EAST AFRICAN COMMUNITY
"One People. One Destiny"

ANNUAL REPORT

FINANCIAL YEAR
2016/2017

EAST AFRICAN COMMUNITY
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ANNUAL REPORT

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List of Abbreviations/Acronyms

AAU	Association of African Universities		ICAO	International Civil Aviation Organization
ACA	African Congress of Accountants		ICT	Information Communication Technology
ACE	Africa Higher Education Centers of Excellence Project		IDA	International Development Association
ACP	African Caribbean Pacific		IEC	Information, Education and Communication
AfDB	African Development Bank		IGAD	Intergovernmental Authority on Development
AMREF	African Medical and Research Foundation		IOM	International Organization for Migration
APPPF	Academia-Public-Private Partnership Forum		IoT	Internet of Things
BMU	Beach Management Unit		IPSAS	International Public-Sector Accounting Standards
CASSOA	Civil Aviation Safety and Security Oversight		IUCEA	Inter University Council for East Africa
CCPAD	Corporate Communication and Public Affairs Department		LVBC	Lake Victoria Basin Commission
CIPP	Certified International Procurement Professional		LVEMP	Lake Victoria Environnemental Management Project
CMP	Common Market Protocol		LVFO	Lake Victoria Fisheries Organization
COMESA	Common Market for Eastern and Southern Africa		LVRI	Lake Victoria Research Initiative
COP	Conference of Parties		LVWATSAN	Lake Victoria Water Supply and Sanitation
CPA	Chartered Public Accountants		NCD	Non-Communicable Diseases
DAAD	Deutscher Akademischer Austausch Dienst (German Academic Exchange Service)		M&E	Monitoring and Evaluation
DLI/R	Disbursement Linked Indicators/Results		MEAs	Mutual Environmental Agreements
DRC	Democratic Republic of Congo		MERECP	Mount Elgon Regional Ecosystem Conservation Project
DRR	Disaster Risk Reduction		MoU	Memorandum of Understanding
DVC	Deputy Vice Chancellor		NEPAD	New Partnership for Africa Development
EABC	East African Business Council		NFPOs	National Focal Point Officers
EAC	East African Community		NGO	Non-Governmental Organizations
EACDF	East African Community Development Fund		NTBs	Non-Tariff Barriers
EACHEA	East African Community Common Higher Education Area		OSBP	One Stop Border Posts
EAHEMIS	East African Higher Education Management Information System		PF	Partnership Fund
EACJ	East African Court of Justice		PR	Public Relations
EADB	East African Development Bank		RSC	Regional Steering Committee
EALA	East African Legislative Assembly		SADC	Southern African Development Community
EALP	EAC/AMREF Lake Victoria Partnership Programme		SARUA	Southern Africa Regional Universities Association
EASTECO	East African Community Science and Technology Commission		SAUT	Saint Augustine University of Tanzania
EAQAN	East African Higher Education Quality Assurance Network		SIDA	Swedish International Development Cooperation Agency
ECSA	Eastern, Southern and Central Africa		STI	Science Technology & Innovation
EDF	European Development Fund		TMEA	Trade Mark East Africa
EOI	Expression of Interest		UTANA	Uganda Textbook Academic and Non-Fiction Authors Association
EPA	Economic Partnership Agreement		VC	Vice Chancellor
EU	European Union			
GIZ	German Society for International Development Cooperation			
HAQAA	Harmonization of African Higher education Quality Assurance and Accreditation			
HRK	Hochschulrektorenkonferenz (German Rectors Conference)			

Foreword by Chairperson of the Council of Ministers

The FY2016/17 Annual Report was prepared in accordance with Article 49(2) (c) of the Treaty requiring the Chairperson of the Council to submit an annual report on the activities and achievements of the Community to the East African Legislative Assembly (EALA). This report highlights the achievements registered by various Organs and Institutions of the Community vis- à- vis their mandates and activities planned during the period under review.

A considerable number of key achievements were registered during the period under review which include, among others, the deposit of the instruments of ratification on the Accession to the Treaty for the Establishment of the EAC by the Republic of South Sudan; the institutional integration of the Republic of South Sudan into the EAC projects and programs; gazettement and publication of the EAC Elimination of Non-Tariff Barriers Act 2017; and gazettement of 106 East African Standards for the most commonly traded goods like textiles and apparel, leather and leather products, cereals and pulses, oil seeds, fats and oils, packaging, nutrition and foods for special dietary uses.

Other key achievements include the declaration by the Council of 1st October 2016, as the commencement date for the EAC Vehicle Load Control Act, 2016; the EAC One Stop Border Posts Act, 2016; and the adoption by the Council of the regulations to support the implementation of both Acts. Of the 15 border posts being up-graded to OSBPs, nine were completed and operationalized while the construction of the remaining six is nearing completion. With these initiatives, it is important to note that the Community is making great strides in facilitating the free movement of factors of production across the region.

Progress in the implementation of the East African Monetary Union (EAMU), the third pillar in the EAC integration process is also promising. In April 2017, Bills for the establishment of the EAC Monetary Institute and EAC Bureau of Statistics were cleared by the EAC Council of Ministers and forwarded to EALA for enactment. The progress made so far indicates that the 2024 timeline for the establishment of the Monetary Union looks achievable. It is also worth noting progress made in the preparations of the 5th EAC Development Strategy 2016/17–2020/21, a draft of which is due for approval by the Council of Ministers.

On behalf of the Council of Ministers, I appreciate the financial support provided by the Partner States and Development Partners and the guidance provided by the Summit of EAC Heads of State to advance the EAC integration agenda. I also take this opportunity to commend all the Organs and Institutions of the Community for discharging their mandates and I urge them to work hard to improve the quality of life of East African citizens.

Rt. Hon. Dr A.M. Kirunda Kivenjija
CHAIRPERSON OF THE COUNCIL OF MINISTERS

Report by the EAC Secretary General

The FY2016/17 Annual Report covers the period July 2016 to June 2017. It captures the progress made in the implementation of planned activities and achievement of targeted results. The achievements registered this year build upon progress made in the previous years as follows:

5th Secretary General's Forum

In regard to the objective to promote the EAC business image, the 5th SG's Forum was held in Bujumbura on 22nd–23rd June 2017. The theme of the 5th SG's Forum was to share experiences and good practices of the integration process over the last 15 years (2000-2015) and work out a coordinated strategy towards a common future of political integration and a borderless Community.

Resource Mobilisation

During the FY2016/17, the Community enhanced partnerships with the Development Partners, which culminated in the renewal of financing agreements and approval of programmes for over US$250 million. In addition, the European Union approved about Euro 60 million worth of projects under the 11th EDF Regional Indicative Programme (RIP) which includes support to LVBC and LVFO.

Integration of the Republic of South Sudan

The Republic of South Sudan deposited the instruments of ratification on the Accession to the Treaty for the Establishment of the East African Community to the Secretary General of the East African Community (EAC) Amb. Liberat Mfumukeko at the EAC Headquarters in Arusha, Tanzania on 5th September 2016; thereby attaining full membership to the Community. The Council of Ministers at its 34th Meeting, adopted the roadmap for the integration of the Republic of South Sudan into the EAC projects and programs. Further to the development of the roadmap, the Republic of South Sudan:

a) is now participating in the EAC meetings and activities;
b) has nominated nine (9) members to the East African Legislative Assembly who will be sworn in on the 5th June 2017, along with the new members of 4th East African Legislative Assembly;
c) has nominated a judge to EACJ in the First Instance;
d) has appointed a Commissioner to the Ad-hoc EAC Service Commission;
e) received a delegation from the EAC Secretariat led by the Secretary General who met His Excellency President **Salva Kiir Mayardit** and other key government officials; and
f) has committed to provide a sub-registry in Juba for filing of cases to the East African Court of Justice (EACJ).

The Regional Co-operation in Defense

The Community continued to enhance capacities in conflict prevention management and resolution, combating transnational organized crimes, as well as terrorism. Other notable activities include the 10th EAC Armed Forces Field Training Exercises held in November 2016 to enhance skills among the EAC Armed Forces, Police and Civilian Components at Combined Joint Task Forces level in the planning and conduct of joint operations. Consequently, the 35th Meeting of the Council adopted the Zero Draft *EAC Mutual Defense Pact* and directed the Secretariat to convene a joint meeting comprising of Sectoral Councils on Defense, Inter-state Security and Foreign Policy Coordination to consider the draft EAC Pact.

Election Observation

The Community deployed election observation missions to the Republic of Burundi, the Republic of Uganda and the United Republic of Tanzania. The reports of the missions were adopted by the 34th Meeting of the Council that took place in August 2016, and were submitted to the national authorities for consideration and

implementation. Further, electoral observation capabilities and electronic election data management were enhanced through training programmes.

COMESA-EAC-SADC Tripartite Free Trade Area (TFTA)

The COMESA-EAC-SADC Tripartite Free Trade Area (TFTA) Agreement has been signed by eighteen (18) Member/Partner States so far, though none has ratified the Agreement. The 4th Meeting of the COMESA-EAC-SADC Tripartite Council of Ministers held on 30th October 2016, urged Member/Partner States that had not signed the Agreement to do so and those that have signed the Agreement to ratify it.

Progress Report on Implementation of the Common Market Protocol

Partner States continued to facilitate free movement of goods, services, labor and capital and accord rights of establishment and residence to firms and citizens from other Partner States. To this effect, a total of 104 standards were approved by SCTIFI in June 2017, as East African Standards and 108 international standards endorsed for adoption by the Partner States in accordance with the EAC procedures.

In addition to this, negotiations on Mutual Recognition Agreements for Land Surveyors were concluded and now await signing. Further, Partner States assented to the EAC Elimination of Non-Tariff Barriers Act 2017. In the area of standards, it is worth noting the harmonized, approved, and gazette 106 East African Standards for the most commonly traded goods namely; textiles and apparel, leather and leather products, cereals and pulses, oil seeds, fats and oils, packaging, nutrition and foods for special dietary uses.

Progress Report on the Implementation of the Monetary Union

The Monetary Union, the third pillar in the EAC Integration process is expected to be in place by 2024 with the introduction of a common currency and the establishment of a regional Central Bank. In 2017, EAC Secretariat worked with Partner States and other stakeholders in laying the foundation for the Monetary Union. In April 2017, Bills for the establishment of the EAC

Monetary Institute and EAC Bureau of Statistics were cleared by the EAC Council of Ministers and forwarded to EALA for enactment. The progress made so far, indicates that the 2024 timeline for the establishment of the Monetary Union may be achievable.

Infrastructure Developments

Initiatives towards improved regional transport network saw the loan negotiations between the African Development Bank (AfDB), Kenya and Tanzania for the construction of the 400-km long Malindi–Lunga Lunga & Tanga–Bagamoyo roads commenced in April, 2017. Further, feasibility studies and detailed designs are ongoing for two roads that link Rwanda and Burundi to the Central Corridor and are expected to be completed by August, 2018. The World Bank, African Development Bank and the European Union have expressed interest in funding the construction of these roads.

Also notable is the Council declaration as 1st October, 2016, the commencement date for the EAC Vehicle Load Control Act, 2016 and the EAC One Stop Border Posts Act, 2016. Consequently, regulations to support the implementation of both Acts were adopted by Council in April, 2017; and the 15 border posts being upgraded to OSBPs, nine are completed and operational while the construction of the remaining six(6) OSBPs are nearing completion. Further, it is worth noting the completion and adoption by the 14th Sectoral Council on Transport Communication and Meteorology (TCM) in June 2017 of the study report on the *EAC Upper Flight Information*, including a *Five Years Implementation Plan (2017-2022)* for Seamless Upper Airspace operations.

Industry Sector Development

Efforts to transform the Industry Sector in the region were marked with the launch of the East African Community Industrial Competitiveness Report in 2016. This report is the first of its kind, developed to provide direction as we seek to attain the industrialization goals of the Community of expanding the market opportunities for the industrial sector in the region and improving the competitiveness of the region, in line with the EAC Industrialization Policy and Strategy.

Energy Sector Development

EAC Secretariat in collaboration with the Partner States continued the implementation and monitoring of the priority energy projects from the regional power master plan. To this effect, the EAC Centre of Excellence for Renewable Energy and Energy Efficiency (EACREEE) was launched on June 11, 2016 and the letter of Agreement between EAC UNIDO and CEDAT was also signed on the same day (June 11, 2016).

Agriculture Sector Development

The EAC Regional Agriculture Investment Plan was developed and reviewed by EAC Partner States in November, 2016, and subsequently subjected to national validation workshops in March/April, 2017. This Plan seeks to catalyze the realization of the EAC Comprehensive Africa Agriculture Development Programme goals in five investment thematic areas, namely; increasing regional agricultural production and food supply; enhancing food utilization; promoting agribusiness, value addition and agro-industry; promoting sustainable natural resource use and management; and strengthening capacities of EAC regional agricultural institutions.

Social Sector Development

Key milestones registered in the social sector include the enactment of the EAC Gender Equality, Equity and Development Bill, 2016. The Bill gives effect to the Treaty for the Establishment of the East African Community and the African Charter on Human and Peoples' Rights as it expressly prohibits all forms of exploitation, cruel, inhuman or degrading traditional practices.

Preparation of the 5th EAC Development Strategy 2016/17 – 2020/21

The draft 5th EAC Development Strategy 2016/17 - 2020/21 that will guide operations of the Community over the medium-term period was developed in consultation with various stakeholders, through consultative workshops across Partner States from 2nd – 23rd May 2017. The draft Strategy was validated by a Regional Meeting held in June 2017, at the EAC Headquarters, and is now due for approval by the Council of Ministers and eventual adoption by the Summit of Heads of State.

Financial Management

The approved budget for the Community for the financial year 2016/17 is US$101 million, 54% of which is funded by Partner States contributions and the remaining 46% through support from Development Partners. So far, only 78.4% of the expected contributions of the Partner States has been received (Kenya 100%, Uganda 92%, and Rwanda 100%, Tanzania 100% Burundi 0%). On the other hand, the Development Partners have only disbursed 32%. As a result of the delayed disbursement, the Community has experienced liquidity challenges, which adversely effected the operations of the Community's Organs and Institutions. The 35th Meeting of the Council considered the matter and directed the Partner States to disburse the outstanding contributions by the end of June 2017. The Council is studying the possible sanctions that may be meted on the Partner States that are not discharging their financial obligations and will make appropriate recommendations to the Summit.

East African Legislative Assembly

During FY2016/17, the Assembly passed seven (7) Bills to support the integration process in accordance with the Treaty. The Bills are awaiting the Summit of Heads of State for assent as per Summit Decision (EAC/SHS 17/Decision 03) and they include the Administration of the East African Court of Justice Bill, 2016; the East African Community Prohibition of Female Genital Mutilation Bill, 2016; the East African Community Counter-Trafficking in Persons Bill, 2016; the East African Community Gender Equity and Development Bill, 2016; the East African Community Supplementary Appropriation Bill, 2017; the East African Community Appropriation Bill, 2017; and the East African Community Polythene Materials Bill, 2017.

East African Court of Justice

The East Africa Court of Justice also experienced great progress during FY2016/17. This included an increase in the number of cases filed, a testimony to the confidence the residents of East Africa have in the Court. It has also taken on board an additional judge from the Republic of South Sudan and in this calendar year an addition sub-registry will be opened in Juba, Republic of South Sudan.

East African Health Research Commission

The Commission developed a five-year strategic plan for the period 2016-2021. The Strategic Plan that was approved by the 35th Meeting of the Council, targets to establish institutional governance and operational framework, undertake resource mobilization initiatives and establish research and capacity strengthening programs.

The Commission also organized the 6th East African Health and Scientific Conference & International Health Exhibition and Trade Fair in Bujumbura in March 2017 under the theme "*Preparedness for, and control of disease outbreaks, epidemics, and pandemics, in the context of climate change, globalization, and gaps in health systems*". The Conference was attended by more than 600 participants from within the region and outside.

Inter-University Council for East Africa

The IUCEA continued coordinating activities geared to completion of the development of the Higher Education Fees Structure Model for use by universities in the East African Community Partner States. The Fees Structure Model includes categorization of all costs incurred in running the institutions and the apportionment of the costs to the university's core missions of teaching, research and community engagement, as well as provision of administrative services. In addition, the model provides proportions of the respective costs that students contribute to, through their fees payments; so these are costs which add up to unit costs.

Lake Victoria Basin Commission

The LVBC commissioned the Sengerema Water and Sanitation project at Sengerema- one of the projects under the Lake Victoria Water Supply and Sanitation Phase II (LVWATSAN II). The Project was commissioned by the President of United Republic of Tanzania H.E. Dr. John P.J. Magufuli. It is now fully operational with a capacity of 15,840 cubic meters and supply water up to 528,000 people per day. The LVBC operationalized a web-based data collection tool KOBO Collect which added a new impetus in tracking and generating reports on the implementation of the Integrated approach of Population, Health and Environment Programme.

East African Science and Technology Commission

The East African Science & Technology Commission (EASTECO) held its first regional stakeholder meeting in Kigali in August, 2016. The objective of the meeting was to build consensus among the Partner States stakeholders on the regional science, technology and innovation priorities. The 35th Meeting of the Council approved the Commission's Strategic Plan (2017/18 – 2021/22). Implementation of the Plan is expected to improve the development and dissemination of Science, Technology and Innovation (STI) policies, and increase value-addition in agriculture and promote technology solutions in the energy and environment sectors.

East African Kiswahili Commission

The East African Kiswahili Commission (EAKC) in consultation with its stakeholders internally developed the EAKC Strategic Plan 2017 – 2022, which was validated at Kenya Institute of Curriculum Development Centre in Nairobi, Kenya by Kiswahili stakeholders from all Partner States. The Strategic Plan was approved by the 35th Meeting of the Council of Ministers. The EAKC Strategic Plan identifies six key strategic interventions, which when implemented will contribute to the development and promotion of Kiswahili in EAC and beyond.

East African Development Bank

The East African Development Bank (EADB) continues to post sound financial performance. Following its strong performance, the EADB continues to receive positive rating internationally. The Bank has been rated **Baa3** with stable outlook by Moody's Investor services for three consecutive years since 2015. The Bank's key strength lies in strong capital buffers, which remains among the highest in Moody's multilateral development bank universe, with asset coverage ratio of 120% and high liquidity position.

Conclusion

The EAC Annual Report 2016/17 has highlighted the remarkable progress that the Community made in advancing the EAC integration agenda as enshrined in the EAC Treaty.

Nonetheless, the Community faced a number of challenges which led to non-implementation of some planned activities. The key challenges include; late disbursements of funds by both Partner States and Development Partners, limited staffing levels in EAC Organs and Institutions, delays in the finalization of the EAC institutional review and alternative sustainable financing mechanism for the Community.

To address the challenge of inadequate funding, it is recommended that the institutional review process be expedited to provide EAC Organs and Institutions with adequate staffing levels and financial resources to fund activities to enable the Organs and Institutions to effectively execute their mandates. It is also recommended that intensive resource mobilization efforts be instituted to support the implementation of the Community projects and programmes.

Amb. Libérat Mfumukeko
EAC SECRETARY GENERAL

01/

Introduction

1.1 Background

The East African Community (EAC) is a regional organization mandated by the governments of Burundi, Republic of Kenya, Republic of Rwanda, Republic of Uganda the United Republic of Tanzania and the Republic of South Sudan. The EAC was expanded in 2007 by the admission of the Republic of Burundi and the Republic of Rwanda and was further expanded in 2016 by the admission of the Republic of South Sudan**.** The Treaty for the Establishment of the EAC was signed in November 1999 and came into force on 7th July 2000. The regional cooperation and integration envisaged in EAC is broad based.

Article 5 (1) of The Treaty for the Establishment of the East African Community states that *"The objectives of the Community shall be to develop policies and programmes aimed at widening and deepening cooperation among the Partner States in political, economic, social and cultural fields, research and technology, defense, security and legal and judicial affairs for their mutual benefit."* Since then, the EAC Customs Union, which was established in March 2005, has made significant progress. In 2010, the EAC established a Common Market and signed the Monetary Union in 2013 that will come into force in 2023. The EAC plans for a Political Federation as the Ultimate goal.

As one of the fastest growing regional blocs on the African continent, with an average of 5.9% GDP growth in 2016, the EAC has a population of about 164 million people with a combined GDP of US$160 billion by 2016. The economies of the EAC mainly depend on export of agricultural commodities and mineral resources, although industrial production especially manufacturing has recently increased in all the Partner States. At the same time, the services sector has grown, especially with respect to tourism, ICT and financial services.

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

The brand of the East African Community is **"***One People, One Destiny***"**.

1.2 EAC Organs and Institutions

The Treaty establishes the following Organs and Institutions: The Summit is composed of the Heads of State of the Governments of Partner States; The Council is composed of the Ministers responsible for East African Community Affairs and other Ministers as each Partner State may determine; and the Coordination Committee is composed of Permanent Secretaries. The Sectoral Committees are composed of Senior Officials from the Partner States responsible for preparation of comprehensive programmes, implementation reports and priorities in their respective sectors.

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

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

1.3 Structure of the Report

In terms of presentation, the report is structured as follows: Chapter 1.0 is the introduction; Chapter 2.0 presents socio-economic setting of EAC; Chapter 3.0 presents developments on the Office of the Secretary General; Chapter 4.0 is the Office of the Deputy Secretary General (Planning and Infrastructure); Chapter 5.0 is the Office of the Deputy Secretary General (Productive and Social Sectors); Chapter 6.0 is the Office of the Deputy Secretary General (Political Federation); Chapter 7.0 is the Office of the Director General (Customs and Trade); and, Chapter 8.0 is the Office of the Deputy Secretary General (Finance and Administration) and includes the audited financial statements of the Community for the financial year 2016/17.

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

02/

# Social-Economic Trends in East Africa

East Africa as one of the largest regional economic blocs, with the largest single markets in Africa had a total population of about 150 million in 2015. Following the accession of the Republic of South Sudan into the East Africa Community, the region total population was around 164 million in 2016, with an overall GDP of around US$160 billion. With the exception of the Republic of South Sudan, the region marked an average GDP growth of 6.1% in 2016, being the fastest growing region in the continent.

The region is further considered as the world's fastest reforming with stable economic and political environment; harmonized tariff; great market access to all regions in Africa, Middle East and Asia and preferential market access to the US, EU and some other developed countries.

2.1 Economic Trends

The region's economic performance for the period 2016/2017 was generally positive in spite of several risks, including instability in the Great Lakes region. Available data indicate that real GDP growth in EAC Partner States varied over the past five years to 2016, with an annual average growth of 5.9%. In Kenya, real GDP grew on average by 5.6% while Tanzania and Rwanda experienced the highest annual average growth rates of 6.9%. Uganda on average recorded moderate growth of 5%, while Burundi, owing to political instabilities experienced since 2015 resulted to economic downturn leading to an average growth rate of around 2% over the period to 2016.

Figure1: Real GDP Growth of EAC Partner States, 2011 – 2016
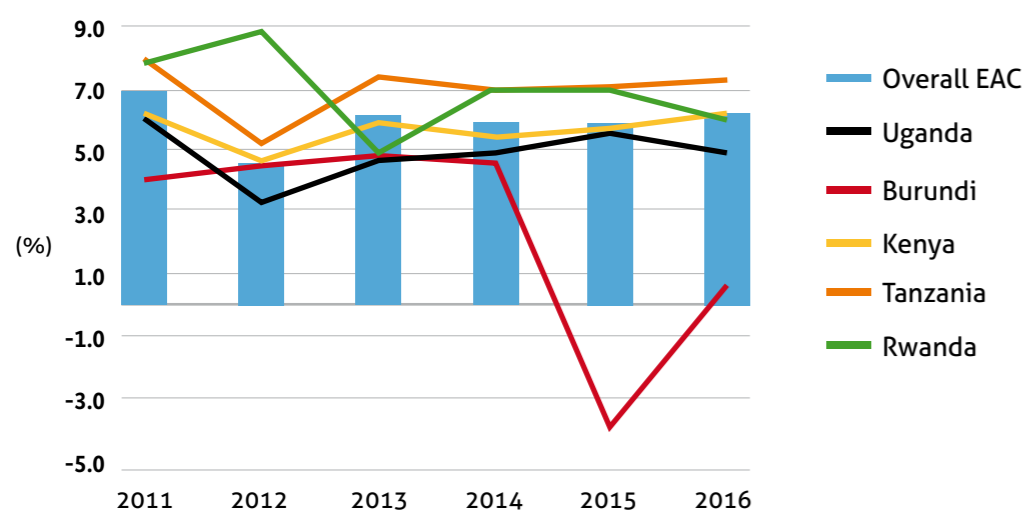
Source: EAC Facts and Figures 2016; AfDB Africa Economic Outlook 2017

Growth in Partner States is attributed to the growth across sectors especially in construction, transport, storage, financial services, information and communication. The service sector also contributed to the remarkable performance, marked with expansion in hotels, restaurants, and transport and communications activities, especially in Uganda.

In terms of the purchasing power of the region, while the overall GDP stood at around US$160 billion in 2016, Kenya had the highest per capita income estimated at about US$ 1,540, followed with Tanzania at around US$ 1,000, Uganda at US$760 and Rwanda at US$ 760, and lastly Burundi recording the least purchasing power at around US$330. Overall, the EAC region had per capita income of around US$1,050 in 2016, above the African average.

2.2 Demographic Trends

a) Population

The EAC has a combined population of about 164.5 million in 2016, compared to an estimated 150.6 million persons in 2015, following the assertion of the Republic of South Sudan into the East African Community in September 2016, with the estimated population of around 9.7 million. Tanzania had the largest population accounting for 31% of the region population, followed by Kenya and Uganda at 28% and 22% respectively; while Rwanda, accounted for 7%, and Burundi and South Sudan each accounting for 6%. The average population growth rate in the region was estimated at about 2.9 per cent in 2016. It is thus estimated that the region's population is likely to double its current level by 2050.

Table 1: Annual Population Growth rate (in %)

Partner State/Years	2012	2013	2014	2015	2016
Burundi	3.2	3.1	3.0	3.0	3.0
Kenya	2.7	2.7	2.6	2.7	2.7
Rwanda	2.6	2.4	2.4	2.4	2.4
Tanzania	2.7	2.7	2.7	2.7	2.7
Uganda	3.0	3.0	3.0	3.0	3.0
East Africa	**2.9**	**2.9**	**2.9**	**2.9**	**2.9**

Source: EAC Facts and Figures, 2016

The population density for the EAC region in 2016 continued to surge ranging from as high as 444 and 405 persons per Km^2 respectively in Rwanda and Burundi, to as low as 15 persons in South Sudan, 57 in Tanzania and 70 in Kenya, and lastly 199 persons in Uganda; with overall regional population density of 69 persons. The persistent high total fertility rate is among factors contributing to population increase in the region. Total fertility rate across the EAC Partner States averages at 5.0 births per woman[1], with Burundi and Uganda respectively recording the highest rates of 5.8 and 5.7 births in 2015.

Table 2: East Africa's Population Trends

Country	Land Area ('000 Sq. Km)	Population (in thousands)			
		1950	2000	2015	2016 (e)
Tanzania	886.3	7,886	35,119	49,709	51,051
Kenya	580.7	6,265	30,669	44,157	45,349
Uganda	200.5	5,210	23,300	35,516	36,581
Rwanda	24.2	2,120	7,609	11,263	11,533
Burundi	25.0	2,456	6,356	9,984	10283
South Sudan	644.3	-	-	-	9,696
EAC	**2,361,000**	**23,937**	**103,053**	**150,629**	**164,493**

Source: EAC Facts and Figures, 2016; e= Staff estimates.

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[1] Source: EAC Facts and Figures 2016; World Bank at https://data.worldbank.org/indicator/

The above-noted demographic trend, contrasted with the population structure, indicates that the EAC population remains one of the youngest in the world. The youthful population (people aged 15–34 years), accounted for 34% of the region's total population and that proportion is expected to be maintained over the year to 2016. Against this background, such large young population presents a potential of an abundant labour force that can drive the envisaged growth and transformation agenda for the region. It also presents a high dependency burden, if the population is not turned into productive human capital.

Figure 2: EAC Population Distribution in 2015 by Age Group
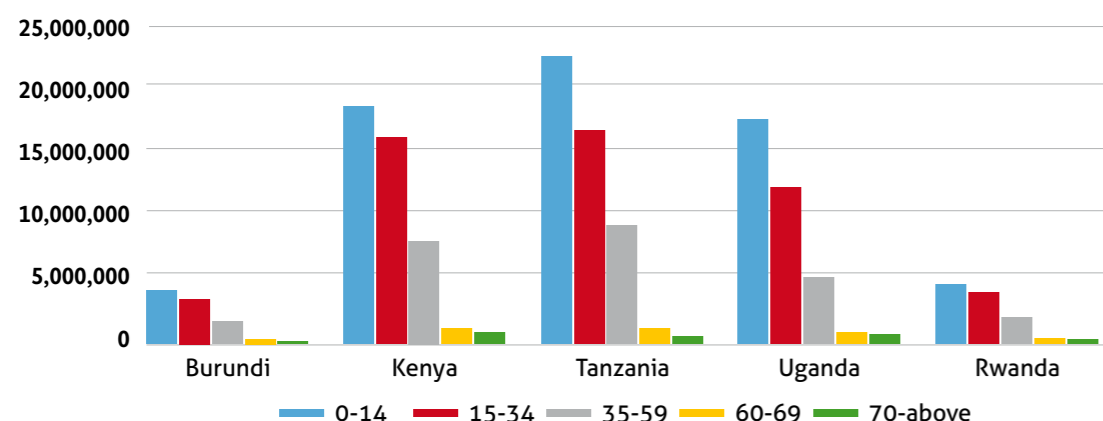
Source: EAC Facts and Figures 2016

b) Employment

The EAC labour force remains young and one of the region's greatest resources for accelerated socioeconomic transformation. According to Tanzania's labour survey, 2.4 million Tanzanians were unemployed in 2011, yielding an unemployment rate of 10.7%. In Rwanda, statistics indicate that by end of 2006, unemployment rate was 1.2% of the labour force. By 2010, Uganda had a total labour force of 13.4 million with unemployment rate of 4%. In Kenya, unemployment was 40% by end of 2009, with 60% of this unemployed category being the youth. In 2009, Burundi had unemployment of 35%, with an estimate of 60% youth aged 15–30 being unemployed or underemployed. In view of the state of employment in the EAC region, it is evident that unemployment remains a major challenge that impacts the livelihood of the entire citizen, especially the youth, and this is irrespective of the fact that the EAC region is endowed with abundant arable land and numerous natural resources.

Table 3: Unemployment Rates (%) in East Africa

Country	Labour force survey	Unemployment Rate %
Burundi	2009	35.0
Tanzania	2011	10.7
Uganda	2010	4.0
Kenya	2009	40.0
Rwanda	2006	1.2

Source: EAC Facts and Figures 2015 and Partner States Integrated Household and Labour force Surveys

2.3 Socio-Economic Indicators

a) Life Expectancy

Expectancy at birth on average stood at 62.99 years in the East African countries, slightly higher than the life expectancy for Africa that stands at 59.99 years in 2015[2]. Rwanda has the highest life expectancy at 66.99 years, with Burundi ranking the least at 57.09 years. The under-five mortality rate per 1000 births was on average at 55 in 2015, while average maternal mortality (per 100,000 births) stood at 446, which is slightly below the Africa average of 460[3]. The state of health systems in the region is a contributing factor to the current life expectancy and mortality rates.

b) Poverty Dimensions

Population living below the national poverty line (US$1.90 a day) as measured through Purchasing Power Parity approach varies quite widely across the EAC Partner States.
While in Burundi it is indicated that over ¾ of the population are living below the national poverty line, in Uganda and Tanzania the situation is the opposite as over 70% of the population are living above the poverty line. There is however, a sizable proportion of population below the poverty line in Kenya and Rwanda of around 40%, suggesting that poverty levels in the region remain a big challenge, with women and children constituting the majority of the affected groups.

Table 4: Selected Socioeconomic Indicators for East African Countries

Country	Total Population (millions) in 2015	Life Expectancy at birth, 2015	Under Five Mortality Rate, 2012	Poverty Headcount ratio at US$1.90 a day (2011 PPP) (%of Population)	Adult literacy rate (%), 15+ yrs., 2005-2010
Burundi	9.8	57.09	142	71.7	67.2
Kenya	40.0	66.69	52.4	36.1	87.4
Rwanda	10.5	66.69	50	44.9	71.1
Tanzania	49.3	64.95	49.7	28.2	73.2
Uganda	38.7	59.57	57.8	19.7	73.2
East Africa	**148.4**	**62.99**	**70.4**	**-**	**74.4**
Sub-Sahara Africa	**1,006**	**59.99**	**71.4**	**-**	**64.9**

Source: EAC Fact and Figures2016; World Bank Data (https://data.worldbank.org/country).

c) Literacy

The East African Community has an average literacy rate of 74.4%, which is higher than the African average (64.9%), but lower than the world average of 84.1%. EAC's youth literacy rate stands at 81.9% compared to the global average of 89.5%. Within the EAC, the youth literacy rates are generally higher for men than women, with the exception of Kenya and Rwanda which is almost equal.

Table 5: Literacy Rates for 15-24-year-old in East African Countries

Country	Year	Both sexes	Men	Women
Burundi	2000	73.7	76.8	70.4
Kenya	2008	92.3	91.8	92.9
Rwanda	2008	77.1	77.1	77.1
Uganda	2009	88.0	90.0	87.0
Tanzania	2002	78.4	80.9	76.2

Source: Final Report on the status of achievement of MDGs by the East African Community, 2010

03/

Office of the Secretary General

The Office of the Secretary General is headed by the Secretary General assisted by three Deputies and Director General of Customs Union and Trade The office coordinates all regional projects and programs in the Community and directly supervises the following functions: Legal and Judicial Affairs; Cooperation in Defense; Corporate Communications and Public Affairs; Internal Audit; and Resource Mobilization Office.

During the financial year 2016/2017, the Office of Secretary General planned to promote intra and inter-regional trade; coordination of negotiation process of the EAC-COMESSA-SADC FTA agreement and Tripartite in order to achieve a customs interconnectivity by June 2018; and to transform EAC as a place in which people can do business through enhancement of appropriate partnerships with the private sector and civil society. Many regional/international fora were planned to promote this partnership ; to develop and approve a model of EAC Federation and EAC's integration objectives widely understood and supported internationally; to enhance efficiency in decision making and implementation of Community development and implementation of a framework for sustained, efficient and effective leadership; efficient and effective delivery of conference to facilitate Burundi Peace Talks and bring back the state of the Republic of Burundi to normal; to develop an Interaction framework between the EAC Secretariat & Organs/Institutions and to enhance the mandate of EALA. In view of the aforementioned planned activities, achievements registered over the period under review include;-

a) 5th Secretary General's Forum
In line with the objective of promoting the EAC business image, the 5th SG's forum was held in Bujumbura on 22nd - 23rd June 2017. The theme of the forum was to share experiences and good practices of the integration process over the last 15 years (2000 - 2015) and work out a coordinated strategy towards a common future of political integration and a borderless Community.

b) Laying Foundation for Political Federation
The EAC has planned to develop a model of EAC Federation. In this regard, the 18th Ordinary Summit directed the Council of Ministers to constitute a Team of Constitutional Experts

to draft the Constitution for the Political Federation and report to the 19th Summit of Heads of States. The model was drafted and is awaiting the 19th ordinary summit. Furthermore, a meeting with International Conference of the Great Lakes Region was held coupled with a visit to EU Headquarters in Brussels. The AUC Summit Ordinary Session was held in Addis Ababa and an ordinary and extra-ordinary Summit of Heads of State held during the financial year 2016-2017, as part of the EAC Secretariat initiatives to ensure that EAC integration process is widely understood and supported internationally.

c) Strengthening of inter-Secretary General Organ/Institutional Collaboration and Co-operation
In order to enhance efficiency in decision-making and implementation of a framework for sustained, efficient and effective leadership and efficient and effective delivery of conference, two Summits of EAC Heads of State were held. The Summit Meetings provided guidance on regional integration matters.

d) Facilitating Burundi Peace Talks and bringing the State of the Republic of Burundi back to normal
Consultations were held with Heads of State and AU leadership by the facilitator, including one round of dialogue. The willingness to dialogue and acknowledgement of need for broad-based participation was underscored.

e) Enhancement of EALA Mandate
The EAC planned to implement 100% of the EALA decisions, resolutions and recommendations by 2018. In this regard, for the period under review all resolutions passed by the Assembly were subsequently formally communicated to the Council and all Partner States. The Council, save for resolution with financial and policy implications that may not be implemented immediately, endeavors to implement these recommendations. EALA members exercising the right to submit questions as provided in the Assemblies Rules of Procedure 2015, regularly raise questions to the Chair of the Council on the status of implementation of the resolutions of the Assembly and that way the Assembly has also consistently monitored the implementation of the resolution of the Assembly.

f) Republic of Somalia Accession to East African Community
With regard to the admission of the Federal Republic of Somalia into the East African Community, two reminders were sent to the Federal Republic of Somalia to indicate convenient dates when the EAC verification team could visit Mogadishu. There has been no response and by the time of the convening of the 18th Ordinary Summit in May 2017, there had been no communication to indicate the dates and relevant officers to contact in Mogadishu. The 18th Ordinary Summit in its communique tasked the Council to follow up the matter and report to the 19th Summit expected in November 2017. Since 20th May 2017, the Secretary General has communicated to Somalia and is waiting for a response.

g) High-Level Negotiations with the Republic of South Sudan for joining the East African Community
Following the official admission of the Republic of South Sudan to the East African Community in April 2016, instrument of ratification and accession to the Community was deposited to the EAC Secretary General on 5th September 2016; thereby attaining full membership to the Community. Following their accession, a roadmap for the accelerated integration of the Republic of South Sudan was developed and considered by the 34th Meeting of the Council. Further to the development of the roadmap, the Republic of South Sudan:-

a) is now participating in the EAC meetings and activities;
b) has nominated 9 members of East African Legislative Assembly who will be sworn in on the 5th June 2017, along with the new members of 4th East African Legislative Assembly;
c) has nominated a judge to EACJ in the First Instance;
d) has appointed a Commissioner to the Ad hoc EAC Service Commission;
e) received a delegation from the EAC Secretariat led by the Secretary General who met His Excellency President Salva Kiir Mayardit and other key government officials; and
f) has committed to provide a sub-registry in Juba for filing of cases to the East African Court of Justice (EACJ).

h) Policy Formulation by EAC Assembly
The Third EALA Assembly attended sessions in Rwanda, Kenya, Uganda and Tanzania. In the course of those sessions a number of Bills were discussed, debated and passed. These include; the *East African Community Gender Equality, Equity and Development Bill 2016* that was passed in Kigali. Others Bills were the *Polythene Materials Control Bill 2016;* the *Administration of the East African Court of Justice Bill 2016;* the *East African Community Prohibition of Female Genital Mutilation Bill 2016;* the *East African Community Counter Trafficking in Persons Bill, 2016;* and the *East African Community Appropriation Bill 2016;* as well as the *East African Community Supplementary Appropriation Bill, 2016.*

Budget Execution
The budget approved for the Office of Secretary General was US$671,914. At end of FY2016/17, budget expenditure was around US$652,438, about 97% of budget execution.

3.1 Internal Audit

The Internal Audit Unit is under the Office of the Secretary General. The Unit is headed by the Principal Internal Auditor who reports administratively to the Secretary General, and functionally to the EAC Audit and Risk Committee. The mandate of the Unit is to provide an independent and objective assurance and consulting services designed to add value and improve the Community's operations.

During the period under review the Internal Audit Office planned to execute its given mandate basing on the human and finance resources availed. The planned activities included, among others, provision of Assurance and Consulting Services through conducting internal audit. The Unit planned to conduct 16 internal audits during the financial year 2016-2017; develop and maintain EAC Organs and Institutions Risk Register; harmonize tools and techniques of internal audit across organs and institutions of EAC; coordinate external audit exercise; support oversight committee through meetings of committees and; enhance capacity of internal audit staff through the training of internal auditors. In the course of implementing the outlined planned activities, the following achievements were registered:-

a) Assurance and Consulting Services through Conducting Internal Audit

As per the approved audit plan ,13 assignments/ Internal Audits were carried out during the financial year 2016-2017 and the audit findings were shared with management for corrective action and finally they were considered by the EAC Audit and Risk Management for technical guidance.

b) Harmonized Tools and Techniques of Internal Audit Across Organs and Institutions of EAC

The Joint Planning Meeting for EAC Organs and Institutions Internal Auditors was convened from 18th to 22nd April 2017, at EAC CASSOA Office in Entebbe, Uganda. The meeting report produced highlighted agreed upon planning procedures, the Joint Audit assignment, and sharing of audit tools among Internal Auditors across EAC Organs and Institutions.

c) Coordinated External Audit Exercise

The Audit Commission on the statutory audit was coordinated and finalized by issuing a report on EAC Consolidated Financial Statements for the financial year 2015 /2016, with a *clean audit opinion.*

d) Supported Oversight Committees

The Department convened and facilitated the 14th 15th and 16th meetings of the Audit & Risk Committee and also organized a high-level interaction forum between the Audit and Risk Committee members and EALA Accounts Committee.

e) Enhanced Capacity of Internal Audit Staff through the Training of Internal Auditors

During the period under review, Internal Auditors continued enhancing their knowledge, skills, and other competencies through continuing professional development as per standards requirements.

Budget Execution

The budget approved for the Unit for FY2016/17 was US$671,914 and budget expenditure amounted to US$652,438, hence budget execution of around 73%.

Challenges and Recommendations

The main challenge is persistent under-staffing of Internal Audit Unit. The Unit should be resourced with adequate staff to enable effective execution of its given mandate.

3.2 Resource Mobilization

The Department of Resource Mobilization is responsible for coordinating all EAC resource mobilization initiatives and processes for its projects and programmes. The mandate of the Resource Mobilization Department originates from the Treaty for the Establishment of the EAC. Article 71(i) that states "the Secretariat shall be responsible for the mobilization of funds from development partners and other sources for the implementation of projects of the Community". Article 132 (4) states that "the budget of the Community shall be funded by equal contributions by the Partner States and receipts from regional and international donations and any other sources as may be determined by the Council. The Treaty further provides that other resources shall include: grants, donations, funds for projects and programmes, technical assistance and income earned from activities undertaken by the Community.

In view of the mandate of the Secretariat in resource mobilization and to ensure that the EAC resource mobilization strategy is operationalized, during financial year 2016/17, the Resource Mobilization Department planned to execute a number of activities to include among others; enhancing of information sharing on resource mobilization; building staff capacity in proposal writing and project management; development of an EAC Project Operating Procedures Manual; and enhancement of donor coordination and engagement. Summary of key achievements registered in the course of implementation of the planned activities are as follows:-

a) Enhanced EU Partnership

Under the 11th EDF envelope, the EAC has been allocated a total of €85 million for the period 2014-2020. Of this amount, €5 million is for implementation of a project on Regional Electoral Support Programme (RESP). The balance of €80 million has been committed for a number of projects to include Lake Victoria Water Management Programme for promotion of Aquaculture in the EAC region; and Combating Counter Terrorism under Peace and Security. Progress towards actualizing these projects is at varying levels of implementation; though with promising pace of implementation.

b) Enhanced USAID Partnership

The EAC Secretariat and USAID signed a five-year Regional Development Objective Grant Agreement (RDOAG) for US$194 million on 29th September, 2016. This Grant Agreement included US$30 million direct fund to the EAC Secretariat, while the remainder will support other Development Partners in their efforts to contribute to the EAC regional integration agenda. The support will be channeled to; advance regional economic integration; increase trade and investment; improve the sustainable management of natural resources; improve access to integrated health services; and strengthen the EAC's organizational leadership.

c) Developed draft EAC Project Operating Procedures Manual

Through the Interim Project Coordination Unit, the draft EAC Project Operational Manual was developed. The manual will serve as a guiding tool for project implementers/managers/ coordinators and for mobilizing resources.

Budget Execution

The budget approved for the Resource Mobilization Department for FY2016/17 was US$920,196, with budget expenditure of US$211,549; hence budget execution of only 23%.

Challenges Encountered

The main challenge has been inadequate funding, as most of Partnership Fund MoUs expired in 2016, leading to a number of activities being unimplemented. These include staff trainings, validation of EAC Development Fund documents, donor missions, among others.

3.3 Defence Liaison

The EAC Defence Sector derives its mandate from the Treaty Establishing the EAC that provides for the establishment and maintenance of Peace and Security as a prerequisite for progression of the integration process. The framework for Cooperation in Defence matters is articulated in the EAC Protocol on Cooperation in Defence Affairs. The Protocol directs the Partner States' Armed Forces to cooperate in military training; joint operations; technical cooperation; and visits and exchange of information.

Defence Liaison Unit at the EAC Secretariat provides a coordination link between Armed Forces of Partner States and the Secretariat; does research on all agreed matters of defence; and such other duties as may be assigned by the Secretary General. Defence Liaison officers report to both the Secretary General and the Chiefs of Defence Forces of Partner States.

During the period under review, the Defence Liaison planned to harmonize training doctrines syllabi; to hold different meetings at quarterly and bi annual frequency respectively with Chiefs Directors of Military Health Services, commanders of cadets school and the meetings of commanders, senior commanders and senior staff; and to implement joint operations through conducting meetings for sharing implementation of R&D policy and coordinate the planning exercise for joint operations. Also envisaged was the need to improve and increase technical facilities by conducting DLOs Quarterly National Consultations; to enhance training among Partner States armed forces by holding meetings of Chief of Military Intelligence to exchange information on quarterly basis; conducting Exercise Eastern Accord 12; conducting Field Training Exercise (FTX) & Initiate Planning of Command Post Exercise; and conducting Military Games and Culture event annually. The key achievements registered along the planned activities were:-

a) All six (6) EAC Partner States ratified the EAC Protocol on Cooperation in Defense Affairs. The Protocol entered into force on 19th November 2015, when Instruments of ratification were deposited (with the last Partner State) with the EAC Secretary General, in accordance with Article 26 of the Protocol.

b) The Republic of South Sudan on 5th September 2016 deposited with the EAC Secretary General the Instruments of Ratification to the Treaty of Accession. DEWG on Formulation of EAC Mutual Defence Pact was convened and prepared comprehensive report on benchmarking visits in July 2016.

c) Zero Draft EAC Mutual Defence Pact was approved by the Sectoral Council on Cooperation in Defence in December 2016.

d) Enhancement of Military Training: harmonization of training doctrines and syllabi was done in four (4) Partner States for Command and Staff Colleges, and for five (5) Partner States for Cadet Academies. EAC Armed Forces Field Training Exercise *USHIRIKIANO IMARA* 2016, was conducted in November 2016;

Budget Execution

The budget approved for Defence Liaison for FY 2016/17 was US$523,002, and the budget expenditure stood at US$495,595.37, hence budget execution of 95%.

3.4 Legal and Judicial Affairs

The Legal and Judicial Department is established under Article 69 of the Treaty and is responsible for Legislative Drafting and Parliamentary Services; advisory services and litigation; agreements and legal instruments; and corporate secretarial services among others.

In the wake of strengthening the service support of the EAC sectors, the Department planned to harmonize five laws touching on the common market protocol; provision of support to all Organs and Institutions through a number of bills to be drafted; and to establish and implement the institutional capacity building and training programmes.

The key achievements registered were as follows;

The Department facilitated finalization of a number of Bills for assent by the Summit to include (i) the EAC Customs Management (Amendment) Bill, 2016; (ii) the EAC Appropriation Bill, 2016; (iii) the EAC Supplementary Appropriation Bill, 2016; (iv)The East African Community Persons with Disabilities Bill, 2016; and (v) the EAC Disaster Risk Reduction and Management Bill, 2016. Also achieved is successful development of the East African Monetary Institute (EAMI) Bill and East African Statistic Bureau Bill, which have been cleared by the Council of Ministers for onward submission to the East African Legislative Assembly (EALA) for consideration.

A meeting of the Task Force on Harmonization of National Laws in the EAC Context was carried out in August 2016. The meeting drafted four (4) Intellectual Property Model Laws relating to Genetic Resources, Geographical Indications, Traditional Cultural Expressions and Folklore; and Layout Designs of Integrated Circuits).

Numerous legal opinions have been provided by the Legal Department on various issues relating to all the pillars of EAC integration, namely, Customs Union, Common Market, Monetary Union and Political Federation. Legal opinions were also given on other matters relating to human resources and administration-concerning interpretation and application of both the staff and financial rules and regulations.

Moreover, the Department forwarded the following Bills to the Assembly for approval (i) the EAC Customs Management (Amendment) Bill, 2016; (ii) the EAC Appropriation Bill, 2016; (iii) the EAC Supplementary Appropriation Bill, 2016; (iv) the East African Community Persons with Disabilities Bill, 2016; and (iv) the EAC Disaster Risk Reduction and Management Bill, 2016. Those bills were assented during the 18th Summit of Heads of State in May 2017.

Budget Execution

The budget approved for the Legal and Judicial Affairs was US$246,901, coupled with total expenditure of US$95,749, hence budget execution of about 39%.

Challenges and Recommendations

Planned trainings were not conducted due to lack of funds, and the model laws have taken too long to be finalized also due to funding challenges.

3.5 Corporate Communications and Public Affairs

The Department of Corporate Communications and Public Affairs (CCPAD) is responsible for increasing public awareness of the EAC and its projects and programmes. The Department derives its mandate from Article 71 of the Treaty for the Establishment of the EAC (Functions of the Secretariat), Section 1 [f]) which states that *the Secretariat shall be responsible for "the general promotion and dissemination of information on the Community to the stakeholders, the general public and the international community."*

In the period under review, the Department planned to: enhance Popular Participation of the Citizenry in the EAC integration process, and to implement the EAC Communication Policy and Strategy by June 2017.

The key achievements made during Financial Year 2016/2017 were:

a) **Enhancement of Popular Participation of the Citizenry in the EAC integration process**

The EAC Secretariat through the Department sensitized 204 students, and 100 government officials and foreign dignitaries who visited the EAC Headquarters on study tours; trained 25 media practitioners from media houses in five EAC Partner States on EAC integration process; printed and distributed 2,000 copies of the Community Magazine (Issue 27); and improved real time response to enquiries and comments by 71% which is an average of 1 day on social media channels. Social Media users increased to the following levels: Twitter-38,174; Facebook Group-6,559 followers; Facebook Page-7,842 followers; Facebook Group for Journalists on East African Affairs-515 members; EAC Media Centre (Twitter)-890; and Instagram-85. Kiswahili conference campaign was conducted, #EAKC (promoting Kiswahili as the Lingua Franca); JAMAFEST campaign-#JAMAFEST2017; and EAC Website attained an average 4,500,000 million hits per month, about 94.3% Website uptime.

The Department designed and printed four (4) generic banners; 150 copies of the EAC Trade and Investment Report 2015; conducted five (5) press conferences; Issued fifty (50) Press Releases; and three (3) editions of the e-Newsletter, as well as five (5) Internal News Briefs.

b) **Implementation of the EAC Communication Policy and Strategy**

A Concept Note for the EAC Media Excellence Awards for community-based media in the region was developed but the initiative was not launched due to unavailability of funds.

Budget Execution

The budget approved for the Department for FY2016-17 was U$676,375 coupled with the budget execution of US$72,643 about 11% of the approved amount.

Challenges and Recommendations

Due to unavailability of funds, the Department was unable to provide Public Relations (PR) Management support in terms of coordinating media briefings and coverage, especially for events held outside the EAC Headquarters in Arusha, Tanzania. The Department was also unable to participate in any of the Trade Fairs in the Partner States. The EAC Media Excellence Awards for community-based media initiatives was not launched due to unavailability of funds.

The Department recommends additional allocation of funds by Partner States for its core planned activities, particularly the provision of PR Management support to EAC events; production of infomercials and public education programmes on EAC integration, and; outreach programmes, notably sensitization and participation in Trade Fairs and Exhibitions in the Partner States.

04/

The Office of Deputy Secretary General - Planning and Infrastructure

The Office of the Deputy Secretary General - Planning and Infrastructure is responsible for the following sectors: infrastructure development comprising of roads, railways, civil aviation and airports; meteorology, Information and Communication Technology; monetary, fiscal, financial sector development, harmonization of regional statistics, private sector investments; and strategic planning and monitoring evaluation of EAC projects and programmes.

4.1 Regional Planning

4.1.1 Planning and Research

Planning and research activities entail coordination of preparation of the Community's short, medium and long-term strategic and operational plans, research for policy analysis, and coordination of development and implementation of quality assurance programmes for improved processes.

During the FY 2016/17, the Planning and Research Unit focused on: - monitoring and reporting on implementation of the Common Market Protocol to inform policy decisions in collaboration with the Monitoring and Evaluation Unit; strengthening the planning, research, monitoring and evaluation functions for enhanced efficiency in operational planning and budgeting; operationalization of the EAC Policy Research Unit; and implementation of the EAC Secretariat Quality Management System.

a) **Coordination of the implementation of the EAC Common Market Protocol**
During the period under review, the EAC Secretariat and Partner States intensified efforts to expedite the realization of the commitments under the EAC Common Market Protocol. A number of Partner States' national laws were amended to comply with the EAC Common Market Protocol. Further, a total of 104 standards were approved by the SCTIFI in June 2017, as East African standards and 108 international standards were endorsed for adoption by the Partner States in accordance with the EAC procedures. This brings to date, the cumulative number of harmonized standards to 1,428 for the period 2000 - to June 2017. Of the 1,428 standards, five hundred and seven (507) are indigenous, designated as East African standards and the nine hundred and twenty-one (921) are international standards agreed upon

and endorsed for adoption by the Partner States. Following the establishment and operationalization of the EAC Competition Authority, the EAC Competition Authority Commissioners were appointed by the 34th Meeting of the Council of Ministers held in September, 2016.

In regard to the implementation of the EAC Competition Authority, the Republic of Burundi adopted the Competition Law No. 1/06, 25th March 2010; the regulation framework is still pending Cabinet approval. The Republic of Kenya and the United Republic of Tanzania have established their Competition Authorities. The Republic of Rwanda's law operationalizing the RICA was gazetted and relevant regulations are being drafted to operationalize the Competition Authority. The Republic of Uganda reported that the drafting of the Competition and Consumer Protection Bills were completed and consultations to provide a basis for regulatory impact assessments are on-going.

A zero draft EAC Labor Migration policy has been developed. The finalization of the harmonized classification of entry/work/residence permit fees/procedures is awaiting consultations on the category of refugees and NGOs; harmonized entry/work/resident application forms were developed.

Mutual Recognition Agreements (MRAs) had been signed for accountants, architects, engineers and veterinarians. Negotiations of MRA for Land Surveyors has been concluded waiting signing. Furthermore, the study on the effectiveness of MRAs was undertaken.

b) **EAC Common Market Scorecard 2016**
In an effort to expedite implementation of the EAC Common Market Protocol provisions, the EAC 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. During the period under review, the 2nd CMS 2016 covering the free movement of goods, services and capital was launched. The CMS 2016 findings 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 other factors. The EAC CMS 2016 process concluded with development of an action plan for implementation of the recommendations both at national and regional levels.

c) **EAC Priority Interventions for the Financial Year 2017/18**

The following key priority areas for the FY 2017/18 were approved by the 34th Meeting of the Council of Ministers: -

i) Consolidation of the Single Customs Territory (SCT) to cover all imports and intra-EAC traded goods including agricultural and other widely consumed products;

ii) Infrastructural development in the region;

iii) Further liberalization of free movement of skilled labour across the Partner States;

iv) Enhancement of regional industrial development through investment in key priority sectors, skills development, technological advancement and innovation to stimulate economic development;

v) Improvement of agricultural productivity, value addition and facilitation of movement of agricultural goods to enhance food security in the region;

vi) Promotion of regional peace, security and good governance; and

vii) Institutional transformation.

d) **Formulation of the 5th EAC Development Strategy (2016/17-2021/22)**

The Community continued with the process of formulation of the 5th EAC Development Strategy (2016/17 – 2020/21) during the period under review. The first draft of the Strategy was completed in June 2017, for further review and approval by the Council of Ministers and consequently adoption by the Summit of Heads of State.

e) **Operationalization of the Policy Research Unit**

The EAC Secretariat operationalized the EAC Policy Research Unit, with initial support from the African Capacity Building Foundation (ACBF). The objective of the Unit is to enhance development and coordination of evidence-based regional policy research in EAC. The EAC Policy Research Unit has spearheaded the formulation of the first-ever EAC Research Agenda to cover a three-year period 2017/18 - 2019/20.

The Research Agenda represents regionally agreed priorities in fields related to regional integration in which research efforts will be concentrated. The Unit has also commissioned a number of studies covering different areas of cooperation.

Budget Execution

The budget approved for the Planning and Research Department was US$626,365 and the budget expenditure was at US$436,733 representing budget execution of about 70%.

Challenges and Recommendations

During the period under review, the Department faced a number of challenges in the coordination and implementation of the EAC Common Market Protocol (EAC CMP), which include the slow pace at which the National Laws are being amended to comply with the EAC CMP; persistent NTBs and restrictions, which are still hindering the free movement of goods; lack of Regional Monitoring & Evaluation Frameworks for Protocols referred to in the EAC CMP; and that the implementation of the EAC CMP provisions on social security is lagging behind. Also, inadequate data on the implementation of other Protocols referred to in the EAC Common Market Protocol hindered implementation.

There is a need to revise the CMP Monitoring and Evaluation Framework to make it user friendly, remove/amend indicators which are no longer relevant and develop new indicators to track emerging issues. There is also a need to provide adequate resources at national and regional levels to facilitate the identification and amendment of non-compliant laws and develop required regional frameworks to expedite the implementation of the EAC CMP.

4.1.2 Monitoring & Evaluation

During the financial year 2016/17, Monitoring and Evaluation planned to carry out end of term review of the 4th EAC Development Strategy; to monitor the implementation of at least 80% of EAC projects and programmes including Summit and Council Policy Decision; and to promote regular sharing of M&E information between EAC Organs and Institutions. Key achievements registered were as follows: -

a) **Implementation of the Results-Based Monitoring and Evaluation System**

With GIZ support, the EAC Secretariat enhanced the East African Monitoring System (EAMS) and developed three new modules to monitor Bills, Acts and Single Customs Territory.

b) **Monitoring of projects, programmes including Summit and Council Decisions and directives**

Bi-annual reports on the status of implementation of outstanding Council Decisions and Directives (2001-2015) were generated through EAMS and a meeting of Focal Point Officers responsible for implementation of the Summit, Council and Sectoral decisions/directives was convened in August 2016.

The meeting agreed on criteria to be applied during the assessment of outstanding Council Decisions and Directives, the criteria which were approved by the 34th Meeting of the Council of Ministers.

Budget Execution

The approved budget for Monitoring and Evaluation Unit was US$305,286 coupled with budget expenditure of US$167,277 which accounted for 55% of the approved budget.

4.2 Statistics Development and Harmonization

During the financial year 2016/17, the Statistics Department planned to develop a Regional Framework for Compilation of Harmonized Statistics necessary for operation of the EAC Common Market and East African Monetary Union EAMU); to put in place a database of regionally comparable statistics necessary for operation of EAC Common Market and EAMU and to establish a regional statistical system. To this effect, two Sectorial compilation frameworks/

guidelines have been developed and action plans for harmonization of 5 sartorial statistics were developed and are under implementation. Concerning database, the Open Data Platform under the African Information Highway was adopted and successfully migrated to a new data dissemination portal.

An EAC Regional Statistics policy was also developed and adopted by the Council and a Draft Bill for establishing the East African Statistics Bureau was developed and adopted by the Council, and awaits enactment by East African Legislative Assembly (EALA).

Budget Execution

The budget approved for the Statistics Department was US$362,764 and by end of FY 2016/17, budget expenditure was US$205,854 representing budget execution of 57%.

4.3 Harmonization of Fiscal and Monetary Policies

During the fiscal year 2016/17, the Secretariat implemented various activities aimed at laying a foundation for the establishment of the East African Monetary Union (EAMU). The envisaged Monetary Union is expected to be in place in 2024 with the introduction of a common currency to replace the national currencies and the establishment of a regional central bank. The transition to the East African Monetary Union is conceptualized as a two-phase process. In the initial convergence phase, the Partner States are to work towards achieving preconditions designed to limit the union's exposure to internal economic strains. These preconditions include, among others, the establishment of institutions to support the Monetary Union and harmonization of monetary and fiscal policies and practices.

During the period 2016/17, there were three key priorities set in the Annual Operational Plan (AOP) in the area of fiscal and monetary affairs.

First, was the modernization of monetary policy formulation and implementation by the EAC central banks to support the transition to a forward-looking monetary policy framework as prerequisite for establishment of the East African Monetary Union. Second, was the harmonization of fiscal policies and domestic tax regimes in the EAC region.

Final key priority was the development of legal instruments for the establishment of institutions for supporting the Monetary Union, as provided for in the EAMU Protocol. Key achievements registered over the period under review include:

a) Establishment of Regional Technical Working Group (RTWG) for implementing EAC Code of Conduct and Guidelines for Designated Market Makers for Government Securities

As part of modernizing Monetary Policy Frameworks in the region, the EAC central banks developed the Code of Conduct for Designated Market Makers for Government Securities (DMMGS) in order to promote efficient market practices by providing comprehensive standards and best practices. The Codes of Conduct include business conduct, detailed processes and reporting requirements and were discussed and endorsed by the 20th Meeting of the Monetary Affairs Committee, which was held in Kampala Uganda in July, 2017. The meeting recommended the implementation of the Codes of Conduct by all Partner States. To facilitate such efforts, a Regional Technical Working Group (RTWG) 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 EAC Partner States.

b) Coordination and Harmonization of Fiscal Policy

The EAMU protocol provides for coordination and harmonisation of fiscal policies during the transition to the Monetary Union, which according to the EAMU roadmap is to be achieved by 2018. Some marked achievements were made on this front during the period under review. Two policy documents were developed to guide the process of tax harmonization; namely the EAC Tax Treaty Policy, which was developed to provide a policy framework for the EAC Model Tax Treaty to guide future treaty negotiations by the EAC Partner States; and the EAC Model Tax treaty which is expected to further develop Partner States' economic relationship and to enhance cooperation in tax matters in order to eliminate double taxation without creating opportunities for tax evasion or avoidance. The two policy documents were

discussed and endorsed by the 7th Meeting of the Sectoral Council on Finance and Economic Affairs (SCFEA), which was held in Arusha in May, 2017.

c) Developed Legal Instruments for the Establishment of Institutions to Support the East African Monetary Union (EAMU)

During the period under review, some achievements were made towards the establishment of EAMU institutions. Bills for the establishment of the EAC Monetary Institute and the EAC Bureau of Statistics were adopted by the 35th meeting of the Council of Ministers held in March, 2017. The two Bills were forwarded to Legislative Assembly (EALA) for consideration and enactment.

The Bill for the establishment of EAC Surveillance, Compliance and Enforcement Commission was considered and adopted by the 7thMeeting of Sectoral Council on Finance and Economics in May, 2017.

d) Organized the EAC-EU-IMF Conference on regional integration in the EAC – Making the most of the common market on the road to monetary union:

The East African Community (EAC) Secretariat, the European Union (EU), and the International Monetary Fund (IMF) jointly organized a high-level conference entitled "*Regional Integration in the EAC: Making the Most of the Common Market on the Road to a Monetary Union*" in Arusha, Tanzania on October 31–November 1, 2016. Discussions focused on progress in implementing Customs Union and Common Market so far, steps for strengthening them, and the prerequisites for an effective transition to East African Monetary Union (EAMU).

The conference brought together finance ministers and ministers in charge of regional cooperation, Central Bank Governors, other senior policymakers, regional capital markets regulators, academics, civil society, and private sector leaders from across EAC member countries, as well as senior representatives from international financial institutions and other monetary unions. Policymakers of the EAC region reaffirmed their commitment to build a strong economic and monetary union.

Participants assessed the current state and pace of economic integration since the inception of the Customs Union in 2005 and the Common

Market in 2010. Participants noted considerable progress towards a single-entry visa, processing times at ports, and removal of internal tariffs. As indicated in the second EAC Common Market Scorecard 2016 which evaluates Partner States' compliance to the free movement of capital, services and goods, private sector representatives in particular underlined the need for further progress in the areas of non-tariff barriers, rules of origin, tax administration and harmonization, automation of trade process, and labor mobility to facilitate trade of goods and services further. Given experiences in other regions, sequential harmonization could be pursued in implementing the single customs territory and tax harmonization. It was also noted that accountability and ownership are critical to a successful integration process.

Much as considerable progress has been made in financial sector integration, including integration of the payment systems and financial markets, participants noted still high compliance cost in light of different regulations in member countries. On the Fintech front, however, the EAC region is ahead of many other countries in the world. The importance of proper sequencing and pace of financial integration was stressed in light of risks involved.

Under the theme "*The Road toward a Monetary Union,*" the status of macroeconomic convergence in the EAC was discussed. Participants acknowledged that fiscal deficits need to be brought down to meet the convergence criterion and to ensure the stability of the future monetary union. Convergence goes beyond headline fiscal deficits and public debt, and fiscal risks need to be monitored closely. Moreover, further progress is needed in data harmonization and monetary policy frameworks and operations, and there is a need to establish the new institutions that will play a key role for the implementation and resilience of the union. The program, speeches and presentations to the conference are available at: http://www.imf.org/en/News/Events/Regional-Integration-in-the-EAC

Budget Execution

The budget approved for the Monetary and Fiscal Affairs Department was US$9,881,593 marked with budget expenditure of US$2,029,123, thus representing budget execution of just 21%.

Challenges

During the period under review, the Community continued to face financial difficulties. All activities financed under Partner States budget were implemented but activities earmarked under Partnership Fund were not implemented because such funds were not available. Also, the establishment of East African Monetary Institute, which was envisaged to take place by December, 2016 was not possible, partly due to lack of funds and also due to the lengthy process of decision making in the structure of the Community.

4.4 Investment and Private Sector Promotion

During FY 2016-17 the Department responsible for Investment and Private Sector Promotion planned to undertake the following activities: development of an EAC Investment Report; convene a Secretary General Forum for private sector; participate in regional/international fora to promote EAC business image; convene meeting of Investment Promotion Agencies (IPAs) to create synergy and a regional investment promotion agenda; and carry out three stakeholder roundtable meetings to promote Public Private sector dialogue, as well as holding meeting of Sectoral Committee on Investment to provide policy guidance on investment matters.

In the period under review, the Department heavily suffered due to the late disbursement and non-disbursement of funds from donors as the Department is mainly supported by donors to the tune of 99% of its activities. However with the limited resources the Department undertook to implement the dialogue framework for engagement of the private sector in the integration process to enhance private sector participation in the integration and come up with appropriate recommendations to improve the EAC business environment. It also participated in various fora to promote EAC as an ideal investment destination by showcasing the available investment opportunities. In an effort to promote the region as a single

investment destination, an investment guide highlighting the investment climate and investment opportunities was produced. Key achievements attained during the period under review include:-

a) **Inaugural East Africa Entrepreneurship Conference and Exhibition 2016.**

The inaugural East Africa Business and Entrepreneurship Conference and Exhibition was held in Nairobi from 10th -13th October, 2016. The event was co-organised with the East Africa Business Council and with the support of the Federation of German Industries (BDI). The theme of the event was "Scaling *up the bonds of integration through Entrepreneurship*" and aimed at recognizing the importance of entrepreneurship in transforming the livelihood of East Africans and find solutions to the impediments affecting investments in the region. The event attracted participation of high-level government officials, prominent business personalities from the region, entrepreneurs and investors. More than 300 participants from 14 countries came for the event. A special emphasis was put on women entrepreneurs, as they are seen as the group of entrepreneurs with the highest growth potential. A number of policy recommendations were made that will go a long way in creating an enabling environment for businesses and promoting the region as a single investment destination.

b) **Development of Continental Framework for private sector participation in transboundary infrastructure development in Africa**

The Department participated in the inception meeting and the validation workshop held in Addis Ababa and Nairobi Kenya in June and November, 2016 respectively for the development of a continental operational framework for engagement of the private sector in the transboundary infrastructure development in Africa.

This is in line with the request by the Heads of State in 2013 that a comprehensive study of the available domestic resources be undertaken that could be used to fund Africa's development. The study shows that Africa has a good potential to raise enormous domestic resources and identified nine instruments through which African countries exploit. Further, in January 2015, the 24th Ordinary Session of the Assembly of the Heads of State of the African Union, in

Addis Ababa, took a decision calling on ECA, NEPAD Agency, the RECs and other relevant stakeholders, to propose a regional framework to harmonize policies, laws and regulations pertaining to private sector investment in transboundary infrastructure projects. A common regional framework for policies, laws and regulations on private sector investment in transboundary infrastructure projects has been developed and will be considered by all Heads of States in the next African Union Summit.

It is worthy to note that a continental framework for private sector participation in the transboundary projects is in place after validation by stakeholders and awaits consideration by the African Union Heads of States. The framework provides for harmonization of policies, laws and regulations on private sector investment in transboundary infrastructure projects.

c) **Facilitation of the 14th UNCTAD Trade and Investment Conference**

The 14th session of the United Nations Conference on Trade and Development (UNCTAD 14) was held in Nairobi, Kenya, from 17 to 22 July 2016. It was the second time the Conference was held in East Africa. It has taken 40 years from the last time the event was held in East Africa. UNCTAD-14 is the first major conference after the adoption of some truly historic agreements in 2015 "agreements which promise to secure the prosperity that we seek". The meeting brought together Heads of State, ministers and other prominent players from the business world, civil society and academia, to tackle global trade and economic development issues. The theme of the event was '*From Decisions to Actions'*. The Conference featured ministerial debates, high-level round tables, and thematic events, a World Investment Forum, a Global Commodities Forum, a Youth Forum and a Civil Society Forum, among other events.

d) **Facilitation of the 5th Secretary General (SG's) Forum**

The 5th SGs Forum was held in Bujumbura, Burundi from 22nd to 23rd June 2017. It attracted participation ranging from youth ambassadors, civil society and private sector. The theme for the 5th SG's Forum was "'*15 Years of the EAC: Towards a Borderless Community*". The forum provided an opportunity for the private sector to identify barriers to regional integration and ensure enhanced stakeholder participation

and inclusivity in the widening and deepening of the integration process. The 5th SG's Forum created space in which all stakeholders in the integration process were able to take stock of the progress towards the "one destiny of the EAC" highlighting the challenges and success stories in the last 15 years and work out a coordinated strategy towards a common future of political integration and a borderless community. The Forum came up with recommendations on addressing the challenges that were presented to Sectoral Council of Ministers responsible for EAC Affairs and Planning for consideration and guidance.

Budget Execution

The budget approved for the Department of Investment and private Sector Promotion was US$204,445 with budget expenditure of US$50,987 thus recording budget execution of around 27%.

Challenges

The main challenge that the Department faced was the unavailability of financial resources.

4.5 Regional Infrastructure Development

4.5.1 Transport and Works

Articles 90 and 91 provide the mandate for the Department of Transport and Works, which is to coordinate development programmes for road and rail transport infrastructure and services in the Community.

In line with the objective to develop regional infrastructure to support the EAC integration process, the Department planned to execute the following activities: implement the harmonized Axle Load limit of 56 Tones; harmonize national road standards, specifications and regulations; prepare and present at least five regional projects to development partners for investment; complete three (3) studies on new corridors; establish a Regulatory Authority as an institution of the EAC; and to prepare the 4th EAC Heads of State Retreat for Infrastructure Development and Financing.

In respect to infrastructure development, especially on transport infrastructure to ease movement of goods within the region; a number of initiatives were realized. These include progress in regional railways development;

the conclusion, consideration and approval regulations to support implementation of the Vehicle Load Control Act (VLC Regulations); the entry into force of the VLC Act following the signing of the Commencement Instruments by the Chairperson of Council; and the adoption of the East African Community Standardized Curriculum for Drivers of Large Commercial Vehicles by the 34th Meeting of the Council. With funding from the African Development Bank (AfDB), the Secretariat commenced feasibility studies and detailed engineering designs for two multinational road projects, one linking Tanzania and Rwanda and the other linking Tanzania and Burundi. Furthermore, the Secretariat secured financing from AfDB for feasibility studies, detailed engineering design and design reviews for a 211km road linking Tanzania with Uganda. More details of the achievements are as follows:

a) Regional Railways Development

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), the project is due to be launched in March 2018 and the construction has commenced.

The Secretariat completed the EAC Railways Sector Enhancement Project study in August, 2016. The study identified quick wins to be followed up and has further made detailed recommendations on new priority lines and has also proposed institutional reforms aimed at improving the railways sector in the region. In line with the above study and to facilitate the development and operation of seamless, safe 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. Upon the adoption of the study by the council, the Secretariat would be mobilizing resources to support the recommendations therein the study including, but not limited to, soft issues and detailed design studies for selected EAC railway projects and overall railways infrastructure policy harmonization.

In conformity to the African Union (AU) Agenda 2063, the Heads of State are desirous to interconnect capital cities in Africa with high speed inter-city railways with operating speeds of up to 250 km/hour through a project known as "*The Continental African High Speed Railway*." The AU Commission, in collaboration with Regional Economic Communities and Member States, commenced preparation of a pre-feasibility and feasibility study on the project in January 2017. The EAC is a member of the Implementation Committee for this project.

b) Implementation of the Harmonized Axle Load limit of 56 Tones

The Instruments of Commencement of the Act were signed by the Chairperson of Council and the Vehicle Load Control Regulations covering Enforcement Measures and Transport of Awkward and Hazardous Loads were developed and adopted by the SCLJA in December 2016.
Following the commencement of the Act, and considering the need for stakeholder sensitization, the Secretariat commenced the process of printing the Act and its Regulations for subsequent distribution to stakeholders.

c) Harmonization of National Road Standards, Specifications and Regulations

The East African Community Standardized Curriculum for Drivers of Large Commercial Vehicles was completed and adopted by the 34th Council of Ministers. Partner States have commenced implementation of the curriculum. The legal instrument to underpin the implementation of the curriculum is under development.

d) Preparation and presentation of at least five regional projects to Development Partners for investment

Feasibility studies and detailed engineering designs for two multinational roads commenced, namely: Lusahunga – Rusumo/Kayonza– Kigali (Tanzania/Rwanda) and Nyakanazi – Manyovu/ Rumonge – Bujumbura (Tanzania/Burundi). Funding for preparation of one regional road project i.e. Masaka – Mutukula/Bugene – Kasulo, linking Tanzania and Uganda was secured from the AfDB.

e) Completed three (3) Studies on new corridors

The feasibility studies and design for the Malindi–Bagamoyo road were completed. The project awaits commitment from Development Partners for funding the construction.

f) Establishment of a Regulatory Authority as an Institution of the EAC

Funding proposals for a comprehensive study on the institutional issues were prepared and submitted to Development Partners for consideration.

g) Conduction of the 4th EAC Heads of State Retreat for Infrastructure Development and Financing

The Consultant to prepare documentation for Heads of State Retreat on Infrastructure Development and Financing was engaged and documentation for the Retreat were prepared.

Budget Execution

The approved budget for the Department of Transport and Works was US$1,784,671 with budget expenditure of US$688,802; hence budget execution of 39%.

Challenges

Low budget absorption on new corridors studies and construction, due to lack of activities, since the phase 1 was completed and phase 2 had not commenced.
The Retreat of Heads of State did not take place due to postponement of the Summit and was re-scheduled to early, 2018.

4.5.2 Meteorology

The mandate of the Department of Meteorology is to coordinate cooperation programmes in meteorological services among Partner States, in accordance with Article 100 of the Treaty.
During the financial year 2016-2017, the Department planned to undertake the following activities: establishment and operationalization of maritime search and rescue coordination centre for Lake Victoria; rehabilitation of Lake Victoria Ports; implementation of the Five Year Meteorological Development Plan and Investment Strategy 2013-2018; development of EAC Maritime Transport Strategy; and enhancement of capacity in weather and climate analysis. Additional plans include, putting in place short, medium and long-range forecasting; harmonization of the Port Procedure Manual for EAC seaports; and to ensure that regional seaports meet international standards in infrastructure and services. Key achievements include:

a) Establishment and operationalization of Maritime Search and Rescue Coordination Centre (MRCC) for Lake Victoria, rehabilitation of Lake Victoria Port

The Secretariat, in collaboration with LVBC, requested for funds for the MRCC from the African Development Bank (AfDB). Consequently, the AfDB issued the General Procurement Notice for the Multinational Lake Victoria Maritime Communications and Transport project, which contains the MRCC component. With support from the World Bank, project preparation for the Lake Victoria Transport Program under the Intermodal Strategy commenced.

b) Implementation of the Five Year Meteorological Development Plan and Investment Strategy 2013-2018

Under the Weather and Climate Information services for Africa (WISER) programme, funded by UK's Department for International Development (DFID), the Secretariat is implementing the HIGHWAY (High Impact Weather Lake System) focusing on development of a regional short term (1-5 days) severe weather early warning system around Lake Victoria led by World Meteorological Organization (WMO). The project was discussed at the meeting of the Heads of Meteorology Services held in Arusha Tanzania in June 2017. The funding was secured and project preparation meeting was held with the support of the WMO.

c) Development of EAC Maritime Transport Strategy

EAC in collaboration with LVBC developed a proposal and shared it with the AfDB for support. The Maritime Strategy will be developed as a component of the Multinational Lake Victoria Maritime Communications and Transport project, and the project was expected to commence in April 2017, following the AfDB grant of General Procurement Notice.

d) Implementation of the Protocol on Cooperation on Meteorological Services

Following the signing of the Protocol on cooperation of National Meteorological Services in April 2016 by the Ministers responsible for EAC, preparations for its implementation were marked with a number of meetings to include the meeting of the Task Force on the Protocol on cooperation of Meteorological Services that was held in Kigali in May 2017. The meeting deliberated on the roadmap on implementation of the protocol and made recommendations for consideration by the Heads of Meteorological Services. The meeting developed operational and policy related recommendations for submission to the Sectoral Council on TCM for consideration and approval.

e) Harmonization of the Port Procedure Manual for EAC seaports

A meeting of experts in maritime transport and ports was held in Mwanza in December, 2016 which considered the status of harmonization of Ports Procedures/Operations Manuals in the EAC and status of harmonization of Port Statistics in the EAC. The Secretariat, in collaboration with Inter-governmental Standing Committee on Shipping (ISCOS), carried out sensitization workshops on implementation of the Safety of Life at Sea (SOLAS) amendment requiring weight verification for loaded export containers. The sensitization workshops sought to assist Partner States in the implementation of SOLAS amendment.

Budget Execution

The budget approved for the Department of Meteorology for FY 2016-17 of US$71,655 was marked with total expenditure of US$64,029, representing budget execution of 89%.

4.5.3 Civil Aviation and Airports

The Department of Civil Aviation and Airports is mandated by Article 92 of the Treaty to facilitate the realization of a safe, secure and efficient air transport systems in the region and derive maximum benefits there from.

For the period 2016/2017, the Department planned to undertake the following activities: realize full liberalization of Air Transport Services in the region; facilitate the integration of Communication, Navigation and Surveillance/Air Traffic Management (CNS/ATM) systems; and

coordinate the establishment of the EAC Unified Upper Flight Information Region (EAC UFIR). The details of achievements during the period under report include the following:

a) Roadmap for the operationalization of the Global Navigation Satellite System (GNSS) Programme

During the period under review, the roadmap for the operationalization of the Global Navigation Satellite System (GNSS) Programme was developed and agreed upon by Partner States through the Committee of the Heads of Civil Aviation and Airport Authorities October 2016. Other notable achievements include the completion and adoption of the final report of the EAC UFIR study including a Five-Year Implementation Plan for Seamless operations. The report of the study and the Five-Year Implementation Plan were adopted by the 14th Sectoral Council on Transport Communication and Meteorology (TCM) in June 2017.

b) The full liberalization of Air Transport Services in the region

Stakeholder consultations on the draft Regulations for Air Transport Liberalization continued. During the 14th Meeting of the Sectoral Council on TCM, Kenya submitted her position on Article 8(g) on eligibility criteria for air operators "*that an eligible air operator be at least 51% owned and effectively controlled by a State Party or its Nationals or both, and/or State Parties or their Nationals or both.* Tanzania also reported her proposal to amend the Article 5 on Market access for granting freedom rights. The Sectoral Council directed the EAC Secretariat to convene the Air Transport Sub Committee in the first quarter of 2017/18 to finalize the regulations taking into consideration the positions of Kenya and Tanzania and report the progress at the 15th Meeting of TCM. The regulations seek to remove restrictions on capacity, frequencies and establishment of new traffic routes, and eventually reduce the current high air transport cost in the region.

c) The Integration of CNS/ATM systems

The roadmap for the operationalization of the Global Navigation Satellite Systems (GNSS) Programme was developed and considered by a meeting of the Committee of the Heads of Civil Aviation and Airports Authorities in October 2016. The EAC Secretariat, in collaboration

with the GNSS Joint Programme Office (JPO) coordinated various regional awareness and sensitization workshops to help develop an Eastern African Global Navigation Satellite Systems/European Geostationary Navigation Overlay Service (GNSS/EGNOS) Module, as per the roadmap approved in October 2016. In May 2017 JPO confirmed availability of funding to start the Technical and Economic viability assessment for the establishment of the Eastern African GNSS/EGNOS Module in both Aviation and Non-Aviation sectors. This activity is also planned for the next financial year as per the Joint Work Programme signed between EAC and JPO.

Budget Execution

The budget approved for the Department of Civil Aviation and Airports was US$120,800 coupled with expenditure of US$116,300 thus representing budget execution of 96%.

4.5.4 Communications

The mandate of the Department of Communications is provided in Articles 98 and 99 of the EAC Treaty. The Department is responsible for coordinating the formulation and implementation of development programmes for the ICT and postal sectors. The programmes encompass harmonization of policies, strategies, laws and regulations to promote availability, access to and use of ICT services in the Partner States.

For the period 2016/2017, the Department planned to undertake the following activities: development of harmonized framework for broadcast content regulation; reviewing the implementation of the EAC Framework for Roaming; development of a draft framework for harmonization of spectrum management; and development of draft EAC cross-border interconnections regulations. Also planned were development of strategic framework for implementation of last-mile broadband ICT infrastructure; development of a framework for implementing the EAC E-Government Strategy; preparation and approval of Monitoring and Evaluation (M&E) reports on the implementation of the EAC Framework for Cyberlaws; and finalizing the development of the EAC Postal Strategy.

The key achievements registered by the sub-sector include the periodic review of the implementation of the EAC Roaming Framework and finalization of the Draft EAC Postal Development Strategy. Other deliverables include:

a) Review of the implementation of the EAC Framework for Roaming

Data and information on the implementation of the framework were collected and implementation progress reports prepared. The progress reports were considered by the 6th Meeting of Heads of Communications Regulatory Authorities and the 14th Meeting of Sectoral Council on TCM, both in June 2017. Actions to address identified challenges are under implementation.

b) Development of a draft cross-border ICT interconnection regulations

With funding from the African Union Commission, a consultant to develop the draft regulations was procured. The consultant undertook baseline assessments between October 2016 and February 2017 and prepared a baseline report that was validated by stakeholders in March 2017. It thus paved way for development of draft regulations, which were scheduled for validation by stakeholders in July 2017.

c) Preparation of Postal Development Strategy

Draft EAC Postal Development Strategy was finalized by the 5th Meeting of the Technical Committee on Postal Services in January 2017 in Nairobi, followed with stakeholder validation sessions in Uganda, Burundi and Tanzania by May 2017. Draft Strategy will be submitted to the 15th Meeting of the Sectoral Council on TCM for consideration and approval.

Budget Execution

The budget approved for the Communication Department for FY 2016-17 was US$433,144 though total expenditure was US$63,591; hence budget execution of just around 15%.

05/

The Office of Deputy Secretary General - Productive and Social Sectors

The Office of the Deputy Secretary General Productive and Social Sectors contributes directly to the strategic objective of promoting sustainable social, economic and political integration. The office oversees functions relating to: Agriculture and Food Security; Labour, Employment and Immigration; Gender and Community Development and Civil Society; Education, Culture and Sports; Training, Science and Technology; Health; Energy; Tourism and Wildlife Management; Environment and Natural Resources; and Industry.

5.1 Productive Sectors

5.1.1 Agriculture And Food Security

During the financial year 2016-2017, the Department of Agriculture and Food Security planned to execute the following activities: promotion of key priority agricultural value chains through implementation of at least five regional projects; identify and strengthen at least five strategic value chains in the region; prepare and present at least two joint regional projects to Development Partners for funding; harmonization and implementation of Regional policies, regulations, and standards/SPS; and establishment and operationalization of effective cooperation by the Partner States in agriculture and food security including an Agricultural Development Fund. The key achievements registered include among others:-

a) **Promotion of key priority agricultural value chains through implementation of at least five regional projects**

Steering Committee meetings were held on Pastoralism and Drylands development to assess and provide guidance on pastoralism development in the EAC.

b) **Identification and strengthening of at least five strategic value chains in the region**

The EAC Secretariat facilitated a benchmarking visit to International Institute of Tropical Agriculture in Ibadan, Nigeria. The aim of the visit was to share best practices among farmers and scientists on the role of biocontrol in reducing aflatoxin contamination in the food and feed value chains.

c) **Harmonization and application of Regional policies, regulations and standards/SPS**

The first session of the technical working groups established to work on EAC harmonized pesticides management guidelines was held in September, 2016. The second session of the technical working groups established to work on EAC harmonized pesticides management guidelines was held in March/April 2017.

The process of developing EAC SPS Bill was successfully undertaken. The Bill was validated at the national and regional levels in 2016 and subsequently adopted by the Sectoral Council on Agriculture and Food Security in June 2017.

d) **Establishment and operationalization of effective cooperation by the Partner States in agriculture and food security including an Agricultural Development Fund**

A draft EAC Regional Agriculture Investment Plan (RAIP) was developed and reviewed by EAC Partner States in November, 2016. The draft EAC Regional Agriculture Investment Plan (RAIP) was subjected to national validation workshops in March/April, 2017. The Draft Dairy Regulations were formulated in October, 2016, coupled with training of 30 members of the National Livestock Policy hub in policy development and communication. This was followed with a meeting of EAC Animal Resources System (ARIS2) experts in November, 2016 to develop national and regional policy briefs. The reports and policy briefs developed will be finalized, printed and disseminated to sensitize and create broad awareness among policy-makers and investors on the importance and potential of animal resources. Further, the 10th Sectoral Council on Agriculture and Food Security was held in June 2017 and provided policy guidance in the sector.

Budget Execution

sApproved budget for the Department of Agriculture and Food Security for the FY2016/17 was US$1,403,480. Total expenditure amounted to US$860,266 thus accounting for 65% budget execution.

Challenges encountered and proposed recommendations

In April 2017, USAID suspended cash advances to EAC on the grounds that EAC's financial management systems did not meet USAID requirements for cash advances. The cash advances were reinstated five months later after compliance with corrective actions spelt out by

USAID. During this period implementation of planned activities was grossly affected.

In addition, from December 2016 to May 2017, activities of the Department slowed down after the departure/retirement of established staff. Only one staff member was left in the Department to manage both administrative and technical matters.

5.1.2 Industrial Development

During the financial year 2016-2017, the Department planned to undertake various activities that include establishment of an institutional decision making framework for effective management of industrial development and for facilitating undertaking of joint regional projects/programmes; establishment of a regulatory framework for enhancing value addition on industrial minerals resources; formulation and adoption of SME business linkage programme; and a study on the Modalities for the Promotion of the Automotive Industry in the region, as well as Modalities for the Promotion of Textiles and Leather Industries in the EAC Region.

Also envisaged was to undertake consultancy to support drafting of the EAC Leather Strategy; implementation of the EAC Regional Pharmaceutical Manufacturing Plan of Action (EACRPMPOA); organize the 2nd EAC Manufacturing Business Summit to attract investors in EAC priority regional industries in line with the EAC industrialization policy and strategy; preparation of a progress report on the Industrial Development Pillar of the EAC-COMESA-SADC Tripartite; and implementation of the EAC-UNIDO programme, which aims to enhance the region's capacity for industrial policy design, monitoring and evaluation. The key achievements registered include:-

a) **Establishment of an institutional decision-making framework for effective management of industrial development and for facilitating undertaking joint regional projects/programmes**

The Department held the 5th Sectoral Committee on Industrialization from 14th to 16th December 2016 and SCTIFI from 29th May to 2nd June 2017. The meetings gave policy direction on the interventions being undertaken by the Department.

b) **Study on formulation and adoption of SME business linkage programme**

The Department coordinated the undertaking of a study on SME business linkage. The study observed that MSMEs issues were widespread and multi-sectoral in nature and that many institutions/agencies were involved in implementing programmes targeting MSMEs. The study noted the need to explore specific provision of regulations/laws which should be harmonized including Taxation Laws; Licensing & Regulations; Business/Entities Registration Laws & Regulations; Consumer Protection Laws; Environmental Laws; Labor Laws; Financing laws and regulations; The by Laws/ County Laws; and Intellectual property Laws. In addition to the study report, a draft SME Charter has also been prepared. The Charter provides Partner States with a framework for creating harmonized business environment for MSMEs development in the region.

c) **Study on the Modalities for the Promotion of Automotive Industry in the region and Modalities for the Promotion of Textiles and Leather Industries**

The EAC Secretariat, in the wake of conducting the study on *the Modalities for the Promotion of Automotive Industry* undertook jointly with experts from EAC Partner States learning missions to EAC Partner States and selected countries in ASEAN (Japan and Vietnam) during September to October, 2016. The visit aimed at appreciating the status of the industry as well as collect relevant information on policies and strategies that can be applied to promote motor vehicle assembly and parts manufacturing in East Africa region. A draft study report on the learning mission was presented and discussed during the experts' meeting which took place in Nairobi, Kenya from 24th to 26th October, 2016. The second phase for the Automotive, as well as Textiles and Leather Action Plans were developed and generated short term policy measures that were considered by the 34th Extra-Ordinary Meeting of Council of Ministers held on 18th May 2017.

Consequently, the 18th Summit of Heads of State directed the Secretariat to submit policy briefs to the Sectoral Council on Trade, Industry, Finance and Investment (SCTIFI) for guidance in the areas of common external tariffs; duty remissions and to undertake further work

to refine the proposals and come up with actionable recommendations. The policy briefs were presented to the SCTIFI meeting of 29th May to 2ndJune 2017, which further directed the Secretariat to undertake further work on refinement of the study proposals on leather & footwear and come up with actionable recommendations and submit the same to the next SCTIFI Meeting.

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

The Department embarked on the preparation of the EACRPMPOA (2017-2027) through financial support of GIZ/ GFA Consultants.

The study commenced in October, 2016 and a draft plan was developed and validated during regional meetings held from 6th to 8th February 2017 and national stakeholders' forum held in all the EAC Partner States between13th June to 12th July, 2017. The draft report was then planned for validation in August 2017 for further consideration by the Sectoral Committee on Industrialization and SCTIFI. Further, the EAC Secretariat convened the 1st International High Level Multi-Stakeholders Conference on Promoting Pharmaceutical Sector Investments in the East African Community (EAC) from 2nd to 4th November 2016, in Nairobi, Kenya. The overall objective of the workshop was to develop a common and shared vision for promoting investment in pharmaceutical manufacturing sector.

e) **Conduct 2nd EAC Manufacturing Business Summit**

The 2nd East African Manufacturing Business Summit (EAMBS) was held from 23rd to 25th May 2017 in Kigali, Rwanda. The Summit made resolutions, which are to be considered by the Sectoral Committee on Industrialization and SCTIFI to be held in November 2017. The Summit was held within the context of the EAC industrialization policy and strategy to attract investors in EAC priority regional industries.

f) **Progress Report on the Industrial Development Pillar of the EAC-COMESA-SADC Tripartite**

The 5th meeting of the Tripartite Sectoral Ministerial Committee (TSMC) took place from 28th to 29th October 2016, while that of the 4th

Meeting of the Tripartite Council of Ministers took place on 30th October 2016 in Nairobi, Kenya. The Council approved the Draft Framework for Cooperation and Work Programme/Roadmap of the Industrial Development Pillar and urged the Tripartite Task Force (TTF) to mobilise resources for the implementation of the Work Programme/ Roadmap of the Industrial Development Pillar and report to the next meeting of the TSMC. In addition, the African Development Bank (AfDB) is providing support to the Tripartite Industrial Development Pillar.

The AfDB support aims at strengthening industrial Statistics capacities in member states; support for regional value chains for agro-processing, mineral and extractive industries, and pharmaceuticals; and strengthening Research and Development (R&D), Technology and Innovation Systems.

g) **Implementation of the EAC-UNIDO Programme**

The SCTIFI meeting of 22nd May 2015 noted that UNIDO through financial support from the Government of Korea, and in collaboration with the EAC Secretariat was implementing a joint programme on *"Strengthening Capacities for Industrial Policy Formulation and Implementation in the East African Community"*. The support aims to enhance the region's capacity for industrial policy design, monitoring and evaluation. The region's capacity was enhanced in four training modules covering application of UNIDO Competitive Industrial Performance Index (CIP); Industrial Performance Drivers & Manufacturing Employment; and Designing an Effective Industrial Policy. Further, the EAC Industrial Competitiveness Report was prepared, with the objective of informing decision-makers and other stakeholders on the developments of the industrial sector in the EAC region. The report provides a synopsis of competitiveness of the industrial sector, the growth dynamics among Partner States, and a set of policy recommendations to help bolster industrial competitiveness.

Budget Execution

The budget approved for the Department of Industry for FY 2016-17 was US$275,775 with budget expenditure of US$74,550; hence budget execution of just 27%.

Challenges

The main challenges faced for all the activities was unavailability of funds from Partner States.

5.1.3 Tourism and Wildlife Management

The Department of Tourism and Wildlife Management is charged with the responsibility of coordinating activities on development and marketing the EAC as a single tourist destination, as well as development of a coordinated approach to management and conservation of wildlife resources.

To this end, the Department planned to implement a number of activities during the financial year 2016-2017. These included coordinating joint promotion at the two major annual international tourism trade fairs, the World Travel Market in London and International Tourism Bourse in Berlin; explore new markets in Asia through joint participation at tourism exhibitions; and production and distribution of tourism promotional DVDs, brochures, branded bags, folders, banners and pens. Other initiatives include; introduction of the East African Tourist Visa; common approach in conservation and management of wildlife; finalization of Protocol on cooperation in Tourism and Wildlife Management; review training programme and other material for EAC Assessors of tourist accommodation establishments and restaurants; and develop model policies for tourism and wildlife sectors. The Department also aimed at developing guidelines and code of conduct to facilitate cross border tour operations; undertake a tourism study to identify key strengths and selling points; and establish EAC Fund for Tourism and Wildlife Sectors. The Department thus made the following key achievements:-

a) **Joint Promotion at International Tourism Trade Fairs**

EAC undertook joint tourism promotion at the World Travel Market (WTM) - London in November 2016 and at International Tourism Bourse (ITB) in Berlin in March 2017. During the events Ministerial interviews were conducted and distributed to the market through YouTube and media houses in the UK, Germany and the rest of Europe. In addition, joint press statements by the Chair of the Sectoral Council on Tourism and Wildlife Management were made on regional collaboration to combat negative travel advisories and projecting the region as a secure destination that is endowed with wonders and opportunities.

b) **Production and Distribution of Tourism Promotional Material**

Promotional materials that included 1,000 updated tourism promotional DVDs, 1,000 brochures, 1,000 pieces of branded bags, folders and pens were distributed to key travel agents, tour operators and consumers during WTM and ITB.

c) **Common Approach in Conservation and Management of Wildlife**

A strategy to combat poaching and illegal trade in wildlife and wildlife products was formulated and validated by a meeting of experts held in December 2016. The Strategy was considered and approved by the 7th Sectoral Council on Tourism and Wildlife Management that took place in March 2017.

d) **Adoption of Protocol on Cooperation in Tourism and Wildlife Management:**

Sectoral Council on Tourism and Wildlife Management (SCTWM) considered the comments on the draft Protocol given by Sectoral Council on Legal and Judicial Affairs (SCLJA). SCTWM and directed that Legal and Technical Experts review the Protocol in light of the comments by SCLJA and submit report to the 8th Meeting of the sectoral council on Tourism and Wildlife Management.

e) **Review EAC Marketing Strategy:**

The 7th Meeting of the Sectoral Council on Tourism and Wildlife Management established a sub-sectoral committee on Tourism to fast track review of the marketing strategy among other pending tourism-related activities.

Budget Execution

During the financial year 2016/17, the budget approved for the Department of Tourism was US$355,875 and the budget expenditure at 30th June 2017 was US$120,797.5; hence budget execution of just 34%.

Challenges and Recommendations

The main challenge encountered by the Department is the lack of adequate funds, which affected activities already planned for the period under review. In addition, the Department is constrained with lack of adequate staff who would ensure implementation of all planned activities. The proposed recruitment of a Senior Wildlife Officer is still delayed by the on-going institutional review.

To address the challenge of adequate funding, it is recommended that intensive resource mobilization to support Departmental activities be undertaken. It is also recommended that technical assistance from relevant Development Partners be sought. In this regard, it would be imperative for EAC to seek partnership with tourism and wildlife related international agencies such as United Nations World Tourism Organization. A Tourism Study that provides insights into key strengths and unique selling points for the EAC should be conducted. This will inform on the areas of interventions that can ensure effectiveness in developing and marketing the region as a single tourist destination.

5.1.4 Environment and Natural Resources

The Department of Environment and Natural Resources is charged with coordinating the implementation of Chapter 19 of the Treaty for Establishment of the East African Community (EAC). Under Chapter 19 of the Treaty, Partner States agree, amongst other things, to undertake through environmental strategy, to co-operate and co-ordinate their policies and actions for the protection and conservation of natural resources and environment against all forms of degradation and pollution arising from developmental activities. The activities undertaken by Environment and Natural Resources Department seek to develop and strengthen the regional and sustainable productive sectors to support regional and global integration process.

During financial year 2016-2017, the Department planned to achieve a number of activities that include strengthening EAC's Institutional and financial capacities for Environment and Climate Change Adaptation and Mitigation; operationalization of Climate Change Coordination Unit; developing EAC Natural Resource Management and Biodiversity Policies and strengthening capacities; and strengthening the Resilience and Sustainable Management of Biologically Significant Trans-boundary Fresh Water Ecosystems. Also envisaged is the need to finalize harmonization of Biosafety policies and guidelines on Genetically Modified Organs (GMOs); formulating TORs for development of EAC Water Policy and Integrated Water Resources Management; and implementation of EAC Disaster Risk Reduction and Management Strategy. Further, the Department planned to develop a regional policy on management of plastic and plastic wastes; development of regional mechanism on the management of plastic and plastic wastes; and developing an EAC electronic waste management framework. Key achievements include:-

a) **Strengthened EAC's Institutional and Financial Capacities for Environment and Climate Change Adaptation and Mitigation**

Draft EAC Information and Knowledge Management Strategy was developed, coupled with the design of the Web Portal to facilitate dissemination of the climate information in conjunction, the roadmap for the implementation of the Paris Agreement was revised, including development of Terms of Reference for the Multi-Sectoral Technical Task Force on Environment and Natural Resources Management. In November 2016 EAC participated and showcased the achievement and lessons learnt from the implementation of PREPARED Program during COP 22/CMP12/CMA1 sessions in Marrakech.

b) **Operationalization of Climate Change Coordination Unit**

Following the establishment of Climate Change Coordination Unit, a number of milestones have been achieved including, validation of Climate Vulnerability Impacts Assessment (VIA) Communication and Outreach Strategy and Stakeholders engagement strategy by regional experts in July, 2016; and preparation of TORs to undertake study on EAC Carbon Exchange Mechanism. It also facilitated preparation of a Regional Position Paper to guide Partner States negotiation prior to UNFCCC's COP 22 sessions. Moreover, the recruitment of the Climate Finance Specialist (CFS) has facilitated accreditation processes of the EAC Regional Implementing Entity (RIE). To that effect, the processes for EAC accreditation as RIE to Adaptation Fund and Green Climate Fund was initiated and submission to Adaptation Fund in June 2017.

a) Development of EAC Natural Resource Management and Biodiversity Policies and Capacities strengthening

The regional strategy to combat poaching and illegal trafficking of wildlife and wildlife products was validated, coupled with the development of Term of References (ToR) for the sub-sectoral committees of tourism and wildlife. Also, technical inputs were provided for the development of Global Forests Conservation Strategic Plan (2017-2035).

b) Strengthening the Resilience and Sustainable Management of Biologically Significant Trans-Boundary Fresh Water Ecosystems

Discussions with Bird Life International on regional wetlands management, as well as discussions to develop the Regional Reference Information System (RRIS) were initiated, all aimed at sharing and dissemination of biodiversity information in the region. Also achieved is the preparation of the report on State of Protected Areas in EAC.

c) Implementation of EAC Disaster Risk Reduction (DRR) and Management Strategy

There was effective participation of the EAC Secretariat and EAC Partner States in the 6th Africa Platform on DRR and 5th High Level Ministerial Meeting on DRR. EAC coordinated the development of an EAC Position paper on DRR and contributed to the Mauritius Declaration and the adopted Sendai Framework Programme of Action. Meeting of sub regional platform was held in Kigali under UNISDR support on 6-7 March, 2017. The EAC second forum on DRR of Parliamentarians was held in Mombasa, Kenya from 26th -27th March 2017. Parliamentarians came from the national assemblies of United Republic of Tanzania, Republic of Sudan and Burundi. Republic of Kenya, Uganda and Rwanda sent an apology. UNISDR supported the activity.

d) A regional Policy on Management of plastic and plastic waste was developed

Development of regional mechanism on the management of plastic and plastic wastes by EALA is ongoing.

Budget Execution

The budget approved for the Department of Environment was US$958,560 and the budget expenditure US$298,000. Therefore, budget execution was around 29%. The low performance was due to the fact that 75% of committed budget from Development Partners was not disbursed.

Challenges

The Department mostly relies on donor support i.e. USAID through PREPARED Project; IUCN for BIOPAMA. The contribution from Partner States in most cases is not enough to implement decisions and directives of the Summit, Council and Sectoral Council on Environment and Natural Resources.

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The Department is understaffed with only one established staff i.e. Principal Environment and Natural Resource Officer, supported by Project Staff.

Recommendations

Increase Partner States' budget and develop project proposals for resource mobilization; and at least a Senior Environment and Natural Resources Officer (SENRO) is recruited.

5.1.5 Energy

During the financial year 2016-2017, the Department of Energy planned to execute the following activities: Implementation of the Power Master Plan Energy Priority projects; the establishment of EAC Centre of Excellence for Renewable Energy and Energy Efficiency (EACREEE); EAC companies secure funding for at least half of the submissions made to the Energy and Environment Partnership (EEP) Programme; preparations for the 8th East African Petroleum Conference & Exhibition; participation in international energy events to enhance linkages with stakeholders in the energy sector; to provide Policy and Strategic Guidance in the Energy Sector; and development of Energy Project preparatory documents.

Key achievements registered include:-

a) Implementation of the Power Master Plan Energy Projects

EAC Secretariat in collaboration with the Partner States continued the implementation and monitoring of the priority energy projects from the regional power master plan. The installed capacity increased from 3,825.2 MW in 2015 to 4,124.7 MW in 2017. The project dossier of the priority projects was also updated by the technical experts from Partner States.

b) Establishment of EAC Centre of Excellence

EAC Centre of Excellence for Renewable Energy and Energy Efficiency (EACREEE) was launched on June 11, 2016 and the letter of Agreement between EAC UNIDO and CEDAT was also signed on the same day (June 11, 2016).

The Executive Director of EACREEE was recruited and two other professionals Project Management Expert and Sustainable Energy Expert supported by UNIDO were also recruited. Makerere University also provided two part time experts to assist on capacity building and gender issues. The Centre has been registered and its Secretariat is operational and running.

c) EAC companies secure funding

Project proposals that were submitted for funding to *the Energy and Environment Partnership (EEP) Programme,* over 50% of submitted proposals were funded.

d) Preparations for the 8th East African Petroleum Conference & Exhibition

The 8th East African Petroleum Conference and Exhibition was held in Bujumbura Burundi in June 2017. The conference attracted over 300 participants from government, NGOs and the private sector.

Budget Execution

The budget approved for the Energy Department was US$ 819,900 and the budget expenditure was US$103,039; hence budget execution of just12.5%.

Challenges

The challenges encountered by the Department during the year under review included delays in procurement, and postponement of technical planning meetings.

5.2 Social Sectors

The aim of the social sectors as mandated by Treaty provisions is to actualise the achievement of the social dimensions of the regional integration process and to enhance greater cooperation by the Partner States in the following broad human development areas-:

- Health (Article 118);
- Education and Human Resource development; Culture and Sports (Articles 102,119);

- Science and Technology (Article 103);
- Gender mainstreaming and gender equality issues (Articles 3, 5);
- Promotion of women in social economic development (Articles 121-122)
- Civil society mobilisation (Articles 5,127&129)
- Immigration, Labour/Employment, Refugee management. (Articles 104,124).

The need to strengthen the work under the Social Sectors is heightened with the critical demand to implement the provisions of the EAC Common Market Protocol and the implementation of the 5th EAC Development Strategy (2016/17-2020/21).

5.2.1 Education, Science and Technology, Culture and Sports

The Department coordinates the Education, Science and Technology; Culture and Arts; and Sports sectors. The most notable programmes coordinated under the department are the harmonization of the education curricula; coordination of 19 Centers of Excellence and implementation of an annual essay writing competition; overseeing the EAC Arts and Culture Festival (JAMAFEST), EAC Military Games and the EAC annual sports day.

The Department prioritized the following activities during the period under review: i) Finalizing the Harmonization process of the E.A Education systems and training curricula; ii) Negotiation & Implementation of Mutual Recognition Agreements (MRAs) under the EAC Common Markets Protocol; iii) Facilitating and conducting the Secondary Schools Essay Writing Competition; iv) Strengthening TVET institutions and programmes in the EAC Partner States; and v) Preparation of the 1st edition of the EAC Sports Tournament initiated by December 2016. Other activities include; vi) Developing the Regional Framework for Capturing data on regional Trade in Cultural and Creative goods and services in the EAC; vii) Establishing an EAC Culture Trust Fund; and viii) Representing EAC in regional Culture and Sports meeting/workshops/events organized by different Partners for promotion of integration through Culture and Sports.

The major milestone recorded by the Department in the year under review is the successful completion of the **EAC Students Essay Writing Competition.** The EAC Students essay writing competition for lower secondary at both National and Regional levels were successfully conducted under the following Essay writing question:

"Why Is Political Stability Important for the Integration of the East African Community Partner States?"

"La Stabilité Politique Est–Elle Importante Pour L'Intégration Des Pays Partenaires De La Communauté Est Africaine ?"
"Jadili Umuhimu Wa Utulivu Wa Kisiasa Katika Mtangamano Wa Jumuiya Ya Afrika Mashariki"

Winners of the Essay Writing Competition with the EAC Heads of State

This question was based on the need for political stability as a prerequisite for successful integration of the East African Community.

The EAC Students Essay Writing Competition has been conceived as part of the broader EAC outreach programme with the aim of creating awareness among the school going population about the activities and programmes of the East African Community. It also aims to give the students within the region an opportunity to analyse from their own perspective the benefits and constraints of Regional Integration.

The winners were presented awards during the 18th Summit of the Heads of State on 20th May 2017 at a ceremony that took place in Dar es Salaam, Tanzania.

Budget Execution
The budget allocated to the Department for the financial year 2016/17 amounted to US$751,595 with the expenditure of US$150,319; about 20% of budget performance.

Challenges
The experienced low budget performance is attributed to various factors key among all being under funding and reliance on donor funding - the Partnership Fund which did not disburse any funds during the financial year.
It is therefore recommended that Partner

States show their commitment to advance the education mandate given its importance toward contributing to knowledge, skills development, productivity, socio cohesion, unity and harmony in the region. Besides Education; Science and Technology, Culture and Sports as drivers of regional integration still has great untapped potentials, which need to be harnessed to create more opportunities for East Africans to integrate.

5.2.2 **Gender, Community Development and Civil Society Mobilisation**
The Gender and Community Development Department, coordinates areas of Gender, Youth, Children, Persons with Disabilities, Social Protection, Community Development, Women in Business and Social economic development and Civil Society and Private sector engagement.
During the period under review, the Gender, Community and Civil Society planned to convene the 5th Annual EAC Secretary General's Forum; develop and adopt the EAC Gender bill; develop and approve the Project Proposal on Empowering Border Communities through modernization of selected locally shared markets; and convene the 2nd Conference on Child Rights. The Department also planned to develop the Framework for the EAC Regional Youth Council for adoption by the Council of Ministers; and to compile an Annual Consolidated Report on Social Development Framework for consideration by a Multisectoral Meeting of Ministers.

Key achievements registered include:-

a) **The Launch of the Second EAC Child Rights Conference**
The Second East African Community Conference on Child Rights held in August 2016, was organized by the EAC Secretariat in collaboration with the Inter- Agency Working Group (Plan International, Save the Children International, and African Platform for Social Protection, African Child Policy Forum, Elizabeth Glaser Pediatric AIDS Foundation, RIATT-ESA and World Vision International). The Conference was attended by Members of National Parliament, Government Officials, Children and Members of the Inter- Agency Working group. The overall theme of the Conference was ''*Coordinated and Sustained Investment in Children"*.

The overall objective of the Conference was to review progress and reaffirm the strong

commitment of the region in promoting, protecting and fulfilling the rights of all children in the region. The conference was organised on the understanding that children are involved and empowered to articulate issues that affect their wellbeing and duty bearers understand, appreciate and uphold children's rights across the governments, private sector as well as communities and households.

The conference recommended that the EAC should expedite the establishment of the EAC Children Council and Partner States to establish Children's Assemblies at National level and work together towards establishing a regional children's assembly. Partner States were also requested to place measures to safeguard child-focused public expenditures in times of crises, including mobilizing international collaborations.

Development Partners and international finance institutions were requested to support well-coordinated and multi-sectoral responses that prioritize and adequately meet children's needs in all sectors, including child-sensitive social protection programmes for populations in crisis- prone areas; child-centred Disaster Risk Response and policies; food and non-food items, health and education in emergencies. Child Rights Agencies were recommended to support research and national data collection efforts to facilitate understanding of common issues which affect children to inform policy and collective measures. The Conference culminated in the launching of the EAC Child Policy (2016).

The Launch of the EAC Child Policy (2016) by the Deputy Secretary General Hon. Jesca Eriyo

b) **Conduction of the 5th Annual EAC Secretary General's (SG) Forum and the launch of Incubator for Integration and Development in East Africa (IIDEA)**

The 5th Secretary General Forum was successfully held in Bujumbura, Burundi from 22nd to 23rd June 2017 under the theme **"15 Years of the EAC: Towards a Borderless Community".** The Forum provided an opportunity to widen and deepen EAC integration process and ensure enhanced stakeholder participation and inclusivity. The 5th SG's Forum created a space in which all the stakeholders in the integration process were able to take stock of the progress towards the **one destiny** of the EAC and spelt out the next steps. The dialogue process not only identified common barriers to regional integration but also showcased the success stories in the last 15 years.

The Forum was organized by the EAC Secretariat in collaboration with Regional Dialogue Committee (RDC) and supported by the Germany International Development Agency (GIZ) and attended by approximately 150 delegates.

The core objective of the 5th Annual SG's Forum was to provide an opportunity for the private sector, civil society and other interest groups to share experiences and good practices of the integration process experienced in the last 15 years and work out a coordinated strategy towards a common future of a political integration and a borderless community. The forum considered topics under various subthemes including *i) Realising the right to work and right to residence within the EAC; ii) Sustainable development in East Africa; ICT and media as enablers of regional integration; and Public procurement as a tool for EAC Development:*

The forum also reviewed an analysis of status of implementation of the recommendations of the 1st, 2nd, 3rd and 4th SG Forums. The analysis reveals that a total of **93** recommendations were made during the past four Secretary General's Forums and adopted by the respective meetings of the Sectoral Council of Ministers Responsible for EAC Affairs and Planning (SCMEACP) including the 19, 21st and 23rd SCMEAP. Out of the total number of recommendations made, **22** were fully implemented, **48** were partly implemented, **18** were not implemented and **6** recommendations lacked updates.

Implementation Status of Secretary General's Recommendations

Lack Updates - 6
Not Implemented - 18
Fully Implemented - 22
Partially Implemented - 48
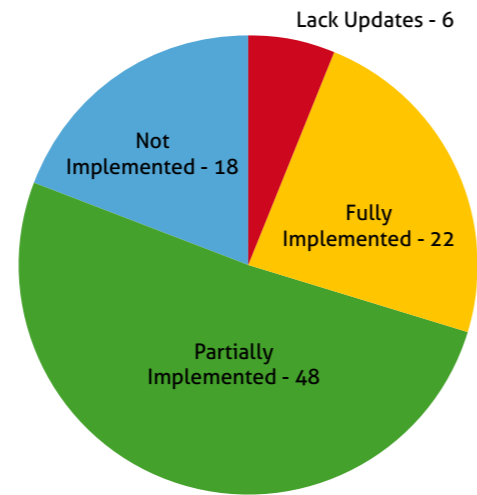
The Incubator for Integration and Development in East Africa (IIDEA) was launched at the forum by Uganda's 2nd Deputy Prime Minister and Minister of EAC Affairs and the Chairperson of the EAC Council of Ministers, Hon. Dr. Ali Kirunda Kivejinja.

Speaking during the launch event, Hon. Kivejinja noted that through the IIDEA project, the EAC is not only very proud to support private sector, civil society and other interest groups in East Africa, who are the region's most committed partners in integration, but also to be able to provide tangible opportunities for citizens to enable them support, own and champion the integration agenda. The IIDEA page is already on the EAC website and more information can be accessed from http://www.eaciidea.net/

c) **Commemoration of 2017 International Women's Day and the Launch of Simplified Guide for Micro and Small-Scale Women Cross Border Traders and Service Providers**

The EAC Secretariat celebrated the 2017 International Women's Day under the theme **Be Bold for Change** and with a focus on '*Women in the Changing World of Work, achieving Planet 50-50 in 2030.*'

The theme was developed in cognizance that the global understanding of work is changing with significant implications on the day to day lives of women. While in most parts of the world, women have made tremendous progress in building competencies to access decent work, there exist huge inequalities, informality of labor, violence and environmental impacts in other societies.

At the event, the Simplified Guide for Micro and Small-Scale Women Cross Border Traders and Service Providers, which was developed with support from GIZ, Irish Aid, and ILO was launched. The Simplified Guide and Information Pack was developed to sensitize cross border traders on the opportunities provided for by the Customs Union and Common Market Protocols in addressing challenges faced by women in business especially in the EAC cross border trade. The programme for the day also included presentations on opportunities for Women in the EAC-Case Studies of the Incubator for Integration and Development in East Africa women projects; a colorful march of EAC and GIZ staff, the ILO, the Arusha Municipal Council, Women's Organizations, Youth representatives as well as secondary school students from the International School of Moshi and Arusha Day Secondary School. The march was to the local market in Arusha; '*Soko Kuu'* where community services such as cleaning the market and various others were carried out.

a) **Approval by the East African Legislative Assembly (EALA) on the EAC Gender Equality, Equity and Development Bill**

The East African Legislative Assembly passed the EAC Gender Equality, Equity and Development Bill, 2016 in Kigali, Rwanda on March 8, 2017.

The EAC Gender Equality, Equity and Development Bill, 2016, makes provisions for gender equality, equity, protection and development in the Community. The Treaty for the Establishment of the EAC in Article 121 recognizes the significant contribution that women make towards progress of socio-economic transformation and sustainable growth and the importance of full participation of women and men in the economic and social development of the Partner States**.**

The Bill contends that whereas the Partner States recognize the importance of gender equality and have developed programmes and enacted legislation in this pursuit, these efforts are at different levels and contain differences particular to each Partner State. As a result, gender initiatives affect women, men and children differently across the East African Community. The enacted Bill shall await assent by the EAC Heads of State.

Hon. Nancy Abisai, the mover of the Bill.

Budget Execution
In terms of budget performance, the Gender and Community Development performed very well to a tune of **92.4%** from the budget of US$203,726.

Challenges
Despite the remarkable achievements throughout the year, the Department faced many challenges chiefly because the Department works under a very meagre budget and has to depend on Development Partners to achieve its many priority activities. The Department also faces a huge capacity challenge as it has only one substantive officer in charge of the eight wide areas.

It is therefore highly recommended that EAC Partner States prioritize funding of the core areas of Gender, Youth, Children, Persons with Disabilities and Stakeholder engagement. The EAC Secretariat administration is also called upon to consider hiring, in the interim, officers to coordinate the various areas under the supervision of the Principal Gender and Community Development Officer.

5.2.3 Labour, Immigration and Refugee Management
The areas of cooperation coordinated under the Department of Labor, Immigration and Refugee Management are contained in Articles 104 and Article 7(8) of the EAC Common Market Protocol that provide for the development of common mechanisms for management of refugees in the Community. Furthermore, under the protocol, the Department coordinates the implementation of the areas of cooperation under Articles 7, 8, 9, 10, 11, 12, 13 and 14 that relate to the freedom of movement of persons and labor, identification systems, harmonization of labor laws, and rights of establishment and residence.

During the period under review, the Department coordinated a number of activities including: convening meetings of Immigration experts and Chiefs of Immigration to finalize the harmonization of entry/work/resident permit, fees, application procedures; assessing the status of Partner States' preparedness towards the implementation of the EA e-Passport; training Immigration Officers with skills in ICT; and Integrated Border Management Systems (IBMS). Also coordinated include initiatives towards curbing anti-human trafficking and human smuggling; One Stop Border Posts (OSBP) operations; Labour Migration experts to develop labour migration study; convening of a Forum for Ministers responsible for Labour; and finalization of the framework for exchange of young workers. Furthermore, the Department conducted the 6th Regional Technical Working Group on the EAC Manpower Survey; review the status of implementation of harmonization of social security and portability of benefits for migrant laborers; and development of a policy and action plan on the management of refugees. During the period under review, key achievements attained against the planned activities include the following:

a) **Movement of Persons**
 i) **Harmonization of Entry/Work/Resident Permit Fees, Forms and Procedures**
In accordance to Regulation 6 (9) of Annex II of the EAC Common Market regarding to Free Movement of Workers, Partner States undertook to harmonize the classification of work permits, forms, fees and procedures. The Chiefs of Immigration meeting held from 21st to 22nd September 2016, developed an EAC Harmonized Application Form for Entry/Work/Residence Permit.

The Form was approved by the 25th Meeting of Sectoral Council of Ministers responsible for EAC Affairs and Planning held on 28th October 2016. Consequently, the EAC Harmonized Application Form has been simplified and made user-friendly and is expected to facilitate the movement of persons and labor in the Community.

 ii) **Status of Implementation of the 17th Ordinary Summit directives on the Issuance of the New International EA e – Passport**
Based on the recommendations made in the September 2016 meeting, the Department convened another Meeting of Chiefs of Immigration from 24th to 25th November 2016. The meeting considered Partner States' status of preparedness to commence issuance of the New International EA e-Passport; the draft EAC Harmonized Application Form (Special Pass) for Citizens of EAC Partner States; and the status of Implementation of previous decisions under the immigration sub sector. The report of the Chiefs of Immigration was considered by the 35th Meeting of Council of Ministers and Partner States were directed to commence issuance of the EA e-Passport by 31st January 2018. Consequently, a follow up meeting of Immigration Experts to assess the status of implementation of the EA e-Passport took place from 16th to 17th March 2017 and preceded the meeting of Chiefs of Immigration that was held from 31st March to 1st April 2017. The meeting further considered the status of implementation of the EA e-Passport and activities necessary for commencement of issuance of the EA e-Passport in the Partner States, among others.

b) **Movement of Labor:**
 i) **Development of a framework to encourage exchange of young workers**
In accordance with Article 10(8) of the EAC Common Market Protocol, Partner States are expected to develop a framework of a joint programme to encourage the exchange of young workers amongst the Partner States. Accordingly, the 4th meeting of labour experts and social partners on finalization of the framework to encourage exchange of young workers in the EAC Partner States took place in Nairobi-Kenya from 9th to 11th November 2016. The framework is awaiting approval by the Forum of Ministers for Labor and Employment before consideration by the Council of Ministers. The exchange framework for the young workers will provide them with the opportunity to learn more about EAC integration and acquire work experience necessary to develop their skills.

 ii) **Progress in the Development of EA Manpower Survey**
Within the context of Regulation 14 of Annex II of the EAC Common Market concerning Free Movement of Workers, the EAC Secretariat in collaboration with the Partner States is required to undertake Manpower Surveys (MPSs) to determine skills gaps in the labor market within the Community. Based on the findings of the MPSs the Secretariat is expected to develop a database to facilitate the monitoring of the labor market. So far, the Republics of Kenya and Rwanda have conducted their primary and secondary national MPS. The rest of the Partner States are still at various stages of undertaking their MPSs. The 6th Meeting of the Regional Technical Working Group (RTWG) on the EAC Manpower Survey held from 9th to 11th March, 2017 in Entebbe, Uganda, deliberated on skills gap in the labor market within the Community.

 iii) **The East African Common Market Scorecard on Movement of Labor**
In accordance with Article 50 of the EAC CMP, the Council of Ministers established a framework to monitor and evaluate the implementation of the Protocol. Consequently, the EAC Secretariat in collaboration with World Bank Group is in the

process of developing the EAC Common Market Scorecard (EAC CMS) on movement of labour as one of the tools to track implementation of the Protocol provisions on the freedom of movement of labor, rights of establishment and residence. Accordingly, the Department convened and participated in meeting of Partner States' experts to validate the EAC CMS Methodology and Plan for the EAC CMS on Free Movement of Labour, from 24th to 26th January 2017 in Nairobi - Kenya.

iv) Development of the EAC Labor Migration Policy

Following the recommendations of the EAC studies on harmonization of labour laws and employment policies within the context of the Common Market Protocol provisions Partner States are mandated to harmonize national labour policies and laws to facilitate free movement of labour in the community. To this effect, a multi-sectoral meeting of the experts on the development of the EAC Labor Migration Policy was held from 13th to 16th June 2017 in Kigali Rwanda, where among others deliverables, developed a zero draft EAC Labour Migration Policy.

c) Refugee Management
Development of the EAC Refugee Management Policy and Action Plan

Article 124 (4) and (5) (g) of the Treaty and Article 7(8) of the EAC Common Market Protocol, Partner States undertook to establish common mechanisms for the management of refugees. The study on harmonization of Refugee policies and laws conducted in 2013, and the Chiefs of Refugee Management found the need to develop a regional policy on the management of refugees. To this effect, during the period of 2016/17, draft Terms of Reference and a concept paper for the development of the policy were developed. This was based on Partner States' experience on movement of persons from other EAC Partner States which is quite substantial.

Budget Execution:

The budget allocated to the Department amounted to US$294,750 and actual expenditure was about US$164,535 which accounted for 56% of the budgeted amount.

Challenges:

The Department is largely constrained by understaffing and inadequate financial resources.

5.2.4 Health

The Health Department has six Units namely Regulation of Health Professionals and Services; Health Systems and Policy Development; Disease Prevention and Control; Medicines and Food Safety; Reproductive, Maternal, Newborn and Child Health; and the HIV and AIDS Unit. Each of the Units in the Health Department is implementing various projects mainly funded by Development Partners notably the World Bank, KfW, USAID, the Governments of Sweden and Norway, among others. There are up to 5 technical working groups under the Health Department.

During the financial year 2016/17, the Department planned to achieve the following activities: Implementation of EAC Regional Pharmaceutical Manufacturing Plan of Action (RPMPoA); harmonization of care and treatment guidelines among Partner States for key communicable and non – communicable diseases; implementation of the EAC regional integrated sexual, reproductive health, adolescent health, child health and maternal health (RMNCAH) and rights initiatives and programmes; and development of a regional Knowledge Management Platform (KMP) to facilitate information and knowledge sharing in the EAC region. Other activities include development of EAC Regional Strategy for Pooled Bulk Procurement of Medicines and Health Products; operationalization of EAC Project on strengthening and harmonizing of Pharmacovigilance Systems; and validation of EAC Regional Food Safety and Quality Policy and Strategy.

Furthermore, the department planned to strengthen National Medicines Regulatory Authorities (NMRAs) of Tanzania (in Zanzibar), Burundi and Rwanda; domestication of EAC harmonized guidelines on medicines evaluation and registration; and good manufacturing practice and quality management system in all EAC Partner States NMRAs. In view of the planned activities, key achievements were as follows:

a) **Implementation of the EAC Regional Integrated Sexual, Reproductive Health, Adolescent Health, Child Health and Maternal Health and Rights (RMNCAH) Initiatives and Programmes**

Financial resources were mobilized to address the proposed interventions through EAC Integrated Health Programme (EIHP) in collaboration with the EAC HIV/AIDS Unit and the EAC Reproductive Maternal Newborn Child and Adolescent Health (RMNCAH) Policy Guidelines (2016-2030) and EAC RMNCAH.

b) **Operationalization of EAC Project on Strengthening and Harmonizing of Pharmacovigilance Systems**

EAC Project on Strengthening and Harmonization of Pharmacovigilance Systems was endorsed by the 12th Ordinary Meeting of the Sectoral Council of Ministers of Health. Consequently, the EAC Pharmacovigilance Assessment Tool and Manual was developed and piloted in March 2017; coupled with the development of EAC Draft Pharmacovigilance Business Plan. Financial resources amounting to US$900,000 were mobilized from the USAID to support implementation of the project.

c) **Domestication of EAC Harmonized Guidelines on Medicines Evaluation and Registration, Good Manufacturing Practice and Quality Management System in all EAC Partner States NMRAs**

All EAC Partner States NMRAs are implementing EAC guidelines and number of medicinal products were evaluated and registered using EAC guidelines as follows: Kenya (1676); Uganda (612); United Republic of Tanzania-TFDA (237); United Republic of Tanzania-ZFDA (42); Rwanda (297); Burundi (10); and at EAC level (8) medicinal products.

d) **EAC Partner States NMRAs Information Management System Functional and Common EAC Integrated Information System (IMS)**

NMARs of Uganda, Rwanda and Tanzania (Zanzibar) have fully functional IMS with the following key modules (premise, product, GMP, import & export, finance and report) and the EAC IMS prototype was developed, though more modifications are required.

e) **Development of Annual State of Women, Children and Adolescent Health Reports and RMNCAH Scorecards**

The EAC integrated RMNCAH and HIV/AIDS Scorecard was approved by the 14th Sectoral Council on Health in March 2017. The Development of the State of Women and Children and Adolescent Health report was postponed to FY 2017/18 as part of the EAC Integrated Health Programme (EIHP).

f) **Mainstreaming of the Population Health and Environment (PHE) into Regional and National Population, Health and Environment Laws, Policies and Strategic Plans**

National Multi-Stakeholder workshops to establish and operationalize Population Health and Environment Zones in the EAC Partner States was conducted and co-launched the EAC Population Health and Environment (PHE) Strategic Plan 2016-2021 on 12th November 2016, in Kisumu Kenya, as part of the Lake Victoria Basin Commission's 10th Anniversary celebrations.

Budget Execution

The budget approved under the Health Department for FY 2016/17 was US$7,110,070 but recorded actual expenditure of USD$1,636,559 representing just 23% of the budget, owing largely to delays in disbursement by the donors.

Challenges

It is worthy noting that the Department is challenged by over reliance on donor funding with the Partner States funding accounting for less than 5% of the total health budget.

06/

The Office of Deputy Secretary General - Political Federation

The Office of the Deputy Secretary General Political Federation comprises of the three departments namely: Political Affairs (including the EAC Nyerere Centre for Peace Research); International Relations; and Peace and Security.

6.1 Political Affairs

Within the context of laying the foundation for EAC Political Federation, the Political Affairs Departments continued to engage stakeholders in regard to developing and establishing regional Policy and Institutional frameworks for the establishment of the EAC Political Federation.

In this reporting period, the Department has registered a key milestone in the political integration, which is the adoption by the Summit the *EAC Political Confederation* as a transitional model for EAC Political Federation. The Council of Ministers has since commenced processes for the drafting of the Constitution for the Political Confederation.

The other strategic governance policy frameworks under development include; Protocol on Good Governance; Protocol on Preventing and Combatting Corruption; and the engagements to enhance capacity of the Election Management Bodies as a basis for guaranteeing electoral democracy in the Community. To this effect, an EAC Specific Anti-Corruption Index has been developed and pending validation by the EAC Forum of Anti-Corruption Agencies. The Political Affairs Department supported the Inter-Burundi Stakeholders consultations and dialogue as part of its mandate to facilitate processes to political settlement of disputes.

Initiatives to create awareness on the EAC Integration process were marked with the 5th *University Students Debate* held in November 2016. The Debate aimed to enhance awareness among EAC University students. The Debate culminated into the appointment of new EAC Youth Ambassadors 2016/2017. Training of Trainer Workshop was conducted for 30 Youth Ambassadors on EAC processes, structures and leadership. This aims at helping young people champion EAC integration agenda within the Universities and their communities. The EAC Youth Ambassadors work through the EAC Clubs in their respective Partner States.

Budget Execution
During FY2016/17 approved budget for the Department of Political Affairs was US$ 291,906 with actual expenditure of US$180,982 representing budget execution of 62%.

Challenges and Recommendations
The processes for adoption and ratification of the Protocol on Good Governance and the Protocol on Preventing and Combatting of Corruption have been slowed down since some clauses of the Protocols are under internal consultations by Partner States.

The Nyerere Centre for Peace Research (NCPR) is constrained by lack of funds to carrying out its research mandates to inform debates and dialogues on good governance. Activities of the Centre are being constrained by lack of staffing, as there is only one established position (the Principal Political Affairs Officer) and one temporary staff.

6.2 Peace and Security

During the financial year 2016/17, the Department of Peace and Security planned to operationalize the Conference of Peripheral Maritime Regions mechanism; enhance the capacity to monitor and prevent conflicts; enhance capacities to effectively prevent conflicts; and enhance capacities of the African Union (AU) and Regional Economic Communities (RECs) to effectively manage and resolve conflicts. The Department further endeavored to enhance capacity of EAC Mediation to prevent, manage and resolve conflicts in partnership with AU and Sister RECs; operationalize the Regional Disaster Management and Response capability; contain proliferation of Small Arms and light Weapons(SALW); establishment of Regional Intelligence Sharing Platform; and harmonization of Security Policies and Policing practice across the region. Also planned include, implementation of Maritime Security Strategy and enhancement of Cooperation and collaboration between the EAC and the AU.

For purposes of a fully operationalized Conflict Prevention Management and Resolution (CPMR) mechanism, Terms of Reference and a reporting template for the production of EAC Annual State of Peace and Security Report were adopted by Partner States Experts during their meeting held

in Entebbe, Uganda, from 18th - 19th November 2016. Tools and field reporting templates for data collection, analysis and reporting were developed in partnership with the African Union- Continental Early Warning System (AU-CEWS). Further, training and capacity building of staff through short courses in Mediation and International Law was undertaken at the Clingendael Institute in The Hague, from 6th – 12th November 2016.

In respect to joint activities with AU/RECs, the EAC Secretariat participated in Regional and international retreats and workshops including; the AU High Level Retreat at Sharm El Sheikh held from 25th - 28th October 2016; Countering Violent Extremism in Tanzania held in November 2016; and training on Early Warning and Early Response for the Prevention of Mass Atrocities held in Naivasha, Kenya from 14-18, December 2016. Other forums attended include the 19th AU-CEWS and RECs Quarterly Technical Meeting held from 6th – 8th December 2016 in Addis Ababa, where modalities to improve coordination between regional and continental integration bodies for full operationalization of the Continental/RECs Early Warning Systems were discussed.

Concerning the Proliferation of SALW, Mandatory Reports to the UN, AU and Regional Center for Small Arms (RECSA) were made and exchange of information enhanced through the RECSA Technical Committee and the AU/Regions Steering Committee on Disarmament. Further, security policies and policing practice across the region were harmonized, coupled with undertaking of consultative meeting of the Heads of Counter Terrorism Coordination Entities/Agencies and meeting of the Heads of Anti-human and Anti-Drugs Trafficking in November 2016.

In respect to the implementation of Maritime Security Strategy, the benchmarking visits and mentorship training were undertaken. This was complimented by visibility and information exchange conducted within the context of the AU Dedicated Conference on Maritime Security and the Contact Group on Piracy in the Indian Ocean and the Eastern and Southern Africa and Indian Ocean (ESA-IO) Maritime Security Project Steering Committee.

An Integrated Ballistics Identification System (IBIS) was supplied to the Regional Forensic Referral Centre in Kampala at a cost of €871,000. The system is intended to enhance investigations in relation to firearms and also support regional trainings, as well as development of ballistic standards towards harmonization of ballistics practice in the EAC Region.

Concerning Prisons and Correctional Services, an inaugural ESA-IO Prisons and Correctional Services Chiefs Meeting was held in Mombasa in April 2016, with the intention of enhancing exchange among Correctional Services of the littoral states in order to strengthen cooperation in handling of high risk offenders engaged in maritime crimes. Trainings were also undertaken in Mauritius on Corrections Management through a one-month mentorship program. Exchange visits were also carried out in Kenya and Uganda targeting penitentiary management, as well as Community Corrections. Maritime Crime interdiction is premised on proper understanding and application of the local and international legal regimes. Being a new phenomenon in the region, it was important to enhance the capacity of the Judicial and Prosecution staff in understanding and applying these regimes. To this end, the Australian's experience with the United Nations Office on Drugs and Crime (UNODC) support was found appropriate in developing curriculum, of which,

Participants from the EAC-IOC Region at the Uganda Prisons Officers passing out parade (left)
Assessing Community Corrections in Kenya (right)

were used to train 60 prosecutors and judges; with 40 others scheduled for training over the year ahead. The skills gained are valuable in sustaining processing of suspects engaged in maritime crimes.

In line with the requirements on implementation of the UN Security Council Resolution 1540 on Chemical, Biological, Radiological and Nuclear Weapons, the EAC in partnership with the Organization for the Prohibition of Chemical Weapons (OPCW) concluded a project to enhance Chemical Safety and Security in the Region with emphasis on developing Chemical Incidents Response Capacity. Each of the EAC Partner States was supported in the development of National Response Capacity Strategy that later guided training.

Initiatives towards harmonization of Security Policies and Policing practice across the region, involved among others; piloting trainings for the Police Manual on Common Market; completion of the East African Community Integration Police Handbook; and holding of Police Thematic groups meetings involving Directors of Criminal Investigations Department (CID) and Chiefs of Police to review the crime management strategies. Further, a draft Counter Terrorism Cooperation Agreement was adopted by the Heads of Counter Terrorism Coordination Agencies and is due for consideration by the Sectorial Council on Inter states Security.

Lastly, the quest for enhancement of cooperation and collaboration between the EAC and the AU was marked with successful consultations towards the implementation of the MoU on Peace and Security between the AU Commission and the RECs. The EAC effectively contributed to the deliberations of the AU/Regions SALW Committee, as well as the Eastern and Southern Africa Anti Money Laundering Group deliberations on combatting financing of terrorism in the region. Alongside, the mandatory reporting obligations to the UN and AU were also fulfilled.

Budget Execution
During FY 2016/17, the approved budget for the Department of Peace and Security was US$3,524,986, under which actual expenditure was US$1,135,806; representing budget execution of around 32%.

Challenges
Delay in remittance of the African Peace and Security Architecture (APSA) funds affected operationalization efforts of the CPMR Mechanism while delay in staff recruitment, as well as delay in conclusion of the cooperation framework with INTERPOL on investigations training impacted on the absorption capacity of the Maritime Security (MASE) Project funds.

IBIS equipment supplied to Regional Forensic Referral Centre (RFRC) and right IBIS core team in training in Italy

Participants and Facilitators at the training dedicated to Somali Judges and Prosecutors at the Tanzania Regional Immigration Academy, Moshi (Left) and EAC Training in Progress in Mombasa (Right)

07/

The Office of the Director General - Customs And Trade

The Office of the Director General (Customs and Trade) is responsible for the implementation of the customs and trade (internal and external) functions in the EAC. Customs encompasses tariff and valuation, compliance and enforcement, procedures and facilitation; while trade covers international trade, internal trade, trade in services, and standards, Quality Assurance, Metrology and Testing.

7.1 Customs

The Directorate of Customs initiates, coordinates and monitors Customs laws, policy and programmes in the Partner States. The functions of the Directorate of Customs include Tariff and Valuation, Compliance and Enforcement, Procedures and Facilitation, ICT and Customs capacity building. Customs continued to consolidate the benefits of the Customs Union and in this pursuit the implementation of the Single Customs Territory continues to consolidate.

Priority activities during FY2016/17 included establishment of an appropriate model for administering Customs in a fully-fledged Customs Union; development of an appropriate border infrastructure and institutional framework; implementing Customs interconnectivity programme; and effecting new institutional framework for Customs training of Customs Administration staff/stakeholders. Also envisaged is the establishment of sound partnership dialogue through improved Customs to cross Border Regulatory agencies; undertaking policy review and improving the management of the EAC Common External Tariff and the EAC Rules of Origin; harmonizing and improving EAC valuation practices; and reviewing EAC Customs Management Act and Regulations. Further, the Department aimed at having the Anti Counterfeit Bill developed and considered by Council and submitted to EALA; rolling-out the Regional Authorized Economic Operator (AEO) Scheme; and enforcing the EAC Compliance and Enforcement Action Plan.

During the period under review, Customs registered a number of milestones including updating and implementing the EAC Common External Tariff Harmonized System (HS) version 2017. Besides the COMESA-EAC-SADC Tripartite, Customs instruments were developed with 38 out of 96 Chapters of the Rules of Origin being fully completed, coupled with about 32 chapters partially completed.

To further enhance the operationalization of the Single Customs Territory (SCT), the SCT procedures manual were further reviewed and updated including the export, ex-warehousing and railways. In the same vein, IT solutions were enhanced to support SCT processes among Partner States. Besides, the Customs Valuation and Risk Management System was developed and Operational Acceptance Testing expected to be finalized during next financial year in August 2017.

In regard to efforts towards easing movement of goods and people and having successfully enacted the One Stop Border Posts (OSBP) law and regulations, Customs embarked on developing the OSBP capacity building tools. The OSBP Procedures Manual, training curriculum and training materials were developed and validated by stakeholders from Partner States. In view of the importance of capacity development to implementing OSBPs in a harmonized way across Partner States, 12 officials underwent an OSBP training of trainers' course.

Global Customs has continued increasing security consciousness, which is witnessed in the implementation of the Authorized Economic Operator (AEO) Programme. AEO program aims at increasing the number of trusted operators so as to secure the international supply chain. The AEO programme is equally being implemented in the EAC and during the period under review an AEO training curriculum was developed in February 2017 by the EAC and the WCO. Training and sensitization was successfully undertaken at the EAC borders where 65 stakeholders were reached.

Further, Customs adopted unique ways of creating awareness about Customs achievements by Commissioners of Customs and the Director General reaching out to the citizens of EAC through press conferences, among which were press conferences conducted in Dar es Salaam in April 2017. Training on Customs Union Trade Policy was also conducted for 28 Masters Students at the National Defense College in Karen, Kenya in May 2017. Through workshops at the EAC capitals, 114 Customs Officials and

162 stakeholders were trained and sensitized on World Trade Organization Trade Facilitation Agreement, Coordinated Border Management, Risk Management and Post Clearance Audit Controls at borders.

With regard to realigning aspects of the Customs law to demands in the business environment, duty remission and exemption regimes were reviewed and approved by SCTIFI and are expected to be gazetted in the EAC Gazette in July 2017. Sectoral studies were also undertaken during the period under review on specific products in the region. The findings were considered by Policy Organs in May, 2017 and decisions gazetted in June, 2017 for implementation effective July, 2017. A Compliance and Enforcement Action plan focusing on cross border trade and SCT was developed and is being implemented by Partner States.

Budget Execution

During FY2016/17 approved budget for the Customs Department was US$1,599,776 and actual expenditure was US$846,589; representing about 53% of the approved budget. The low level of budget execution is attributable to delayed flow of funds to execute planned activities on time.

7.2 Trade

The Directorate of Trade is responsible for promoting both internal and external trade, and the Standardization, Quality Assurance, Metrology and Testing (SQMT) by coordinating and monitoring trade negotiations and implementation of agreed policies, regulations, laws and strategies in the region and with third parties. This entails the removal of Non-tariff Barriers (NTBs), establishment of legal frameworks to eliminate NTBs, preparation of EAC Trade and Investment Reports, promotion of local artisans on market opportunities in the EAC region, providing strategic guidance during internal EAC trade negotiation processes, coordinating Partner States to develop a common position for trade negotiations with third parties, developing frameworks for compliance and monitoring the implementation of SQMT in the region.

The priorities set out by the Directorate during the 2016/17 Financial Year included: the continued elimination of reported NTBs; holding of the 17th EAC Jua Kali/Nguvu Kazi Exhibition; drafting of the EAC Trade and Investment Report 2016; amendment of the CMP provisions on trade in services; revision of Partner States schedules of specific commitments; legal scrubbing of the East African Community and the European Union Economic Partnership Agreement (EAC-EU EPA); organizing the Ministerial and Senior Officials' meeting of the EAC and United States (US) under the auspice of the EAC-US Trade and Investment Partnership; finalization and adoption of the EAC AGOA Strategy; continued support to the COMESA-EAC-SADC Tripartite Free Trade Area (TFTA) Agreement; harmonization of standards for commonly traded goods; review of the SQMT Act 2006; and, implementation of standards and TBT work plan.

7.2.1 Internal Trade

The Department of Internal Trade is responsible for promoting internal trade within the EAC region through elimination of Non-Tariff Barriers (NTBs) and establishing the legal framework to eliminate NTBs, preparation of EAC Trade and Investment Reports, and promotion of local artisans to take advantage of market opportunities in the Community.

During FY2016/17, the Department of Trade had a number of achievements in areas of NTBs, promotion of local artisans, and on trade reports as follows:

- Four (4) Long standing NTBs eliminated, bringing the number to 113 NTBs of cumulatively resolved NTBs since 2009 and four (4) new NTBs reported, with documentary evidence; and
- The 17th EAC Jua Kali/Nguvu Kazi Exhibition was organized in Kampala, Uganda. The Exhibition was attended by Exhibitors from all EAC Partner States. The key objective of Jua Kali/Nguvu Kazi Exhibition is to promote economic and social integration through participation by regional art and craft exhibitors in the Exhibition. The exhibitors got an opportunity to learn from each other through networking and therefore broadened their product competitiveness and technical skills through exposure and a symposium, which was organized at the margins of the Exhibition.

In addition, the department coordinated the compilation of the EAC Trade and Investment Report 2015. Key highlights of the EAC Trade and Investment Report 2015 show that: East African Partner States economies continued to grow in 2015 at an annual average GDP growth rate of 5.7%; EAC continued to experience a trade deficit with the Rest of the World in 2015, where, the trade deficit for the EAC grew by 11.3% to US$23.4 billion up from US$21.0 billion in 2014; Foreign Direct Investment (FDI) inflows into the region decreased by 16.4% to US$7.2 billion from US$8.6 billion in 2014. The Region continued to offer exemptions and incentives that exempt from import duty and other charges of equivalent effect for imports for manufacture of goods destined for export markets; and Total duty foregone decreased by 0.6% to US$1.59 billion in 2015 from US$1.6 billion in 2014. The Report was discussed by the SC-TIFI and regional experts severally and was launched in February 2018 by the 36th Council of Ministers' meeting.

Budget Execution

During FY2016/17 approved budget for the Department of Internal Trade was US$548,936 and actual expenditure was US$95,778 which is about 17% of budget execution. The rather low budget utilization was exacerbated largely by liquidity challenges with the Partnership Fund, under which most of the Department's activities relied.

7.2.2 International Trade

The mandate of the International Trade Department is to promote trade between EAC region and the rest of the world through negotiating trade agreements. The Department provides strategic guidance during trade negotiation processes and organizes EAC Partner States to develop and agree on the EAC common position.

During FY2016/17, the Department of International Trade attained a number of achievements in areas of Trade in Services and in regional and international trade negotiations.

On trade in services, the process for amendment of the Common Market Protocol provisions on trade in services and revision of schedules of commitments, which commenced in 2015, was ongoing during the period under review. The Partner States revised the draft Regulations on Trade in Services, which was presented to the Sectoral Council on Trade, Industry, Finance and Investment for consideration and adoption. The Partner States undertook national consultations on the draft guidelines for further negotiations for deeper commitments on Trade in Services, as well as finalizing the revision of their Schedule of Commitments.

Under the EAC-EU EPA, the legal scrubbing of the concluded Agreement was undertaken and the translation of the text into the EU official languages as well as Kiswahili done. The Republics of Kenya and Rwanda signed the EPA on 1st September 2016. The Republic of Kenya ratified the Agreement on 21st September 2016. However, at the Extra-Ordinary Summit of EAC Heads of State held on 8th September 2016 in Dar es Salaam, Tanzania agreed on a three months period to finalize internal consultations on the clarification of the concerns of the remaining Partner States before considering the signing of EPA.

On the EAC-US cooperation, EAC-US Senior Officials and Ministerial meetings were held on 26th and 27th September 2016 respectively, in Washington D.C. Both parties agreed on the need to develop a strategic way forward on deepening the US-EAC Trade and Investment Partnership beyond African Growth and Opportunity Act (AGOA). The EAC proposed that the strategic way forward should aim at supporting industrialization and diversification of the EAC region; be in line with African regional integration agenda under continental free trade area; and focus on implementation of the areas of cooperation under the EAC-US Trade and Investment Partnership, amongst other priorities.

Furthermore, the Department coordinated the adoption of the EAC AGOA Strategy by the 34th Council of Ministers meeting held on 6th September 2016 in Arusha, Tanzania. The objectives of the EAC AGOA Strategy are: to increase production and export of tradable products; diversify products exported to the USA from the region; intensify value addition; and promote investment. The Strategy seeks to take advantage of the additional provisions contained in the AGOA Act 2015 that was extended for another 10 years until 30 September 2025. In

addition, to the Regional AGOA Strategy, the EAC Partner States finalized the revision of their National Response Strategies in line with the AGOA Act 2015.

On the COMESA-EAC-SADC Tripartite Free Trade Area (TFTA) Agreement, the department supported the signing of all the Partner States, with 18 Member/Partner States having signed, though none ratified the agreement during the period under review. Negotiations on Annex 2 on Trade Remedies were finalized in December 2016 and there were ongoing negotiations to finalize outstanding issues on the COMESA-EAC-SADC Tripartite Free Trade Area Agreement in relation to Annex 1 on Elimination of Import Duties; and, Annex 4 on Rules of Origin. Further, legal scrubbing of completed Annexes, as well as negotiations on Movement of Business Persons were undertaken in May 2017. Lastly, studies on Phase II on issues relating to Trade in Services, Competition Policy, and Intellectual Property Rights and Cross-border investment were undertaken to facilitate negotiations. In respect to Industrial Development Cooperation, the fourth Meeting of the COMESA-EAC-SADC Tripartite Council of Ministers held on 30th October 2016 adopted the Framework for Cooperation and Work Programme/Roadmap.

Budget Execution
During FY2016/17, the approved budget for the Department of International Trade was US$1,162,399 and actual budget expenditure was US$551,474 representing budget execution of about 47%. The challenge encountered were lack of adequate financial resources and understaffing of the Department, which slows down implementation of activities. To address these financial challenges the Department has been engaging Development Partners to support some activities in future.

7.2.3 **Standardization, Quality Assurance, Metrology and Testing (SQMT)**
The EAC SQMT Act 2006 outlines the importance of Standards as a tool for measuring quality, a basis for third party certification, mutual recognition of test reports and quality marks, promoting fair trade/measure against dumping and protection of consumer health safety and environment. During FY2016/17, the Directorate registered the following achievements in respect to enhanced standards;

- One hundred and six (106) standards were harmonized, approved, and gazetted for most traded goods under the key sectors of textiles and apparel, leather and leather products, cereals and pulses, oil seeds, fats and oils, Packaging, Nutrition and Foods for special dietary uses. Authentic text of the standards were circulated to Partner States to facilitate adoption and use;

- The SQMT Act 2006 was reviewed resulting into the draft metrology Bill and the Standardization, Accreditation and Conformity Assessment (SACA) Bill. The two draft Bills were approved during the 36th Council of Ministers in 2017 to proceed for legal drafting and enactment;

- Peer assessment for product certification, market surveillance and import inspection in the Partner States of Burundi, Rwanda, Kenya, Tanzania and Uganda was undertaken. This led to enhanced trust and confidence building in each Partner State's systems. Mutual recognition of the certification marks and test certificates has led to reduced standards related NTBs; and

- Successful implementation of the priority activities in the Partner states in line with the TBT work plan 2016/2017 aimed at facilitating the implementation of the EAC – US Cooperation Agreement that include the following: Training on WTO transparency requirements and procedures; review of the notification systems in the Partner States; training on how to use the e-Ping alert system; training on how to use TBT/SPS online notification submission systems; and training on ISOlutions.

Budget Execution
The approved budget for Trade Directorate for FY2016/17 was US$1,777,950 and actual expenditure was US$720,140 which represents 40.5% of the approved budget. The implementation of activities by the Directorate was slowed down by lack of adequate human resources and liquidity problems with the Partnership Fund on which most of the Directorate's activities relied.

08/

The Office of Deputy Secretary General- Finance and Administration

The Office of the Deputy Secretary General Finance and Administration comprises of the two Directorates namely; Directorate of Human Resource and Administration, and Directorate of Finance Management. The Directorate of Human Resource and Administration is comprised of Departments of Human Resource and Administration; Library and Documentation; and Department of Information Communication and Technology (ICT).

8.1 Human Resources and Administration

The Department of the Human Resource and Administration derives its mandate from Article 71 (h) of the Treaty that calls for general administration and financial management of the Community. It thus manages the EAC workforce from entry to separation from service.

During the financial year 2016/17, the Department planned to achieve a number of milestones, among which; to conclude EAC institutional review, as well as to enhance capacity of EAC Secretariat and that of Partner States; review and harmonize the staff Terms and Conditions of Services; and establish EAC Staff functional roles & responsibilities, terms & conditions of service. Also planned was to establish an EAC leadership model including proper staff supervision, coordination & participation; and establish an EAC performance management system.

Key achievements during the period under review include; finalization of the EAC institutional review; enhanced capacity of EAC Secretariat and that of Partner States; and recruitment of 44 Professional staff; and establishment of EAC Staff functional roles & responsibilities, terms & conditions of service. The Ad-hoc EAC Service Commission is operational; and consultants to undertake training needs assessment and prepare a three year staff training and development plan; as well as the one to establish EAC Performance Management System were hired.

As at 30th June, 2017, the EAC Secretariat, Court and Assembly had a total staff complement of 373 employees representing an increase of 10 employees as of 30th June 2016; with EAC Secretariat accounting for 61% total number of staff, flowed with EALA and EACJ at 27% and 12% respectively. More specifically, as of 30thJune 2017, there were seven (7) Executive Staff, fifty-four (54) EALA members, eleven (11) EACJ Judges, one hundred and two (102) professional staff, ninety-one (91) general staff, fifty (50) Project staff and fifty-eight (58) temporary staff as noted in Tables 6 and 7.

Table 6: EAC Secretariat, Court and Assembly Staff Complement as of 30th June 2017

Staff Category	30th June 2016	30th June 2017
Executive	5	7
Professional	97	102
General	80	91
Project	67	50
Temporary	59	58
EALA Members	45	54
EACJ Judge	10	11
Total	363	373

Table 7: EAC Staff Complement by Organ as of 30th June 2017

Staff Category	EAC Secretariat		EACJ		EALA	
	30th June 2016	30th June 2017	30th June 2016	30th June 2017	30th June 2016	30th June 2017
Executive	5	7	-	-	-	-
Professional	73	74	9	10	15	18
General	48	59	18	21	14	11
Project	67	50	0	0	0	0
Temporary	38	37	2	2	19	19
EALA Members	-	-	-	-	45	54
EACJ Judges	-	-	10	11	-	-
Total	231	227	39	44	93	102

Budget Execution

During FY2016/17 the approved budget for the Department of Human Resource and Administration was US$17,998,004 and actual budget expenditure was US$13,731,047; marking budget execution of about 76%.

Challenges

The liquidity challenge within EAC has impeded the meetings necessary to consider the implementation of various decisions.

8.2 Library and Documentation

During the financial year 2016/17, the Library and Documentation Department planned to achieve a number of milestones to include: digitization and online access of EAC information resources; hold three (3) exhibitions;- 6th East African Health and Scientific Conference and International Health Exhibition and Trade Fair planned for 29th – 31st March 2017 in Bujumbura, Burundi; 2nd East African Manufacturing Business Summit and Exhibition scheduled for 22nd – 25th May 2017 in Kigali, Rwanda; and the 5th SGs Forum scheduled for 22nd – 23rd June, 2017 in Bujumbura, Burundi. As planned, the Department facilitated these forums with requisite documentations on the EAC integration agenda. Further, collaboration between EAC Institutions, Organs and Line Ministries was enhanced, coupled with 10 deposit Libraries to manage EAC publications and dissemination of EAC information. In addition, EAC publications including Summit and Council Reports were timely disseminated to EAC Institutions and Partner States.

Budget Execution

During FY 2016/17 approved budget for the Library and Documentation Department was US$280,488; with actual expenditure of USD$130,793; hence budget execution of 47%.

Challenges

Due to liquidity problems a number of planned activities were not implemented.

8.3 Management Information

During the period under review, the Management Information Section planned to establish EAC Archives; improve Management Information System; and facilitate the Summit, Council of Ministers and Sectoral Committee meetings as per EAC Calendar of Activities.

The key achievements registered include:- improved Management Information System, whereby mails and parcels were dispatched to Partner States and Stakeholders timely- same day of receipt in registry; subscription to newspapers and periodicals for official use; digitized 8051 records (scanned and indexed into TRIM) as at 30th June 2017, 2979 of which were assigned to Action Officers online. Further, 42 staff were trained in TRIM use; and facilitated four Summit and Council of Ministers' meetings with requisite documentations.

8.4 Information and Communication Technology

The ICT Department aims to provide efficient, reliable, secure and cost-efficient ICT to achieve the needs of the EAC institutions and organs. During the period under review, Information and Communication Section planned to develop, upgrade and maintain ICT automation systems; maintain Internet and local bandwidth and establish disaster recovery sites in Arusha Tanzania and in Kampala Uganda; support the development of electronic EAC Calendar of Activities; develop EAC–ICT strategy plan 2018-2022 to support full operationalization of Information technology.

The key achievements attained include: upgraded and effectively maintained Software systems, including internet connectivity and bandwidth for video conferencing; support to the Ministry responsible for EAC in usage of video conference equipment; and assessment in all the EAC Institutions and equipment project proposal for development of EAC-ICT Strategic Plan 2018-2022; the Strategy under which its draft is ready was developed in conformity with the 5th EAC Development Strategy. Furthermore, the ICT Department successfully procured and installed additional video conference equipment for the Republic of South Sudan; and supported the development of electronic EAC Calendar of Activities that is now live as one of the East African Monitoring System (EAMS) modules.

Challenges
The Department of ICT is faced with a number of challenges, among which are:

i. being under staffed and a high staff turnover due to an unattractive salary package and inadequate terms of contracts, as most staff are on short-term contracts;
ii. old infrastructure of ICT, which hardly support the new ICT innovations and latest technological changes;
iii. unautomated processes of the EAC;
iv. lack of real-time monitoring dashboards for performance monitoring;
v. high-overhead costs by running duplicated systems across organs and institutions;
vi. uncoordinated/integrated systems; and

vii. inadequate implementation of systems to meet the requirements of institutions.

Recommendations
To address the above constraints it is prudent that attractive packages be provided to the ICT staff, including allocation of adequate budget to support upgrading of the ICT infrastructure and support integration of systems to avoid operating in silos.

8.5 Financial Management

The Directorate of Finance administers and manages all financial aspects of Community including preparations and control of the budget, control of expenditure; documentation of all the receipts and payments, assets and liabilities and safe custody of security documents, and facilitation of audit. The Directorate draws its mandate from the EAC-Financial Rules and Regulations (2012) as derived from the Articles 7(h), 132 and 135 of the Treaty for Establishment of the East African Community (EAC).

During the Financial Year 2016/2017 the Directorate of Finance prioritized and carried out the following key activities: follow up the implementation of the Sun systems to EAC Institutions; roll-out of the Budget Management System to EAC Institutions; staff capacity building on the use of Budget Management Systems (BMS); coordination of the preparation of the EAC-Budget for fiscal year 2017/2018; and facilitation of the EAC-Annual Audit.

In view of the planned activities during the period under review, the Directorate registered a number of key achievements:

a. Follow up the Implementation of the Sun systems to EAC Institutions
After the installation of the Sun System in EAC Institutions (LVFO, IUCEA and CASSOA) for the purposes of facilitating financial reporting, the follow up missions had to be undertaken in order to address the teething problems faced at the institutional level together with maintenance of the system. This has tremendously improved efficiency of operations through harmonized financial management systems at all EAC Organs and Institutions and integrated financial management systems.

b. Roll-out of the Budget Management System (BMS) to EAC Institutions
Following the establishment of the new institutions, the installation and operationalization of the BMS was unavoidable. EAC-Secretariat managed to install and operationalize the budget system to new institutions and link them to the server. As a result, institutions are able to key in budget proposals from their geographical location and have them consolidated automatically at the EAC-Head Office.

c. Staff Capacity Building on the use of Budget Management Systems (BMS)
In order to maximize the utilization of the system, EAC-Secretariat undertook staff training. The training involved staff from organs and institutions including new staff recruited in April 2017.

d. Coordination of the Preparation of the EAC-Budget for Fiscal Year 2017/2018
The Directorate managed to coordinate organs and institutions to prepare Annual Estimates for Financial Year 2017/2018. The budget enabled EAC run its operations and implement its programmes and projects for the period under review. The budget was considered by Council of Ministers in March 2016 and debated and approved by the East African Legislative Assembly in May 2016.

e. Facilitation of the EAC-Annual Audit
During the Financial Year under review, the Directorate facilitated organs, institutions and Audit Commission to undertake EAC-Annual Audit for Financial Year 2016/25017 as per Treaty for Establishment of the East African Community and the EAC-Financial Rules and Regulations (2012). Below are the Financial Statements for The East African Community (Secretariat, EALA and EACJ), for the Financial Year 2016/2017, with an unqualified audit opinion.

FINANCIAL STATEMENTS FOR THE EAC SECRETARIAT FOR YEAR ENDED 30 JUNE 2017

EAST AFRICAN COMMUNITY SECRETARIAT STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2017

REVENUE		2016/17	2015/16
Revenue from non Exchange Transactions	NOTES	USD	USD
Contribution from Partner States	15	18,477,270	18,474,196
Special funds from Development Partners	16	11,785,416	22,577,131
Other Revenue	17	79,095	60,000
		30,341,781	**41,111,327**
Revenue from Exchange Transactions			
Other Revenue	18	**158,639**	**198,644**
Total Revenue		**30,500,420**	**41,309,970**
EXPENSES			
Salaries, Wages and Employee Benefits	18	13,220,293	13,919,420
Administrative, Meetings & Consultancy Expenses	20	15,789,053	21,506,686
Transfers to Other Institutions	21	1,305,570	4,965,588
Finance Cost	22	75,665	36,498
Depreciation and amortization Expenses	22	1,064,077	2,269,870
TOTAL		**31,454,657**	**42,698,063**
SURPLUS / (DEFICIT) FOR THE PERIOD		**(954,237)**	**(1,388,092)**

EAST AFRICAN COMMUNITY SECRETARIAT STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2017

		2016/17	2015/16
ASSETS	NOTES	USD	USD
CURRENT ASSETS			
Cash and Cash Equivalents	1	9,123,961	9,662,521
Other Financial Assets	2	2,100,000	4,100,000
Receivables from non Exchange Transactions	3	5,658,386	8,088,397
Inventories	4	124,355	108,113
Prepayments	5	4,000	0
Taxes Recoverable	6	1,877,840	1,398,309
TOTAL CURRENT ASSETS		**18,888,541**	**23,357,340**
NON CURRENT ASSETS			
Work in progress	7a	54,282	142,777
Property, Plant and Equipment	7b	19,907,575	20,501,594
Intangible Assets	8	1,127,665	455,499
TOTAL NON CURRENT ASSETS		**21,089,522**	**21,099,870**
TOTAL ASSETS		**39,978,063**	**44,457,210**
LIABILITIES AND NET ASSETS/EQUITY			
CURRENT LIABILITIES			
Payables	9	4,083,903	5,112,154
Employee Benefits	10	1,259,058	5,557,988
Deferred Funds from Development Partners	11	3,021,528	832,866
Other Current Liabilities	12	66,640	396,390
TOTAL CURRENT LIABILITIES		**8,431,130**	**11,899,398**
NON CURRENT LIABILITIES			
Employee Benefits	10	2,013,159	1,354,389
Deferred Credit for Assets	13	1,437,635	708,176
TOTAL NON CURRENT LIABILITIES		**3,450,794**	**2,062,566**
TOTAL LIABILITIES		**11,881,923**	**13,961,963**
Net Assets/Equity			
Capital contribution and Grant	14	20,141,971	20,499,807
Accumulated Surplus	14	7,954,168	9,995,440
Total Net Assets/Equity		**28,096,139**	**30,495,247**
TOTAL LIABILITIES AND NET ASSETS/EQUITY		**39,978,063**	**44,457,210**

1. Budget Execution

EAST AFRICAN COMMUNITY SECRETARIAT STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED 30 JUNE 2017

Description	Budgeted Amounts in USD		Actual Amounts in USD	Difference: Final Budget and Actual (in USD)	Explanation of variances
REVENUE	Original	Final			
Contribution from Partner States	18,477,270	18,477,270	18,477,270	0	
Special funds from Development Partners	37,982,522	39,129,833	11,785,416	27,344,416	(1)
Miscellaneous Revenue	1,752,954	1,900,304	1,758,148	142,156	
Total Revenue	**58,212,745**	**59,507,406**	**32,020,834**	**27,486,572**	
EXPENSES		-			
Salaries, Wages and Employee Benefits	17,974,254	17,974,254	13,220,293	4,753,961	(2)
Administrative, meetings & consultancy Expenses	33,936,111	35,230,772	15,789,053	19,441,720	(3)
Transfers to Other Institutions	1,305,570	1,305,570	1,305,570	0	
Finance Cost	75,176	75,176	75,665	(489)	(4)
Capital Expenditure	4,921,634	4,921,634	1,263,096	3,658,538	(5)
TOTAL	**58,212,745**	**59,507,406**	**31,653,676**	**27,853,730**	
SURPLUS / (DEFICIT) FOR THE PERIOD	**0**	**0**	**367,159**		

Explanation of Variances
(1), (2) and (3) are positively correlated. There were a number of project staff positions not filled and activities not carried out, due to late disbursements from Development Partners. For other projects, the next disbursement is subject to absorption capacity, which explains the high variance on receipts.
(4): Overspending on Finance cost was due to revaluation on other currencies into USD's rate of 30th June 2017, and most local currencies had weakened.
(5): The under spending in Capital Expenditure is due to delays in the procurement process where no objection from Development Partners is required.

Budget Performance
The total budget allocated to the Directorate was US$316,835 and out of this amount US$ 289,467 (91%) was utilized with a balance of US$28,041 unutilized.

Challenges and Proposed Recommendations
The key challenges experienced during the period under review include delay in disbursement of budgetary contributions by Partner States and support from Development Partners; and low staffing level in proportion to the workload. It is thus recommended that Partner States finalize the EAC-Alternative Financing mechanism.

09/

East African
Legislative Assembly

Article 49 of the Treaty for the Establishment of the East African Community, the East African Legislative Assembly (EALA) is established as the legislative Organ of the Community. EALA's core functions are legislative, oversight and representation. The Assembly contributes to a number of strategic objectives of the EAC with a major focus on strengthening of the EAC's oversight role.

During financial year 2016/17 EALA planned to conduct the 6 Plenary Meetings and undertake oversight and sensitization activities. Accordingly, key achievements during the period under review include the following:-

a) **Legislation and Plenary Matters**
During the period under review the Assembly held six scheduled meetings, namely the 1st Meeting of the 5th Session in August/September, 2016 Arusha, Tanzania; the 2nd Meeting of the 5th Session in October, 2016, in Zanzibar, Tanzania; the 3rd Meeting of the 5th Session in Nairobi, Kenya in November/December 2016; the 4th Meeting of the 5th Session in Kampala, Uganda in January 2017; the 5th Meeting of the

5th Session in Kigali, Rwanda in March 2017 and the 6th Meeting of the 5th Session in May/June 2017. During these meetings the Assembly deliberated on various matters including; passing of Bills; appropriation of budget estimates for FY2017/18; consideration of Committee reports; adoption of Assembly Resolutions; and raising priority questions to the Chairperson of the Council relating to implementation of EAC integration agenda.

i) Bills
The Assembly passed seven (7) Bills and four other Bills that were presented for first reading to support the Integration process in accordance with the Treaty. The approved Bills which are awaiting assent by the Heads of State are as follows:-

1) **The Administration of the East African Court of Justice Bill, 2016**. The Bill seeks to make provisions for the establishment of a Commission for the administration of the Court and other related purposes.

2) **The East African Community Prohibition of Female Genital Mutilation Bill, 2016**.

The Bill prohibits the practice of female genital mutilation in the East African region, promote cooperation in the prosecution of perpetrators of female genital mutilation and develop common measures, strategies and programmes for the effective implementation of the law and other related matters.

3) **The East African Community Counter-Trafficking in Persons Bill, 2016.** The piece of legislation seeks to provide for a legal framework for the prevention of trafficking in persons, prosecution of perpetrators of trafficking in persons, provision of protection mechanisms and services for victims of trafficking in persons, and development of partnership for cooperation to counter trafficking in persons in the EAC Region.

4) **The East African Community Gender Equity and Development Bill, 2016.** The Bill seeks to make provision for gender equality, protection and development in the Community.

5) **The East African Community Supplementary Appropriation Bill, 2017.** The Bill seeks to make provision for the supplementary appropriation out of the budget of the East African Community for the services and purposes of the Community for the financial year ending the 30th of June, 2017.

6) **The East African Community Appropriation Bill, 2017.** The Bill seeks to make provision for the appropriation out of the budget of the East African Community, of specified amounts of money for the services and purposes of the Community for the financial year ending the 30th of June, 2018.

7) **The East African Community Polythene Materials Bill, 2017.** The Bill seeks to make provision for the control and regulation of use, sale, manufacture and importation of polythene materials and products and other related matters.

The four (4) Bills raised for the First Reading;

The East African Community Protection of People with Albinism Bill, 2017. The Bill prohibits the discrimination against persons living with albinism, to ensure affirmative action in their favour and to provide for other related matters.

The East African Youth Council Bill, 2017. The Bill seeks to establish the East African Youth Council within the Community, to provide for its composition, objectives and functions and to provide for other related matters.

The East African Community Cross Border Trade in Professional Services Bill, 2016. The Bill seeks to provide for the conduct and regulation of cross border trade in professional services in the Community and to make general provision for other related purposes.

The East African Community Mining Bill, 2016. The Bill seeks to provide for a harmonized legal framework for the regulation of mining in the East African Community in accordance with the Africa Mining Vision and for other related matters.

ii) The EAC Budget 2017/2018
The Assembly also passed a total Budget of US$110,130,183 for the financial year 2017/18 and Supplementary Budget of US$2,146,513 to finance the EAC activities over the next financial year.

iii) Committee Reports
During the period under review, the Assembly considered and adopted fifteen (15) reports which were transmitted to the National Assemblies of the Partner States and other key stakeholders in accordance with Article 65 of the EAC Treaty.

The Reports contain specific observations and recommendations which will require follow up and/or implementation by the Council. The reports are as follows;

1) Report of the Committee on Legal, Rules and Privileges on the matter of investigation of Procurement of Group Life Insurance Company for the East African Community;

The EAC Director of Finance displaying the Budget Speech 2017-18

2) Report of the Committee on Regional Affairs and Conflict Resolution on the Public Hearing on the Complaints raised in a Motion for the Africa Peace and Security Architecture (APSA) Programme;

3) Report of the Committee on Communication, Trade and Investment on Petition seeking the amendment of the 5th Schedule of the EAC Customs Management Act to include vehicles, spares and equipment used for motorcycle racing and karting;

4) Report of the East African Legislative Assembly on the sensitization activities conducted in Partner States in June 2016;

5) Report of the Committee on Agriculture, Tourism and Natural Resources on the oversight activity on Hotel classification and preparedness for a single Tourist Visa;

6) Report of the Committee on Accounts on the Audited Financial Statements of the East African Community for the Year ended 30th June, 2015;

7) Report of the Committee on Agriculture, Tourism and Natural Resources on the oversight activity on Poaching;

8) Report of the Committee on Agriculture, Tourism and Natural Resources on the East African Community Agriculture Budget Summit 2016;

9) Report of the Committee on Communication, Trade and Investment on the status of the Railway Infrastructure Development in the East African Partner States;

10) Report of the Committee on Regional Affairs and Conflict Resolution on the Public Hearing on the Pastoral Communities of Longido in Tanzania and Kajiado in Kenya on the implementation of the EAC Common Market Protocol Projects;

11) Report of the Committee on Communication, Trade and Investment on the Oversight activity on One Network Area in East African Community;

12) Report of the Committee on Agriculture, Tourism and Natural Resources on Waste Management in the EAC Region;

13) Report of Committee on Communication, Trade and Investments on the Single Customs Territory in the EAC Region;

14) Report of the East African Legislative Assembly on the sensitization activities conducted in EAC Partner States in April 2017; and

15) Report of the Committee on Accounts for the oversight activity of the new EAC Institutions (the EAC Science and Technology Commission and Kiswahili Commission).

Reports that were laid on table include;

1) Report of the Committee on General Purpose on the EAC Annual Report for the period 2014/2015;

2) Report of the Committee on Legal, Rules and Privileges on the consideration of the proposal to amend the Rules of Procedure of the East African Legislative Assembly;

3) Report of the Committee on Legal, Rules and Privileges on the consideration of the proposal to amend the Rules of Procedure of the East African Legislative Assembly;

4) Ninth bi annual report of the East African Legislative Assembly Commission; and

5) Tenth bi-annual report of the East African Legislative Assembly Commission.

iv) Resolutions

The Assembly adopted seventeen (17) Resolutions, which were thereafter transmitted to Partner States for consideration, as follows:-

1) Resolution of the Assembly congratulating the Government of Rwanda following its move to start a legislative process towards making Kiswahili one of the official languages in the country;

2) Resolution of the Assembly urging the EAC Partner States to comprehensively address domestic violence in the region;

3) Resolution of the Assembly urging the EAC Partner States to celebrate the International Day of Democracy on 15th September, 2016;

4) Resolution of the Assembly congratulating Africans and especially the East African Medal Winners in Athletics in the Olympic games in Rio De Janeiro, Brazil, 2016;

5) Resolution of the Assembly urging EAC Summit to amend the Treaty to make Kiswahili a formal language of the Community;

6) Resolution of the Assembly to invoke Article 59(3)(b) of the Treaty to revitalize (reinvigorate/revive) the EAC Climate Change adaptation and mitigation programme;

7) Resolution of the Assembly urging the Summit to fast-track the implementation of its directive on alternative funding mechanisms for the East African Community and/or invoke Articles 143 And 146 of the EAC Treaty on financial contributions against defaulting Partner States;

8) Resolution of the Assembly extending its condolences and sympathies to the Governments of EAC Partner States and the victims of the 10th September, 2016 Earthquake in the Kagera Region and beyond;

9) Resolution of the Assembly to establish EALA chapter offices in Partner States;

10) Resolution of the Assembly urging EAC Partner States to fast-track domestication of the Malabo Declaration and its commitments;

11) Resolution of the Assembly to urge EAC Partner States to protect the rights and freedoms of albinos;

12) Resolution of the Assembly urging Council to establish a policy framework to support members of the Assembly and other staff of the community with special needs and requirements;

13) Resolution of the Assembly on EAC Staff Recruitment Processes;

14) Resolution of the Assembly urging the Council of Ministers to immediately compel Partner States to fully meet their financial obligations to the EAC Budget for the Financial Year 2016/2017;

15) Resolution of the Assembly urging the Council to immediately fill the vacant positions in the East African Community Secretariat;

16) Resolution of the Assembly to introduce East African Community Integration Education Syllabus in EAC Schools; and

17) Resolution of the Assembly to condole with the families and the Government of the United Republic of Tanzania on the tragic accident and loss of lives of 32 pupils of Lucky Vincent Nursery and Primary School, Arusha.

v) Priority Questions
Nine (9) priority questions were asked by various members on wide ranging subjects related the Community's operations. The questions revolved around the implementation of the Customs Union and Common Market Protocols, Political Federation and specifically the implementation of Article 76(3) of the Treaty for Establishment of the East African Community and status of the implementation of Political Federation. All the questions were satisfactorily responded to by the Chairperson of the Council of Ministers.

b) Institutional Matters
i) Oath of Allegiance, Member of EALA
During the period under review, the following Members of EALA took oath of allegiance:

1) Hon. Francois Kanimba, Minister for the Ministry of East African Affairs from the Republic of Rwanda (replacing Hon. Valentine Rugwabiza);

2) Hon. Maganda Julius Wandera, Deputy Minister of EAC Affairs Uganda;

3) Hon. Jean Marie Muhirwa, Burundi (replacing the late Hon. Hafsa Mossi);

4) Hon. Oda Gasinzigwa, Rwanda (replacing Hon. Christophe Bazivamo who was appointed Deputy Secretary General of EAC); and

5) Hon. Isabelle Ndahayo, Minister of EAC from the Republic of Burundi.

ii) Sensitization Activities
The Assembly held its third sensitization activity in April 2017 premised on the theme; *EAC Integration Agenda: Accessing the Gains*. The activity raised awareness among the populace on the gains and challenges of integration. It also enhanced mutual relationship between EALA and the citizens of the region and EAC Stakeholders.

iii) Planning Meeting
The Assembly held its planning session from 29th June-6th July, 2016 in Nairobi, Kenya. The planning exercise allocated dates and resources to activities which were approved and budgeted for implementation. The meeting adopted the EALA Calendar of Activities for the financial year 2016/2017.

iv) Election Observation

The Assembly in conjunction with the Electoral Management Bodies (EMBs), Civil Society Organisations (CSOs), National Human Rights Commissions, and the EAC Secretariat participated in the EAC Observer Missions during the Presidential Elections in the Republic of Rwanda in August, 2016, and the General Elections in the Republic of Kenya in August, 2017.

v) Inter-Parliamentary Relations Seminar

The Assembly coordinated the two days Inter-Parliamentary Relations Seminar, (Nanyuki X) on the theme: "Poverty and Good Governance" from 30th November - 2nd December 2016 in Nairobi, Kenya. The Seminar is one of the avenues through which EALA fulfils its mandate under Article 49 (2) (a) of the EAC Treaty to specifically liaise with National Assemblies of the EAC Partner States on matters relating to the Community.

vi) Inter-Parliamentary Tournament

The Assembly coordinated the 7th Inter-Parliamentary Games for the National Parliaments of the EAC Partner States from 4th - 10th December 2016 in Mombasa, Kenya. The games play a fundamental role in enabling EALA's interaction with members of the National Parliaments in the EAC Partner States as envisaged in Article 49 (2a) of the Treaty for the Establishment of East African Community. At the same time, such games enhanced interaction with the citizenry of the EAC Partner States and as a mode of sensitization and popularizing the integration process.

Key Challenges

Delay of remittances from Partner States caused overlapping of Committee activities due to limited time. Partner States should adhere to their commitments of remitting their contributions on time and EAC should take interest in finding out why Partner States are delaying their contributions.

10/

East African
Court of Justice

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 East African Community. 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 being handling of Court cases. In the Year 2016/17, the Court registered a number of achievements as follows;

In the period under review, the Court planned to hear and determine cases within a reasonable time as filed. It also planned to hold plenary sessions and committee meetings on management and governance of the Court. This will enhance the management of the Court administration. The Court also planned to conduct capacity building for judges and staff in emerging issues and information technology. This would enhance the knowledge level of the judges and staff and be up to date on emerging issues facing the judiciary. The long-term impact would be to improve efficiency and delivery of justice to the residents of the Community. The

Court thus met the following key milestones during the period under review:-

a) **The Court received a total of 53 cases**. Out of that 45 were filed in the First Instance Division while 8 were filed in the Appellate Division. This was an increase of cases filed as compared to the year 2015/2016. The First Instance Division received 16 references, 3 claims from members of staff, and 26 applications while the Appellate division received 5 appeals, 2 applications and 1 reference on taxation. The First Instance Division heard 16 references, 3 claims filed by staff members and 14 applications. Out of that they delivered 5 judgements and 8 rulings. The Appellate Division heard 5 appeals, 1 application and delivered judgements in the 5 appeals and 1 ruling. Whereas the number of appeals in the Appellate Division seem to have dropped, there was a remarkable increase in the number of cases in the First Instance Division. Figures 3&4 illustrate the changes as compared to the year 2015/2016.

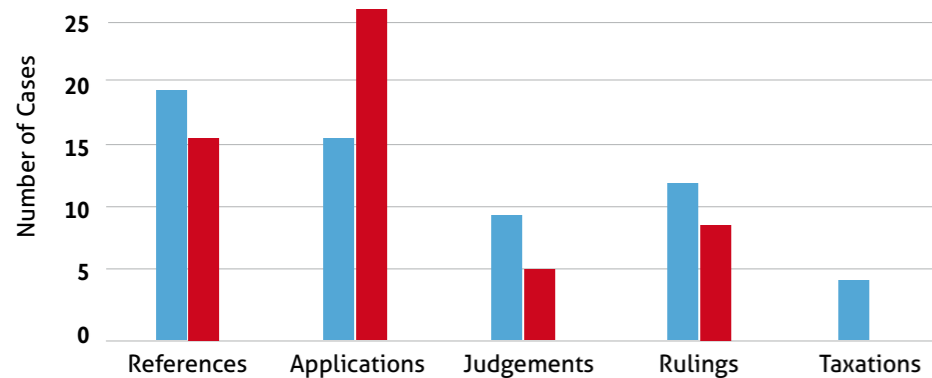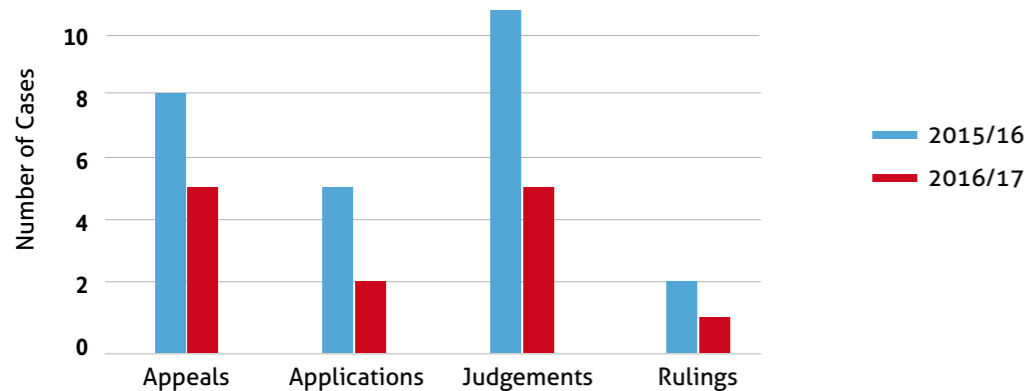**Figure 3: Cases handled by the First Instance Division in FY 2016-17**

Figure 4: Cases handled by the Appelate Division in FY 2016-17

The low number of appeals filed could be attributed to litigants being satisfied with the decisions of the First Instance division.

a) **The Court also held its Plenary meeting in Entebbe Uganda**. The Plenary reviewed the progress made since its last meeting and received reports of the first draft of the strategic plan. The meeting also received an update on the second revision of the rules of procedure and the judicial code of conduct besides receiving reports on the overall management of the Court.

The outcome of the meetings was to update all judges on the current status of the developments in the judiciary and give guidance on the way forward for the next 6 months. The Plenary also reviewed the calendar of Court sessions to ensure ease of adjudicating cases taking into account the experience from external lawyers.

b) **The Court developed and discussed the first draft of the EACJ Administration of Justice Bill, 2016**. Several comments were incorporated and the document was cleared to be forwarded to EALA for debate. Once passed the Act would ensure the financial and administrative autonomy of the Court.

c) **A number of trainings were also carried out in the period under review**. The Court conducted trainings for State Attorneys from Rwanda and Burundi on the Rules of Procedures of the Court. This was necessary having noticed the level of advocacy from the two partner states. The impact was to improve the standard of advocacy by State Attorneys from the civil law system appearing before the Court.

d) **All staff attended training on judicial research**. This was to bridge a gap of legal researchers that are lacking in the Court. The trained staff will assist judges in carrying out legal research on different legal issues.

e) **All judges were trained on legal regimes of the EU as compared to the EAC region**. The training that focused on a comparative study of the European Court of Justice and the EACJ was intended to draw

comparisons from different jurisprudence and benchmark. Other judges were also trained in Arbitration. This was to improve the skills so as to handle arbitration cases that may come before the Court. Further hands-on trainings on the case management and recording system were carried out for judges and staff focusing on generating reports from the system.

Budget Execution
The budget approved and allocated to the Court for the period under review was US$4,107,977. From the amount received the Court was able to execute US$3,755,988 representing 91.43% of what was received.

Challenges
For effective discharge of its mandate the Court must have sufficient personnel. The number of staff remains the same from the original structure when the Court was inaugurated. The Court is also faced with inadequate finance for effective operation and untimely disbursement of funds. This delays implementation of activities that leads to delay in conclusion of cases as the judges who operate on an ad hoc basis cannot be brought in when it's necessary. The inadequacy of funds also means that the visibility of the Court is impaired as no effective sensitization activities can be undertaken. Further, the ad hoc nature of the services of the Court means there is no service concentration by the judges as most of them are also serving in their national judiciaries and on occasions when they are required on urgent basis, they cannot be available.

Recommendations
The Court should be allowed to recruit staff to fill in the gaps resulting from the increase in the workload of cases. Sufficient funds should be availed to the Court to facilitate employment of more staff and effective sensitization activities among the stakeholders be undertaken. This will also make it possible to convene the sessions at any time in the event of urgent applications. Also worth noting is that the services of the judges of the Court should be made permanent and not ad hoc. The dual service of judges between the Court and the national judiciaries is impeding the service delivery of the Court.

11/

East African
Kiswahili Commission

The East African Kiswahili Commission (EAKC) is responsible for the coordination and promotion of the development and use of Kiswahili in the region and beyond. The Commission is charged with the responsibility of ensuring the development of Kiswahili as a lingua franca for regional and international interaction for economic, political, social, cultural, educational, scientific and technical development. The Commission fulfills its mandate through research, teaching, learning and development of Kiswahili through policy formulation, knowledge generation and curriculum review and standardization of terminologies.

During the Financial Year 2016/17, the Commission planned to develop EAKC Strategic Plan; hold EAKC Stakeholders meeting to draft modalities for carrying out capacity assessment in the EAC Partner States; attend national and international meetings that contribute to the functioning of EAKC; provide guidance on functioning of Kiswahili Associations in Partner States; attend all EAC statutory meetings; and recruitment of staff for the commission. In view of the planned activities, achievements registered were as follows:-

a) **Development of EAKC Strategic Plan**:
In consultation with its stakeholders, the Commission developed the East African Kiswahili Commission Strategic Plan 2017 – 2022, which was validated in Nairobi, Kenya by Kiswahili stakeholders from all Partner States. The Strategic Plan was approved by the 35th Council of Ministers. The EAKC Strategic Plan identifies six key strategic interventions, which when implemented will contribute to the development and promotion of Kiswahili in the EAC and beyond.

b) **Meeting of EAKC Stakeholders to Develop draft Modalities for carrying out Capacity Assessment in Partner States**
A meeting with stakeholders for Kiswahili Associations, research institutions, public and private universities, media associations and Kiswahili Writers Associations from all the EAC Partner States was convened in Entebbe Uganda in March, 2017, to develop modalities for carrying out capacity assessment in EAC Partner States. The meeting validated the capacity assessment manual and guide to be used during the capacity assessment of institutions involved in development and promotion of Kiswahili in EAC Partner States.

c) **Attendance to International Meetings that contribute to the Functioning of EAKC and providing Guidance on Functioning of Kiswahili Associations in Partner States**
The Commission was represented in eight (8) relevant international meetings and the role and place of Kiswahili in regional integration was discussed and recommendations for development and promotion of Kiswahili in the EAC Partner States were developed. Furthermore, EAKC was represented in CHAKITA, CHAWAKIMA, CHAWAKAMA and CHAWAKA meetings. The Commission guided on how Constitutions for Kiswahili Associations should be amended to reflect the relationship between them and the Commission, clarifying each party's role in the development and promotion of Kiswahili in EAC Partner States.

d) **Recruitment of Staff**
The EAKC recruited two staff (Senior Personal Secretary and Accounts Assistant). The Commission also advertised the position for the Deputy Executive Secretary Projects and Programs but could not attract a good number of applicants due to stringent job requirements. The 35th Council of Ministers directed the EAKC to re-advertise the position after review of the requirements by the relevant Sectoral Council and approval of the advert by the Ad hoc EAC Service Commission. The Commission has since reviewed the Terms of Reference for the position, awaiting clearance by the relevant Sectoral Council before re –advertisement.

e) **Operations of Regional Kiswahili Stakeholders**
The Commission recognizes Kiswahili stakeholders as a fundamental component and their capacity as a critical element in achieving its mandate. The Commission convened a meeting to consider and discuss draft Constitutions of the following Regional Associations of Kiswahili with a view to aligning them with its mandate:
1. Chama cha Kiswahili Afrika Mashariki (Chakama);
2. Chama cha Idara za Kiswahili Vyuo Vikuu Afrika Mashariki (Chaikama);
3. Chama cha Wanahabari wa Kiswahili Afrika Mashariki (Chawakima);
4. Chama cha Wanafunzi wa Kiswahili Vyuo Vikuu Afrika Mashariki (Chawakama).

The Meeting reviewed the Constitutions of the respective Associations and acknowledged the importance of these and similar Associations in complementing the efforts of the Commission in developing and using Kiswahili in the EAC and beyond. It was further observed that the above Associations are key pillars in the implementation of the East African Kiswahili Commission Strategic Plan (2017– 2022).

f) **Second phase of renovation of EAKC Offices**
The East African Kiswahili Commission completed the second phase of renovation of EAKC offices. The Commission is pleased to report that it has sufficient office space for its staff.

Budget Execution
The budget approved for financial year 2016/17 was US$1,179,544 and the budget expenditure was about US$962,048 representing 81% of budget execution.

Challenges
The Commission faces a challenge of inadequate budget, which has hindered the recruitment of program staff and implementation of key strategic interventions as envisaged by the EAKC Strategic Plan.

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East African Health Research Commission

During the financial year 2016-2017, operationalization of the East African Health Research Commission (EAHRC) continued focusing on the implementation of the Operational Plan 2016-2017 derived from the EAHRC five-year Strategic Plan 2016-2021 and approved by the 13th Sectoral Council on Health. During the period under review, EAHRC planned, among other activities; to establish an institutional governance, management, and operational framework; undertake resource mobilisation to support health research for development; establish research and capacity strengthening programmes; as well as mechanisms for generating, capturing, assessing, and disseminate knowledge for solving the health challenges; and creating an environment conducive for research. To this effect, key achievements registered include:

a) **Establishment of an institutional governance, management, and operational framework**

i) **Amendment of the Protocol establishing the EAHRC**

A draft amended protocol prepared by a regional consultative meeting of EAC Health and Legal Experts was circulated to Partner States by the Secretary General of EAC for comments. Comments from Partner States were incorporated in the draft amended Protocol. The amended Protocol, edited by Council to the Community (CTC) was endorsed by the EAHRC Commissioners and considered by the 15th Sectoral Council of Ministers of Health.

ii) **Draft Bill of Draft Bill (2015) on the establishment of the EAHRC**

A Regional Consultative Meeting of EAC Health and Legal Experts was organized to draft the amended EAHRC Protocol update the draft Bill 2015 to align it with the amended EAHRC Protocol. The process of updating the EAHRC draft Bill was withheld to be concluded after the approval of the amended Protocol establishing the EAHRC.

iii) **EAHRC Organisational Structure**

The organizational structure proposed by the EAHRC Secretariat and endorsed by the Board of Commissioners was approved by the 13th Sectoral Council on Health. It provides for Departments of the Commission and staff to implement the mandate of the Commission. It also provides for Expert Working Groups to support Departments under the EAHRC Secretariat.

iv) **EAHRC logo and motto**

The EAHRC logo and motto proposed by the EAHRC Secretariat and endorsed by the Board of Commissioners was approved by the 13th Sectoral Council on Health.

v) **EAHRC operations Management**

The EAHRC Secretariat operationalized the EAHRC management committees such as the management committee meeting and the scientific committee meeting. EAHRC also continued to ensure staff allowances, emoluments and benefits.

vi) **EAHRC branding strategy**

EAHRC developed branding materials to include the official EAHRC letterhead, and the official EAHRC power point template, key holders, writing pads and the official EAHRC calendar illustrating health and health research capacity in EAC Partner States.

vii) **EAHRC publicity materials**

EAHRC Secretariat developed publicity materials to include brochures; banners describing the mandate, vision, objectives and core values of the EAHRC; banners and pamphlets of the organizational structure of EAHRC and overall organizational structure of EAC and how EAHRC fits in it.

b) Resource Mobilization to Support Health Research for Development

The EAHRC resource mobilization efforts through among other sources the Development Partners, managed to mobilize resource for execution of the following activities:-

- Baseline assessments for (i) mapping of sources for domestic financing health research in EAC Partner States; (ii)clinical trials capacity in the EAC Partner States; and (iii) ethics review frameworks in health research for the purpose of harmonization of the frameworks in the EAC Partner States;
- Establishment of East Africa Web Portal for health information;
- Convening of the East African Health and Scientific Conference; and
- Preparation of the East African Health Research Journal.

As an output of the 6th East African Health and Scientific Conference, a consensus was reached on four priority thematic areas for the attention of the EAHRC in resources mobilization. Such areas include; One health; Digital Health; Health Research Financing; and Accessing and Health Policy and Implementation. Concept notes were developed with respect to Digital Regional East African Community Health Initiative. The Concept Notes include a number of proposals such as the East Africa Open Science Cloud for Health; and the East Africa Cross Border Health Services Program, and have been submitted for consideration under the EAC–USAID Regional Development Objective Grant Agreement (RDOAG). In addition, many other meetings with bilateral, multilateral Agencies and NGOs were organized and attended by the EAHRC Secretariat in an effort to mobilize resources.

c) Establishing Research and Capacity Strengthening Programmes, Networks/ Partnerships, and Centres of Excellence to Harness Advancement in Science, Technology and Innovation (STI), and Information and Communication Technology (ICT)

i) Baseline Assessments of Research Capacity in the Region

The EAHRC Secretariat developed proposals to carry out baseline assessments of research capacity in the region. The Concept Notes and Terms of Reference were developed for the baseline assessment of:- (a) clinical trials capacity in the EAC Partner States; (b) mapping of sources for domestic financing health research in EAC Partner States; (c) ethics review frameworks in health research for the purpose of harmonization of the frameworks in the EAC Partner States; and (d) traditional medicine and development of medicinal products from traditional medicine in the EAC Partner States.

ii) Networks

The Commission established national, regional and international institutions research collaborations. These collaborations include; the Network of National Focal Points, and Network of National Stakeholders (Ifakara Health Institute, Makerere university, Saint Andrews University College of London, among others). Further, the EAHRC organised and coordinated attendance of Heads of the National Research Institutions in the EAC Partner States to the India-African Health Science Meeting (IAHSM) in Delhi – India on 2nd–4th Oct 2016. The meeting aimed at fostering research collaboration between African Union (AU) and India. In addition, EAHRC and Health R&D Institutions from the EAC Partner States participated in the 2017 Biotechnology Innovation Organisation International Convention in San Diego, California, USA 19th – 22nd June 2017. More than 30 international health-related research and development institutions registered for consultation and discussion with EAHRC, and each attended one-to-one consultative meetings.

iii) Capacity Building and Development of Science, Technology, Innovation and ICT

The EAHRC Secretariat launched the East African Health Research Journal, which aims at among other objectives, to build capacity in

manuscripts writing and manuscripts review. Furthermore, efforts towards enhancement of Science, Technology, Innovation and ICT, the EAHRC developed the Concept Note on Digital Regional East African Community Health (Digital REACH) Initiative and organized preparations for a regional conference on Digital Health Technology, as well as development of a draft Digital REACH Roadmap.

d) Creating an Environment conducive for Research and Harmonized Regional Regulatory and Ethics review frameworks

i) Baseline Survey on Ethics Review Capacity

A proposal for a baseline survey on Ethics Review frameworks in EAC Partner States was developed with the purpose of identifying the needs of institutional ethics review boards and the national review boards in the EAC Partner States. Consequently, a proposal for strengthening capacity and harmonizing frameworks of ethics review boards for mutual recognition in the EAC Partner States was developed.

e) Establishing Mechanisms for Generating, Capturing, Assessing, Disseminating and Utilizing Knowledge on Health Challenges

i) EA Web Portal for Health Information Portal

The EAHRC concluded the procurement process for establishment of the East Africa web portal on health information (www.eahealth. org); the portal that will host compendium of comprehensive health information in East Africa. Furthermore, the Commission developed a Concept Note on the East African Open Science Cloud Health network.

ii) East African Health Research Journal

The East African Health Research Journal (EAHRJ), a peer reviewed journal with an editorial board composed of renown scientists from all over the world was launched during the 6th East African Health and Scientific Conference. The EAHRJ

has a digital object identifier (DOI) and is a member of Cross Ref https://doi.org/1024248/ EAHRJ-D-16-00341. It is registered to the International Standard Serial Number (ISSN) Register as follows: *ISSN 2520-5277.*

iii) East African Health and Scientific Conference

Under the coordination of the EAHRC and Republic of Burundi, the 6th East African Health ad Scientific Conference (EAHSC) was held in Bujumbura on 29th–30th March 2017. The Conference had a high attendance of around 1000 participants and coincided with the launching of the East African Health Research Journal and the book of abstracts on Antimicrobial Resistance. The Conference report has been drafted.

f) Under One Health Approach

The EAHRC Secretariat incorporated One Health Approach under Digital Regional East African Community Health (Digital REACH) Initiative.

Budget Execution
The approved budget for the financial year 2016/17 was US$1,397,438 and budget expenditure stood at US$1,073,920; thus marking budget execution of 77%.

Challenges
The main challenges impeding implementation of the Commission's planned activities were the delay in the establishment of the EAHRC Headquarters in Bujumbura, and delay in the recruitment of requisite staff, as well as lack of availability of funds commensurate to the planned activities.

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Inter-University Council for East Africa

The Inter-University Council for East Africa (IUCEA) coordinates harmonisation of higher education and training systems in East Africa, facilitates their strategic development and promotes internationally comparable standards and systems. To this end, the IUCEA continued with implementation of programmes geared towards the promotion of strategic and sustainable development of higher education systems and research for supporting East Africa's socio economic development and regional integration.

During the financial year 2016/17, key priority interventions for IUCEA included: enhancement of research and development and strengthening of coordination and operational capacity of the IUCEA; development of human resource capacity in all disciplines of higher education in East Africa; development of a regional quality assurance framework for East African universities; and strengthening of university support in ICT application for academic research and other functions, as well as enhanced support to university academic and networking system. In view of the aforementioned priority interventions, the IUCEA registered the following achievements:-

a) Implementation of the Eastern and Southern Africa Higher Education Centers of Excellence Project (ACE II)

The ACE II Project was approved by the Board of Executive Directors of the World Bank Group (WBG), with International Development Association (IDA) credit and grant totaling to US$148 million. The IUCEA signed a financing agreement with the World Bank as the Regional Facilitation Unit in July 2016 in Nairobi, Kenya. The project is implemented by twenty-four competitively selected Africa Centers of Excellence (ACEs) from higher education institutions in eight participating countries, namely Ethiopia, Kenya, Malawi, Mozambique, Rwanda, Tanzania, Uganda, and Zambia, with focus on graduate studies including Masters and PhD programmes in Science, Technology, Engineering, and Mathematics (STEM), Agriculture, Health, Education and Applied Statistics.

The IUCEA coordinated and facilitated a number of partnership activities for the Centers of Excellence. Examples of the partnership activities include:-

i) The China-Africa-World Bank 1st Education Partnership Forum held in July 2017, with the objective to strengthen the tripartite relationship, as well as to forge new partnerships between leading universities, science and technology research institutes, and the private sector;

ii) Support mission to studies in oil and gas engineering and technology;

iii) Technical support mission to four (4) Centres of Excellence in Tanzania, four (4) Centres of Excellence in Rwanda; and procurement of an independent verifier of Disbursement-Linked Indicators/Results for ACEs; and

iv) Support to local Publications in the development of local content for use in higher education institutions in the region.

b) Establishment of EAC Centers of Excellence for Higher Medical Education, Research and Services

The EAC Partner States received a loan from the African Development Bank (AfDB) to develop Centers of Excellence on Biomedical Studies focused on Non-Communicable Diseases (NCD). The project was conceptualized based on the state of affairs in the region on the subject, in that the NCD were becoming a more serious health challenge in the region and the cost implications in their prevention, diagnosis and treatment, and that significant amount of resources were being used to manage the NCDs including treatment outside the countries and region.

The IUCEA is expected to guide mainstreaming of its support systems to the project, on matters of quality assurance and qualifications framework, staff and students mobility, and research & innovation.

c) Development of Human Resource Capacity in all Disciplines of Higher Education in East Africa

The IUCEA established a common frame of reference to facilitate comparability, compatibility and mutual recognition of higher education and training systems, and the qualifications attained within the EAC Partner States based on shared views on quality, criteria, standards and learning outcomes for promoting student and labour mobility in the EAC. This was in line with Article 102 of the Treaty for the Establishment of the East African Community, which states that the Partner States agree to undertake concerted measures to foster co-operation in education and training within the Community. The Treaty further provides for, among others, the harmonisation of curricula, examination, certification and accreditation of education and training institutions in the Partner States through the joint action of their relevant national bodies charged with the preparation of such curricula.

The above was guided by the development and adoption by Partner States of; Regional Quality Assurance Framework, East African Qualifications Framework for Higher Education (2015), Staff Mobility Framework (2014), and the Students Mobility Policy (2015).

d) Facilitation of Free Movement of Professionals and Students

Initiatives undertaken to facilitate free movement of professionals and students across the region include; enhancement of staff mobility for teaching, research and community engagement; measures to ensure that students originating from the EAC benefit from equal treatment in each Partner State in terms of tuition fees, admission, credit accumulation and transfer; regional recognition of programs and mutual recognition of qualifications across the EAC; promotion and facilitation of collaborative research and exchange programs for teaching and external examination; and regional scholarships for EAC students in regional Centres of Excellence.

Stakeholders in the Validation Workshop of the EAC harmonization Fee Structure Model, 25th - 26th May 2017

e) Development of the East African Higher Education Fees Structure Model

The IUCEA continued coordinating activities geared towards completion of the development of the Higher Education Fees Structure Model for use by universities in the Partner States. The Fees Structure Model includes categorization of all costs incurred in running the institutions and the apportionment of the costs to the university's core missions of teaching, research and community engagement, as well as in provision of administrative services. In addition, the Model outlines proportions of the respective costs that students have to contribute. The harmonized Fees Structure Model is earmarked for use in the EAC Partner States to facilitate student mobility and free movement of labour within the East African Region.

f) Development of a Regional Quality Assurance Framework for East African Universities

The IUCEA developed the draft Frameworks of the benchmarks for agriculture, engineering and medicine programmes. The Framework specifies competencies, learning outcomes, contents and assessment methods for various areas of specialization in the referred areas of study. In partnership with German Academic Exchange Service (DAAD), IUCEA is working towards improved graduate studies in the region. Capacity development and improvement of quality and mobility of higher education graduates in East Africa is one of activities in the DAAD-IUCEA collaboration for the period of 2016-2021. Capacity building is one of IUCEA's strategies for sustainable mainstreaming of the regional quality assurance system that lies in the continuous human resource capacity building activities through training of academic staff from IUCEA member universities and those from the national commissions and councils for higher education in the EAC Partner States. Since 2007, three cohorts of quality assurance coordinators have been trained through a structured series of three workshops.

g) Strengthening of University Support in ICT Application for Academic, Research and Other Functions

To effectively carry out its functions in a coherent manner, the IUCEA identified the need to develop and establish the East African Higher Education Management Information System (EAHEMIS) for collection, analysis, storage and dissemination of information and data pertaining to the overall dynamics of higher education and research in the region. With initial funding from Sida, IUCEA has developed the VicRes Management Information System (VRMIS) that documents outputs from the Lake Victoria Research (VicRes) Program for purposes of facilitating sharing of data, research findings, and networking amongst researchers. The database, which has since been web-enabled (http://vrmis.iucea.org) for stakeholder access and validation, is divided into seven (7) clusters and is populated with 102 projects, 102 publications and 423 researchers. ICT hardware and software at IUCEA were upgraded through acquisition and installation of a firewall, PoE switches, telephony, video conference and security systems. The IUCEA also got connected on the optical fiber cable of 6Mbps and installed an up-to-date telephony and video conference system.

h) Support to University Academic and Networking System

In November 2016, IUCEA in collaboration with East African Business Council (EABC) and East African Development Bank (EADB) organised the Academia-Public-Private Partnership Forum and Exhibitions (APPPF) 2016 in Dar es Salaam, Tanzania, under the theme "*Quality Education, Research and Innovation as Drivers of New Economies in the East African Community*". The Forum was guided by the opening presentations and panel discussions on the following sub-themes:

• The role of the African Centers of Excellence in creating synergies for the new economies;
• Implications of the declaration of East Africa as a common higher education area; and
• Emergence and implications of the new economies within the EAC (ICT, tourism, agro-industry, financial services, oil and gas)

During the Forum, higher education stakeholders had an opportunity to showcase their innovation and products and network with potential partners.

i) Facilitation of the 2nd East African Manufacturing Business Summit and Exhibition

The IUCEA participated in the 2nd East African Manufacturing Business Summit and Exhibition themed "Harnessing the Manufacturing Potential for Sustainable Economic Growth" that took place in May 2017 in Kigali, Rwanda. The high-level Summit and Exhibition was co-organized by the East African Business Council (EABC) and the EAC with support from the Government of the Republic of Rwanda.

IUCEA's Executive Secretary was one of the panelists in the parallel session on "*Industrial Skills for Manufacturing.*" IUCEA played a key role in the Exhibitions at two levels: firstly, demonstrating what IUCEA is currently doing, especially with respect to research and innovation coordination; and secondly, supporting member universities to demonstrate their innovations (in terms of products and services) relevant to the theme of the Summit. IUCEA also facilitated three-member universities to showcase their products and services emanating from research and innovations as a way of promoting and enhancing academia-public-private partnerships. Such Universities were:

- Moi University, Kenya - Centre of Excellence in Phytochemicals Textiles and Renewable Energy (PTRE);
- INES-Ruhengeri (Institute of Higher Education), Rwanda – Department of Biotechnologies (Food Technology); and
- Mbarara University of Science & Technology, Uganda - Pharm-Biotechnology & Traditional Medicine Centre (PHARMTRAC).

j) Participation in the 1st East African Community Science and Technology Commission (EASTECO) Stakeholders' Workshop

The IUCEA participated in the East African Regional Workshop on Knowledge and Technology Transfer to support innovation and economic development, hosted by the East African Science & Technology Commission (EASTECO) on 19th June 2017 in Entebbe, Uganda. The Workshop gathered Partner States' government representatives, knowledge creators, manufacturing and business sector, and the civil society to come together in strengthening the linkages and exchange between universities and research institutions in the region as knowledge creators and technology developers, and industries as users and solution providers to market needs.

During the workshop, the EAC Partner States reviewed and validated the draft report on assessment of existing knowledge and technology transfer institutions in the Partner States and identified potential regional Centres of Excellence in knowledge and technology transfer. The workshop also reviewed the draft Regional Guidelines on Intellectual Property Rights (IPR). The Guidelines will support the use of IPR in enhancing innovation as the driving force for the economic development in the EAC region. The workshop also provided a good platform and opportunity for constructive dialogue, networking and partnerships between stakeholders in the Science Technology and Innovation (STI) Community, governments, business sector, as well as an interface for dissemination/diffusion of Research and Development (R&D) findings and technological innovation.

k) Other Networking Meetings and Conferences

The 3rd Network Meeting of the DAAD sponsored projects in the University-Business- Partnership Programme was held at the Bonn-Rhein-Sieg University of Applied Sciences Campus Sankt Augustin in November 2016. The Theme of the Meeting was "*Universities, Entrepreneurship and Enterprise Development in Africa*". The Deputy Executive Secretary, who represented the IUCEA during the Networking Meeting, discussed with key stakeholders in higher education including representatives of the German

Development Bank (KfW) the possible Masters level scholarships program to support student mobility within the EAC Partners States. Since then KfW officials have visited IUCEA for further discussions on possible collaboration areas.

l) Institutional Governance, Management and Operational Framework

Prof. Mike Kuria was appointed the new IUCEA Deputy Executive Secretary, taking over from Prof. Pontien Ndabaneze whose tenure ended on 30th September, 2016. Prof Kuria who holds a Doctorate Degree in English, was an Associate Professor of Literature at Daystar University, Nairobi, Kenya where he also served as the Director, Center for Quality Assurance.

IUCEA Staff visiting LVBC, February 2017

The IUCEA Financial Rules & Regulations 2014 were amended, and an investment committee established, comprising of the Executive Secretary as Chairperson, Deputy Executive Secretary (PFA) as Vice Chairperson, Head of Finance as Secretary, and the Deputy Executive Secretary (HRSS), Head of Planning & Development, Head of ICT, and Head of Exchange Programs, Links & Partnerships as members.

Further, IUCEA organized a staff retreat from 12th to 16th February 2017 in Kisumu, Kenya to reflect on the achievements made in the past year and enhance team building as a key ingredient in performance management. During the retreat, staff visited Lake Victoria Basin

Commission (LVBC) to interact with LVBC staff who shared with them the business conducted by LVBC, especially the programs coordinated by the Commission towards sustainable development of the Lake Victoria Basin.

The 8th IUCEA Annual Meeting was held on 30th June 2017 in Zanzibar, Tanzania. The Meeting provided an opportunity for IUCEA members and other stakeholders to share experiences and exchange ideas and recommendations on higher education matters. The Annual Meeting

Inter-University Council for East Africa (IUCEA) Annual Meeting

also considered the Action Report on matters carried over from the 7th IUCEA Annual Meeting and reports from meetings of the Executive Committee.

Budget Execution
Despite the financial contribution from Partner States at 52%, an overall performance rate of 71% in activity implementation was achieved during the financial year 2016/17. This was achieved through reallocation of resources, prioritization, and adjustments in scope of planned activities.

Challenges
The main challenge experienced by IUCEA in the course of the financial year 2016/17 was the impact of low remittances by Partner States, leading to some activities not being implemented.

The Declaration by Heads of State transforming EAC into a Common Higher Education Area

Table 11: Status of Partner States' Contributions (in US$) for the FY 2016/2017

Country	Expected for FY2016-2017	FY2016/2017 Contribution Received	% Received	Outstanding FY2016/17 as at 31st May 2017
Tanzania	824,393	503,720	61%	320,673
Kenya	824,393	822,652	100%	1,741
Uganda	824,393	824,393	100%	-
Rwanda	824,393	-	0%	824,393
Burundi	824,393	-	0%	824,393
Total	**4,121,968**	**2,150,765**	**52%**	**1,971,200**

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Lake Victoria Basin Commission

Lake Victoria Basin Commission (LVBC) is a specialized institution of the East African Community (EAC) responsible for coordinating the sustainable development of the Lake Victoria Basin. Its establishment is provided for under Article 114 of the EAC Treaty, which was operationalized by the Protocol for Sustainable Development of Lake Victoria Basin. The broad function of LVBC as espoused in Article 33 of the Protocol is to promote, facilitate and coordinate activities towards sustainable development and poverty eradication in Lake Victoria Basin. The Lake Victoria Basin Commission continues to undertake its mandates through implementation of projects and programmes in line with the Commission's Strategic Plan 2016 - 2021.

During financial year 2016/17, the Commission planned to implement key priority activities which include strengthening coordination capacity of the LVBC Secretariat and coordination of four projects and programmes namely:- Lake Victoria Environmental Management Project (LVEMPII); Population Health and Environment (PHE); Lake Victoria Water and Sanitation Project (LVWATSAN); and Planning for Resilience in East Africa through Policy, Adaptation, Research and Economic Development (PREPARED).

The key achievements registered by LVBC during the period under review were as follows;

a) Strengthening of the Coordination Capacity of the LVBC Secretariat

The Commission finalised its five-year Strategic Plan (2016-2021), which builds on the lessons learnt during the implementation of the 2nd LVBC Strategic Plan 2011-2016. The Strategy is the guiding tool for implementation of the LVBC strategic interventions defined in the 5th EAC Development Strategy 2016/17 – 2020/21, which is anchored on the EAC Vision 2050. The Commission continued to build synergies and strength cooperation with key stakeholders' Memorandums of Understanding (MoUs).

To strengthen staff capacity, the LVBC ensured adequate and quality staffing of the Secretariat by thorough filling of the four vacant established positions at Commission. The Commission revamped the statutory committees and established new teams to enhance the institutional management that includes the Human Resources Advisory Committee and the Project Development Team.

The Commission continued to enhance its fiduciary and audit functions by continuously strengthening both the external and internal audit processes and ensuring that major projects such as LVEMP II and LVWATSAN are individually audited by recruited auditors and further subjected to audit by the EAC Audit Commission every year.

During the period under review, LVBC modernised its ICT infrastructure and services through the establishment of a Tier 3 Data centre, ensuring a one to one PC to staff ratio and a server level back-up. A knowledge management strategy was developed to create a one stop knowledge hub for Lake Victoria Basin. The Commission continued with its resource mobilisation efforts during the period under review. A number of new projects already have financing agreements between LVBC and Development Partners, (for example the Integrated Water Resource Management Project, Multinational Maritime Transport and Communication, and the Climate Change Adaptation Project).

b) Lake Victoria Environnemental Management Project (LVEMP II)

The LVBC coordinated the implementation of the Basin-wide strategy and regional guidelines for sustainable land management in LVB. The Commission promoted the adoption of cleaner production technologies by industries in the Lake Victoria Basin and continued supporting fisheries monitoring and finalization of the EAC Fisheries and Aquaculture Policy. Other achievements include: support to Lake Victoria Fisheries Organisation (LVFO) to conduct fisheries monitoring synthesis events and finalization of the EAC Fisheries and Aquaculture Policy, which was adopted by LVFO Council; and finalisation of tools to monitor adherence to the gazetted harmonized municipal and industrial effluent discharge standards for mainstreaming into Partner States' respective legal and institutional frameworks.

A Fish Levy Trust Fund was established and is expected to provide long-term mechanisms for financing fisheries related interventions in and around Lake Victoria. A Green Growth in the Lake Victoria Basin Project was developed to build further on the results and lessons learnt from the on-going initiatives of the Cleaner Production Centres. The programme is funded by a Grant from the Nordic Development Fund and will be coordinated by LVBC and implemented by the National Cleaner Production Centres in Burundi, Kenya, Tanzania, Uganda and Rwanda. The programme will be implemented over a period of two years from July, 2017, with total funding of US$3.77 million.

c) Lake Victoria Water Supply and Sanitation Program Phase II (LVWATSAN II)

The Sengerema Water and Sanitation Project, one of the projects under the Lake Victoria Water Supply and Sanitation Phase II (LVWATSAN II) was commissioned at Sengerema by the President of United Republic of Tanzania H.E. Dr. John P.J. Magufuli. The Project is fully operational with a capacity of 15,840 cubic meters, serving up to 528,000 people per day.

During the period under review, LVBC through LVWATSAN coordinated and facilitated works on the finalisation of the drilling of forty one (41) boreholes in Burundi, United Republic

of Tanzania and Uganda; rehabilitation of four (4) treatment plants and construction of ten (10) new water treatment plants; construction of 578.52 km pipe length serving 309,016 beneficiaries; construction of 42 reservoirs, four (4) sludge treatment plants, 102 public toilets and six (6) landfill sites. Twenty-nine (29) tractors and trailers, 331 skips, eight (8) vacutugs and 16 exhausters were also procured for the Project.

d) Implementation of Population, Health and Environment (PHE) Program

The Commission operationalized a web-based data collection tool, KOBO Collect to improve tracking and generation of reports on the implementation of the PHE Programme. The Commission is working towards rolling out the KOBO Collect toolbox to all PHE networks in the Partner States. Key staff of the Commission were trained on the functionality and operations of the refurbished LVBC Website and PHE Web Portal.

LVBC through PHE Programme organised an exchange visit between the members of the PHE Networks of Kenya and Uganda. The mission provided a platform for exchange of ideas and sharing of best practices and experiences among the PHE Champions.

During the reporting period, the PHE program held a regional training workshop on Knowledge Management/Mobile Health from 4th to 6th October 2016 in Nairobi, Kenya. The workshop provided a platform for enhancing understanding on the knowledge management concepts and application. Several knowledge products are being developed by various stakeholders who took part in the training workshop, for example, Documentary on LVBC achievements and the PHE Video on Institutionalisation of PHE network in Uganda.

e) Planning for Resilience in East Africa through Policy, Adaptation, Research and Economic Development (PREPARED)

The PREPARED Program is a medium-term (five years) integrated environmental management program financed by the USAID East Africa. The goal of the program is to strengthen the resilience and sustainability of East African economies, transboundary freshwater ecosystems and communities.
During the period under review, the Commission

successfully organised the 5th Mara Day Celebrations in Bomet County in the Republic of Kenya, under the theme "*Conservation of Mara, My Responsibility* (***Utunzaji Wa Mara ni Jukumu Langu)"***). The celebrations raised awareness on the importance of conserving the critical Maasai Mara/Serengeti ecosystem. Further, LVBC through PREPARED finalised a Climate Change Strategy and Action Plan (LVBCCSAP) which awaits approval by the Council.

Budget Execution
The budget allocated to the Lake Victoria Basin Commission for the Financial Year 2016/2017 amounted to US$5,601,115, against the expenditure of US$ 5,586,007 thus marking budget performance of 99.5%.

Challenges
The Commission experienced a number of challenges including:-

i) Delayed submission of inputs by some Partner States leading to some activities not implemented as scheduled.
ii) Technicalities hurdles in the procurement process that continued to impede the smooth implementation of key activities; the most affected being civil works for water and sanitation infrastructure under LVWATSAN; and
iii) Delayed funds disbursement by some Development Partners.

Recommendations
i) The sustainability of LVBC and its interventions will, to a large extent, rely on the ability and commitment of Partner States to increase funding levels and disbursements to the Commission;
ii) Harmonization of policies, laws and regulatory standards is not enough in itself but implementation using agreed instruments is more important for the successful collaborative management of transboundary natural resources; and
iii) There is need to finalize ongoing negotiations with various development partners for key new projects notably the Climate Change Initiative, IWRM Programme, and Lake Victoria Maritime Transport and Communication Project, among others.

15/

Civil Aviation Safety and Security Oversight Agency

The East African Community Civil Aviation Safety and Security Oversight Agency (CASSOA) was established following the signing of the Protocol on the Establishment of the East African Community Civil Aviation Safety and Security Oversight Agency on 18th April 2007. Under Article 92 of the EAC Treaty, Partner States undertake to make air transport services safe, efficient and profitable; adopt common policies for the development of civil air transport in the region; harmonize civil aviation laws and regulations; coordinate measures and co-operate in the maintenance of high security.

Specific functions of the Agency are to: -

a) develop policies for safe, reliable, efficient and economically viable civil aviation with a view to developing appropriate infrastructure, aeronautical skills and technology, as well as enhance the role of civil aviation in support of other economic activities;

b) assist the Partner States in meeting their safety and security oversight obligations and responsibilities under the Treaty and the Chicago Convention and its Annexes; and

c) provide the Partner States with an appropriate forum and structure to discuss, plan and implement common measures required for achieving the safe and orderly development of international civil aviation through the implementation of international standards and recommended practices relating to the safety and security of civil aviation.

During the financial year 2016/17 CASSOA had planned its activities under three (3) priority areas that include the need to; enhance CASSOA's corporate image and strengthen its governance and finance structure; promote an effective and sustainable Civil Aviation Safety Oversight system; and promote an effective and sustainable Civil Aviation Security Oversight system in the region. To this effect, key achievements registered during the period under review were as follows: -

a) **Review, Harmonization and Formulation of Regulations and Technical Guidance Materials**

The Agency developed the draft EAC harmonized Model Civil Aviation (Meteorological Service for Air Navigation) Regulations, the EAC Model RPAS regulations, a Roadmap for the implementation of the Malabo Declaration by the EAC Partner States and reviewed the ICAO Universal Security Audit Program (USAP) Continuous Monitoring Approach (CMA) Corrective Action Plans.

b) **Evaluation of the Status of Implementation of Harmonized Regulations**

The Agency carried out a mission to review the process of recertification of Kenya Airways

in September 2016. The recertification of the operator was completed on 30th September 2016. Additional support in Flight Operations was also given to Tanzania Civil Aviation Authority (TCAA) prior to the Universal Safety Oversight Audit Program (USOAP) - ICAO Coordinated Validation Mission (ICVM) in March 2017. The Agency carried out a technical mission to Rwanda Civil Aviation Authority (RCAA) in May 2017.

c) **Strengthening of the Internal Audit Function of the Agency**

One internal audit was carried out in September 2016, to review the draft financial statements prior to submission to the EAC Audit Commission. The external audit was carried out in October 2016, and an unqualified audit report was issued. The Internal Auditor attended the 4th Technical Committee on Audit and Risk meeting held in May 2017.

d) **Training of Technical Personnel in Relevant Skills**

The SSP/SMS training was held in April 2017. A working group meeting to facilitate the development of the SSP was held in June 2017. Twenty-one (21) Technical Guidance Materials (TGMs) were revised, and the roadmap to achieve implementation of the SSP/SMS by 2018 as per ICAO requirements was developed.

Budget Execution
The budget approved for CASSOA during the period under review was US$2,172,325 against the expenditure of US$1,686,069. This translates to 77.6% budget execution.

Challenges
Some activities were not carried out due to unavailability of technical staff in Aerodromes and Ground Aids (AGA) and Air Navigation Services (ANS). No funding was received from the Partnership Fund to enable commencement of the procurement of Human Resources Management Software and Consultancy for Business Continuity Plan & Disaster Recovery Plan.

16/

Lake Victoria Fisheries Organization

The Lake Victoria Fisheries Organization (LVFO)'s mandate is to coordinate the management and development of fisheries and aquaculture resources in the EAC region. The main objective of the organization is to foster co-operation among the Partner States, harmonize national measures for the sustainable utilization of the fisheries and aquaculture resources of the East African Community water bodies, and to develop and adopt conservation and management measures.

During the financial year 2016/2017, LVFO focused on the following key priority areas:- strengthening of the Organization's governance structures; enhancement of stakeholder partnerships in management of fisheries resources; resource mobilisation for sustainable operations; and coordination of research programs to acquire sound scientific information for sustainable management and development of fisheries and aquaculture. The organization also focused on promotion of fish quality and safety; product development and marketing of fish and fishery products; development of aquaculture in East Africa; knowledge management and information sharing; and management of financial systems and resources. In view of the aforementioned priority areas.

The following key achievements were registered during the period under review:-

a) Clean Audit Report on Financial Statements of LVFO for the FY Ended 30th June, 2016

The EAC Audit Commission audited LVFO's financial statements and expressed the opinion that LVFO's financial statements presented fairly, in all material respects, the financial position of Lake Victoria Fisheries Organization as at 30th June 2016, and that LVFO's financial performance and its cash flows for the year were in accordance with International Public-Sector Accounting Standards (IPSAS).

b) Publication of Scientific Findings in the African Journal of Tropical Hydrobiology and Fisheries

Journal papers were sourced for and different reviewers were engaged to finalize the 14th *Volume of the Journal of Tropical Hydrobiology and Fisheries.* The Journal was posted onto the African Journals Online (AJOL) website. The Journal provides an avenue to disseminate scientific information to key stakeholders.

c) Development, Review and Implementation of Fisheries Regulations and Measures

During the financial year 2016/17, the Organization initiated the development of guidelines for management of fishing capacity, protection of critical habitats, provision of data and information on monitoring, control and surveillance operations and Beach Management Units.

d) Promotion and Support Systems and Measures for Quality Assurance, Value Addition, Trade and Marketing

With funding from *Implementation of a Regional Strategy (SmartFish)* – EDF 10, the LVFO coordinated the process of streamlining regional fish trade by developing the EAC *Harmonized Fisheries and Aquaculture Border Inspection Manual.* The Manual provides guidelines for addressing regional fish trade issues, which include: disparities in inspection and certification procedures; increased illegal; unreported and unregulated trade in immature fish; limited capacity of official controls; limited

skills and knowledge on modern food and feed safety requirements; imports of aquaculture products and inputs; fishing gears; and a weak coordination mechanism.

e) Aquaculture Management and Development

During the period under review, LVFO commenced the formulation of a project to support the promotion of Aquaculture in the EAC. The full project document is expected to be finalized during the financial year 2017/2018. The objective of the project is to tackle the key limiting factors and sustainability risks for the development of competitive and sustainable commercial aquaculture in the Lake Victoria basin.

LVFO coordinated the organization of *FAO 6th Aquaculture Network for Africa (ANAF) Annual Meeting* in December 2016 in Entebbe, Uganda. The Meeting reviewed the commitment of ANAF member countries and discussed and agreed on the draft of the four documents:- ANAF Founding Agreement, ANAF Rules of Procedure, ANAF Financial Regulations and ANAF Headquarters Agreement. The Meeting agreed on a clear strategy and concrete follow up actions leading to the establishment of ANAF as an Inter-Governmental Organization (IGO). During the meeting, it was agreed that ANAF will be hosted at AU-IBAR offices in Nairobi, Kenya.

Budget Execution
The Organization's approved budget amounted to US$2,131,422 for the financial year 2016/17, compared to an expenditure of US$1,315,313.00. The budget performance was thus 66.0%.

Challenges
i) funds for the activities or some projects expected under EAC Partnership Fund were not received, hence a delay in project implementation;
ii) the Republics of Rwanda and South Sudan are yet to submit their instruments as full members of LVFO. This has delayed the processes required for the Organization to fully integrate into EAC and put in place the structures required for effective operations; and
iii) frequent damages to some IT equipment due to interruption of power supply from the main grid.

17/

East African Science and Technology Commission

The East African Science and Technology Commission (EASTECO) is a semi-autonomous EAC Institution established by the 5th Extra-ordinary Summit of the EAC Heads of State held on 18th June 2007 in accordance with the Treaty for the Establishment of the East African Community under the relevant provisions as set out on Article 103. The overall objective of the Commission is *to promote and coordinate the development, management and application of Science, Technology and Innovation for Socio-economic development of the EAC Partner States.*

EASTECO activities in the financial year 2016/17 focused on the constitution of the governance structure of the Commission; finalization of EASTECO Strategic Plan; initial activities to support the industrial development through knowledge and technology transfer; and partnership building. These activities are embedded in the EASTECO Annual Operational Plan for FY2016/17. More specifically, the Commission planned to:- finalize the EASTECO Five-Year Strategic Plan, 2017/18 - 2021/22; convene the First EASTECO Regional Stakeholder Workshop on *Regional Consensus on Science, Technology and Innovation policy priorities*; and assess existing knowledge and technology transfer institutions in the EAC region to identify potential Regional Centres of Excellence. Plans also included developing and establishing cooperation and coordination arrangements with regional and international organizations with Science Technology and Innovation (STI) objectives; and constituting and fully operationalizing the EASTECO Board. In view of the aforementioned planned activities, the key achievements recorded at the end of the financial year 2016/17, were as follows:-

a) **Organization of the First East African Regional Workshop on Science, Technology and Innovation**

EASTECO held its first Regional Stakeholder workshop in August, 2016, in Kigali, Rwanda. The workshop was organized with co-financial support from the Rwanda National Commission for Science and Technology (NCST) and the Science Granting Councils Initiative (SGCI) in Sub-Saharan Africa. The objective of the workshop was to build consensus among national level stakeholders on regional science, technology and innovation priorities and to review the draft EASTECO Strategic Plan. Participants comprised of experts on science and technology, professionals and researchers from diverse fields and institutions representing i) EAC Partner States including National Commissions/Councils for Science, Technology and Innovation; ii) EAC Secretariat and Inter- University Council of East Africa (IUCEA); iii) National Academies of Science; iv) National Industrial Research and Development organizations; and v) Civil Society representatives of Non-Governmental Organizations (ACTs, EARIMA), African Regional Economic Communities (notably SADC, COMESA), and Development Partners (IDRC, DFID, NRF) also participated in the workshop.

The workshop provided an opportunity for sharing of experiences from other regional economic communities (notably SADC and COMESA) and other EAC Institutions (notably IUCEA). Options for East Africa's science, technology and innovation regional priority areas and targets were discussed based on the EAC Vision 2050, the EASTECO mandate and situation analysis of STI in the EAC region. Domains of cooperation in STI between EAC Partner States were identified to include:

i) policy formulation and harmonization;
ii) resource mobilization;
iii) capacity building;
iv) diffusion (of scientific information) and mobility (of researchers), and commercialization (of R&D findings);
v) indigenous technology development and use; and
vi) Infrastructure (with Centers of Excellence, R&D institutions).

The workshop further identified areas to constitute the regional priorities for science, technology and innovation to include; value addition in agriculture; energy and environment; biosciences and biotechnology; export-oriented industrialization and trade; and cross-cutting areas composed of information and communication technology (ICT).

Participants during the First EAC Regional STI Stakeholder Workshop

b) The EASTECO Five-year Strategic Plan 2017/18 -2021/22

The EASTECO Five-year Strategic Plan 2017/18 - 2021/22 was approved by the EAC Council at its 35th Ordinary Meeting held in Arusha, Tanzania, on 4th April 2017.

c) Assessment of Existing Knowledge and Technology Transfer Institutions in the EAC Region

To enhance the EAC region's capacity for scientific and technological innovation, there is a need to support innovation systems and the translation of scientific advances and ideas into products for the benefit of the EAC Partner States' socio-economic development. In this regard, the EASTECO commissioned a study to assess existing Partner States' knowledge and technology transfer institutions in order to enhance the management and exploitation of the research results and identify potential Regional Centres of Excellence in technology transfer. The assessment covered more than 160 science, technology and innovation institutions in Partner States. The indicators and criteria for scoring the assessed institutions included: financial; leadership; internal business processes; stakeholder satisfaction (knowledge users and funders); innovation; and improvement.

d) Constitution of EASTECO Governing Board

All Partner States nominated their representatives to the EASTECO Governing Board. The Governing Board held its First Meeting on 21st June 2017. Five (5) Board Committees have been established namely; i) Committee on STI Policies and Regulations; ii) Committee on Research and Innovation Development; iii) Committee on Finance and Administration; iv) Committee on Outreach and Partnerships; and v) Committee on Audit and Risk.

e) Recruitment of Staff

During the period under review, one additional staff was recruited to fill the position of the Principal Officer, Innovation, Technology Development and Acquisition. At the end of the reporting period, the staff position at the Commission was as follows:-

EASTECO Governing Board members during their 1st meeting of the Board on 21st June 2017

Table 12: Number of EASTECO Staff

Positions	Established Staff	Recruited	Percentage (%)
Executive Secretary	1	1	100
Professional Staff	19	4	21
General Staff	6	6 **	100
Total	**26**	**11**	**42**

Notes: ** 4 out of the 6 General Staff are on temporary basis.

f) EASTECO Website

The Commission commenced the development of its website in order to increase the visibility of EASTECO. The Website, www.easteco.org, was finalised at the end of July 2016 and is fully operational.

Budget Execution
The budget approved for EASTECO during the financial year 2016/17 was US$1,196,138. Expenditure was US$1,017,130, translating to 85% budget execution.

Challenges and recommendation
The major constraints faced by EASTECO during the period of reporting were:

a) Inadequate staffing, as the available professional staff are fewer than the number required for efficient implementation of activities;

b) Delayed constitution of the Governing Board as the Board was fully constituted in the fourth Quarter 2016/17;

c) Inadequate budget; in view of the number of activities under EASTECO Annual Operational Plan, the budget for programmatic activities represented only 16% of the total approved budget;

d) Delayed disbursement of funds, as funds were received towards the end of the financial year; and

e) As EASTECO is a new EAC institution, there is a need for Partner States to provide adequate financial resources to recruit staff and cover programmatic activities costs to enable the Commission to effectively and efficiently deliver on its mandate.

18/

East African Community Competition Authority

The East African Community Competition Authority (EACA) is a semi-autonomous institution of the East African Community. It is a new institution of the Community located in Arusha, United Republic of Tanzania. The EAC competition legal framework is provided for by virtue of Article 75 (i) of the Treaty for the Establishment of the East African Community, Article 21 of Protocol on the Establishment of the EAC Customs Union, Article 33 of the Protocol on the Establishment of the EAC Common Market Protocol and Section 37 of the EAC Competition Act, 2006. The EACA Act came into force in December, 2015[4].

The EACA's mandate is to promote and protect fair trade and provide for consumer welfare in the Community.

The Act applies to all economic activities and sectors having cross border effect. The EACA is empowered to achieve its mandate by regulating cross-border mergers and acquisitions; Partner States' subsidies; prohibition of cross border infractions, including abuse of dominance and concerted practices; and prohibition of issues that affect consumers.

During the financial year 2016/17, the EACA prioritised its operations by establishing the requisite infrastructure, both human capital and systems. To achieve this, the EACA planned the following key activities: (i) appointment of the Ad Hoc EAC Competition Authority Commissioners (Commissioners) as provided for under Section 38 of the Act. The Commissioners are required to ensure effective implementation and enforcement of the Act; (ii) recruitment of the key staff as per the Council directive *(EAC/CM 30/Directive 68)*[5] to operationalize the activities of the EACA; (iii) development of the EACA's Rules of Procedure, which are expected to guide the EACA in the conduct of its affairs; (iv) a Competition Assessment Study to assess the level of competition in the key sectors; (v) development of the EACA's Strategic Plan; and (vi) development of toolkits, that include; regulations, rules and guidelines to create transparency and predictability in the EACA's decision making process, and reduce transaction costs incurred by investors.

During the period under review, the EACA achieved a number of milestones including:-

a) Appointment of Commissioners in September, 2016, and swearing-in in November, 2016;

b) Recruitment of the Deputy Registrar, Mergers and Acquisitions in September, 2016;

c) Induction Workshop for the Commissioners and staff in February, 2017. The workshop aimed at sensitizing and building capacity in order to develop and implement the necessary regulatory actions to operationalize the regional competition framework. The workshop provided a primer on principles of competition policy and law; shared examples and experiences on institution-building and strengthening of effectiveness among regional competition agencies from other jurisdictions; highlighted key areas to develop a robust regional merger control framework for EAC; and shared examples and experiences on the impact of state aid and cross-border cartels on competition at regional level;

d) Undertook Study, with support from the World Bank, to review the EAC merger framework to establish gaps in the framework and propose recommendations in line with international best practice. The Study report outlined key recommendations to make the merger regime effective, including amendment of the Act to provide for notification thresholds; and establishment of pre-notification consultations;

e) Reviewed the Merger and Acquisitions Notification Form EACCA 1, which is provided for under the EAC Competition Regulations, 2010, in line with international best practice to expound on the requisite information required during a merger analysis;

[4] EAC Gazette Notice 23rd January, 2015 Legal Notice No EAC/2/ - EAC Act came into force
[5] The 30th Meeting of the Council of Ministers held on 28th November 2014 approved the proposed Structure of the EAC Competition Authority (EAC/CM 30/Decision 68), and directed the Secretariat to initiate the process of recruitment of a Registrar and two Deputy Registrars and other general staff - Personal Secretary, Accounts' Assistant and a driver (EAC/CM 30/Directive 68).

f) Developed a Merger and Acquisition Manual which sets out the internal procedures to guide the EACA when reviewing mergers and acquisitions. The main thrust of the Manual is to ensure consistent adherence to sound investigative techniques guaranteeing an in-depth and satisfactory investigative process;

g) Developed Terms of Reference (TORs) for the formulation of EACA's Strategic Plan. The Strategic Plan will stipulate the roadmap or direction the EACA will take for effective and efficient implementation of its mandate;

h) Developed Terms of Reference for the Study on Competition Assessment in the EAC Region; and lastly

i) Developed draft EAC Competition Authority Rules of Procedure, 2017.

Budget Execution
The budget allocated to the EACA amounted to US$1,587,565 of which cash received from the General Reserve (Partner States' contribution) was US$841,365 and US$746,200 was funded from Development Partners for the financial year 2016/2017, with an expenditure of US$184,592. The budget execution was thus around 12%.

Challenges and Recommendations
The Authority experienced the following challenges during the period under review:-

i) Inadequate human resources - although the EACA's approved six (6) vacant positions were advertised, only one (1) staff (Deputy Registrar Mergers and acquisitions) was recruited. Staff number is not adequate to handle the enforcement matters as stipulated in the Act and other administrative issues regarding the setup of the Institution.

Competition regulation is a new focus area in the region and getting the staff with requisite skills is challenging. Cognizant of this, technical assistance programmes would need to be sourced to provide professional consultants who may assist in developing tools necessary for enforcement of the competition law. Also

temporary staff will need to be employed to fill the gaps. It is expected that the approved vacant posts will be filled and after the approval of the ongoing EAC Job Evaluation and Work Load Analysis are undertaken, the EACA shall populate its organizational structure for consideration.

ii) Budgetary constraints - despite proper prioritization of the issues the EACA planned to undertake, the limited resources strained its ability to perform. The Act clearly stipulates that the EACA will be funded from the budget of the Community. However, currently the EAC emphasis is on cutting costs and zero increase in budgets due to financial constraints. The EACA's allocation for the year under review was US$1,587,565. The funds were minimal as the EACA endeavours to build the requisite infrastructure and systems. The EACA is new and requires the support of Partner States in order to achieve its mandate. The EACA will also be expected to raise financial resources through other means such as notification fees and also seek technical assistance from Development Partners.

iii) Limited Competition Culture in the region - low appreciation of the benefits of competition. This contributes to distortions in the regional markets. This situation is exacerbated further by the fact that development of competition law in the region is low. In particular, it is the United Republic of Tanzania and Republic of Kenya which have operational national competition agencies. The Republic of Rwanda and Republic of Burundi have enacted laws, which are yet to be operationalized. The Republic of Uganda and Republic of South Sudan have draft competition bills. The above rugged terrain posits for accelerated initiatives towards levelling competition policy and law development across the Partner States. It is envisaged that once the EACA becomes fully operational, the process of operationalizing competition laws in Partner States will be actualized and enhanced. To ameliorate this situation, the EACA will roll out awareness raising activities targeting key stakeholders within the region with the objective of ensuring that the benefits of competition are understood and realized.

19/

East African Development Bank

The East African Development Bank (EADB) is a [development finance institution](#) with the objective of promoting development in the member countries of the [East African Community](#). The Bank was established in 1967 with the remit to provide financial and other support to its member countries, which currently are Kenya, Tanzania, Rwanda and Uganda. Burundi has also applied to become a member state of the Bank.

The EADB's loan portfolio is spread widely, but more than 60% of its lending is to projects in health and education, hotels and tourism, construction and building, electricity and water, and agriculture; all of which are central to the current and future prosperity of the region and its people. During financial year 2016/17 the Bank recorded a number of achievements, among which are:-

a) Solid and Sound Financial Performance

The Bank' financial position is solid with strong liquidity. Following its strong performance, the EADB continues to receive positive rating internationally. The Bank has been rated **Baa3** with stable outlook by Moody's Investor services for three consecutive years since 2015. The Bank's key strength lies in strong capital buffers, which remains among the highest in Moody's multilateral development bank universe, with asset coverage ratio of 120% and high liquidity position.

b) Enhanced Partnership with Multilateral Development Financial Institutions

(i) Partnership with KfW Germany

On 17th March 2017, EADB signed a financing agreement with KfW, a German state-owned development bank to finance Kenya's small farmers under the 'Agricultural Financing Kenya' project. The project is funded by the German government as part of the wider '*One World – No Hunger' initiative*. The project with funding of €13 million will focus on agriculture sector's small and medium enterprises (SMEs) and farmers along the value chain in Kenya. The EADB will be the implementing agency for the project. The program follows a model similar to a previous project by KfW in which EADB delivered over €20 million in financing to SMEs in rural Uganda and the country's agricultural value chain.

(ii) Partnership with French Development Agency (AFD)

Currently, discussions are underway between the EADB and AFD for a potential line of credit and technical assistance amounting to US$20 million for on-lending to SMEs.

(iii) Medical Training and Fellowship Programme (METAF)

The EADB continues to implement the medical training and fellowship programme. The program is a four-year term (2017-20) that aims to increase the early detection, research and treatment of cancer and neurological diseases in East Africa, especially in communities and areas where access to qualified professionals remains a challenge. Funded by EADB, the METAF programme is delivered by the British Council in partnership with the Royal Council of Physicians (RCP), who act as the technical partner. The training was officially launched in 2016 and has already benefitted a number of doctors and their communities. To date, 85 doctors have received training in neurology and 175 doctors trained in oncology.

(iv) Science, Technology, Engineering and Math's (STEM) University Scholarship

The Bank continues to implement the Science, Technology, Engineering and Math's (STEM) University Scholarship Programme that offers multiple fast-track 12-month scholarships to experienced teachers and lecturers that have a bachelor's degree in the STEM subjects. Successful scholars are offered the opportunity to pursue a graduate degree in the same fields at Rutgers University, New Jersey, the United States of America.

Three scholars graduated in August 2017 from a program that started in September 2016. In 2017, the EADB has sent four scholars from East Africa to pursue similar training.

(v) Strengthening Capacity on Extractive Industry Contract Negotiations in East Africa

EADB continues its partnership with DLA Piper, a global law firm, towards strengthening capacity related to extractive industry contract negotiations in East Africa. This partnership takes the form of co-hosting regional training seminars aptly themed *Extractive Industries Training*. These high-level symposiums have been designed to endow and sharpen the skills of the public sector lawyers involved in structuring, negotiating transactions, and drafting agreements for and on behalf of Government in extractive sectors and other large scale projects. Four workshops have taken place since 2015 and 176 judges and lawyers from public sector have been trained.

(vi) Partnership between the EADB and UNFCCC- RCC Kampala

In 2017, the United Nations Framework Convention on Climate Change (UNFCCC) Regional Collaboration Centre (RCC)-Kampala, with the support of its host partner- EADB, engaged various stakeholders in the region resulting in the formation of instrumental partnerships towards low-carbon/climate resilient development in the East Africa region. The following are some of the activities conducted by RCC:-

- Regional workshops for airlines on compliance with the Carbon Offset and Reduction Scheme for International Aviation (CORSIA), recently agreed by the ICAO;
- Workshop to support the Government of Rwanda to turn its Nationally Determined Contribution (NDC) into action, the workshop took place in April 2017;
- RCC Kampala and EADB participation in a series of events on mainstreaming green growth in Uganda's economy, organized by the Global Green Growth Institute;
- A workshop to build capacity for private sector stakeholders and government institutions in Ethiopia on management of Clean Development Mechanism (CDM) activities and the role of climate finance therein. The workshop took place in August 2017;
- A Consultative Expert Dialogue on Carbon Pricing. The workshop took place in Nairobi on 5th – 6th October 2017 bringing together stakeholders from both the public and private sector to discuss the potential of carbon pricing in Africa; and
- Support of several local projects and initiatives implementing the Clean Development Mechanism (CDM).

20/

Conclusion and Recommendations

The EAC Annual Report 2016/17 has highlighted the remarkable progress that the Community made in advancing the EAC integration agenda as enshrined in the EAC Treaty.

The gazettement and publication of the EAC Elimination of Non-Tariff Barriers Act 2017, gazettement of 106 East African Standards for the most commonly traded goods like textiles and apparel, leather and leather products, cereals and pulses, oil seeds, fats and oils, packaging, nutrition and foods for special dietary uses were key milestones in facilitating free movement of goods across the region.

The declaration by the Council of 1st October, 2016, as the commencement date for the EAC Vehicle Load Control Act, 2016 and the EAC One Stop Border Posts Act, 2016, and the upgrading of border posts to OSBPs have led to remarkable reduction in transport costs and increase in intra-EAC trade. Of the 15 border posts being upgraded to OSBPs, nine were completed and operationalized while the construction of the remaining six is nearing completion. With these initiatives, it is important to note that the Community is making great strides in facilitating the free movement of factors of production across the region.

Progress in the implementation of the East African Monetary Union (EAMU), the third pillar in the EAC Integration process is also promising.

In April 2017, Bills for the establishment of the EAC Monetary Institute and EAC Bureau of Statistics were cleared by the EAC Council of Ministers and forwarded to EALA for enactment. The progress made so far indicates that the 2024 timeline for the establishment of the Monetary Union is achievable.

Notwithstanding registered achievements, the Community continues facing a number of challenges which led to non-implementation of some planned activities. The key challenges include late disbursements of funds by both Partner States and Development Partners, limited staffing levels in EAC Organs and Institutions, delays in the finalization of the EAC institutional review and alternative sustainable financing mechanism for the Community.

To address the challenge of inadequate funding, it is recommended that the institutional review process be expedited to provide EAC Organs and Institutions with adequate staffing levels and financial resources to fund activities to enable the Organs and Institutions to effectively execute their mandates. It is also recommended that intensive resource mobilization efforts should be instituted to support the implementation of the Community projects and programmes.