



EAST AFRICAN COMMUNITY

BUDGET SPEECH

Theme: Enhancing Prosperity and Welfare of EAC Citizens

**PRESENTATION OF THE BUDGET OF THE
EAST AFRICAN COMMUNITY FOR THE FINANCIAL YEAR
2018/2019 TO THE
EAST AFRICAN LEGISLATIVE ASSEMBLY**

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LIST OF ACRONYMS AND ABBREVIATIONS

AfDB	African Development Bank
AGOA	African Growth and Opportunity Act
AIP	Agricultural Investment Plan
AU	African Union
AWF	African Wildlife Foundation
BEA-BEA	Buy-East Africa-Build East Africa
BIOMAPA	Biodiversity for Protected Areas Management
BMS	Budget Management System
CAADP	Comprehensive African Agricultural Development Programme
CASSOA	Civil Aviation Safety and Security Oversight Agency
CDD	Community Driven Development
CEDAT	College of Engineering, Design, Art and Technology
CET	Customs External Tariff
CMI	Capital Markets Infrastructure
CMP	Common Market Protocol
CODESRIA	Council for the Development of Social Sciences in Africa
COMESA	Common Market for East and Central Africa
CTC	Counsel to the Community
DANIDA	Danish International Development Agency
DRDM	Disaster Risk Reduction and Disaster Management Bill
DRRM	Disaster Risk Reduction and Management
EABC	East African Business Council

EAC	East African Community
EAC-EU-EPAs	East African Community – European Union- Economic Partnership Agreements
EACJ	East African Court of Justice
EACREEE	East African Centre for Renewable Energy and Energy Efficiency
EADB	East African Development Bank
EAHRC	East African Health and Research Commission
EAKC	East African Kiswahili Commission
EALA	East African Legislative Assembly
EAMU	East African Monetary Union
EAPCE	East African Petroleum Conference and Exhibition
EAPP	Ester Africa Power Pool
EAPPCCO AGM	East African Police Chiefs Cooperation Organization – Annual General Meeting
EASTECCO	East African Science and Technology Commission
EATUC	East African Trade Union Confederation
ECOWAS-PF	Economic Community for Western Africa Parliamentary Forum
EGL	Energy for Great Lakes
EPA	Ecosystems Profile Assessment
EU	European Union
FDIs	Foreign Direct Investments
FN	Fast Jet
FSDRP	Financial Sector Development and Regionalization Project
FTA	Free Trade Area

GAVI	Global Alliance for Vaccines
GDP	Gross Development Product
GIZ	Deutsche Gesellschaft für International Zusammenarbeit
GMP	Good Manufacturing Practice
HIV and AIDs	Human Immunodeficiency Virus and Acquired Immune Deficiency Syndrome
ICT	Information and Communication Technology
IMO	International Monetary Organization
IPU	Inter-Parliamentary Union
ITC	International Trade Centre
IUCEA	Inter-University Council for East Africa
IUCN	International Union for Conservation of Nature
IWRM	Integrated Water Resources Management Programme
JAMAFEST	Jumuiya ya Afrika Mashariki Utamaduni Festival
KfW	German Development Bank
KQ	Kenya Airways
LVBC	Lake Victoria Basin Commission
LVEMP	Lake Victoria Environmental Management Project
LVFO	Lake Victoria Fishers Organization
LVWATSAN	Lake Victoria Water Supply and Sanitation Project
MOU	Memorandum of Understanding
MRAS	Mutual Recognition Agreements
MTEF	Medium Term Expenditure Framework
NELSAP	Nile Equatorial Lakes Subsidiary Action Programme

NIRTO	Network of Industrial Research and Technology Organization
NMRAs	National Medicines Regulatory Authorities
NPCA	NEPAD Planning and Coordinating Agency
NPFMPII	Nile Perch Fishery Management Plan
NTBs	Non-Tariff Barriers
OSBPs	One Stop Border Posts
PAP	Pan-African Parliament
PHE	Population Health and Environment
PPS	Public Private Sector Partnerships
PREPARED	Policy, Adaptation, Research and Economic Development
RECs	Regional Economic Communities
RMNCA	Reproduction Maternal New-born, Child and Adolescent Health
RRIS	Regional Reference Information system
RSS	Republic of Southern Sudan
RTOS	Research and Technology Organization in Africa
SADC	Southern African Development Community
SADC-PF	Southern African Development Community – Parliamentary Forum
SALW	Small Arms and Light Weapons
SCT	Single Customs Territory
SDGs	Sustainable Development Goals
SEZs	Special Economic Zones

SIDA	Swedish International Development Agency
SMEs	Small and Medium Enterprises
SOLAS	Safety of Life at Sea
SPS	Sanitary and Phyto-sanitary
STEM	Science, Technology, Engineering and Mathematics
TBP	Time Bound Programme
TBT	Technical Barriers to Trade
TCM	Sectoral Council on Transport, Communication and Meteorology
TMEA	Trade Mark East Africa
TORs	Terms of Reference
TTPF	Tax Treaty Policy Framework
UHC	Universal Health Coverage
UN	United Nations
UNFPA	United Nations Population Fund
UNIDO	United Nations
US	United States of America
VAT	Value Added Tax
VC	Video Conferencing
VETGOV	Reinforcing Veterinary Governance in Africa
VIA	Vulnerability Impacts Assessment
WASH	Water, Sanitation and Hygiene
WHO	World Health Organization
WMO	World Meteorological Organization
WTM	World Travel Market

I. INTRODUCTION

1. **Mr. Speaker**, I beg to move that this Assembly resolves into a House Committee to debate and approve the proposals by the Council of Ministers for the Budget of the East African Community for the Financial Year 2018/2019.

The theme of this year's budget is: *Enhancing Prosperity and Welfare of EAC Citizens*

2. The Budget estimates for the Financial Year 2018/2019 are being presented at a time when the integration process is gathering momentum in all the four pillars.

II. ECONOMIC PERFORMANCE AND OUTLOOK

3. **Mr. Speaker**, Global economy expanded by 3.7 percent in 2017, which is approximately 0.5 percentage point higher than the growth in 2016. The pickup in global growth was supported by a notable increase in global investment, trade, and industrial production, coupled with strengthening

business and consumer confidence. Sub-Saharan Africa's real Gross Domestic Product (GDP) grew by 2.7 percent in 2017 compared to a revised growth rate of 1.4 percent registered in 2016. The accelerated growth was mainly due to favourable commodity export prices and strong agricultural production.

4. **Mr. Speaker**, the EAC region maintained its position as the fastest-growing sub-region in Africa, with estimated growth of 4.6 percent in 2017, up from 4.4 percent in 2016. Strong growth was widespread in the region, with Kenya, Rwanda, Tanzania and Uganda growing at more than 5 percent. Growth in Kenya was supported by sustained investment in infrastructure, and improvement in the service sectors, while in Uganda and Tanzania growth was mainly supported by strong performance in the industry sector. Rwanda's growth was supported by favorable weather conditions and higher commodity prices.

5. **Mr. Speaker**, Economic growth in Burundi and South Sudan remained subdued in 2017, with some signs of steady recovery. GDP growth in Burundi contracted by 1.3 percent

in 2017 compared with a revised contraction of about 1.6 percent in 2016. This was mainly due to sustained impact of suspension of financial aid by major donors, shortage of foreign exchange reserves, and declining investment. Likewise, growth in South Sudan contracted by about 3.5 percent in 2017 compared to a contraction of 13.8 percent in 2016. Growth deceleration in South Sudan since 2015 has been largely contributed by the combination of low oil prices and reduction in oil production following the ongoing political challenges.

6. **Mr. Speaker**, over the medium term, economic growth in the EAC region is expected to remain strong, mainly due to public investment in infrastructure, construction and manufacturing activities, and improved agricultural productivity.

III. REVIEW OF EAC PROGRAMME PERFORMANCE FOR THE FINANCIAL YEAR 2017/2018

7. As **Honourable Members** will recall, this august House approved a Budget of **USD110, 130,184** for the Community for the Financial Year 2017/2018 which focused on the following priorities:

- a) Consolidation of the Single Customs Territory (SCT) to cover all imports and intra-EAC traded goods including agricultural and other widely consumed products;
- b) Infrastructural development in the region;
- c) Further liberalization of free movement of skilled labour across the Partner States;
- d) Enhancement of regional industrial development through investment in key priority sectors, skills development, technological advancement and innovation to stimulate economic development;
- e) Improvement of agricultural productivity, value addition and facilitation of movement of agricultural goods to enhance food security In the region;

- f) Promotion of regional peace, security and good governance; and
- g) Institutional transformation.

The performance on implementation of the above priorities by the EAC Organs and Institutions is as follows:

3.1. EAC SECRETARIAT

3.1.1. DIRECTORATE OF CUSTOMS

a) Implementation of the Single Customs Territory:

8. **Mr. Speaker;** The realization of the Customs Union as provided for in the Treaty remained the guiding principle that governed Customs programmes during the FY 2017/2018. We continued with the implementation of the Single Customs Territory (SCT), which has recorded notable milestones that included reduction in turn-around time, and the cost of doing business which has had positive impact on trade facilitation. Other Trade facilitation initiatives that included the One Stop Border Post, Authorized Economic Operator, Customs

interconnectivity, Customs capacity building and World Trade Organization Trade Facilitation Agreement were implemented.

b) Review of the EAC Common Union Instruments

9. **Mr. Speaker.** The EAC region is undertaking a comprehensive review of EAC Common External Tariff and EAC Customs management Act 2004 to address the global changes in the current economic environment in EAC and boost intra-regional trade.

c) Operationalization of One-Stop Border Posts (OSBP)

10. **Mr. Speaker,** to operationalize the OSBP Act 2016, the OSBP Regulations and manual were developed and adopted by the Council. During the same period OSBP training curriculum was developed and published. It is important to note that the Busia OSBP on the Kenya / Uganda border was launched by the President of the Republic of Kenya, H.E. Uhuru Kenyatta and the President of the Republic of Uganda, H.E Yoweri Kaguta Museveni on 24th February 2018.

d) Partnership with the Private Sector and Implementation of the Regional Authorized Economic Operator Program

11. Mr. Speaker, efforts were directed towards implementing the Regional Authorized Economic Operator Programme (AEO). The FY 2017/2018 witnessed an increase in the number of the compliant regional traders which stood at 73 firms at the close of the year. Partnership with the private sector will enhance compliance and secure the international supply chain thus improving the business-operating environment in the EAC. In the month of March 2018 EAC region hosted the 4th Global AEO Conference in Kampala, Uganda. Hosting such a global conference, the first on the African continent was a testimony to the milestones within the region.

f) Customs Capacity Building

12. Mr. Speaker; EAC Customs has adopted a structured approach towards training and capacity building for the Customs Administrations and other stakeholders. This

ensures a harmonized and equitable training for Partner States.

3.1.2 DIRECTORATE OF TRADE

(a) Tripartite and Continental Free Trade Area Negotiations

13.Mr. Speaker, progress has been made towards the realization of the Tripartite Free Trade Area. Three EAC Partner States have now ratified the Agreement, which was launched in June 2015 namely, Kenya and Uganda. It is important that the remaining Partner States also ratify the Agreement in accordance with the timelines that have been agreed upon. Substantial work has also been accomplished on the outstanding work on the Tripartite Agreement such as; exchange of tariff offers and negotiations on Rules of Origin. It is expected that Phase 2 of the negotiations on the Agreement, which comprise of Trade in Services and Trade related areas will commence by the end of 2018. In order to enable the EAC Partner States to maximize on the opportunities of the Tripartite Free Trade Area, it is

necessary that we undertake the necessary preparations for implementation of the Tripartite instruments and programmes taking into account the requirements under national and regional laws. This will include capacity building and strengthening the institutions that are mandated with the implementation of the various aspects of the Agreement. The Fourth Tripartite Summit will be held in Kigali, Rwanda. A Tripartite Sectoral Ministerial Committee (TSMC) meeting has been scheduled for June 2018 to take stock of progress made in negotiations and advise on the timing of the Tripartite Summit. We should therefore take note and prepare to participate in the Summit when it is convened.

14.Mr. Speaker, in regard to the African Continental Free Trade Area (AfCFTA) negotiations, we are all aware that the Agreement was signed during the 10th AU Extraordinary Session of the Assembly on 21st March 2018 in Kigali, Rwanda. During that Summit, 44 (forty four) Member States signed the AfCFTA consolidated Text and 30 (thirty) Member States signed the Protocol on Free Movement of

Persons. 4 (Four) Member States have so far ratified the Agreement including Kenya and Rwanda. It is also necessary that all the EAC Partner States ratify the AfCFTA Agreement so as to access the benefits of the Continental Market when the Agreement comes into force. The outstanding work for the Continental FTA include legally scrubbing the Annexes and Appendices to the Protocol on Trade in Goods, finalization of Rules of Origin, Tariff concessions and Trade in Services commitments and commencement of Phase 2 negotiations.

15.Mr. Speaker, it is important that the EAC Partner States provide adequate funds to ensure that the coordinating Organs both at regional and national levels and the relevant Institutions are adequately facilitated in order to effectively participate in the tripartite and continental Free Trade Area negotiations and also successfully implement the Agreements in order to access the economic benefits.

3.1.3 DIRECTORATE OF PLANNING

16.Mr. Speaker, the following were the key achievements in the Directorate of Planning during the Financial Year 2017/18: -

(a) Formulation of the 5th EAC Development Strategy

17.Mr. Speaker, the Community finalized the formulation of the 5th EAC Development Strategy 2016/17–2020/21. The goal of the Strategy is: “To Build a firm Foundation for Transforming the East African Community into a Stable, Competitive and Sustainable Lower-middle Income Region by 2021”. Accordingly, the theme of the Strategy is: “Accelerating a People-centred and Market-driven Integration”. The EAC Heads of State Summit launched the Strategy on 23rd February 2018.

(b) Common Market Score Card

18.Mr. Speaker, in an effort to expedite implementation of the EAC Common Market Protocol provisions, the Secretariat in collaboration with TradeMark East Africa and the World Bank Group developed the EAC Common Market Scorecard

(CMS) - a framework that monitors the implementation of the Protocol by tracking progress of Partner States in fulfilling their commitments as provided in the Protocol. The first CMS report was launched in 2014 followed by the second in 2016, which covered the free movement of goods, services and capital. The reports indicate that Partner States are lagging behind in implementing the Protocol due to a number of factors, particularly lengthy procedures for amending national policies, laws and regulations to conform to the Protocol and lack of a concrete implementation plan, among others.

19. The Secretariat in collaboration with the World Bank developed the draft EAC Common Market Scorecard 2017 covering the free movement of labor, right of establishment and right of residence. The validation and launch of the CMS2017 are scheduled before the end of this year.

(c) Operationalization of EAC Policy Research Unit

20. **Mr. Speaker**, the Secretariat is operationalizing the EAC Policy Research Unit, with initial support from the African

Capacity Building Foundation (ACBF). Following expiry of ACBF support in December 2017, the policy research function has been mainstreamed into the EAC established structure under the Planning and Research Department. In this way, the efforts of the Secretariat to promote research in areas that have policy, legal or operational relevance to EAC integration in all its Pillars will be sustained to ensure evidence-based policy making by relevant Organs of the Community.

(d) Establishment of Institutions to support the East African Monetary Union

21.Mr. Speaker, during the FY 2017/18, the Secretariat continued to work with Partner States to develop legal instruments for the establishment of the four Institutions provided for in the East African Monetary Union (EAMU) Protocol. The four Institutions are (i) the East African Monetary Institute; (ii) the East African Statistics Bureau; (iii) the East African Surveillance, Compliance and Enforcement Commission, and; (iv) the East African Financial Services Commission. The four Institutions are

expected to support the Monetary Union by providing a robust institutional framework to ensure compliance and safeguard the convergence process.

22.Mr. Speaker, I'm happy to report that Bills for the establishment of the East African Monetary Institute has already been passed by this Assembly. The East African Bureau of Statistics Bill is being considered by EALA Committee on Communication, Trade and Investment and will be passed within the next Financial Year.

(e) Implementation of EAC Code of Conduct and Guidelines for Designated Market Makers for Government Securities

23. Mr. Speaker, as part of modernization of Monetary Policy Frameworks in the EAC region, the EAC Central Banks developed the Codes of Conduct for Designated Market Makers for Government Securities in order to promote efficient market practices by providing comprehensive standards and best practices in the Government securities market. The Codes of Conduct include business conduct,

detailed processes and reporting requirements. To facilitate such efforts, a Regional Technical Working for implementing the EAC Codes of Conduct and Guidelines for Designated Market Makers for Government Securities was established in September, 2017 to fast-track the implementation and adoption of the Codes of Conduct by all Partner States.

(f) Cooperation in Statistics Harmonization and Development

24.Mr. Speaker, the Secretariat has continued to implement the program for development and harmonization of statistics in the region. The program aims at establishing a sustainable Community Statistical System (CSS) to be underpinned by a legal and institutional framework capable of producing harmonized and comparable macroeconomic, productive, and social statistics for monitoring the EAC Macroeconomic Convergence criteria and other integration initiatives. Following the expiry of the first EAC Regional Statistics Development Plan, the EAC Secretariat developed the second Regional Statistics Development Plan (RSDP II) covering the period 2017/18 - 2021/22. The Plan was adopted by the

dedicated meeting of the Sectoral Council on Finance and Economic Affairs (SCFEA) held on 10th November 2017. The Plan aims at establishing a mechanism for production and dissemination of timely, reliable, regionally & internationally comparable statistics; and the establishment of the East African Statistics Bureau.

(g) Payment and Settlement Systems Integration Project (EAC-PSSIP)

25.Mr. Speaker, the Secretariat has continued to implement the EAC-Payment and Settlement System Integration Project (EAC-PSSIP). The objective of the Project is to contribute to the modernization, harmonization and regional integration of payment and settlement systems. The EAC-PSSIP Project was launched in March 2014 and is funded by African Development Bank (AfDB) to the tune of USD 23 Million. A number of financial market infrastructure initiatives were implemented or upgraded during the period under review. The Secretariat has supported Partner States' Central Banks to acquire requisite skills by facilitating study tours to

institutions that have implemented the most recent and modern payment systems.

(h) Formulation of EAC Investment Policy and institutional framework

26. **Mr. Speaker**, to boost entrepreneurship in the region, the EAC Secretariat in collaboration with the East African Business Council held the second East African Business and Entrepreneurship Conference under the theme “**Accelerating Industrialization, Innovation and Investment in the EAC**”. The objective of the Conference was to bring together decision makers from the Partner States and the private sector from within the region and abroad to discuss strategies for positioning the region as a competitive investment destination. Implementation of the recommendations from the Conference will enhance regional policy making to improve the business environment for full realization of the objectives of the EAC Common Market. The Conference is another platform for showcasing existing investment opportunities and marketing the region as a single investment destination.

3.1.4 DIRECTORATE OF INFRASTRUCTURE

(a) EAC Joint Heads of State Retreat on Infrastructure and Health Financing and Development

27. Mr. Speaker, I am pleased to report that in February 2018, the Secretariat successfully organized the 4th Heads of State Retreat on Infrastructure Development and Financing which was jointly held with a Retreat on Health Financing. During the Retreat the Heads of State considered and approved priority infrastructure projects in railways, ports, inland waterways, energy, civil aviation and a set of roads that decongest the ports requiring US\$ 78.8 billion dollars in investment. The Heads of State further considered and approved 17 flagship projects for championing at the Heads of State level requiring a total investment of USD 62.2 billion dollars.

(a) Roads Subsector

28. Mr. Speaker, the construction of the following roads:

- i. Taveta – Mwatate road, part of the multinational Arusha – Holili/Taveta – Voi road was completed and commissioned in July, 2017. It now takes one and a half hours to cover the distance, from the previous four hours when it was a gravel road.
- ii. On the Tanzanian side, the dualling of the Sakina – Tengeru section, 14 km long, is completed and construction of the 42-km long Arusha Bypass is in progress. Discussion between the Government of the United Republic of Tanzania and JICA is still ongoing for the funding of the Tengeru to Holili section of the project.
- iii. Further, the detailed design Studies for the 400-km long Malindi – Lunga Lunga and Tanga – Bagamoyo road between Kenya and Tanzania were completed and the AfDB has shown interest in financing the project by advising on the need to conduct review of the existing study since it needs to be updated. It is anticipated that

construction of sections of the road will commence by early 2019.

29. In addition, the feasibility studies and detailed designs of two key links for the Republics of Rwanda and Burundi to the Central Corridor commenced in April, 2016. These are:

- i. The 250-km long Nyakanazi – Kasulu – Manyovu road in Tanzania linking to the 78-km long Rumonge – Bujumbura road in Burundi.
- ii. The 92-km long Lusahunga – Rusumo road in Tanzania linking to the 70-km long Kayonza – Kigali road in Rwanda. The studies are expected to be completed by June, 2018.
- iii. The AfDB has shown interest in funding construction phase of the Nyakanazi – Kasulu – Manyovu and the Rumonge – Rutunga – Bujumbura multinational road.

30. In November, 2017 the EAC Secretariat signed a grant Agreement with the AfDB under the NEPAD-IPPF facility to fund the studies for multinational Tanzania – Uganda road project, the 87km long Masaka – Mutukula in Uganda linking

to the 163 km long Mutukula-Kyaka and Bugene-Kasulo-Kumunazi Road in Tanzania

31. Both the EAC Vehicle Load Control Act 2016 and the EAC One Stop Border Post Act 2016 commenced on 1st October, 2016. The Regulations to support the implementation of the two laws were adopted by the Council in April, 2017. The EAC standardized curricula for drivers of large commercial vehicles have been adopted by the Council of Ministers and the preparation of a legal framework to support their implementation will be completed within the next Financial Year.

(a) Railways

32. **Mr. Speaker**, the construction of the Mombasa-Nairobi standard gauge railway (SGR) line in Kenya was completed and inaugurated on 31st May 2017, and the phase II from Nairobi to Naivasha is ongoing and expected to be completed by 2019. These are backbone lines for the Mombasa-Nairobi-Kampala-Kasese/Kigali and Tororo-Pakwach/Gulu-Nimule-

Juba SGR project along the Northern Corridor. For the Central Corridor, the Dar es Salaam-Isaka-Kigali/Keza-Musongati SGR project is underway. The construction of the Dar-es-Salam-Morogoro section commenced in April 2017 as Phase I, while for phase II (Morogoro – Makutupora), was launched in March 2018 and the construction has commenced.

33. The Secretariat completed the study known as The EAC Railways Sector Enhancement Project in August 2016. The study has made recommendations on new priority lines and has proposed institutional reforms aimed at improving the railways sector in the region. To facilitate the development and operation of seamless and efficient railway transport services in the region, the Secretariat has developed technical specifications for rail infrastructure and appropriate regulations for safety, inter-operability and access management. These await the development of appropriate legal frameworks to anchor their implementation. The Task Force on East African Railways have accordingly met in March 2018, updated the study and prepared addendum to it

to reflect current developments and lessons learnt to pave a way of effective EAC railways legal instruments.

34. For 2018/2019 FY, focus will be on finalizing ongoing studies and resource mobilization for multinational roads whose studies are completed, preparation of legal frameworks for harmonized standards and policies and monitoring the implementation of regional Acts on vehicle load control and one stop border posts. Attention will also be paid to cooperation with other regional, continental and global efforts to improve road transport services and safety.

(a) Tripartite Cooperation

35. **Mr. Speaker**, under the Infrastructure Development Pillar of the Tripartite Free Trade Area, the EAC is collaborating with COMESA and SADC to implement the Tripartite Transport and Transit Facilitation Programme through harmonization of policies, standards and specifications in the roads sector. With funding from the EU under the 11th EDF funding cycle, the three RECs aim to harmonize over the next four years the following standards and systems:

- (i) Vehicle Dimensions and Equipment Standards
- (ii) Transportation of Abnormal Loads and Dangerous Goods
- (iii) Training and Licensing of Commercial Drivers
- (iv) Road Transport Management System (RTMS)

The Tripartite also aims to develop the following multilateral agreements and policy documents:

- i) Tripartite Vehicle Load Management Agreement
- ii) Tripartite Multilateral Cross Border Road Transport Agreement
- iii) A Regional Weighbridge Location Plan and Interconnectivity of Weighbridges

The first Consultative Workshop to validate multilateral agreements and model laws framework was held on 21st – 23rd May, 2018, in Nairobi – Kenya

(a) Maritime Transport and Corridor Development

36. Mr. Speaker, the implementation of the Intermodal Strategy has entered its second phase comprising the Lake Tanganyika Transport Program (LTTP) which was launched in November 2017 in Bujumbura Burundi. Development Partners including

the World Bank, JICA, AfDB and TradeMark East Africa have provisionally committed more than US\$ 600 million to support the implementation of the Lake Tanganyika Transport Program. EAC, Central Corridor and Lake Tanganyika Authority jointly coordinate the implementation of the program.

(a) Civil Aviation and Airports

37.Mr. Speaker, during the year under review, the final Study Report including a proposed Roadmap for the implementation of the EAC Upper Flight Information Region (EAC UFIR) Project were approved by the 14th Sectoral Council on Transport, Communications and Meteorology (TCM).

38.Mr. Speaker, EAC Partner States have committed to fully implement the Yamoussoukro Decision as part of the Common Market Protocol and in line with the ongoing efforts by the African Union Commission (AUC) and the African Civil Aviation Commission (AFCAC) to establish and operationalize the Single African Air Transport Market (SAATM). EAC Secretariat has completed the draft

Regulations to guide the Partner States fully liberalize their Air Transport Services in order to achieve improved efficiency, enhancement in capacities and eventually lowering the cost of Air Transport in the Region. During the period under review, the EAC Secretariat has also coordinated the operationalization of the EAC Aeronautical and Maritime Search and Rescue Agreement and the development of an EAC Agreement in handling Aircraft Accident and Incident investigation.

(a) Information and Communications Technology

39. Mr. Speaker, the EAC Roaming framework was developed and approved by the 30th Meeting of the Council of Ministers in 2014 and endorsed by the EAC Heads of State in February 2015. The framework imposed price caps on roaming charges and called for the removal of surcharges on cross-border telecommunications traffic. The Republics of Kenya, Rwanda, Uganda and South Sudan have implemented the Framework. During the 4th Extra-Ordinary Meeting of the Sectoral Council on Transport, Communications and Meteorology, held in November 2017, the United Republic of

Tanzania and the Republic of Burundi reported that they are finalizing domestic processes for its implementation and would implement the framework by December 2018.

(a) Meteorology

40.Mr. Speaker, under Meteorology, the two major areas of focus during the current financial year have been improvement of the weather forecasting systems and the implementation of the Five Year Meteorological Development Plan and Investment Strategy (2013- 2018). On improvement of weather forecasting systems, the Secretariat with support of Partner States has developed strategies aimed at improving the Meteorological Services to produce more accurate and timely weather forecasts. This will result in enhancing capacity building on numerical weather forecasting and upgrading of the computing equipment. The Region will soon start to implement the World Meteorological Organization Integrated Global Observing System, which involves incorporating meteorological data observed by other organizations into the national meteorological databases. EAC is also working to phase out mercury-based observing systems

by 2020 in line with the MINAMATA Convention on Mercury.

41. On the Meteorological Development Plan and Investment Strategy, EAC Secretariat, World Meteorological Organization (WMO), Lake Victoria Basin Commission (LVBC) and Partner States under the support of United Kingdom (UK) Department for International Development (DFID) through the Weather and Climate Information Services for Africa (WISER) Program have commenced the implementation of the HIGHWAY project. The HIGHWAY Project aims to upgrade the Early Warning Systems for severe weather events on the Lake Victoria Basin Region in order to increase the safety of life and to reduce the damage to property caused by thunderstorms and strong winds generated over Lake Victoria.

3.1.5 DIRECTORATE OF PRODUCTIVE SECTORS

(a) Agriculture and Food Security

42. **Mr. Speaker**, I am pleased to inform you that the EAC is strongly committed to support implementation of the June

2014, African Heads of State Malabo Declaration on Agriculture Growth and Transformation in Africa. In June 2017 Ministers responsible for Agriculture in the EAC Partner States and other key Regional stakeholders signed the EAC CAADP Compact. Further, the EAC Regional Agriculture Investment Plan (RAIP), which will be a key instrument in rallying financial and technical support to spur agricultural transformation was developed and is now awaiting consideration and adoption by the 11th Sectoral Council on Agriculture and Food Security.

43. Mr. Speaker, the aflatoxin contamination of food and feed is one of the challenges posing a threat to food security and trade of agricultural products within the EAC. In order to prevent and control adverse impacts of aflatoxin along the food and feed value chains, the 36th Council of Ministers held in February 2018 approved EAC Aflatoxin Prevention and Control Strategy and Action Plan. In addition, a total of 9 policy briefs were also approved and the plan is underway to ensure wider dissemination to targeted stakeholders to inform

and influence policy decisions and action on Aflatoxin prevention and control.

44.Mr. Speaker, it is also gratifying to note that the 36th Council of Ministers adopted the framework to guide development of harmonized EAC Seed Guidelines and Regulations. The process of development of regional seed legislation and regulations has been started and is in its completion stage. The framework shall promote intra-regional trade and enhance access to quality seed by farmers.

45. The EAC Secretariat with support from FAO commenced implementation of a joint regional Technical Cooperation Project (TCP) on “Promoting Youth Employment in the Agricultural Sector in East Africa Community”. The Overarching Objective of the Project is to contribute in operationalizing the EAC’s Youth Employment Policy Strategy as part of its integration agenda by reducing rural poverty, and boosting economic growth through the creation of better opportunities for youth in the agriculture sector.

46. Mr. Speaker, the East African Community region suffers from frequent food insecurity despite the huge resource endowments and great potential for production of adequate food. Food insecurity in the region is caused by both natural and policy related factors. The EAC Secretariat with the financial and technical support from USAID and East Africa Trade and Investment Hub (EATIH) has developed EAC Regional Food Security and Nutrition Security Strategy (FNSS) and its Action Plan (FSAP) to guide the implementation and actualization of the regional food security objectives. The two documents are now awaiting consideration and adoption by the 11th Sectoral Council on Agriculture and Food Security scheduled this month.

47. Mr. Speaker, progress has been made in the implementation of EAC Animal Resources Information System. In February 2018, the EAC Secretariat convened a regional technical working group meeting to update and finalize development of regional reports and policy briefs on the status of animal resources in the region. The reports and policy briefs developed will be printed and disseminated to sensitize and

create broad awareness among policy-makers and investors on the importance and potential of animal resources.

48. Mr. Speaker, in the financial year 2018/19, agricultural sector priorities will focus on the following: (i) to support coordination and implementation of EAC CAADP Regional Agricultural Investment Plan; (ii) to strengthen regional coordination and EAC Partner States capacities for domestication and implementation of EAC SPS Protocol; (iii) to strengthen regional and national mechanisms for managing priority transboundary plant and animal diseases and pests; and (iv) to support Partner States to domesticate EAC regional inputs (seeds, pesticides and fertilizers) registration and certification guidelines framework.

(b) Industrialization and Small and Medium Enterprises (SMEs) Development

Common Regional Policy and Strategy for Textiles, Apparels and Leather sectors

49. Mr. Speaker, cotton, textile and leather industries have been used as the entry point for industrialization by Western countries

and East Asian countries alike. Restoration of these sectors through appropriate regional policies and legislations is therefore crucial for promoting the growth of the foregoing sectors. Comprehensive studies on the above sectors have been completed through financial support of TradeMark East Africa (TMEA). The Secretariat is currently coordinating the formulation of a Regional Common Policy and Strategy that is expected to reverse the decline trends in these sectors and transform them into viable and competitive industries.

(c) Regional Automotive Industry Action Plan

50. Mr. Speaker, the Automotive Industry can no longer be regarded as a luxury industry, but a vital component of life and nicety for human mobility. It is crucial to develop this sector as per Summit directive to achieve the twin objective of easing and lowering the cost of transport, and promoting employment generation especially in the parts supply chain. In this regards, the EAC commissioned a study on automotive sector through the Support of the Japan International Cooperation Agency (JICA). The final report and the action plan from this study have been finalized and approved by the

Council of Ministers. Among the key recommendations of the study and which are outlined in the action plan approved by the Council of Ministers include:

- i. harmonization of age limits for importation of used vehicles into the region to 8 years;
- ii. investment in a regional automotive assembly plant to produce affordable vehicles to meet the growing demand for transport in urban and rural areas; and establishment of an automotive industry platform to coordinate and
- iii. oversee implementation of the action plan.

(d) EAC Industrial Competitiveness Report, 2017

51. Mr. Speaker, effective implementation of industrialization programmes both at regional and national levels requires sound technical capacity. Towards this goal, the Secretariat in collaboration with UNIDO implemented a programme on ‘Strengthening Capacities for Industrial Policy Formulation and Implementation in the East African Community, during which over 30 experts were trained’. As a result of this programme, the Secretariat in collaboration with experts from Partner States

produced the first ever EAC Industrial Competitiveness Report, 2017 which provides a compass for policy makers and private sector to track and monitor the progress of industrial development in the region.

(e) EAC Pharmaceutical Manufacturing Plan of Action (RPMPOA-2017-2027)

52. Mr Speaker, East Africa region faces severe challenges of access to quality and affordable medicine as nearly **70-90 percent of all medicines are imported from outside EAC.** This does not only put a strain to our scarce foreign exchange reserves but also poses a risk to securing health security for the EAC population. The region has therefore developed a new regional pharmaceutical manufacturing plan of action for the period 2017 to 2027 to provide a framework to support local production of high quality and affordable medicine. In this new plan, the region seeks to reduce the dependency on imports by 50 percent and ensure that 50 percent of budget for medicine are used to purchase locally produced medicine.

(f) Small and Medium Enterprise (SME) Development

53. Mr Speaker, SME business are vital actors in the structure of EAC economies, generating more than 60 percent of employment and representing over 90 percent of registered business establishments. The Secretariat has completed a study on, ‘Harmonization of Regulations Impacting on the Development of Micro, Small and Medium Enterprises in the EAC Region’, and prepared a draft EAC SMEs Charter that is to be presented to the Council of Ministers for approval. The SMEs Charter will serve as a code of practice for promotion and development of SMEs focusing on reducing burdensome regulations and taxation, harmonizing licensing regimes and procedures, appropriate financing mechanisms, and promoting multiagency coordination of SMEs related activities.

(g) Energy Sector

54. Mr Speaker, in the Power Sector, implementation of projects under the Power Master Plan has continued with success. This has raised the region’s installed **capacity to 4,679.6MW in 2017 against a peak demand of 3,586.7MW in 2017 for the interconnected system. The Peak demand plus the 15% reserve margin totals to 4124.7MW** hence the region has a

surplus of 554.9MW. The EAC Secretariat and other Regional Organizations namely the Nile Equatorial Lakes Subsidiary Action Programme (NELSAP), Eastern Africa Power Pool (EAPP) and Energy for the Great Lakes (EGL), continued to monitor the implementation of interconnection projects. Various efforts are ongoing to increase access to modern energy services in the region. To this end, the EAC Secretariat, with funding from USAID is trying to strengthen the EAC department of Energy and to ensure effective implementation of the Power Master Plan, the Cross Border Electrification Policy and increased investment in the sector of energy by coming up with bankable projects proposals that can be easily used to attract foreign investors.

55. Mr Speaker, in the Petroleum Sector, the Secretariat held the 8th East African Petroleum Conference and Exhibition (EAPCE'17) in Bujumbura Burundi June 7-9, 2017. Also, procurement process for consultancy services for oil products pipeline from Kigali to Bujumbura has been finalised although EAC Secretariat is yet to receive a No Objection from AfDB to sign the contract. At the same time a feasibility study for a

similar pipeline, Mbarara-Mwanza-Isaka-Dar es Salaam is to be undertaken and the EAC Secretariat finalised the evaluation of the expression of interest and is awaiting a no objection from AfDB. Implementation of the two studies as well as holding the 9th East African Petroleum Conference 2019 (EAPCE'19) in Kenya as approved by the Sectoral Council on Energy will be the three major activities under this energy sub sector during the financial year 2018/19.

56.Mr. Speaker, the East African Centre of Excellence for Renewable Energy and Energy Efficiency (EACREEE)

hosted by Makerere University College of Engineering, Design, Art and Technology (CEDAT) as designated by the 33rd meeting of Council of Ministers is now operational. The Overall Objective of the Centre is to contribute towards increased access to modern, affordable and reliable energy services by creating an enabling environment for renewable energy and energy efficiency markets and investments. To ensure its regional outlook, EACREEE has started working closely with identified National Focal Institutions (NFIs) in the other Partner States. CEDAT has set up offices for the

EACREEE Secretariat and since January 2017 UNIDO provided a Programme Management Expert and a Sustainable Energy Expert. EACREE Executive Director on secondment from the Republic of Uganda has also been appointed. Makerere University has also provided two staff to assist the EACREEE Secretariat on capacity building and gender and youth issues. Jointly with EAC, UNIDO and Austrian Development Agency (ADA), EACREEE successfully organised a forum on “Sustainable Energy Production in the EAC region” held from 19-21 March, 2018, in Kigali, Rwanda. The focus of EACREEE Secretariat in collaboration with EAC in FY 2018/19 will be to mobilize resources for the Centre, build capacity for the National Focal Institutions to support implementation of people centred high impact work programme.

57. Mr Speaker, in the FY 2018/19, the Secretariat will continue to implement the EAC Cross Border Electrification Policy. In this line, a survey to identify 5 new Cross Border Centers will be conducted and feasibility studies to evaluate their respective costs will be commissioned.

(h) Tourism and Wildlife Development

58. Mr Speaker, in November 2017 and March 2018, Partner States and the Secretariat participated in two of the world's biggest annual tourism trade fairs, the World Travel Market (WTM) held in London and the International Tourismus Börse (ITB) held in Berlin Germany respectively. The major objective has been marketing the region as a single tourist destination that is safe and secure. This is normally done through a joint event hosted by one of the Partner States whereby all the Partner States come together and issue a joint statement projecting East Africa as a single tourism destination. This has significantly increased awareness and visibility of the destination among the international business community and media. It has also helped in reducing the impact of negative advisories issued by some tourist source markets.

59. Mr Speaker, as directed by the Council, the Secretariat with the support of USAID has developed a regional Strategy to Combat Poaching and Illegal Trade and Trafficking of Wildlife and Wildlife Products which has become a menace in the region. The Strategy was approved by the Sectoral Council for Tourism

and Wildlife Management during their 7th Meeting held in March last year and subsequently adopted by the Council of Ministers during its 36th Meeting. Despite the fact that the Secretariat is reaching out to Development Partners and Conservation Partners for support in implementation of the Strategy, the Community needs to provide funds to protect our wildlife resources that are under threat of poaching and illegal trade.

60.Mr Speaker, other priorities for the Tourism and Wildlife sector for the next financial year include:

- i. finalization and adoption of the Protocol on Tourism and Wildlife Management;
- ii. reviewing the EAC criteria for classification of tourist accommodation establishments and restaurants as well as develop new criteria for other tourism services; and
- iii. undertaking awareness programmes and other initiatives geared towards full implementation of the Single Tourist Visa by all Partner States.

(i) Environment and Natural Resources

61.Mr. Speaker, to ensure the strengthening of Institutional and Financial Capacities for Environment and Climate Change Adaptation and Mitigation, the 5th Sectoral Council on Environment and Natural Resources Management convened in February 2018 provided policy guidance on the environment and natural resources management in the region. Technical Working Groups meetings were also convened in September 2017 and March 2018 to provide technical guidance on the same.

62.Mr. Speaker, during the FY 2017/2018, the EAC adopted the EAC Road Map for implementation of key resolutions of COP21/CMP11 – Paris Agreement relevant to the EAC region. The Terms of Reference for Feasibility Study for the Establishment of the EAC Carbon Credit Exchange (EAC-CCX) Mechanism, the EAC climate change portal was developed and hosted at EAC, Final LVB Climate Change Adaptation Strategy and Action Plan and Terms of Reference

for the review of the EAC Climate Change Policy and Strategy were adopted in February 2018.

63.Mr. Speaker, the Community participated in the 23rd Session of the Conference of Parties (COP 23) to the United Nations Framework Convention on Climate Change (UNFCCC), 13th Meeting of Parties to Kyoto Protocol (CMP 13) and 2nd Session of the Conference of the Parties serving as the Meeting of the Parties to the Paris Agreement (CMA1.2) held in Bonn, Germany from 6th to 17th November 2017. In the margins of the COP23, EAC Secretariat held technical bilateral meetings with international partners meant to enhance its collaboration with partners and have them to renew commitment in addressing the sustainable development challenges related to negative impacts of climate change in the Community.

64.Mr. Speaker, to ensure that actions and activities of the EAC-USAID Planning for Resilience in East Africa through Policy, Adaptation, Research and Economic Development (PREPARED) Programme were successfully implemented, a

mid-Term review of the PREPARED Programme was finalized in February 2018 to measure its performances, identify the mistakes made and refocus the Programme to ensure it becomes more people centered.

65.Mr. Speaker, progress was made in the implementation of the EAC Disaster Risk Reduction (DRR) Strategy. A comprehensive regional DRR Action Plan was prepared to implement the Sendai Framework. EAC position paper and updates on the region's status of implementation of the Sendai Framework on DRR and its Africa Programme of Action were also prepared. Negotiations are underway with EU-ACP project to have EAC as an implementing focal point under EDF11 on DRR Management by September 2018.

66.Mr. Speaker, on 9th October 2017, the Secretariat met with IUCN on the implementation of BIOPAMA I and set a way forward for BIOPAMA II project to be funded by EDF 11 strategy on biodiversity for the next five years. Development of EAC Forestry Policy and Strategy was initiated and the

Inventory Report on EAC Mineral Policies and Mining Regimes was adopted in February 2018.

67.Mr. Speaker, regarding the Protocol on Environment and Natural Resources Management, Terms of Reference for the Multi-Sectoral Technical Task Force on issues raised by Partner States were adopted in February 2018. The task force is set to study the issues raised on the Protocol and provide a way forward.

68.Mr. Speaker, on water management, the EAC Water Vision was reviewed in September 2017; ToRs for the development of EAC Water Policy and Integrated Water Resources Management Strategy were adopted in February 2018, and we are now in the procurement process. The draft Concept Note on Wetlands Management in the EAC region was also developed.

69.Mr. Speaker, in the next financial year, the Secretariat will continue to coordinate measures to foster co-operation in the joint and efficient management and sustainable utilization of natural resources within the Community. The Secretariat will

also develop a regional programme for environmental management in the targeted environment protection of lakes, rivers and wetlands for sustainable economic development in the Community.

3.1.6 DIRECTORATE OF SOCIAL SECTORS

(a) Health Sector

Regional Cooperation and Integration in the EAC Health Sector

70.Mr. Speaker, the Health Sector convened the first Joint EAC Heads of State Retreat on Health and Infrastructure Financing and Development in Kampala, Uganda on 22nd February 2018. The 19th Meeting of the Ordinary Meeting of the EAC Heads of State issued a Communiqué and approved nine (9) priorities of the health sector which focuses on health infrastructure, systems and services development, health research and development, and coordination on implementation of the regional health sector investment priorities

71. In addition to the Health Sector priorities, the 16th Ordinary Meeting of the Sectoral Council of Ministers of Health approved the schedule and dates of convening the 2nd and subsequent Joint Retreat of the EAC Heads of State on Infrastructure and Health Financing and Development on a rotational basis among the respective EAC Partner States as follows:

- i. Republic of Kenya (Nairobi): 28th to 29th November, 2020
- ii. Republic of Rwanda (Kigali): 28th to 29th November, 2022
- iii. United Republic of Tanzania (Dodoma): 28th to 29th November, 2024
- iv. Republic of Burundi (Bujumbura): 28th to 29th November, 2026
- v. Republic of South Sudan (Juba): 28th to 29th November, 2028

72. **Mr. Speaker**, during the Financial Year 2017/2018 in the area of access to medicines and health technologies, the 16th Ordinary Meeting of the Sectoral Council of Ministers of Health held on 16th May 2018 approved EAC Medicines and Health Technologies Policy, EAC Medicines and Health

Technologies Strategic Plan (2018-2022), EAC Cooperation Framework Agreement for Partner States' National Medicines Regulatory Authorities (NMRAs) and EAC Business Plan for Strengthening Pharmacovigilance (Safety) Surveillance Systems. The Policy and Strategic Plan will guide the region to ensure adequate and reliable supply of safe, efficacious and cost-effective medicines and health technologies to all people of the EAC and their rational use. The Cooperation Framework Agreement provide a guide for technical cooperation among EAC Partner States' National Medicines Regulatory Authorities to improve efficiency and effectiveness in the regulation of medicines and health technologies through information and work sharing and convergence.

73.Mr. Speaker, during the reporting period, the EAC Secretariat secured technical support from USAID Kenya/East Africa through Health Policy Plus to develop the legal instrument of implementation of the Portability of Benefits of Social Health Protection and Universal Health Coverage in the EAC Partner States, *the EAC Social Health*

Protection and Universal Health Coverage Benefits Portability Bill, 2018.

74. **Mr. Speaker**, during the Financial Year 2017/2018, the EAC Health Sector in collaboration with the East African Science and Technology Commission (EASTECCO) and Regional Centre of Excellence (RCoE) on Biomedical Engineering, eHealth, Health Rehabilitation and Mobility Science organized the 2nd EAC Regional e-Health and Telemedicine Workshop, a Ministerial Conference and International Trade Exhibition in Kigali, Rwanda from 15th to 18th May 2018. The main theme of the conference was: *Harnessing Science, Technology and Innovation to Transform Healthcare Delivery and accelerate attainment of the Sustainable Development Goals in East Africa*. The Ministerial conference directed the Partner States to develop National e-Health Strategies and the EAC Secretariat to coordinate the development of regional policies, laws, regulations, guidelines, standards, on health facility/patient safety, data sharing, data security and privacy to facilitate e-health in country and cross border patient referrals within the Community by 30th June 2020.

75. Mr. Speaker, in the areas of disease outbreak and control, the 16th Ordinary Meeting of the Sectoral Council of Ministers of Health approved the revised EAC Contingency Plan for Epidemics due to Communicable Diseases, Conditions and other events of public health concern, revision of the original implementation period (2015/16 – 2019/20) to 2017/18 – 2022/23 and development of the three priority Standard Operating Procedures namely reporting emergencies and activating EAC regional emergency response based on regional defined framework; Cross-border surveillance, data and information sharing; and logistics management.

(b) Culture and Sports

76. Mr. Speaker, the 3rd edition of the EAC Arts and Culture Festival and Sports Tournament - *Jumuiya ya Afrika Mashariki Utamaduni Festival (JAMAFEST)* was held from 7th to 15th September 2017, in Kampala, Uganda, under the theme “*Culture and Creative Industries; the engine for Unity and Employment Creation*”. The Budget proposal for FY 2018/2019 will support the implementation of preparatory

activities for hosting the 4th Edition of the EAC Arts and Culture Festival (JAMAFEST), which will be hosted by the United Republic of Tanzania in 2019.

77. Mr. Speaker, sports is increasingly recognized worldwide as an important tool in helping nations achieve unity and harmony. By including sports in regional integration programmes in a more systematic way, the EAC will make full use of this cost-efficient tool to widen and deepen the integration process. In this regard, pursuant to the 20th Meeting of the EAC Council of Ministers directive for the Secretariat to hold Sports Tournaments on regular basis, the Budget proposal for FY 2018/2019 will support the implementation of the 1st Edition of East African Sports Tournament programme scheduled to take place in August 2018 in Bujumbura, Burundi.

78. Mr. Speaker, under the Culture and sports sub-sectors, the challenge of inadequate budget resources for regional Cultural programmes is compounded by the lack of sustainable public sector financing for Culture and Sports programmes in the

EAC, hitherto mainly supported by the private sector. To overcome this bottleneck, the EAC during FY 2018/2019, is planning to continue with a rigorous mobilization campaign of the private sector, non-governmental organizations and development partners with the objective of providing a sustainable financing mechanism for EAC regional Culture and Sports projects to be implemented under the Framework of Public Private Sector Partnerships (PPPs).

79.Mr. Speaker, You may recall that the Republic of Burundi requested for the inclusion of French as a Second Official Language of the Community. In this regard, the 15th Ordinary Summit of EAC Heads of State directed the Council of Ministers to study the modalities of including French as a language of the Community in addition to English and Kiswahili. During FY 2018/2019, the Secretariat has made provision in the budget to conduct a comprehensive study on the Modalities for including French as a language of the Community.

*(c) Immigration, Labour/Employment & Refugee
Management sectors*

Immigration sub-sector

80.Mr. Speaker, following 17th Ordinary Summit of the EAC Heads of State directive to the Partner States to commence the issuance of the New International East African electronic Passport and phase out the old generation Machine Readable National Passports by 31st December, 2018, I am happy to report that the Republic of Kenya commenced the issuance of the same with effect from 1st September 2017 and ceased the issuance and production of ordinary and national machine readable passports. The United Republic of Tanzania launched the commencement of issuance of the EA e-Passport on 31st January 2018, and rolled out the new EA e-Passport to replace the existing national machine readable EA and national passports. The 37th Meeting of the Council of Ministers held on 8th May 2018 directed the remaining **four Partner States namely; the Republics of Burundi, Rwanda, Uganda and South Sudan to commence the issuance of the e-Passport by 31st August 2018.**

81. In the FY 2018/2019 budget, some funds will be used to coordinate activities of internationalization of the East African e- Passport and the phase out of the old generation national passports; infrastructure and connectivity of the e- passport and development of the EAC e- Immigration policy.

Labour/Employment sub-sector

82. **Mr. Speaker**, you will recall that under Regulation 6 (9) of the Free Movement of Workers Regulations and Regulation 6 (5) of the Right of Residence Regulations, the Council is expected to harmonize the classification of Entry/Work/Residence Permits, Form, Fees, and Procedures. So far, the EAC Application Form for Entry/Work/Residence Permit was completed and adopted by the 35th Meeting of the Council of Ministers. The process of harmonization of classification of Entry/Work/Residence Fees, finalization of the Application for Special Pass Form, and inclusion of health data in the existing Entry/Arrival Immigration Card is still work in progress. Some of the funds contained in the budget for FY 2018/19 will be utilized to accomplish the aforementioned pending assignment.

83.Mr. Speaker, the Secretariat has been working in collaboration with the International Labor Organization (ILO), since the signing of their MoU in 2001. Therefore, considering the changed circumstances over the years, in the world of work, a revised MoU was signed between the Secretary General and the ILO Country Director, Dar es Salam office on 9th May 2018.

84.In the FY 2018/19, some of the budgeted funds will be utilized in the joint implementation of the activities contained in the MoU such as finalization of the EAC Labor Migration Policy; development of a joint programme for the exchange of young workers; review of the draft Council directive on Social Security and monitoring activities for finalization of the East African Manpower survey.

Refugee Management sub-sector

85.Mr. Speaker, under the Treaty for Establishment of the East African Community and the Protocol for the Establishment of the East African Common Market, Partner States are expected

to develop a common mechanism for the management of refugees taking cognizance of the international relevant conventions on refugees' governance. It should however, be noted that, as at 30th April 2018, the Partner States were hosting about 2.8 million refugees and asylum seekers, originating from countries neighboring the Community such as DRC and Somalia. Therefore, the current state of affairs calls for the urgent development of a common regional approach or mechanism to manage the refugees in our region. In the FY 2018/19, the EAC Secretariat will continue to mobilize resources and work with the United Nations High Commissioner for Refugees (UNHCR) to develop an EAC Policy and Action Plan on Refugee Management. The policy and action plan, will work as a regional standard for harmonization of national refugee management policies and legal frameworks so as to attain a common approach in managing refugees in the Community.

***(d) Gender, Community Development and Civil Society
Mobilization Sector***

86.Mr. Speaker, in the period under review, one priority in the sector was the formulation of legally binding instruments for Gender and Persons with Disabilities. I am happy to report that the EAC Gender Policy has been developed and adopted by the 4th Sectoral Council on Gender, Youth, Children, Social Protection and Community Development held in Kampala from 8th to 11th May 2018. The budget for the Financial Year 2018/2019 will support the development of EAC Gender Policy Action Plan.

87.Mr. Speaker, an EAC Gender Equality, Equity and Development Bill was developed and passed by the East African Legislative Assembly on 8th March 2017. The Bill is now awaiting assent by Heads of States. The budget for the coming financial year will support the development of a regional monitoring Framework of the Gender Equality, Equity and Development Bill.

88.Mr. Speaker, the 5th Annual EAC Secretary General's Forum was held in Bujumbura, Burundi in June 2017 under the theme; *15 Years of the EAC: Towards a Borderless Community*. The 6th Secretary General's Forum is expected to

be held at the end of June 2018 in Nairobi, Kenya. The Budget for the FY 2018/2019 will support the convening of the 7th Forum.

89.Mr. Speaker, the 4th Meeting of the Sectoral Council on Gender, Youth, Children, Social Protection and Community Development held in this May this year directed the Secretariat to hold regular meetings of the same Sectoral Council, at least twice a year. The Budget during the Financial Year 2018/2019 will support the convening of two meetings of the Sectoral Council to consider the annual consolidated report of the Gender and Community Development sector.

90.Mr. Speaker, Article 121 and 122 of the Treaty emphasize the role of women in socio economic and in business. Art. 122, (a), (b), (c) respectively emphasize to: increase the participation of women in business at the policy formulation and implementation levels; promote special programmes for women in small, medium and large scale enterprises; eliminate all laws, regulations and practices that hinder

women's access to financial assistance including credit. In line with this, the Community is implementing a project called 50 Million African Women Speak Networking Platform Project funded by the African Development Bank. The Project Development Objective is to contribute to the economic empowerment of women through the provision of a networking platform to access information on financial and non-financial services.

91.Mr. Speaker, during the year under review, the Project was considered and approved by the 34th Meeting of the EAC Council of Ministers and the Project Implementation Unit at EAC Secretariat was fully staffed in December 2017. The implementation of the Project has therefore commenced in earnest with the team engaging stakeholders and conducting consultations in each Partner State on the implementation of the Project.

92.Mr. Speaker, in the next Financial Year 2018/2019, the Project budget will be used to set up Project Country Teams in every Partner State who will be responsible for content

development for the Platform as well as outreach and marketing of the Platform among women entrepreneurs. Other activities include capacity development for Project Country Teams as well as engagement with the key stakeholders including Government institutions, women empowerment networks, private sector including financial service providers, Chambers of Commerce or Private Sector Federations, Media Houses and others, considering the context of each Partner State. The project is in line with provisions for women and youth empowerment in the African Union Agenda 2063 and the Sustainable Development Goals (SDGs).

(e) Education and Training

93.Mr. Speaker, during the year under review, the Secretariat held stakeholder workshops in the Partners States to sensitize teacher educators on the alignment of national curricula to the Approved EAC Harmonized Structures and Frameworks. The workshops were also to develop criteria and guidelines for developing training materials and assessment tools for the aligned harmonized curriculum. In addition, stakeholder workshops were also held in the Partner States to align

national examination rules and regulations to the harmonized EAC examination guidelines and frameworks.

94. Mr. Speaker, the Partner States have negotiated and signed Mutual Recognition Agreements (MRAs) in accordance with Article 11 of the EAC Common Markets Protocol (CMP) to facilitate mobility of professionals and trade in services. So far, four MRAs have been signed (Accountants, Architects, Engineers and Veterinarians), two are awaiting signing (Advocates and Land Surveyors). In the year under review, sensitization meetings for the MRAs for Pharmacists were undertaken in the Partner States. The next step is to set off the negotiations. Over the same period, a pilot internship program was undertaken within the MRAs for Veterinarians. The outcomes were encouraging and demonstrated the need for facilitating the mobility of young professionals. A study undertaken by the EAC during the year under review on the implementation of the MRAs indicated that the MRAs were still faced with several challenges. These included low levels of mobility within the signed MRAs, low levels of awareness of the MRAs, challenges with data and restrictive legislative

frameworks in the Partner States that impeded mobility. The development of Annex VII of the Common Market Protocol, which will provide a legal framework for the MRAs, is nearing completion. During its meeting held from 21st - 25th May 2018, the 14th Sectoral Council on Education, Science and Technology, Culture and Sports directed the Secretariat to implement the outcomes of the study on implementation of the MRAs by June 2019.

95.Mr. Speaker, for the past 14 years, the EAC Secretariat has been undertaking the EAC students' essay writing competition as part of the broader EAC outreach programme and also from the need to involve the students in the activities of the Community as well as foster an East African identity. During the year under review, the Essay Writing Competition was held as planned. The winning student was Mr. Michael Msafiri Nyaruga from Kibaha Secondary School, Tanzania. The national awards to the winning students and schools were undertaken. The regional awards will take place during the next Summit of the EAC Heads of State. The Essay Writing Competition for 2018 is already underway.

96.Mr. Speaker, the Secretariat will focus on Technical Vocational Education Training (TVET) due to its strategic role in developing a workforce able to respond to the needs of the Community. While the Partner States economies continue to experience a serious deficit in technical skills, TVET training institutions remain substantially under utilized. The Secretariat will work with TVET TECHOM on the completion and operationalization of the TVET harmonization strategy. The Secretariat will also focus on fast-tracking the participation of the Republic of South Sudan in the education programmes.

3.1.7 POLITICAL AFFAIRS

(a) Regional Peace and Security

97.Mr. Speaker, Regional Peace and Security provides the foundation upon which integration thrives. The next financial year will be marked by enhanced interventions aimed at strengthening regional capacity to resolve internal conflicts, through supporting the Inter Burundi Dialogue process as the Partner State moves towards elections in 2020. Measures to

enhance cooperation among the various sub sectors in the Peace and Security Sector will be up-scaled. These include harmonization of policing practices in the region and development of operational modality for the EAC Peace and Security Council in fulfillment of the regional obligations to the continental requirements under the African Peace and Security Architecture.

98.Mr. Speaker, 90% of regional external trade is conveyed by sea hence the strategic significance of Maritime Security. The interventions that have been ongoing with respect to collective maritime security interventions with IGAD, Indian Ocean Commission and COMESA will be sustained. Interdiction of activities related to Piracy, illegal fishing, Small Arms and Light Weapons trafficking, narcotics and Human Trafficking, dumping of toxic waste, among others, will ensure sustainable development of the blue economy and reduce the cost of freight conveyance in the ocean space. This is critical to the development of our economies. On behalf of the region I would wish to thank the EU for continued financial and technical support in this area.

3.1.8 LEGAL AND JUDICIAL AFFAIRS

99.Mr. Speaker, under legal and judicial affairs, the Community enacted among others, the following EAC laws:

- i. The EAC Supplementary Appropriation Bill 2017;
- ii. The EAC Appropriation Bill, 2017
- iii. The EAC Oath Bill, 2018;
- iv. The EAC Monetary Institute Bill, 2018; and
- v. The EAC Polythene Materials Control Bill, 2017.

100. Mr. Speaker, during the Financial Year 2018/2019 the Council will propose amendments to **the EAC Standardization, Quality Assurance Metrology and Testing Act (SQMT) 2006**; the proposals are intended to make it possible to make SQMT Regulations by separating metrology matters from SQT matters. The amendment will be effected in the coming Financial Year. The Council also intends to review and bring amendments to laws relating to trade especially the EAC Competition Act, 2006

101. The Council in the coming financial year will continue to initiate Bills to establish EAC Institutions charged with supporting the East African Monetary Union in particular the Council intends to introduce in this Assembly, the East African Surveillance Compliance and Enforcement Commission Bill 2018. This will be in compliance with Article 21 of the Protocol on the Establishment of the East African Monetary Union. It is also intended to initiate the EAC Financial Commission Bill in compliance with the Protocol on the Establishment of the East African Monetary Union. The Council intends at the appropriate time, to initiate an EAC Metrology Bill. This Bill is intended to give effect to the EAC Protocol on Cooperation in Metrological Services that is undergoing ratification in the Partner States.

102. **Mr. Speaker**, besides the above Bills, the Council will continue to spearhead action in other aspects of legal and judicial co-operation. Prominent initiatives in this regard will include:

- i. harmonization of Municipal Laws in the EAC context whereby priority will once again be accorded to laws that have a bearing on the implementation of the EAC Common Market and Monetary Union, and;
- ii. Regional Judicial Trainings intended to enhance the capacity of various judicial officers in such areas as immigration, refugees and displaced people, the role of the Courts and Alternative Dispute Resolution, cybercrimes, cross-border investments and dispute settlements.

103. Mr. Speaker, the Secretary General has continued to be a nominal defendant in most of the litigation conducted at the East African Court of Justice. The Community has continued to learn from such litigation especially with regard to the strict application and interpretation of Community laws.

104. Mr. Speaker, this Budget session takes place at a time when the Republic of South Sudan is being fully integrated in the Community. The Council has tasked the Secretariat to

prioritize the activities to fast-track the integration of Republic of South Sudan into the EAC in the budget of the FY 2018/19.

3.1.9 CORPORATE COMMUNICATIONS AND PUBLIC AFFAIRS

105. Mr. Speaker, the Secretariat continued with the general promotion and dissemination of information on the Community to stakeholders, members of the public and the international community as mandated by the Treaty during the period under review.

106. In the next Financial Year, the Secretariat will review the implementation of the 1st EAC Communication Policy and Strategy (2012/2013-2017/18); develop and operationalize the 2nd EAC Communication Policy and Strategy (2018/19-2023/24); and establish an enabling institutional framework for implementation of the 2nd EAC Communication Policy and Strategy (2018-2023). We intend to develop and implement a

comprehensive sensitization programme and we hope EALA will join hands in this activity.

3.1.10 RESOURCE MOBILISATION STRATEGY

107. Mr. Speaker, the 5th EAC development Strategy 2016/17 – 2020/21 launched by the EAC Heads of State on 23rd February 2018 is estimated to cost \$985.04 Million (approximately US\$ 197 Million per year). The annual budget currently available is about \$100 million, which depicts a shortfall of a similar amount (about \$100 million per year). This gap is expected to come from Development Partners and other external sources. Further **Mr. Speaker**; the EAC Heads of State approved regional priority projects in infrastructure and Health whose implementation will require a lot of support from Development Partners.

108. Mr. Speaker, in order to achieve this, it is paramount that a comprehensive Resource Mobilization Strategy be developed to enable EAC Organs and Institutions achieve the objectives of the 5th Development Strategy. Therefore, in the next

financial year, Resource Mobilization Unit at the Secretariat will develop a comprehensive EAC Resource Mobilization Strategy and build the capacity of the Organs and Institutions in resource mobilization matters. The Unit will also develop new instruments of mobilizing resources such as the EAC Development Fund (EACDF) and partnership with Private Sector.

3.2. EAST AFRICAN LEGISLATIVE ASSEMBLY

109. Mr. Speaker, I am happy to note that the fourth Assembly commenced its operations in December 2017. We also note that you successfully established the EALA Commission and appointed the respective Committees that have enabled you to embark on the journey to spur EAC's integration further. The Council did take note that the commencement of the 4th Assembly delayed due to the slow process in conducting EALA elections in some of the Partner States. We also understood that to have smooth operations, all Partner States needed to complete the process so that we steer away from any challenges that would be associated with the inauguration

had it not been the case. Nonetheless we are delighted that all this is now behind us.

110. I am however, informed that after taking Oath, the Members did not spare time and have used every opportunity and time to push towards the frontiers of integration. Towards this end, the Assembly, has since January 2018, held Four Meetings; undertook a tour of EAC Institutions which also enabled the Members to assess the region's infrastructure in the Northern and Central Corridors; and held meetings of the Accounts and General Purpose Committees. As Council, it gives us pride that you have been able to accomplish these meetings by traversing the Partner States and I encourage you to continue with these efforts, which will take you to the citizens in the Partner States. This will undoubtedly be in line with what our Heads of State have tasked EALA Members to do. I am further informed that the Members have also participated in important international conferences where they were great Ambassadors for the EAC.

111. **Mr. Speaker**, these activities have resulted into important decisions of the Assembly. It has been able to enact the EAC Monetary Institute Bill and has also lined up the EAC Statistics Bill, the EAC Customs Management Amendment Bill, the EAC Appropriations Bill, and the EALA Administration Bill, among others. It has also passed a number of key Resolutions and asked very important Priority Questions to the Council. All these have greatly enriched our approach to the integration process.

112. From what I see and from what I have already experienced in the six months with you, I can only hold the Members of the 4th Assembly in high esteem and high regard because you have hit the road with a lot of enthusiasm and focus. As Council, we only hope that you continue to excel and to hold us even more accountable.

113. **Mr. Speaker**, with regard to the Assembly's plans in the coming financial year, we have made financial provisions to enable it execute its legislative, oversight and representative

functions either through the Commission, its Committees or Plenary work.

114. Mr. Speaker, with regard to the human resource gaps in the Assembly; we shall spare no effort to complete the replacement process of the six staff that recently exited the service of the Community. As Council, we deem it important that we expeditiously handle the matter within the existing EAC staff Rules and Regulations. The Adhoc EAC Service Commission has been informed of our directive to them to embark on the exercise within the stipulated timeframe. This should then give the Assembly an opportunity to make its recommendations to the Council on the appointment of her staff. I give you our assurance on this.

3.3 EAST AFRICAN COURT OF JUSTICE

115. Mr. Speaker, the East African Court of Justice (EACJ) is a judicial body, which ensures the adherence to law in the interpretation and application of and compliance with the Treaty for the establishment of the EAC. The Court has jurisdiction over interpretation and application of the Treaty.

Being an organ for disputes resolution, it recorded a number of achievements arising from its core business of handling Court cases. It is therefore imperative for the Court to have been availed with enough budget to support its operations.

116. Mr. Speaker, as previously noted that the number of cases filed before the Court has considerably increased, the same situation is still witnessed, that the number of cases filed continues to increase hence the Court is busier than it was before. This indicates an enhanced awareness of the presence of the Court and confidence from the residents of the Community. A number of capacity building trainings were conducted for the Judges and the staff of the Court to increase efficiency including the Sub Registries.

117. The Court's priority interventions in the next financial year are to hear and determine cases at the earliest possible time, enhance the corporate image of it, sensitize stakeholders on the jurisdiction of the Court and its procedures, and build capacity of judges and staff.

118. Mr. Speaker, the court has an obligation to insure that there is good governance including adherence to the principles of democracy, the rule of law, accountability, transparency, social justice, equal opportunities, gender equality, as well as the recognition, promotion and protection of human and peoples' rights

3.4 LAKE VICTORIA BASIN COMMISSION (LVBC)

119. Mr. Speaker, during the financial year 2017/2018, the LVBC continued to register tremendous achievements around the three areas namely:

- i. promoting the sustainable utilization and management of the natural resources in the Lake Victoria Basin;
- ii. operationalization of community-oriented activities, and
- iii. strengthening institutional, coordination and management capacity of the Commission.

120. Under promotion of sustainable utilization and management of the natural resources within the Lake Victoria

Basin, I am happy to report that the Commission has carried out many activities to deal with the environmental stresses within the Basin. Through the implementation of the Lake Victoria Environmental Management Project (LVEMPII project), Partner states finalized ongoing civil works contracts and consultancies for the construction and rehabilitation of Wastewater Treatment Facilities in the targeted point sources of pollution (Homa Bay, Kisat and Kisumu in Kenya, Bukoba and Mwanza in Tanzania, Kirinya, Kampala City for Uganda, Gitega town for Burundi and Nyarugenge prison for Rwanda).

121. **Mr. Speaker**, due to the success registered under cleaner production technologies for industries in Lake Victoria basin, LVBC negotiated and obtained additional funding from the Nordic Development Fund to the tune of Euro 3.2 million to enhance Private Sector engagement for Green Growth in the Lake Victoria Basin.

122. During the period under review, LVBC through LVEMP II project continued to improve the livelihood in the EAC Partner States. At the end of March 2018, a total of 716

Community Driven Development (CDD) sub-projects were concluded and LVBC strengthened their capacity in regards to sub-project management, financial management, community-based procurement, conflict management, monitoring and reporting prior to funds disbursement.

123. The Commission is keen on safety of navigation and security in the Lake Victoria. During this financial year, the LVBC facilitated the signing of the subsidiary Agreements under the Multinational Lake Victoria Communication Transport Project. This project is meant to complement the objectives of LVEMPII regarding improvement of navigation safety, reduction of maritime accidents and the thrive of the Lake Victoria transport and trade on the Africa's largest fresh water Lake.

124. To reduce vulnerability to the negative effects of climate change in the Lake Victoria through climate resilience, the LVBC Secretariat developed a Project on *Adapting Climate Change in the Lake Victoria Basin* and obtained funds for its implementation amounting to USD 5 million from the

Climate Change Adaptation Fund through the United Nations Environment Programme.

125. LVBC interventions in trans-boundary natural resources management were facilitated by the implementation of PREPARED Project. Recognizing the importance of the Mara ecosystem, the two Partner States of Kenya and Tanzania organized the 6th Mara Day celebrations on 15th September 2017 under the coordination of the LVBC. Furthermore, the LVBC facilitated the negotiations between the Republics of Burundi and Rwanda to develop and sign a Memorandum of Understanding for the joint management of Nyungwe-Kibira ecosystem and enhance awareness of sustainable biodiversity conservation within this transboundary site.

126. **Mr. Speaker**, the Commission has undertaken community oriented activities through Lake Victoria Water Supply and Sanitation Project (LVWATSAN) Phase II, the Integrated Water Resource Management and the Population Health and Environment (PHE) programme. As this August House may recall, the LVWATSAN project was at the completion of its

activities in 15 focal towns, three (3) in each of the five Partner states. The key activities during the period under review were aimed at procuring equipment for Long Term Interventions in the Five Partner States.

127. It is noteworthy that the Integrated Water and Resource Management (IWRM) Project is upscaling the achievements of LVWATSAN particularly in the sanitation component. During the Financial Year 2017/2018, a financing agreement to the tune of 10 million Euros was signed between East African Community and the European Union in order to improve the High Priority Interventions under IWRM.

128. The Community oriented activities were also carried out through PHE Program whereby about 30 members of PHE network on the operations and use of KOBACOLLECT, a monitoring and evaluation application tool which has improved delivery of integrated health and environmental services and routine reporting on PHE indicators. Considering the central role of the media in their contribution to

influencing policies and programmes, a regional PHE Media was held in Entebbe, Uganda.

129. Mr. Speaker, to effectively implement its projects and programmes, the Lake Victoria Basin Commission has continued to strengthen its institutional, coordination and management capacity. During the year 2017/2018, the LVBC Secretariat improved its Fiduciary and Human Resource Management Systems to enhance the support services delivery at the Commission.

130. The Lake Victoria Basin Commission made great strides particularly on the trans-boundary front, but joint cross border ecosystem management between Partner States still needs to be enhanced. During the next financial year 2018/2019, LBVC will coordinate the Action Plan for the management of the Nyungwe-Kibira Transboundary Ecosystem.

131. The Key interventions for the next Financial Year 2018/2019 will also be focused on mainstreaming PHE into LVBC policies and programmes. Therefore, alongside the

integration into the PREPARED project and the Multinational Lake Victoria Communication Transport Project, PHE will be mainstreamed into LVEMPIII and the pipe line projects.

132. Mr. Speaker, during the Financial Year 2018/2019, the LVBC interventions will also focus on promoting the sustainable utilization and management of the natural resources in the Lake Victoria Basin. In the view of the above, in the upcoming the financial year, LVBC will be piloting Green Growth instruments by engaging private sector support for more sustainable agricultural supply chains through the Nordic Development Fund (NDF). Alongside the green production, LVBC will contribute towards the enhancement of the climate change adaptation at the regional level by implementing the activities under the “Adapting to Climate change in Lake Victoria Basin and the PREPARED Projects.

133. Cognizant of the natural resources stresses and based on the successful achievements from the 1st and 2nd phase of LVEMPII, coupled with the outstanding contribution of the

project to the sustainable development of Lake Victoria Basin including but not limited to addressing the many challenges the basin faces and its role in enhancing regional integration through collaborative management of shared resources, LVBC will support the formulation of LVEMPIII. The Project Preparation Advance has already been granted by the World Bank.

134. **Mr. Speaker**, the next financial year will be devoted to starting the initial phase of building the LVBC Headquarters from committed funding by the Partner States in parallel with mobilizing funds from various Development Partners.

3.5 *INTER UNIVERSITY COUNCIL FOR EAST AFRICA*

135. **Mr. Speaker**, for the Financial Year 2018/2019, the objective of the Inter-University Council for East Africa is to enable Higher Learning Institutions to improve their performance not only in teaching but also in research and innovation. Higher education sector will be prepared to play

its full role in the positive transformation of East African economy for the benefit of East African citizens.

136. Mr. Speaker, to achieve this objective, three key priorities were agreed upon during the Pre-Budget Conference in Arusha in August 2017 and these are:

- i. To advocate and foster the implementation of the EAC Common Higher Education Area;
- ii. To enhance University contribution to regional innovation and competitiveness through improved research management and coordination within universities;
- iii. to enhance IUCEA's capacity to effectively fulfill its vision and mission.

137. Mr. Speaker, following the declaration of EAC as a Common Higher Education Area by the Heads of States on 20th May 2017, IUCA has developed a roadmap for the operationalization of EAC Common Higher Education Area. To this end, during the financial year 2018/2019, the community shall witness greater students exchange and

academic staff mobility thanks to the Fee structure Model validated this year and to enhanced staff mobility program respectively. Moreover, thanks to strong support from EAC Secretariat and Partner States, IUCEA mobilized funds from the World Bank and the Government of Germany through KfW for regional scholarships that will enable EAC brightest students to pursue graduate studies in Eastern and Southern Africa Centers of Excellence. These scholarships will be used to encourage studies in Science, Technology, Engineering, Mathematics, Agriculture, Health, Education, ICT and economics with special consideration for female students.

138. Mr. Speaker, since 2016, IUCEA facilitated establishment of Eastern and Southern Africa Higher Education Centers of Excellence (ACE II) Project funded by the World Bank in Eastern and Southern Africa and the Center of Excellence in Information and Communication Strategy funded by GIZ. Additional Centers of Excellence for instance Biomedical Centers of Excellence funded by African Development Bank, the Center of Excellence in Applied and Fundamental Physics funded by The World Academy of Science. IUCEA will

reinforce its Research and Innovation Coordination Unit aiming to improve the management and research outputs of the Centers of Excellence. Similarly, four Regional Incubation Centers will be established in the region to foster innovations in STEM, Agriculture, Health and Education.

139. Mr. Speaker, in collaboration with the EABC and the EADB and under the auspices of the EAC Secretariat, IUCEA organized the 6th Academia-Public-Private Partnership Forum and Exhibitions in March 2018 in Nairobi, Republic of Kenya on the theme “The East African Common Higher Education Area: Opportunities for Industrialization through Academia-Public-Private Partnerships” The participants to the Forum explored pathways from research initiation to research findings and innovations. For the next financial year, IUCEA and sister EAC Institutions will strive to reinforce the participation of the Private Sector and Industry in research and innovation activities undertaken by Higher Learning Institutions. Similarly, IUCEA will engage with Partner States to examine ways to incentivize Industry for the establishment of Research and Development Units that would cement

collaboration between Academia and Private Sector through industrial attachment of graduate students.

140. Lastly, Inter-University Council will reinforce its capacity to deliver on its mandate through recruitment of staff in key vacant positions as per IUCEA structure and hiring staff for Projects facilitated by the Institution. Following the declaration of EAC as a Common Higher Education Area, IUCEA witnessed a significant increase of the volume of activities and hence plan to expand its physical infrastructure to accommodate the growing number of staff and host its regular trainings, meetings and conferences.

3.6 *LAKE VICTORIA FISHERIES ORGANIZATION*

141. **Mr. Speaker**, given the worrying trend of declining fish stocks and increasing illegalities in capturing and trading of fish and fisheries products, the LVFO institutions focused their efforts in ensuring harmonized approach is taken to tackle these challenges for the sustainability of the resources. The LVFO through the respective technical working groups

developed three main documents to guide policy, inspections, control and surveillance efforts: The Fisheries and Aquaculture Policy for East African Community; Harmonized Fisheries and Aquaculture Border Inspection Manual for the EAC; and The Regional Fisheries Guidelines for Species Specific Licensing for Lake Victoria. The Fisheries and Aquaculture Sectoral Council of Ministers approved the documents. Recognizing of the need to have inter-agency Monitoring, Control and Surveillance (MCS) structures at all levels from grassroots level, the LVFO initiated a process to review co-management guidelines to take care of the roles of Beach Management Units (BMUs), the central and devolved governments and all other key stakeholders.

142. Mr. Speaker, provision the LVFO ensures scientific information is timely provided to guide the management of fisheries resources and aquaculture in the EAC region. The Organization through its regional working groups conducted a survey to update the annually collected information on the status of the fish stocks and the trends in distribution and particulars of the means of harvesting and quantities

harvested. The findings from Hydro-acoustic Survey for FY 2017/2018 indicated an increase of the Nile perch stocks by 32% of its biomass of previous year but still with the majority under the legal size for harvesting i.e. 50 cm TL. The Dagua stocks however indicated a decline by almost 50% from the estimated biomass of FY 2015/2016. The trend signifies over-fishing and the species-specific licensing manual developed is to guide in limiting fishing effort. Through Frame Surveys, it was also observed that all the major fishing effort components increased. The scientific findings draw the attention of the Partner States to address the increasing fishing pressure through limiting fishing effort in licensing and intensifying MCS to control illegal and undersized capture and trading of fish. The fisheries remained being very important socially and economically as its export value almost doubled to about USD 400 Million mainly due to increased prices of fish and the trade of the highly priced fish maws. Training was also conducted with support from donors on the use of the border Inspection Manual approved by the Sectoral Council during the year and the LVFO Website was revamped.

143. Mr. Speaker, the priority areas for the FY 2018/2019 aims at following up the interventions started in the previous year in addressing the strategic actions in the LVFO Strategic Plan (2016-2020), the Fisheries Management Plan III (2016-2020) and the Nile perch Fishery Management Plan (2016-2020) which will include: Harmonizing and coordinating measures to regulate access to fishery through licensing and provision of fishing vessel identification marks or plates. The initiatives will contribute to controlling fishing effort for the sustainability of the resources. A comprehensive Value Chain Analysis study is also planned to cover the Nile perch fishery at local, regional and international markets including the Fish maws trade to better understand the contribution of the sector to national economies and for equity in the distribution of benefits. The co-management approach in managing the fisheries resources will be strengthened through a review of the existing guidelines and involvement of the different resource users from Beach Management Units (BMUs) to county and local governments. The protocols used to ensure data and information to guide management is collected in standardized formats will be reviewed with engagement of

regional and international experts. The routine resource monitoring surveys and studies will be undertaken to update the scientific information to guide management of the fisheries resources.

144. During the FY 2018/2019 particular focus will be given to developing aquaculture in the region. Through financial support under EDF 11, the LVFO will coordinate interventions targeting to improve access to commercial networks for aquaculture related businesses, increase availability and quality of local skilled workers for the development of aquaculture-related businesses, improve sustainability and bio-security of regional aquaculture production systems. In the FY 2018/2019, the Organization is envisaging a fully-fledged Video Conferencing facilities to minimize costs for participation in regional meetings.

3.7 *EAST AFRICAN KISWAHILI COMMISSION*

145. **Mr. Speaker**, in August 2016, this august House passed a Resolution to promote Kiswahili as one of the Official

Languages of the Community and urged the Summit to amend the EAC Treaty to that effect. In September 2016, the 34th Meeting of the Council of Ministers directed Partner States to formulate national Kiswahili Language Policies and enhance the use of Kiswahili in official domains, while providing funds to operationalize National Kiswahili Councils. Pursuant to the foregoing Council Directives and EALA Resolution, and in executing its mandate of promoting, harmonizing and coordinating the development and use of Kiswahili for regional integration and sustainable development, the Commission in the FY 2017/18 initiated the process of preparing frameworks for the development of necessary Kiswahili skills, attitudes, networks and institutions that will enable Partner States to adapt and implement Council Directives and EALA Resolution.

146. Mr. Speaker, the EAC Organs have given Kiswahili very high political priority. Indeed, the debate about Kiswahili in regional integration and sustainable development of the Community is no longer about the relevance or importance of the language. Rather, the discussion is on how Partner States

should design and develop Kiswahili policies, programmes and projects that will actualize that vision.

147. Mr. Speaker, aware that language policy making is a highly contested issue where important multiple socio-political values and concerns are at stake, the East African Kiswahili Commission, as an institution charged with the responsibility of offering policy advice, has in the Strategic Plan (2017-2022) aligned its activities with EAC priorities and is in the current Financial Year carrying out a Capacity Assessment of the development and use of Kiswahili in Partner States as a first step that will provide key information for capacity development and Kiswahili language policy and planning at national and regional levels.

148. Mr. Speaker, in the 2018/2019 Financial Year, the Commission will be working with a variety of stakeholders across the Community in developing programmes for mainstreaming the development and use of Kiswahili as a resource and tool at various levels and domains to promote effective communication and ensure maximum and active

citizen participation in regional integration and sustainable development.

3.8 *EAST AFRICAN SCIENCE AND TECHNOLOGY COMMISSION*

149. Mr. Speaker, during the Financial Year 2017-2018 the following activities were carried out by the East African Science and Technology Commission (EASTECO):

- a. Undertook Partner States' stakeholders consultations on the development of the EAC Regional Science, Technology and Innovation Policy, as well as the Regional IPR Policy; Draft Policies for STI and IPR were produced;
- b. To support the dissemination of R&D production and findings, and enhance the EA regional technological and innovation capability, the following were implemented:
 - i. Initial process in the establishment of the East African Journal of Science, Technology and Innovation; the potential scientists and professionals to be on editorial board and the reviewers' board have been selected.

ii. holding the forum of public and private sector, academia and R&D institutions on ICT applications for eHealth and Telemedicine;

c. To engage Stakeholders in development of Science, Technology and Innovation (STI) capacity; a regional research collaboration initiative was developed through the national Science and Technology Commissions/Councils;

d. To strengthen the EASTECO governance and institutional capacity Specialized Technical Committees have been established to support the EASTECO Governing Board to execute its mandate;

150. **Mr. Speaker**, as per the EASTECO Strategic Plan, the priority activities planned for implementation in the Fiscal Year 2018/19 are as follows:

e. The finalization and dissemination of the Regional Science, Technology and Innovation Policy and the Regional Intellectual Property Rights Policy ;

- f. The development and dissemination of the Regional Policy for Biosafety and Biotechnology
- g. The dissemination of R&D findings through the East African Journal of Science, Technology and Innovation, to increase regional quality research;
- h. The support of Research activities through the newly established regional collaborative research programmes and initiative ;
- i. The identification and dissemination of technology solutions for agriculture value addition; and
- j. the improvement of EASTECO visibility and its coordination capacity of Science, Technology and Innovation.

3.9 EAST AFRICAN HEALTH RESEARCH COMMISSION

151. Mr. Speaker, during the year 2017/2018 by the end of quarter three (3) the Commission fully relocated to its headquarters in Bujumbura – Burundi. The Commission continues to concentrate on implementing its Strategic Plan 2016-2021.

152. Mr. Speaker, other notable achievements of the Health Research Commission during the Financial Year 2017/2018 include the conclusion of the report on the baseline assessment of research capacity in Partner States, the finalisation of the establishment of the Web Portal for health information in East Africa which is expected to go live as at end of Quarter One of the FY18-19, the establishment of the Expert working groups to support the EAHRC Secretariat, the launch of the Young East Africans Research Scientists (YEARS) Forum and the development of the Digital Regional East African Community Health (Digital REACH) roadmap. The Digital REACH Strategic plan is currently under development.

153. Mr. Speaker, key interventions of the Health Research Commission for the FY18-19 is aligned to its five-year strategic plan. The Commission will continue to strengthen the progress achieved so far and will focus on the following interventions:

(i) Staffing of the Secretariat of the Commission;

- (ii) Mobilizing resources for the Digital REACH Strategic Plan;
- (iii) Develop a regional health surveillance system while utilizing the benefits of ICT with specific focus on cross border health management information systems;
- (iv) Prepare and convene the 7th Health and Scientific Conference-March 2019;
- (v) Launch a new journal on East African Science;
- (vi) Launch and maintain the Web Portal for health information in EAC; and
- (vii) Develop a health research financing and accessing roadmap.

The Commission will also be conducting a mid-year review of its first five year strategic plan.

3.10 EAST AFRICAN COMPETITION AUTHORITY

154. Mr. Speaker, the year 2017/18 was important for the EAC Competition Authority (EACA) because it commenced preparations to enforce the EAC Competition Act, 2006 (the Act). The period was marked by significant achievements

with efforts to operationalize the Authority. The Authority commenced the process of reviewing its regulatory framework, the EAC Competition Act, 2006. The review of the law is meant to address the lacuna identified in preparation to receive merger and acquisition notifications and other cases, including restraints to enterprises, cartels and abuse of dominance. In particular, the Authority finalized the East African Community Competition Authority (Conduct of Meetings) Rules, 2018, of which was approved and adopted by the EAC Council of Ministers at its 37th Meeting; Commenced development of the Five-Year Strategic Plan, 2018/19 – 2022/23; Commenced a study to assess the level of competition in the EAC region, specifically on the regional retail sector.

155. Mr. Speaker, the key interventions to be considered by the Authority in Financial Year 2018/2019 are aligned to continue strengthening the progress achieved so far and enforcement of EACA's mandate as provided by the Act. The key areas of focus for the Authority include::

- (i) Recruitment of the staff of EACA;
- (ii) Amendments to the Act and EAC Competition Regulations, 2010;
- (iii) Finalization of the development of the Authority Strategic Plan 2017/18 – 2021/22;
- (iv) Development of merger and acquisition regulations and guidelines to facilitate analysis of the merger transactions
- (v) Development of an outreach Strategy to facilitate sensitization on competition matters across the EAC region Merger Assessment Guidelines; and
- (vi) Sensitizing the key stakeholders on the benefits of competition policy and law in the EAC region.

4.0 SUPPLEMENTARY BUDGET FOR FINANCIAL YEAR 2017/2018

156. Mr. Speaker, in this part of the Budget Speech, the Council is seeking the approval by the Assembly of a Supplementary Budget totaling **USD4, 968,590** in order to

accommodate new activities supported by funding from the General Reserve Fund and Development Partners that were received after the budgeting process. The activities are as follows:

- a) **USD120,000** from the General Reserve Fund to facilitate the undertaking of a study on the required reforms to align the East African Community's structure, programs and activities to available resources from Partner states in order to ensure sustainability;
- b) **USD129,000** from General Reserve Fund to facilitate the completion of the Workload Analysis exercise of the EAC Organs and Institutions;
- c) **USD1,259,734** as support from the European Union for the deployment of Missions in the Presidential Election in Republic of Rwanda, General Election and repeat Election in the Republic of Kenya (2017);
- d) **USD220,550** as support from the United States of Agency for International Development (USAID) for recruitment of Energy Expert and a Consultancy to prepare Energy Projects from the Power Master;

- e) **USD337,950** as support from the Africa Development Bank for 50 Million African Women Speak Networking Platform Project;
- f) **USD186,550** as support from the African Medicines Regulatory Harmonization (AMRH) Programme Partners for East African Community Medicines Regulatory Harmonization Programme;
- g) **USD300,000** as support from the United Nations Environment Programme (UNEP) for Climate Change Adaptation Project;
- h) **USD80,000** as support from the Danish Family Planning Association (DFPA) to address multifaceted Health and Environmental conservation;
- i) **USD584,278** as support from the World Bank for Project Preparation Advance (PPA) under Lake Victoria Environmental Management Project Phase Three (LVEMP III);
- j) **USD247,200** as support from the African Development Bank to procurement equipment under the Lake Victoria Water Supply and Sanitation LVWATSAN project;

- k) **USD830,000** as support from the World Bank to facilitate the execution of the activities for the Green Growth in the Lake Victoria Basin programme;
- l) **USD200,000** as support from the African Development Bank for development of an EAC Forum for Science, Technology and Innovation (STI) and Policy Harmonization; and
- m) **USD473,328** as support from the United States of Agency for International Development (USAID) for East African Cross-Board Health Services (EA-CBHS);

5.0 EAC BUDGET FOR FINANCIAL YEAR 2018/2019

157. **Mr. Speaker**, as I mentioned before, the Theme for the EAC Budget Estimates for the Financial Year 2018/2019 is *Enhancing Prosperity and Welfare of EAC Citizens*. The Medium Term Expenditure Framework (MTEF) for 2018/2019 -2020/2021 has been prepared in line with the Treaty for the establishment of East African Community, EAC-Development Strategy (2016-2021), pronouncements by the Summit and Council of Ministers directives together with

the outcome of the Pre-budget Conference that was held in August 2017. It was from this background that the formulation of the Annual Operational Plan 2018/2019 was developed by Organs and Institutions. During the FY 2018/2019, the Community will focus on the key priority programmes agreed during the Pre-Budget Conference and approved by Council.

(a) Priority Interventions for FY 2018/2019 Budget

158. Mr. Speaker, during the FY 2018/19, the Community will focus on the following key priority programmes:

- i) enhanced free movement of goods in the region and further liberalization of free movement of labor and Services;
- ii) improved cross-border infrastructure to ease cost of doing business in the region;
- iii) enhanced regional agricultural productivity, industrial development through investment in key priority sectors including leather and textile; skills development, technological advancement and innovation to stimulate economic development;

- iv) implementation of the Roadmap for the attainment of the EAC Monetary Union;
- v) strengthened Peace, Security and Good Governance and Institutional Framework for EAC Political Confederation;
- vi) improved socio-cultural welfare of the people in the region; and
- vii) institutional transformation.

(b) Key Sector-specific Priority Areas for 2018/19

159. Mr. Speaker, the key sector-specific priorities during 2018/2019 include:

- i) Provision of customs services that facilitate and promote trade and investment in the EAC region;
- ii) Streamlining, simplification and harmonization of legal and administrative procedures and regulations to promote regional trade;
- iii) Promotion of economic integration and development in the EAC through regulation of competition in markets;
- iv) Development of regional infrastructure;

- v) Promotion of agricultural productivity and value addition for increased international and cross-border trade and sustainable food security;
- vi) Sustainable natural resource use, management and conservation, and climate change management;
- vii) Promotion of science and technology innovation for industrial development and enhanced competitiveness;
- viii) Establishment of a strong foundation for the EAC Monetary Union and adoption of a single currency;
- ix) Promotion of regional peace and security;
- x) Enhancement of financial resources management, accountability and reporting;
- xi) Strengthening of the Community's capacity for resource mobilization;
- xii) Strengthening of the regional planning, statistics, research, monitoring and evaluation functions; and
- xiii) Enhancement of information, education, communication and popular participation of the East African citizenry in EAC integration process.

(c) Expected Outcomes during 2018/2019

160. **Mr. Speaker**, it is expected that implementation of the above priority programmes will result into the following outcomes:

- i) Further consolidation of the Single Customs Territory (SCT) will enhance intra-EAC trade and lead to a reduction in the cost of doing business in the region, emanating largely from reduced clearance and transit time, with direct impact on the cost of goods and services, thereby resulting in improved welfare of the EAC citizens;
- ii) Development of regional infrastructure will reduce transport costs, and ease cross-border movement of people, goods and services, thereby boosting trade and overall economic growth in the EAC region;
- iii) Enhanced implementation of the EAC Common Market Protocol, with particular emphasis on free movement of skilled labour across the Partner States, will lead to significant improvement in labour

productivity, as this prime factor of production will be deployed where it is needed most;

- iv) Efforts towards enhancing agricultural productivity and regional industrial development, particularly value-addition, are aimed at ensuring food security, increase value addition on most of the raw materials produced in the region, notwithstanding increased employment opportunities and sustained economic growth of the region;

- v) Promotion of peace, democracy and security across the Partner States as well as efforts towards full participation of the Republic of South Sudan (RSS) in the activities of EAC will certainly deepen and widen the EAC regional economic integration. Regional peace and tranquility are key prerequisites for East Africa's economic development and improvement of livelihoods among East Africans;

vi) The Community has been implementing a number of initiatives towards enhancing operational efficiency and accountability. The major initiatives include institutional review, strengthening of internal controls, performance management, and Quality Management System. These efforts will be further consolidated to ensure that operational systems are fully streamlined to achieve the desired level of efficiency, accountability, and value for money.

***(d) Allocation of the Budgets to Organs and Institutions for
FY 2018/2019***

161. The Budget is allocated to the Organs and Institutions of the EAC as follows:

(i) EAC-Secretariat: USD46,693,056;

(ii) East African Court of Justice: USD3,982,446;

(iii) East African Legislative Assembly:
USD17,885,852;

(iv) Lake Victoria Basin Commission:
USD13,357,673;

- (v) East African Science & Technology Commission:
USD1,661,779;
- (vi) East Africa Kiswahili Commission:
USD1,605,353;
- (vii) East Africa Health Research Commission:
USD4,204,032;
- (viii) East African Competition Authority (EACA):
USD1,014,418;
- (ix) The Inter University Council for East Africa:
USD6,847,969; and
- (x) Lake Victoria Fisheries Organization: USD2, 518,137.

162. Mr. Speaker, the Budget for the Financial Year 2018/2019 will be financed from the following sources:

- (i) Contributions from Ministries Responsible for EAC Affairs: USD 50,227,920;
- (ii) Contributions from Ministries Responsible for Education: USD 4,466,210;
- (iii) Contributions from Ministries Responsible for Fisheries: USD 1,551,032;

- (iv) Contributions from Member Universities: USD333,970;
- (v) Support from Development Partners: USD42,925,613;
and
- (vi) Miscellaneous Revenue: USD265,971

(e) Budget Allocation to the Key Priorities

163. Mr. Speaker, the proposed budget is expected to finance the key priorities as indicated below:

- (i) Enhanced free movement of goods in the region and further liberalization of free movement of labour and services: USD8, 665,159;
- (ii) Enhanced regional agricultural productivity, industrial development through investment in key priority sectors including leather and textiles, skills development, technological advancement and innovation to stimulate economic development: USD14, 582,592;
- (iii) Implementation of the Roadmap for the attainment of the EAC Monetary Union: USD2, 772,375;
- (iv) Improved cross-border infrastructure to ease doing business in the region: USD1, 872,715;

- (v) Improved socio-cultural welfare of the people in the region: USD8, 641,371;
- (vi) Institutional Transformation: USD23, 496,557;
- (vii) Strengthened peace, Security and Good Governance and Institutional Framework for EAC Political federation: USD 6,031,060;
- (viii) Corporate Support Services: USD32, 026,571; and
- (ix) Cross-cutting priorities: USD1, 682,315.

(f) Budget Assumptions

164. Mr. Speaker, The budget for financial year 2018/2019 has been developed taking into consideration the following key assumptions:

- a) Continued and consolidated political support for the EAC integration;
- b) Availability of adequate financial resources and timely remittances;
- c) Continued financial support from Development Partners;
- d) Political stability and good governance;

- e) Safe and stable security across the region;
- f) Conducive macro-economic and business environment in the region;
- g) Global economic stability.

6.0 OBSERVATIONS

As the Chair of the Council, my personal observation in this budget process are as follows:

- i. In future the Council will endeavour to ensure that the subsequent budgets are anchored on the four pillars of the integration agenda thus the activities should be meant to strengthen the pillars and not otherwise as is the case in this budget;
- ii. The priorities being prepared during the Pre-Budget Conferences should also be anchored to the four pillars of the integration;
- iii. The Council will be concentrating only on a few priorities which are results oriented; and

- iv. The Council will ensure that the Ad-Hoc Service Commission recruits professional staff with the necessary skills to address the issue of hiring consultancies.

7.0 ACKNOWLEDGEMENTS

165. Mr. Speaker, allow me to recognize and appreciate the continued support and co-operation from both Partner States and the following Development Partners:

- (i) The Contributors to the EAC Partnership Fund, namely the Governments of the Federal Republic of Germany, Norway, Finland and Denmark;
- (ii) African Development Bank;
- (iii) World Bank;
- (iv) United States Agency for International Development (USAID)
- (v) European Union (EU);
- (vi) The People's Republic of China;
- (vii) United Nations Environment Programme (UNEP);
- (viii) Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ);
- (ix) Danish Family Planning Association (DFPA); and
- (x) TradeMark East Africa (TMEA).

The EAC looks forward to strengthening and expanding cooperation and collaboration with these Development Partners.

166. **Mr. Speaker**, I beg to move.

East African Community

Arusha, Tanzania

June 2018