and discussed mechanisms for strengthening institutional linkages between the National Assemblies and EALA. The Assembly has contributed to publicity and marketing of EAC through a total of eight familiarization tours of the Partner States.

iii. East African Court of Justice (EACJ)

71. The Court has been fully established and the Judges of the Court were appointed by the Summit from among sitting Judges of National Courts of Judicature and from Jurists of recognised competence. The Court has jurisdiction over the interpretation of the Treaty. To this end, Partner States, the Secretary General, legal and natural persons, may make reference to the Court on grounds of infringement of the Treaty by a Partner State. The Court also has jurisdiction to entertain disputes between the Community and its employees. The Court may arbitrate an agreement, to which the Community or Partner State is a party, if the parties so agree. The Court shall in addition have such other original, appellate, human rights jurisdiction as the Council may determine.

72. An evaluation of the operations of the court has shown that its operations are still ad hoc. This means that Judges are not permanently required to reside in Arusha where the temporary seat of the court is located, but they only convene to conduct business of the Court as and when needed. The Court has so far received in its registry one case. There could be many possible reasons for this including the fact that potential dispute generating areas like the Customs Union had not been agreed upon by Partner States when the Court was inaugurated. However, the Protocol for the Establishment of the EAC Customs Union establishes alternative dispute settling mechanisms outside the Court's structure. Another reason could be that adequate publicity has not been done on the part of the Court and its activities. It could also be said that the integration process and operations of the East African Community have started smoothly without people having to take each other to Court. During this period, the Court was able to build capacity of its Judges and put in place Rules of Procedure and Rules of Arbitration to govern conduct of the case and arbitral proceedings respectively.

3.3.2 EAC Institutions

73. The process of strengthening other institutions of the Community has been ongoing focussing on Inter-University Council of East Africa (IUCEA), Lake Victoria Fisheries Organisation (LVFO), and Lake Victoria Basin Commission (LVBC) and East African Development Bank (EADB).

i. Inter – University Council of East Africa (IUCEA)

74. The mission of IUCEA is to encourage and develop mutually beneficial collaboration between member universities and Governments and other public and private organisations. The primary objectives of the IUCEA are to meet national and regional development needs; undertake resolution of

issues in every appropriate sector of activity of higher education in East Africa; and coordinate the development of human resource capacity in all disciplines of higher education in East Africa.

75. During the past 5 years of EAC-DS (2001-2005) IUCEA has promoted voice for East African universities through a number of interventions. It has reactivated meetings and workshops in which members of the academic fraternity share information. IUCEA has collaborated with local and international partners such as the Ford Foundation, the Rockefeller Foundation and Sida-Sarec, to support researchers, teaching staff and students to undertake research and deliberate on pertinent academic and governance issues in East African universities. IUCEA has created capacity for the East African universities to remain relevant in a dynamic global environment.

76. In the light of the coming into force of the East African Customs Union and the anticipated free movement of persons, labour and students in the region, IUCEA is considering stock taking as it reviews the future of the organisation. Higher education in East Africa will continue to be faced with a myriad of challenges such as increasing numbers of student, welfare matters for both staff and students and internationalization bringing on board new competitors.

ii. Lake Victoria Fisheries Organisation (LVFO)

77. LVFO continued to coordinate fishery issues in Lake Victoria to ensure that fish and fish products are available for consumption in East Africa and have access to international Markets. Achievements of LVFO include implementation of a Regional Strategy of fish quality assurances which led to the lifting of the ban of fish exports to EU; harmonization of fisheries laws and regulations; coordination of efforts which reduced conflicts in cross-border fishing and fish trade; development and implementation of a Fishery Management Plan for Lake Victoria; development and harmonization of standard operating procedures for research and management activities; and establishment of National and regional Working Groups to implement LVFO activities.

iii. Lake Victoria Basin Commission (LVBC)

78. The Lake Victoria Basin Commission is an apex organ that oversees the management and development of Lake Victoria Basin. The Secretariat of LVBC, the executive implementing arm of the Commission will be responsible for overall coordination and facilitation of the Commission activities. A shared Vision and Strategy Framework has already been developed. The underlying assumption for implementation of the LVBC Strategy is that there will be sufficient staff and resources for the Commission. The Commission will be headquartered in Kisumu and modalities to operationalise it have been concluded with the recruitment of executives and other professional staff.

iv. East African Development Bank (EADB)

79. The East African Development Bank was established in 1967 with the mandate to redress the development disparity between the Partners States of the then East African Community, through affirmative differential allocation of resources in the form of private sector credits. EADB has a critical role to play in the East African Common Market in terms of mobilizing external lendable resources for the East African market. But more importantly and for long term sustainability, it should mobilise intra-East African resources for the same purpose, including participation in the reform process of East African financial institutions.

80. EADB has already initiated a number of windows for future development including issuance of EADB Corporate Bonds; creation of an Equity Fund to enhance Gearing Ratios of viable but cash-strapped local enterprises; establishment of a Venture Capital Fund; and development of interest in catalytic EA public infrastructure projects. These initiatives need to be both re-constructed, enhanced and institutionalised in order to effectively “pump the blood” of the envisaged East African Common Market. However, in spite of initiatives to restructure the EADB, it has not yet attained the status of a major source of financing of EAC development projects and programmes.

3.4 Overall Assessment and Lessons for the Way Forward

81. The second EAC Development Strategy (2001-2005) was ambitious covering a wide range of areas and activities. It was implemented within a context of less than well-developed institutional arrangement with inadequate authority and shortage of resources (financial and human). The Strategy did not incorporate detailed actionable plans elaborating the action matrix. Implementation of the strategy was also slowed down by the prolonged and protracted negotiations leading to the signing of the EAC Customs Union Protocol, an eventuality which puts EAC ahead of many other similar economic blocs.

82. In the process of implementing the second EAC Development Strategy, useful lessons and challenges can be drawn with a view to informing the third EAC Development Strategy (2006-2010) these include the decision making process, roadmaps for implementation, enforcement and follow-up mechanisms, legal and administrative issues, capacity issues, statistics and information sharing, and budgetary issues. These lessons and challenges are briefly presented below.

3.4.1 Decision-Making Processes

83. Article 71 confers to the Secretariat the role of defining the regional requirements and best practices. In practice, the Secretariat has sometimes tended to be a forum where officials from Partner States negotiate to harmonise their national positions/interests rather than focus on adapting national positions to regional standards or requirements. This process has been time-consuming leading to extensive use of resources with sub-optimal returns. Further, frequent changes of personnel at the technocratic levels have contributed to eroding the benefits of institutional memory that is necessary for continuity.

84. The Council of Ministers meets twice per annum, and works on the basis of recommendations and other inputs from each of the Sectoral Committees, through the Coordination Committee. Decisions are made based on the recommendations and inputs and these decisions become the basis for implementation by the Sectoral Committees. Given that the Sectoral Committees also meet on average twice per annum, in practice it is not uncommon for the implementation of decisions to take up to eighteen months from the time recommendations are made.

85. Membership to the Sectoral Committees keeps on changing as these are nominated from Partner States government departments from time to time often depending on who is available to travel or is not too busy presumably with other important commitments at the national level. This situation

decreases the effectiveness of the committees especially when the members sent are not sufficiently senior to make decisions during the meetings or to express opinions based on insights from progress made in previous meetings.

86. However, it is worth noting that Partner States have now established functional ministries to handle EAC matters. The Summit in May 2005 also decided that all Partner States should establish Ministries to handle EAC matters. These ministries have been established and mandated to co-ordinate implementation of Council decisions and all other EAC affairs.

3.4.2 Roadmaps with Implicit Timeframes for Implementation

87. In some of the interventions identified in the Development Strategy, and subsequent decisions that were reached, detailed implementation plans with clear tasking to each implementing agency were not drawn up. This would have delineated responsibilities for implementation and management, which is necessary for enhanced monitoring and evaluation. Shortfalls in implementation plans have had adverse implications on the ability to enforce decisions.

3.4.3 Follow-up and Enforcement Machinery

88. Collective decisions agreed at the level of the EAC, are left to the government officials in the Partner States to implement. However, at the level of implementation, several factors have impaired the smooth enforcement and execution of implementation plans including delays in the ratification of protocols and non-implementation of ratified protocols. The Secretariat has a mandate of monitoring the implementation of decisions made. Over the years, performance in convening, organising and servicing EAC meetings has been exemplary. However, the same cannot be said on the follow-up of decisions and recommendations made in the meetings. There are two challenges here: the capacity of the Secretariat and its limited legal executive authority for enforcement in terms of implementation of Community programmes. However, the main part of the problem is with the capacity, monitoring and evaluation and accountability systems at the national level.

89. Plans of action are accompanied by sanctions and penalties for shortfalls in implementation but depend entirely on the goodwill of the Partner States. This issue can be addressed by Partner States by ensuring that M&E mechanisms and accountability systems are in place. Follow up at the national level and its links to regional level decisions and actions has depicted serious gaps, which need to be addressed. Decisions agreed on at the EAC level are sometimes not disseminated in time to the operatives for implementation, a situation which leads to inconsistencies and frustration such as those sometimes experienced at border post crossing points. There is need for continuous interactions and information flow among government officials to make sure that decisions are communicated to the operational staff in good time. Follow-up and monitoring systems are necessary in order to ensure implementation. An effective monitoring and evaluation system to measure the achievements of milestone events, and the accomplishment of targets at each milestone events was not put in place in the Second EAC Development Strategy.

90. Apparent difficulties have been located in mediating national and regional demands when it comes to implementation of agreed decisions. This is depicted in the form of frequent backtracking on decisions taken at the EAC level. Evaluation of what has been going on suggests that this is an indication of divided loyalty between national and regional demands. It seems that there are no clear guidelines on how to manage the balance between national and regional interests, a situation that often permits national interests to prevail over decisions made at the regional level. Yet regional level discussions are arrived at in institutional frameworks whose members are essentially national. There is a challenge relating to quality of preparation for regional level meetings and accountability for implementation of decisions made. The relationship between national and regional level policies, strategies, plans, standards and other obligations will need to be sorted out.

3.4.4 Legal and Administrative Handicaps

91. Community decisions requiring amendments to the national laws and regulation have often remained outstanding for a long time. In the meantime there have been attempts through administrative compromises to implement decisions outside the legal framework. This is inappropriate and compromises the sustainability of decisions made in that manner, and is not consistent with the rule of law and good governance. The first challenge is that of revisiting and addressing the relationships between national and regional level laws and regulations. The second challenge is that of ensuring that mechanisms for speedy amendments of national laws and regulations are put in place.

3.4.5 Capacity Constraints

92. The mandate of the Secretariat has expanded overtime without corresponding expansion of its capacity in terms of professional cadre of staff, thus overstretching the capacities of such staff. This situation has had implications on efficiency and effectiveness of service delivery that is required for administration and implementation. In many areas, the Secretariat is thin on the ground with departments understaffed (sometimes with one person). Along with the deficiency in staff numbers, the optimal utilization of existing staff to cope with the expanding mandate is yet to be addressed. The current job descriptions are inadequate in that they do not articulate key results areas and performance targets. Capacity needs of the EAC Secretariat and the implications on division of responsibilities between EAC and national implementation and follow-up have not been addressed in the light of the expanded mandate.

3.4.6 Statistics and Information

93. Statistics and information sharing is extremely important in planning, implementation and monitoring and evaluation to execute Council decisions. The issue of mechanisms for sharing and disseminating statistics and information was not adequately addressed in the first and second EAC Development Strategies. Although Council set up a Statistics and Information Exchange Committee responsible for making recommendations on planning and implementing the production of statistics, the profile of this function and the thin provision of resources have rendered it less effective in relation to its critical role.

3.4.7 Budgetary Constraints

94. Over the last 5 years, Partner States contributions on average have been able to finance about 60percent of the requirements of the Community. In 2002/03, the approved budget was 67percent of the original EAC estimates. It declined to 62percent in 2003/04, 61percent in 2004/05, and 42percent in 2005/06⁶. In addition, on many occasions, Partner States have not remitted in time their approved contributions, thus delaying the implementation of Community Programmes and Projects. In the cases where donor funding is involved, procurement processes and procedures have often been unduly complex and time consuming.

95. The issue of budgetary constraints facing the EAC and timely access to budgetary resources has not been addressed adequately in the light of the growing mandate of the Community. It is essential that EAC Secretariat and Partner States explore alternative mechanisms of financing the Community (the budget of the Secretariat, and the budget for financing EAC programmes and projects).

3.5 SWOT Analysis for East African Integration

96. Figure 2 below is a summary of strengths and weaknesses as well as opportunities and threats of East African integration over the next five years, along with recommended strategic considerations.

Figure 2: A SWOT Analysis of the East African Integration.

Strengths	Recommended Strategic areas
<ul style="list-style-type: none"> • Growing political commitment and relative political stability. • Established and functional organs and institutions • Rich endowment of natural resources and conducive climate and rich cultural heritage • Prior experience in regional integration and cooperation. • Larger population • A relatively educated and trained human resource base. 	<ul style="list-style-type: none"> • There is need to consolidate political commitment and stability by promoting participation of the citizenry in the integration process. • Efforts to utilise these institutions and organs effectively to move the pace of integration should be made by EAC. • The strategy must come up with interventions that call for efficient use of the natural resources to improve the well being of East Africans. • The strategy must make use of positive experiences and avoid past mistakes in promoting integration. • The large population provides a large market for the region. This strategy should target building a regional economy that takes advantage of the large regional market. • Better and appropriate interventions are needed to ensure full and efficient utilisation of the human resource base in the region in the integration process.

⁶ Figures obtained from a Report on “Financing of the East African Community: Opportunities and Challenges”, presented to a high level retreat for ministers, EALA members, EACJ Judges, permanent secretaries and Community staff.

Weaknesses	Recommended Strategic Areas
<ul style="list-style-type: none"> • Relatively young and fragile democracies. • Inadequately operationalised regionally shared vision • Less than harmonised national with regional policies and plans, laws and regulations. • Poor and unbalanced infrastructure • Weak national currencies and financial systems. • Limited financial resources and budgetary constraints • Inadequate involvement of key stakeholders especially the grass-root stakeholders. • Limited institutional capacities • Low implementation rate of decisions made • Weak follow-up and M & E mechanisms. 	<ul style="list-style-type: none"> • In all aspects of the strategy, and other regional initiatives, efforts to Create and promote democratic institutions and values must be pursued. • There is need to formulate and operationalise a regionally shared long-term development vision and mission. • The strategy must include the need to complete harmonisation of national with regional policies, laws and regulations. • In order to bring balanced and equitable development the strategy must target Improvement and equitable distribution of economic and social infrastructure. • Part of the strategies towards establishing monetary Union should be a Design of interventions to address the weak national currencies and harmonise financial systems. • Past strategies faced serious financial constraints and hence implementation was rather low. It is therefore crucial to design workable and effective interventions to mobilise financial resources needed for an effective integration. • There is need to promote effective and broad based participation of people, particularly the grass-roots stakeholders in all matters related to the integration process. • The strategy must identify and address shortcomings in institutional capacity that holds back the integration process. • The strategy must Identify and address factors that delay the implementation of approved decisions. • A well formulated M & E framework, which among other things includes an accountability mechanism, should be part of this strategic framework.

Opportunities	Recommended Strategic Areas
<ul style="list-style-type: none"> • Supportive global initiatives including MDGs, NEPAD, WTO etc. • Interests of prospective Partner States. • Supportive multi-lateral and bi-lateral development partners • Availability of several regional blocs e.g. COMESA, SADC, EU, NAFTA etc. to collaborate and cooperative with. • Large market and economies of scale 	<ul style="list-style-type: none"> • The EAC should make use of global initiatives to design appropriate interventions and to mobilise resources and expand markets for East African goods and services. • The strategy should consider the prospects of enlarging the community to take advantage of new markets and assume regional political stability and social harmony. • Efforts to build and promote best relations with supportive multi-lateral and bi-lateral development partners to source financial resources and create a conducive environment for integrating EAC into other regional and world trade and financial institution. • The strategy should include promoting cooperation with other regional blocs to spearhead beneficial changes in global matters that affect the region. • There must be room within the strategy to think beyond the boundaries of EAC and include interventions that would enable the region to make use of potential larger markets and economies of scale in Eastern, Southern and Central Africa.

Threats	Recommended Strategic Areas
<ul style="list-style-type: none"> • Differentials in the economies of the Partner States • Weak competitive global positioning • Competing regional blocs and multiplicity of membership • Linkage and interpretation of development and democratization • Global warming and environmental degradation • Brain drain • Terrorism 	<ul style="list-style-type: none"> • The strategy should address differentials in the economies of the Partner States to remove fears and concerns about the benefits of the community. • The strategy must consider ways of making Partner State negotiate as EAC if they are to strengthen their position in the global competitive environment. • There is need to rationalize, harmonise and possibly reduce multiplicity of membership to other regional blocs. • Efforts to create a common approach and understanding of development and democratisation processes are needed. • There is need to design and implement strategies to substantially minimise the impacts of global warming and environmental degradation. • Interventions are needed to create more attractive economic, social and political incentives to substantially reduce brain drain, particularly of the most needed professionals especially in the science and technology area. • The EAC should collaborate with relevant international institutions to contain terrorism.

97. Experience with the past integration initiatives in East Africa has shown that the region has strength in the rising level of political commitment and relative political stability in the region, the establishment of the key organs and institutions of the community which are now functioning, the richness of natural resources and diversity of climatic conditions and agronomic zones in the region, the rich cultural heritage, the prior experience in economic integration and the larger population and larger market conducive to tapping economies of scale. These are positive environmental factors for effective integration and the Third EAC Development Strategy will capitalise on these strengths.

98. Integration efforts this far have also revealed weaknesses that will need to be addressed in order for this development strategy to succeed. The most notable among these are: relatively young and fragile democracies, inadequate involvement of key stakeholders (especially the grassroots), inadequately operationalised regionally-shared vision, less than fully-harmonised national and regional policies and plans as well as laws and regulations, weak national currencies and financial systems, slow pace of implementation of decisions made at the regional level, poor and unbalanced infrastructure, limited financial resources and budgetary constraints, and limited institutional capacities, including follow-up and monitoring and evaluation mechanisms.

99. However, opportunities that can be tapped in the integration efforts over this phase do exist. These include supportive global initiatives notably New Partnership for African Development (NEPAD), endorsement and commitment to Millennium Development Goals (MDGs), positive decisions by the G8 in terms of scaling up official development assistance for the poor countries following the adoption of the Blair Commission Report and special provisions in WTO. The larger and growing market in the region is a good opportunity for investments and trade and the availability of several regional blocs such as COMESA, SADC, European Union (EU), North American Free Trade Area (NAFTA), MERCOSUR and ASEAN are an opportunity for collaboration and cooperation as well as drawing useful lessons from the experience of these blocs.

100. There are threats as well that will need to be guarded against such as increasing differentials within and between the economies of the region, weak global competitive position, competing regional blocs (especially multiple membership), global warming and environmental degradation, the challenge of brain drain from the region and the threat of terrorism (real or perceived).

4.0 STRATEGIC DIRECTIONS AND PRIORITY INTERVENTION AREAS

101. This Strategy represents a general roadmap of the EAC agenda in the next 5 years. It will form the main basis from which projects and programmes can be derived. The formulation of the EAC-DS (2006-2010) is guided by developments at three levels: the world economy, the regional economy and the national economies. The developments at these three levels are an important basis for articulation of the principles, which have guided the formulation of this Strategy.

102. The EAC Treaty as an essentially sequential E.A integration treaty, starting with a Customs Union and moving on to a Common Market then a Monetary Union, and finally a Political Federation has areas of cooperation covering a complete sectoral spectrum. This has been taken into account as per the EAC Development Strategy Implementation Matrix (Annex 1).

103. Since the re-birth of East African Cooperation in 1993, a large number of documents and reports have been produced and published. All such reports including the Report of the Mid-Term Review of the EAC Development Strategy 2001 – 2005, have been dialectically analysed in the process of development of this strategy. In addition, all EAC Council decisions, especially decisions yet to be implemented, have been sourced and taken into account in the course of formulating this strategy.

104. This strategy is, however, largely based on views and submissions collected and/or received from a diversity of selected East African stakeholders, including political leaders, policy-makers, public servants, private sector, civil society, EAC staff, and EAC institutions, on historical as well as current and perceived future realities in East African cooperation.

4.1 Strategic Considerations

105. Challenges and strategic issues that have been considered in formulating the third EAC Development Strategy and identifying areas for priority intervention include:

- i. Globalisation and intensification of competition in the global markets and the need to use regional integration as a means to ensure inclusion in the globalisation process and achieve strategic positioning in the global economy.
- ii. The emergence of other regional economic blocs such as EU, NAFTA, ASEAN/AFTEC, SADC, COMESA as one response to the challenges posed by globalisation.
- iii. Link between regional and national plans and long term visions and their implication of the Strategy.
- iv. Strengthening inter-sectoral linkages across East Africa.
- v. Realism in terms of mapping priority objectives/ interventions, setting the timeframe for various activities and proper sequencing of activities.

- vi. Publicising and marketing the community to the people of East Africa and the rest of the world. Providing for greater involvement of the key stakeholders (such as private sector, civil society, youth, and women).
- vii. Effective implementation of agreed policies and programmes to deliver tangible services and benefits. Providing an effective institutional mechanism for overseeing over implementation of agreed initiatives including an effective M & E mechanism based on timely and reliable information and statistics.
- viii. Mainstreaming gender in all strategic interventions.
- ix. Ensuring sustainability of the Community.
- x. Empowering the citizens of East Africa to be full involved and to develop the capacity to benefit from the Community and equitable sharing of benefits of the integration process coupled with willingness to sacrifice by all stakeholders;
- xi. Investment in the peoples of East Africa through a human resource development strategy, taking into account strategies to mitigate the effects and likely impacts of HIV/AIDS.
- xii. Enlargement of the Community as provided in the Treaty and based on benchmarks and the process of accession are provided in Annex 3.
- xiii. Developing areas of common economic interests.
- xiv. Strengthening and enhancing inter-linkages among the organs and institutions of the community, clarifying and harmonising the roles of each organ of the Community and strengthening and empowerment of all EAC organs and institutions.
- xv. Peace and security in the region.

4.2 Criteria for Prioritisation

106. Strategic interventions were identified guided by the need to prioritize. The following criteria were used to guide prioritization:

- i. Ongoing projects and programmes - the implementation of the 2nd EAC Development Strategy dwelt considerably on designs of projects and programmes. The 3rd Development Strategy (2006-2010) therefore gives high priority to the implementation of ongoing projects and programmes;
- ii. Key elements and prerequisite for the establishment of Customs Union, Common Market, Monetary Union and Political Federation;
- iii. Stakeholder involvement, including private sector being the engine of growth;
- iv. Multiplier effects within sectors and sectoral linkages with strategic interventions cutting across sectors and across countries in the region;

- v. Regionalism – promoting activities which give maximum contribution to achieving the goals and objectives of the EAC and laying foundations for formulating a regional growth and poverty reduction strategy which is consistent with the regional vision for integration;
- vi. Areas of common economic interest for the Partners States.

4.3 Key Pillars of East African Integration

107. Considering the lessons and experience from implementation of the second EAC Development Strategy and taking into account developments during the last five years, the scope and purpose of the EAC Development Strategy for 2006 – 2010 aims to deepen and accelerate the integration process. In practical terms, this will mean that the third EAC Development Strategy will focus on consolidating the implementation of the Customs Union, concluding the Common Market Protocol and laying the foundation for the attainment of the Monetary Union and the Political Federation. The Strategy will also emphasise the development of supply capacities for the region to benefit from increased cross-border investment and trade and promote investment in supporting infrastructure. Sectoral priorities will seek to maximise mutual benefits from the available limited resources focusing on activities that are amenable to regional integration. Gender mainstreaming will be ensured in all strategic interventions in this strategy. The strategic interventions are outlined below, each with a development objective and a set of strategic interventions that are needed to achieve the objectives.

4.3.1 Cooperation in Political Matters, Defence and Security

108. Article 123 provides for the establishment of a common foreign and security policy by defining and implementing common foreign and security programmes. The main objectives of a common foreign and security policy are to safeguard the common values, fundamental interests and independence of the Community.

109. Under Article 124 of the Treaty the Partner States undertake to promote and maintain good neighborliness as a basis for promoting peace and security within the Community by evolving policies in regional disaster management, harmonising training operations for the management of refugees; cooperate in the handling of cross border crime, provision of mutual assistance in criminal matters including arrest and repatriation of fugitive offenders and the exchange of information on national mechanisms for combating criminal activities.

110. Article 125 of the Treaty, further, provides for cooperation in defence affairs in order to promote peace, security and stability within, and good neighbourliness among the Partner States. The Memorandum of Understanding (MOU) on cooperation in defence signed in 2001 by the Heads of States provides for cooperation in training, joint operations, and technical assistance as well as sports and culture activities to enhance cooperation among the Partner States Armed Forces. This MOU is currently under review for upgrading to a protocol.

111. EAC Protocol on Early warning is under negotiation, framework for disaster management and preparedness, a strategy for anti-terrorism are all under negotiation. The meetings of the EAC Chiefs of Police have been institutionalised to facilitate speedy policy making and implementation in the sector.

There is also enhanced cooperation of police and customs authorities in combating illegal cross border crime.

Development Objective:

- Good neighbourliness as a basis for establishing peace and security in the region is promoted and maintained.

Strategic Interventions:

- i. Develop a regional mechanism for common foreign policy coordination;
- ii. Establish a regional mechanism for early warning and disaster preparedness;
- iii. Establish of a regional mechanism for conflict management and resolution;
- iv. Establish measures to combat proliferation of Illicit Small Arms and Light Weapons;
- v. Establish joint measures to control terrorism;
- vi. Establish a mechanism to enhance the exchange of criminal intelligence, joint operations and patrols between Partner States;
- vii. Establish a regional framework for good governance and anticorruption;
- viii. Elevate the MoU on Defence to a Protocol;
- ix. Finalise and sign a MOU on EAC Police Cooperation;
- x. Harmonise Police training, and grades.

4.3.2 Completion of the Implementation of the Customs Union Protocol

112. The EAC Customs Union, which came into effect on 1st January 2005, is being overseen by the Customs and Trade Directorate, but implementation is being done by respective revenue authorities through a decentralised structure. To facilitate consolidation and smooth operation of the Customs Union interventions will continue to focus on promoting policy harmonization and policy convergence (macroeconomic policies, fiscal regimes, investment incentives, exchange rates, interest rates, etc.).

113. Consolidation of the Customs Union will ensure that investment are harmonised, transparent, enacted into law and are available to all enterprises on the same terms. The Partner States will adopt a common code of conduct for investment incentives and company income taxation. The Partner States will harmonise the process of moving away from discretionary tax exemptions towards transparent tax and investment laws. The Partner States will harmonise the revenue systems, custom administration and customs procedures with a view to realising the full benefits of the Customs Union. Initiatives will also be taken to address the issue of multiple memberships to other regional blocs and for EAC to negotiate and bloc with other regional groupings and in international fora. To facilitate the smooth operation of the Custom Union a number of steps have to be taken.

Development Objective:

- EAC Customs Union fully implemented.

Strategic Interventions:

- i. Implement regional customs procedures;

- ii. Build the capacity of relevant institutions/ individuals managing the implementation and monitoring of the Customs Union;
- iii. Publicise and disseminate information about the Customs Union;
- iv. Rationalise multiple memberships in regional organisations and negotiate as a bloc;
- v. Finalise setting regional standards;
- vi. Centralise customs collection at the first point of entry;
- vii. Amend E.A. Customs Union Protocol where and when necessary;
- viii. Establish E.A. Customs Authority.

4.3.3 Establishment of the East African Common Market

114. The EAC Treaty provides for commencement of negotiations on the Common Market as soon as the Protocol of the Customs Union is concluded. Having signed the Customs Union Protocol on 2nd March 2004 (which came into effect on 1st January 2005), the next priority is to start negotiating the EAC Common Market Protocol. The Common Market entails free movement of persons, labour, services, goods and the right of establishment. A single market with about 100 million consumers, and with no internal frontiers, will be the catalyst for the economic growth of East Africa. Key components of the Common Market are already underway and further progress is imminent. Macroeconomic convergence is another critical component for the East African Common Market that should be implemented through a sound institutional structure and framework.

115. One significant challenge for the smooth operation of the East African Common Market will be the need to share sovereignty, at regional level, for purposes of policy harmonization, common planning, and taxation.

116. Additionally, the EA common market challenges of trade imbalances (partially and currently addressed through the Principle of Asymmetry with respect to the EA Customs Union) as well as disparities in levels of development will need to be squarely addressed. For this reason, deepening and accelerating integration will call for a reviewed and operationalised Strategy for Management of Distribution of Costs and Benefits of the East African Common Market.

Development Objective:

- Achieved free movement of people, capital, labour, services and right of establishment of residence.

Strategic Interventions:

- i. Conclude the Common Market Protocol or Act;
- ii. Harmonise labour policies and legislation;
- iii. Harmonise procedures for issuance of entry/work permits;
- iv. Harmonise investment incentives;
- v. Issue IDs in Uganda and Tanzania;
- vi. Internationalise the East African passport;
- vii. Establish East African Examination Certification Council;
- viii. Harmonise and rationalise East African land policies;

- ix. Review and operationalise the strategy for management of distribution of costs and benefits of the EA Common Market.

4.3.4 Laying the Foundation for the East African Monetary Union

117. Monetary integration will require the Partner States to have similar and convergent macro-economic policies. Substantial ground has already been covered in harmonising monetary and fiscal policy within the East African Community (EAC). In addition to achieving convergence in economic and financial structures, Partner States will also require an institutional and legal framework for monitoring progress in monetary integration and formation of the Monetary Union.

Development Objective:

- A foundation is laid for the EA Monetary Union and for a single currency to be effectively in place in the next phase (2011-2015).

Strategic Interventions:

- i. Strengthen and integrate banking and financial systems, regulations, laws and procedures;
- ii. Strengthen and integrate the payments systems;
- iii. Remove all capital controls;
- iv. Harmonise statistical frameworks used in convergence criteria;
- v. Transform the Monetary Affairs Committee (MAC) into a Transitional Monetary Authority, which would be a supreme body responsible for monetary policy formulation and implementation;
- vi. Set up an independent East African Monetary Institute to undertake not only the technical work before establishment of an East African Central Bank but also surveillance of the convergence criteria. The East African Monetary Institute will initially report to MAC and thereafter report to the Transitional Monetary Authority. The East African Monetary Institute should be mandated to:
 - a. Conduct studies on the appropriate EAC exchange rate mechanism in the transition to a monetary union, so as to establish bilateral parities for entry into the Monetary Union, and the value of the new common currency for the region;
 - b. Conduct research on the costs of a monetary union in the EAC, and advice on appropriate risk mitigating and compensation mechanisms;
 - c. Set up overall policy coordination framework to oversee reviews of the convergence criteria, set up benchmarks and monitor performance during the transition to a monetary union; and
 - d. Undertake the technical and legal preparations for the establishment of a common central bank, and the introducing a common currency.
- vii. Enact appropriate legislations in the Partner States to facilitate the operations of the East African Central Bank.

4.3.5 Laying the Foundation for Establishing an East African Federation

118. Effective economic and social integration is desired by the people of East Africa. Establishing a central political authority will further strengthen this integration and consolidate the benefits so far

achieved. The idea of transforming East Africa into a political federation needs to be people centred and private sector driven, hence the need for sensitisation, consultation, and effective participation of the people of East Africa. People's views and consensus will provide a sound foundation for the sustainable political federation.

Development Objective:

- A foundation is laid through establishment of relevant regional structures for an East African Political Federation.

Strategic Interventions:

- i. Involve fully the people of East Africa, by designing and implementing an Information, Education and Communication (IEC) Strategy;
- ii. Identify E.A values and interests for unification of East Africans;
- iii. Formulate an EA Foreign Policy;
- iv. Transform the Regional Court into a Court of Appeal;
- v. Transform EALA into a Regional Parliament with Regional Constituencies;
- vi. Complete the process of consultations on fast tracking the Federation.

4.4 Cross-Cutting Priority Intervention Areas

4.4.1 Macro-Economic Convergence

119. In order to achieve and maintain macro-economic stability, the Partner States need to converge and harmonise on their macroeconomic frameworks and policies implemented through a sound institutional structure and framework. Since the Partner States are to be used as the “*building blocks*” for the East African economic union, current and planned national development strategies of all the current the Partner States have been taken into account in the evolution of this strategy. However, it should be noted, that none of the current national economic strategies have explicitly been guided by the macro-economic convergence criteria agreed to apply across East Africa over the implementation period (2001 – 2005) of the second East African Development Strategy. Therefore, in order to actually integrate over the next five year period, a major paradigm change will be for national economic strategies to be constructed under the over-arch of agreed East African macro-economic convergence parameters.

Development Objective:

- Macro-economic convergence achieved for the smooth operation of the EAC Common Market operations and subsequently a Monetary Union.

Strategic Interventions:

- i. Accelerate harmonization of fiscal policies;
- ii. Accelerate harmonization of monetary policies;
- iii. Accelerate harmonization of exchange rate policies;
- iv. Accelerate harmonization of budgetary processes and guidelines;
- v. Complete liberalization of capital controls in the Partner States;

- vi. Establish mechanisms for monitoring and management of foreign exchange flows associated with a liberalised capital market;
- vii. Design and implement an M&E Mechanism for the E.A Macro-Economic Convergence.

4.4.2 Capital Markets Development

120. In September 2004 the Council of Ministers passed a policy on the participation of East Africans in capital markets investments. The policy requires that all the Partner States to treat East Africans as domestic investors in the allocation of new Initial Public Offices (IPOs).

121. This is yet to be implemented. Tanzania and Kenya lag behind Uganda on the implementation of this policy. Capital account liberalisation has been achieved in Kenya and Uganda but not in Tanzania

122. For East Africans to be treated as domestic investors in all member-states, would require not only full liberalization of capital accounts by all Partner States, but also harmonisation of various tax rates related to capital markets. There will also be need to harmonise the proportions reserved for local investors in any IPO. Currently, only 25percent of any IPO is reserved for Kenyans compared to 40percent in Tanzania. Along with this, tax rates for foreign investors in capital markets have to be harmonised. As of now, Tanzania, unlike Kenya, does not have tax discrimination for foreigners.

123. Due to constraints outlined above, cross-border listings are unlikely to spur the regional market integration of Capital markets is not likely to be realised soon.

Development Objective:

- Capital Markets fully liberalised.

Strategic Interventions:

- i. Establish an East African Securities Institute to train East Africans on Capital Markets;
- ii. Develop and harmonise various laws in the region in order to cater for the regional securities market;
- iii. Prepare a consolidated regional regulatory framework that interfaces appropriately with national regulatory environment Formulate a regional policy framework on the operationalisation of a regional securities market;
- iv. Develop a regional capital market in East Africa;
- v. Establish a regional stock exchange that creates value and synergy to national and regional level stakeholders.

4.4.3 Development of Lake Victoria and its Basin

124. With the signing of the Protocol on the establishment of the Lake Victoria Commission, priority will be accorded to its implementation guided by the objective of enhancing the supply capacity in the region, through development of Lake Victoria as a shared natural resource.

Development Objective:

- Promoted sustainable development of Lake Victoria Basin livelihoods.

Strategic Interventions:

- i. Implement the Vision and Strategy Framework for LVBC which has already been developed with focus on:
 - a. Production and Income Generation
 - b. Environment and Natural Resource Management
 - c. Governance, Institutional Arrangements and Policies
 - d. Relationships and Working Mechanism with Other Stakeholders in the Lake Victoria Basin.
- ii. Enact the Lake Victoria Transport Bill and Implement the resultant Act;
- iii. Review Partnership Agreement and its implementation thereof.

4.4.4 Science and Technology

125. Science and technology are a key driver of socio-economic development and the achievements of most of the objectives of the EAC Common Market Agenda maybe facilitated by scientific and technological solutions. Technological innovation is a key factor in the development and competitiveness of the regional economies, which leads to wealth creation and the improvement of living standards. Most of the challenges such as food security; energy, water, transport, communications infrastructure and human resource development will require scientific and technological solutions. National systems of innovation will be strengthened and developed within the regional framework to form a regional system of innovation.

Development Objective:

- Developed and strengthened national and regional systems of innovations in order to drive sustainable socio-economic development and rapid achievements of the goals of EAC.

Strategic Interventions:

- i. Develop legal instruments and establish an institutional framework for regional cooperation in Science & Technology;
- ii. Formulate a Regional Science & Technology Policy;
- iii. Encourage regional collaboration and networking on research and technology development;
- iv. Identify and support centres of excellence in the region.
- v. Establish a dynamic E.A. Science and Technology Council;
- vi. Establish an East African Science and Technology Institute;
- vii. Review former EAC research institutes for re-regionalisation as E.A. institutions.

4.4.5 Human Resource Development

126. Human resource development contributes to raising the level of productivity and reduction of poverty, through developing and utilizing human capabilities. It improves the availability of skilled, flexible, productive and efficient human resources, and contributes to the promotion of EAC's equitable economic growth, deeper integration and competitiveness in the global economy.

Development Objective:

- Developed and sustained human capabilities.

Strategic Interventions:

- i. Establish centres of specialization and excellence for the training on priority human resource development including harmonising vocational training;
- ii. Coordinate and harmonise EAC positions on international commitments in the area of human resource development;
- iii. Harmonise policies for employment creation and productivity improvement with a view to enhance absorptive capacity of labour and reduce brain drain in the region;
- iv. Develop an East African human resource development and utilization strategy.

4.4.6 Combating HIV and AIDS Pandemic

127. HIV and AIDS continue to pose a serious threat to sustainable development in the region, and its integration agenda. The levels of prevalence and the incidence of HIV and AIDS are still high, in spite of the various measures that have been put in place to address the epidemic. This calls for a radical scaling up of innovative responses at the regional level. The focus should be on the prevention of HIV and AIDS, care and the mitigation of its impact in order to ensure sustainable human development within Partner States.

Development Objective:

- Reduced incidence of HIV and AIDS infection and its socio-economic impact in the region.

Strategic Interventions:

- i. Develop an EAC HIV and AIDS Policy and Strategy;
- ii. Coordinate and harmonise the development of policies and strategies in major intervention areas;
- iii. Develop and strengthen capacity to undertake the mainstreaming of HIV and AIDS in all sectors and at all levels in East Africa, and create the skills needed for the integration of HIV and AIDS in all projects and programmes;
- iv. Develop guidelines and exchange of best practices in major intervention areas such as mainstreaming of HIV and AIDS, Prevention of Mother to Child Transmission (PMTCT), support to orphans, home based care and treatment;
- v. Coordinate and facilitate the monitoring of regional and global commitments for HIV and AIDS and related indicators, and publish regular reviews for EAC as a whole to supplement the monitoring undertaken at Partner States level;
- vi. Mainstream HIV and AIDS into the curricula of both primary and secondary schools across the whole of East Africa;
- vii. Promote cross-border interventions on prevention, care and support;
- viii. Allocate more resources at the regional level to HIV and AIDS Programmes;
- ix. Undertake impact studies of HIV and AIDS pandemic on key sectors in the region.

- x. Mainstreaming HIV/AIDS among universities and other higher institutions of learning and undertake a critical analysis of information gaps on HIV/Aids in the institutions of higher learning with a view to building a holistic database including follow-up services and staff/student attitude towards the epidemic, infected and affected.

4.4.7 Promoting Participation, Publicity and Marketing

128. The experiences in regional integration incorporate the application of the principle of "Subsidiarity". This principle emphasises the importance of participation and involvement of a wide range of stakeholders in the process of integration. This implies that all actors in the region will be availed space to influence developments in the regional integration process and highlight sensitivity to the interests of various groups. In order to promote the role of the key stakeholders in regional integration it is important that various associations, networks and strategic alliances are established and modalities of collaboration and participation are designed to enable the various actors to exchange information and organise their participation in shaping the integration process. The Treaty establishing the EAC recognises the critical role of integrating the key stakeholders such as the civil society, women, youth and the private sector in the development agenda of the Community with the intension of empowering effective participation of the citizenry in matters of economic development and creating a conducive environment for effective participation. In order for participation to take root and be effective, there is need to raise the public awareness of the EAC and address the entrenched national sovereignty and to gradually cultivate a sense of East Africanness. This aspect will be addressed through an appropriately packaged publicity and marketing strategy of the EAC among the key stakeholders especially the grassroots.

Development Objective:

- Promoted participation of the citizenry (including civil society, women, youth and the private sector) and having them fully aware of the East African Community affairs.

Strategic Interventions:

- i. Formulate and implement the Information, Education and Communication (IEC) strategy;
- ii. Implement the Private Sector Development Strategy (PSDS);
- iii. Institutionalise the participation of civil society, women and private sector associations at national and regional consultations;
- iv. Launch effective public awareness and marketing campaigns about EAC and its objectives and activities. In the process, involve the civil society, women, youth and the private sector in publicity and promotion of Community affairs;
- v. Facilitate the creation and/or development of the capacities of EAC chambers, East African Business Council and other non-state actors' associations.

4.4.8 Relations with Other Regional and International Organisations

129. The EAC Treaty has taken cognisance of existing regional cooperation agreements and arrangements binding the Partner States. These include the African Union (AU) and NEPAD, and regional groupings such as the Common Market for Eastern and Southern Africa (COMESA), the Southern African Development Community (SADC) and Inter-Governmental Authority on Development

(IGAD). These regional groupings aim at bringing about faster economic development within their respective regions. This is in line with the spirit of the Lagos Plan of Action and the Abuja Treaty, which see regional groupings as building blocks of the African Economic Community.

130. EAC with these larger initiatives, the Partner States subscribe to the principles of "variable geometry". In this regard, the principle accommodates fast tracking in implementation of various aspects of cooperation envisaged under the larger integration schemes – this indeed is the comparative advantage for EAC.

131. The key Strategy will be to ensure coordination and flexibility across different levels of cooperation. The East African Community will, therefore, for purposes of bringing about faster economic development in Africa, be in complementarity with other regional groupings, thus minimising, through Cooperation Agreement with COMESA and SADC, potentially harmful effects of multiple membership of the Partner States therein. However, with the deepening of integration hard choices will have to be faced and rationalisation effected.

132. At the global level, the economic challenges facing EAC include the process and effects of globalisation, which encompasses, among others, financial, trade and technological forces. The agenda of the World Trade Organisation (WTO), the Cotonou Agreement between the EU and ACP countries (EPAs) as well as the USA's Africa Growth and Opportunity Act (AGOA) will continue to be key challenges and opportunities for EAC. Due consideration will be given to the developments in the international arena, where global multilateralism is bound to affect the patterns of trade, production and investment of members of the regional groupings. EAC Partner States will continue to view the regional integration arrangements as giving them a range of opportunities to liberalise their economies and avoid marginalisation. While coordinating with other regional cooperation arrangements in Africa is very important, EAC will help Partner States to achieve enhanced competitiveness regionally and globally.

Development Objective:

- Strengthened relations with other regional and international organisations with a view to enhancing the competitiveness of EAC Partner States.

Strategic Interventions:

- i. Register the EAC Customs Union with WTO and WCO;
- ii. Enhance negotiation capacities on global issues;
- iii. Ensure EAC negotiates as a regional bloc;
- iv. Rationalise multiple membership in regional organisations;
- v. Negotiate and conclude cooperation agreements with COMESA and SADC;
- vi. Enhance joint participation in NEPAD Activities.

4.5 Sectoral Priority Intervention

133. Growth and poverty reduction strategies will have ramifications at the sectoral level. This calls for greater focus on measures that spur investments in growth and competitiveness of the productive

sectors (agriculture, industry, and tourism). Productive sectors are also a basis for the livelihood of the people in the region, and they directly address the problem of low productivity (thus reducing income poverty), unemployment and food insecurity in the region. The strategy is to design economic integration as an intermediate step towards global integration with firms progressing from nationally competitive to regionally competitive and ultimately becoming globally competitive players. These are gains to be derived from transforming economic structures and taking advantage of the larger regional market. The regional market provides the opportunity for firms to engage in higher degree of specialization in their investments and production.

4.5.1 Agriculture and Food Security

134. The regional Strategy of enhancing supply capacities in agriculture will entail identifying high value agricultural sub-sectors for which the region has comparative advantage and capitalise on investments that can facilitate the shift from comparative to competitive advantages by facilitating transformation up the value chain. Effort will be placed on identifying activities which are more amenable to regional cooperation such as agricultural research on similar agronomic zones, seed multiplication and distribution, livestock multiplication and distribution, plant and animal diseases control, irrigation and water catchments management and developing mechanisms of information exchange about the status of food security in the region.

Development Objective:

- Promoted value addition, productivity and competitive agricultural supplies to realise cross border trade for sustainable food security.

Strategic Interventions:

- i. Implement the EA Agricultural and Rural Development Policy and Strategy that have already been developed;
- ii. Finalise the establishment of the East African System of Early Warning to monitor food shortage;
- iii. Ensure application of the Sanitary and Phyto-sanitary measures in place;
- iv. Harmonise remaining regional policies, regulations, and standards/SPS;
- v. Strengthen Partner State Agriculture/Livestock institutions, farmer associations, traders and processors associations;
- vi. Undertake joint activities on regional basis such as seed multiplication and distribution, plant and animal diseases control, irrigation and others;
- vii. Promote joint negotiations on agriculture issues at regional and international level;
- viii. Implement the project on control of trans-boundary animal diseases;
- ix. Promote joint research in the agricultural sector recognising different agronomic zones in the region;
- x. Prepare alternative strategies for helping pastoralists to diversify their developmental activities.

4.5.2 Industry

135. At the time when the economies of East and South East Asia were positioning themselves to exploit the opportunities stemming from globalisation, East Africa remained behind, locked into a north-south pattern of trade, inward looking, heavily dependent on exports of raw and semi-processed materials and import substitution that was slow to create competitive advantages.

136. The performance of East Africa's industrial sector both in terms of growth and structural change has been poor relative to other regions. The sector is still dominated by traditional and technologically simple consumer goods and primary commodity exports. Industrial development is instrumental to the generation and diffusion of technology, which is an important source of dynamism and competitiveness in an economy. The neglect of the role of industry amounts to the omission of the primary change agent for economic transformation. In this regard, implementation of an E.A Industrialisation Strategy will be given priority.

137. The role of SMEs is important, particularly now that indigenously owned SMEs have started expanding business in East Africa. SMEs are known for their potential for employment creation and income generation for the relatively poor. The promotion of these enterprises should be an important part of any regional industrial strategy

Development Objective:

- Promoted balanced and globally competitive Industry in the region.

Strategic Interventions:

- i. Review and implement the E.A Industrialisation Strategy that has already been developed;
- ii. Promote production of finished industrial goods for regional and export markets;
- iii. Promote Industrial Research and Development (R&D)
- iv. Implement SQMT provisions;
- v. Promote competitive SMEs as a basis for employment creation and income generation;
- vi. Implement Investment Codes and ensure their application by local and foreign investors;
- vii. Promote industrial production to achieve the goal of an industrialised region in the medium term;
- viii. Promote cleaner production through introduction and application of modern and appropriate technologies.

4.5.3 Tourism and Wildlife

138. Tourist attractions in the Partner States to a large extent complement each other. Hence working together to promote the industry and maximise gains for the Partner States is the agreed principle. The Treaty for the establishment of EAC requires Partner States to undertake and to develop a regional Strategy for tourism promotion.

Development Objective:

- Maximised benefits from sustainable tourism and wildlife resources.

Strategic Interventions:

- i. Market and promote East Africa as a single tourist destination;
- ii. Operationalise the East African Tourism and Wildlife Conservation Agency (EATWCA);
- iii. Implement the criteria for classification of hotels, restaurants, and other tourist facilities;
- iv. Harmonise policies and legislation on wildlife conservation and management;

- v. Adopt a regional approach to the protection of wildlife resources from illegal use and practice;
- vi. Adopt a regional approach for participation in regional and international treaties/agreements on wildlife conservation and management;
- vii. Enhance capacity building in the tourism and wildlife sector.

4.5.4 Environment and Natural Resources

139. Partner States recognise the need for environmental management and economic utilization of natural resources for sustainable development. The aim is to reduce threats to human health and ecosystems, promote sustainable development, and manage natural resources on a sustainable basis.

Development Objective:

- Establish sustainable environmental management and economic utilization of natural resources.

Strategic Interventions:

- i. Implement the Protocol on Environment and Natural Resource Management;
- ii. Promote joint participation in international treaties and conventions;
- iii. Finalise harmonization of mineral laws and policies;
- iv. Complete the preparation of water vision, mission and comprehensive management strategy;
- v. Prepare a comprehensive development strategy for Arid and Semi-Arid Areas including promotion of irrigation;
- vi. Undertake joint resource management and exploitation;
- vii. Support joint research in dedicated centres of excellence;
- viii. Establish an EAC water management institute.

4.5.5 Provision of Adequate and Reliable Supporting Infrastructure

140. Bridging the infrastructure gap has the potential for deepening integration through sharing of production, management, and operations of infrastructure facilities, hubs, and development corridors. The current state of infrastructure needs urgent improvement to facilitate business and encourage investment at national and regional level. Strategic regional infrastructure interventions are key to attracting investment into the region, improving competitiveness, and promoting trade.

4.5.5.1 Roads

Development Objective:

- Improved road connectivity and operations across the region.

Strategic Interventions:

- i. Complete rehabilitation/construction of prioritised regional roads and institutionalise maintenance of roads;
- ii. Continue with the 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;
- iii. Implement the Tripartite Agreement on Road Transport.

4.5.5.2 Civil Aviation

141. Civil aviation plays a critical role in the movement of people, goods and services produced within and outside the region. Emphasis will be placed in harmonising aviation policies in order to promote safe, reliable, efficient and economically viable civil aviation in the region, to enable this mode of transport play an effective role in the regional transport infrastructure.

Development Objective:

- Maximised benefits of a safe, secure and efficient air transport system in the region.

Strategic Interventions:

- i. Implement the Search and Rescue Agreement and establish the EAC Search and Rescue Administration;
- ii. Harmonise and implement civil aviation programmes, projects and regulations;
- iii. Establish and operationalise the East African Civil Aviation Safety and Security Oversight Organisation;
- iv. Establish and operationalise the EAC Upper Airspace Administrative Centre;
- v. Finalise the formulation of a Common Aviation Policy by Partner States;
- vi. Fully liberalise civil aviation activities in East Africa.

4.5.5.3 Railway Sub-Sector

142. Considering the dwindling impacts of the present transportation landscape in East Africa, a revitalised railway system could bring substantial benefits to the region particularly for the long distance and bulky transport end of the freight business, there is need to pay special attention to the revitalization of the railway sub-sector. An efficient railway system can also tap the largely unexploited potential in passenger transport and minimise the rapid wear and tear of EAC major roads.

Development Objective:

- Maximised benefits from an efficient railway system.

Strategic Interventions:

- i. Develop and implement the EAC Railways Master Plan;
- ii. Carry through the ongoing railways concession process.

4.5.5.4 Maritime Sub-sector

143. East Africa boasts of the availability of navigable water resources, with the most prominent being the Indian Ocean and Lake Victoria. While the ports on the Indian Ocean act as lifelines for many of the industries and other activities in the region, Lake Victoria plays a critical role in inland transportation and has the potential for cruise tourism, and water sports. It is therefore important to enhance the efficiency of ports, safety of navigation and maritime security in general.

Development Objective:

- Have in place efficient, safe and secure maritime operations.

Strategic Interventions:

- i. Implement the Inland Waterways Transport Agreement;
- ii. Undertake capacity building of Lake Victoria Transport Commission to enable it manage transport in the Lake.

4.5.5.5 Meteorological Services

144. Meteorological services facilitate the efficient operations of air navigation, ocean and marine services navigation, coastal shipping, inland waterways transport, and issuing of warnings against cyclone and other adverse weather phenomena. Emphasis will be placed on capacity building and harmonization of policies for the provision of meteorological services in the region.

Development Objective:

- Have in place expanded and upgraded meteorological services in the region.

Strategic Interventions:

- i. Harmonise policies for the provision of meteorological services;
- ii. Build capacity in climate analysis, weather forecasting and meteorological observations.

4.5.5.6 Information and Communication Technology

145. Information and Communications Technology (ICT) covers telecommunications, postal services, broadcasting and information technology. EAC recognises the importance of ICT in meeting the challenges posed by globalisation, facilitating the regional integration agenda, and enhancing the socio-economic development prospects of the region. There is a need to develop an inclusive, balanced, and socially equitable information and knowledge-based society that is founded on coordinated national strategies to effectively integrate ICT into regional development policies.

Development Objective:

- Information and Communication Technology integrated into regional development initiatives.

Strategic Interventions:

- i. Complete implementation of the Cross Border Connectivity Project;
- ii. Complete the Regional Telecommunication Trunking Project;
- iii. Co-ordinate and harmonise information and communication technology policies;
- iv. Facilitate the implementation of the East African Marine Cable.

4.5.5.7 Energy

146. In the energy sector emphasis will be to ensure availability of sufficient, reliable, and cost effective energy services which will assist in addressing the broader EAC objectives of attracting investments, and promoting competitiveness and trade bearing in mind environmental sustainability.

Development Objective:

- Increased access to sufficient, reliable, affordable and environmentally friendly energy sources in the region.

Strategic Interventions:

- i. Implement the East African Power Supply Master Plan;
- ii. Promote energy mix system involving non-renewable and renewable energies;
- iii. Implement the extension of gas pipeline from Dar es Salaam to Tanga, Zanzibar and Mombasa;
- iv. Promote the existing gas resources for electricity production;
- v. Complete building of oil pipeline from Western Kenya to Kampala;
- vi. Harmonise fossils fuel policies, procedures and regulations;
- vii. Prepare fossils Fuel Master Plan;
- viii. Prepare E.A Renewable Energy Master Plan;
- ix. Prepare an Integrated Regional Energy Master Plan comprising hydroelectric power, petroleum, coal, gas, solar and other renewable sources of energy.

4.5.6 Health

147. Improvement in the quality of life and social well being of the people of East Africa depends very much on the provision, affordability and access to good health services. Improved quality of life will enable societies in the region to engage fully in the production processes.

Development Objective:

- Strengthened and expanded collaboration in the health sector.

Strategic Interventions:

- i. Provide cross-border health services for communicable and non-communicable diseases;
- ii. Establish joint medical research and training activities in dedicated centres of excellence;
- iii. Take joint action towards the prevention and control of communicable and non-communicable diseases and to control pandemics and epidemics of communicable and vector-borne diseases such as cholera, malaria, hepatitis and yellow fever and to co-operate in facilitating mass immunization and other public health community campaigns;
- iv. Establish an information exchange systems on communicable and non-communicable diseases;
- v. Harmonise national health policies (including drug policies) and regulations and promote the exchange of information on health issues in order to achieve quality health within the Community;
- vi. Harmonise pharmaceutical standards;
- vii. Execute a study for Introduction of Compulsory Health Insurance across East Africa.

4.5.7 Education

148. Literacy levels are still very low, a situation that is not conducive to increasing productivity and coping with competition. Quality of education and training is very instrumental for developing human skills that are needed in the world of work and in the world of competition. Therefore, over this period, emphasis will be on harmonisation of E.A education and training system.

Development Objective:

- A completely harmonised East African education system for enhancement of a productive and creative human resource.

Strategic Interventions:

- i. Harmonise E.A education systems;
- ii. Harmonise E.A school curricula for Primary Schools Level and vocational training including Integrated Production Skills (IPS);
- iii. Reform and harmonise E.A Secondary School curricula;
- iv. Harmonise primary and secondary schools examinations;
- v. Re-establish an East African Examinations Council;
- vi. Harmonise E.A. certification and accreditation of education and training institutions;
- vii. Establish East Africa as a Common Education Area.

4.5.8 Urban Development and Housing**Development objective:**

Achieve smooth transition from rural to urban settlements and promote decent housing

Strategic Interventions:

- i. Coordinate approaches to urban planning and housing in the region
- ii. Adopt best urban planning and decent housing practices that can be adopted region-wide.

4.5.9 Legal and Judicial Affairs

149. Legal and judicial affairs play a critical role in regional integration as policy decisions have to be made within a legal framework. It is therefore important to strengthen cooperation in legal and judicial affairs so as to facilitate the EAC integration process.

Development Objective:

- Harmonization and strengthening of legal and judicial system.

Strategic Interventions:

- i. Harmonise municipal laws in the EAC context;
- ii. Harmonise legal training and certification;
- iii. Conclude the Protocol on the Extension of the Jurisdiction of the East African Court of Justice;
- iv. Enable and enhance cross-border legal practice.

4.6 Institutional Capacity Development of Organs and Institutions of the Community

150. The Secretariat together with other organs and institutions of the Community namely the Summit, the Council, EACJ, EALA, IUCEA, EADB, LVFO and LVBC undertake various functions relating to development of EAC. Their mandates have expanded overtime without any corresponding increase in both human and financial capacities. This situation has had implications on efficiency and effectiveness of service delivery that is required for administration and implementation of projects and programmes of the Community.

4.6.1 The EAC Council/EAC Summit

151. The EAC Council, reporting to the EA Summit, is the prime policy organ of the East African Community. Therefore, much of the enabling institutional reforms and empowerment for decision-making, for purposes of deepening and accelerating East African integration will largely depend on the decisions of the efficiency of the Council of Ministers.

152. The criteria and procedures which the Secretariat (or any other organ of the EAC) uses to ensure that adequate consultations are undertaken at the Partner States level for her to act are currently rather foggy and unwieldy. The current EAC Protocol on Decision Making is brief and applies only to the Council of Ministers. An in-depth study is needed on the consultative process as a basis for reaching agreement on the criteria, guidelines, agreed formats, and time limits, if the many activities outlined in this Strategy are to be undertaken within the next five years.

Development Objective:

- Ensured expeditious and effective decision-making on EAC affairs with a view to enabling deepening and acceleration of East African integration.

Strategic Interventions:

- i. Harmonise national with EAC level decision making frameworks and processes;
- ii. Review the EAC Decision-Making Protocol to enable a much faster decision-making process at all levels;
- iii. Review the EAC route to deepening E.A integration via Protocols vis-à-vis other possible instruments, e.g. an EAC Act;
- iv. Harmonise public service systems, including public holidays, of the Partner States.

4.6.2 EAC Secretariat

Development Objective:

- Strengthened capacity and enhanced mandate of the EAC Secretariat.

Strategic Interventions:

- i. Re-Structure and empower the EAC Secretariat to introduce reforms;
- ii. Identify more reliable sources of funding;
- iii. Offer training to staff;
- iv. Recruit additional staff;
- v. Establish EAC Secretariat Country Offices.
- vi. Build the EAC headquarters;

4.6.3 East Africa Legislative Assembly (EALA)

Development Objective:

- Strengthened capacity and enhanced mandate of EALA.

Strategic Interventions:

- i. Enhance the mandate of EALA;
- ii. Forge stronger linkages between EALA and national parliaments;
- iii. Accord EALA financial autonomy;
- iv. Enlarge EALA in its light of increased mandate;

4.6.4 East Africa Court of Justice (EACJ)**Development Objective:**

- An effectively operational EACJ.

Strategic Interventions:

- i. Enhance the mandate of the Court to cover
 - a. Appellate Role
 - b. Human Rights
 - c. Common Market Tribunal functions;
- ii. Grant the EACJ financial autonomy;
- iii. Re-structure the EACJ.

4.6.5 Lake Victoria Basin Commission**Development Objective:**

- Established an effectively operational LVBC.

Strategic Interventions:

- i. Build LVBC Headquarters;
- ii. Build Capacity of the Secretariat of the Commission;
- iii. Develop a Strategic Plan 2006-2010 for LVBC for 2006-2010;
- iv. Work out sustainable financing mechanisms for the Commission;
- v. Strengthen LVBC cooperation with other EAC institutions and outreach activities;
- vi. Strengthen cooperation with all stakeholders including Development Partners, other Riparian States, Private Sector, Civil Society, National, Regional and Institutional Organisations.

4.6.6 Lake Victoria Fisheries Organisation (LVFO)**Development Objective:**

- Established an effectively operational LVFO.

Strategic Interventions:

- i. Improve the collection, use, storage and transfer of fisheries and socio-economic information needed for management;
- ii. Harmonise national policies and legislation for fisheries management on Lake Victoria;
- iii. Update LVFO Strategic Vision and Lake Victoria Fisheries Management Plan;
- iv. Complete the establishment of an institutional framework for fisheries management;

- v. Establish sustainable financing and plans for management institutions;
- vi. Develop capacities of BMUs and Governments for fisheries co-management;
- vii. Construct LVFO HQ in Jinja, Uganda;
- viii. Establish an M&E System to monitor performance of the institutions and impacts of management measures;
- ix. Review and/or develop a successor plan to the Lake Victoria Fisheries Management Plan.

4.6.7 East Africa Development Bank (EADB)

Development Objective:

- EADB becomes a truly lead financial institution in Eastern Africa for both public and private development finance of EAC projects.

Strategic Interventions:

- i. Review mandates of EADB;
- ii. Energise Issuance of EADB Corporate Bonds;
- iii. Review and enhance the capital structure of EADB in line with the enhanced mandate;
- iv. Amend EADB charter with respect to the new mandate;
- v. Review the institutional structure of EADB;
- vi. Rationalise and create a dynamic EADB Equity Fund;
- vii. Establish EADB Venture Capital Fund;
- viii. Evaluate legal standing of EADB along the lines of other multi-lateral lending;
- ix. Review lending powers of the Board vis-a-vis those of Management;
- x. Construct effective operational linkages with external resources of lendable funds, including ODA Institutions.

4.6.8 Inter-University Council of East Africa (IUCEA)

Development Objective:

- The IUCEA becomes an effective and all-embracing research and human resource development institution for East Africa.

Strategic Interventions:

- i. Harmonise curricula of tertiary Institutions;
- ii. Introduce “*Credit Transfer*” across all East African tertiary institutions;
- iii. Introduce institutionalised “*Free Movement of Students*” in East Africa;
- iv. Create an East African Higher Education Area;
- v. Re-focus University work on research, especially science and technology on an on-going basis;
- vi. Equalization of Tuition Fees (non-differentiation) for all East African students in all E.A Tertiary Institutions;
- vii. Create an East African bursaries pool;
- viii. Establish an East African Council for Higher Education;
- ix. Review, revive and re-regionalise all relevant E.A research institutions (of EAC);

- x. Develop a strategic approach for education and training institutions in East Africa, based on the strategic statement to the effect that “...Training *institutions for human resource development, in East Africa, should be qualitative and competitive, both internally, viz within East Africa, and externally...*” and review the EAC conceptual philosophy and practices with reference to EAC centres of excellence;
- xi. Execute a SWOT and cost-effectiveness/efficiency analysis/audit and location of the IUCEA with respect to EAC Headquarters.

4.7 Development of East African Policies/Laws/Standards

153. The Principle of Sublimity mentioned earlier, can only be operational if there are shared regional values, policies, strategies, laws, regulations, and practices. Currently, this is generally not the case and therefore, for purposes of deepening and accelerating the pace of the integration process, there will be a need to formulate East African policies, laws and standards.

Development Objective:

- Formulated East African policies, laws and standards needed for a smooth operation of the EAC.

Strategic Interventions:

- i. Debate and accept the application of the sublimity principle with respect to E.A integration;
- ii. Research and formulate an E.A Policy Framework;
- iii. Execute a Study on Principles for Harmonization of National Laws and E.A. Regional Laws
- iv. Create an E.A Policy Research Centre;
- v. Create an East African Standards Organisation;
- vi. Harmonise all National Plans and Strategies with EAC Plans and strategies.

5.0 IMPLEMENTATION AND COORDINATION FRAMEWORK

5.1 Principles of EAC Development Strategy Implementation

154. Taking into account the nature of the levels of economic development in the Partner State, implementation of the EAC Development Strategy (2006–2010) will be based on the following principles:

- i. The Principle of **Asymmetry**, which recognises the need to address differentials and imbalances in the process of integration;
- ii. The Principle of **Complementarity**, with participation of people in community activities at all levels and in a wide range of activities with a view to complementing each other;
- iii. The Principle of **Subsidiarity** that emphasises multi-level participation of a wide range of participants in the process of economic integration.
- iv. The Principle of **Variable Geometry** which allows for progression in co-operation among groups within the Community for wider integration schemes in various fields and at different speeds;
- v. The Principle of **Sublimity** that will enable harmonization of national policies/strategies/plans, laws and standards with regional counterparts.

5.2 Key Issues for Successful Implementation

155. Effective implementation of the Development Strategy will call for:

- Far reaching reforms of the EAC organs and institutions;
- Co-alignment of all national strategic strategies and plans with regional strategies and plans.

156. Formulation of regional policies, laws and standards from which respective national policies, laws and standards will be derived.

157. Convergence of strategic planning in East Africa will be imperative number one in the above process. Despite provisions for the EA macro-economic convergence in the 2nd EAC Development Strategy, the Partner States national strategy plans developed over the reference period (2001-2005) were not explicitly based on or guided by the agreed regional macroeconomic framework and the respective convergence criteria. For the integration phase (2006-2010), it will be imperative that all national plans and strategies be based on agreed regional macro-economic framework as well as the regional policies and regional plans for each sector. This is an important precondition for deepening and accelerating integration.

158. For this reason, the **Principle of Sublimity**, namely that: every regional policy, law, regulation, practice etc shall be at least as good as the best of the national policies etc, and further that such a regional policy, law or regulation shall supercede any national policy, law or regulation, will be assume high priority amongst existing EAC operational principles.

159. For this reason, one of the strategic intervention areas of the 3rd EAC Development Strategy will be to address any existing disparities between national Plans and development frameworks over the period 2001-2015 and the EAC Development Strategy 2006-2010.

160. The Principle of Sublimity, mentioned earlier, is only operational if and only if shared regional values, policies, strategies, laws, regulations, and practices are in place. This is generally not the case in East Africa.

161. Therefore, for purposes of accelerating the pace of integration process in East Africa, there will be a need to develop:

- East African shared values;
- Regional cross-cutting policies;
- A plethora of regional sectoral policies, especially to do with management of national resources and the environment, human resources, industrialisation, and infrastructure;
- Regional laws and regulations to supercede national laws; and
- EA standards across every sector.

162. The successful implementation of this Strategy is to a large extent predicated on the capacity that exists at both Partner States and regional levels. Key capacity constraints relate to human resources, financial constraints, and an appropriate institutional framework. Fundamental factors necessary for the effective implementation of the Strategy, which will be taken on board, include:

- i. The acceptance, trust and real commitment of Partner States to E.A integration;
- ii. A common understanding and acceptance of the fundamental roles to be played by the line function responsibility structures;
- iii. Regular dialogue and consensus building on issues that are critical to the region;
- iv. A clearer definition of roles and responsibilities of organs and institutions of the Community;
- v. Key EAC organs and institutions adequately empowered to make and enforce binding decisions across Partner States;
- vi. The private sector and civil society represented in the EAC institutional arrangements within the spirit of promoting Public Private Sector Partnerships;
- vii. Concrete time bound and costed activities developed and clearly spelt out in annual implementation work plans for each project or programme;
- viii. Strengthened linkages between Secretariat and focal points in the Partner States;
- ix. Revisiting the Treaty for the establishment of EAC with a view to updating relevant parts and tightening some parts to facilitate implementation.

163. The above working key areas for the success of this Strategy are broken down into tangible activities, over the plan period, outlined hereto as Annex 1.

5.3 Institutional Reforms

164. For successful implementation of the EAC Development Strategy 2006-2010, and the E.A Common Market in particular, it will be critical that the mandates of EAC Organs and Institutions are rationalised further with a view to broadening and deepening the roles and responsibilities of the organs and empowering them with authority to take decisions that are binding to Partner States. Financial capacity should be enhanced to enable each organ or institution to implement agreed EAC programmes and activities. Specific proposals for the necessary institutional reforms have been made in section 4.8.

5.4 EAC Ex Presidents Advisory Council and Think Tank

165. Over the 2nd EAC Strategy argument for setting up an Advisory Council of ex-Presidents of the Partner states were advanced. Also advanced were arguments for an EAC Think Tank, to periodically think through the complex technicalities of integration and advise relevant EAC organs (and institutions) as necessary.

166. As earlier indicated, this thinking has now been advanced into the establishment of EAC ***Ex Presidents Advisory Council***, comprising of ex-Heads of State. The Ex Presidents Advisory Council will exist as a referral EAC organ, on any critical issue.

167. There is need to ensure a Think Tank is created to bring the technical dynamics to the integration process and to anticipate challenges and emerging complexities. Arrangements will be made to establish an East African Policy Research Centre (EAPRC), as an Organisation. In the course of implementation of this rather complex strategy, all EAC organs and institutions will be invited and urged to consult and use the services of this Think Tank.

5.5 Management of the Development Strategy 2006-2010

168. A number of statements to do with management of this strategy, especially to co-align it with the EAC Long-Term Strategic Vision and to promote participatory ownership of both this Strategy and the Long-Term Vision are sequestered in the text.

169. For purposes of focused implementation, all key activities to be implemented by the EAC Secretariat have been listed in the last template of Annex 1 (Sub-Section 1.26) as Management of the EAC Development Strategy 2006-2010.

170. These also include timely initiation and management of the process leading to the formulation and launch of the next EAC Development Strategy (2011-2015), by which plan period it is expected that the EAC will have not only been enlarged but that she will also be a more visible going concern as an Economic Union.

6.0 MONITORING AND EVALUATION FRAMEWORK

6.1 Principles of Monitoring and Evaluation

171. Monitoring and Evaluation is one of the most important elements of strategic planning. The overall objective of monitoring and evaluation is to assess the performance of the plan, against plan time-runs, and make the necessary adjustments in order to achieve the objectives of the plan by the end of the plan period. Therefore, monitoring and evaluation needs to be structured and integrated into any process for management of change.

172. A Monitoring and Evaluation System is normally designed to monitor whether program objectives/targets/outputs or results/outcomes are on course towards projected attainment levels.

173. It is, therefore, necessary that all relevant activities and, intermediate results, have clear indicators on how they can be *tracked* and also *measured*. A monitoring and evaluation system, therefore, necessitates a **data collection system** that is timely, reliable and flexible enough and modular to allow indicator information to be part of the same database. Such data will be computerised, to ease cross-referencing of activities, intermediate results, and outputs. This will show how the different components of the programme are performing. Therefore, an M & E System should have the capacity to:

- i. Track programme activities through routine data collection;
- ii. Examine *achievement* of programme activities against planned activities;
- iii. Guide the *coordination* and implementation of programme activities;
- iv. Measure the extent of achievement of programme outputs and outcomes;
- v. Assess the *actual change* in target indicators against set *benchmarks*;
- vi. Assess the *impact* of the programme.

6.2 Objectives of Monitoring the EAC Development Strategy 2006-2010

174. Objectives of the Monitoring and Evaluation system for the EAC Development Strategy 2006-2010 will be to:

- i. Asses whether, for each activity, agreed milestones are being achieved as targeted;
- ii. Act as an early warning system in cases where targets are unlikely to be achieved;
- iii. Provide regular information to all stakeholders on the performance of EAC with respect to the Development Strategy;
- iv. Constitute an informed basis for any reviews;
- v. Ensure the continuous sharpening and focusing of strategies and assist in the mobilization of appropriate and responsive interventions at all stages of implementing the Strategy.

6.3 Institutional Framework for Monitoring and Evaluation

175. The Institutional Framework for monitoring and evaluation of the EAC Development Strategy should be made up of a:

- *M & E System; and*
- *M & E institutions, including reporting relationships.*

176. As a working principle, the EAC M & E System will be based on manageable processes, measurable and verifiable indicators, and will conform to the basic rules of simplicity, timeliness, and cost-effectiveness. The Development Strategy will be monitored regularly at three levels, viz

- i. Operational and technical,
- ii. Policy and Political,
- iii. Stakeholders.

177. The first level of monitoring is done by the implementing institutions/agencies. These include all EAC departments within the Secretariat, as well as all EAC organs. Stakeholders come in during the annual calendar of planning and budgeting system. At the Policy and Political levels monitoring is done through appraisal of monitoring reports and appropriate decisions as to the direction of the Strategy.

178. Starting with the Activity Matrix (Annex 1), EAC will develop a comprehensive EAC M & E System for monthly, quarterly, semi-annual and annual reporting, as necessary, possibly through out-sourcing.

179. EAC M&E institutions will be made up of regional actors, state actors, and non-state actors. A comprehensive M&E system will demarcate the boundaries of subsidiarity with respect to monitoring each activity for each phase with respect to each action.

180. For purposes of this Development Strategy, it is expected that

- i. Short periodicity monitoring, viz up to -annual reviews will be executed internally by the EAC and Partners States while the mid-term review is to be out-sourced;
- ii. The Ministries responsible for EAC in all member states will establish M&E monitoring departments/units to link with similar departments at the EAC headquarters;
- iii. The proposed EAC Statistics Department will coordinate all monitoring and evaluation of the performance of the EAC Strategy and, hence, the paramount importance of empowerment of the EAC statistics function;
- iv. The reporting chain will be in tandem with the general reporting structure of EAC right up to annual reports to the Summit.

7.0 SUSTAINABLE FINANCING OF THE EAC DEVELOPMENT STRATEGY

7.1 Sustainable Financing of the EAC

181. Article 132 (4) of the EAC Treaty states that, “The budget of the Community shall be funded by equal contributions by the Partner States and receipts from regional and international donations and any other sources as may be determined by the Council.” Accordingly, the budget of the Community (excluding financial resources from development partners) is shared equally by the Republic of Kenya, the United Republic of Tanzania and the Republic of Uganda.

182. The budget of the Community has been rising, implying a bigger financial burden to the Partner States. The total Community budget for the year 2003/04 rose by 22 percent compared to the year 2002/03 and rose by more than 25 percent during 2004/05 to accommodate a new directorate of customs and trade. Partner States had to pay more than US\$ 2.5 million each for the year 2004/05. The resolve and commitment of the Partner States to the East African Community is evidenced by the fact that they have always paid up their contributions.

183. Contributions by the Partner States have been supplemented by the goodwill of development partners. Support from development partners has been critical in undertaking relevant consultancy studies and facilitating critical meetings among the Partner States. The relative contribution of development partners to the Community budget rose from 15 percent in 2002/03 to 24 percent in 2003/04, and the figure is likely to rise further as the German Government disburses its commitment of Euro 8.0 million towards the construction of the EAC Headquarters.

184. The Community budget is increasingly getting dependent on development partners, a pattern which is not sustainable and yet Partner States are hard pressed for any additional commitments. As the East African Community takes on more responsibilities as envisaged by the Treaty, there is no doubt that its budget will expand. There is therefore need to explore other sources of sustainable revenue to the Community.

185. In the 1st and 2nd EAC Development Strategy resource constraint was identified as one of the main challenges in the implementation of EAC programmes and projects. Many EAC programmes and projects have not been fully implemented for lack of financial resources. This experience calls for special attention to sustainable financing of the EAC-DS (2006 – 2010).

7.2 Financing Implementation of the EAC Development Strategy

186. The proposals for financing implementation of EAC-DS (2006-2010) relate to financing the regular budget of the EAC Secretariat and financing of projects and programmes.

7.2.1 Financing the EAC Budget

187. In order to address issues of budgetary constraints facing the EAC, as well as the issues of timely access to resources, and in order to address the need to match resources with the growing mandate of the Community, it is essential to explore alternative financing mechanisms. Two broad alternative means of financing the Community budget are briefly described below, together with the recommended option.

(i) *Equal Contributions*

188. This implies continuing with the status quo that is for the budget of the community to be shared equally among the Partner States and timing of remittances.

189. The advantage of this option is that all Partner States have equal “say” in the decision of the Community. The drawback of the equal contributions system is that it does not reflect capacity to pay and distribution of benefits (actual or potential) derived by Partner States. Moreover, the system is based on contributions as per approved budget. This approach invariably dictates positions of the Partners States while approving the budget. The system does not also ensure predictability of remittances.

(ii) *Assessed Contributions*

190. A financing mechanism based on assessed contributions is designed to reflect economic performance. On this basis a formula can be worked out that takes into account capacity to pay and distribution of benefits derived from EAC regional market (represented by intra EAC export data). For the sake of equity and fairness, there would be need to have an upper and lower ceiling on contributions by any one Partner State.

191. The advantage of this option is that it conforms to the principle of ability to pay. The disadvantage is the underling possibility of some Partner States demanding more “say” based on the level of contribution. However, since such contribution is also pegged to relative benefits derived from the Community, such demands may not be warranted. Contribution based on the principle of ability to pay can be represented by various yardsticks including GDP/Export base, Customs Revenue base, Percentage of the Value of Imports base, and Value Added Tax (VAT) base.

(iii) *Recommended Option*

192. On the consideration of the advantages and disadvantages of the financing options available, it is recommended that financing of the EAC be pegged to 1.5percent of the Partner States’ customs revenues. On average this would generate about US\$ 22 million, which would fully finance the budget of the community⁷.

⁷ Based on 2004 figures.

193. However, adopting this option would require other decisions to be taken including amending Article 132 (4) of the Treaty, which specifies equal contributions by Partner States. It would also require amending the East African Community Customs Management Act, and respective legislation in Partner States to require Commissioners of Customs to automatically remit on quarterly basis, the agreed percentage of customs to the Community.

7.2.2 Financing EAC Projects and Programmes

194. There are several potential sources that could be used to finance EAC development projects and programmes. However, establishing an EAC Partnership Fund to address economic structural weaknesses across the region for development of areas of common interest to the Partner States is seen as most vital.

7.2.2.1 The EAC Partnership Fund

195. The EAC Partnership Fund was established by the Council in August 2006 to enhance better co-ordination of donor support and better alignment with the priorities established by the EAC. The fund became operational in the financial year 2006/07.

196. This Fund is in a form of basket funding without conditionalities attached by the donors, or earmarking for specific projects and programmes. As such the Fund can be compared to budget support at the national level. The operationalisation of this fund is expected to reduce administrative transaction costs and enhance the alignment of donor funds to the priority projects contained in the EAC-DS (2006-2010). The Partnership Fund has been adapted to the EAC budget cycle (i.e. from July through June). However, although a Development Fund with basket funding is appealing and preferable, its establishment should not preclude donor funding on a programme-by-programme basis provided it is aligned to the priorities of the EAC.

7.2.2.2 Other Potential Sources

197. Other potential sources for funding the Strategy are as below:

- i. A mechanism for financing development projects through joint financing will be institutionalised in the budgeting systems at the national level. This will entail identifying projects which Partner States could finance jointly from their national development budgets. This would particularly be relevant for energy development and some roads that link two Partner States. This arrangement would help to ensure that prioritised regional projects are implemented.
- ii. The Partner States will take the necessary steps to restructure and recapitalise the East African Development Bank to become a major source of development financing for the Community, focusing on regional projects.
- iii. Sources of financing from the private sector could be tapped more effectively and more innovatively. In particular, public private partnerships will be explored especially in the

area of infrastructure financing (e.g. the Build, Operate Transfer (BOT) modality for infrastructure projects).

- iv. Foreign Direct Investments (FDIs) and Foreign Portfolio Investments (FPIs) are other sources, which could be promoted in a complementary manner to finance the implementation of the Strategy.

7.2.2.3 EAC Development Fund

198. This Fund will address infrastructure development issues, development imbalances, promotion of cross border investments and other development issues, which are amenable to joint investments as regional projects. The basic idea is to pool resources provided by EAC Partner States and development partners in order to finance projects, programmes and other activities to further the socio-economic development of the region. Apart from increasing the pool of resources available for development finance, the Fund is also intended to forestall the inconsistencies, overlaps, and even incompatibilities, of projects and programmes within the overall agenda of EAC.

199. The operationalisation of this fund will call for close collaboration and institutional linkages with existing development financing facilities such as the East African Development Bank, African Development Bank, the European Investment Bank and the World Bank and other such development financing institutions on a complementarity basis. It is proposed that a restructured and capitalised EADB be used for this purpose. Work is already ongoing to draw up a Protocol for the Establishment of the EAC Development Fund.

ANNEXES

Annex 1: An Action Matrix of the EAC Development Strategy (2006-2010)

1.1 Cooperation in Political Matters, Defence and Security

Development Objectives:

- ◆ Good neighbourliness as a basis for promoting peace and security in the region promoted and maintained.

Strategic Intervention	Success Indicators	Timeframe for Completion	Responsibility
i. Develop a regional mechanism for common foreign policy coordination	A regional mechanism developed, negotiated and signed	June 2008	Ministries responsible for Foreign Affairs and international cooperation, EAC Cooperation and internal security
ii. Establish a regional mechanism for Early warning and disaster preparedness	A protocol on EAC Conflict Early warning System developed and negotiated	Jan 2008	Ministries responsible for disaster preparedness, internal Security and Police and defence chiefs
iii. Establish a regional mechanism for conflict management and resolution	A regional framework developed and negotiated	June 2008	Ministries responsible for Foreign Affairs internal Security and Police and defence chiefs
iv. Establish measures to combat proliferation of Illicit Small Arms and Light Weapons;	Laws and policies harmonised and sensitization of stakeholders done	June 2007	Ministries responsible for internal Security and Police and defence chiefs
v. Establish joint measures to control terrorism	Installation of common communication facilities for border and interstate security	June 2008	Ministries responsible for internal Security and Police and defence chiefs
vi. Establish a mechanism to enhance the exchange of criminal intelligence, joint operations and patrols between Partner States;	Installation of common communication facilities for border and interstate security	Jan 2009	Ministries responsible for internal Security and Police and defence chiefs
vii. Establish a regional framework for good governance and anticorruption	Regional framework developed and negotiated	June 2008	Ministries responsible for EAC Cooperation, Justice, Partner States anti corruption agencies, EAC Political Federation department

Strategic Intervention	Success Indicators	Timeframe for Completion	Responsibility
viii. Elevate the MOU on Defence to a Protocol	Defence Protocol Adopted	Dec 2008	Ministries responsible for Defence, EAC Affairs, Foreign Affairs and the EAC Secretariat
ix. Finalise and sign MOU on EAC Police Cooperation	MOU on Police Cooperation finalised	Dec 2007	Ministries responsible for internal security, police chiefs and EAC Secretariat
x. Harmonise Police Training and Grades in the Region	Police training and grades harmonised	Dec 2008	Ministries responsible for internal security, police chiefs and EAC Secretariat

1.2 Consolidating and Completion of the Implementation of the Customs Union

Development Objective:

◆ EAC Customs Union fully implemented.

Strategic Intervention	Success Indicators	Timeframe for Completion	Responsibility
i. Build the capacity of relevant institutions/ individuals managing the implementation and monitoring of the CU;	A framework for capacity building is in place and implemented; number of training workshops conducted, and individuals attending	2009	Ministries of Finance, Revenue Authorities, Ministries of Trade & Industries, EAC Secretariat
ii. Centralise customs collection at the first point of entry	Customs collection centralised at the first point of entry	July 2010	Ministries of Finance, Revenue Authorities, Ministries of Trade & Industries, EAC Secretariat
iii. Publicise and disseminate information about the CU;	A framework for publicity and information dissemination is in place and implemented	June 2007	Ministries of Finance, Revenue Authorities, Ministries of Trade & Industries, EAC Secretariat
iv. Rationalise multiple memberships in regional organisations and negotiate as a bloc;	Multiple memberships in regional organisations rationalised	Dec 2008	Ministries of Finance, Revenue Authorities, Ministries of Trade & Industries, EAC Secretariat
v. Finalise setting regional standards	Regional standards in place	Dec 2007	Ministries of Finance, Revenue Authorities, Ministries of Trade & Industries, EAC Secretariat
vi. Implement regional customs procedures;	Regional customs procedures implemented	June 2008	Ministries of Finance, Revenue Authorities, Ministries of Trade & Industries, EAC Secretariat
vii. Amend E.A. Customs Union Protocol where and when necessary	E.A. Customs Union Protocol Amended	Jan 2009	Ministries of Finance, Revenue Authorities, Ministries of Trade & Industries, EAC Secretariat
viii. Establish a unified E.A. Customs Authority	E.A. Customs Authority established	July 2010	Ministries of Finance, Revenue Authorities, Ministries of Trade & Industries, EAC Secretariat

1.3 Establishment of the East African Common Market

Development Objectives:

- ◆ Allowed free movement of people, capital, labour, services and right of establishment of residence

Strategic Intervention	Success Indicators	Timeframe for Completion	Responsibility
i. Harmonise procedures for issuance of entry/work permits;	Procedures for issuance of entry/work permits harmonised	Dec 2007	Immigration Departments and EAC Secretariat
ii. Internationalise the East African passport;	East African passports internationalised	Dec. 2008	Immigration Departments and EAC Secretariat
iii. Establish EAC examination certification council.	EAC examination certification council established	Dec. 2007	Ministries of Education, EAC Secretariat
iv. Harmonise labour policies and legislation;	Labour policies and legislation harmonised;	Dec. 2009	Ministries of labour, EAC Secretariat
v. Harmonise and rationalise East Africa Land Policies	East Africa Land Policies harmonised and rationalised	Dec 2009	Ministries of land, EAC Secretariat
vi. Harmonise investment incentives;	Investment incentives harmonised	Dec 2007	Ministries of Trade & Industries, Finance and EAC Secretariat
vii. Issue IDs in Uganda and Tanzania;	IDs issued in Uganda and Tanzania;	Dec 2008	Immigration Departments and EAC Secretariat
viii. Conclude the Protocol or Act on Common Market	Protocol on Common market concluded	Dec 2008	Partner States and EAC Secretariat

1.4 Laying the Foundation for Establishing the Monetary Union

Development Objective:

- ◆ A foundation is laid for which the EAC Monetary Union could be fully implemented and a single currency in place in the next phase (2011-2015).

Strategic Intervention		Success Indicators	Timeframe for Completion	Responsibility
i.	Remove all capital controls;	All capital controls removed	Dec 2007	Ministries of Finance, Central Banks and EAC Secretariat
ii.	Research on an appropriate EAC exchange rate mechanism, so as to establish bilateral parties for entry into the monetary union;	Research on an appropriate EAC exchange rate mechanism conducted	Dec 2007	Ministries of Finance, Central Banks and EAC Secretariat
iii.	Harmonise statistical frameworks used in convergence criteria;	Statistical frameworks used in convergence criteria harmonised	Dec 2007	Ministries of Finance, Central Banks, Ministries of Finance, Ministries of Economic Planning, Statistical Bureaus and EAC Secretariat
iv.	Strengthen and integrate the payments systems;	Payments systems integrated	June 2008	Central Banks and EAC Secretariat
v.	Transform Monetary Affairs Committee (MAC) into a Transitional Monetary Authority which would be a supreme body responsible for monetary policy for formulation and implementation	Transitional Monetary Authority in place	Dec. 2009	Ministries of Finance, Central Banks and EAC Secretariat
vi.	Establish bilateral parties for entry into the Monetary Union and the value of the new common currency for the region	Bilateral parties for entry into the monetary union and the value of the new common regional currency	Dec 2011	EA Monetary Institute and Central banks
vii.	Set up overall policy coordination framework to oversee reviews of the convergence criteria, set up benchmarks and monitor performance (economic pre-conditions);	Overall policy coordination framework to oversee reviews of the convergence criteria in place	Dec 2008	Central Banks, Ministries of Finance, Ministries of Economic Planning, and EAC Secretariat
viii.	Put in place an institutional mechanism to monitor and guide the process towards achieving convergence criteria in macroeconomic policies.	East African Monetary Institute in place	Dec 2009	Central Banks, Ministries of Finance, and EAC Secretariat
ix.	Strengthen and integrate banking and financial systems;	Banking and financial systems integrated	Ongoing	Central Banks, Ministries of Finance, Ministries of Economic Planning
x.	Set up the legal, administrative and operational framework and the structure of the East Africa Central	East African Central bank operational framework and structure	Dec 2014	East African Monetary Institute and Central Banks

Strategic Intervention	Success Indicators	Timeframe for Completion	Responsibility
Bank			
xi. Review state of preparedness for a Single Currency Area	State of preparedness for an E.A Monetary Union reviewed and the relevant action(s)	June 2009	Central Banks, Ministries of Finance, Ministries of Planning, EAC Secretariat

1.5 Laying the Foundation for Establishing a Political Federation

Development Objective:

- ◆ A foundation is laid through establishment of relevant regional structures.

Strategic Intervention	Success Indicators	Timeframe for Completion	Responsibility
i. Identify E.A values and common interests for unification of East Africans	E.A Common Values and Common interests identified	June 2007	Partner States + EAC Secretariat
ii. Fully involve the people of East Africa through Information, Education and Communication (IEC) Strategy	A strategy and institutional framework for involving the people of East Africa through IEC is in place and implemented	June 2007	Ministries responsible for East African Community and the EAC Secretariat
iii. Transform the Regional Court into a Court of Appeal	A Court of Appeal is in place	June 2009	Ministries responsible for East African Community and the EAC Secretariat, Justice and Constitutional Affairs
iv. Formulate an E.A. Foreign Policy	E.A. Foreign Policy in place	June 2009	Ministries responsible for East African Community and the EAC Secretariat, Foreign Affairs
v. Transform the EALA into a Regional Parliament	An East African Regional Parliament in place	June 2009	Ministries responsible for EAC, Ministries of Justice and Constitutional Affairs, Partner States, EALA + EAC Secretariat.
vi. Complete the process of consultations on fast tracking the political federation	Consultations on political federation finalised	July 2007	National consultative committees, Ministries of EAC and EAC Secretariat

1.6 Macro-Economic Convergence

Development Objectives:

- ◆ **Macro-economic convergence achieved for ease of Common Market Operations and, subsequently, a single currency.**

Strategic Intervention	Success Indicators	Timeframe for Completion	Responsibility
i. Accelerate harmonisation of fiscal policies	Fiscal policies harmonised	June 2008	Ministries responsible for Finance, Central Banks + EAC Secretariat
ii. Accelerate harmonization of monetary policies	Monetary policies harmonised	June 2009	Ministries responsible for Finance, Central Banks + EAC Secretariat
iii. Accelerate harmonisation of exchange rate policies	Exchange rate policies harmonised	June 2007	Ministries responsible for Finance, Central Banks + EAC Secretariat
iv. Accelerate harmonisation of budgetary processes and guidance	Budgetary processes and guidelines harmonised	Dec 2007	Ministries responsible for Finance, Central Banks + EAC Secretariat
v. Complete liberalisation of capital accounts in Partner States	Capital accounts liberalised in all the Partner States	Dec 2007	Ministries responsible for Finance, Central Banks + EAC Secretariat
vi. Design and implement a M&E mechanism for the E.A. macro-economic convergence	A M&E mechanism for the E.A. macro-economic convergence is in place	June 2007	EAC Secretariat and Partner States
vii. Establish mechanisms for monitoring and management of foreign exchange flows associated with liberalised capital market	Mechanisms for monitoring and management of foreign exchange flows associated with the liberalised capital market established	Dec 2007	Ministries responsible for Finance, Central Banks + EAC Secretariat
viii. Develop a regional capital market in East Africa	Regional capital market developed in East Africa	Dec 2009	Ministries responsible for Finance, Central Banks + EAC Secretariat, Capital Markets Development Authorities

1.7 Capital Markets

Development Objectives:

- ◆ Capital Markets fully liberalised

Strategic Intervention	Success Indicators	Timeframe for Completion	Responsibility
i. Establish an East African Security Institute to Train East Africans on Capital Markets	East African Security Institute established	June 2008	Ministries responsible for Finance, Central Banks + EAC Secretariat
ii. Develop and harmonise various laws in the region in order to cater for the regional securities market	Relevant Laws harmonised	March 2008	Ministries responsible for Finance, Central Banks + EAC Secretariat
iii. Prepare a consolidated regional regulatory framework that interfaces appropriately with national regulatory environment	Regional regulatory framework prepared	March 2008	Ministries responsible for Finance, Central Banks + EAC Secretariat
iv. Formulate a regional policy framework on the operationalisation of a regional securities market	Regional policy framework formulated	Dec 2007	Ministries responsible for Finance, Central Banks + EAC Secretariat
v. Establish a regional stock exchange that creates value and synergy to national and regional level stakeholders	Regional Stock Exchange established	Dec. 2009	Ministries responsible for Finance, Central Banks + EAC Secretariat

1.8 Development of Competitive Supply Capacities

Development Objectives:

- ◆ Promoted value addition, productivity and competitive agricultural supplies to realise cross border trade for sustainable food security.
- ◆ Promoted balanced and competitive industrial/manufacturing sector in the region.
- ◆ Maximised benefits from sustainable tourism and wildlife resources.

Strategic Intervention		Success Indicators	Timeframe for Completion	Responsibility
Agriculture and Food Security				
i.	Strengthen Partner State Agriculture/Livestock institutions, farmer associations, traders and processors	Two Partner State Agriculture/Livestock institutions identified and supported annually	2006-2010	Ministries responsible for agriculture, and livestock development and EAC Secretariat
ii.	Implement the EA Agricultural and Rural Development Strategy that has already been developed;	EA Agricultural and Rural Development Strategy implemented	June 2007	Ministries responsible for agriculture, and livestock development and EAC Secretariat
iii.	Finalise the establishment of the East African System of Early Warning to monitor food shortage;	East African System of Early Warning established	Nov 2007	Ministries responsible for agriculture, and livestock development and EAC Secretariat
iv.	Ensure application of the Sanitary and Phyto-sanitary measures in place;	Sanitary and Phyto-sanitary measures in place are applied	Nov 2007	Ministries responsible for agriculture, livestock development, and trade, revenue authorities and EAC Secretariat
v.	Promote joint agricultural regional, bilateral and international negotiations	Agricultural regional, bilateral and international negotiations undertaken	2006 - 2010	Ministries responsible for agriculture, and livestock development and EAC Secretariat
vi.	Undertake joint activities on a regional basis such as seed multiplication and distribution, plant and animal diseases control, irrigation and others which should actively be identified over the implementation period;	A framework for undertaking joint activities on a regional basis is in place and implemented	June 2007	Ministries responsible for agriculture, and livestock development and EAC Secretariat
vii.	Implement the project on control of trans-boundary animal diseases	The project on control of trans-boundary animal diseases is implemented	June 2008	Ministries responsible for agriculture, and livestock development and EAC Secretariat
viii.	Promote joint research in the agricultural sector	A framework for joint research in the agricultural sector is in place and implemented	2006 - 2010	Ministries responsible for agriculture, and livestock development and EAC Secretariat

Strategic Intervention	Success Indicators	Timeframe for Completion	Responsibility
ix. Prepare alternative strategies for helping pastoralists to diversify their development activities	Strategies for helping pastoralists to diversify their development activities are in place	June 2008	Ministries responsible for agriculture, and livestock development and EAC Secretariat
x. Harmonise remaining regional policies, regulations, and standards/SPS;	Regional policies, regulations, and standards/SPS are harmonised;	Dec 2007	Ministries responsible for agriculture, and livestock development and EAC Secretariat
Industry			
i. Review and implement the EAC Industrialisation Strategy.	EAC Industrialisation Strategy is fully implemented	2007-2010	Ministries responsible for Industries and Trade and EAC Secretariat
ii. Set targets for industrial production to stimulate accelerated growth and ensure East Africa achieves a goal of an industrialised region in the medium term;	Targets for industrial production to stimulate accelerated growth are set	June 2007	Ministries responsible for Industries and Trade and EAC Secretariat, Investment Authorities and Export Promotion Agencies
iii. Promote production of finished industrial goods for regional and export markets;	A framework for promoting production of finished industrial goods for regional and export markets is in place and implemented	2006-2010	Ministries responsible for Industries and Trade and EAC Secretariat
iv. Promote Research and Development (R&D) and tap the global science and technological advances;	A framework for promoting Research and Development (R&D) and tapping the global science and technological advances is in place and implemented	June 2008	Ministries responsible for Industries and Trade and EAC Secretariat, Ministries responsible for Planning, Research Institutions
v. Implement SQMT provisions;	SQMT provisions are implemented	2006-2010	Ministries responsible for Industries and Trade and EAC Secretariat, Standard Bureaux
vi. Promote SMEs as a basis for employment creation and income generation;	A framework for promoting SMEs as a basis for employment creation and income generation is in place and implemented	June 2008	Ministries responsible for Industries and Trade, Investment Promotion Centres and EAC Secretariat
vii. Promote EPZs around East Africa;	A framework for promoting EPZs around East Africa is in place and implemented	June 2009	Ministries responsible for Industries and Trade, Investment Promotion Centres and EAC Secretariat
viii. Implement Investment Codes and ensure their application by local and foreign investors;	Investment Codes are implemented	2006-2010	Ministries responsible for Industries and Trade, Investment Promotion Centres and EAC Secretariat
ix. Promote cleaner production through introduction and application of modern and appropriate technologies;	A framework for promoting cleaner production through introduction and application of modern and appropriate technologies is in place and implemented	June 2009	Ministries responsible for Industries and Trade, Science and Technology Council and EAC Secretariat

Strategic Intervention	Success Indicators	Timeframe for Completion	Responsibility
x. Conclude special agreement with United Nations Industrial Development Organisation (UNIDO) for strategic assistance;	Special agreement with United Nations Industrial Development Organisation (UNIDO) for strategic assistance is concluded	Jan 2008	Ministries responsible for Industries and Trade and EAC Secretariat
Tourism and Wildlife			
i. Market and promote East Africa as a single tourist destination	A framework for marketing and promoting East Africa as a single tourist destination is in place and implemented	2006-2010	Ministries responsible for Tourism, Natural Resources and Wildlife Management and EAC Secretariat
ii. Adopt a regional approach in the protection of wildlife resources from illegal use and practice;	A regional approach in the protection of wildlife resources from illegal use and practice is adopted	Dec 2007	Ministries responsible for Tourism, Natural Resources and Wildlife Management and EAC Secretariat
iii. Enhance capacity building in the tourism and wildlife sector	A framework for enhancing capacity building in the tourism and wildlife sector is in place and implemented	Dec 2007	Ministries responsible for Tourism, Natural Resources and Wildlife Management and EAC Secretariat
iv. Operationalise the East African Tourism and Wildlife Conservation Agency (EATWCA)	The East African Tourism and Wildlife Conservation Agency (EATWCA) is operationalised	Jan 2008	Ministries responsible for Tourism, Natural Resources and Wildlife Management and EAC Secretariat
v. Implement the criteria for classification of hotels, restaurants, and other tourist facilities	The criteria for classification of hotels, restaurants, and other tourist facilities is implemented	Jan 2008	Ministries responsible for Tourism, Natural Resources and Wildlife Management and EAC Secretariat
vi. Harmonise policies and legislation on wildlife conservation and management	Policies and legislation on wildlife conservation and management are harmonised	June 2009	Ministries responsible for Tourism, Natural Resources and Wildlife Management and EAC Secretariat
vii. Adopt a regional approach for participation in regional and international treaties/agreements on wildlife conservation and management	A regional approach for participation in regional and international treaties/agreements on wildlife conservation and management is adopted	June 2010	Ministries responsible for Tourism, Natural Resources and Wildlife Management and EAC Secretariat

1.9 Development of Lake Victoria and its Basin

Development Objective:

◆ Promoted sustainable development of Lake Victoria Basin livelihoods

Strategic Intervention	Success Indicators	Timeframe for Completion	Responsibility
i. Review Partnership Agreement and its implementation thereof;	Partnership Agreement reviewed	June 2007	Ministries responsible for transport, LVBC and EAC Secretariat
ii. Implement the Vision and Strategy Framework for LVB which has already been developed with focus on: <ul style="list-style-type: none"> a. Production and Income Generation b. Environment and Natural Resource Management c. Governance, Institutional Arrangements and Policies d. Relationships and Working Mechanism with Other Stakeholders in the Lake Victoria Basin. 	Vision and strategy framework for LVB being implemented	Dec 2007	Ministries responsible for transport, LVBC and EAC Secretariat
iii. Enact and implement the Lake Victoria Transport Act	Lake Victoria Transport Act implemented	Dec. 2007	Ministries responsible for transport, LVBC and EAC Secretariat

1.10 Science and Technology

Development Objective:

- ◆ **Developed and strengthened national systems of innovations in order to drive sustainable socio-economic development and rapid achievements of the goals of EAC.**

Strategic Intervention		Success Indicators	Timeframe for Completion	Responsibility
i.	Identify and support centres of excellence in the region.	Centres of excellence in the region are identified and supported	Dec 2007	Ministries responsible for Science and Technology, Research Institutions, and EAC Secretariat
ii.	Develop legal instruments and establish an institutional framework for regional cooperation in Science & Technology;	Legal instruments developed and an institutional framework for regional cooperation in Science & Technology established	Dec. 2007	Ministries responsible for Science and Technology, Research Institutions, and EAC Secretariat
iii.	Formulate a Regional Science & Technology Policy;	Regional Science & Technology formulated;	June 2007	Ministries responsible for Science and Technology, Research Institutions, and EAC Secretariat
iv.	Encourage regional collaboration and networking on research and technology development;	Regional collaboration initiatives and networking on research and technology development in place	Jan 2008	Ministries responsible for Science and Technology, Research Institutions, and EAC Secretariat
v.	Establish a dynamic E.A. Science & technology Council	E.A. Science & Technology Council established	Dec. 2007	Ministries responsible for Science and Technology, Research Institutions, and EAC Secretariat
vi.	Establish the East African Science and Technology Institute	E.A Science and Technology Institute established as a depository, research and promotion institute	June 2008	Ministries responsible for Science and Technology, Research Institutions, and EAC Secretariat
vii.	Review all former EAC Research institutions for re-regionalisation as E.A. institutions	All former EAC Research institutions reviewed for re-regionalisation as EAC institutions	June 2008	Ministries responsible for Science and Technology, Research Institutions, and EAC Secretariat

1.11 Human Resource Development

Development Objective:

◆ Developed and sustained human capabilities

Strategic Intervention		Success Indicators	Timeframe for Completion	Responsibility
i.	Coordinate and harmonise EAC positions on international commitments in the area of human development;	EAC positions on international commitments in the area of human development coordinated and harmonised	Dec 2007	Ministries responsible for human development and EAC Secretariat
ii.	Establish centres of specialization and excellence for the training on priority human development, including vocational training;	Centres of specialization and excellence for the training on priority human development including vocational training established	Jan2008	Ministries responsible for human development, vocational training centres and EAC Secretariat
iii.	Harmonise policies for employment creation and productivity improvement with a view to enhance labour absorptive capacity, and reduce brain drain in the region;	Policies for employment creation and productivity improvement with a view to enhance labour absorptive capacity, and reduce brain drain in the region harmonised	Sep2008	Ministries responsible for human development, labour and EAC Secretariat
iv.	Develop an East African Human Resource Development and Utilization Strategy	An East African Human Resource Development and Utilization Strategy in place and ready for implementation	Dec 2008	Ministries responsible for human development, labour and EAC Secretariat

1.12 Combating HIV and AIDS Pandemic

Development Objective:

◆ Reduced incidences of HIV and AIDS infection and its socio-economic impact in the region

Strategic Intervention	Success Indicators	Timeframe for Completion	Responsibility
i. Develop an EAC HIV/AIDS Policy and Strategy	EAC HIV/AIDS Policy & Strategy developed	June 2007	Ministries responsible for Health, HIV/AIDS Commissions, and EAC Secretariat
ii. Develop and strengthen capacity to undertake the mainstreaming of HIV and AIDS at all levels in East Africa, and to create the skills needed for the integration of HIV in all projects and programmes;	A framework for capacity building in HIV/AIDS mainstreaming is in place and implemented	Dec. 2007	Ministries responsible for Health, HIV/AIDS Commissions, and EAC Secretariat
iii. Mainstream HIV/AIDS into the school curricula of all E.A primary and secondary schools	HIV/AIDS mainstreamed into school curricula of E.A schools	Dec. 2007	Ministries responsible for Education, Health HIV/AIDS Commissions, and EAC Secretariat
iv. Mainstream HIV/AIDS into all sectoral Strategic Plans of Partner States	HIV/AIDS main-streamed into all Sectoral Strategic Plans of the Partner States	Dec. 2007	Ministries responsible for Health, HIV/AIDS Commissions and EAC Secretariat
v. Establish on HIV/AIDS Desk at the EAC Secretariat	EAC HIV/AIDS Desk established at the EAC Secretariat	July 2007	EAC Secretariat
vi. Coordinate and harmonise the development of policies and strategies in major intervention areas;	Policies and strategies in major intervention areas coordinated an harmonised	June 2008	Ministries responsible for Health, HIV/AIDS Commissions and EAC Secretariat
vii. Coordinate and facilitate the monitoring of regional and global commitments for HIV and AIDS and related indicators, and publish regular reviews for EAC as a whole to supplement the monitoring undertaken at Partner States level.	A framework for coordinating and facilitating the monitoring of regional and global commitments for HIV and AIDS and related indicators and publishing regular reviews for EAC as a whole is in place and implemented	June 2008	Ministries responsible health, HIV/AIDS Commissions and EAC Secretariat
viii. Develop guidelines and exchange of best practices in major intervention areas such as mainstreaming of HIV and AIDS, Prevention of Mother to Child Transmission (PMTCT), support to orphans, home based care and treatment;	Guidelines and exchange of best practices in major intervention areas such as mainstreaming of HIV and AIDS, Prevention of Mother to Child Transmission (PMTCT), support to orphans, home based care and treatment are in place	Dec 2008	Ministries responsible health, HIV/AIDS Commissions and EAC Secretariat

1.13 Promoting Participation, Publicity and Marketing

Development Objective:

- ◆ Promoted participation of the citizenry (civil society, women and the private sector) and having them fully aware of the East African Community affairs.

Strategic Intervention		Success Indicators	Timeframe for Completion	Responsibility
i.	Formulate and implement the EAC Information, Education and Communication (IEC) Policy;	The EAC Information, Education and Communication (IEC) Policy is formulated and implemented	Sept. 2007	Ministries and Departments responsible for Information, Education and Communication, and EAC Secretariat
ii.	Launch and implement effective public awareness and marketing campaigns about the EAC and its objectives and activities. In the process, involve the civil society, women and private sector in publicity and promotion of Community affairs;	Public awareness and marketing campaigns about the EAC and its integration objectives and activities are launched and implemented	Dec 2007- Sep 2009	EAC Secretariat
iii.	Implement the Private Sector Development Strategy (PSDS);	Private Sector Development Strategy (PSDS) is implemented	Jan 2008	Ministries and Departments responsible for Trade and Industries, and EAC Secretariat
iv.	Institutionalise the participation of civil society, women and private sector associations at national and regional consultations, policy and programme development, through existing and/or newly-created NGO's/CSO's	A framework for consultation and participation of civil society, women, and private sector associations at national and regional consultations, policy and programme development is in place and implemented	Jan 2008	EAC Secretariat
v.	Facilitate creation and/or development of the capacities of EAC Chambers, EAC other Business Council and Business Associations.	A framework for capacity building of EAC Chambers, EAC Business Council and Business Associations is in place and implemented	Dec 2007	Ministries and Departments responsible for Planning, Trade and Industries, and EAC Secretariat

1.14 Relations with Other Regional and International Organisations

Development Objective:

◆ Strengthened relations with other regional and international organisations.

Strategic Intervention	Success Indicators	Timeframe for Completion	Responsibility
i. Register the EAC Customs Union with WTO and WCO;	EAC Customs Union registered with WTO and WCO	June 2007	Ministries responsible for Trade and Industries, East African Community Affairs and EAC Secretariat
ii. Rationalise multiple membership in regional organisations and negotiate as a bloc.	Multiple memberships in regional organisations are rationalised and EAC negotiate as a bloc.	Jan 2008	Ministries responsible for Trade and Industry, East African Community Affairs and EAC Secretariat
iii. Enhance joint participation in NEPAD activities	A framework for enhancing joint participation in NEPAD activities is in place and implemented	June 2007	Ministries responsible for Planning, East African Community Affairs and EAC Secretariat
iv. Enhance negotiation capacities on global issues;	A framework for capacity building in negotiations is in place and implemented	Dec 2007	Ministries responsible for Trade and Industries, East African Community Affairs and EAC Secretariat
v. Ensure EAC negotiates as a regional block;	EAC negotiates as a bloc	Jan 2008	Ministries responsible for Trade and Industries, East African Community Affairs and EAC Secretariat
vi. Negotiate and conclude EAC Cooperation Agreements with (a) COMESA (b) SADC	EAC Cooperation Agreements with (a) COMESA (b) SADC concluded	Jan 2008	Ministries responsible for Trade and Industries, East African Community Affairs and EAC Secretariat.

1.15 Environment and Natural Resources

Development Objective:

- ◆ Established sustainable environmental management and economic utilization of natural resources.

Strategic Intervention	Success Indicators	Timeframe for Completion	Responsibility
i. Implement the Protocol on Environment and Natural Resource Management;	Protocol on Environment and Natural Resource Management implemented	2006-2010	Ministries responsible for Environment and Natural Resources, Forestry and EAC Secretariat
ii. Prepare a comprehensive Development Strategy for Arid and Semi-Arid Areas, including promotion of irrigation	Development Strategy for Arid and semi-Arid Areas is in place	Jan 2008	Ministries responsible for Environment and Natural Resources, Forestry and EAC Secretariat
iii. Complete the preparation of Water vision, Mission and Comprehensive Management Strategy	Water vision, Mission and Comprehensive Management Strategy is in place	Jan 2008	Ministries responsible for Environment and Natural Resources, Forestry and EAC Secretariat
iv. Support joint research in dedicated centres of excellence;	Joint research in dedicated centres of excellence supported;	June 2008	Ministries responsible for Environment and Natural Resources, Forestry and EAC Secretariat
v. Undertake joint resource management and exploitation;	Joint resource management and exploitation undertaken	Jan 2009	Ministries responsible for Environment and Natural Resources, Forestry and EAC Secretariat
vi. Promote joint participation in international treaties and conventions;	Joint participation in all international treaties and conventions achieved	June 2009	Ministries responsible for Environment and Natural Resources, Forestry and EAC Secretariat
vii. Complete harmonization of mineral laws and policies	Harmonised mineral laws and policies	June 2009	Ministries responsible for Minerals, Environment and Natural Resources, Forestry, Finance and EAC Secretariat
viii. Establish an E.A Water Management Institute	An E.A Water Management Institute, to manage water harvesting and droughts in Eastern Africa, established	June 2009	Ministries responsible for Water, Environment/Natural Resources

1.16 Provision of Adequate and Reliable Supporting Infrastructure

Development Objectives:

- ◆ Improved road connectivity and operations across the region.
- ◆ Maximised benefits of a safe, secure and efficient air transport system in the region
- ◆ Maximised benefits from an efficient railway system
- ◆ Have in place efficient, safe and secure maritime operations.
- ◆ Have in place expanded and upgraded meteorological services in the region.
- ◆ Information and Communication Technology integrated into regional development initiatives.
- ◆ Increased access to sufficient, reliable, affordable and environmentally sound energy sources in the region.

Strategic Intervention	Success Indicators	Timeframe for Completion	Responsibility
ROADS			
i. Implement the Tripartite Agreement on Road transport	Tripartite Agreement on Road transport implemented	Dec 2007	Ministries responsible for roads, road agencies and EAC Secretariat
ii. Continue with the harmonisation 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;	Traffic laws harmonised	Jan 2008	Ministries responsible for roads, road agencies and EAC Secretariat
iii. Complete rehabilitation/construction of prioritised regional roads and institutionalise maintenance of roads	Rehabilitation/construction of prioritised regional roads completed	Jan 2009	Ministries responsible for roads, road agencies and EAC Secretariat
CIVIL AVIATION			
i. Establish and operationalise the East African Civil Aviation Safety and Security Oversight Organisation	The East African Civil Aviation Safety and Security Oversight Organisation established and operationalised	June 2007	Ministries responsible for civil aviation and EAC Secretariat
ii. Implement the Search and Rescue Agreement and establish the EAC Search and Rescue Administration	The Search and Rescue Agreement implemented and the EAC Search and Rescue Administration is in place	June 2007	Ministries responsible for civil aviation and EAC Secretariat
iii. Liberalise fully civil aviation activities	Civil aviation activities fully liberalised	June 2007	Ministries responsible for civil aviation and EAC Secretariat

Strategic Intervention		Success Indicators	Timeframe for Completion	Responsibility
iv.	Finalise the formulation of common aviation policy by Partner States	Common aviation policy in place	June 2007	Ministries responsible for civil aviation and EAC Secretariat
v.	Establish and operationalise the EAC Upper Airspace Administrative Centre	The EAC Upper Airspace Administrative Centre established and operationalised	June 2007	Ministries responsible for civil aviation and EAC Secretariat
vi.	Harmonise and implement civil aviation programmes, projects and regulations	Civil aviation regulations (covering personnel licensing, operations, security and aerodromes) harmonised and implemented	June 2007	Ministries responsible for transport and communication
RAILWAYS SUB-SECTOR				
i.	Carry through the ongoing railways concession process	The ongoing railways concession process completed	June 2007	Ministries responsible for railways and EAC Secretariat
ii.	Develop and implement the EAC Railways master Plan	The EAC Railways Master Plan developed and implemented	Dec 2007	Ministries responsible for railways and EAC Secretariat
MARITIME SUB-SECTOR				
i.	Create a regional institution to manage transport on the Lake under the Lake Victoria Transport Commission.	A regional institution to manage transport on the Lake under the Lake Victoria Transport Commission created	Sept. 2007	Ministries responsible for maritime and EAC Secretariat
ii.	Implement the Inland Waterways Transport Agreement;	Inland Waterways Transport Agreement implemented	June 2007	Ministries responsible for maritime and EAC Secretariat
METEOROLOGICAL SERVICE				
i.	Harmonise policies for the provision of meteorological services;	Policies for the provision of meteorological services harmonised	Sept. 2007	Ministries responsible for meteorological services and EAC Secretariat
ii.	Build capacity in climate analysis, seasonal/forecasting and meteorological observations.	A framework for capacity building in climate analysis, seasonal/forecasting and meteorological observations is in place and implemented	Dec. 2007	Ministries responsible for meteorological services and EAC Secretariat
INFORMATION AND COMMUNICATION TECHNOLOGY				
i.	Complete implementation of the Cross Border Connectivity Project;	Cross Border Connectivity Project implemented	Dec. 2007	Ministries responsible for communications and EAC Secretariat

Strategic Intervention	Success Indicators	Timeframe for Completion	Responsibility
ii. Complete the Regional Telecommunication Trunking Project;	Regional Telecommunication Trunking Project completed	Dec. 2007	Ministries responsible for communications and EAC Secretariat
iii. Co-ordinate and harmonise information and communication technology policies.	Information and communication technology policies coordinated and harmonised	Dec. 2007	Ministries responsible for communications and EAC Secretariat
iv. Facilitate the implementation of the East African Marine Cable.	East African Marine Cable System implemented	June 2008	Ministries responsible for communications and EAC Secretariat
ENERGY			
i. Promote energy mix system involving non-and renewable energies;	A framework for promoting energy mix system involving non-and renewable energies is in place and implemented	June 2008	Ministries of energy and petroleum affairs, power utilities and EAC Secretariat
ii. Prepare Renewable Energy Master Plan;	Renewable Energy Master Plan is in place	Dec 2007	Ministries of energy and petroleum affairs, power utilities and EAC Secretariat
iii. Complete building of gas pipeline from Western Kenya to Kampala;	Gas pipeline from Western Kenya to Kampala is completed	Dec. 2008	Ministries of energy and petroleum affairs, power utilities and EAC Secretariat
iv. Implement the extension of gas pipeline from Dar es Salaam to Tanga, Zanzibar and Mombasa;	The extension of gas pipeline from Dar es salaam to Tanga and Mombasa is implemented	June 2008	Ministries of energy and petroleum affairs, power utilities and EAC Secretariat
v. Prepare Fossils Fuel Master Plan;	Fossils Fuel Master Plan is in place	June 2008	Ministries of energy and petroleum affairs, power utilities and EAC Secretariat
vi. Promote the existing gas resources for electricity production;	Gas resources in the region are used for electricity production	June 2009	Ministries of energy and petroleum affairs, power utilities and EAC Secretariat
vii. Harmonise fossils fuel policies, procedures and regulations;	Fossils fuel policies, procedures and regulations are harmonised	June 2009	Ministries of energy and petroleum affairs, power utilities and EAC Secretariat
viii. Implement the Regional Strategy for Scaling –Up Access to Modern Energy Services.	Regional Strategy on Scaling – Up Access to Modern Energy Services Implemented	2007-2015	Ministries of energy and petroleum affairs, power utilities and EAC Secretariat
ix. Implement the East African Power Supply Master Plan;	East African Power Supply Master Plan implemented	2006-2010	Ministries of energy and petroleum affairs, power utilities and EAC Secretariat

1.17 Health

Development Objective:

◆ Strengthened an expanded collaboration in the health sector

Strategic Intervention		Success Indicators	Timeframe for Completion	Responsibility
i.	Provide Cross-border health service for communicable diseases;	Modalities for standards setting, ethics, partnerships and collaborations established	Dec 2007	Ministries responsible for Health and EAC Secretariat
ii.	Establish joint medical research, training in dedicated centres of excellence;	Centres of excellence established	Dec 2007	Ministries responsible for Health and EAC Secretariat
iii.	Harmonise pharmaceutical standards.	Harmonised pharmaceutical standards	Dec 2007	Ministries responsible for Health and EAC Secretariat
iv.	Establish Information exchange systems on communicable diseases;	Regional health IMS set up	Sept. 2007	Ministries responsible for Health and EAC Secretariat
v.	Harmonise national health and drug policies;	Harmonised national health and drug policies	June 2008	Ministries responsible for Health and EAC Secretariat
vi.	Study on Introduction of Health Insurance across Eastern Africa	A Study on Introduction of Health Insurance across East Africa executed	June 2008	Ministries responsible for Finance, Planning, Health + EAC Secretariat

1.18 Education

Development Objective:

- ◆ A completely harmonized E. African education system for enhancement of a productive and productive human resource

Strategic Intervention	Success Indicators	Timeframe for Completion	Responsibility
i. Harmonise E.A Education Systems	E.A Education systems harmonised	Dec. 2007	Ministries responsible for Education, EAC Affairs + EAC Secretariat
ii. Harmonise E.A school curricula for Primary Schools Level to include Integrated Production Skills (IPS)	E.A primary school curricula harmonised	Dec. 2007	Ministries responsible for Education, EAC Affairs + EAC Secretariat
iii. Reform & harmonise E.A Secondary School curricula to include IPS and Values	E.A secondary school curricula harmonised	March 2008	Ministries responsible for Education, EAC Affairs + EAC Secretariat
iv. Harmonise (a) primary and (b) secondary schools examinations	E.A school examinations harmonised	June 2008	Ministries responsible for Education, EAC Affairs + EAC Secretariat
v. Re-establish a reformed East African Examinations Council	E.A Examinations Council re-established	Jan 2008	Ministries responsible for Education, EAC Affairs + EAC Secretariat
vi. Harmonise E.A. certification and accreditation of E.A education and training institutions	E.A. Certification and accreditation of E.A education and training institutions harmonised	Jan 2008	Ministries responsible for Education, EAC Affairs + EAC Secretariat
vii. Establish East Africa as a Common Education Area	E.A established as a Common Education Area	Jan 2008	Ministries responsible for Education, EAC Affairs + EAC Secretariat
viii. Harmonize vocational training	Vocational training harmonized	Jan 2008	Ministries responsible for Education, EAC Affairs + EAC Secretariat

1.19 Urban Development and Housing

Development Objective:

◆ Achieve smooth transition from rural to urban settlements and promote decent housing

Strategic Intervention	Success Indicators	Timeframe for Completion	Responsibility
i. Coordinate approaches to urban planning in the region	Coordinate approaches to urban planning in the region	Dec 2007	Ministries and Departments responsible for urban development , and EAC Secretariat
ii. Adopt best practices region wide	Best urban planning and decent housing adopted in the region.	Dec. 2007	Ministries and Departments responsible for urban development , and EAC Secretariat

1.20 Legal and Judicial Affairs

Development Objective:

◆ Strengthened and expanded cooperation in Legal and Judicial affairs.

Strategic Intervention	Success Indicators	Timeframe for Completion	Responsibility
i. Conclude the Protocol on the Extension of the Jurisdiction of the East African Court of Justice;	Protocol on the Extension of the Jurisdiction of the East African Court of Justice	Dec 2007	Ministries and Departments responsible for Justice, and EAC Secretariat
ii. Amend the Treaty for the Establishment of the East African Community.	Amended Treaty for the Establishment of the East African Community	Dec. 2007	Ministries and Departments responsible for Justice, and EAC Secretariat
iii. Harmonise legal training and certification;	Harmonised legal training and certification	June 2008	Ministries and Departments responsible for Justice, and EAC Secretariat
iv. Enable and enhance cross border legal practice	A framework to enhance cross border legal practice is in place and implemented	June 2008	Ministries and Departments responsible for Justice, and EAC Secretariat
v. Harmonise Municipal Laws in the EAC context;	Harmonised Municipal Laws in the EAC context	June 2009	Ministries and Departments responsible for Justice, and EAC Secretariat

1.21 The Council/ The EAC Summit

Development Objective:

- ◆ Ensured expeditious and effective decision-making with respect to EAC affairs, thereby enabling acceleration of the pace of East African integration.

Strategic Intervention	Success Indicators	Timeframe for Completion	Responsibility
i. Adopt a Strategy for Management of Distribution of Costs and Benefits of the E.A Common Market	Strategy for Management of Distribution of Costs and Benefits of the E.A Common Market adopted for implementation	Jan. 2008	The EAC Secretariat + EAC Council + EAC Summit
ii. Review the EAC Decision-Making Protocol to foster a faster decision-making rate	EAC Decision-Making Protocol reviewed	Dec. 2007	The EAC Secretariat + EAC Council + EAC Summit
iii. Review the E.A.C practice for deepening E.A integration via Protocols vis-à-vis Acts	Practice of protocols for deepening EAC integration reviewed	Dec. 2007	The EAC Secretariat + EAC Council + EAC Summit
iv. Harmonise Public Service Systems, including Public Holidays, of the Partner States	Public Service Systems as well as Public Holidays, of Partner States, harmonised	Dec. 2007	The EAC Secretariat + EAC Council + EAC Summit

1.22 EAC Secretariat Institutional Capacity Development

Development Objective:

◆ Strengthened capacity and enhanced mandate of the EAC Secretariat

Strategic Intervention		Success Indicators	Timeframe for Completion	Responsibility
i.	Re-Structure and empower the EAC Secretariat [1 st Round] to introduce reforms	EAC Secretariat re-structured [1 st Round]	Dec 2006	EAC Secretariat, EAC Council, EAC Summit
ii.	Re-Structure and empower the EAC Secretariat [2 nd Round] to introduce E.A Resident Ministries	EAC Secretariat re-structured [2 nd Round]	Dec 2007	EAC Secretariat, EAC Council, EAC Summit
iii.	Identify more reliable sources of funding;	Sustainable financing of EAC	June 2007	EAC Secretariat, and Partner States
iv.	Offer training to staff;	Number of staff trained	Continuous	EAC Secretariat
v.	Recruit additional staff;	Number of staff recruited	Continuous	EAC Secretariat
vi.	Establish EAC Secretariat Country Offices.	EAC antennae established in each Partner State	July 2007	EAC Secretariat, EAC Council, EAC Summit + Partner States.
vii.	Establish the EAC Ex Presidents Advisory Council	EAC Ex Presidents Advisory Council established	June 2007	EAC Secretariat, EAC Council, EAC Summit + Partner States.
viii.	Build the EAC Headquarters;	EAC Headquarters in place	Dec 2008	EAC Secretariat

1.23 Capacity Development for the East African Legislative Assembly (EALA)

Development Objective:

◆ Strengthened capacity and enhanced mandate of EALA

Strategic Intervention		Success Indicators	Timeframe for Completion	Responsibility
i.	Enhance mandate of the EALA	Mandate of the EALA enhanced to take precedence over National Parliaments	Dec 2008	Partners States, Council, the Summit, National Parliaments and the EAC Secretariat.
ii.	Forge stronger linkages between the EALA and National Parliaments	Linkages between the EALA and National Parliaments strengthened	July 2008	Partners States, Council, the Summit, National Parliaments and the EAC Secretariat.
iii.	Accord the EALA financial autonomy	Financial autonomy of the EALA in place	July 2008	Partners States, Council, the Summit, National Parliaments and the EAC Secretariat.
iv.	Enlarge the EALA in light of increased mandate	EALA appropriately enlarged	Dec. 2008	Partners States, Council, the Summit, National Parliaments and the EAC Secretariat.

1.24 Capacity Development for the East African Court of Justice (EACJ)

Development Objective:

- ◆ Established an effectively operational EACJ in the E.A Common Market

Strategic Intervention	Success Indicators	Timeframe for Completion	Responsibility
i. Enhance the mandate of the Court to cover (a) Appellate Role (b) Human Rights (c) Common Market Tribunals	Mandate of the EACJ enhanced	Dec. 2008	EACJ, EALA, Council, Summit, and EAC Secretariat
ii. Grant the EACJ financial autonomy	Financial autonomy of the EACJ attained	Dec. 2008	EACJ, EALA, Council, Summit, and EAC Secretariat
iii. Re-Structure the EACJ	EACJ re-structured	Dec. 2008	EACJ, EALA, Council, Summit, and EAC Secretariat

1.25 Development of Lake Victoria Basin Commission

Development Objective:

◆ Established an effectively operational LVBC

Strategic Intervention	Success Indicators	Timeframe for Completion	Responsibility
i. Build the LVBC Headquarters.	Completion of construction for the LVBC headquarters	June 2008	Ministries responsible for transport, LVBC and EAC Secretariat
ii. Enable the LVBC to develop and implement a Strategic Plan 2006-2010	Strategic plan developed and implemented	2006 - 2010	LVBC, EAC Secretariat, Ministries responsible for Water and Environment, EAC Affairs
iii. Build capacity of the secretariat of the Commission	Professionals trained and sensitised	Dec. 2008	Ministries responsible for transport, LVBC and EAC Secretariat
iv. Work out adequate financing mechanisms for financing the LVBC	Adequate financing mechanisms for the LVBC in place	July 2007	Ministries responsible for Finance, Planning, Transport LVBC + EAC Secretariat
v. Strengthen cooperation with other EAC institutions and outreach activities	Cooperation with other EAC institutions and outreach activities strengthened	July 2007	Ministries responsible for Finance, Planning, Transport LVBC + EAC Secretariat
vi. Strengthen cooperation with (a) Development Partners (b) Other Riparian States (c) Private Sector (d) Civil Society (e) National, regional, and international organisations	Cooperation with various stakeholders in the Lake Victoria Basin strengthened	Continuous	Ministries responsible for Finance, Planning, Transport LVBC + EAC Secretariat

1.26 Development of the Lake Victoria Fisheries Organisation

Development Objective:

◆ Established an effectively operational LVFO

Strategic Intervention	Success Indicators	Timeframe for Completion	Responsibility
i. Improve the collection, use, storage and transfer of fisheries and socio-economic information needed for management	Collection, use, storage and transfer of fisheries and socio-economic information improved.	Sept 2008	LVFO, Ministries responsible for Fisheries and EAC Secretariat
ii. Harmonise national policies and legislation for fisheries management on Lake Victoria	National policies and legislation for fisheries management with reference to Lake Victoria harmonised	Sep 2008	LVFO, Ministries responsible for Fisheries and EAC Secretariat
iii. Update the LVFO Strategic Vision and Lake Victoria Fisheries Management Plan	LVFO Strategic Vision and L.V Fisheries Management Plan up-dated	Sep 2008	LVFO, Ministries responsible for Fisheries and EAC Secretariat
iv. Complete the establishment of an institutional framework for fisheries management including BMUs	Institutional framework for fisheries management, including BMU's, completed	Sep 2008	LVFO
v. Establish sustainable financing and plans for management institutions	Sustainable financing and plans for fisheries management institutions established	Sep 2008	LVFO, Ministries responsible for Fisheries and EAC Secretariat
vi. Develop capacities of BMUs and Governments for fisheries co-management	Capacities of BMU's and Governments for fisheries co-management developed	Sep 2008	LVFO, Ministries responsible for Fisheries and EAC Secretariat
vii. Construct the LVFO HQ in Jinja, Uganda	LVFO Headquarters constructed	Sep 2008	LVFO, Ministries responsible for Fisheries and EAC Secretariat
viii. Establish an M&E System to monitor performance of management institutions and impacts of management measures.	M&E System to monitor performance of management institutions and impacts of management measures established	Sep 2008	LVFO
ix. Review and/or develop a successor plan to the Lake Victoria Fisheries Management Plan	Successor plan to the Lake Victoria Fisheries Management Plan developed	Dec 2008	LVFO

1.27 Re-Development of the East African Development Bank

Development Objective:

- ◆ EADB becomes a truly lead financial institution in Eastern Africa for both public and private development finance.

Strategic Intervention	Success Indicators	Timeframe for Completion	Responsibility Centre
i. Review Mandates of the EADB	Mandate of the EADB reviewed to make her a fully-mandated development bank for East Africa as the prime actor.	June 2007	Ministries responsible for Finance, EALA, EAC Secretariat + EADB
ii. Energise Issuance of EADB Corporate Bonds	Issuance of EADB Bonds energised to over US\$ 1 billion by 2010	Continuous starting Jan. 2007	Ministries responsible for Finance, Justice, EAC Secretariat + EADB
iii. Review and enhance the Capital Structure of the EADB in line with her enhanced mandate	Capital structure of the EADB reviewed, in keeping with her full mandate, from US\$ 69m to US\$ 150m	Dec. 2007	Ministries responsible for Finance, Justice, EAC Secretariat + EADB
iv. Amend the EADB Charter with respect to the new Mandate	Charter of the EADB amended	Dec. 2007	Ministries responsible for Finance, Justice, EALA, EAC Secretariat + EADB
v. Review the institutional structure of the EADB	Institutional structure of the EADB reviewed	Dec. 2007	Covering Council, Board of Directors, EAC Secretariat + EADB
vi. Rationalise and create a dynamic EADB Equity Fund	EADB Equity Fund created and adequately funded (up to US\$ 500m)	Dec. 2007	Ministries responsible for Finance, Justice, EAC Secretariat + EADB
vii. Establish an EADB Venture Capital Fund	An EADB Venture Capital Fund (up to US\$ 500m) established.	Dec. 2007	Ministries responsible for Finance, Justice, EAC Secretariat + EADB.
viii. Evaluate legal standing of the EADB along the lines of other multi-lateral lending	Legal standing of EADB enhanced along the lines of other multi-lateral lending agencies	Dec. 2007	Ministries responsible for Finance, Justice, EAC Secretariat + EADB
ix. Review lending powers of the Board vis-a-vis those of Management	Lending powers of management enhanced	Dec. 2007	Ministries responsible for Finance, Justice, EAC Secretariat + EADB
x. Establish effective operational linkages with external resources of lendable funds, including ODA Institutions.	Effective operational linkages between EADB and enhanced lendable resources established	Dec 2007	Ministries responsible for Finance, Justice, EAC Secretariat + EADB.

1.28 Re-Development of the Inter-University Council for East Africa (IUCEA)

Development Objective:

- ◆ The IUCEA reformed into an all-embracing Research and Human Resource Development institution for Eastern Africa.

Strategic Intervention		Success Indicators	Timeframe for Completion	Responsibility Centre
i.	Introduce “ <i>Credit Transfer</i> ” across all East African tertiary institutions	Credit Transfer introduced in all E.A tertiary institutions	June 2007	IUCEA, Ministries responsible for Education + EAC Secretariat + All Tertiary Institutions
ii.	Introduce institutionalised “ <i>Free Movement of Students</i> ” in East Africa	Free movement of students institutionalised in East Africa	July 2007	IUCEA, Ministries responsible for Education, Immigration, Land, EAC Secretariat + Tertiary Institutions
iii.	Harmonise curricula of Tertiary Institutions	Curricular of Tertiary Institutions harmonised	Dec 2007	IUCEA, Ministries responsible for Education + EAC Secretariat + All Tertiary Institutions
iv.	Create an East African Higher Education Area	An East African Higher Education Area created	Dec 2007	IUCEA, Ministries responsible for Education, Immigration, Land, EAC Secretariat + Tertiary Institutions
v.	Re-focus University work on Research, especially Science and Technology on an on-going basis	University work re-focused on research in Science and Technology across East Africa	Dec 2007	IUCEA, Ministries responsible for Education, Immigration, Land, EAC Secretariat + Tertiary Institutions
vi.	Equalization of Tuition Fees (non-differentiation) for all East African students in all E.A Tertiary Institutions	Tuition Fees equalised across all E.A Tertiary Institutions for all E.A students	Jan 2008	IUCEA, Ministries responsible for Education, Immigration, Land, EAC Secretariat + Tertiary Institutions
vii.	Create an East African Bursaries Pool	An East African Bursaries Pool created	Jan 2008	IUCEA, Ministries responsible for Education, Immigration, Land, EAC Secretariat + Tertiary Institutions
viii.	Establish an East African Council for Higher Education	An East African Council for Higher Education Established	Dec 2008	IUCEA, Ministries responsible for Education + EAC Secretariat
ix.	Review, revive and re-regionalize all relevant E.A Research Institutions (of EAC)	E.A research institutions re-regionalised	Dec 2008	IUCEA, Ministries responsible for Education, Research/Science /Technology + EAC Secretariat

Strategic Intervention	Success Indicators	Timeframe for Completion	Responsibility Centre
x. Develop a strategic approach for education and training institutions in East Africa, based on the strategic statement to the effect that “...Training <i>institutions for human resourced development, in East Africa, should be qualitative and competitive, both internally, viz within East Africa, and externally...</i> ” and review the EAC conceptual philosophy and practices with reference to EAC Centres of Excellence.	EAC conceptual philosophy and practices with reference to E.A Centres of Excellence reviewed.	Dec 2008	IUCEA, Ministries responsible for Education, Human Resource Development, Key Stakeholder Ministries, EAC Secretariat + Tertiary Institutions.
xi. Execute a SWOT and Cost-Effectiveness/Efficiency Analysis/Audit with respect to location of the IUCEA with respect to EAC Headquarters.	A locational SWOT Analysis and Cost-Effectiveness and Efficiency Audit of the IUCEA executed.	June 2009	IUCEA, ICEA Governing Council, Ministries responsible for Education + EAC Secretariat.

1.29 Development of the East African Policies/Laws/Standards

Development Objective:

- ◆ Formulated in place East African policies, plans, laws and standards needed for a smooth operation of the E.A Common Market.

Strategic Intervention	Success Indicators	Timeframe for Completion	Responsibility
i. Debate and accept application of the Sublimity Principle with respect to E.A integration	Sublimity Principle adopted as an EAC operational principle	July 2007	Partner States, Council, Summit, and EAC Secretariat
ii. Research and Formulate an E.A Policy Framework	E.A Policy Framework formulated	Dec 2007	Partner States, Council, Summit, and EAC Secretariat
iii. Execute a Study on Principles for Harmonization of National Laws and E.A Regional Laws	Principles for Harmonization of National Laws and E.A Regional Laws (under the Sublimity Principle) established	Dec 2006	EAC Secretariat
iv. Create an East African Standards Organisation	East African Standards Organisation (EASO) established	July 2008	Council, Summit and EAC Secretariat
v. Create an E.A Policy Research Centre	E.A Policy Research Centre (EAPRC) established	July 2008	Council, Summit and EAC Secretariat
vi. Harmonise all National Plans with EAC Strategic Plan within the agreed EA Macro-Economic Convergence Framework	National Plans harmonised between Partner States and with the EAC Development Strategy	June 2007	Partner States + Council + Summit + EAC Secretariat

1.30 Management of the EAC Strategy 2006-2010

Development Objective:

- ◆ To engender forward-looking, integrated and participatory implementation strategy of the EAC Development Strategy 2006-2010

Strategic Intervention	Success Indicators	Timeframe for Completion	Responsibility
i. Disseminate and publicise the EAC Development Strategy 2006-2010 for comments by (a) all primary stakeholders (b) the general public	EAC Development Strategy 2006-2010 published to all Stakeholders and the public for information and possible comments	June 2007	EAC Secretariat
ii. Create a WEBSITE on the EAC Long-Term Strategic Vision [www.ealongtermvision.com]	WEBSITE for the EAC Long-Term Strategic Vision created	June 2007	EAC Secretariat
iii. Start on preparations for an all-time East African Development Strategy Conference	Preparations for an all-time East African Development Strategy Conference commenced	July 2006	EAC Secretariat
iv. Study on a EAC Long-Term Strategic Vision	Study on EAC Long-Term Strategic Vision executed	Dec 2006- Dec 2008	EAC Secretariat
v. Review the EAC Development 2006-2010 to bring it in line with the EAC Long-Term Strategic Vision	This strategy co-aligned with the EAC Long-Term Strategic Vision	April 2007	EAC Secretariat
vi. Conduct the East Africa Development Strategy Conference	E.A Development Strategy Conference held	June 2007	EAC Secretariat
vii. Carry out a Mid-Term Review of the EAC Development Strategy 2006-2010 (Revised)	EAC Development Strategy Mid-Term Review executed	Jan 2009	EAC Secretariat
viii. Commence on Preparations for the 4 th EAC Development Strategy (with a Management Retreat)	Preparations for the 4 th EAC Development Strategy launched	Jan 2010	EAC Secretariat
ix. Commission a Study for Formulation of the 4 th EAC Development Strategy	Study on 4 th EAC Development Strategy executed	March-Sep 2010	EAC Secretariat
x. Launch the 4 th EAC Development Strategy 2011-2015	4 th EAC Development Strategy 2011-2015 launched	30 th Nov 2010	EAC Secretariat

No	Relevant EAC Treaty (1999) Sub-Clause	Monitorable Variables	Compliance Indicators	Acceptable Benchmark	Remarks
(0)	(1)	(2)	(3)	(4)	(5)
1.	(3) (a): Acceptance of Community as set out in this Treaty	YES or NO		<ul style="list-style-type: none"> Written and sealed statement to that effect 	<ul style="list-style-type: none"> The <i>al mater</i> Sub-Clause
2.	3 (3) (b): Adherent to universally acceptable principles of good governance, democracy, rule of law, observance of human rights, social justice.	(i) Good governance	(a) Governance Indicators of the EALA (b) Zero Tolerance of Corruption (c) Has (or will have) an effective institution of Ombudsman/Government Inspector	<ul style="list-style-type: none"> As assessed by the EALA YES or NO (as assessed by the EALA) YES or NO (as assessed by the EALA) 	<ul style="list-style-type: none"> EALA criteria to be developed
		(ii) Democracy	(a) Constitutionalism (b) Freedom of Association (c) Freedom of Speech (d) Regular Elections (e) Issues-Based Elections (f) Political Parties based or not (g) Voters educated on Issues-at-Skate before Elections (h) Elections Free and Fair.	<ul style="list-style-type: none"> As assessed by the EALA As assessed by the EALA As assessed by the EALA As assessed by the EALA YES or NO YES or NO YES or NO As assessed by the EALA 	<ul style="list-style-type: none"> EALA criteria to be developed EALA criteria to be developed
		(iii) Rule of Law	(a) Laws compatible with E.A laws/judicial systems or willingness for reforms to the same effect (b) Independence of the Legislature (c) Independence of the Police (d) Independence of the DPP (e) Independence of the DPP Timeliness of Justice	<ul style="list-style-type: none"> Statement from the Applicant as assessed by the EALA & EACJ As assessed by the EALA As assessed by the EALA As assessed by the EALA As assessed by the EALA. 	<ul style="list-style-type: none"> EALA criteria to be developed
		(iv) Observance of human rights	(a) Signatory to UN Human Rights Charter or not (b) Signatory to the African Human Rights Charter or not (c) National Human Rights Commission exists, or not (d) Applicant's International Rating, e.g. UN, with respect to Human Rights	YES or NO YES or NO YES or NO To be assessed by the EALA.	

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(0)	(1)	(2)	(3)	(4)	(5)
		(v) Social Justice	(a) Applicant processes a written Policy on Social Justice (b) Practices Affirmative Action and/or for safety needs for disadvantaged groups for all policy changes (c) Applicant has a written Social Development Agenda (d) Applicant has a written code of affirmative actions for the socially weak in administration of justice (e) Effective provision for Pensions/Social Security	YES or NO YES or NO YES OR NO YES or NO YES or NO	
3.	3 (3) (c): Potential contribution to the strengthening of integration within the East African region		(a) National policy on African integration (b) National policy on Free Trade (c) Membership of other African Regional Economic blocs (d) Payment of membership dues for (i) Other regional blocs (ii) International obligations (e) Absolute willingness to negotiate with all Third Parties (outside the EAC) only as part of the EAC bloc.	Exists or not (in writing) Exists or not (in writing) YES or NO If YES, is willing to accord the EAC 1 st Priority Is up-to-date or NOT? Is up-to-date or NOT? YES or NO.	
4.	3(3) (d): Geographical proximity to and inter-dependence between it and the Partner States.	(i) Geographical proximity	(a) Determinable common border with an EAC Partner State	<ul style="list-style-type: none"> • YES or NO 	<ul style="list-style-type: none"> • Al mater variable and easiest variable to assess
		(ii) Inter-dependence between the Applicant and at least one Partner State	(a) Depends on at least one EAC State economically, e.g. Transit, Trade.	<ul style="list-style-type: none"> • YES or NO? • Applicant to demonstrate 	

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(0)	(1)	(2)	(3)	(4)	(5)
5.	3 (3) (d): Establishment and maintenance of a market-driven economy	(i) Applicant has a written policy to establish and maintain a market-driven economy	(a) A written policy	<ul style="list-style-type: none"> Exists or not 	
		(ii) No prices controls	(a) Written policy	<ul style="list-style-type: none"> YES or NO 	
		(iii) No subsidies	(a) Written policy	<ul style="list-style-type: none"> YES or NO 	
		(iv) Catalytic and/or strategic State intervention in the market is part of the policy?	(a) Written policy	<ul style="list-style-type: none"> YES or NO 	
		(v) Willingness to change or reform orientation of the Applicant	(a) Written policy or (b) Declaration of Intent	<ul style="list-style-type: none"> Assess as (a) High (b) Average (c) Low (self & EALA) 	<ul style="list-style-type: none"> EALA to develop Assessment Criteria
		(vi) Capacity for initiative or introduction of researched, fresh African solutions	(a) Written policy or (b) Declaration of Intent or (c) Assessable practice	<ul style="list-style-type: none"> Assess as (a) High (b) Average (c) Low (self & EALA) 	<ul style="list-style-type: none"> EALA to develop Assessment Criteria
6.	Social and economic policies being compatible with those of the Community	(i) Social policies	(a) Has a written, comprehensive social policy	<ul style="list-style-type: none"> In line with EAC social policies, esp. with respect to (a) Health [For All] (a) Education [Towards Reformed & Free] (c) Water & Sanitation [Clean & Available for All] (d) Housing [Habitat Principles] (e) Culture (f) Sports & Art Forms (g) Social Security 	<ul style="list-style-type: none"> As self-assessed and as assessed by EALA.
			(b) A National IEC Strategy for Social policy is in place	<ul style="list-style-type: none"> YES or NO 	<ul style="list-style-type: none"> As self-assessed and as assessed by EALA
		(ii) Economic policies	(a) (a) Applicant has complied with (or is willing to comply with) EAC Macro-Convergence Criteria (Q.V)	<ul style="list-style-type: none"> YES or NO 	

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(0)	(1)	(2)	(3)	(4)	(5)
			(b) (b) Applicant demonstrably prescribes to " Trade is the Engine of Growth " (rather than ODA) and this is the primary reason for wishing to join a larger market	• YES or NO	
			(c) (c) Applicant sectoral economic policies are compatible to EAC sectoral policies, incl. Environment and natural resources, human resources development and application, land policy, agriculture, industry, and infrastructure development.	• YES or NO	
7.	Language		(a) Applicant language policy compliant (or will be compliant) with EAC Language Policy, viz Article 137 of the EAC Treaty:		
			i. English is the official language (or will be)	• YES or NO	
			ii. Kiswahili is (or is to be developed) as the lingua franca	• YES or NO	
			iii. French is a 3 rd (or 1 st or 2 nd) language	• YES or NO	

