



EAST AFRICAN COMMUNITY



EAC ANNUAL

**THE NATIONAL ASSEMBLY
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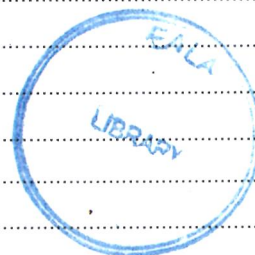
FINANCIAL YEAR 2016/2017

Laid on Table
by the Chairperson
Council of Ministers
on 7th March 2019

Apex SCA

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LIST OF ABBREVIATIONS/ACRONYMS

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

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; gazettment and publication of the EAC Elimination of Non-Tariff Barriers Act 2017; and gazettment 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 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 looks achievable. It is also worth noting progress made in the preparations of the 5th EAC Development Strategy 2016/17 – 2020/21, which its draft 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.

Hon. Amb. Olivier Nduhungirehe
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. The report captures the progress made in the implementation of planned activities and achievement of targeted results. The achievements registered this year builds upon progress made in the previous years as follows:

5th Secretary General's Forum

In regards with the objective to promote 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 experienced in 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 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).

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. Among 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 to 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 so far been signed by eighteen (18) Member/Partner States, 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 are now awaiting 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 looks 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 launched 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 Sectors Development

Key milestone 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 has been 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 against 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 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 of 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 at establishing 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 and outside the region.

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 in 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. The project 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 on 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 among others; 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

1 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.