



EAST AFRICAN COMMUNITY

10TH SUMMIT OF EAC HEADS OF STATE

**Ngurdoto Mountain Lodge, Arusha, Tanzania
28th - 29th April, 2009**

**PROGRESS REPORT OF THE COUNCIL OF MINISTERS
(For the period July 2008 - April, 2009)**

**EAC SECRETARIAT
Arusha, Tanzania
April, 2009**

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A: ACRONYMS AND ABBREVIATIONS

AfDB	African Development Bank
AGOA	African Growth Opportunity Act
AUC	Africa Union Commission
AU	African Union
CASSOA	Civil Aviation Safety and Security Oversight Agency
CCPAD	Corporate Communications and Public Affairs Department
CCRF	Code of Conduct for Responsible Fisheries
CEN-SAD	Central Community of Sahelo-Saharan States
CET	Common External Tariff
CISO	Confederation of Informal Sector Organizations
COMESA	Common Market for East and Southern Africa
CPA	Commonwealth Parliamentary Association
CSO	Civil Society Organization
DEWG	Defense Expert Working Group
EABC	East African Business Council
EAC	East Africa Community
EACJ	East African Court of Justice
EADB	East African Development Bank
EALA	East African Legislative Assembly
EALGA	East African Local Governments
EAPI	East African Parliamentary Institute
EASTECO	East African Science and Technology Commission
EATWCA	East African Tourism and Wildlife Co-ordination Agency
EC	European Commission
ECCAS	Economic Community of Central African States
EDF	European Development Fund
EPA	Economic Partnership Agreement
ESA	Eastern and Southern Region
EU	European Union
FTA	Free Trade Area
GMOs	Genetically Modified Organisms
ICAO	International Civil Aviation Organisation

ICT	Information and Communication Technology
ICTR	International Criminal Tribunal for Rwanda
IGAD	Intergovernmental Authority on Development
ITB	<i>Internationale Tourismus Bourse</i>
ILO	International Labour Organization
IOC	Indian Ocean Commission
IPU	Inter-Parliamentary Union
IUCEA	Inter-University Council of East Africa
JTEC	Japan Telecommunications Engineering Company
KAFTEC	The Kenya Air Force Technical College
LVBC	Lake Victoria Basin Commission
LVFO	Lake Victoria Fisheries Organisation
MOU	Memorandum of Understanding
MTEF	Medium Term Expenditure Framework
NAPAS	National Adaptation Programmes of Action
NBS	National Standards Institutions
NMC	National Monitoring Committee
NTBs	Non-Tariff Barriers
PAP	Pan African Parliament
RECs	Regional Economic Communities
SADC	Southern African Development Community
SALW	Small Arms and Light Weapons
SMEs	Small Medium Enterprises
SPS	Sanitary and Phytosanitary
SQMT	Standardization, Quality Assurance, Metrology and Testing
UFIR	Upper Flight Information Region
UN	United Nations
USOAP	Universal Safety Oversight Audit Programme
WTM	World Travel Market

B: LIST OF TABLES

Table I	Five Year Internal Tariff Elimination
Table II	Consolidated East African Community Budget

EXECUTIVE SUMMARY

This Progress Report summarizes the integration activities undertaken by the Community for the period of July 2008 to April, 2009. The focus of these activities was the consolidation of the implementation of the Customs Union; the commencement of the preparatory activities leading to the negotiation process of the East African Common Market Protocol; recruiting additional staff for the Secretariat and the concretization of regional projects and programmes in various sectors as well as the national consultative process on the fast tracking of the East African Political Federation.

The Report is divided into twelve parts covering the following salient matters;-

- (a) Customs Administration- highlighting achievements that have been registered on application of the East African common external tariff and internal tariff reduction; application of the Customs law and regulations of the Community in Partner States; review of change in the tariff heading criterion under the EAC rules of origin; proposal on amendment of Article 24(2) of the Protocol on the Establishment of the East African Community Customs Union; and progress made on the implementation of trade and transport facilitation project.*
- (b) Trade, Finance and Investments - highlights the achievements on export promotion; competition policy and law; EAC-EPA negotiation; Standardization, Quality Assurance Metrology and Testing, (SQMT); COMESA-EAC-SADC tripartite co-operation in SQMT and Jua Kali/Nguvu Kazi exhibitions.*
- (c) Planning and Infrastructure - highlights progress achieved on the implementation of East African Road Network project; railway; civil aviation; communication; metrology and statistics.*
- (d) Productive and Social Sectors – covering developments and progress made in Agriculture and Food Security; Livestock development with emphasis on prevention and control of animal trans-boundary diseases; energy, specifically on the implementation of the East African Power Master Plan, the Namanga cross border electrification project; formulation of the refineries development strategy and regional strategy on scaling up access to modern energy services and Dar es Salaam –Tanga – Mombasa Gas pipeline; Tourism and Wildlife Management, specifically on the implementation of East African tourism marketing plan and strategy, operationalization of the East African Tourism and Wildlife Coordination Agency, familiarization tours for East African actors responsible for tourism and wildlife, standardization and classification of hotels and other accommodation facilities; facilitation of the movement of persons, immigration, labour/employment and refugees management; Education, Science and Technology, Culture and Sports, specifically on the establishment of the EAC Centers of Excellence, regional study on harmonization of the East African education systems, formation of a forum for Ministers responsible for social development, finalization of bills for the establishment of the East African Science*

and Technology Commission and the East African Kiswahili Commission, and the East African Community anthem; Gender, Community Development and Civil Society Mobilization and Environment and Natural Resources.

- (e) *Legal and Judicial Affairs – highlights the achievements made in co-operation in legal and judicial affairs include the ongoing review of the Treaty, preparation of Bills and enactment of legislation, conclusion of Protocols, development of a Protocol to Operationalise Extended Jurisdiction of the East African Court of Justice, Regional Judicial Training and Approximation of Municipal Laws in the East African Community Context.*
- (f) *Political Affairs – covering progress made in the national sensitization and consultations on the EAC Political Federation, development of an EAC framework on good governance, development of the EAC Protocol on preventing and combating corruption, implementation of the EAC plan of action on promotion and protection of human rights and operationalization of the EAC forum of national electoral commissions; International Relations -with emphasis on upgrading the MOU on Foreign Policy Co-ordination into a Protocol, joint support for candidatures/candidates for international positions, collaboration with African Union, and conclusion of a Protocol on Immunities and Privileges of the East African Community; Peace and Security – reflecting the conclusion of an East African Peace and Security Protocol and the establishment of the Directorate of Peace and Security, conclusion of an EAC early warning and response mechanism, development of an EAC conflict prevention, management and resolution framework, implementation of the AU capacity building project for regional economic communities and the European Union ; Eastern and Southern Africa region conflict prevention management and resolution project.*
- (g) *Co-operation in Defence – covering the progress made in upgrading the 1997 Memorandum of understanding for co-operation in defense into a Protocol; military training; military exercises; technical assistance and visits and exchange of information.*
- (h) *Human Resources and Administration- an overview of progress made in the operationalisation of the roadmap to integrate the Republic of Rwanda and the Republic of Burundi; outcomes of the strategic workshops and retreats; development of standards human resource policies and procedures manual; upgrade of automation systems at the EAC Secretariat; and the East African Community website.*
- (i) *Information and Library Services – covering the EAC on-line reports database; information sharing and networking; deposit libraries in the Republic of Rwanda and the Republic of Burundi; the EAC Re- Branding Project ; and the EAC 10th Anniversary celebrations.*

- (j) *Organs of the Community – covering development and achievements of the East African Legislative Assembly in enactment of legislation and exercise of oversight powers; the East African Court of Justice including formulation of the rules of procedures for the Court ; and sensitization on arbitration jurisdiction and institutional capacity.*

- (k) *Activities of the Institutions of the Community – indicating development at, and achievements of the East African Community Civil Aviation Safety and Security Oversight Agency; the Inter- University Council for East Africa; the Lake Victoria Basin Commission and the Lake Victoria Fisheries Organization.*

The Council recommends to the Summit to take note of the progress made on various projects and programmes and to give directions on the further development of the Community. In respect of Customs Administration and Management, the Council seeks specific decisions of the Summit as indicated in the attached report.

1.0 CUSTOMS ADMINISTRATION

1.1 INTRODUCTION

The East African Community Customs Union is now in its fifth year of implementation which is the last year of the transitional period. The main thrust of implementation has been focused on harmonisation of customs and trade instruments, and the uniform application of these instruments in the Partner States. The report outlines progress on the development and implementation of the various instruments and project undertaken by the Directorate of Customs.

1.2 EAC COMMON EXTERNAL TARIFF

The application of the EAC Common External Tariff (CET) as a tariff policy instrument has been consistent and supports the objectives of liberalizing intra-regional trade in goods, promotes efficiency in production and enhances investment in the Community. In response to the dynamic economic environment, the Council, in exercise of powers conferred by Article 12 of the Protocol on the Establishment of East African Community Customs Union, have reviewed duty rates on specific tariff lines under the pre-budget consultation framework. The changes were accordingly published in the EAC Gazette for implementation during the period under review. The reviews were informed by research and analysis undertaken by the Secretariat and experts from Partner States to determine demand, production capacity, potential supply in the region and price competitiveness.

1.3 INTERNAL TARIFF REDUCTION PROGRAMME

On 1st January, 2009, the EAC internal tariff elimination programme entered the 5th phase of reduction on specified goods imported into Tanzania and Uganda originating from Kenya. A complete free tariff marking the end of the transitional period of a full fledged Customs Union will be attained on 1st January, 2010. Duties on 400 products from Kenya imported into Uganda have reduced to 2%. In the case of goods imported into Tanzania from Kenya, 146 items attract 5%, 15 attract 3%, 20 attract 2%, and 516 attract 1%, 168 products have moved to 0% as indicated in the table below.

The Directorate continued to monitor the phase down process provided the necessary guidance.

Table 1

Five Year Internal Tariff Elimination							
Year	UGANDA	TANZANIA					
	426	14	15	20	516	112	54
2005	10	25	15	10	5	3	2
2006	8	20	12	8	4	2	1
2007	6	15	9	6	3	1	0
2008	4	10	6	4	2	0	0
2009	2	5	3	2	1	0	0
2010	0	0	0	0	0	0	0

1.4 APPLICATION OF THE EAC CUSTOMS MANAGEMENT ACT AND REGULATIONS

The uniform application of the Customs Law and Regulations of the Community in the Partner States has progressed well. Amendment of the EAC Customs Management Act, 2004 has been undertaken by the Council and enacted by EALA to cater for the trade and business environment. Two Amendments Acts were enacted during the period under review. A re-printed EAC Customs Management Act, incorporating all the amendments since 2005 has been published for distribution to the Partner States.

The Council adopted the Working Arrangement Regulations between the Directorate of Customs and the Partner States Customs Administration as provided for under Section 4 (3) of the EAC Customs Management Act, to facilitate close working arrangements between the Directorate of Customs of the Secretariat and Customs of Partner States. The EAC Duty Remission Regulations were adopted by the Council and have been operationalised in the Partner States. Gazettement of qualifying manufactures is regularly done to enable them to utilize the EAC Tax incentive system.

1.5 REVIEW OF CHANGE IN TARIFF HEADING CRITERION UNDER THE EAC RULES OF ORIGIN

Implementation of the EAC Rules of Origin as a policy instrument which is intended to promote production and intra-EAC trade has progressed well. The Council at its 17th meeting lifted the stay of the criteria on change of Tariff Heading under the EAC Rules of Origin following a successful completion of its review. The review and modification of the EAC Rules of Origin which is an annex to the Protocol Establishing the EAC Customs Union has to be approved by the Summit in accordance with Article 42 (2) (1) of the same Protocol in order to make it take effect.

1.6 AMENDMENT TO ARTICLE 24(2) OF THE PROTOCOL ON THE ESTABLISHMENT OF THE EAST AFRICAN COMMUNITY CUSTOMS UNION

Following the admission of the Republic of Rwanda and the Republic of Burundi into East African Community, the Council has proposed the amendment of Article 24 (2) of the Protocol on the Establishment of the East African Community Customs Union to cater for the participation of members from Rwanda and Burundi in the Committee on Trade Remedies.

The Council amendment enables each Partner State including Rwanda and Burundi to nominate three members. The amended provision reads:

"The Committee shall be composed of members, qualified and competent in matters of trade, customs and law"

1.7 PROGRESS ON THE EAST AFRICA TRADE AND TRANSPORT FACILITATION PROJECT

The Directorate of Customs with support from the African Development Fund is currently undertaking a number of activities to enhance harmonisation customs processes and facilitate trade. The programmes being supported include among others studies for the development of the EAC Customs strategy, EAC Customs Procedures and manuals/user guides, Customs Union Monitoring and Evaluation mechanisms, EAC Customs Curriculum and EAC Regulations on Customs Compliance and Enforcement

The project also covers the implementation of a Regional Customs IT interconnectivity system that integrates the Partner States Customs computer systems in line with international best practice in order to enhance efficiency for seamless exchange of customs information among Partner States. It will also involve establishment of regional customs compliance database.

1.8 TRAINING AND SENSITISATION

As part of its activities, the Directorate of Customs conducted training and sensitization workshops for public and private sector stakeholders in the Partner States. The main objective was to discuss implementation aspects of the Customs Union and ensure the involvement of stakeholders in the policy formulation process. The programme covered traders, manufacturers, clearing agents, customs officials, chambers of commerce and farmers from the five Partner States.

1.9 EVALUATION OF THE IMPLEMENTATION AND IMPACT OF THE EAC CUSTOMS UNION

A study to evaluate the implementation and impact of the EAC Customs Union since 2005 by the three original Partner States has been undertaken and a final report is being developed. The findings and recommendations of the impact study will be considered by the Sectoral Council on Trade, Industry, Finance and Investment at its meeting in May/June 2009. The areas covered by the study were:

- (i) Evaluation of the impact of the CU in relation to (a) trade performance, (b) revenue performance, (c) investment flows, (d) application of the main instruments of the CU [namely: the CET, EAC CMA, internal tariffs, rules of origin, customs regulations, etc], (e) elimination of non-tariff barriers, (f) awareness of the CU by the stakeholders, (g) information exchange between the executing agencies, including but not limited to the customs administration, Directorate of Customs, etc.
- (ii) Identification of the challenges in implementation of (i) above;
- (iii) Proposed measures to address the gaps identified in (ii) above;
- (iv) Proposed policy measures on the consolidation of the CU from a transitional level to the fully fledged CU; and
- (v) Assessment of the performance of the institutional framework for the implementation of the CU as prescribed under the EAC Customs Management Act in the Partner States.

The Council recommends to the Summit to:

- (a) take note of progress in Customs Administration;
- (b) approve the reviewed EAC Rules of Origin in accordance with Article 24 (1) of the Protocol on the Establishment of the EAC Customs Union; and
- (c) approve the proposed amendment of Article 24 (2) of the Customs Union Protocol.

2.0 TRADE, INDUSTRY, FINANCE AND INVESTMENT

2.1. TRADE

2.1.1. Export Promotion

The Directorate of Trade has prepared a draft roadmap towards the effective export promotion in the East African Community. The document was presented to the EAC Meeting of Stakeholders in Export Promotion held on 10th - 12th December 2008 in Nairobi, Kenya. The document underlines some of the main challenges to the implementation of the roadmap.

Furthermore, the Directorate of Customs and Trade organized a meeting in Bujumbura, Burundi on 12th – 13th February, 2009 to prepare for the up coming 8th US-Sub-Saharan African Trade and Economic Cooperation Forum or African Growth and Opportunity Act, (AGOA) Forum to be held in Nairobi, Kenya in August, 2009.

2.1.2. Competition Policy and Law

In order to operationalise the EAC Competition Act 2006, during the second half of 2008, the Directorate of Customs and Trade organized three expert meetings to draft and finalize the EAC Competition Regulations. The regulations were finalized in December 2008 in Entebbe, Uganda during a meeting of the Competition Authorities. Subsequently, the Draft EAC Competition Regulations were endorsed by the Heads of Competition Authorities during the Dar-Es-Salaam (2nd – 6th February 09) meeting of Heads of Competition Authorities. In line with the road map for the operationalisation of the EAC Competition Act and the establishment of the EAC Competition Authority, the regulations shall now be forwarded to the Committee on Trade, Industry and Investment, for consideration.

2.1.3. EAC- EPA Negotiations

The EAC Partner States and the European Commission (EC) continued with the Economic Partnership Agreement (EPA) negotiations. Except for market access offers, that are now finalised by both parties (EAC Partner States and the EC), negotiations are ongoing in all the clusters as hereunder:

- (a) Market access: (Sanitary and Phytosanitary Measures, Technical Barriers to Trade, Customs and Trade Facilitation) both parties have finalized negotiations except for a few provisions under the scope of cooperation and development;
- (b) Studies: The study on Trade in Services was finalized and has been validated by the Partner States. They noted that this study would not move the process forward but nonetheless contain important recommendations that would be drawn upon. The study on Rules of Origin is already being validated by the EPA experts and bilateral negotiations on this subject will subsequently be launched. Other ongoing studies include Agriculture, EAC Development Strategy in the Context

of EPA, Development Matrices (with and without indicative costs) and benchmarks for monitoring and evaluation of EPA;

- (c) Agriculture: The Secretariat has secured a total of US\$ 112,000 from Kilimo Trust, to undertake a strategic study to support evidence-based negotiation position of the EAC with respect to agriculture sector between EAC and European Commission. The study will identify the potential social economic implications arising from the implementation of EPA and provide for mitigating measures aiming at reducing the likely negative impacts on agricultural sector in the region. The study is expected to be completed by end of May 2009.
- (d) Development and Economic Co-operation: In the meantime text-based negotiations on Development and Economic Cooperation are ongoing. The studies on development related issues are aimed at informing the Partner States position on EPA negotiations and particularly seek additional resources over and above the European Development Fund (EDF) 10. These resources would be instrumental in mitigating supply side constraints and related adjustment costs associated with EPA negotiations;
- (e) Trade in Services: The Partner States have resolved to continue with regional EPA negotiations and also prepare and fill gaps at the national level left by the study mentioned in (b) above. In the meantime both parties have exchanged their approach on Trade in Services pending the launching of negotiations;
- (f) Other Areas: The EC has indicated its approach on Trade Related Issues (Trade and Sustainable Development, Competition Policy, Intellectual Property Rights and Transparency in Public Procurement).

Time is a major constraint in EPA negotiations given the complexity of the issues relative to the tight finalisation deadline of 31st July 2009. Partner States need more time to undertake national and regional consultations particularly on Development and Economic Cooperation, Trade in Services and Trade Related Issues. Non-availability of adequate financial resources is the foremost constraint on both regional and EPA negotiations. Despite these constraints the Secretariat has managed to facilitate and backstop the EPA negotiations that are ongoing in accordance with the EAC-EC-EPA Joint Roadmap.

The Sectoral Council on Trade, Industry, Finance and Investment at its meeting in April, 2009, directed the Secretariat to enhance information sharing with EALA in EPA Negotiations and to convene a strategy meeting to allow the Ministers the opportunity to be fully briefed on EPA Negotiations.

2.1.4 Standardization, Quality Assurance, Metrology and Testing (SQMT)

2.1.4.1 Progress on Decisions of the Sectoral Council on Trade, Industry, Finance and Investment on SQMT Issues

On 11th September 2008, the Sectoral Council on Trade, Industry, Finance and Investment directed the EAC Secretariat to develop a Draft Policy Proposal on harmonizing standards between EAC, COMESA and SADC by December 2008. The Draft Policy was developed and circulated to stakeholders in Partner States through the National Standardization Institutions for wider inputs. The Final Draft Policy Proposal will be presented to the next Sectoral Council meeting for consideration.

2.1.4.2. Awareness Workshops on SQMT Act, 2006 to Stakeholders in Partner States (July to September 2008)

For purposes of sensitizing all stakeholders on the implications of the East African Community Quality Assurances Metrology and Testing Act, 2006, the SQMT Department carried out a two months sensitization program (July to September 2008) in form of workshops in all Partner States targeting staff of National Standards Institutions (NBSs), Government regulatory bodies, exporters, industrialists, consumer organizations, academia and private sector. The exercise was executed in collaboration with the Office of the Counsel to the Community (CTC). The attendance of stakeholders was as follows;

- a) Uganda 140 participants
- b) Rwanda 120 participants.
- c) Kenya 160 participants
- d) Tanzania 57 participants.
- e) Burundi 46 participants.

2.1.5. COMESA-EAC-SADC Tripartite Cooperation in Standardization, Accreditation and Metrology

Subsequent to all initiatives undertaken to ensure COMESA-EAC-SADC Tripartite Cooperation at all levels in the set up of the RECs in year 2008, the EAC SQMT Department initiated some activities. On 27th - 31st October 2008, the Department in collaboration with COMESA and SADC Secretariats' Standardization experts organized a COMESA-EAC-SADC Tripartite Cooperation in Standardization, Accreditation and Metrology workshop in Nairobi. The workshop was attended by 39 EAC- COMESA-SADC experts in accreditation, metrology and quality assurance.

2.1.6. Jua Kali/Nguvu Kazi Exhibition

The 10th Jua Kali / Nguvu Kazi Exhibition was held on 27th November - 7th December 2008 at Gikondo show grounds, Kigali, Rwanda. The Exhibition was jointly funded by Partner States, Confederation of Informal Sector Organizations (CISO) and British American Tobacco Ltd. The opening was preceded by a day symposium on 28th November 2008 at Gikondo Show grounds.

The 10th exhibition was attended by 850 exhibitors from the five Partner States who exhibited Textiles, Handcrafts, Food Processing, Metal Products, Leather Products Woodwork, Herbal Medicine, Agro-products (Bee-Keeping) and Building Materials.

2.1.7 Non-Tariff Barriers

The Council at its 16th Meeting held on 13th September 2008, considered, among others, a report on EAC consultation mission to Partner States on the operationalisation of EAC mechanism on Non-Tariff Barriers and directed EAC to among others:

- (i) hold Capacity Building workshops for the members of the National Monitoring Committees on NTBS by 31st December 2008;
 - (ii) launch the Regional Forum on NTBS and to prepare a time bound programme for the elimination of identified NTBS in the region.
- (b) **Capacity Building Workshops for Partner States National Monitoring Committees, October/November 2008**

In accordance with the decision made by the Council at its 16th Meeting, the EAC held National capacity building workshops in the Partner States to train members of National Monitoring Committees on EAC mechanism on NTBs as follows:

(i) Burundi

The National Workshop was held on 6th October, 2008 in Bujumbura and thirty members of the Burundi NMC and other relevant stakeholders were trained on EAC Mechanism on NTBs. On 7th October 2008, the Mechanism was formally launched in Burundi. The NMC has since commenced its monthly meetings to deliberate on NTBs faced by businessmen in the country.

(ii) Rwanda

The National Workshop was held on 9th October, 2008 in Kigali and twenty two members of Rwanda NMC and other stakeholders were trained on EAC Mechanism on NTBs. On 10th October 2008, the Mechanism was formally launched in Rwanda. The NMC has since commenced its monthly meetings to deliberate on NTBs faced by businessmen in the country.

(iii) Uganda

The National Workshop was held on 10th – 11th November 2008 in Kampala, Uganda and eleven members of NMC were trained on EAC Mechanism on NTBs. The NMC has since commenced its monthly meetings to deliberate on NTBs faced by businessmen in the country.

(iv) Kenya

The National Workshop was held on 12th – 13th November 2008 in Nairobi, Kenya and sixteen members of NMC were trained on EAC Mechanism on NTBs. The NMC has since commenced its monthly meetings to deliberate on NTBs faced by businessmen in the country.

(v) Tanzania

The National Workshop was held on 14th – 15th November 2008 in Dar es Salaam, Tanzania and twenty members of NMC were trained on EAC Mechanism on NTBs. The NMC has since commenced its monthly meetings to deliberate on NTBs faced by businessmen in the country.

(c) Launching of the EAC Regional Forum on Non-Tariff Barriers

In accordance with the decision made by the Council at its 16th Meeting, the EAC Regional Forum on NTBs was launched on 20th December 2008 in Entebbe, Uganda. The launching was attended by Partner States National Monitoring Committee Members, EAC Secretariat and East African Business Council (EABC)

(d) Development of a Draft EAC Time - Bound Programme on Elimination of Identified Non-Tariff Barriers

The launching of the EAC Regional Forum on NTBs was preceded by an EAC Regional Forum on NTBs on 18th - 19th December 2008, in Entebbe, Uganda where a draft EAC Time -Bound Programme on the Elimination of Identified NTBs was prepared.

(e) Studies

With the support obtained from the Partnership Fund the Directorate of trade has identified areas where in depth studies are needed.

- i) A study which will look at the constraints and how to promote SMEs in-order to take advantage of the available market due to Customs Union and Common market. The preparatory stages for this study have commenced;
- ii) Funds to assist in the capacity building on NMC. This is an ongoing activity as indicated above;
- iii) Pilot study on discrepancies arising out of informal cross border trade in order to ascertain what factors contribute to this. The study will also come up with methodologies to capture the data in the longer term basis;
- iv) Further United Nation Economic Commission for Africa has shown interest to assist the Directorate in capacity enhancement to undertake research and other activities by establishing a Trade Policy Unit within the Directorate. Preparatory work is underway

and once completed it will give capacity for Directorate of Trade to undertake research.

2.1.8 The COMESA-EAC-SADC Tripartite Arrangements

The Tripartite Summit at its meeting held in October 2008 in Kampala, Uganda agreed among other areas of cooperation on customs, trade and infrastructure, to establish a Free Trade Area amongst themselves. The establishment of the FTA was to be informed by a study which would cover the roadmap, the institutional framework and free movement of business persons.

The procurement of Consultants has been undertaken and work has commenced. The work of the consultants will be backstopped by a team of experts drawn from the three Secretariats of the RECs.

An Aid for Trade Roundtable Conference for the North South Corridor was held on 6th and 7th April 2009 in Lusaka Zambia. The Conference hosted by the president of Zambia was attended among others by the Chairpersons of Summit of COMESA and SADC. EAC was represented by His Excellency President Museveni of Uganda. During the conference a total pledge of USD 1.2 billion was made by the Development Partners.

The Conference agreed that the North South Corridor Project should be replicated on other corridors including the Central and Northern Corridors

2.1.9 Trade and Investment Framework Agreement (TIFA)

The TIFA between the EAC and USA was signed on 16th July 2007 in Washington D.C. The signing of the TIFA by the EAC is generally rated as progress in opening up regional trade and advancing economic integration among the Partner States. The USA deems the TIFA as a major step towards deepening U.S.-EAC trade and investment relationship, intensifying and diversifying bilateral trade, and improving the climate for business between U.S. and EAC based economic operators.

The signing of the U.S.-EAC TIFA has the potential to ascertain regular, high-level talks on the full spectrum of U.S.-EAC trade and investment topics, including the African Growth and Opportunity Act (AGOA), the World Trade Organization's Doha Round, trade facilitation issues, and trade capacity building assistance.

At the time of signing the TIFA the US Trade Representative had noted that EAC has established a Customs Union and is working toward a Common Market. The USTR said that the bilateral trade between the United States and the EAC region exceeded \$1.2 billion in 2007. U.S. imports from EAC members under African Growth and Opportunity Act (AGOA) and the Generalized System of Preferences amounting to US\$265 million in 2007. All five member states of the EAC are eligible for trade benefits under AGOA.

2.1.9.1 Operationalisation of the TIFA

Subsequent to the signing of the TIFA, the Directorate of Trade initiated dialogue with the USTR's office aimed at developing TIFA work-plans and agree on the areas of Cooperation. The areas of cooperation agreed upon so far include:-

- (i) Improvement of market access and removal of trade and investment barriers;
- (ii) Coordination and consultation on AGOA implementation;
- (iii) Improvement of technical regulations and standards;
- (iv) Strengthening agricultural trade and agribusiness linkages;
- (v) Promotion and protection of intellectual property rights;
- (vi) Coordination and consultation on issues and positions in multilateral trade negotiations, including in the World Trade Organization;
- (vii) Development and strengthening the financial sector and improving access to trade finance;
- (viii) Encouraging improvements in trade-related infrastructure, including transportation and energy; and
- (ix) Encouraging commercial and academic exchange programs.

2.1.10 Study on Anti- Counterfeit Practices in East Africa

The Council has, with financial assistance from the Investment Climate Facility for Africa, launched a study on anti-counterfeit Practices in East Africa. The purpose of the study is to review relevant national policies and legislation on this matter with a view to establishing a viable regional mechanism to deal with counterfeits products in the region.

2.1.11 Investment and Private Sector Development

Investment Promotion activities continued over the period. EAC participated in the India Africa Business Forum in New Delhi, India; the Petroleum Conference in Mombasa, Kenya; the Confederation of Indian Industries conclave in Dar es Salaam, the City of London Investors Conference among others. Currently, preparations are under way for the forthcoming investment mission to Canada and 2nd EAC Investment Conference slated for Nairobi Kenya 4th-6th August, 2009. A dedicated and interactive website for investment issues in the Community which is hyperlinked to the Investment Promotion Agencies in the Partner States has been established at the Secretariat. Cooperation with East African Business Council (EABC) continued over the period.

A study on the development of an EAC Investment Strategy with an enabling institutional framework commences in early May 2009.

2.1.12: EAC Joint Trade Negotiations Act, 2007

The Sectoral Council on Trade, Industry, Finance and Investment at its meeting held on 8th-9th April, 2009 reviewed the resolution by the East African Legislative Assembly (EALA) which if operationalised would require the Council of Ministers to constitute and establish negotiating structures as outlined in the East African Joint Trade Negotiations Act, 2007 in accordance with Article 14 (3) (c) of the Treaty.

The Council noted that the Joint Trade Negotiations had budgetary implications on the Community and its operationalisation would affect on-going negotiations. The Sectoral Council urged the full Council of Ministers to direct the Secretariat not to operationalise the East African Joint Trade Negotiations Act, 2007 and that it be referred to the Sectoral Council on Legal and Judicial Affairs to draft the necessary amendments.

The Council recommends to the Summit to take note of the progress in Trade, Finance and Investment.

3.0 PLANNING AND INFRASTRUCTURE

3.1 ROADS SUB SECTOR

Road works earmarked for implementation of the East African Road Network project progressed well during the intervening period for the three former EAC Partner States. The Council has adopted the prioritized road network projects from the Republics of Rwanda and Burundi that link to the EAC corridors for joint investment promotion and marketing. Specifically, major works on the road sections, links and bypasses on the Central (Dar es Salaam to Mutukula and Mwanza) and Northern Corridors (Mombasa – Katuna) is progressing. These works on the two corridors are earmarked for conclusion by 2012. Burundi and Rwanda roads will be incorporated and prioritized for development at the regional level during the ongoing study on the EAC Roads Development Programme financed by ADB.

Other developments in this sub sector relate to:

- a) The progress on modernization works of the Arusha – Namanga -Athi River Road to be launched officially on 28th April 2009;
- b) The contract finalization for the consultancy Study for the feasibility and detailed design for the Arusha – Holili/Taveta – Voi Road, which will commence in early May 2009;
- c) The signing on 17th April 2009 of the Contract for the consultancy study on the EA Transport Strategy and the Roads Development Programme;
- d) The approval by the Council of Ministers of the implementation framework for the Tripartite Agreement on Road Transport. The implementation has commenced under the Trade and Transport Facilitation Project.

3.2 RAILWAYS SUB SECTOR

The focus of implementation of the projects and programmes planned for the period under the railways sub sector was the development of the EAC Railways Development Master Plan. The Final report of the Master Plan was considered by the Sectoral Council on Transport, Communications and Meteorology (TCM) on 17th April 2009. The Master Plan report was noted with amendments. The Sectoral Council directed the Secretariat in collaboration with the Partner States to update the Master Plan within three months.

The recommendations in the Master Plan cover the engineering aspects, legal regime restructuring, potential for private public partnerships, development of the missing inter connectors, new railway lines, investment requirements and ownership options.

A railways investors' conference is planned for the last quarter of 2009 to shore up support for the sector. Several development partners have indicated support for the revitalization of this mode of transport.

3.3 CIVIL AVIATION SUB SECTOR

The implementation of projects and programmes earmarked for the sub sector has been satisfactory over the period. The following achievements have been recorded:

- a) The Partner States, in line with the Tripartite (COMESA, EAC, SADC) directive on the implementation of the Yamoussoukro Decision of the African Heads of States towards greater liberalization of air transport in the three sub regions have agreed on the development of a Protocol to anchor the implementation of the Decision. The Protocol is in the final stages of completion. Pending the conclusion of the Protocol, Partner States have established an Air Transport Sub Committee to oversee the orderly liberalization of air transport in the region in collaboration with the Joint Competition Authority established by the Tripartite Summit in Kampala in October last year.
- b) The strengthening of the EAC Civil Aviation Safety and Security Oversight Agency (CASSOA) continued over the period through recruitment and procurement of equipment and facilities. The Agency took the lead in the development of guidance manuals for the implementation of the revised civil aviation regulations that are now being implemented in the three former EAC Partner States and which Rwanda and Burundi will soon accede to. Further, the Agency assisted Partner States during the International Civil Aviation Organization (ICAO) Universal Audit that was concluded in November 2008. The findings of the Audit lauded the establishment of CASSOA as an important infrastructure towards enhancing safety and security oversight in the region. The Agency relocates to its headquarters in Entebbe, Uganda later this year.
- c) The establishment of the EAC Unified Upper Flight Information Region (UFIR) is on course. The study on the establishment of the regional UFIR has been finalized and the road map for its establishment is under Council consideration and approval. The establishment of the Unified Upper Flight Information Region will enable the region to develop better and efficient navigational capabilities and capacities through the pooling of resources and efficient use of regionally developed facilities.
- d) The revision and harmonization of the Partner States' Civil Aviation Regulations was completed for the three former Partner States during the period. Technical assistance to Burundi and Rwanda to revise their regulations is ongoing and good progress has been reported particularly for Rwanda.

3.4 COMMUNICATIONS SUB SECTOR

The implementation of projects and programmes earmarked for the sub sector has been as follows:

- a) International Connectivity Networks: The East African Submarine Cable System (EASSy) and the TEAMS Submarine Cable Project.

The EASSy and TEAMS projects, which have substantial private sector participation are being constructed along the Indian Ocean coastline. Though the projects are separate, they will both provide broadband international connectivity to African countries on the Western coastline of the Indian Ocean.

For both networks survey and system design works are complete and construction works at landing points is progressing. The Fibre cables are being manufactured and the laying of the cables has commenced. Both networks are expected to be ready for commercial service in late 2009 and early 2010.

b) East African Community Broadband Infrastructure Network (EAC-BIN)

The EAC-BIN is a project conceived by the EAC to realize the objectives of AU's Connect Africa initiative. It will provide fibre cable inter-connectivity for the five National Fibre Terrestrial Networks for the EAC Partner States with interconnectivity for the five capitals realized.

EAC has secured a grant of US\$ 450,000 from AfDB under the framework of NEPAD Infrastructure Projects Preparation Facility (NEPAD-IPPF) Special Fund for the pre investment studies. Contract negotiations for the study phase of the project with Japan Telecommunications Engineering Company (JTEC) have taken place and the study will commence by mid May 2009. It is expected that the exercise will be concluded by a bankable project document by the end of 2009.

(c) Development of a Harmonized Regional Information and Communications Technology (ICT) Policy Framework and Strategy for East Africa

The draft document on the harmonization of the regional Information Communications Technology (ICT) policy framework and strategy for East Africa was discussed and validated at Regional ICT stakeholders workshop on 16th-18th January 2009 in Entebbe, Uganda. The document is being reworked with inputs from the workshop for subsequent adoption by the Council in June 2009 for implementation. The harmonization of ICT development and policies will be an important achievement for the region bearing in mind the growing importance of IT in trade in Services.

(d) Harmonization of the EA Communications Regulatory Regime

A study on Harmonization of regulatory regime in East Africa has been finalized for the three former EAC Partner States. The extension of the study into Burundi and Rwanda is under way with the support of the Regional ICT Support Project funded by the EC. The study identified areas that require regulatory interventions and made proposals on the actions required to move towards a harmonized regulatory regime in East Africa.

The Final Report of the study including Burundi and Rwanda will be considered by the Council in June 2009. The study points towards the need for expedited **harmonization** of processes in the sub sector to underpin trade in the communications services under the Common Market.

e) **MoU on Cooperation in Communications/ICT Subsector**

An MoU on Cooperation in Communications/ICT Sub sector among the five Partner States has been finalized. It is however, being upgraded into a Protocol.

3.5 METEOROLOGY SUB SECTOR

The implementation of the Five Year Meteorological Development Plan and Investment Strategy progressed over the period. Key strategic areas of focus for prioritisation in the Meteorological Sub Sector include:

- (a) Implementation of the recommendations in the Plan touching on public weather forecasts, disaster preparedness, weather information for use by other sub sectors including – civil aviation, construction, marine services, agriculture and food security among others;
- (b) Enhancement of safety of navigation and efficient exploitation of natural resources on the Lake Victoria and its basin by strengthening of meteorological services over the Lake;
- (c) Enhancement of disaster prevention and management capacities for sustainable development by strengthening meteorological early warning systems in the EAC region; and
- (d) Development of a regional Master Plan on climate change focusing on mitigation and adaptation measures.

A donors' conference is planned at the end of this year to shore up support for the Meteorological Sector and the priority programmes.

3.6 FISCAL AND MONETARY AFFAIRS

- (i) **Monetary policy harmonization:** The main project in the area is the Consultancy Study on the Monetary Union. The tender has been awarded to the European Central Bank (ECB) and the contract agreement between EAC and ECB negotiated. It is expected that the Contract will be fully signed by end of April 2009. The ECB Consultants have however, submitted an Inception Report of the Study which will be considered at the meeting of the Monetary Affairs Committee planned for May 2009 in Kigali, Rwanda.
- (ii) **Fiscal policy harmonization:** Harmonization is being undertaken within the framework of the negotiations on the EAC Common Market Protocol in order to create one single market by eliminating tax distortions. The Tax Harmonization Project funded by GTZ which aims at harmonizing and rationalizing tax policies within EAC has recorded good progress. The last Fiscal Affairs Committee meeting held on 26th-28th January 2009 discussed the Conceptual framework and project design, the action plan 2009 and the Terms of reference for the study on tax system in EAC. The first regional training workshop on VAT harmonization

was held in Bujumbura on 12th -13th March 2009 and plans are in place to hold subsequent ones in all the Partner States.

(iii) Banking and financial markets harmonization: The following projects are being undertaken towards the development of capital markets in the East African Community under the funding of the International Finance Corporation and Efficient Securities Markets Institutional Development Initiative (IFC-ESMID). These are:

- Consultancy study on the EAC Capital markets Regionalization which has been finalized and awaits Council consideration;
- Consultancy study on bond markets which has also been finalized;
- Assistance to Regulators;
- Capacity Building.

A workshop to consider the progress on the foregoing projects is planned for May 2009 in Arusha.

3.7 STATISTICS SUB SECTOR

The implementation of the East African Statistical Database Project is ongoing. National workshops on harmonization of statistical indicators for the Project are currently ongoing in the three original Partner States. The extension of the Project to cover Burundi and Rwanda has been finalized and funding has been provided for under GTZ support. It is however, noted that the two countries have actively participated in the deliberations on the implementation of the EA Statistical Database and agreement has already been reached on the core framework for the extension of the project into the two countries. They have already established technical working groups to facilitate the implementation of the extension.

The Council recommends to the Summit to take note of the progress in Planning and Infrastructure.

4.0 PRODUCTIVE AND SOCIAL SECTORS

4.1 AGRICULTURE AND FOOD SECURITY

4.1.1 Development of EAC Action Plan to Address Food Security

A Draft EAC Action Plan to address food security in the region has been developed by EAC food security experts. The Action Plan will be considered by the Sectoral Council meeting scheduled in May, 2009. The plan covers areas of provision of an enabling policy environment, increase agricultural production and productivity, improve access to food, and ensure stability of availability/access, implementation strategy and monitoring and resource mobilization.

4.1.2 Development of EAC SPS Protocol

The decision to develop the EAC Protocol on SPS was adopted by the 1st Meeting of Sectoral Council on Agriculture and Food Security held on 8th September, 2006 in Arusha, Tanzania. A Second Draft of EAC SPS Protocol has been developed and national consultations and regional workshops for validation and value addition are ongoing and will be concluded by May, 2009.

4.2 LIVESTOCK DEVELOPMENT

4.2.1 Prevention and Control of Trans-boundary Animal Diseases

The Regional Steering Committee on Trans-boundary Animal Diseases has identified eleven important trans-boundary animal diseases in the EAC region. The Steering Committee also noted that emerging and re-emerging animal diseases are a challenge to the region. The Committee therefore called for increased funding for the livestock sector to enable improved disease control activities.

4.2.2 European Union Funded EAC Regional Avian Influenza Project

The project will contribute to the socio-economic welfare and public health in the East African Community by minimizing the impact of Avian Influenza. The project was launched in December, 2008. FAO is involved in the project as an implementing agency while the EAC Secretariat supervises and coordinates the activities. The three year Project is funded by the European Union (EU) to the tune of €3 million. Only one million euro of the total of the project funds will be channeled through the EAC Secretariat.

4.2.3 Pastoralism and Drylands Development

A Regional Steering Committee with specific Terms of Reference to handle issues on pastoralism development in the region has been proposed and will soon be constituted. The Steering Committee is expected to promote investment in the dry areas of EAC and hence improve the welfare of pastoralists.

4.2.4 Animal Breeding and Farm Animal Genetic Resources

A Regional Committee on Animal breeding and Farm Animal Genetic Resources (AnGR) has been proposed. The Committee will advise the Agriculture and Food Security Sectoral Council on matters of animal breeding and Farm Animal Genetic resources utilization and conservation.

4.3 ENERGY

4.3.1. Implementation of East African Power Master Plan

Partner States continued implementation of priority generation and transmission projects identified in the East African Power Master Plan. In addition, the African Development Bank has accepted to fund review and update of the Power Master Plan. The scope of the Master Plan has been expanded to incorporate ongoing initiatives by other regional bodies namely the Eastern African Power Pool (EAPP) and the Nile Basin Initiative. The study will develop a consolidated long term vision of electricity infrastructure for ten countries covered by EAPP and EAC in line with the directive of the Tripartite Summit of the Heads of State and Government of COMESA, EAC and SADC on joint coordination and harmonization of Energy Master Plans. The expanded study will be jointly coordinated by EAC and EAPP and it is expected to commence in June 2009. However, in addition to the Master Plan for the larger region, one of the outputs of the study will be a separate Master Plan for the EAC.

4.3.2 Implementation of Namanga Cross-border Electrification Project

Electrification of Namanga (Tanzania) from Namanga (Kenya) is one of the projects identified for implementation under the Cross-Border Electrification Programme. The distribution network in Namanga town which will be interconnected with the Kenyan system has already been constructed. Work on interconnection of the two systems commenced on 23rd April 2009. Namanga (Tanzania) is expected to be on supply by 28th April 2009.

The EAC Secretariat is working with the Partner States to develop a common policy on cross border electrification that will facilitate faster implementation of such projects.

4.3.3. 4th East African Petroleum Conference

The 4th East African Petroleum Conference on Petroleum Potential and Investment Opportunities in East Africa was held in Mombasa on 11th - 13th March 2009. The theme of the conference was '*Exploration and Exploitation of Oil and Gas for Social and Economic Development*'. The Conference programme included field excursions to all the Partner States to promote sites for petroleum prospecting with a bit of tourism. The Conference attracted over 500 participants from all over the world, notably international oil companies, oil industry service companies, government institutions, academic institutions, international geo-scientific journals, non-oil and gas institutions and the media.

Significant progress has been made in oil and gas exploration, development and production in the Partner States due to increased joint promotional efforts especially through the East African Petroleum Conference in addition to increasing importance of Oil and Gas on a global scale.

4.3.4 Refineries Development Strategy

A Regional Refineries Development Strategy was prepared and approved by the Council of Ministers at its 16th Meeting which was held in September 2008. The Strategy address all aspects related to refineries development in a holistic way. It recommends construction of a refinery in Uganda upon confirmation of commercial reserves of the oil discoveries in addition to developing a number of infrastructural projects to enhance the storage and distribution system in the region in order to improve its effectiveness and efficiency.

4.3.5 Regional Strategy on Scaling Up Access to Modern Energy Services

A Donors Conference to mobilize resources for the implementation of the Regional Strategy on Scaling Up Access to Modern Energy Services was held in November 2008. The Conference was preceded by a meeting of Focal Points for the Strategy and some members of the Working Group on New and Renewable Energy Sources and Energy Conservation and Efficiency. The Conference recommended the gradual implementation of the Strategy based on availability of resources and the formation of a Development Partners Group to coordinate support for the Strategy. Arising from the Donors Conference, the Royal Norwegian Government will support additional capacity at the EAC Secretariat through a grant of US\$ 232,000 to recruit a Project Development Officer for a two year contract to spearhead implementation of the Strategy.

4.3.6 Dar es Salaam – Tanga – Mombasa Gas Pipeline

The African Development Bank (AfDB) has extended a grant of USD 561,700 to the Secretariat to finance a feasibility study for a natural gas pipeline from Dar es Salaam to Tanga and Mombasa which will be used to export natural gas from Southern Tanzania to Tanga, Mombasa and other centres for power generation and industry use. The study will prepare the project for implementation. The study will commence in May 2009. The Bank is in the process of considering other EAC energy infrastructure projects including extension of the oil products pipeline from Kampala to Kigali and Bujumbura.

4.4. TOURISM AND WILDLIFE MANAGEMENT

4.4.1. Implementation of East African Tourism and Wildlife Marketing Plan and Strategy

The promotion of East Africa as a single tourist destination continued over the period. Delegations from Partner States and the Secretariat attended two major International Tourism fairs of World Travel Market in London and Internationale Tourismus Bourse (ITB) in Berlin in November 2008 and March 2009, respectively. Two EAC Partner

States namely the Republic of Rwanda and Republic of Kenya came in among the top three at the ITB in Berlin. Joint activities e.g. traditional dances, music and joint cocktail were organized. It is also planned that Asian and Far East Asian markets will be explored in this year. The objective is to undertake joint promotion campaigns through workshops, press conferences and marketing consultations as part of the consolidation and exposure of EAC integration agenda abroad. The Sectoral Council on Tourism and Wildlife Management has set the year 2010 for the EAC Partner States to be under one roof in all major International Tourism Fairs. The Secretariat has prepared a road map with clear time frame and is working closely with Partner States towards achieving this objective.

4.4.2 Harmonization of Policies and Laws

Terms of Reference for the study on harmonization of policies and laws on Tourism and Wildlife have been approved. The study is expected to commence in July 2009 and be concluded by December 2009.

In collaboration with the Immigration authorities a readiness assessment study will be undertaken with a view to have a single Tourist visa by 2010. The United Republic of Tanzania is also consulting on modalities of removing visa fees for Burundi nationals.

4.4.3 Operationalisation of the East African Tourism and Wildlife Coordination Agency (EATWCA)

A Board has been established to oversee the operationalization of East African Tourism and Wildlife Coordination Agency (EATWCA). The draft Protocol and Operational Manual for the Agency are under consideration.

At its meeting in February 2009, the Sectoral Council on Tourism and Wildlife Management expressed concerns on the East African Tourism and Wildlife Commission (Private Members' Bill) particularly over the parallel process involved in the creation of the East African Tourism and Wildlife Agency. The Protocol for the Establishment of EATWCA exists. The Sectoral Council recommended to the full Council of Ministers to give guidance on whether to go with the Protocol or the Private members' Bill to establish such an Agency.

4.4.4 Familiarization Tours for EAC Ministers Responsible for Tourism and Wildlife

The 2nd Sectoral Council on tourism and Wildlife met in Kigali, Rwanda from 23rd – 28th February 2009. The Ministers visited the Volcano National Park for Gorilla Tracking. The next Sectoral Council is proposed to be held in the Selous Game Reserve in Tanzania. This will continue to provide an opportunity and live experience to stakeholders in the region on what the region can offer.

4.4.5 Standardization and Classification of Hotels and other Accommodation Facilities

The Criteria for Standardization and Classification of Hotels have been concluded. Certificates and Plaques (template samples) to be awarded to classified establishments have been finalized and given to all Partner States. Curriculum for Training of Assessors

for Accommodation and Catering facilities in East Africa has been developed. Twenty trainers (4 from each Partner State) were trained in November 2008 as trainers for the regional assessors. The trainers will be responsible for overseeing the standard and quality of classification exercise work in the region.

4.4.6 Classification Exercise in the Partner States

Rwanda and Tanzania have undertaken training of assessors in their main cities of Kigali and Dar es Salaam respectively. Tanzania commenced the classifications in March 2009 and Rwanda will commence theirs in May 2009. All Partner States have been urged to finalize the classification work by 2010.

4.5 FACILITATION OF THE MOVEMENT OF PERSONS, IMMIGRATION LABOUR/EMPLOYMENT AND REFUGEE MANAGEMENT

4.5.1. Movement of Persons and Immigration Matters

The Chiefs of Immigration have continued to meet twice in a year to review the implementation of Council decisions at regional level which relate to the facilitation of the free movement of persons. The Chiefs have also followed up the issue of issuance of Identity cards by the United Republic of Tanzania and Uganda to their Nationals. Both Countries have made considerable progress in the preparation of this exercise in terms of putting the relevant laws and structures in place, and in the choice of technology to be utilized for issuance.

4.5.2. Labour and Employment

The Ministers responsible for Labour and Employment met in Kampala, Uganda in November 2008 to discuss Labour and employment issues in the region. The Ministers reiterated their 2007 request to the Council to direct the Secretariat to convene an Extra Ordinary Summit focused on "Employment Creation and Poverty Reduction with a special focus on Youth Employment." They further directed the Secretariat to develop a Regional Issues Paper addressing the main factors impacting on youth unemployment in the region, identify sectors that can be targeted to generate employment and recommend strategies which need to be put in place by the Partner States to address the Youth Employment Challenge.

The Secretariat in collaboration with the ILO and the Partner States Ministries responsible for Labour/Employment and Youth Affairs developed the Issues Paper and validated it through national and regional stakeholder consultations. The Paper will be presented to the 4th meeting of the Ministers responsible for labour and employment in early April 2009 for consideration and endorsement. The next step will be the presentation of the recommendations and strategies on Youth Employment in the region to the EAC Summit for consideration.