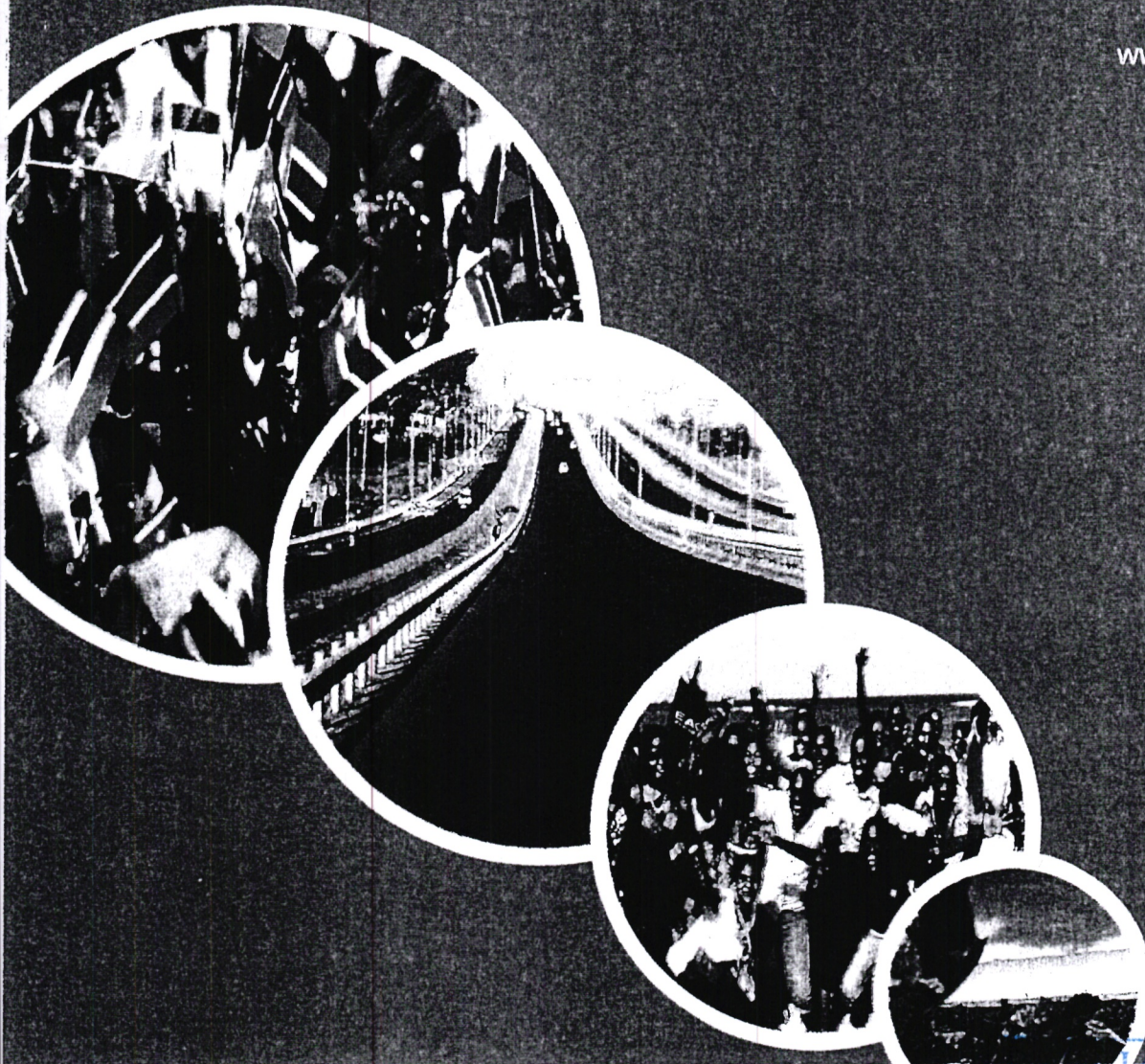




EAST AFRICAN COMMUNITY

ANNUAL REPORT 2015 - 2016

www.eac.int



PARLIAMENT
OF KENYA
LIBRARY



EAST AFRICAN COMMUNITY

EAC ANNUAL REPORT FOR THE FINANCIAL YEAR 2015/16

Table of Contents

FOREWORD BY THE CHAIRPERSON OF COUNCIL OF MINISTERS	vi
REPORT BY THE SECRETARY GENERAL	vii
1.1 BACKGROUND	1
1.2 EAC ORGANS AND INSTITUTIONS	1
1.3 STRUCTURE OF THE REPORT	2
2.0 RECENT SOCIO-ECONOMIC DEVELOPMENT IN EAST AFRICA	2
2.1 ECONOMIC TRENDS	3
2.2 DEMOGRAPHIC TRENDS	3
2.3 SOCIO-ECONOMIC INDICATORS	5
2.3.1 LIFE EXPECTANCY	5
2.3.2 POVERTY DIMENSIONS	6
2.3.3 LITERACY	6
3.0 OFFICE OF THE SECRETARY GENERAL	7
3.3 COOPERATION IN LEGAL AND JUDICIAL AFFAIRS	12
3.4 RESOURCES MOBILIZATION	13
3.5 CORPORATE COMMUNICATIONS AND PUBLIC AFFAIRS	15
4.0 THE OFFICE OF DEPUTY SECRETARY GENERAL – PLANNING AND INFRASTRUCTURE	18
4.1 REGIONAL INFRASTRUCTURE DEVELOPMENT	18
4.1.1 TRANSPORT AND WORKS DEPARTMENT	18
4.1.2 METEOROLOGY	23
4.1.3 CIVIL AVIATION AND AIRPORTS	24
4.1.4 COMMUNICATIONS	25
4.2 REGIONAL PLANNING DEVELOPMENT	27
4.2.1 PLANNING, MONITORING AND EVALUATION	27
4.2.2 MONITORING AND EVALUATION	30
4.2.3 STATISTICS	31
4.2.4 FISCAL AND MONETARY AFFAIRS	32
4.2.5 INVESTMENT PROMOTION AND PRIVATE SECTOR DEVELOPMENT	34
5.0 THE OFFICE OF THE DEPUTY SECRETARY GENERAL – PRODUCTIVE AND SOCIAL SECTORS	35
5.1 PRODUCTIVE SECTORS	36
5.1.1 AGRICULTURE, FOOD SECURITY AND LIVESTOCK SECTOR	36

5.1.2	ENERGY SECTOR	39
5.1.3	ENVIRONMENT AND NATURAL RESOURCES	41
5.1.4	TOURISM AND WILDLIFE MANAGEMENT	43
5.1.5	INDUSTRIAL DEVELOPMENT	46
5.2	DIRECTORATE OF SOCIAL SECTORS.....	49
5.2.1	GENDER, COMMUNITY DEVELOPMENT AND CIVIL SOCIETY.....	49
5.2.2	IMMIGRATION, LABOUR, EMPLOYMENT AND REFUGEE MANAGEMENT	53
5.2.3	EDUCATION, CULTURE & SPORTS, SCIENCE & TECHNOLOGY.....	55
5.2.4	HEALTH SECTOR	57
6.0	THE OFFICE OF THE DEPUTY SECRETARY GENERAL - POLITICAL FEDERATION	61
6.1	POLITICAL AFFAIRS	61
6.2	INTERNATIONAL RELATIONS	62
6.3	PEACE AND SECURITY.....	63
7.0	THE OFFICE OF THE DIRECTOR GENERAL - CUSTOMS AND TRADE	65
7.1	CUSTOMS.....	65
7.2	DIRECTORATE OF TRADE.....	69
8.0	THE OFFICE OF DEPUTY SECRETARY GENERAL –FINANCE AND ADMINISTRATION	75
8.1	ADMINISTRATION.....	75
8.2	DIRECTORATE OF FINANCE	78
9.0	THE EAST AFRICAN LEGISLATIVE ASSEMBLY	89
10.0	THE EAST AFRICAN COURT OF JUSTICE.....	91
11.0	LAKE VICTORIA BASIN COMMISSION	95
12.0	THE INTER-UNIVERSITY COUNCIL FOR EAST AFRICA	104
13.0	LAKE VICTORIA FISHERIES ORGANIZATION	114
14.0	EAST AFRICA COMMUNITY CIVIL AVIATION SAFETY AND SECURITY OVERSIGHT AGENCY	124
15.0	EAST AFRICAN SCIENCE AND TECHNOLOGY COMMISSION	129
16.0	EAST AFRICAN KISWAHILI COMMISSION	129
17.0	EAST AFRICAN HEALTH RESEARCH COMMISSION.....	129
18.0	EAST AFRICAN DEVELOPMENT BANK.....	130
19.0	GENERAL CHALLENGES.....	132
20.0	RECOMMENDATIONS.....	132
21.0	CONCLUSION	133

LIST OF ABBREVIATIONS AND ACRONYMS

AAU	Association of African Universities
ACE II	The Eastern and Southern Africa Higher Education Centers of Excellence Project
ACP	African Caribbean Pacific
ACOA	African Congress of Accountants
AfDB	African Development Bank
AMREF	African Medical and Research Foundation
APPPF	Academia-Public-Private Partnership Forum
BCAA	Burundi Civil Aviation Authority
BMU	Beach Management Unit
CAAs	Civil Aviation Authorities
CAAU	Civil Aviation Authority Uganda
CAM	Centre for Aviation Medicine
CAPs	Corrective Action Plans
CASSOA	Civil Aviation Safety and Security Oversight Agency
CCPAD	Corporate Communications and Public Affairs Department
CMP	Common Market Protocol
CIPP	Certified International Procurement Professional
CPA	Chartered Public Accountants
COMESA	Common Market for Eastern and Southern Africa
COP	Conference of Parties
DAAD	Deutscher Akademischer Austausch Dienst (German Academic Exchange Service)
DLI/R	Disbursement Linked Indicators/Results
DMEs	Designated Medical Examiners
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
EACJ	East African Court of Justice
EADB	East African Development Bank
EAHEMIS	East African Higher Education Management Information System
EALA	East African Legislative Assembly
EALP	EAC/AMREF Lake Victoria Partnership Programme
EAQAN	East African Higher Education Quality Assurance Network
EASA	European Aviation Safety Agency
EASTECO	East African Community Science and Technology Commission
ECSA	Eastern, Southern and Central Africa
EDF	European Development Fund
ELP	English Language Proficiency
EOI	Expression of Interest

EPA	Economic Partnership Agreement
ESAF	Eastern and Southern African Office
EU	European Union
FAA	Federal Aviation Administration
FY	Financial Year/Fiscal Year
GIZ	German Society for International Development Cooperation
HAQAA	Harmonization of African Higher Education Quality Assurance and Accreditation
HRK	Hochschul rektoren konferenz (German Rectors Conference)
ICAO	International Civil Aviation Organization
ICF	International Cooperation Forum
ICT	Information Communication Technology
IDA	International Development Association
IGAD	Intergovernmental Authority on Development
IEC	Information, Education and Communication
IOM	International Organization for Migration
IoT	Internet of Things
IPSAS	International Public-Sector Accounting Standards
IT	Information Technology
ITS	Inspectors Training System
IUCEA	Inter-University Council of East Africa
KCAA	Kenya Civil Aviation Authority
LVBC	Lake Victoria Basin Commission
LVEMP	Lake Victoria Environmental Management Project
LVFO	Lake Victoria Fisheries Organization
LVRI	Lake Victoria Research Initiative
LVWATSAN	Lake Victoria Water Supply and Sanitation
M&E	Monitoring and Evaluation
MEAs	Mutual Environmental Agreements
MERECAP	Mount Elgon Regional Ecosystem Conservation Project
MoU	Memorandum of Understanding
NCD	Non- Communicable Diseases
NEPAD	New Partnership for Africa Development
NFPOs	National Focal Point Officers
NGO	Non-Governmental Organizations
NTBs	Non-Tariff Barriers
OSBP	One Stop Border Posts
PEL	Personnel Licensing
PF	Partnership Fund
PR	Public Relations
PSs	Partner States
RCAA	Rwanda Civil Aviation Authority
RFU	Regional Facilitation Unity
RSC	Regional Steering Committee
RTD	Retired
SADC	Southern African Development Community
SARPs	Standards and Recommended Practices

SARUA	Southern Africa Regional Universities Association
SAUT	Saint Augustine University of Tanzania
SIDA	Swedish International Development Cooperation Agency
SMS	Safety Management System
SOFIA	Safety Oversight Facilitated Integration Application
SSP	State Safety Program
STI	Science Technology & Innovation
TCAA	Tanzania Civil Aviation Authority
TCM	Transport, Communication and Meteorology
TGMs	Technical Guidance Materials
TMEA	Trade Mark East Africa
UK	United Kingdom
USA	United States of America
USAP	Universal Security Audit Programme
USOAP	Universal Safety Oversight Audit Programme
UTANA	Uganda Textbook Academic and Non-Fiction Authors Association
VC	Vice Chancellor
WG	Working Group

FOREWORD BY CHAIRPERSON OF COUNCIL OF MINISTERS

In line with Article 49(2c) of the Treaty, the Chairperson of the Council of Ministers annually presents a report of the activities of the Community describing the key developments, achievements and milestones made during the year. The 2015/2016 EAC Annual Report gives a description of the key achievements and accomplishments by the various EAC Organs and Institutions. They include the EAC Secretariat; the East African Legislative Assembly; the East African Court of Justice; the Civil Aviation and Safety and Security Oversight Agency (CASSOA); the Lake Victoria Basin Commission (LVBC); the Lake Victoria Fisheries Organization (LVFO); the Inter University Council of East Africa (IUCEA); The East African Kiswahili Commission(EAKC); the East African Health Research Centre(EAHRC); the East African Competition Authority (EACA); the East African Science and Technology Commission (EASTECO) and the East African Development Bank (EADB).

Since our last Annual Report, the Community has witnessed a number of important developments in our quest for greater and deeper integration for the people of East Africa. The approval of the EAC Vision 2050 by the Council, the Signing of the EAC Treaty Accession by the Republic of South Sudan in April 2016, the launch of the EA e-Passport by the 17th Meeting of the Ordinary Summit of the EAC Heads of State of 2nd March 2016 and the consolidation of the SCT through finalisation of key operational instruments are a clear testimony that the Community is moving forward.

Allow me to extend my warm appreciation to the Summit of EAC Heads of State for its strong political goodwill and unwavering commitment to the EAC integration agenda. As a Treaty requirement and on behalf of the Council of Ministers, I hereby present the EAC Annual Report of the Financial Year 2015/2016, providing key highlights on the implementation of EAC activities during the period of July 2015- June 2016.

Rt. Hon. Dr A.M. Kirunda Kivenjija

CHAIRPERSON OF THE COUNCIL OF MINISTERS

REPORT BY THE SECRETARY GENERAL

The EAC Annual Report 2015/2016 covers the period of one year from July 2015 to June 2016. The report captures the progress made in the implementation of planned activities and achievement of targeted results as at end-June 2016, highlighting the key success stories and challenges encountered during the period under review. It also portrays innovative solutions the various Organs and Institutions adopted to overcome challenges encountered; insight into the priority programs and other strategic actions and the status of budget performance as at the end of the financial year.

Overall, implementation and delivery of planned outputs was below expectations during the financial year largely due to limited financial resources occasioned by delays in remittance of funds by Partner States, as well as Development Partners, especially those under the EAC Partnership Fund framework. Notwithstanding, as reported during the 24th Meeting of the Sectoral Council of Ministers Responsible for EAC Affairs and Planning, the Secretariat held number of meetings with the Partnership Fund Steering Committee and other Development Partners to discuss ways and means of ensuring sustainable flow of funds during the coming financial year. The Secretary General further instituted a number of internal control measures and guidelines, all aimed at enhancing efficiency in the use of community resources. It expected that the Secretariat will mobilize more external resources during the FY2016/2017.

In line with the 4th EAC Development Strategy 2011/12 – 2015/16, the major programmes planned for the Financial Year 2015/16 were:-

- (a) establishment of the East African Monetary Institute and the East African Statistics Bureau to support the transition to a single currency;
- (b) consolidating the Single Customs Territory by developing and implementing the requisite systems and administrative mechanisms as outlined in the roadmap for the implementation of the Single Customs Territory;
- (c) enhanced implementation of the EAC Common Market Protocol, particularly focusing on the implementation of the roadmap for the New Generation East African Internationalized e-Passport; and development of the EAC trading, payments and settlement Systems;
- (d) implementation of the roadmap on constitution making process for the EAC Political Federation;
- (e) Development of cross-border infrastructure in the respective subsectors including:-
 - i. Roads – the Arusha–Holili/Taveta-Voi (reconstruction works); the Malindi–Lungalunga/Horohoro–Bagamoyo (reconstruction works); Nyakanazi-Lusahunga–Rusumo/Kayonza-Kigali Road (Study completion); and Nyakanazi–Kasulu–Manyovu–Rumonge–Rutunga–Bujumbura(Study completion);
 - ii. implementation of the Vehicle Load Control Law (Sensitisation; coordination of the recalibration and recertification of weigh scales and weigh stations and development of a training curriculum for weighbridge operators);
 - iii. implementation of the Heads of State directives on prioritized projects in railways, ports, inland waterways and energy;

- iv. preparation of the implementation framework of a liberalized EAC air space (preparation of a roadmap for the implementation of the EAC Upper Flight Information Region and operationalize the EAC Agreement on Search and Rescue (SAR); and
 - v. Preparation of a Policy and Regulatory Framework for international mobile communications roaming services.
- (f) implementation of the EAC Industrialization Policy and Strategy with specific focus on upgrading of SMEs competitiveness; strengthening the collection and compilation of industrial statistics for production of biennial industrial production reports; and strengthening regional collaboration in industrial research, technology and innovation;
 - (g) implementation of the EAC Food Security Action Plan and Climate Change Strategy with particular focus on the SPS Protocol and establishment of a regional agricultural marketing information and early warning system;
 - (h) harmonization of higher education systems and developing a harmonised EAC Curriculum for Pre-Primary, Primary, Secondary Teacher Education and Training;
 - (i) conclusion of the negotiations of the Tripartite Free Trade Area Agreement encompassing EAC-COMESA-SADC; and
 - (j) Implementation of EAC Peace and Security initiatives.

In spite of the financial and other technical constraints, the Secretariat was able to deliver some key achievements as listed below:

The Regional Co-operation in Defence

The Protocol of Cooperation in Defense was ratified by all Partner States and instruments of ratification deposited with the Secretary General. The Secretariat is coordinating the development of the draft Mutual Defense Pact to enhance cooperation in defense.

Operationalization of the EAC Single Customs Territory

Following the successes registered during the initial stages of operationalizing the Single Customs Territory, goods cleared under the Single Customs Territory was expanded on both the Northern and Central Corridors.

Implementation of Single Customs Territory was consolidated in 2015 through the review of the EAC CMA to cater for its implementation.

Progress on the Negotiations with the Republic of South Sudan to join the East African Community

Following the adoption of a roadmap for the negotiations with RSS and approval of the commencement of the negotiations to be undertaken at three levels namely Technical Team; Permanent/Principal/Under Secretaries and then the Ministerial/Cabinet Secretaries by the 30th Meeting of the Council of Ministers, the negotiations were carried out between March and October, 2015 at the EAC Headquarters in Arusha, Tanzania. The Republic of South Sudan signed the Accession Treaty in Dar es Salaam on 15th April 2016.

The EAC Mechanism on the Elimination of Non-Tariff Barriers (NTBs)

During the period under review, eight (8) NTBs were resolved and nineteen (19) were reported unresolved and Six (6) were reported as new NTBs. Overall, one hundred and six (106) NTBs have been resolved cumulatively since 2009. The long outstanding NTBs whose resolution requires policy guidance shall be resolved by the Sectoral Council on Trade, Industry, Finance and Investment (SCTIFI) which shall report to the 34th Meeting of the Council.

Peer assessment of the four (4) Partner States on market surveillance and import inspection procedures was conducted against international best practices as defined in ISO/IEC 17020 standard with a view to harmonize the Partner States procedures; leading to reduction of NTBs arising from different administrative procedures during market surveillance and import inspection.

Progress Report on AGOA

A draft EAC AGOA Strategy was developed by August 2015 and considered by SCTIFI on 26th February 2016. The EAC Position Paper for the 2015 AGOA Forum was developed and the EAC Position Paper was presented to the Forum on 24-27 August 2015 in Libreville, Gabon.

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

Up to eighteen (18) COMESA-EAC-SADC Tripartite Member/Partner States signed the Tripartite Free Trade Area (TFTA) Agreement so far but 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.

Establishment of the East African Monetary Union

Draft Bills for the establishment of East African Statistics Bureau and East African Surveillance, Compliance and Enforcement Commission were developed and forwarded to EALA by the Council for consideration. The Bill for the establishment of EAC Surveillance, Compliance and Enforcement Commission was forwarded to the Sectoral Council on Legal and Judicial Affairs for legal input.

The Partner States (except Burundi and South Sudan) have developed Medium Term Convergence Programmes (MTCPs) as part of the fiscal policy surveillance to guide the EAC Macroeconomic Convergence Criteria in the run-up to the establishment of the Monetary Union. The EAMU Protocol requires the Partner States to harmonize and integrate their payments and settlement systems progressively from 2014. So far, the EAC central banks have established an East African Payments and Settlement System (EAPS), a multi-currency system which allows payments and settlements to be made in the local currencies of the Partner States.

Infrastructure Developments

Following a funding request from the Secretariat, JICA accepted to loan the United Republic of Tanzania JY 43,344 Million to fund the construction of 29.1km of dual road, 85.9km of two lane roads, and 530m of dual bridge at Kikafu, detailed design and supervision of works are under way.

The EAC Railways Sector Enhancement study was finalized and the study among others recommended the establishment of a regional railways coordination institution. However, this recommendation has to be discussed and adopted by Council before implementation. Meanwhile, a Railways Desk was established at the Secretariat to enhance the capacity of the directorate of Infrastructure to implement projects.

As of October, 2015, site clearance over the entire 14.2 km of the Sakina – Tengeru Dual Carriageway had been completed. Preliminary Survey findings on design review of the Tengeru-Usa-Moshi- Holili Road have been submitted by consultants. The purpose of design review is to determine the requirements to bridge the funding gap for this section.

Furthermore, the Secretariat has developed regulations to support implementation of the One Stop Border Post Bill and the Vehicle Load Control Acts. The regulations have been approved by stakeholders and experts.

The Technical Team on the establishment of the EAC UFIR has completed the key Project's deliverables including inclusion of Rwanda and Burundi into the Study on detailed analysis of the sustainability of the Lower Airspace (below flight Level 24,500 ft above sea level), the Project's risk analysis, safety analysis and preparation of a detailed Implementation Plan. The Team is finalizing the documentation of the roadmap towards the establishment of the EAC UFIR.

Also, worth noting is that, out of 15 borders earmarked to operate as OSBP, seven (7) have been completed and three (3) are operating as OSBPs using Bilateral agreements. The seven OSBP are; Gasenya/Nemba; Ruhwa; Lunga Lunga/Horohoro; Holili/Taveta; Isebania/Sirari; Kagitumba/Mirama hills; and Rusumo OSBPs. The three OSBP that are operational are; Gasenyi/Nemba; Ruhwa; and Holili/Taveta.

Launch of the New International EA e-Passport

In order to facilitate the free movement of persons under the EAC Common Market Protocol, the 32nd Meeting of the Council of Ministers adopted the East African Regional e- Immigration Strategic Framework and was further launched by the 17th Meeting of the Ordinary Summit of the EAC Heads of State on 2nd March 2016, with the issuance expected to commence in January 2018.

The Community is implementing the Project on installation of the Capital Market Infrastructure (CMI) for the EAC Capital Markets. Four Partner States, namely; Burundi, Rwanda, Uganda and Tanzania have proceeded with the implementation of the CMI Project.

Health Sector

The Community received a grant of 10 million Euros from the German Development Bank (KfW) to establish and operationalize the "*East African Community Regional Network of Public Health Reference Laboratories for Communicable Diseases Project*" with the aim of establishing sustainable structures and capacities for the rapid identification of infectious disease outbreaks within the Partner States and to enable timely and effective response in the prevention of epidemics caused by various pathogens and biological agents.

Harmonization of National Laws

The Task Force on harmonization of National Laws in the EAC context finalized the drafting of four Intellectual Property Model Laws namely: Genetic Resources, New Plant Varieties, Geographical Indications and Traditional Cultural Expressions and Folklore. The Model laws are awaiting approval by the Sub-Committee on Harmonization of National Laws in the EAC context and by the Sectoral Council on Legal and Judicial Affairs.

Corporate Communications

EAC publication and harmonized IEC materials were printed and distributed to include: 400 copies of the EAC Infrastructure Sector information guide; 400 Copies of the achievements in the integrations process during 1999 - 2015 booklet; 400 copies of the *Towards the East African Federation Booklet*; 400 copies of the simplified Protocol on establishing the EAC Monetary Union booklet; 400 copies of the *What you Need to Know About the East African Community Common Market booklet*; banners for various events; 2,500 EAC Wall Calendars; and 2,000 copies of the Elimination of NTBs in the EAC report, September 2015.

Industrial Development

A feasibility study on establishment of a regional Centre for Adaptation & Transfer of Manufacturing & Industrial Technologies (CATMIT) has been prepared. The Center will serve as a regional reservoir for cutting-edge manufacturing and industrial technologies and processes; knowledge management platform on regionally available technologies; and capacity building on technology management, selection, prospecting (foresight) and road-mapping. The Center will also provide support towards technological upgrading of SMEs and selected manufacturing value chains.

The East African Legislative Assembly

The Assembly passed the following seven bills over the period under review: i) The East African Community Forests Management and Protection Bill, 2015; ii) The East African Community Disaster Risk Reduction and Management Bill, 2013; iii) The East African Community Customs Management (Amendment) Bill, 2016; iv) The East African Community People with Disabilities Bill, 2016; v) The East African Community Supplementary Appropriation Bill, 2016; vi) The East African Community Appropriation Bill, 2016 and vii) The East African Community Counter-Trafficking in Persons Bill, 2016.

The East African Court of Justice

During the period under review, the First Instance Division of the Court received, 9 References, 10 Applications and 4 Taxation References, while the Appellate Division received, 6 Appeals, 2 applications and 1 Taxation Cause.

The two Divisions of the Court held four sessions each as scheduled. During these sessions the First Instance division managed to hear nineteen (19) References and sixteen (16) Applications, while the Appellate Division heard eight (8) Appeals, five (5) Applications and one (1) Advisory Opinion. In these sessions the First Instance Division delivered nine (9) Judgments' and twelve (12) rulings while the Appellate Division delivered eleven (11) Judgments' and two (2) Rulings.

A total of four (4) taxation matters were heard and rulings thereof delivered during the period under consideration. In total the court has heard fifty (53) matters and delivered twenty (20) judgments and eighteen (18) rulings.

The Civil Aviation Safety and Security Oversight Agency

The Agency continued to revise and formulate harmonized operating civil aviation regulations in the areas of flight safety standard including regulations on Personnel Licensing, Flight Operations and Airworthiness, Aerodromes, Air Navigation Services, Rules of the Air, Aviation Security and Safety Management Systems, and their technical guidance materials in order to meet the requirements of ICAO Annexes to the 1944 Chicago Convention. The Board approved the draft Regulations, which have subsequently been submitted to the Partner States for approval and promulgation. The Agency has also developed draft Regulations on the operations of Remotely Piloted Aircraft Systems.

The Inter-University Council for East Africa

The Inter University Council for East Africa signed a Financing Agreement (Grant Agreement: D1150-3E) with the World Bank for the facilitation and coordination of the Eastern and Southern Africa Higher Education Centers of Excellence Project (ACE II) for a total amount of US\$8 million for a period of five years. The goal of the grant is to strengthen Eastern and Southern African higher education institutions in the participating countries to deliver quality post-graduate education and to build collaborative research capacity in the regional priority areas.

The Commission completed the development of tools for the operationalisation of the East African Common Higher Education Area (EACHEA), which were approved by the Council of Ministers. The EACHEA aims at consolidating the EAC integration agenda based on the mutual interest and common goal of the Partner States in the development of higher education, characterized by comparable, compatible, coherent and harmonized systems of higher education.

The Lake Victoria Basin Commission

The Commission continued to strengthen its coordination and management capacity and implemented programmes and projects under various key result areas including: - capacity building; harmonization of policies, laws and standards; strengthening of institutional development and governance; public health services; management of ecosystems and natural resources including climate change adaptation.

The Lake Victoria Fisheries Organization

The amended Lake Victoria Fisheries Organization (LVFO) Convention was approved by the 9th Regular Session of the LVFO Council of Ministers for the Organization. The Republic of Burundi and the Republic of Rwanda are yet to submit the instruments of accession to the Depository (the Director General, Food and Agriculture Organization (FAO) of United Nations).

The East African Kiswahili Commission

Negotiations of the Headquarters Agreement between the EAC Secretariat and the United Republic of Tanzania for hosting the East African Kiswahili Commission in Zanzibar were completed and the Agreement signed on 28th December 2015 and the Commission relocated to its seat in Zanzibar in March, 2016.

East African Science and Technology Commission (EASTECO)

The Commission commenced implementation of its Annual Operational Plan 2015-2016 with the constitution of the EASTECO Governing Board in accordance with the provisions of the Protocol on Establishment of the Commission.

East African Health Research Commission

The East African Health Research Commission (EAHRC) operationalized its Governing Board and organized the inaugural meeting of the Governing Board in March 2016. The Commission also operationalized the National Focal Points and National Stakeholders. The Commission developed a five-year strategic plan 2016-2021, as well as a EAHRC draft Bill (2015). In addition, the Commission developed concept notes such as the concept note of the 6th East African Health and Scientific Conference, the East African Health Research Journal and the East Africa Web Portal for Health Information.

East African Development Bank

In spite of the challenging operating environment in East Africa, investor confidence is very high, the Bank's capital adequacy and leverage have improved significantly. At the close of 2015, the total assets of the **Bank stood at USD 381 million**, an increase of 9% upon 2014. The portfolio has expanded by 48% over 2014, granting the Bank USD 6.6 million in profit as at the end of 2015.

The asset size of the bank continues to grow consistently. As at the end of June 2016 the **asset size was USD 391 million**. The total assets were up by 3% in June 2016 compared to financial year ended 31st December 2015 and 27% above same period in June 2015. There was a 14% increase in portfolio from 165.53 million in December 2015 to USD 188.33 million in June 2016.

The Bank posted a net profit of USD 4.65 million for the half year ended 30th June 2016, which was 80% above the net profit of USD 2.59 million made in first half of 2015. This is mainly due to higher interest income as a result of growth of the loan book and higher loan recoveries in the first half of 2016 compared to the same period in 2015.

Conclusion

The Community has registered considerable achievements and is moving towards greater and deeper integration for the people of East Africa. However, it is important to note that the Community faced a number of challenges during the financial year under review which include non-implementation or delayed implementation of some planned activities mainly due to delays in the disbursements of funds by Partner States and Development Partners, understaffing of the EAC Organs and Institutions that continues to seriously impact on effectiveness and efficiency in implementation of projects and programme; and delays in the implementation of various Council and Summit Decisions.

In the next Financial Year, the Secretariat will continue engaging Partner States and Development Partners to ensure timely disbursement of funds to facilitate timely implementation of projects and programs and expedite the process of formulating alternative financing options for consideration by the Council.

I take the opportunity to thank all our key stakeholders, particularly the Partner States and Development Partners for the continued commitment and support towards enabling the region to realize its objectives.

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 and the United Republic of Tanzania. The EAC 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, defence, security and legal and judicial affairs for their mutual benefit.” Since then, the EAC Customs Union was established in March 2005 and has made significant progress. In 2010, the EAC established a Common Market followed by Monetary Union signed in 2013 that will come into force in 2023 and then a Political Federation as the ultimate goal.

As one of the fastest growing Regional blocs in Africa, the EAC has a population of about 150.6 million people with a combined GDP of US\$150 billion by 2015. The economies of the EAC mainly depend on export of agricultural commodities although industrial production especially manufacturing has recently increased in all the countries that comprise the trading bloc. At the same time, the services sector has grown mainly 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 for the Community: The Summit composed of the Heads of State of the Governments of Partner States; The Council composed of the Ministers responsible for East African Community Affairs and other Ministers as each Partner State may determine; and the Coordination Committee composed of Permanent Secretaries. The Sectoral Committees composed of Senior Officials from the Partner States are responsible for preparation of comprehensive programmes implementation reports and priorities in the respective sectors.

Other Organs are:- The Secretariat, as the executive organ of the Community responsible for initiating and coordinating the harmonization of policies and strategies relating to the development of the Community and general administration and financial management of the Community; 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; seven ex-officio members who include the Ministers responsible for EAC Affairs, the Secretary General and the Counsel to the Community; and the East African Court of Justice, a judicial body of the Community responsible for administration of justice.

The EAC Institutions that handle specific and specialized mandates are:- 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); the East Africa Kiswahili Commission(EAKC) ; the East Africa Science and Technology Commission (EASTECO) ; and the East African Health Research Commission(EACHRC); East African Competition Authority (EACA); and the East African Development Bank (EADB);

1.3 STRUCTURE OF THE REPORT

In terms of presentation the report is structured as follows: chapter 1.0 presents the introduction to the Annual report, followed by brief analysis of recent social economic development in Chapter 2. Performance on planned activities across the EAC Secretariat is presented in chapter 3 through Chapter 8. Performance registered by the EAC Organs and Institutions is presented in Chapter 9 through Chapter 17. The report ends with presentation of challenges faced and proposed solutions in Chapter 18, and 19 and lastly conclusions in Chapter 20.

2.0 RECENT SOCIO-ECONOMIC DEVELOPMENT IN EAST AFRICA

East Africa a regional economic bloc, with a total population of about 150.6 million by 2015 and is considered to be one of the fastest growing regions in Sub-Saharan Africa, recording an average GDP growth of 5.9% in 2015. The region is further considered as the world's fastest reforming region with stable economic and political environment, harmonized tariff, great market access to most regions in Africa, Middle East and Asia and preferential market access to the US, EU and some other developed countries. The EAC, further, boasts of a growing middle class and has a diversified economic base, offering a variety of business and investment opportunities, with an overall GDP of around US\$150 billion in 2015.

2.1 ECONOMIC TRENDS

The region's economic performance for the period 2015/2016 was generally positive in spite of several downside 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 2015. In Kenya, real GDP growth in 2015 was 5.6% while Rwanda and Tanzania experienced the highest growth rates of 7.0% and 6.9% respectively. Uganda's growth was moderate at 5.5%, while Burundi experienced a sharp fall in economic growth (-3.9%), exacerbated mostly to political instability in the country.

Economic growth registered across the EAC Partner States is attributed to total factor productivity 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.

In terms of purchasing power of the region, while the overall GDP stood at around US\$150 billion by 2015, Kenya had the highest per capita income estimated at around US\$1,500, followed with Tanzania at US\$979, Uganda at US\$744, Rwanda at US\$723, and lastly Burundi recording the least purchasing power at around US\$340. Overall, the EAC region performs much better in terms of GDP growth above the African average.

Table 1: GDP Growth Rates in EAC, 2012-2016

	2011	2012	2013	2014	2015	2016 (e)
Burundi	4.0	4.4	4.9	4.5	-3.9	0.9
Kenya	6.1	4.6	5.7	5.3	5.6	6.0
Rwanda	7.8	8.8	4.7	7.0	6.9	6.0
Tanzania	7.9	5.1	7.3	7.0	7.0	7.2
Uganda	6.9	3.2	4.7	4.9	5.5	4.8
Overall EAC Countries	6.9	4.5	6.1	5.8	5.9	6.1
Overall African Countries	2.9	6.4	3.9	3.7	3.6	3.7

Source: EAC Facts and Figures, 2016; AfDB, Africa Economic Outlook, 2017; Staff estimates.

2.2 Demographic Trends

The EAC has a combined population of about 150.6 million in 2015, compared to an estimated 145.4 million persons in 2014, representing a 2.9% growth rate; with over 75% of the population living in rural area. Tanzania had the largest population accounting for 33% of the region population, followed by Kenya and Uganda at 27% and 26% respectively, while Rwanda and Burundi each accounted for 7 percent.

The average population growth rate in the region stood at about 2.9 per cent; the rate that if maintained at that level, will lead to the doubling of the current population in the next 35 years.

Table 2: Annual Population Growth rate (in %)

Partner State/Years	2011	2012	2013	2014	2015
Burundi	3.2	3.2	3.1	3.0	3.0
Kenya	2.7	2.7	2.7	2.6	2.7
Rwanda	2.9	2.6	2.4	2.4	2.4
Tanzania	2.9	2.7	2.7	2.7	2.7
Uganda	3.0	3.0	3.0	3.0	3.0
<i>East Africa</i>	2.9	2.9	2.9	2.9	2.9

Source: EAC Facts and Figures, 2016

Table 3: Population Trends in East Africa's Population

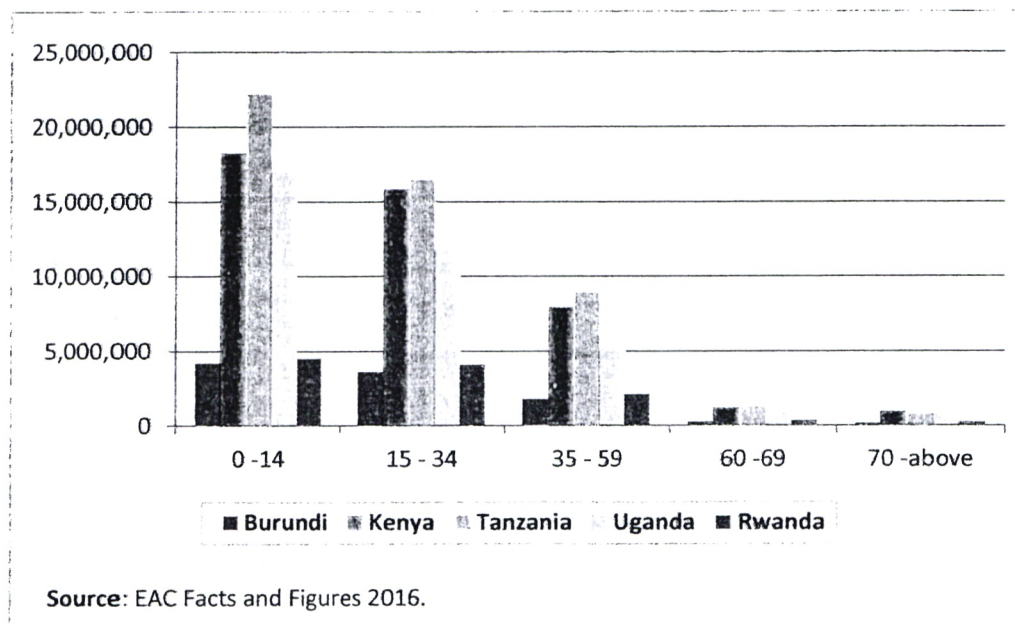
Country	Land Area (in Sq. Km)	Population (in thousands)		
		1950	2000	2015
Tanzania	886.3	7,886	35,119	49,709
Kenya	580.7	6,265	30,669	44,157
Uganda	200.5	5,210	23,300	35,516
Rwanda	24.2	2,120	7,609	11,263
Burundi	25.0	2,456	6,356	9,984
EAC	1,716.7	23,937	103,053	150,629

Source: EAC Facts and Figures, 2016

The population density for the EAC region in 2015 continued to surge ranging from as high as 434 and 393 persons per Km² respectively in Rwanda and Burundi, to as low as 56 persons in Tanzania, 69 in Kenya and 193 persons in Uganda; with overall regional population density of 86 persons. Continued population increase in the region is being aided by the high fertility rate across the EAC Partner States averaging at 4.9 births per woman¹, with Burundi and Uganda respectively recording the highest rates of 5.8 and 5.7 births in 2015.

¹ Source: World Bank at <https://data.worldbank.org/indicator/>

Figure 1: EAC Population Distribution in 2015 by Age Group



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 aged between 15 – 34 years was estimated at 34% of the region’s total population in 2015. 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.

2.3 SOCIO-ECONOMIC INDICATORS

2.3.1 LIFE EXPECTANCY

Life expectancy at birth on average stood at 62.99 years in the East African countries, slightly higher than the life expectancy for Africa that stood at 59.99 years in 2015. 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 55 in 2015, while average maternal mortality (per 100,000 births) stood at 446, which is slightly below the Africa average of 460². The state of health systems in the region is a contributing factor to the current life expectancy and mortality rates.

² EAC Facts and Figures, 2016; United Nations Sustainable Development Report, 2015.

Table 4: Selected Socioeconomic Indicators for EAC Partner States

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	9.9	57.09	142.0	71.7	67.2
Kenya	44.2	66.69	52.4	36.1	87.4
Rwanda	11.3	66.69	50.0	44.9	71.1
Tanzania	49.7	64.95	49.7	28.2	73.2
Uganda	35.5	59.57	57.8	19.7	73.2
East Africa	150.6	62.99	70.4	-	74.4
Sub-Saharan Africa	1,006	59.99	71.4	-	64.9

Source: EAC Fact and Figures 2016, World Bank Data (<https://data.worldbank.org/country>).

2.3.2 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 situation is much better as over 70% of the population are living above the poverty line. There is however, a sizable proportion of population living below the poverty line in Kenya and Rwanda at around 40%; suggesting that poverty in the region remains a major challenge, with women and children constituting the majority of the affected groups.

2.3.3 LITERACY

The 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, except in Kenya and Rwanda.

Table 5: Literacy Rates for 15-24-Year-old in EAC

	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	90	87
Tanzania	2002	78.4	80.9	76.2

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

3.0 OFFICE OF THE SECRETARY GENERAL

The office of the Secretary General is headed by the Secretary General assisted by three Deputies Secretary General and coordinates all regional projects and programs in the Community. The office, however, directly supervises the following functions: Legal and judicial affairs; cooperation in defense; corporate communications and public affairs; internal audit; and resource mobilization.

3.1 OFFICE OF THE CHEF DE CABINET

During the financial year 2015-2016, the Office of Secretary General had to achieve five targets as follows: The promotion of the relationships with the private sector and Civil Society, to develop the relations of EAC with other regional and international organizations; to accelerate the process of integration of South Sudan and negotiations with Somalia to access to the East African Community and to enhance the mandate of EALA by strengthening the policy formulation capacity. These targets were to be achieved through different activities such as consultation visits to regional and international organizations, heads of states and world trade organizations; holding meetings and forums with private sectors and civil society; participating or attending different tripartite meeting; to make follow up/official visit to EAC Institutions and Partner States for improved coordination; to conduct Inter Organ and Institutions annual consultation meeting/briefing session with Chairperson of Summit; and to organize/attend Inter Organ/Institution/ Country bi- Annual Consultation meetings.

Key Achievements registered in the period under review include the following: -

a) Promotion of the Relationships with the private sector and Civil Society:

EAC private sector fund was launched by summit and the operationalization of that fund forwarded to the Council of Ministers for further analysis and inputs. Five meetings were held in Dar es Salaam and some meetings with private sector conducted during the financial year 2015-2016.

b) Strengthening of inter-organ/institutional collaboration and co-operation:

More than two meetings were held in Dar es Salaam on Burundi with the Chair of the Summit. Furthermore, an Ordinary Summit was held in March 2016, and a number of EAC organs and Institutions meetings were held, including more than 5 meetings with the Chair of the Council and the Summit.

c) Strengthening the relations of EAC with other regional and international organizations:

For purpose of articulating EAC integration initiatives towards mobilizing greater support for EAC integration objectives and to ensure that EAC's integration objectives is widely understood and supported internationally, meetings were held such as EU COP21, World Bank and other Tripartite meetings, with the view to articulate the EAC integration Agenda to the International Community; resulting to signed /renewed MOUs and more resources mobilization.

d) Facilitation Republics of South Sudan and Somalia to sign agreements:

The Republic of South Sudan signed the Treaty of Accession to the East African Community in April 2016, pending deposit of instruments of ratification with the EAC Secretary General. In respect to the Republic of Somalia much as the EAC has written several times to Somalia to communicate the appropriate date for conducting the verification exercise no response has been received.

Budget Execution

The budget allocated to the Secretary General's Office amounted to US\$ 780,500 for the Financial Year 2015/2016 with an expenditure of US\$723,282. The budget performance was 92.7% indicating that more than 90% of planned activities were implemented.

3.2 DEFENCE LIAISON

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 Unit planned to: sign, ratified and entered into force of Protocol on Co-operation in Defence Affairs; implementation of Joint Operations; to promote Better spirit de corps between the EAC Partner States' armed forces Military Training; to carry out EAC Military Games and Cultural Events; facing EAC security challenges together Military Intelligence; implementation of the Protocol on Cooperation in Defence; implementation of Defence Programmes pursuant with the EAC Protocol on Cooperation in Defence Affairs; to carry out DLOs National Consultations; implementation of the EAC Protocol in Cooperation in Defence Affairs and Military Training on Peace Support Operations; Disaster Management; Crisis Response and Command and Control.

Key Achievements registered during the period under review were:

a) To sign, ratify and enter into force the Protocol on Co-operation in Defence Affairs:

The EAC Protocol on Cooperation in Defence Affairs entered into force on 19th November, 2015 after being ratified by all Partner States. The Secretariat is coordinating the development of the draft Mutual Defense Pact to enhance cooperation in defense and Professional military package syllabus was harmonized.

b) Implementation of Joint Operations:

The CPX 2015 was planned and conducted successfully. Furthermore, Human capacity on Peace, Security and Command and Control built through Joint Military Training and Operations and the Cooperation in Defence among Partner States was enhanced and strengthened.

c) Promoting Better spirit de corps between the EAC Partner States' armed forces Military Training:

For purpose of improvement of defense technical facilities, meetings of the CEOs of Military Industrial Facilities availed for shared utilization were successfully held and the sharing of facilities availed for shared utilization among the EAC Armed Forces was operationalized.

d) Enhancement of Training among EAC Partner States Armed Forces:

The EAC Command Post Exercise USHIRIKIANO IMARA 2015 and the 10th EAC Armed Forces Field Training Exercise were successfully held in Embakasi, Nairobi in March/April 2016.

e) Carrying out EAC Military Games and Cultural Event:

The Republic of Uganda successfully hosted the 9th EAC Military Games and Cultural Event in Kampala in August 2015. The main objective of military games is to enhance military cooperation through interaction among the troops in form of sports and cultural activities.

f) Facing EAC Security Challenges Together Military Intelligence:

Meetings were held and especially a Quarterly Meeting of Chiefs/Directors of Military Intelligence (CMI/DMIs) was successfully held and, during those meetings Information and Intelligence on Security challenges to EAC were exchanged and the strategies and measures to encounter security challenges were formulated

g) Implementation of Defence Programmes pursuant with the EAC Protocol on Cooperation in Defence Affairs:

The meetings of commanders and staff colleges were regularly held during the period under reporting and for this the defense cooperation in training became operational and information and visits were exchanged amongst all Partner States.

h) Carrying out Quarterly DLOs National Consultations:

The meetings were carried out and the EAC visibility was enhanced through Liaison between EAC and Defence Chiefs.

i) Military Training on Peace Support Operations, Disaster Management, Crisis Response and Command and Control:

A number of achievements were recorded to include (i) successful exchange of Directing Staffs and Students in EAC Military Academies and Senior Command and Staff Colleges; (ii) Harmonization of Training Doctrines, Syllabi and Curricula for EAC Military Training Institutions; (iii) lectures of opportunity offered by EAC Defence Chiefs at Command and Staff Colleges; and (iv) undertaking of semi-annual meetings of the Commandants of Officer Cadet Training Schools and Commandants of Command and Staff Colleges to operationalize the Defence cooperation in Training pursuant to the EAC Protocol on Cooperation in Defence Affairs

Budget Execution

The budget allocated to the Defence Office amounted to US\$621,255 for the Financial Year 2015/2016 with an expenditure of US\$499,132; with a budget performance of 80.3%.

Challenges and Recommendations

Lack of cooperation and coordination between Defence Sector and Peace and Security Sector negatively impacts on joint training and operations between the two sectors.

The Memorandum of Understanding between EAC and United States Africa Command (AFRICOM), which remains unconcluded hampers the organization of Planning Conferences and execution of Exercise *EASTERN ACCORD*.

3.3 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.

In the period under review, Internal Audit planned to conduct at least 12 Audit assignments by the end of the financial year; maintain Risk Registers for EAC Organs by June 2016; harmonize Internal audit tools and techniques by June 2016; finalise External Audit of the Financial Statements for the Financial year that ended 30th June 2015; provide support to Oversight Committees and Council effectively as required; and finally to enhance EAC Internal Auditors Skills and Competences.

Key Achievements registered during the period under review include:

a) Audit assignments:

Substantive audit assignments were conducted which included:- The review on the effectiveness of Internal Control systems; Audit on Information Communication and Technology (ICT); Review of CASSOA operations; Audit on EAC Petroleum Conference (EAPCE); Review on Travel and Ticketing; Coordination of Quality Management System (QMS); Review of CASSOA-Financial Statements for 2014/2015; Review of EACJ Operations; Review of EACHRC Operations; Review of EACKC Operations; Review of EACSTC Operation and three Advisory services as requested by the EAC Senior Management.

b) EAC Organs and Institutions Risk Register:

Risk registers were developed for three organs based at EAC HQ, validated and the Draft final Risk Registers submitted to Management Risk Committee for adoption.

c) Harmonization of Internal Audit activities across EAC Organs and Institutions:

A Comprehensive report was prepared and submitted to Secretary General for Consideration. All auditors were trained on the basics application knowledge of PENTANA and ACL.

d) External audit:

The Audit Commission on the statutory audit was Coordinated and finalized by issuing a report on EAC Consolidated Financial Statements for the financial year 2014 /2015 with a clean audit opinion.

e) Meetings of the oversight Committees and Council:

Four meetings for Audit and Risk Committee were held. The meetings considered the Internal Audit reports for EAC Secretariat, LVBC, and LVFO & IUCEA, reviewed and approved Internal Audit Charter, reviewed and proposed approval of the Audit and Risk Committee Charter and reviewed the first, second and third quarters audit plans.

f) Enhancement of EAC Internal Auditors Skills and Competences:

The Internal Audit staffs attended mandatory training on CPD during the financial year 2015/2016. Advanced training on audits command already planned was not achieved due to lack of funds.

Budget Execution

The budget allocated to the Internal Audit amounted to US\$372,935 for the Financial Year 2015/2016, with an expenditure of US\$241,744. The budget performance was thus 64.8% of planned activities.

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 mandate.

3.3 COOPERATION IN LEGAL AND JUDICIAL AFFAIRS

The Office of the Counsel to the Community 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 period under review, the Office of the Counsel to the Community planned to implement four activities namely to: harmonize five laws by June 2016; provide Legal advice to Organs and Institutions of the Community within 14 days; draft Bills for the Council and Private Members Bills by June 2016; and train 30 Judges from Partner States on the EAC Treaty.

Challenges and recommendations

In implementing the key priority activities, the legal department faced a number of challenges relating to funding. It was noted that judicial trainings and harmonisation of laws, which are key programmes are wholly financed by donors. As such, the various activities planned thereunder are put on hold when funds are not immediately made available.

It was also noted that litigation cases are on the increase at the East African Court of Justice, which necessitates an increase in the budget for litigation. However, with the 0% budget increase, per financial year, it has proven difficult for the Office of the Counsel to the Community to amend the budget to adequately facilitate all priority areas identified in the Annual Operation Plan.

The Department made the following recommendations:-

- (a) Partner States should consider financing the activities of the Task Force on Harmonisations of Laws and the East African Judicial Education Committee;
- (b) Partner States should revisit the 0% budget increase policy taking into account the emerging developments in the Community.

Budget Execution

The budget allocated to support cooperation in Legal and Judicial Affairs amounted to \$ 502,100 for the Financial Year 2015/2016, with an expenditure of \$ 265,952. The budget performance was 53.0%.

3.4 RESOURCES MOBILIZATION

- 1.1 The Department of Resource Mobilization is responsible for coordinating all EAC Resources mobilization initiatives and processes for its projects and programmes. The mandate of Resource Mobilization Office (RMO) originates from the Treaty for the Establishment of the EAC. Article 71(i) 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 the period under review, Resource Mobilization Office had planned to undertake a number of activities with the objective to sustain and increase support from development partners. These include staff training in project management and resource mobilization; development of bankable project proposals for donor funding; increase the number development Partners supporting EAC, and engagement with private Sector.

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

a) Training on project management and resource mobilization

Training on EDF 11 procedures was conducted during the week of 11th December 2015. A total of 25 staff from each Directorate, Organ and Institution were trained on the requirements of accessing and implementing EU funded projects.

b) Bankable projects developed for donor funding

Under European Union (EU) support, Euro 85 million was earmarked for four EAC's priority areas, namely; peace and security (Euro 15 million), regional integration (Euro 45 million), natural resources (Euro 20 million) and institutional strengthening (Euro 5 million). Of the Euro 85 million, the EAC Secretariat developed proposals for two projects that have been approved by the EU to a total amount of Euro 55 million. These are the Trade Related Facility (also referred to as MARK UP) to the tune of Euro 45 million, and Inland Water Resources Management at Euro 10 million. Two (2) draft PAF were developed for LVFO-fisheries Management (Euro 10 million) and implementation of Common Market and Customs Union (Euro 10 million). Further, 2 PEs i.e. IRCC and RISP were finalized for Euro 1,551,400 and Euro 2,891,543 respectively.

c) Increased number of Development Partners under EAC

Under this priority, two (2) Development Partners were recruited to the Partnership Fund i.e. Australia and Switzerland have agreed to join from year 2016/17.

d) Private Sector engagement

Private Sector firms were visited to discuss the draft framework for establishment of the Private Sector Fund. Three commitments of about US\$ 550,000 were made from Manu Chandaria (US\$ 100,000), Mount Kenya University (US\$ 250,000), and CRDB Tanzania (US\$ 200,000). Other commitments will be concretized with KCB and BDCO. However, there is still need to harmonize our approach with EABC.

Budget Execution

The budget allocated to the Resource Mobilization Unit amounted to US\$1,848,928 for the Financial Year 2015/2016 with an expenditure of US\$628,975, with budget performance standing at 34.0%. It is important to note that this performance is based on approved budget not actual funds received.

Challenges and Recommendations

During the reporting period, had planned to fully operationalize the EAC engagement with the private sector. However, in the course of implementation, some challenges related to the harmonisation of the EAC Private Fund with EACBC were encountered so the EAC Private Sector Fund could not be launched by the Summit as it was planned in November 2015. Going forward we are planning to work with EACB on this undertaking and take it to the Council for approval before the launch by the Summit.

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. CCPAD 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, CCPAD planned to: Enhance Information, Education and Communication; and popular participation of the EAC citizenry in the EAC integration process.

The key achievements made during the Financial Year 2015/2016 were:

- a) **Enhance access to online EAC news/information and publications on integration through online platforms and Grow EAC social media users by 10,000 per year:**

The Community continued to provide easy access to information on EAC integration through online platforms by maintaining a robust Web portal, www.eac.int. During the period under review, the Secretariat embarked on a comprehensive revamp of the EAC Web portal, aimed at enhancing the portal's interactivity and ease of access to information. Further, the Secretariat carried out a major social media drive and live streaming of EAC events to allow wider public participation and up-scaling of visibility and corporate image of the Community. A thematic campaign on the EAC Twitter handle was launched. The Twitter campaign revolved around four (4) themes, namely: to sensitize EAC citizens on trade within the EAC; to publicize facts and figures on the EAC; to educate audiences on the history of the Community, and; to spur inspirational and leadership messaging.

In addition to the above, the Department launched nine (9) online stakeholder engagement initiatives (Buy East Africa, Build East Africa: #BEABEA; #TRANSFORM EAC; #MOTIVATION MONDAY; #TRADE TUESDAY #INTEGRATION WEDNESDAY; #EACTBT; #FACTUALFRIDAY; #SOUTH SUDAN #EAC SUMMIT, EAC Social Media Users grew cumulatively by **13,302** – Facebook page 6,648; Facebook group – 6,150, Journalists on EAC Affairs – 504; Twitter – 23,43, EAC Social Media Policy developed, approved and under implementation, revamped EAC Web Portal launched with enhancements ongoing v) Redesign of EALA website concluded. Content review is ongoing and the Content was reviewed and up to date.

b) Identify and implement the New EAC Brand:

The 24th Sectoral Council of Ministers for EAC Affairs considered and adopted the EAC Brand Architecture Concept Note [EAC/SCEAMCP24/Decision 23) and directed the Secretariat to factor the budget for the EAC Brand Architecture in the Financial Year 2017/18 [EAC/SCEAMP24/Directive 66]. The Council further directed the Secretariat to engage the Youth in the region in the process of developing the new EAC Brand Architecture [AC/SCEAMP24/Directive 67].

c) Hold EAC Communication Policy and Strategy Forums harmonize IEC materials, and; undertake outreach activities:

Six (6) harmonized messages/themes on EAC Integration pillars were developed and disseminated.

d) Hold the Eighth Annual EAC Media Summit:

The 1st Preparatory meeting held in Arusha and attended by representatives of 15 Media CEOs in the region.

e) Reach out and sensitize University students, National Assemblies; Youth/Women; Border Communities and External Audiences:

The Secretariat reached out and sensitized Border Communities at Cyanika town on the border between Rwanda and Uganda (1,300 pax); Border Communities at Namanga (1,200 pax); Members of the National Assemblies (Inter-Parliamentary Games – 750 pax); Kampala International University (1,900 pax); Kigali Independent University (700 pax); Nelson Mandela Science & Technology University (1,000 pax); Mount Meru University (800 pax); Zinduka Festival in Arusha (3,500 pax); EAC Golf Tournament (150 pax); EATV (500,000 pax); NTV Uganda (500,000 pax); JAMAFEST Carnival in Nairobi including outreach to universities (1.5 million pax); Taveta/Holili border towns between Tanzania and Kenya during the launch of the One Stop Border Post (350 pax); Launch of the Arusha-Tengeru-Holili/Taveta road construction at Tengeru (600 pax);

Students visiting EAC HQs on study tours (473 pax); 235 EAC Stakeholders and Government Officials visiting EAC HQs; 2 million East Africans were sensitized during the live broadcast of the 17th Heads of State Summit by various TV stations in the region.

f) EAC showcases integration milestones to show goers at the Annual Trade Exhibitions in the Partner States:

The Secretariat participated in the Nairobi International Trade Fair and reached out to 1,500 show-goers and the Jua Kali/Nguvu Kazi Exhibition in Dar, Tanzania (1,200 pax); 2nd Women in Business Conference (500 show-goers); JAMAFEST (590 show-goers).

g) EAC publications and harmonized IEC materials printed and distributed:

The Secretariat produced 400 copies of the EAC Infrastructure Sector Information Guide; 400 copies of the Achievements in the Integration Process 1999-2015 booklet; 400 copies of the Towards the East African Federation booklet; 400 copies of the Simplified Protocol Establishing the EAC Monetary Union booklet; 400 copies of the What You Need to Know About the EAC Common Market booklet; Banners for various events; 2,500 EAC Wall Calendars; 2,000 copies of the Elimination of NTBs in the EAC report, September 2015; 500 copies of NTBs Report (December 2015), and; 750 copies of Issue 25 of the Community Magazine (June 2016).

h) Internal processes of the Department improved, and Major EAC meetings and Conferences provided with effective Publicity and PR management support:

A Media Data Bank was established and operationalized; two (2) talk shows (Radio One and NTV Uganda) held, 48 Media interviews from various media houses on diverse EAC matters including JAMAFEST; 2nd Women in Business Conference; 1st Manufacturing Summit; EAC Climate Change Conference; Mount Meru University graduation; Visit to EAC HQs by German Foreign Minister; Extra-Ordinary Ministerial Meeting on HIV/AIDS; Inter-Burundi Dialogue; in Tanzania (Daily News, ITV, Clouds and the Guardian, TBC and Star TV); Uganda (Daily Monitor and NTV Uganda plus New Vision); Kenya (KTN and KBC); Feature News Story in the UK, Nelson Mandela Institute of Science & Technology; Establishment of EAC Youth Clubs in Dar es Salaam, and; uploaded 250 photos on website and social media pages.

1.2 Budget execution

1.3 The budget allocated to the Corporate Communications and Public Affairs amounted to US\$762,980 for the Financial Year 2015/2016 with an expenditure of US\$102,244, marking the budget performance of 13.4%.

Challenges and Recommendations

The major challenges faced by the Department were underfunding for the Department's core functions and a delay in the disbursement of funds allocated in the budget. This meant that some of the planned activities could not be undertaken.

It is recommended that funding be increased for the Department's core functions, especially sensitization and public outreach activities, and PR Management Support for EAC events. It is further recommended that the funds be disbursed on time to enable the Department to execute planned activities.

4.0 THE OFFICE OF DEPUTY SECRETARY GENERAL – PLANNING AND INFRASTRUCTURE

4.1 REGIONAL INFRASTRUCTURE DEVELOPMENT

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 Corporate Strategic Planning.

4.1.1 TRANSPORT AND WORKS DEPARTMENT

The Department of Transport and Works coordinates cooperation programmes for the road transport and railway transport sectors, as provided for in Articles 90 and 91 of the Treaty.

In the period under review, the Transport and Works Unit planned to harmonize policies, procedures, guidelines, and standards; supervise consultancy services in the roads sub sector; develop a pipeline of bankable roads development projects for the region; promote joint financing and implementation of regional projects; identify and conduct studies of new corridors and develop missing links along existing corridors; and progress processes for the establishment of an EAC Railway Regulatory Authority.

The following were achieved under Transport and Works:

a) Harmonization of Policies Procedures guidelines and standards and procurement procedures in the roads sub sector:

Following the adoption of the Transport Facilitation Strategy document (BICO Report), funds for printing the report were secured and the document was duly printed and copies delivered to Partner States in May, 2016. The EAC Harmonized Drivers Training Curriculum was formally adopted by the Sectoral Council on Transport, Communications and Meteorology on. The curriculum awaits adoption by Council.

b) Pipeline of bankable roads development projects for the region developed:

Construction works for upgrading the 85 Km section of the Road from Taveta to Mwatate, including construction of a 12 km by-pass for Taveta town, commenced in May, 2014. By November, 2015, 40 km of bitumen had been laid and was open to traffic. The upgrading works on this part of the project were launched by H.E. Dr. Jakaya Mrisho Kikwete, then sitting President of the United Republic of Tanzania and H.E. President Uhuru Kenyatta, President of the Republic of Kenya on 4th October, 2015 at Taveta, Kenya.

On the Tanzanian side, the works project comprises three components, namely (i) The 29.1 km Sakina – Tengeru Dual Carriageway, (ii) The 42 km Arusha By-Pass (Ngaramtoni – Usa River), and (iii) the 85.9 km two-lane road, with a 530m dual bridge at Kikafu. The Government of Tanzania secured funding for the dual carriageway from AfDB and works commenced in June, 2015. By November, 2015, site clearance over the entire 14.2 km had been completed and widening for the road foundation was ongoing. Excavation for foundations for bridges had also commenced. Official launch of the construction works on the Tanzanian side was held in Arusha in March 2016 by His Excellencies Dr. John Pombe Magufuli and Uhuru Kenyatta, Presidents of Tanzania and Kenya, respectively.

For the Arusha By-Pass and the two-lane road components, a funding request was submitted to JICA. After project design review and negotiations, in December 2015, JICA loaned to Tanzania JY 43,344 million to fund the two project components. Three (3) - Technical Meetings to support implementation of the design between Contractor, Supervising Consultant and Design Consultant and technical site meetings were held.

c) Construction of One Stop Border Posts (OSBPs)

The One Stop Border Post Bill and the Vehicle Load Control Bill, which were enacted by the East African Legislative Assembly (EALA) in April, 2013 and May 2013 respectively, have been assented to by all Partner States. Meanwhile, the Secretariat has developed regulations to support implementation of both Acts. The regulations have been approved by stakeholders and experts.

Construction of OSBPs at the common borders between Partner States continued satisfactorily. The status of Works as of October, 2015 was as follows:

Out of 15 borders earmarked to operate as OSBP, seven (7) were completed and three (3) were operating as OSBPs using Bilateral agreements. The seven OSBP are; Gasenya/Nemba; Ruhwa; Lunga Lunga/Horohoro; Holili/Taveta; Isebania/Sirari; Kagitumba/Mirama hills; and Rusumo OSBPs. The three that are operational are; Gasenya/Nemba; Rhuwa; and Holili/Taveta. Five (5) borders stations which are almost completed are; Namanga, Busia, Malaba, Mutukula, and Kobero/Kabanga. Work has also commenced on Katuna/Gatuna.

Table 6: Status of OSBPs as of October 2015

No	Border	Status as of October, 2015
1	Namanga (Kenya/Tanzania)	100% complete on the Tanzanian side. 85% complete on the Kenyan side.
2	Rusumo (Rwanda/Tanzania)	Complete on both sides. However, full occupation awaits installation of furniture and equipment and utilities (water and electricity) on the Tanzanian side.
3	Holili/Taveta (Tanzania/Kenya)	Completed on both sides and operational on the basis of a Bi-lateral Agreement. Facilities due for official opening during the 1 st Quarter 2016.
4	Lunga Lunga/Horohoro(Kenya/Tanzania)	Complete on both sides and operational
5	Mutukula (Uganda/Tanzania)	100% complete on the Tanzanian side. 90% complete on the Ugandan side.
6	Sirari/Isebania(Tanzania/Kenya)	100% complete on the Tanzanian side. 100% complete on Kenyan side.
7	Katuna/Gatuna (Uganda/Rwanda)	98% complete on the Ugandan side. Works commenced on the Rwandan side in August, 2015.
8	Kabanga/Kobero (Tanzania/Burundi)	90% complete on the Tanzania side. Construction ongoing on the Burundi side
9	Mirama Hills/Kagitumba(Uganda/Rwanda)	Construction 100% complete and handed over to Uganda and Rwanda.
10	Ruhwa (Rwanda/Burundi)	Operational since 2012
11	Nemba/Gasenyi (Rwanda/Burundi)	Operational since 2010
12	Cyanika (Uganda/Rwanda)	Preparation of detailed designs commenced

No	Border	Status as of October, 2015
13	Kanyaru / Akanyaru (Burundi /Rwanda)	Designs completed and undergoing stakeholder review

Source: Infrastructure Directorate reports

d) Promotion of joint financing and implementation of regional projects:

Two consultancy contracts were signed on 1st April, 2016 for Feasibility Studies and Detailed Design for: Nyakanazi – Kasulu–Manyovu/ Rumonge–Rutunga– Bujumbura Road with Egis International of France and the Lusahunga – Rusumo/Kayonza – Kigali road with HP Gauff Ingenieure of Germany. Funding proposals were also submitted to AfDB for two more roads that is Tanzania/Uganda: Bugene – Kasulo & Mutukula – Masaka road; and Burundi/Tanzania: Cankuzo – Gahumo & Nyakahura – Murusagamba / Kumumbuga – Murugarama road.

e) Establishment of an EAC Railway Regulatory Authority:

The EAC Railways Sector Enhancement Study made recommendations on the establishment of a regional railways coordination institution. The recommendations were to be discussed and adopted by Council before implementation. Furthermore, a Railways Desk was established at the Secretariat to enhance the capacity of the Directorate of Infrastructure to implement projects.

f) Implementation of the EAC Railways Master Plan

The EAC Railways Sector Enhancement Project Study progressed well over the period under review. The Project is aimed at developing strategies to supplement the efforts towards realization of the soft aspects of the Standard Gauge Railways development in the region.

As part of the Study, the Secretariat is developed a series of Technical Standards and Regulations for the Standard Gauge Railway. These include: - Technical Specifications for Interoperability for Infrastructure (TSI (Infrastructure), and the EAC Railway (Interoperability) Regulations. The draft standards and regulations were considered by Partner States experts in March 2016. The TSIs will facilitate cross-border rail interconnectivity while the regulations will ensure seamless operations and enhance a common railway market of the SGR across the Partner States.

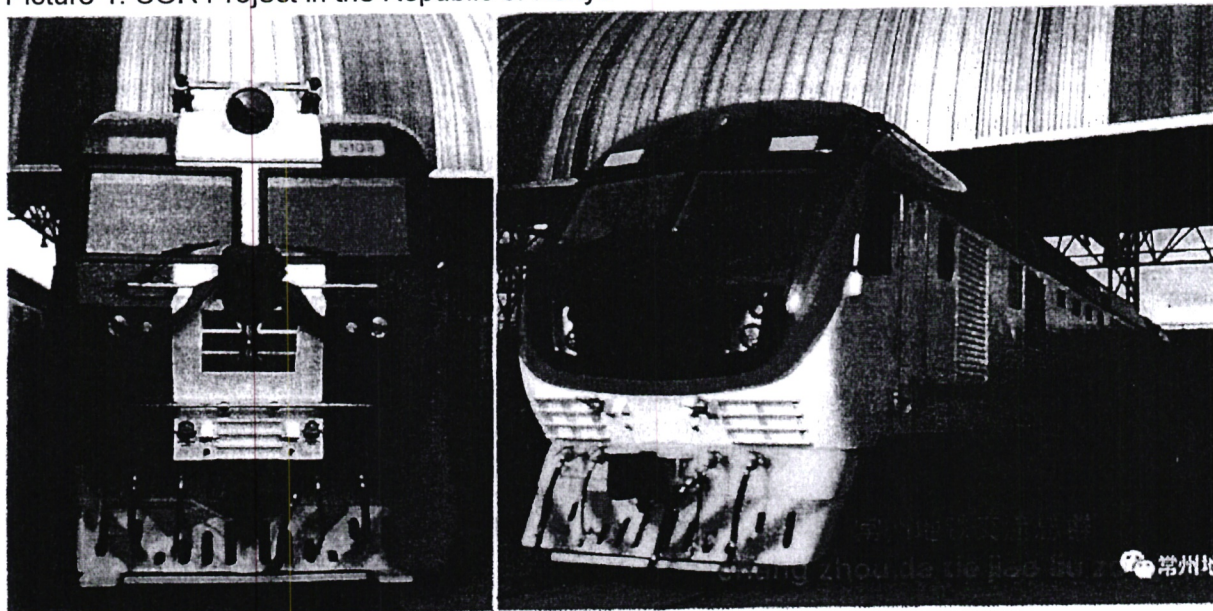
g) The Standard Gauge Railways Programme

Partner States are actively engaged in the SGR project. In Kenya, the overall physical completion of Phase 1 (Mombasa-Nairobi) was 40 % as in September 2015 with over 200km out of 472 km of formation completed ready to receive the permanent way. Mechanized track laying equipment was used for plate laying (laying sleepers and rails).

Commercial Agreement for Construction of the Nairobi - Naivasha section was signed and construction launched in September 2015.

Commissioning of the SGR line was expected to shorten the passenger travel time from Mombasa to Nairobi from more than ten hours to a little more than four hours, and freight of goods to less than 8 hours.

Picture 1: SGR Project in the Republic of Kenya



1.4 The budget allocated to Transport and Works Department amounted to US\$2,599,972 for the Financial Year 2015/2016 with an expenditure of US\$1,162,859. The budget performance was thus 44.7%.

Challenges and recommendations

Delays in considering and approving deliverables of road design consultancies by Partner States and obtaining No Objections from financiers contributed to the low budget absorption.

4.1.2 METEOROLOGY

The Department of Meteorology coordinates cooperation programmes on meteorology, including collection, processing and dissemination of meteorological information; expansion and upgrading of meteorological infrastructure, human resource development, and climate analysis. Article 100 of the Treaty makes provisions for cooperation in meteorology.

During the period under review, Meteorology planned to establish and operationalize of maritime search and rescue coordination centre for Lake Victoria, implement the Five Year Meteorological Development Plan and Investment Strategy 2013-2018, Conclude the Baseline Study on Maritime Transport and Port Sectors in EAC, enhance of capacity in weather and climate analysis, short, medium and long range forecasting and harmonize the Port Procedure Manual for EAC seaports and Regional seaports meet international standards in infrastructure and services, implement the EAC Meteorological data policy and develop EAC Maritime Transport Strategy

The following were achieved under regional Meteorology:

a) Implementation of the Five Year Meteorological Development Plan and Investment Strategy 2013-2018 Conclude the Baseline Study on Maritime Transport and Port Sectors in EAC:

Field campaign requirements, operational verification of casting system and engagement with stakeholders were designed, Proposal was developed and forwarded to DFID requesting for GBP 2,975,000

b) Conclude the Baseline Study on Maritime Transport and Port Sectors in EAC:

The final report of the baseline study on Maritime Transport and Port Sectors was concluded, submitted and approved by the 12th Sectoral Council on Transport, Communications and Meteorology (TCM) in September 2015. The main objective of the report was to inform the basis for developing a Maritime Transport and Ports Strategy in the EAC.

c) Enhancement of capacity in weather and climate analysis, short, medium and long-range forecasting:

The Protocol on Cooperation in Meteorological Services was signed at the 33rd Meeting of the Council of Ministers held in February 2016 and is undergoing ratification by the Partner States. The Greater Horn of Africa Climate Prediction for October – December 2015 rainfall season were developed which resulted in the El Nino prediction. EAC facilitated development of MoU between ICPAC and Tanzania, Rwanda and Burundi, this MoU was further reviewed by the Attorney General's office in the United Republic of Tanzania and signed in May 2016.

d) Harmonization of the Port Procedure Manual for EAC seaports and Regional seaports to meet international standards in infrastructure and services:

Status of harmonization of Ports Procedures/Operations Manuals in the EAC and Status of harmonization of Port Statistics in the EAC were collected and considered. National sensitization workshops were held in Kampala and Kigali in January 2016 to sensitize stakeholders on the new requirements on container weight verification

The budget allocated to Meteorology amounted to US\$255,238 for the Financial Year 2015/2016 with an expenditure of US\$195,805, **leading to** budget performance of 76.7%.

Challenges and recommendations

Although the Department managed to achieve a lot of milestones, there was a challenge of limited funds allocated to the Department. A lot of activities were funded outside the approved budget by different donors notably the World Meteorological Organization, DFID, Chinese funds, PREPARED and NEPAD-IPPF.

4.1.3 CIVIL AVIATION AND AIRPORTS

As per Article 92 of the Treaty, the Department of Civil Aviation and Airports coordinates the harmonization of policies, regulations, and programmes on civil aviation to promote the development of safe, reliable and economically viable civil aviation.

In the period under review, the Department of Civil Aviation and Airports planned to facilitate the establishment of the EAC Unified Upper Flight Information Region and to continue projects for realizing the full liberalization of EAC Skies by 2018.

The following were achieved under Civil Aviation and Airports Office:

(a) Establishment of the EAC Unified Upper Flight Information Region:

The Technical Team on the establishment of the EAC Unified Flight Information Region (UFIR) has completed the key Project's deliverables including: - inclusion of Rwanda and Burundi into the Study; undertaking a detailed analysis of the sustainability of the Lower Airspace (below flight Level 24,500 feet above sea level); undertaking a project risk analysis, safety analysis; and preparation of a detailed Implementation Plan. The Team also finalized the documentation of the roadmap towards the establishment of the EAC UFIR.

The objective of the UFIR is to enhance the safety and efficiency of air navigation in the region, in line with the recommended standard for seamless air navigation services across Africa as well as the requirements of the International Civil Aviation Authority (ICAO). The final study report including the detailed project implementation plan for the seamless operations phase was finalized in June 2016.

(b) Full Liberalization of EAC Skies achieved by 2018:

During 13th TCM held from 26th to 30th June 2016, Four Partner States (Burundi, Rwanda, Tanzania and Uganda) proposed that Article 8(g) should read *“that an eligible air operator is effectively controlled by a Partner State or its nationals and commits to progressively increase the ownership by State Parties or Nationals of EAC”*. Kenya proposed that Article 8(g) should read *“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”*. The divergent proposals were to be resolved by the 14th TCM.

1.5 The budget allocated to the Civil Aviation and Airports amounted to US\$48,720 for the Financial Year 2015/2016 with an expenditure of US\$45,533 , thus the budget performance was 93.5%.

4.1.4 COMMUNICATIONS

In line with Articles 98 and 99 of the Treaty, the Department of Communications coordinates Partner States cooperation in the communications sector (i.e. Telecommunications and postal services). Cooperation activities encompass harmonization of policies, laws and regulations and promoting investment in infrastructure and services.

During the period under review, the Communications Department planned to accomplish the following: develop and adopt a law and subsequent regulations for international mobile roaming services (IMRS); harmonize and develop as least 2 ICT regulatory instruments (i.e. spectrum management and licensing); develop a harmonized framework for broadcasting content regulation; develop draft EAC regulations for cross-border broadband interconnections; develop strategic framework for implementation of last-mile broadband ICT infrastructure; develop a framework for implementing the EAC E-Government Strategy; and developed and adopt the EAC Postal Strategy.

The following were achieved under Communications:

a) Development of law and subsequent regulations for international mobile roaming services (IMRS) completed by June 2016:

The Republics of Kenya, Rwanda, South Sudan and Uganda registered notable successes in the implementation of the roaming framework adopted in February 2015. To anchor the framework on a legally binding instrument, the Terms of Reference (TORs) for the legal and regulatory framework for IMRS were developed and approved and RFPs sent out to for consultants and bids were received. The procurement was suspended due to lack of funds.

b) At least two harmonized ICT regulatory instruments developed by June 2016 (spectrum management and licensing), harmonized framework for broadcast content regulation developed by June 2016:

Work plan for developing the regulations were adopted, awaiting the availability of funds to continue the process. Funding request was prepared and submitted to EU for the EDF11 funding cycle. Draft ICT statistical indicators and measurements were developed and considered by the 6th meeting of Committee of Heads of Communications Regulatory Authorities.

c) Harmonized framework for broadcast content regulation developed by June 2016:

A questionnaire for conducting a baseline survey on broadcast content regulation was developed and adopted by the Technical Committee on Broadcasting. Upon availability of funds, the process of developing the harmonized framework for broadcast content regulation will continue.

d) Draft EAC regulations for cross-border broadband interconnections developed:

With funding from EU, the African Union Commission procured a consultant (Nathan and Associates) to develop the draft regulations. The consultant undertook baseline consultations and prepared a draft baseline report on cross-border broadband interconnections among the Partner States.

e) Strategic framework for implementation of last-mile broadband ICT infrastructure developed by June 2016:

Draft Terms of Reference for the Strategic framework for implementation of last-mile broadband networks was developed.

f) Develop a framework for implementing the EAC E-Government Strategy:

Terms of Reference for developing the framework for implementing the EAC E-Government Strategy were developed and approved. Awaiting availability of funds to continue the process of developing the framework

g) EAC Postal Strategy developed by June 2016:

A baseline survey on postal sector in the Partner States was conducted and a baseline survey report prepared and subsequently considered and adopted by the Technical Committee for Postal Services. In line with the report of the baseline survey, a draft EAC Postal Development Strategy was developed.

1.6 The budget allocated to the Department of Communications was \$ 0 for the Financial Year 2015/2016. Partner States sponsored the participation of their delegates to all meetings, while conference costs were met by the kind support of other Departments.

Challenges

In the Financial Year 2015/2017 there was zero budget allocation from Partner States contributions and Partnership Funds to the Communication Office.

4.2 REGIONAL PLANNING DEVELOPMENT

4.2.1 PLANNING, MONITORING AND EVALUATION

The Department of Planning, Research, and Monitoring & Evaluation coordinates the Community's strategic planning, management and monitoring of programmes for the development of the Community, as outlined in Article 71 of the Treaty for the Establishment of the East African Community.

During the FY 2015/16, the Department's focus was on: - monitoring and reporting on implementation of the Common Market Protocol to inform policy decisions; formulation of the 5th EAC Development Strategy 2016/17 – 2020/2021; strengthening the planning, research, monitoring and evaluation functions for enhanced efficiency in operational planning and budgeting; establishment of the EAC Policy Research Unit for evidence-based policy generation; and improvement in service delivery processes through implementation of the EAC Secretariat Quality Management System(QMS).

a) Coordination of the implementation of the EAC Common Market Protocol

The implementation status of the Protocol was reviewed at the national levels through bi-annual meetings of the National Implementation Committee on the EAC Common Market Protocol and appropriate recommendations were made to the Council for policy guidance. Though Council directed Partner States to amend their respective national laws to conform to the Common Market Protocol by December 2015, minimal progress has been attained. Even the recommendations of the Common Market Scorecard 2014 had not been implemented. To expedite the process, the 24th Meeting of the Sectoral Council of Ministers Responsible for EAC Affairs and Planning directed Partner States to amend their respective national laws to conform to the Common Market Protocol by December 2017; [EAC/SCEAMP24/Directive 50]

The EAC Secretariat together with the World Bank and Trade Mark East Africa developed the EAC Common Market Score Card (CMS) 2016 which tracks de jure compliance with commitments towards free cross-border movement of capital, services and goods in the EAC.

The Analysis was based on a review of national laws and regulations relevant to the Common Market Protocol (CMP) in the three areas (capital, services, and goods) along with key legal notices, reports and trade statistics. CMS indicators are based on legal facts and expert responses collected through desk research by licensed lawyers in the Partner States and verification with both public and private sector respondents through the National Steering Committee Meetings were held between January-March 2016. The CMS2016 will be validated in the first half of FY2016/17.

b) Formulation of the 5th EAC Development Strategy 2016/17 – 2020/2021

The Terms of Reference (TORS) for the development of the EAC 5th Development Strategy were developed and approved by the 32nd Council of Ministers in August 2015, Technical and Financial bids from the pre-qualified firms were received and evaluated. Award of contract to the winning bidder was effected in June 2016.

c) Formulation of the EAC Vision 2050

The EAC Vision 2050 lays out a broad perspective in which the region will optimize the utilisation of its resources to accelerate productivity and the social wellbeing of its people. It portrays a future East Africa with rising personal prosperity in cohesive societies, competitive economies, and strong inter-regional interaction. The EAC Vision 2050 was adopted by the 17th Summit of Heads of States in March 2016.

d) Identification and approval of the of the Community's key priority areas for the FY 2016/17

The Community's key priority areas were approved by the 32nd Meeting of the Council of Ministers in August 2015. The key priority guided planning and budgeting for the FY 2016/17, and included: -

- i) full implementation of the EAC Single Customs Territory;
- ii) enhanced implementation of the EAC Common Market Protocol especially with regard to: negotiating additional commitments and; interconnectivity of border immigration systems and procedures across the Partner States;
- iii) development of cross-border infrastructure and harmonization of laws, policies and standards in the respective sub-sectors; implementation of a liberalized EAC Air Space; enhanced implementation of computerized weather prediction models; implementation of a One Network Area in telecommunications; and 4th Heads of State Retreat on Infrastructure Development and Financing convened;
- iv) enhancement of productivity and value addition in key productive sectors including regional agricultural and industrial value chains, and strengthen capacity for food security, natural resources tourism and wildlife management;
- v) institutional Strengthening;
- vi) development and harmonization of policies, legislation, regulations and standards to establish an EAC Energy Common Market, including work on an EAC Energy Exchange and finalize remaining energy interconnectors; and
- vii) Implementation of EAC Peace and Security Initiatives.

e) Establishment of the EAC Policy Research Unit

Following the signing of a Grant Agreement between the EAC and Africa Capacity Building Foundation (ACBF) on 15th June, 2015, the Community embarked on staff recruitment for the EAC Policy Research Unit. The objectives of the EAC Policy Research Unit is to enhance the implementation of the EAC programmes and projects by Partner States, specifically to strengthen research and policy analysis capacities of the EAC Secretariat and enhance the development and coordination of evidence-based regional policy research in EAC.

f) Implementation of the Quality Management System

Roll-out of the EAC Secretariat Quality Management System continued during the period under review. The Directorates of Planning and Finance obtained ISO 9001:2008 certification in August 2015.

Challenges

Although the Common Market has made tremendous progress, there are still a lot of challenges hindering the implementation at both National and Regional Level which include the following: -

- i. The slow pace in the harmonization of the National Laws in line with the Partner States commitments towards implementation of the EAC Common Market Protocol;
- ii. Persistent NTBs and restrictions are still hindering the free movement of goods; de-linking the schedule on the free movement of services from the schedule on the free movement of workers is taking too long;
- iii. Due to financial constraints, the Secretariat was unable to hold NIC meetings in some Partner States and the meetings of the Regional Monitoring Group was also not convened.
- iv. The Planning Department is seriously understaffed in view of the heavy workload to coordinate the implementation of the EAC Common Market Protocol, oversee the wide range of tasks under the Planning, Research, Monitoring & Evaluation, and QMS and spread thin over planning activities both at corporate and Organ/Institution-specific levels.

Budget Execution

The budget allocated to planning amounted to US\$517,625 for the Financial Year 2015/2016 with an expenditure of US\$307,910, marking budget performance at 59.5%.

4.2.2 MONITORING AND EVALUATION

During the period under review, the Monitoring and Evaluation planned to ensure that the EAC Web-based / Online monitoring and reporting system is fully operationalized and linked to country EAMS; and EAC projects and programmes including Summit and Council Policy Decisions are monitored and reports compiled. Also envisaged are evaluations of EAC Protocols, Acts and other Policy Instruments; review of the implementation status of the 4th EAC Development Strategy; and Bi-annual Reports on the status of implementation of outstanding Council Decisions and Directives (2001-2014).

The following were achieved under regional Infrastructure:

a) The EA Web-based / Online monitoring and reporting system fully operationalized and linked to country EAMS:

The EAMS consultant was commissioned with support from TMEA to review both EAMS Central and EAMS Country.

b) EAC projects and programmes including Summit and Council Policy Decisions, monitored and reports compiled:

Bi -annual Cumulative Activity Implementation Report (July 2015 – June 2016) was compiled, presented and approved by the 24th Meeting of the Sectoral Council of Ministers Responsible for EAC Affairs and Planning.

c) Bi-annual Reports on the status of implementation of outstanding Council Decisions and Directives (2001-2014) generated through EAMS:

Bi- annual reports on the status of implementation outstanding Council decisions and directives (2001-2015) were generated through EAMS. The status report was compiled and validated by a meeting of focal point officers /experts held in Nairobi in November, 2015.

Budget Execution

4.3 The budget allocated to the Monitoring and Evaluation Unit amounted to US\$284,400 for the Financial Year 2015/2016 with an expenditure of US\$136,113, about 47.9% of budget estimates.

4.2.3 STATISTICS

In the period under review, Statistics Department planned to harmonize statistics necessary for monitoring the implementation of the Customs Union, Common Market, and Transition to EAMU; develop database for regional comparable statistics necessary for the operation of EAC Common Market; and initiate the operationalization of the EAC Statistics Bureau.

The following were achieved under Statistics Office:

a) Harmonization of statistics necessary for monitoring the implementation of the Customs Union, Common Market, and Transition to EAMU:

Harmonization of statistics compilation in the region is ongoing, with focus on statistics necessary to support monitoring of the EAC macroeconomic convergence criteria. The indicators include Government Finance Statistics (GFS); Harmonized Consumer Price Index (HCPI); National Accounts Statistics (NAS); Monetary and Financial Statistics (MFS); Balance of Payment Statistics (BOP); and Financial Soundness Indicators. Partner States have already agreed on regional guidelines for the compilation of EAC HCPI, GFS and EAC Informal Cross Border Trade (ICBT) Survey Manual. The guidelines/Manual were developed as tools to facilitate convergence of the compilation practices among the Partner States in order to ensure comparability of the results.

b) Database of regionally comparable statistics necessary for operation of EAC Common market developed and regularly updated by June, 2016:

The EAC Facts and Figures report 2014 was published in September, 2015. To further facilitate sharing and exchange of statistical information among the Partner States, the Secretariat with support from the African Development Bank developed the EAC African Information Highway data portal. Data for the period 2008 – 2013 were uploaded in the portal.

c) Operationalization of the EAC Statistics Bureau initiated by June 2015:

Draft EAC Statistics Bill was adopted by the Sectoral Committee on Statistics and negotiated by the Partner States and considered by legal drafters. Draft Bill was considered by the Sectoral Council of Finance and Economic Affairs (SCFEA) and now awaiting consideration by the Sectoral Council of Legal and Judicial Affairs (SCLJA).

The budget allocated to the Statistics Department amounted to US\$378,725 for the Financial Year 2015/2016 with an expenditure of US\$198,872, about 52.5% of budget estimates..

4.2.4 FISCAL AND MONETARY AFFAIRS

During the period under review, the main activity under the theme of Monetary Union was to spearhead the establishment of the East Africa Monetary Union (EAMU) and adoption of single currency. A number of specific activities were identified to be carried out during this period including: development of the legal instruments for the establishment of institutions to support the EAMU; establishment of Forecasting and Policy Analysis System (FPAS) Regional Technical Working Group; development of Medium-Term Convergence Programs (MTCPs); development of EAC Tax Treaty Policy and EAC Model Tax Treaty; and development of EAC Domestic Tax Harmonization Policy and the EAC Excise Tax and VAT harmonization proposals. A number of outputs were achieved in this area, which directly contribute to laying a strong foundation for the establishment of East African Monetary Union and a single currency. The following are the key achievements during the period 2015/16:

a) EAC Tax Treaty Policy Framework

During the period under review, the EAC Tax Treaty Policy was developed to guide future tax negotiations by the EAC Partner States. The EAC Tax Treaty Policy sets out the recommended policy positions that should be adopted in tax treaties negotiated by EAC Partner States. These policy positions reflect EAC countries' current economic status as developing countries and net importers of foreign capital, as well as their need to protect their revenue bases without deterring foreign investment. In addition, Medium Term Convergence Programmes (MTCPs) were developed as part of the fiscal surveillance policy to guide the EAC Macroeconomic Convergence Criteria in the run-up to the Monetary Union. The programmes put forward a mechanism for achieving the macroeconomic convergence target by 2021, which is prerequisite for the establishment of the EAC Monetary Union.

b) East African Monetary Union (EAMU) Protocol

Draft Bills for establishing the EAC Monetary Institute and EAC Statistics Bureau were negotiated by the High-Level Task force on EAMU institutions and adopted by the Sectoral Council on Finance and Economic Affairs in May, 2016. Meanwhile a study on "Financial Sector Regulatory and Supervisory Architecture" was undertaken to inform the drafting of the Bill for the establishment of EAC Financial Services Commission. The study report to this effect is being reviewed by Partner States for comments before the study is finalized.

As part of modernizing Monetary Policy Frameworks in the region, the EAC central banks are progressively adopting a forward-looking interest rate based monetary policy framework, in which forecasting is expected to assume greater importance in producing a forward looking assessment of the economies, particularly inflation and growth. Against this background the EAC central banks have embarked on building a comprehensive model based Forecasting and Policy Analysis Systems (FPAS). To facilitate such efforts, a Regional FPAS Technical Working Group (RTWG) was established during the period under review to share experiences and strengthen the capacity on the implementation of FPAS in the EAC Partner States' Central Banks.

c) Domestic Tax Harmonization

The Partner States have developed a draft Policy Framework for Domestic Tax harmonization. The draft Policy is under peer review by the IMF. The objective of the Policy is to clearly identify possible areas for harmonization, coordination and the approach for coordination. The revised Policy Framework was presented and considered by the Sectoral Council on Finance and Economic Affairs in April, 2016.

d) Progress on the Financial Sector Development and Regionalization Project (FSDRP I & II)

The Financial Sector Development and Regionalization Project (FSDRP) continued to undertake diagnostic work aimed at informing the necessary interventions to address the constraints to integration of financial markets in the EAC in preparation for the East African Monetary Union. By September 2015, the completed and on-going activities of the Financial Sector Development and Regionalization Project accounted for 94.6% of the total cumulative FSDRP work.

Consistent with decision of the 31st Meeting of the Council, the World Bank considered and approved the extension of the first phase of FSDRP end of February 2016 to enable the completion of the remaining work, including implementation of Capital Markets Infrastructure (CMI). The Council also approved seamless continuity to Phase II of the Project so that there is a smooth transition from the diagnostic to the implementation phase of the Project.

e) Update on Capital Markets Infrastructure(CMI) Project

The EAC Secretariat is implementing the installation of the CMI infrastructure for the EAC Capital Markets following the decision of the Pre-Budget meeting and that of the Council. Four Partner States: Burundi, Rwanda, Uganda and Tanzania proceeded with the implementation of the CMI Infrastructure project, while Kenya undertakes further consultations.

f) Establishment of the EAC Financial Service Commission

Consistent with the EAC Monetary Union Protocol, the EAC Secretariat engaged the International Monetary Fund (IMF) to undertake the Study on the development of the EAC Financial Services Commission Bill. The Study was completed end April 2016.

The budget allocated to the Fiscal and Monetary Affairs amounted to US\$ 9,675,609 for the Financial Year 2015/2016 with an expenditure of US\$7,833,436, representing 81% of the budget estimate.

Challenges

During the period under review, the Community continued to face financial difficulties to the go-slow of the donor fund disbursement. All activities financed under Partner States budget were implemented but activities earmarked under Partnership Fund were not implemented due to unavailability of funds. For example, the EAC Model Tax Treaty, Development of EAC Domestic Tax Harmonization Policy and the EAC Excise Tax and VAT harmonization proposals were not finalized. Also, the establishment of East African Monetary Institute which was envisaged to take place by December, 2015 was not possible, partly due to lack of funds and also due to the lengthy process of decision making within the structure of the Community.

4.2.5 INVESTMENT PROMOTION AND PRIVATE SECTOR DEVELOPMENT

During the period under review, Investment Promotion and Private Sector Development planned to adopt and implement EAC Investment Policy and Strategy Framework; conclude the study on Impact of past EAC Investment Conferences by June 2016; co-ordinate and participation in eight (8) Regional/International fora and EAC Investment missions abroad to promote EAC Business Image; increase the participation of the Private Sector in the integration process; and complete the Study on Equitable Sharing of Costs and Benefits of EAC Integration by June 2016.

The following were achieved under Investment Promotion and Private Sector:

a) Increased participation of the Private Sector in the integration process:

The 4th SGs Forum was held in Dar-es-Salaam from 3rd- 5th March 2016. It attracted participation ranging from youth ambassadors, civil society and private sector. The theme for the 4th SG's Forum was "Good Governance and Constitutionalism in the East African Community". The objectives of the forum were to: discuss the status of Electoral Reforms in the region and their implications on peace and stability in the region; deliberate on how the civic space of EAC Citizens can be protected; assess the effectiveness of decentralization policies and their implications on regional integration; discuss the attainment of Universal Health Coverage in the EAC; and assess the extractive industries vis a vis the rights of local Communities in the region.

b) The Study on Equitable Sharing of Costs and Benefits of EAC Integration completed by June 2016:

The consultants produced and submitted a final draft report on equitable sharing of costs and benefits of EAC Integration to the Secretariat. The report was considered by the Sectoral Council of Ministers responsible for EAC Affairs and Planning that directed the report be forwarded to Partner States for further consultations and comments.

The report was forwarded to Partner States for comments and the Secretariat still awaits comments from Partner States. However, there were comments from EAC Staff on the report which were sent to consultants.

c) EAC Investment Policy and Strategy Framework adopted and implemented:

A follow-up meeting to develop the EAC Regional Investment Policy and Strategy could not be held due to unavailability/insufficient of funds and the delay in donors disbursing the funds. The sectoral Committee on Investment was therefore not convened. The report of the experts that met in June, 2015 is expected to be considered by the Sectoral Council of Ministers responsible for Trade, Industry, Finance and Investment scheduled for May, 2016 to give guidance as the Sectoral Committee on Investment could not be held.

d) The study on Impact of past EAC Investment Conferences concluded by June 2016:

The activity could not be undertaken as the donors have not remitted the funds. The Department participated in the EAC-Germany Business Day held in Cologne Germany. The event attracted over 300 German businesses and Federal Government officials with the major aim of facilitating acquisition of business opportunities in East Africa.

Budget Execution

The budget allocated to the Investment Promotion and Private Sector amounted to US\$670,570 for the Financial Year 2015/2016 with an expenditure of US\$406,713 about 60.6% of budget estimate.

Challenge

The main challenge faced during the FY 2015/2016 was the delay in the remittance of funds by donors/unavailability of funds to facilitate the data collection and compilation of the reports.

5.0 THE OFFICE OF THE 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 the following functions: 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, FOOD SECURITY AND LIVESTOCK SECTOR

The Department of Agriculture and Food Security is mandated to coordinate activities relating to co-operation in the agricultural sector, achievement of food security and rational agricultural production within the Community as per Articles 105 and 110 of the Treaty. This includes coordinating undertakings to adopt a scheme for the rationalization of agricultural production with a view to promoting complementarity and specialization in and the sustainability of national agricultural programmes in order to ensure a common agricultural policy, food sufficiency within the Community; an increase in the production of crops, livestock, fisheries and forest products for domestic consumption, exports within and outside the Community; and as inputs to agro-based industries within the Community; as well as post-harvest preservation and conservation and improved food processing.

During the period under review, the Department of Agriculture and Food Security Department, planned to build capacity of policy makers and civil society organizations to strengthen livestock/veterinary services; strengthen participation of livestock stakeholder's organizations and training on the use of livestock sector policy tools and guidelines for policy formulation in livestock development; develop proposals to increase access to water and pastures as part of implementation of regional emergency plan for pastoralists in the EAC; and establish and operationalize livestock sector policy hubs. Also planned include the need to establish regional animal resources database; establishment of a Regional Steering Committee on Pastoralism and Drylands development to assess and provide guidance on pastoralism development in the EAC; develop harmonized framework on fertilizer, seed policy, standards and registration procedures; and development of EAC Aflatoxin Implementation Strategy Further, the Department envisaged to ; finalize EAC SPS Bill and Regulations; prepare proposals on EAC harmonized tax regimes on fertilizer; develop harmonized regional policies, regulations, standards, measures and procedures for animal feeds; and develop Draft Regional Comprehensive African Agriculture Development Programme (CAADP) Investment Plan; as well as operationalize and support the EAC Regional Food Balance Sheet.

The key achievements during the period under review were as follows:

a) Draft Regional Comprehensive African Agriculture Development Programme (CAADP) Investment Plan:

With financial and technical support from the NEPAD Planning and Coordinating Agency (NPCA) and USAID, the EAC Secretariat finalized the development of EAC CAADP Compact in August, 2015. The EAC CAADP Compact has been developed with the objective of catalyzing and facilitating the coordination of regional and cross-cutting programs of regional nature.

The 9th Meeting of the Sectoral Council on Agriculture and Food Security (SCAF) held in January 2016 adopted the EAC CAADP Compact. EAC CAADP Compact is a shared framework for strategic planning and implementation and partnerships and development assistance in the agricultural sector.

b) The EAC SPS Protocol Implementation Instruments on development of the SPS Bill:

The EAC Secretariat commenced the process of developing the SPS Bill in May, 2016 through the support of the East Africa Trade and Investment Hub. A legal consultant to develop the EAC SPS Bill was engaged.

c) EAC Aflatoxin Implementation Strategy, EAC SPS Bill and Regulations:

The development of the EAC Aflatoxin Control and Prevention Strategy at the national and regional levels was finalized in June 2016. The multi-sectoral strategy is designed to mitigate the impacts and effects of aflatoxin across the health, agriculture, livestock, trade, industry and environmental sectors.

d) Animal Resources Information System (ARIS 2):

The Animal Resources data base (ARIS2) was developed with support from USAID and AU-IBAR and approved by the Council to facilitate the collection, collation and management of the animal resources data in EAC. The main objective of the System is to generate data to guide decision making, planning and investments in the areas of animal resources. Furthermore, development of harmonized modules and strengthening of the capacity of EAC Partner States to use ARIS 2 is on-going to facilitate timely production of report.

e) EAC Regional Food Balance Sheet:

The Regional Food Balance Sheet (RFBS) generates information about staple foods produced and traded in the EAC Partner States in order to ensure food security and facilitate trade. The development of RFBS commenced with design of cereals and pulses components and subsequently, additional components including livestock and fisheries have been incorporated as per the Directives of the Sectoral Council on Agriculture and Food Security. In accordance with these directives, the Regional Food Balance Sheet was expanded to include the Dairy and Fisheries Components.

f) Mutual Recognition Agreement (MRA) of Veterinary Professionals:

EAC Partner States have undertaken to mutually recognize the academic and professional qualifications granted, experience obtained, requirements met, licenses or certificates granted in other Partner States as provided for in Article 76 of the Treaty establishing EAC and in particular Article 11 of the Common Market Protocol (CMP). This initiative aimed at promoting trade in services within the EAC.

In March 2016, the Mutual Recognition negotiations for Veterinary Professionals were concluded and the Agreement signed. A Mutual Recognition Agreement (MRA) of Veterinary Professionals will promote increased availability of veterinary services across the region; spread best practice in regulation and raise standards of qualification, which would help to support the further development of the sector. The MRA will contribute towards augmenting the important roles that Veterinary services play in promoting economic growth, developing export potential and securing public health in East Africa through prevention and control of animal diseases.

g) The EAC Veterinary Governance in Africa (VETGOV) Programme:

Under the Support of the African Union, a project on “Reinforcing Veterinary Governance in Africa”– EAC VETGOV is currently under implementation. The project is dedicated to strengthening regional institutions to play their roles of coordination, harmonization, and integration with the aim to stimulate a more conducive environment for public and private investments in the livestock sector. Under this project, National Livestock Policy hubs have been formed in five (5) EAC Partner States.

The programme also supported capacity building in policy development. A number of studies at national to generate situational and basic practice papers to inform policy and decision-making processes were commissioned. More support for Partner States livestock knowledge Hub activities was allocated during the reporting period as follows: Rwanda (US\$40,000) for Support to quality control mechanism for veterinary products, laboratory reagents and chemicals ; Uganda (US\$50,000) for Profiling and demonstration of livestock contribution to the economy for increase investment; Burundi (US\$60,000) for policy review; United Republic of Tanzania (US\$80,000)for building capacity for the Development, Delivery and Supportive Framework for Continuing Veterinary Professional Development Training; Kenya (US\$US\$30,000) for Policy review and alignment , US\$20,000 for Piloting credit delivery system , US\$20,000 for Assessment of challenges of Veterinary Services and US\$20,000 for Validation of Vet reviews. This financial support was based on competitive concept notes submitted to AU-IBAR.

h) Support Establishment and Operationalization of Livestock Sector Policy Hubs:

Livestock Sector Policy Hubs were established in all Partner States of the EAC and are Operational. The Hubs developed work plans for Hub activities and Pilot studies. Activities are ongoing in the Republics of Kenya, Uganda and in the United Republic of Tanzania, but for the Republics of Rwanda and Burundi plans are in place waiting implementation.

i) Harmonized framework on fertilizer, seed policy, standards and registration procedures developed:

A framework to guide harmonization of the EAC seed policy, legislation and regulatory framework was developed.

4.3 Budget Execution

4.4 The budget allocated to the Agriculture, Food Security and Livestock Sector amounted to US\$2,378,715 for the financial year 2015-2016 with an expenditure of US\$1, 239,068, leading to budget performance of 10.1%.

4.5 Challenges and Recommendations

The main challenge that was encountered by the Department was delayed disbursement of funds to support implementation of the planned project both under Partner States contributions and Development Partners. To address this challenge, it is recommended that timely disbursement be undertaken. In addition, rescheduling of critical meetings such as the Council of Ministers meetings leads to rescheduling of Departmental activities thus affecting implementation.

5.1.2 ENERGY SECTOR

The Department of Energy is charged with the responsibility of coordinating development of policies and mechanisms for promoting the efficient exploitation, development, joint research and utilization of various energy resources available within the region in accordance with Article 101 of the Treaty. In particular this includes promoting the least cost development and transmission of electric power, efficient exploration and exploitation of fossil fuels and utilization of new and renewable energy sources; and joint planning, training and research. It is also charged with the exchange of information on the exploration, exploitation, development and utilization of available energy resources; development of integrated policy on rural electrification; development of inter-Partner State electrical grid interconnections; and the construction of oil and gas pipelines, as well as all such other measures to supply affordable energy to their people taking cognizance of the protection of the environment as provided for by the Treaty.

In the period under review, the Energy Sector planned to establish the East African Centre for Renewable Energy and Energy Efficiency (EACREEE), secure funding for the EAC companies for at least half of the submissions made to the Energy and Environment Partnership (EEP) Programme; prepare for the 8th East African Petroleum Conference & Exhibition; and participate in international energy events to enhance linkages with stakeholders in the energy sector. The Department also plans to provide Policy and Strategic Guidance and develop project preparatory documents.

The key achievements during the year were as follows:

a) The Regional Renewable Energy and Energy Efficiency Centre (EACREEE):

The Council at its 33rd Meeting designated Makerere University College of Engineering, Design, Art and Technology (CEDAT) as a Centre of Excellence for Renewable Energy and Energy Efficiency.

The Centre was, therefore, chosen to host EACREEE and the launching ceremony was held on 11th June 2016. The EAC signed a tripartite operationalization agreement with Makerere University and the United Nations Industrial Development Organization (UNIDO), which is the lead development partner for the EACREEE.

The Centre is expected to contribute towards increased access to modern, affordable and reliable energy services and energy security by creating an enabling environment for renewable energy and energy efficiency markets and investments. The Centre's activities include policy advocacy, capacity development, knowledge management, awareness rising, as well as business and investment promotion. It will play a key role in creating a competitive sustainable energy market and business sector in the region. The EAC Secretariat and EACREEE have commenced discussions with various development partners to support a number of programmes.

b) Small Hydro Technical Capacity Development Project:

In recognition of the significant contribution that small hydropower development can make towards increasing access to **electricity** in the region, a study was undertaken to assess the technical capacity for small hydro power development. The Study was concluded in May 2015 and its recommendations adopted by the Sectoral Council on Energy in September 2015. The Italian Government has provided support through the African Union under the Africa-EU Energy Partnership (AEEP) to support the EAC in a three-year programme to implement interventions that will bridge the capacity gap identified by the Study. The interventions include strengthening the local intermediate technical training institutions to deliver technical training and practical applications for small hydropower development. Implementation of the programme is ongoing.

c) Cross-Border Electrification Programme:

The EAC Cross-Border Electrification (CBE) Programme, was designed to enable border towns to be supplied with electricity from a neighbouring Partner State if that provides the most economical alternative. In order to guide the implementation of this programme, the EAC CBE Policy was developed with the support of Energy Regulators Association of East Africa (EREA). In addition, a Model Power Purchase Agreement (PPA) template to be used by the power utilities involved in a given CBE project was developed. The overall objective of the CBE policy is to remove any barriers to CBE, fast track and contribute to sustainable development, improve access to electricity; and reduce poverty. The CBE Policy and Model PPA were approved by the Sectoral Council on Energy in September 2015.

d) Development of Project preparatory documents:

Status of implementation of interconnection projects was updated and demand/supply balance updated from 2nd - 4th March 2016 and reported accordingly to the Sectoral Council during its meeting held from 14th -18th March 2016.

Budget Execution

4.6 The budget allocated to the Energy Sector amounted to US\$819,900 for the Financial Year 2015-2016, with an expenditure of US\$105,598. This translates to 18.37% of budget execution.

Challenge

4.7 The Department faced the challenge of non-disbursement of funds especially from the Development Partners. This affects implementation of the planned activities, as well as budget execution rate.

5.1.3 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 the period under review the Department of Environment and Natural Resources planned to improve the Climate Change Adaptation Technical Capacity and Policy leadership of regional institutions; develop and strengthen capacity of the EAC natural resources management and biodiversity policies; provide policy guidance on the implementation of the environment and natural resources programmes; and develop a framework for intervention and assistance for people affected by natural hazard-related and human induced disasters.

The key achievements during the year were as follows:

a) Improvement of Climate Change Adaptation Technical Capacity and Policy leadership of regional institutions:

The validated Climate Vulnerability Impacts (VIA) stakeholder's engagement strategy, Communication and Outreach Strategy and Sector baseline reports were reviewed by the Climate Change Technical Working Group (CCTWG). Road Map for developing Climate change Information (CIN) to facilitate information exchange and interactions between producers, users and providers of climate information was developed and the training of regional experts from Partner States on climate change adaptation was undertaken in Kisumu from 18th-29th January, 2016.

The EAC participated at the 21st Conference of Parties to the United Nations Framework Convention on Climate Change and the 11th Meeting of Parties to the Kyoto Protocol (COP21/CMP11) that was held from 30th November-11th December 2015 in Paris, France. A historic Paris Agreement on Climate Change aimed to combat climate change and scale up actions towards low carbon emission, resilient and sustainable future was adopted by all 195 nations based on their historic, current and future responsibilities on addressing climate change as indicated in their Intended Nationally Determined Contributions (INDCs).

b) EAC natural resources management and biodiversity policies developed and capacity strengthened:

The Draft Regional biosafety and biotechnology policy was developed in collaboration with AUC and the draft strategy to combat poaching and illegal wildlife trafficking was developed.

c) Policy guidance on the implementation of the environment and natural resources programs provided:

The 2nd Extra Ordinary Meeting of the Sectoral Council on Environment and Natural Resources(SCENR) was held from 24th-26th February 2016 in Arusha to provide guidance on the development of regional Disaster Risk Reduction Management (DRRM) Bill. The 4th Ordinary Meeting of the SCENR was held in Kigali, Rwanda on 7th-10th June 2016.

d) Framework for intervention and assistance for people affected by natural hazard-related and human induced disasters:

DRRM Bill, 2016 was adopted by EALA in March 2016 and the Technical Paper on the appropriate Institutional arrangement for DRRM submitted to Partner States for consultation. Furthermore, the Action Plan for implementation of Sendai Framework on DRRM was approved by the 4th SCENR.

e) Climate Finance Readiness, Clean Development Mechanism (CDM) and Carbon Trading Capacity:

To address the existing technical and procedural challenges affecting the participation of African countries in the Clean Development Mechanism (CDM), EAC in collaboration with German International Cooperation (GIZ) and the United Nations Framework Convention on Climate Change Regional Collaboration Centre UNFCCC/RCC hosted the 1st East Africa Carbon Fair in July 2015 in Kampala, Uganda. The Fair brought together carbon project developers, development partners, private sectors and investors interested in climate mitigation and low carbon emission projects to explore innovative financing instruments for green projects in the region.

4.8 Budget execution

- 4.9 The budget allocated to the Environment and Natural Resources amounted to US\$ 2,871,350 for the financial year 2015-2016 with an expenditure of US\$360,451. The budget performance was thus 13% of budget estimate.

Challenges and Recommendations

The Department faced the following challenges during the year under review:

Challenges

- i) The Department is mostly relying 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.
- ii) The Department is understaffed with only one established staff i.e. Principal Environment and Natural Resource Officer (PENRO) who is supported by Project Staff.

Recommendations

- i) Increase Partner States' budget and develop project proposals for resource mobilization, and improve staffing levels.

5.1.4 TOURISM AND WILDLIFE MANAGEMENT

The Department of Tourism and Wildlife Management is charged with the responsibility of coordinating activities aimed at developing a collective and coordinated approach to the promotion and marketing of quality tourism into and within the Community, as well as in conservation and sustainable utilization of wildlife and other tourist sites in the Community in accordance with Articles 115 and 116 of the Treaty. In particular, these activities comprise development of coordinated tourism and wildlife policies; common code of conduct for tour and travel operators; a standardized hotel classification system; regional strategy for tourism promotion and coordinated efforts in controlling and monitoring encroachment and poaching in respect to wildlife resources.

During the period under review the Department planned to undertake a number of key activities that included organizing joint promotion of EAC as a single tourism destination at major international and regional markets; produce and disseminate EAC branded tourism promotional materials in key global markets; coordinate introduction of EAC Single Tourist Visa by all Partner States; development of a regional strategy for combating poaching and illegal trade in wildlife management; and finalization of Protocol on Tourism and Wildlife Management. Also planned for implementation include the need to build capacity in the Tourism and Wildlife sectors; development of model policies and laws to guide harmonization of tourism and wildlife policies and laws; and establishment of an EAC Fund for tourism and wildlife sectors.

The Department made the following key achievements:

a) Joint Promotion of EAC as a Single Tourist Destination in Major International Markets:

Joint EAC events were organized at both the World Travel Market (WTM) that took place in London, UK in November 2015 and International Tourism Bourse (ITB) in Berlin, Germany. During these events the Chair of the Sectoral Council for Tourism and Wildlife Management issued a joint statement that projected EAC as single destination. In addition, Ministerial interviews were conducted and were disseminated through YouTube, media houses and travel media and writers in UK, Germany and generally in Europe.

b) Production and dissemination of tourism promotional materials:

Produced 1000 promotional bags, 600 key holders and 400 pens and distributed to key travel agents and tour operators, as well as directly to consumers in the UK and Germany. Such promotional materials were also distributed through EAC High Commissions and Embassies in UK and ambassadors and East African Buyers and Sellers.

c) Introduction of EAC Single Tourist Visa:

A report of the team of experts on Partner States preparedness on the introduction of single visa was shared with all Partner States. In addition, a road map on the Introduction of single tourist visa was prepared to be considered by a multi-sectoral committee.

d) Development of a Strategy to combat poaching and illegal trade in wildlife and wildlife products:

A draft strategy to combat poaching and illegal trade and trafficking of wildlife and wildlife products was developed through a consultative process. The draft Strategy will be presented to the 7th Sectoral Council on Tourism and Wildlife Management for consideration and approval.

e) Finalization of Protocol on Tourism and Wildlife Management:

Draft Protocol was considered by Sectoral Council on Legal and Judicial Affairs. The Sectoral Council gave comments to be considered by the Sectoral Council on Tourism and Wildlife Management.

f) Building Capacity in the Tourism and Wildlife Management:

Drafts examination rules and regulation for EAC Assessors of tourist accommodation establishments and restaurants were developed.

g) Tourism and Wildlife Management Model Policies:

Draft model policies for Wildlife was developed and reviewed by technical experts through USAID and poaching funded activities.

Budget Execution

The budget allocated to the Tourism and Wildlife Management amounted to US\$463,925 for the financial year 2015-2016 with an expenditure of US\$275,272; thus leading to budget performance of 59.3%.

Challenges

Highlighted here below are the challenges encountered in implementation of planned activities by the Department:

- i. Inadequate funding to support tourism promotional activities, as well as wildlife conservation activities.
- ii. Different levels of preparedness in adoption of single tourist visa, as only three Partner States have introduced a single tourist visa.
- iii. Inadequate staffing levels that hampers effective implementation of planned activities, especially in the wildlife sector.

Recommendations

To address the above challenges, we recommend that:

- i. The Departmental activities be supported also through the Partnership Fund
- ii. A multi-sectoral approach that comprises the Partner States' Departments and Agencies responsible for Finance, Immigration and Tourism be adopted to ensure fast-tracked introduction of single tourist visa.
- iii. . Fast-tracking of the institutional review to allow recruitment of more staff to the Department

5.1.5 INDUSTRIAL DEVELOPMENT

The Department of Industrial Development draws its mandate from Articles 79 and 80 of the Treaty. In this regard, the Department coordinates activities relating to promoting self-sustaining and balanced industrial growth; improving the competitiveness of the industrial sector so as to enhance the expansion of trade in industrial goods within the Community and the export of industrial goods from the Partner States in order to achieve the structural transformation of the economy that would foster the overall socio-economic development in the Partner States; and encouraging the development of indigenous entrepreneurs. In particular, the Department coordinates, among others, development and implementation of East African Industrial Development Strategy; promoting linkages among industries within the Community through diversification, specialisation and complementarity; facilitating the development of small-and-medium scale industries, basic capital and intermediate goods industries and food and agro-industries; and rationalizing investments and the full use of established industries. It also promotes industrial research and development; harmonizing and rationalizing investment incentives; and disseminating and exchange industrial and technological information.

In the period under review, Industrial Development planned to initiate the business administrative and regulatory reform programme to enhance competitiveness and upgrading of SME; prepare the EAC Industrialization Bill; and to hold EAC Manufacturing Business Summit to attract investors in EAC priority regional industries in line with implementation of the EAC Industrialization Policy and Strategy. The Department also planned to commission the EAC-SADC-COMESA Tripartite FTA Agro Value Chain Action Plan; launch EAC-SADC-COMESA Tripartite FTA Industrial Statistics capacity building project; finalize the Regional study to identify modalities for the promotion of textiles and leather industries, as well as motor vehicle assembly; and carry out a comprehensive Intelligence on the Region's Pharmaceutical Market. Further it envisaged to build a sustainable solution to collect market data; formulate and approve the EAC Extractive Industry (EI) & Mineral Value Addition Strategy and local content policy. Also planned include, development and launching of an SME supplier and business linkage programme; strengthen the Institutional capacities to generate and use industrial intelligence for industrial strategy setting; and prepare and approve a business plan for a Regional Centre for Transfer and Adaptation of Manufacturing and Industrial Technologies (CATMIT). Finally, the Department intended to build capacity in Quality Infrastructure for the Pharmaceutical Sector and prepare the EAC Technology and innovation database.

The key achievements during the year were as follows:

a) Business administrative and regulatory reform programme to enhance competitiveness and upgrading of SME:

An Action Plan and Roadmap for undertaking reforms was prepared. A catalogue of laws impacting on SMEs was developed and Draft SME Charter/ Regulatory guidelines, as well as a report on existing institutional arrangements were prepared.

b) EAC Industrialization Bill:

The EAC Industrialization Bill was prepared and presented to SCTIFI for consideration.

c) EAC Manufacturing Business Summit to attract investors in EAC priority regional industries in line with implementation of the EAC Industrialization Policy and Strategy:

The Community held the 1st EAC Manufacturing Business Summit (EAMBS) in Kampala, Uganda in September 2015. The Summit provided a platform for interaction and exchange of ideas and experiences to boost investment in manufacturing.

d) Industrial Collaboration under EAC-COMESA-SADC Tripartite:

A draft Roadmap and Programme of Work and Modalities for Cooperation for Industrial Development in the Tripartite incorporating the industrialization policies, strategies and best practices of the three Regional Economic Communities (EAC-COMESA-SADC) was developed; and issues of ocean/blue economy and scope of intellectual property rights and indigenous knowledge were finalized by the Technical Committee on Industrial Development (TTCID) in a meeting held in September, 2015. The draft documents will be considered by the Tripartite Sectoral Ministerial Committee of Trade and Industry (TSMC).

e) Regional study to identify modalities for the promotion of textiles and leather industries as well as motor vehicle assembly:

A policy paper has been prepared and presented to Summit for consideration. EAC is preparing a 3 years action plan for the phase-out of second-hand leather and textiles products from the region. The Summit further directed that a comprehensive study should be carried out and the finding presented at its meeting in November 2016. The comprehensive study on leather and textile leading to preparation of strategies was launched and is expected to be completed in November 2016. Memorandum of Cooperation between EAC-JICA was signed to facilitate financing and provision of technical assistance for the development of a regional Automotive Industry in EAC.

f) EAC Extractive industry (EI) & Mineral Value Addition Strategy and local content policy:

A roadmap for development of a regional Mineral Value Addition (MVA) strategy was developed. A draft Concept Note on Local regional Content study was prepared and adopted by the SCTIFI.

g) An SME Supplier and business linkage programme:

The Secretariat commissioned a study on the 'Harmonization of Regulations Impacting on the Development of Micro, Small and Medium Enterprises (MSMEs) in the EAC Region' in 2015, with a view to identifying regulatory and business environment challenges that affect MSMEs and how to overcome them. The overall objective is to establish an inventory of regulations, and administrative requirements at the various stages of MSMEs development to guide the preparation of a sound regulatory framework that will foster the development of MSMEs in the region.

h) Institutional capacities to generate and use industrial intelligence for industrial strategy setting:

A Programme and roadmap were prepared. A capacity building programme undertaken in four thematic areas. Draft EAC industrial competitiveness report was prepared. An M&E framework for harmonized indicators to measure EAC industrial performance was also developed.

i) A business plan for a Regional Centre for Transfer and Adaptation of Manufacturing and Industrial Technologies (CATMIT):

A draft Concept Note, TORs and roadmap for CATMIT were prepared and presented to SCTIFI.

j) Capacity Building in Quality Infrastructure for the Pharmaceutical Sector:

Trainings were undertaken and a CRS Concept Note was finalized and validated by Heads of Quality Control Laboratories in February 2016.

k) EAC Technology and innovation database and dissemination platform:

Matrix/tool for capturing available technologies was prepared. Data collection has not been undertaken nor online platform prepared due to lack of financing from Partnership Fund. Nonetheless, respective MoU was finalized with legal inputs.

l) Action Plans to guide the region in attracting investors and improving competitiveness in the sugar, leather, cotton & textiles and dairy sub sectors:

The Action Plans for the sub-sectors were prepared in March 2016, and the Secretariat is currently preparing the investment profiles for these subsectors. The profiles are to be used to attract investments into the subsectors.

Budget Execution

The budget allocated to the Industrial Development amounted to US\$423,720 for the financial year 2015-2016 with an expenditure of US\$113,364; leading to budget performance of 27%.

Challenges and Recommendations

The Department faced the challenge of inadequate funding. In particular, the expected funding through Partnership Fund was not available to enable execution of some of the planned such as data collection to populate the EAC Technology and Innovation database and development of an online platform among others.

5.2 DIRECTORATE OF SOCIAL SECTORS

5.2.1 GENDER, COMMUNITY DEVELOPMENT AND CIVIL SOCIETY

The Gender, Community Development and Civil Society Mobilisation coordinates EAC initiatives, processes and programmes in the areas of Gender, Youth, Children, Persons with Disabilities, Social Protection, Community Development, Women in Business and Socioeconomic development and the engagement of the Civil Society and Private Sector. The Department draws its mandate from the Treaty in Articles 3, and 5 on Gender mainstreaming; Article 120 on the social welfare of youth, children, persons with disabilities, older persons and other disadvantaged and marginalised groups; Articles 121 and 122 on women in business and socioeconomic development; Articles 127 and 129 on the engagement of the civil society, private sector and other interest groups in the EAC integration process.

4.10 In the period under review, the gender, community development and civil society department planned to initiate the implementation of the Project on Empowering Border Communities through modernization of selected locally shared Markets initiated by 30th June 2016; align Macroeconomic Policies and Programmes to reflect Youth Issues by June 2016; implement of the EAC Social Development Framework; develop a Gender Bill/ Protocol and a Child Rights Bill by June 2016; and Promote child rights in EAC, as well as implement Consultative Dialogue Framework for PSOs and CSOs by June 2016.

The key achievements drawn from the above priorities were:

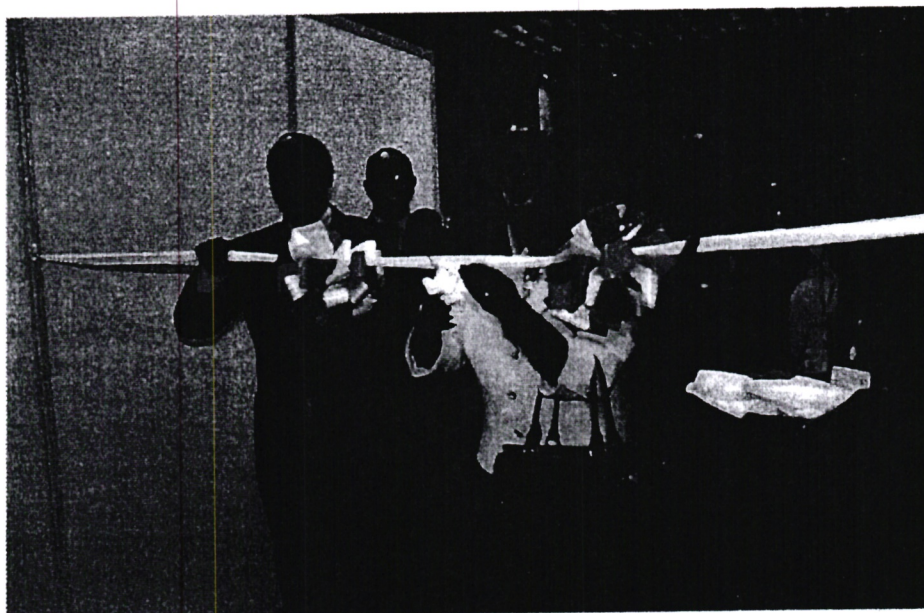
a) The 2nd EAC Conference on Women in Business and Social Economic Development

The Conference was held in Nairobi, Kenya in August 2015 under the theme “**Advancing and Expanding the Participation of Business Women in Intra-EAC**”. The overall goal of the Conference was for the East African Women to come together and assess the potential and challenges of the EAC Common Market, in order for them to promote the entrepreneurship spirit as a major milestone to their economic empowerment. The conference presented a platform for exchange of ideas on ways and means of increasing affordable financing for women owned businesses in order to promote the entrepreneurship spirit as a major springboard to their economic empowerment. Delegates to the Conference included Hon. Ministers and representatives of the Hon. Ministers from the respective Partner States, Members of the Parliament from both the National and Regional level, Women entrepreneurs, officials from the relevant Ministries from Partner States, representatives of the East African Business Council, representatives of Development Partners and the media.

Among other outputs, the Conference made recommendations on sustainable sources of affordable financing for women in business, strengthening and expand the Network of the East African Women in Business Platform and produced a Conference Report with an Action Plan to implement existing EAC Policy Frameworks and projects on Women in Socio-Economic Development and Women in Business.

Picture 2: Ribbon cutting at the 2nd EAC Conference on Women in Business

b) Promotion of Citizenry Participation in the EAC Integration:



In a bid to promote stronger cross border interaction and community engagement, the EAC Secretariat, in collaboration with East Africa Local Governments Association (EALGA), the International Republican Institute (IRI) and the German International Development Agency (GIZ) organised a fun-filled sports and cultural festival at Cyanika town on the border of the Republics of Rwanda and Uganda on 11th December 2015.

The festival brought together over 1,300 residents from the border town of Cyanika to participate in an array of sports, including football, volleyball and cycling, cultural expressions and artistry from Uganda and Rwanda. The Festival was graced by Mr Sam Byibeshyo, the Lord Mayor of Kisoro town, Uganda and Mr Samuel Sembagare, the Lord Mayor of Burera district-Northern Province, Rwanda.

Picture 3: Fun filled sports and festival at Cyanika town on the border of the Republics of Rwanda and Uganda



Other attendees included government officials from the district regional offices in Kisoro, Uganda and Burera, Rwanda, police and immigration officers from the local border authorities, women and young traders. The festival was held in line with the EAC Consultative Dialogue Framework, which ensures continuous dialogue between the EAC Secretariat, Organs and Institutions, Local governments Civil Society Organisations, Private Sector Organisations and other interest groups both at the national and regional level. The Consultative Dialogue Framework is aimed at ensuring that the integration process proceeds with the involvement of the citizens of EAC Partner States and is undertaken in the context of multi-stakeholder partnerships.

c) Convening of the 4th EAC Annual Secretary General's Forum

The 4th Secretary General's Forum was held at Hyatt Hotel, Dar es Salaam, United Republic of Tanzania from 3rd to 4th March, 2016. The Forum was organized by the EAC Secretariat in collaboration with Regional Dialogue Committee (RDC) and supported by the Germany International Development Agency (GIZ), Trademark East Africa (TMEA) and International Republic Institute (IRI). The forum was attended by approximately, 150 participants drawn from the civil society, private sector and members of other interest groups from the EAC Partner States, the EAC Secretariat, the East African Legislative Assembly and Development Partners.

Picture 4: Participants at the 4th Annual SG's Forum



The 4th Annual SG's Forum organised under the theme “**Good Governance and Constitutionalism in the East African Community**” provided an opportunity for the Private Sector, Civil Society and other interest groups to share experiences and good practices geared towards promotion of good governance and constitutionalism to inform the development of policies and programmes in the region. Stakeholders recommended that the Council of Ministers should expeditiously pass the EAC Good Governance Protocol; and that the EAC should advocate for restoration of Presidential term limits in Partner States where there are not. The EAC Secretariat should also finalise the regional framework for defending human rights defenders; should establish mechanisms for engaging with the political leaders and electoral bodies on the effects of electoral processes on trade and investment in East Africa; and should finalise the EAC Protocol on Preventing and Combating Corruption.

d) Convening of the 3rd meeting of the Sectoral Council on Gender, Youth, Children, Social Protection and Community Development:

The 3rd meeting of the Sectoral Council on Gender, Youth, Children, Social Protection and Community Development was convened from 21st to 24th March 2016 in Kigali, Rwanda.

The Meeting reviewed progress made in the Sector in implementing Council and Sectoral Council decisions and considered other issues of regional importance in the areas of Gender, Youth, Children, Social Protection and Community Development. Specifically, the meeting adopted the EAC Child Policy and considered the action plans of the EAC Youth Policy and the Persons with Disabilities Policy.

Budget Execution

The budget allocated to the Gender, Community Development and Civil Society amounted to US\$126,475 for the financial year 2015-2016 with an expenditure of US\$ 123,468, leading to the budget performance of 97%.

5.2.2 IMMIGRATION, LABOUR, EMPLOYMENT AND REFUGEE MANAGEMENT

The Department, coordinates areas of cooperation under labor, immigration and refugee management sector with a view to operationalize Articles 76, 104 & 124 of the Treaty. Article 76 establishes the EAC Common Market protocol; Article 104 on free movement of persons, labor, services, right of establishment and residence; and Article 124 on development of common mechanisms to management of refugees in the Community. The Department also coordinates the implementation of Articles 7, 8,9,10,11,12,13 and 14 of the EAC Common Market Protocol.

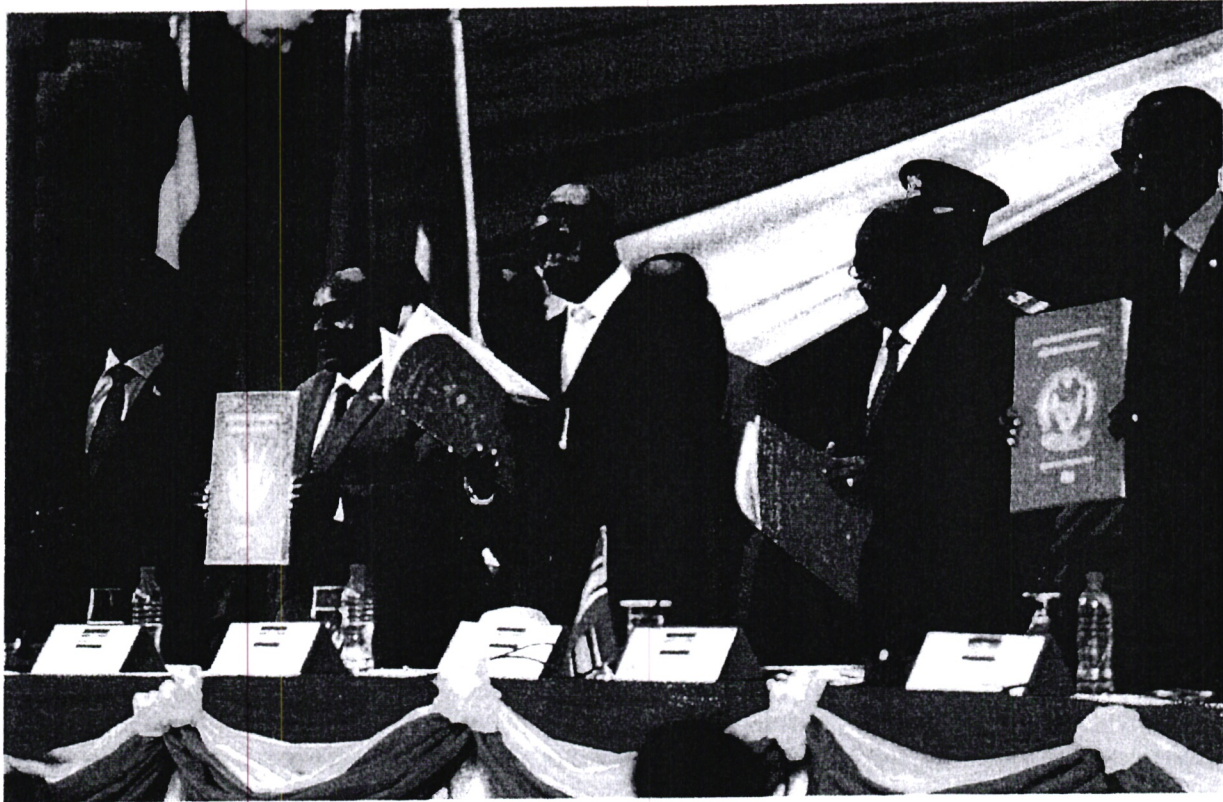
During the period under review, Immigration, Labour, Employment and Refugee Management planned to review Partner States immigration policies and Laws and systems in line with the EAC Common Market Protocol by June 2016, validate and adopt the recommendations of the Regional study on the harmonization of labor policy and legislation by June 2016 and develop a Regional Refugee Management Policy by December 2015.

The key achievements registered included:

a) Launching the New International EA e-Passport.

In fulfilment of the earlier undertaking during its 15th Ordinary sitting of the Summit of Heads of State, the 17th Summit of EAC Heads of State launched the New International EA e- Passport on 2nd March 2016. Consequently, Summit directed that commencement of issuance of the EA e-Passport takes effect from 1st January 2017 and implementation of the phase out programme for the current East African and National Passports commences from 1st January 2017 to 31st December, 2018.

Picture 5: EAC Heads of State launching the New International EA e-Passport



b) Standard Identification and Travel Documents.

Pursuant to articles 8 and 9 of the EAC Common Market Protocol, Partner States undertook to establish, common standard system of issuing identification documents to their nationals. Accordingly, the Republics of Rwanda and Uganda are issuing their citizens with common standardized Identity Cards (IDs). The Republics of Burundi and Kenya are expected to issue standardized machine readable national IDs by 31st December 2016.

c) Regional Strategic framework for e-Immigration 2014/15- 2019/20.

Upon consideration of the report of the 22nd Meeting of the Sectoral Council of Ministers Responsible for EAC Affairs and Planning, the 32nd Council of Ministers adopted the Regional framework for e- Immigration.

The main objective of the regional framework is to guide the development of harmonized policies, strategies, institutional, legal and regulatory frameworks and the overall implementation of e-immigration initiatives at the EAC Secretariat and Partner States levels.

Budget Execution

The budget allocated to the Immigration, Labour, Employment and Refugee Management amounted to US\$235,065 for the Financial year 2015-2016 with an expenditure of US\$158,264, marking the budget performance at 67.3%

5.2.3 EDUCATION, CULTURE & SPORTS, SCIENCE & TECHNOLOGY

5.2.3.1 EDUCATION, SCIENCE AND TECHNOLOGY

The Education Sector derives its mandate from Article 5, Article 102, and Article 103 of the EAC Treaty, which spells out the Partner States' commitment to undertake concerted measures to foster cooperation in education, training, Science and Technology within the Community. The Culture and Sports Sector derives its mandate from: i) Article 119 of the EAC Treaty, which provides for Partners States to promote close cooperation amongst themselves in Culture and Sports; and ii) Article 137 of the Treaty, which provides for Partner States to undertake measures to foster the development of Kiswahili as the lingua franca of the Community aimed at promoting an East African identity.

During the period under review, the Education, Science and Technology planned to align the and complete the harmonisation of curricula within the approved structures and frameworks; develop the Resource Mobilization Strategies for EAC ICT in Education Strategic Plan 2015-2020; conduct the 2016 EAC Secondary School Essay writing competition by December 2016 and ensure that the EAC is represented in at least 4 regional and international meetings/conferences on Education, Science and Technology; Culture and Sports. The Culture and Sports Unit planned to finalize the Regional Mapping of Culture and Creative Industries in the EAC; hold the 2nd Edition of the EAC Arts and Culture Festival (JAMAFEST); and prepare for the 1st Edition of the EAC Sports Tournaments.

The key achievements that were realised during the planned period include:

a) The 2016 EAC Secondary School Essay writing competition:

The 2016 EAC Secondary School Essay writing completion was successfully conducted from March to June 2015.

National and regional adjudications were done in August and October 2015 respectively, culminating in the National award ceremonies that were held in November 2015 in Kenya. The topic of the Competition was "The Necessity of Political Stability in Order to Facilitate the EAC Integration Process".

b) Mutual Recognition Agreements:

Pursuant to Article 11 of the EAC Common Market Protocol, Mutual Recognition Agreements (MRA) of the professional bodies of the Partner States have been negotiated and signed. The Rwanda Engineering Council acceded to the Mutual Recognition Agreement (MRA) between competent authorities of the Engineering Profession in the East Africa Community on 1st March 2016. On 9th March 2016, the registrars from the Republic of Kenya, Republic of Rwanda, and Republic of Uganda signed the Mutual Recognition Agreements (MRAs) for the veterinary professionals of the East African Community.

Budget Execution

The budget allocated to the Education, Science and Technology amounted to US\$438,350 for the Financial Year 2015-2016 with an expenditure of US\$283,843. Thus budget performance of was 65%.

5.2.3.2 CULTURE AND SPORTS

During the period under review Culture and Sports planned to finalize the Regional Mapping of Culture and Creative Industries in the EAC; hold the 2nd Edition of the EAC Arts and Culture Festival (JAMAFEST); and prepare for the 1st Edition of the EAC Sports Tournaments.

The key achievement realised during the planned period include:

a) 2nd Edition of the EAC Arts and Culture Festival (JAMAFEST):

Pursuant to the 20th Council directive, the Community continued to hold regular regional cultural Festivals and Sports Tournaments. The 2nd edition of the 2015 EAC Arts and culture festival - Jumuiya ya Afrika Mashariki Utamaduni Festival (JAMAFEST) was held in August 2015 in Nairobi, Kenya. The Festivals provided a regional platform for enhancing the social interaction of East Africans and branding the EAC.

Picture 6: 2nd edition of the 2015 EAC Arts and culture festival



4.11

5.2.4 HEALTH SECTOR

The Health Department oversees and coordinates all health policy and governance aspects in the region. The Health Department is made up of Six Units namely: Regulation of Health Professionals and Health Services Unit; Health Systems Development and Policy Unit; Disease Prevention and Control Unit; Medicines, Food Safety And Health Technologies Unit; HIV and AIDS & Sexually Transmitted Infections Unit; and Reproductive, Maternal, New-born, Child and Adolescent Health and Nutrition Unit. The EAC Health Sector draws its mandate from Article 118 of the Treaty that establishes the Community and as well as the EAC Regional Health Policy (2016) and the EAC Health Sector Strategic Plan (2015-2020).

In the period under review, the Health Sector planned to harmonize and implement the EAC Regional Training, Certification and practice of Health professionals (Medical Doctors and Dentists, Pharmacists, Nursing, Laboratory Scientists and Technologists, Clinical Officers, Radiology and Imaging Scientists) and EAC Regional Pharmaceutical Policies, Laws, and Regulations by June 2016.

The key achievements were:

a) EAC Regional Training, Certification and practice of Health professionals (Medical Doctors and Dentists, Pharmacists, Nursing, Laboratory Scientists and Technologists, Clinical Officers, Radiology and Imaging Scientists) harmonized and implemented:

Final Reports of the Consultancy Studies for development of harmonized EAC Regional Guidelines and Standards for EAC Regional Training of Medical Laboratory Scientists and Technologists and for EAC Nurses and Midwives considered and approved by the 12th Ordinary Meeting of EAC Sectoral Council of Ministers of Health which was held at EAC Headquarters in Arusha, Tanzania from 16th to 20th November 2015.

b) EAC Regional Pharmaceutical Policies, Laws, and Regulations Harmonized and implemented by June 2016:

Draft EAC Medicines and Health Technologies Policy, EAC Medicines and Health Technologies Strategic Plan and Mutual Recognition Framework (MRF) and developed and validation by Stakeholders is planned in October 2016.

c) Reproductive Maternal Newborn and Child Health Programme:

The Open Health Initiative project developed a results and resource tracking scorecard which was adopted and approved by the 11th Ordinary Meeting of the EAC Sectoral Council of Ministers of Health. The first ever EAC Regional Reproductive, Maternal, Newborn and Child Health (RMNCH) Scorecard was adopted by the 32nd Council of Ministers in August 2015. The Scorecard is an innovative tool for communicating the status of progress towards key global, regional and national commitments for women and children to key stakeholders in the region thereby strengthening accountability for results and resources.

d) EAC Regional Project on Aflatoxin Prevention and Control developed and implemented across Agriculture and Food:

Technical Papers and Policy Briefs developed and considered for adoption by the 12th Ordinary Meeting of the EAC Sectoral Council of Ministers of Health.

e) The 2nd EAC regional HIV and AIDS response Report 2015 developed and disseminated:

TORs for developing the 2nd EAC Regional HIV and AIDS response Report 2016 were approved by the Sectoral Committee on Health. The development partners (UNAIDS RST ESA) supporting the process has delayed in committing the resources for this process. This has held back the advertisement and recruitment of a consultant for the assignment.

f) Programme support and coordination:

Programme monitoring and coordination has been undertaken including technical meetings and one Steering committee meeting by Video conference.

g) EAC regional HIV/AIDS legal reform action plan implemented by EAC Partner States by June 2016:

The legal reform framework has been disseminated to all the Partner States who have also developed action plans and are currently undertaking to review proposed reforms.

h) Various Knowledge management fora organized to facilitate sharing of information, knowledge and experiences on HIV and AIDS, TB and STIs:

Convened 2 expert working group meetings that developed the Concept note and TORs for the EWG on Knowledge management. Approved TOR for an assessment of the EAC Secretariat and Partner States knowledge management systems / mechanisms. This will in turn inform the development of a knowledge management strategy that will be used to guide the programme's knowledge sharing. Funds were released by USAID EA for the knowledge management assessment exercise. Procurement process has been initiated, consultant is on board and the study will be complete by December 2016.

i) 3rd EAC HIV/AIDS Annual Epidemic report prepared and disseminated by June 2016:

TOR were approved in September 2015, however the funds from UNAIDS to support the process have not materialized due internal financial constraint. Still mobilizing resources for this consultancy and it is prioritized for 2016 /2017 financial year under the new financial support from SIDA Sweden.

j) Increased Leadership commitment to funding and implementation of HIV & AIDS responses:

High level Ministerial Dialogue on sustainable financing for health and HIV and AIDS Coverage was convened on 24th June 2016. The ministers agreed on an action framework on sustainable financing for the EAC region. In the next quarter, the Partner States will develop plans to operationalize the recommendations of the FOA on sustainable financing as contained in the joint ministerial communique'.

k) Revised EAC HIV and AIDS Work place policy implemented by EAC organs and institutions:

The review process is complete, the HIV and the HIV and AIDS Work place policy for EAC Organs and Institutions was approved by the 12th Sectoral council of Ministers of health on 23rd June 2016.

l) Minimum package of health care for mobile populations along the transport corridors developed and approved by the Sectoral Council of Ministers:

Minimum package of health and others services for key and vulnerable populations along the transport corridors was finalized and approved by the 12th Sectoral Council of Ministers of Health on 23rd June 2016. The Department in collaboration with stakeholders will be developing an operational manual for the package. Strategy for scaling integrated health and HIV and AIDS programming along transport corridors in East Africa was developed and approved by the 12th Sectoral council of Ministers responsible for Health on 23rd June 2016.

m) The EAC Regional Project on the Harmonization and Strengthening of the Regulation and Quality Assurance of Medical Devices and Diagnostics developed and implemented by June 2016:

EAC Project Document for Strengthening and Regulation of Medical Devices was developed and adopted by the 7th EAC Steering Committee in July 2015.

n) The EAC Regional Strategy on the Prevention and Control of Non-Communicable Diseases (2015-2020) developed and implemented by June 2016:

Terms of Reference (TORs) were developed and approved by the 12th Ordinary Meeting of the EAC Sectoral Council of Ministers of Health from 16th to 20th November 2015 and the EAC Secretariat is in the process of advertisement for the tender award through request for Expression of Interest (EOI) and request for technical and financial proposals.

o) The EAC Regional Contingency Plan for Epidemics due to Communicable Diseases, Conditions and other Events of Public Health Concern for EAC Region and implemented by June 2016:

The EAC Regional Contingency Plan for Epidemics due to Communicable Diseases, Conditions and other Events of Public Health Concern for EAC Region (2015-2020) were developed and approved by the 12th Ordinary Meeting of the EAC Sectoral Council of Ministers of Health from 16th to 20th November 2015.

p) EAC Regional Prototype Strategy and Tool on RMNCH/Health Resources tracking and EAC Regional RMNCH Scorecard developed and disseminated by June 2016:

The second EAC RMNCAH Scorecard was developed and approved by the Sectoral Council on Health at the session of Permanent Secretaries.

Budget Execution

The budget allocated to the Health Sector amounted to US\$6,162,360 for the Financial year 2015-2016 with an expenditure of US\$2,562,461, with the budget performance of 41.6%.

6.0 THE OFFICE OF THE DEPUTY SECRETARY GENERAL - POLITICAL FEDERATION

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

6.1 POLITICAL AFFAIRS

In the period under review, the Political Affairs Department planned to adopt and implement the policy on preventing and combating corruption; implement EAC Program on Democratic Governance and Electoral Support; develop the Model of Political on the federal constitution; adopt the EAC POLICY on Good Governance and Democracy; sustain and enhance the Cooperation and Coordination with other regional organizations and institutions of like mandate and implement NCPR 5 Year strategic Plan.

The key achievements were:

a) EAC Program on Democratic Governance and Electoral Support Implemented:

Planning meeting ahead of the 2015 General Elections in United Republic of Tanzania (URT) was convened, coupled with the development of an Action Plan for Election Observation to facilitate deployment of mission and deployment of EAC Pre-Election Assessment Team in the URT, and deployment of the EAC-EOM to the General Election in the United Republic of Tanzania and the Re-run Elections in Zanzibar. The Mission was finalized and report handed over to the EAC Secretary General for adoption by the Council and onward forwarding to the URT.

In addition to the above, Planning meeting was convened ahead of the 2016 General Election in Uganda, including development of requisite Action plans for Election Observation; EAC Pre-Election Assessment Team in Uganda was conducted to access the political environment. Reports were shared and deployment of the EAC-EOM to the General Election in Republic of Uganda was conducted. The Mission was finalized and Report handed over to the EAC Secretary General for adoption by Council and onward forwarding to Uganda.

b) Policy on preventing and combating corruption:

EAC Specific Anti-Corruption Index was developed.

c) NCPR 5 Year Strategic Plan Implemented:

4th University Students Debate was convened and EAC Youth Ambassadors 2015/2016 were appointed. Training of Trainer workshop was conducted and 30 youth Ambassadors were trained on EAC processes, structures and leadership.

Budget Execution

The budget allocated to the Political Affairs Department amounted to US\$2,765,958 for the financial year 2015-2016 with an expenditure of US\$1,607,438, leading to budget performance of 58.1%.

6.2 INTERNATIONAL RELATIONS

Guided by the Protocol on Relations between the AU Commission (AUC) and Regional Economic Communities (2008), the EAC continues to engage with other RECs in regional and continental integration initiatives. The Coordination Committee of Chief Executives of the AU Commission, RECs, African Development Bank (AfDB) and the UN Economic Commission for Africa (UNECA) have prioritized the mainstreaming of the AU Agenda 2063 and its First Ten Year Implementation Plan into the medium and long term strategic plans of RECs. The EAC is already working with the UNECA on strategies for popularizing the EAC Vision 2050 and developing its indicators, ensuring that these are aligned to the Sustainable Development Goals (SDGs) and the AU Agenda 2063.

In the period under review, the International Relations Office planned to timely and strengthening of the foreign policy formulation; mobilize Partner States' Diplomatic Missions and EA Diaspora for effective participation in EAC integration process and to build and strength the multilateral/international networks in pursuit of EAC objectives.

The key achievements were:

a) Mobilization of Partner States' Diplomatic Missions and EA Diaspora for effective participation in EAC integration processes:

Contacts database updated and updates on EAC integration widely shared; Ten (10) Ambassadors were accredited to represent their countries to the EAC and sensitized on the promotion of EAC integration objectives; diaspora group mailing list was generated and undergoing continuous updating; and the EAC was engaged with the 5 national Diaspora associations in Ethiopia (which brings together over 300 East Africans) and the Preliminary meetings for launch of the EAC Diaspora Chapter held in Ethiopia.

b) Building and strengthening of multilateral/international networks in pursuit of EAC objectives:

Strategies for strengthening the Joint AUC, AfDB and UNECA Secretariat to support RECs were agreed upon and EAC input submitted for AU Commission Chairperson's report Jan – Dec 2015 and Jan-June 2016; and for the AU January and June 2016 AU Summit. The implementation plan for the renewed UN/AU Partnership Framework on Africa's Integration and Development (PAIDA) 2017-2027 was provided, EAC input provided for RECs and AU Commission Technical and CEOs level Meetings held in September 2015 and December; March and May 2016. Collaborative arrangements promoted in elaboration of indicators and benchmarks for attaining AU Agenda 2063 first 10-year implementation plan; and presentations on EAC integration progress made during the Africa Week in October 2015 to the UN 70th UN General Assembly Member countries delegations and UN Agencies, mobilizing support for EAC integration initiatives. Continued representation of EAC interests as Interim EAC Liaison Officer to AU commission.

c) EAC Engagement in United Nations and its Specialised Agencies:

The EAC actively participated in the activities to mark the Africa Week, organized as part of the 2015 United Nations General Assembly events in October 2015. The Africa Week 2015 was celebrated in the context of the 70th anniversary of the founding of the United Nations under the theme "*Agenda 2063 and the 2030 Agenda for Sustainable Development: Moving from Aspirations to Reality.*" The Briefing by the RECs to the United Nations Member countries, at which the EAC effectively participated, was under the theme "*Silencing the Guns in Africa: the Nexus between Peace, Security, Governance and Development*". The briefings equipped the UN Member countries and specialized agencies with updated information on African Integration initiatives to inform decision-making.

Budget Execution

The budget allocated to the International Relations Office amounted to US\$209,075 for the financial year 2015-2016 with an expenditure of US\$144,781, with budget performance of 69.2%.

6.3 PEACE AND SECURITY

In the period under review, the Peace and Security office planned to give Policy Guidance to the Sector; operationalize the Early Warning Mechanism by June 2016; operationalize the Regional disaster management and response capability; sustain the implementation of SALW Control Interventions; implement Regional CT coordination framework; strengthen the Border Management in the EAC Region; and put in place the Regional Intelligence Sharing Platform. The Department also aimed at strengthening the Coordination and implementation of Peace and Security Programmes by 2015; ensure enhanced Partnership, Coordination and Networking with other Partners and RECs by 2015; harmonize the Policing practice across the Region and finally implement the Prison and Correctional services cooperation.

The key achievements were: -

a) Coordination and implementation of Peace and Security Programmes Strengthened by 2015:

Coordination in implementation of APSA and MASE programmes were enhanced between EAC with AU and EU that has seen more funding mobilized from EU to fund more peace and security strategic agenda and interventions within the EAC region for the next three years to 2018

b) Partnership, Coordination and Networking with other Partners and RECs enhanced by 2015:

To ensure coordination and complementarity, partnerships with the AU, IGAD, COMESA, IOC, ICGLR, EAPCCO, ESAAMLG and UNHCR were sustained through continuity in the implementation of existing cooperation arrangements in the various areas of specialization. Mandatory reporting obligations to the UN and AU on various Peace and Security issues were also fulfilled.

During the period under review, Networking and partnerships activities were enhanced between EAC and EAPCCO, INTERPOL, ESAAMLG, AU, IGAD, ICGLR, IOC and other RECs during the period under review. Cooperation arrangements with EAPCCO/INTERPOL; ICGLR to among others were concluded.

c) Policing practice across the Region harmonized:

A joint Police manual on common market provisions was developed and is undergoing piloting process and RFRC was supported through developing of its operational framework. Four of the Police SOPs were finalized and adopted for implementation within a wider EAPCCO region and the Retreat on common market enforcement was conducted and it led to the finalization of the Police Manual on the Common Market.

d) Implementation of Multi Regional Maritime Security Strategy:

Multiple maritime security strategies were implemented through joint training of Maritime Investigators; Prosecutors and judiciary; prisons & correctional services within and outside the EAC Region.

e) Prison and Correctional services cooperation implemented:

EAC-ESA-IOC cooperation activities were undertaken to enhance coordination. A prisons pre-deployment to AU and UN peacekeeping manual was also developed in collaboration with Rwanda Peace academy.

Budget Execution

The budget allocated to the Peace and Security office amounted to US\$5,342,537 for the Financial year 2015-2016 with an expenditure of US\$685,092, with the budget performance of 13%.

Challenge

A number of activities were planned but few were implemented due to limited funds allocated to the Department.

7.0 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 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.

During the period under review the Directorate of Customs planned priority activities included conducting policy reviews; harmonizing and implementing EAC Customs Valuation operations; reviewing and implementing EAC Rules of Origin; implementing Customs interconnectivity programme; conducting capacity building programmes for Customs Administrations; reviewing and implementing Single Customs Territory systems and instruments; Streamlining internal border management processes to facilitate intra-EAC trade; reviewing EAC Customs Management Act and Regulations; finalizing and implementing EAC Counterfeit law and regulations and implementing EAC compliance and enforcement action plan on SCT.

Following the successes registered during the initial stages of the Single Customs Territory, roll out of goods cleared under the Single Customs Territory was expanded on the Northern and Central Corridors. Coupled with this, customs automation across the region was enhanced in all Partner States, with upgrades of the customs systems and migration to more advanced and robust systems. At the regional level, an interconnectivity program was initiated to address the current weaknesses in customs valuation and monitoring of goods across the region.

An initiative to establish a single integrated customs platform for the whole of EAC has commenced. Integration of customs functioning was enhanced through cross border deployment of staff in Partner States. This has led to better accountability, deterrence of smuggling and closer cooperation amongst customs administration

7.1.1 TARIFF AND VALUATION

In the period under review, Tariff and Valuation Department planned to conduct a Policy review and coordinate/monitor the implementation of the Common External Tariff, harmonize and implement the EAC Customs Valuation operations and implement the revised EAC Rules of Origin.

The key achievements were: -

a) Policy review and coordinated/monitored implementation of the Common External Tariff:

Terms of Reference to undertake Sectoral studies were developed in October 2015 and adopted November 2015, studies were conducted in December, 2015 covering iron and steel products, Oil, Air and Petro filters, Aluminum products, Sim and Smart cards among others, presented policy organs during their meeting in April, and May, 2016 and thereafter their decisions were gazetted in June, 2016

Furthermore, an analysis on whether to introduce an additional note on the EAC CET to clearly define industrial sugar and findings was conducted, presented and considered by the Policy Organs meetings' held in April and May 2016 (Committee on Customs, Pre-budget consultative meeting of Ministers of Finance and SCTIFI

b) EAC Customs Valuation operations harmonized and implemented:

Identified and developed a list of products posing valuation challenges. Products Identification Bulletins for items identified during their meeting held on 31st August 2015 and developed Regional database for used motor vehicles.

c) Revised EAC Rules of Origin implemented:

The draft Manual for the implementation of the revised Rules of Origin was refined, presented and adopted by the Committee on Customs during their meeting held on 04th - 06th November, 2015. The verification exercise on salt manufactured by Kensalt Ltd was conducted from 26th October to 02nd November, 2015 and presented the findings and recommendations to the Committee on Customs, which adopted them and took note that salt manufactured by Kensalt qualifies for origin thus should be accorded Community Preferential Tariff Treatment.

Technical interpretation on applicability of Rules of Origin, 2015 on metal products, wheat flour, motor vehicles assembled in Kenya, salt manufactured by Kensalt and products manufactured by EABL was provided and presented to the Committee on Customs for noting and implementation. The training sessions on Revised Rules of Origin were undertaken in the Partner States in March 2016. Provided technical interpretation on applicability of Revised Rules of Origin, 2015 on motor vehicles in June, 2016. The Manual was printed and circulated to Partner States for implementation in June, 2016.

Budget Execution

The budget allocated to the Tariff and Valuation Department amounted to US\$411,440 for the financial year 2015-2016 with an expenditure of \$ 195,528; thus, budget performance stood at 47.5%.

7.1.2 PROCEDURES AND FACILITATION

In the period under review, the Department planned to develop implement the Customs interconnectivity; enhance Capacity building for Customs administration; review and implement the Single Customs Territory (SCT) systems and instruments; streamline the Internal Border Management Processes to facilitate intra EAC trade; and improve awareness of the SCT by Stakeholder.

The key achievements were:

a) Single Customs Territory (SCT) systems and instruments reviewed and implemented.

The Single Customs Territory procedure manual reviewed and updated and EAC CMA reviewed to cater for SCT implementation. Proposed amendments will be tabled for further consideration by policy organs, guidelines to grant access rights to clearing agents were developed and adopted for implementation and framework for deployment of staff to other partner states was developed. Partner States have to make comments prior to adoption of the framework. Interfaces to resolve the intra-region export confirmation, for re-exports, and for ex-warehouse module were developed and tested, Exit note message was restructured and the necessary enhancements were conducted awaiting deployment. Lastly, SCT Phase II Proposal (Concept Note for the proposed Centralized Platform) was developed and shared with TMEA.

b) Improved awareness of the SCT by Stakeholder.

Awareness and Training on SCT Procedures and Customs Systems of Clearing Agents and Customs officers at all major ports and borders was conducted.

Budget Execution

The budget allocated to the Procedures and Facilitation Department amounted to US\$1,563,630 for the financial year 2015-2016 with an expenditure of US\$554,539, thus the budget performance stood at 35.5%.

7.1.3 PREVENTION AND ENFORCEMENT

In the period under review, the EAC Prevention and Enforcement Department planned to review the EAC Customs Management Act and Regulations to facilitate the implementation of the Single Customs Territory; finalize and implement the EAC Anti – counterfeit Law and Regulations and ensures that EAC Compliance and Enforcement Action Plan on the Single Customs Territory is implemented.

The key achievements were:

- a) EAC Customs Management Act and Regulations reviewed to facilitate the implementation of the SCT.**

Technical Working Group (TWG) on legal matters met and reviewed the EAC CMA and Regulations and made recommendations to the Committee on Customs on provisions that were proposed for amendment.

- b) EAC Anti – counterfeit Law and Regulations finalized and implemented:**

The Anti-counterfeit Bill was presented to EALA in March 2015. The Bill was referred back to Council for further review. No further action has been taken so far since the activity was not allocated funding.

- c) EAC Compliance and Enforcement Action Plan on the SCT:**

EAC Compliance and Enforcement Action Plan on the SCT were approved by the Committee on Customs and it is being implemented. As part of the implementation of the EAC Single Customs Territory.

Budget Execution

The budget allocated to the Prevention and Enforcement Department amounted to US\$171,950 for the financial year 2015-2016 with an expenditure of US\$105,101, leading to budget performance of 61.1%.

7.2 TRADE

7.2.1 INTERNAL TRADE

In the period under review, the Internal Trade Department planned to compile and disseminate the trade statistics; develop of EAC Trade Policy; develop the EAC Single Market; and enhance EAC Trade Facilitation through elimination of NTBs and Operationalize of the EAC Competition ACT 2006.

The priority areas are elimination of NTBs in EAC region, preparation of EAC Trade and Investment Report, convening of the EAC Jua Kali/Nguvu Kazi Exhibition and fast-tracking the establishment of EAC Competition Authority.

The key achievements were:-

a) The 16th EAC Jua Kali/Nguvu Kazi Exhibition:

The 16th EAC Jua Kali/Nguvu Kazi Exhibition was held in Dar es Salaam, Tanzania in December, 2015. The Exhibition attracted five hundred and seventy-one (571) exhibitors from the Partner States. The Exhibition provided a unique opportunity for the artisans to broaden and strengthen their business skills and their competitiveness and to network, and to engage in technology transfer for future business growth. An evaluation meeting for the 16th EAC exhibition was held on 16th March, 2016 and lessons learned will be taken into account when preparing for the 17th EAC Jua Kali/Nguvu Kazi exhibition

b) EAC Trade Facilitation enhanced through elimination of NTBs:

The EAC Time Bound Programme (TBP) on Elimination of Non-Tariff Barriers was updated during the 18th Regional Forum on NTBs held in September 2015. The TBP shows that: eighteen (18) NTBs were unresolved; thirteen (13) NTBs were reported as new and eighty seven (87) NTBs were resolved.

Furthermore, the 20th EAC Regional Forum on NTBs was held on 30th March – 1st April, 2016. Also the 21st EAC Regional Forum on NTBs was held from 28th – 30th June 2016. The updated EAC Time Bound programme for NTBs shows that: 19 NTBs are unresolved; 8 NTB were resolved; 6 NTBs were reported as new; and 106 NTB were cumulatively resolved since 2009.

The status report on elimination of NTBs in the region as of December, 2015 has been finalized and printed. The Secretariat is in the process of distributing the NTBs Report to Partner States and Stakeholders.

c) Preparation of EAC TRADE & Investment Report 2014:

EAC Trade Report 2014 was finalized. The final Trade Report will be distributed to key stakeholders in July 2016.

The Experts from Partner States accomplished the compilation of the final draft EAC Trade and Investment Report 2014 with funding from TMEA. The Secretariat finalized the Report to SCTIFI for consideration and approval.

(d) Progress on the establishment of EAC Competition Authority

During the period under review, the Council considered and approved the EAC Competition Authority Organizational structure, job descriptions, and staff requirements to operationalize the EAC Competition Authority. The Council, at its 33rd meeting held on 29th February 2016, considered nominees submitted by each Partner State and appointed them as Commissioners of the EAC Competition Authority.

Budget Execution

The approved budget for the Internal Trade Department was **US\$1,117,780** while the actual utilized budget is **US\$151,983** representing 13.6%. The low budget utilization is attributed to lack of liquidity in Partnership Fund where most activities had been budgeted.

Challenges and recommendations

The Internal Trade Department is understaffed and the available two staff cannot implement all the activities of the Department.

Secondly, some activities were budgeted for under the Partnership Fund and there were liquidity challenges during the period which affected the budget execution.

To address these challenges, there is need for recruitment of additional staff to strengthen the Department. The Department also developed funding proposals to mobilize funds from Development Partners.

7.2.2 INTERNATIONAL TRADE

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

The International Trade Department coordinated the development of regional and national action plans on Trade Facilitation and draft Regional Action Plan on Trade Facilitation was finalized during the Second Meeting of the EAC Subcommittee on Trade Facilitation held June 2016.

During the period under review, the International Trade Department plans to coordinate the COMESA-EAC-SADC Tripartite Free Trade Area negotiations; coordinate the implementation of the EAC-EU EPA, negotiations on the EAC - U.S Trade and Investment Partnership; formulate an EAC AGOA Strategy by June 2016; coordinate the preparation of the 2015 AGOA Forum; coordinate the EAC efficient participation in the 2015 AGOA Forum; ensure that Special Economic Zones Regulations finalized and adopted by June 2016; enhance and Operationalize the EAC Trade Help Desk; and assess the implementation of commitments on Trade in Services under the Common Market Protocol.

The key achievements were:

a) Negotiating the COMESA-EAC-SADC Tripartite Free Trade Area.

At its meeting held in March 2016, the Technical Committee of Senior Officials (TCSO) recommended Annex III on NTBs, Annex V on Customs Cooperation and Mutual Administrative Assistance, Annex VI on Trade Facilitation, Annex VII on Transit Trade and Transit Facilitation, Annex VIII on Technical Barriers to Trade and Annex IX on Sanitary and Phytosanitary Measures to the Tripartite Sectoral Ministerial Committee for approval. Annex 10 on the Tripartite Dispute Settlement Mechanism will be considered for legal scrubbing by the next meeting of the Tripartite Technical Committee on Legal Affairs.

Meetings of the Tripartite Trade Negotiation Forum (TTNF) and the Tripartite Committee of Senior Officials (TCSO) were held in March 2016 to consider, among others, reports on Movement of Business Persons, Industrial Development and provide guidance on outstanding issues in Annex I on Elimination of import duties, Annex II on Trade Remedies and Annex IV on Rules of Origin and deal with other Tripartite issues. Regarding Annex I, the TCSO urged Member/Partner States that had not finalized their tariff offers to do so and those that had exchanged offers to continue with negotiations. In this regard, the EAC held bilateral tariff negotiations with Egypt and SACU on the exchanged tariff offers in March 2016.

Following TCSO guidance on Annexes II and IV, Technical Working Group Meetings were held in May 2016 on Trade Remedies and Tripartite Rules of Origin to consider the outstanding issues. On Trade Remedies, the meeting agreed on all the Articles except Article 12 which was referred to the TTNF for resolution. The meeting also agreed on the revised Guidelines for the Implementation of Trade Remedies. On rules of Origin, additional list rules were agreed upon including the definition of "Territories" which had been outstanding.

On Movement of Business Persons, the TCSO agreed on all Articles of the draft Agreement on Movement of Business Persons except Articles 5, 7 and 16, which were referred to the Tripartite Sectoral Ministerial Committee for guidance. On Industrial development the TCSO agreed to adopt a Framework for Cooperatio

n in place of Modalities for cooperation. The TCSO also decided that Tripartite Member/Partner States should provide comments on the draft Work Programme/Roadmap to the Tripartite Task Force (TTF) by 20th April and that the Tripartite Task Force should convene a meeting of the Tripartite Technical Committee on Industrial Development to review the draft Work Programme/Roadmap taking into account the comments before consideration by the TCSO at its next meeting.

Furthermore, regarding Phase II issues, the TCSO agreed that studies on Trade in Services, Competition Policy, and Intellectual Property Rights and Cross border investment should be undertaken. The Terms of reference for these studies have since been developed and these were circulated to Tripartite Member/Partner States in April 2016 for comments.

b) Coordination of the implementation of the EAC-EU EPA:

Legal scrubbing and translation of the EPA text into 23 EU official languages and Kiswahili have been finalized. The EPA text is expected to be signed in signature of the EPA in July 2016.

c) Formulation of an EAC AGOA Strategy:

A draft EAC AGOA Strategy was developed by August 2015 and considered by SCTIFI on 26th February 2016. The EAC Position Paper for the 2015 AGOA Forum was developed and the EAC Position Paper for the Forum presentation on 24-27 August 2015 in Libreville, Gabon.

During the AGOA Forum held in August, 2015 in the Republic of Gabon, the US informed the Forum that she had reauthorized AGOA for another ten years until 30th September 2025. To exploit the huge potential in the US market under AGOA,

d) Finalisation of Special Economic Zones Regulations:

A Draft Special Economic Zones Regulations were developed in May 2015, revised by the Secretariat through including the national SEZs Laws. The revised draft SEZs Regulations will be considered by an Experts meeting to be convened once Partnership Funds are available.

Budget Execution

The budget allocated to International Trade Department amounted to **US\$1,532,240** while the budget utilization was **US\$451,680** representing 29.5%. The low budget utilization is attributed to lack of liquidity in Partnership Fund.

Challenges and Recommendations

The Department is understaffed with only two professional staff being helped by consultants engaged by Commonwealth Secretariat, TMEA and African Development Bank.

Secondly, some activities were budgeted for under the Partnership Fund and there was liquidity challenges during the period, which affected the budget execution.

To address these challenges, there is need for recruitment of additional staff to strengthen the Department. The Department also developed funding proposals to mobilize funds from Development Partners.

7.2.3 STANDARDIZATION, QUALITY ASSURANCE, METROLOGY AND TESTING (SQMT)

The Department is mandated to ensure the standardization, quality assurance, metrology and testing of products produced or traded in the Community in order to facilitate Industrial development and trade; to make provision for ensuring the protection of health and safety of society and environment in the Community.

During the period under review the SQMT Department planned to implement the SQMT Act 2006; ensure testing laboratories are designated and recognized for conformity assessment in the region; ensure the EAC Standards are assessed; EAC is represented in international meetings and that EAC Standards are developed for application in Partner States.

Key achievements were:

a) Implementation of the SQMT Act 2006:

During the period under review, 11 draft SQMT Weights and Measures Regulations were considered by Legal Drafters on 13th February 2016 in Kigali and SQMT Act was finalized in May 2016. Draft Standardization, Accreditation and Conformity Assessment were finalized, while Amendment Bill (SACA) awaits comments from Tanzania. The draft regulations will be considered during the next EASC meeting after which it will proceed through the EAC drafting and approval system.

b) Testing laboratories designated and recognized for conformity assessment in the region:

Criteria for assessment of designated laboratories in the region was developed and 60 laboratories undertaking EAC Proficiency Testing Scheme identifies as potential Labs for designation.

Peer assessment of the four (4) Partner States on market surveillance and import inspection procedures was conducted against international best practices as defined in ISO/IEC 17020 standard with a view to harmonize the Partner States procedures leading to reduction of NTBs arising from different administrative procedures during market surveillance and import inspection. There will be need for a regional meeting in August/September to review the assessment reports and implementation statuses of the identified gaps.

c) Development of EAC Standards for application in Partner States:

During the period under review, 19 Final Draft EAC Standards were approved and 9 International Standards endorsed for adoption in Partner States by East African Standards Committee and considered by Sectoral Council on Trade, Industry, Finance and Investment in May 2016.

Operationalized forty-two (42) Technical Committees (TCs) out of the eighty designated Sector TC as opposed to eighteen (18) that have been active between 2012 and 2015. Coordinated 8 regional standards harmonization meetings between January and June 2016 under the following Technical Committees (TCs): EASC/TC/003 Fish and fishery products; EASC/TC/014 Cereals and pulses (3meetings); EASC/TC/063 Leather and leather products; EASC/TC/066 Packaging; EASC/TC/074 Surface active agents; and EASCTC 015 Fats and Oils. Also conducted, though yet to be finalized is the first review of the EAC Principles and Procedures for harmonization of standards. Held a Regional Steering Committee of East African Standards Committee of EAC/Swedish Standards Project on Trade Promotion through Standardization to review the project update and consideration for extension to another phase.

(d) Implementation of the SPS Protocol

In order to facilitate effective implementation and enforcement of the SPS Protocol, the EAC Secretariat finalized the development of Phytosanitary measures and procedures for Plants and Sanitary Measures for Fishery and Fish Products.

Budget Execution

The budget allocated to SQMT department amounted to **US\$339,290** while the budget utilization was **US\$130,122** representing 38.4%. The low budget utilization is attributed to lack of liquidity in Partnership Fund, where SQMT activities had been budget.

Challenges

The major challenges are limited resources in terms of human capacity and inadequate budget. The SQMT Department has engaged donors to support some activities and is hopeful that the Council will recruit additional staff to address the problem of understaffing. The financial year 2015/2016 was characterized by Partnership Fund liquidity challenges which negatively resulted into low budget utilization for the Directorate of Trade.

8.0 THE OFFICE OF DEPUTY SECRETARY GENERAL –FINANCE AND ADMINISTRATION

8.1 ADMINISTRATION

8.1.1 Human Resources and Administration

The purpose of the Department is to procure and manage EAC workforce from entry to separation from service for effective service delivery to the Community.

In the period under review, the Human Resource Department planned to implement the Institutional Review Recommendations by June 2016, pay staff salaries and benefits every month on time and have no arrears by June 2015; restructure and empower EAC Secretariat to facilitate the expanded mandate and put in place and implement the EAC Capacity Building Strategy by June 2016.

The key achievements were:

a) Institutional Review Recommendations implemented by June 2016:

A new top management structure was approved

b) EAC Capacity Building Strategy in place and implemented by June 2016:

Performance review was carried out by staff and their supervisors. Contracts for newly recruited staff were drawn and a review of the Performance Management System was carried out.

Budget Execution

The budget allocated to the Human Resource Department amounted to US\$18,510,353 for the Financial year 2015-2016 with an expenditure of US\$14,469,127; representing 78.2% of budget execution.

8.1.2 MANAGEMENT INFORMATION

The purpose of the Department is to provide a well-defined records management system and service for all EAC records and archives.

In the period under review, the Management and Information Section planned to establish EAC Archives, improve Management Information System by June 2016 and facilitate the Summit, Council and Sectoral Council Meetings as per EAC Calendar of Activities by 30th June 2016.

The key achievements were:

a) Improved Management Information System by June 2016.

Mail and Parcels were delivered to Partner States and Stakeholders and Newspapers were periodically subscribed for. About 5,496 records were digitized (scanned and indexed into TRIM) as at 30th June 2016; of which, 3,149 digitized records were assigned to Action Officers online. Moreover, 25 staff were trained in TRIM use as at 30th June 2016; and linkage to ESARBICA was maintained.

b) Provision of documentation during Summit, Council and Sectoral Council Meetings by 30th June 2016.

During the period under review the following meetings were facilitated with documentation: 1 EAC Heads of State Summit Meeting held on 2nd March 2016 in Arusha, Tanzania; the 32nd and 33rd Ordinary and 33rd Extra Ordinary Council of Ministers meetings held on 14th August 2015; 23rd February 2016; and 27th May 2016 respectively. The following Sectoral Council Meetings were also facilitated; Energy(2 meetings) on 11th September 2015 and 18/3/2016; Transport Communication and Meteorology (2 meetings) on 24/9/2015 and 30/6/2016; EAC Affairs & Planning(2 meetings) 12/2/2016 and 30/6/2016; Health(1 meeting) in March 2016; Trade Industry & Finance Investment (3 meetings) on 13/11/2015, 26/2/2016 and 27/5/2016; Gender(1meeting) on 24/3/2016; Agriculture (1 meeting) in January 2016; Education Culture Sports & Science (1 meeting) in April 2016.

Budget Execution

The budget allocated to the Management and Information Section amounted to US\$195,320 for the Financial year 2015-2016 with an expenditure of US\$192,949, representing 98.8% of budget execution.

Challenges

Better service delivery was hampered by insufficient budget and shortage of staff.

8.1.3 INFORMATION AND COMMUNICATION SECTION

In 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 (Arusha & Kampala).

The key achievements were:

Software systems were upgraded and effectively maintained, Internet connectivity and bandwidth for Video conferencing are effectively maintained, DR site in Kilimanjaro wing tested and improved by June 2016. Completion of remote disaster recovery site in Kampala, and assessment done in all the EAC Institutions and equipment project proposal is in progress. Tender to procure additional VC equipment (*Ministers offices and Ancillary rooms*) for MEACAs is in progress.

Budget Execution

The budget allocated to the information and communication section amounted to US\$1,133,850 for the Financial year 2015-2016 with an expenditure of US\$886,552 Leading to budget execution of 78.2%.

8.1.4 LIBRARY AND DOCUMENTATION

In the period under review, the Library and Documentation office planned to 30% digitized EAC information resources and accessed online by June 2016 and operationalize the Regional Digitization working group

The key achievements were:

a) 30% of EAC information resources digitized and accessed online by June 2016
Digitization/ preservation/ equipment/ materials were procured, equipment specification identified and procurement form filled and the Terms of Reference drafted.

b) Regional Digitization working group operationalized

EAC IRC Web portal and Information Repository was developed, designed and set up covering EAC Organs, Institutions and Coordinating Ministries. Regional digitization working group meeting conducted in March 2016. EAC IRC web portal and Information Repository were introduced and demonstrated to members.

c) Digitization project rolled out to EAC Institutions:

Sensitization about the EAC Information Resource Centre (IRC), Information Repository and web portal was conducted in CASSOA and IUCEA. Communities for the above institutions were populated.

Budget Execution

The budget allocated to the Library and Documentation office amounted to US\$416,815 for the Financial year 2015-2016 with an expenditure of US\$143,269, representing 34.4% of the budget.

8.2 DIRECTORATE OF FINANCE

The Directorate of Finance is responsible for 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. This is derived 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)

The Directorate registered the following key achievements during the Financial Year 2016/2017

a) Roll-out of the Sun System to EAC Institutions

To facilitate financial reporting, the Sun System was rolled out in EAC Institutions (LVFO, IUCEA and CASSOA) which were using different financial management systems. This phase of Project was completed in August 2015. The benefit of installation and roll-out of the System is enhanced 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 the Community

The Directorate planned to install and operationalize the Budget Management System to the Organs and Institutions. The exercise of installation of the System was successfully undertaken as planned, except the East Africa Health and Research Commission. The Institution was yet to move to its official sitting.

c) ISO9001:2008 Certification

The Directorate of Finance was ISO 9001:2008 certified in August 2015. The overall objective of ISO certification is to provide a structured environment for guaranteeing and enhancing stakeholder(s) satisfaction through enhanced efficiency and effectiveness of the Secretariat's processes.

d) Staff capacity building on the use of Budget Management Systems (BMS)

This is the year during which the Community moved from the preparation of the budget using spreadsheet to the software. EAC-Secretariat undertook staff training on the utilization of the Budget Management System across the Community. The focus of the training was at all levels including the Head Organs and Institutions and Professional. After the training the staff commenced to key in the budget estimates to the system. The move to the system saved a lot of time for staff and also errors which could be spotted out when using the spreadsheet were solved.

e) Coordination of the preparation of the EAC-Budget for fiscal year 2016/2017

The Directorate coordinated organs and institutions to prepare Annual Estimates for Financial Year 2016/2017. As a result, EAC implemented its programmes and projects for the Financial under review.

f) Medium Expenditure Framework (MTEF) training

The Directorate of Finance coordinated the training on Medium Expenditure Framework (MTEF) for General Purpose Committee (GPC) Members and Chairpersons of the other Committee of East African Legislative Assembly (EALA). The purpose of the training was to have common understanding of the MTEF among the Organs and Institution. The training was held in Zanzibar successfully.

g) Coordination of the Public Financial Management(PFM)

The EAC Directorate of Finance with support from the World Bank coordinated the Public Financial Management (PFM) Coordination and Harmonization project in the EAC Partner States of Republics of Burundi; Kenya, Rwanda, Uganda and the United Republic of Tanzania, geared towards Fiscal Harmonization as enshrined in the EAC Monetary Union Protocol, 2010. The areas of coordination and harmonization included; Procurement-Policy/Legislation; E-Procurement/Green Procurement; and Capacity Building; Accounting & Financial Reporting; Budget; Internal Audit; External Audit; Strengthening of Public Accounts Committee; Auditor Quality Assurance; and Capacity Building of Professional Accounting Organizations in the Partner States. The deliverables of the project are summarized in the matrix below:

Table 7: Showing Deliverables of EAC World Bank Public Financial Management PFM Harmonization Project

PFM Harmonization Area	Deliverables of the Project in Area of Harmonization
Procurement – Harmonization	<ul style="list-style-type: none"> - Comparison Report on Procurement Legislations; - Baseline Indicators and Gap Analysis Report; - Harmonized Procurement Standards; - EAC Procurement Policy; - Draft EAC Procurement Legislation to be validated by relevant stakeholders;
Accounting & Financial Reporting	<ul style="list-style-type: none"> - Gap Analysis report GGE, TSOE, NTSOE delivered ; - Draft Road Map for full implementation per Partner State(s);
Procurement-Contract Management; Curriculum Development; Code of Ethics;	<ul style="list-style-type: none"> - EAC Harmonized Code of Ethics; - EAC Harmonized Curriculum; - Technical support on Contract Management;
Budget	<ul style="list-style-type: none"> - Country Gap Analysis Reports per PS; - Technical support to PSs;
Public Accounts Committees	<ul style="list-style-type: none"> - Country Report prepared and shared with the EAC;
Procurement-Green & E-Procurement	<ul style="list-style-type: none"> - Report on Guidelines on Guidelines on e-Procurement and Green; - Technical support on Contract Management;
Internal Audit	<ul style="list-style-type: none"> - Report on gap analysis Partner States to determine compliance with the International Standards for Professional Practice of Internal Auditing issued by the International Internal Audit Standards Board of the Institute of Internal Auditors; and Technical assistance;
External Audit	<ul style="list-style-type: none"> - Report on gap analysis of each of the Partner States with respect to compliance with International Standards of Supreme Audit Institutions (ISSAI) issued by INTOSAI; - Roadmap/Action plan to support the SAI's development based on the Institutional Capacity Development Framework ;
Auditors Quality Control	<ul style="list-style-type: none"> - EAC Quality Review Methodology for Practicing Auditors; - EAC Audit Manual for Practicing Auditors; and Technical support to PAOs;

Professional Organizations	Accounting	<ul style="list-style-type: none"> - Gap analysis Report per PS compliance with International Education Standards for Professional Accountants issued by IFAC; - Professional and Technician qualification syllabus framework aligned to IES; - Guidelines for Registered Training Office (RTO); a trainee guideline for use by PAOs; - Regional Policy for continuous professional development; - Regional Policy for issuance of Audit Practice Licenses and Re-admission of Practicing Auditors
----------------------------	------------	---

Source: Directorate of Finance Reports

The EAC Secretariat exploring mobilizing resources as to support the implementation of the Standards, Rules Regulations and draft Legislation(s) and other best practices that were delivered in this phase of the projects so far developed.

h) Facilitation of the EAC-Annual Audit

During the period under review, the Directorate facilitated organs, institutions and Audit Commission to undertake EAC-Annual Audit for Financial Year 2015/2016 as per Treaty for Establishment of the East African Community and the EAC-Financial Rules and Regulations (2012). The following are the Financial Statements for The East African Community (Secretariat, EALA and EACJ), for the Financial Year 2015/2016, with comparatives for the Financial Year 2013/2014, both with an unqualified (clean) audit opinion:

8.2.1 FINANCIAL STATEMENTS FOR THE EAST AFRICAN COMMUNITY (EAC SECRETARIAT, EACJ AND EALA)

4.12

4.13 Table 8: East African Community Statement of Financial Position as at 30 June 2016

		2015/16	2014/15
ASSETS	Notes	US\$	US\$
CURRENT ASSETS			
Cash and Cash equivalents	1	10,158,887	18,617,468
Financial Assets	2	4,100,000	-
Receivables from Non-Exchange Transactions	3	8,962,874	4,028,800
Inventories	4	108,113	99,556
Prepayments	5	0	11,301
Taxes Recoverable	6	1,579,537	906,115
TOTAL CURRENT ASSETS		24,909,411	23,663,240
NON-CURRENT ASSETS			
Property, Plant and Equipment	7	21,454,639	23,694,121
Intangible Assets	8	697,290	1,168,526
TOTAL NON-CURRENT ASSETS		22,151,929	24,862,647
TOTAL ASSETS		47,061,340	48,525,887
LIABILITIES AND NET ASSETS/EQUITY			
CURRENT LIABILITIES			
Payables	9	5,612,706	5,798,810
Employee benefits	10	5,557,988	1,249,672
Deferred funds from Development Partners	11	832,866	870,154
Other Current Liabilities	12	396,390	28,477
TOTAL CURRENT LIABILITIES		12,399,951	7,947,113
NON-CURRENT LIABILITIES			

		2015/16	2014/15
Employee Benefits	10	1,354,389	4,486,889
Deferred Credit for Assets	13	708,176	1,726,449
TOTAL NON-CURRENT LIABILITIES		2,062,566	6,213,338
TOTAL LIABILITIES		14,462,517	14,160,451
Net Assets/Equity			
Capital contribution and Grant	14	21,551,867	23,235,752
Accumulated Surplus	14	11,046,956	11,129,682
Total Net Assets/Equity		32,598,823	34,365,435
TOTAL LIABILITIES AND NET ASSETS/EQUITY		47,061,340	48,525,886

8.2.2 EAST AFRICAN COMMUNITY STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2016

Table 9: East African Community Statement of Financial Performance for the Year Ended 30 June 2016

REVENUE		2015/16	2014/15
Revenue from non-Exchange Transactions	NOTES	US\$	US\$
Contribution from Partner States	15	37,729,334	37,729,334
Special funds from Development Partners	16	21,460,192	23,254,988
Other Revenue	17	60,000	104,434
		59,249,526	61,088,756
Revenue from Exchange Transactions			
Other Revenue	18	144,701	243,736
Total Revenue		59,394,226	61,332,492
EXPENSES			
Salaries, Wages and Employee Benefits	19	22,607,631	21,809,048

Administrative, Meetings & consultancy Expenses	20	31,274,324	37,916,270
Transfers to Other Institutions	21	4,965,588	0
Finance Cost	22	57,946	625,449
Depreciation & amortization Expenses	23	2,658,405	1,743,299
TOTAL		61,563,893	62,094,064
SURPLUS / (DEFICIT) FOR THE PERIOD		(2,169,667)	(761,572)
<u>Attributable to:</u>			
EAC		(1,055,444)	902,128
Development Partners		(1,114,223)	(1,663,700)

4.14

8.2.3 EAST AFRICAN COMMUNITY STATEMENT OF CHANGES IN NET ASSETS/EQUITY AT 30 JUNE 2016

Table 10: East African Community Statement of Changes in Net Assets/Equity at 30 June 2016

Description	Notes	Capital Contribution /Grant	Accumulated Surplus	Revaluation Reserves	Total Net Assets/ Equity
		US\$	US\$	US\$	US\$
At 1 July 2014		22,178,329	9,502,306	223,599	31,904,234
Capital Grants and revaluation	*	2,165,191	-	-223,599	1,941,592
Transfer from Reserve to Institutions	*	-	(382,520)	-	(382,520)
Surplus / (deficit) for the year		(1,107,767)	2,009,896	-	902,129
At 30 June 2015		23,235,752	11,129,682	-	34,365,435
At 1 July 2015	14	23,235,752	11,129,682	-	34,365,435
Prior year Adjustments	*	-	(230,472)	-	(230,472)

Transfer from Reserve to Institutions	*	-	(480,698)	-	(480,698)
Surplus / (deficit) for the year		(1,683,886)	628,443	-	(1,055,443)
At 30th June 2016	14	21,551,866	11,046,956	-	32,598,822

*: i) Prior year adjustment of US\$230,472

*: ii) Transfers to institutions: US\$188,650 to LVBC; US\$50,683 and US\$ 29,500 to EASTECO; US\$37,623 and US\$85,000 to EAKC, and US\$935,498 to EAHRC transferred to fund the budget as approved by Council of Ministers and EALA;

8.2.4 EAST AFRICAN COMMUNITY STATEMENT OF CASH FLOW FOR THE YEAR ENDED 30 JUNE 2016

Table 11: East African Community Statement of Cash Flow for the Year Ended 30 June 2016

Description	Note	2015/16	2014/15
		US\$	US\$
Cash flows from operating activities			
Surplus / (Deficit) at the end of the year		(2,169,667)	(761,572)
<i>Adjustment for:</i>			
Depreciation	23	2,658,405	1,743,299
Interest Received	18	(187,882)	(156,597)
		300,857	825,129
Changes in working Capital			
(Increase) / Decrease in Receivable	3	(4,934,074)	(1,377,775)
(Increase) / Decrease in inventory	4	(8,557)	16,451
(Increase) / Decrease in Prepayment	5	11,301	52,307
(Increase) / Decrease in Tax recoverable	6	(673,422)	57,687

Increase / (Decrease) in Payables	9	(186,105)	577,290
Increase (Decrease) in Employee Benefits	10	1,175,817	963,771
Increase (Decrease) in Deferred Revenue	11	(37,288)	(2,975,029)
Adjustment for DPs surplus (deficit)		1,114,223	1,663,700
Increase / (Decrease) in other Current liabilities	12	367,913	(9,483)
Increase (Decrease) in Deferred credit for assets	13	(1,018,273)	787,164
Net Cash flows from operating activities		(3,887,610)	581,211
Cash flow from investing activities			
Acquisition of fixed assets	7&8	(758,720)	(1,429,892)
Effect of transfer of fixed assets to Institutions		580,564	-
Decrease (Increase) in Investment in Fixed Deposits	2	(4,100,000)	4,100,000
Cash generated from investing activities		(4,278,156)	2,670,108
Cash flow from Financing activities			
Interest Received	18	187,882	156,597
Transfers to & from EAC Reserve from/to Institutions	14	(480,698)	(382,520)
Cash generated from financing activities		(292,816)	(225,923)
Net increase in cash and cash equivalents		(8,458,582)	3,025,396
Cash and cash equivalents at beginning of period	1	18,617,468	15,592,072
Cash and cash equivalents at end of period	1	10,158,887	18,617,468

8.2.5 EAST AFRICAN COMMUNITY STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED 30 JUNE 2016

Table 12: East African Community Statement of Comparison of Budget and Actual Amounts for the Year Ended 30 June 2016

REVENUE	Budgeted Amounts in US\$		Actual Amounts in US\$	Difference: Final Budget and Actual	Explanation of variances
	Original	Final			
Contribution from Partner States	37,729,334	37,729,334	37,729,334	0	
Special funds from Development Partners	49,762,501	50,909,812	21,460,192	29,449,620	(1)
Miscellaneous Revenue	2,238,082	2,385,432	2,266,903	118,529	
Total Revenue	89,729,916	91,024,577	61,456,428	29,568,149	
EXPENSES					
Salaries, Wages and Employee Benefits	27,274,865	27,274,865	22,607,631	4,667,234	(2)
Administrative, meetings & consultancy Expenses	55,731,542	57,026,203	31,274,324	25,751,879	(3)
Transfers to Other Institutions	4,965,588	4,965,588	4,965,588	0	
Finance Cost	153,039	153,039	57,946	95,093	(4)
Capital Expenditure	1,604,882	1,604,882	758,720	846,162	(5)
TOTAL	89,729,916	91,024,577	59,664,208	31,360,369	
SURPLUS / (DEFICIT) FOR THE PERIOD	0	0	1,792,220		

Explanation of Variances

(1), (2) and (3) are positively correlated. There were 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): Under spending on Finance cost was due to using a bank which has a single banking platform in the region, hence lower bank charges

(5): The under spending in Capital Expenditure is due to delays in processing of direct payments by World Bank.

Budget Execution

The total budget allocated to the Directorate was US\$US\$1,194,900 and out of this amount US\$US\$998,063, about 84% of budget execution. US\$

Challenges Proposed Recommendations

The key challenges experienced during the period under review were as follows:

- (a) delay in disbursement of budgetary contributions by Partner States and support from Development Partners;
- (b) Low staffing level proportion to the workload;
- (c) Recommend that Partner States adopts the EAC-Alternative Financing mechanism.

9.0 THE EAST AFRICAN LEGISLATIVE ASSEMBLY (EALA)

Article 49 of the Treaty for the establishment of the East African Community establishes EALA as the legislative Organ of the Community. EALA's core functions are; Legislative, Oversight and Representation. EALA contributes to a number of the Strategic objectives of the EAC but is directly linked to strengthening of the EAC's Oversight Role. During, the reporting period, the following achievements were registered:

a) Legislation

The Assembly held four plenary Sessions/Meetings as follows; 3rd Meeting (November/December 2015), 4th Meeting (January/February 2016), 5th Meeting (March 2016), and 6th Meeting (May/June 2016).

b) Bills

During the period under review, seven Bills was passed and these include:-The East African Community Supplementary Appropriation Bill, 2015; The East African Community Cooperative Societies Bill, 2014; The East African Community Integration (Education) Bill, 2014; The East African Community Elimination of Non-Tariff Barriers Bill, 2015; The East African Community Customs Management (Amendment) Bill, 2015; The East African Community Appropriation Bill, 2015; The East African Community Creative and Cultural Industries Bill, 2015; and The East African Community Electronic Transactions Bill, 2015

c) Election Observation

The Assembly in conjunction with the Electoral Management Bodies (EMBs), Civil Society Organizations (CSOs), National Human Rights Commissions and the EAC Secretariat participated in the EAC Observer Mission Presidential Elections which took place on 21st July, 2015 in the Republic of Burundi and in Tanzania General Elections from 18th- 30th October, 2015.

The Assembly further in conjunction with the EAC Secretariat, the National Electoral Management Bodies, National Human Rights Commissions, Ministries responsible for EAC Affairs, Youth Representatives from EAC Youth Ambassadors Forum and Civil Society Organizations from Burundi, Kenya, Rwanda and United Republic of Tanzania participated in the EAC Observer Missions to the Republic of Uganda general election from 7th to 21st February 2016.

d) Capacity Building Workshop:

In a bid to enhance the oversight function of the Assembly, Members undertook a capacity building workshop on the Medium-Term Expenditure Framework (MTEF) and Auditing processes in Zanzibar, Tanzania in September 2015. The capacity building workshop offered an opportunity for EALA to be able to harness understanding of the technical workings of the MTEF budgeting and to comprehend the procedures that go on in the auditing processes

e) Address by the Founding First Ladies of the EAC:

The Assembly had the honour of being addressed by two former first ladies of the former East African Community, Mama Miria Obote and Mama Ngina Kenyatta on Tuesday 31st May, 2016. They welcomed the re-institution of the East African Community and urged the current leaders, civil servants, and citizens to deepen the EAC integration process.

f) The EAC Bureau of Speakers

The 11th Meeting of the EAC Speaker's Forum took place in Arusha, Tanzania on 29th April 2016. The Bureau considered a number of key areas which are important for strengthening integration. In addition, the National legislatures and EALA committed to supporting the East African Parliamentary Institute (EAPI).

At the Meeting of the Bureau, the Speaker of EALA, Rt Hon. Daniel Fred Kidega also took over the chair from the Speaker of the Parliament of Tanzania, Rt Hon. Job Ndugai.

In addition, the National legislatures are in the process of electing members of the 4th Assembly who are to be inaugurated on 5th June 2017. So far, the Assembly has received the names of the members elected by the Partner States' National Legislatures of the Republics of Uganda, South Sudan and Burundi.

g) The Inter-Parliamentary Tournament

The Assembly coordinated the 6th Inter-Parliamentary Games for the National Parliaments of the Partner States from the 4th to the 11th December 2015 in Kigali, Rwanda. The games play a fundamental role in enabling EALA's interaction between Members of the National Parliaments as envisaged in Article 49 (2a) of the Treaty for the Establishment of East African Community. At the same time, the games enhanced interaction with the citizenry of the Partner States and act as a mode of sensitization and popularizing the integration process.

10.0 THE EAST AFRICAN COURT OF JUSTICE (EACJ)

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 this Treaty. 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 period under review, the Court planned to receive and determine cases filed by citizens of the Community as its core business. It also prioritized capacity building and institutional developments. This were prioritized so as to meet the new demand for services from the court as the number of cases filed was increasing and it was necessary to prepare to handle the new demands. There was also out of the need to learn and have enhanced skills in new technologies to enhance the delivery of justice.

The following key milestones were met during the period under review:

- a) **Cases filed in 2015- 2016 in both Appellate and First Instance Division, include References, Claims, Appeals, Case Stated, Advisory Opinion and Applications are as shown in the table below:**

During the period under consideration the First Instance Division received, 9 References, 10 Applications and 4 Taxation References, while the Appellate Division received, 6 Appeals, 2 applications and 1 Taxation Cause.

During this period the two Divisions of the Court held four sessions each as scheduled. During these sessions, the First Instance division managed to hear nineteen (19) References and sixteen (16) Applications while the Appellate Division heard eight (8) Appeals, five (5) Applications and one (1) Advisory Opinion. In these sessions the First Instance Division delivered nine (9) Judgments' and twelve (12) rulings while the Appellate Division delivered, eleven (11) Judgments' and two (2) Rulings. A total of four (4) taxation matters were heard and rulings thereof delivered during the period under consideration. In total the court has heard fifty (53) matters and delivered twenty (20) judgments and eighteen (18) rulings.

The tables below show remarkable increase in the number of cases handled by the Court in 2015-2016 as compared to the year 2014-2015.

Figure 2: Number of cases by the First Instance Division of the Court

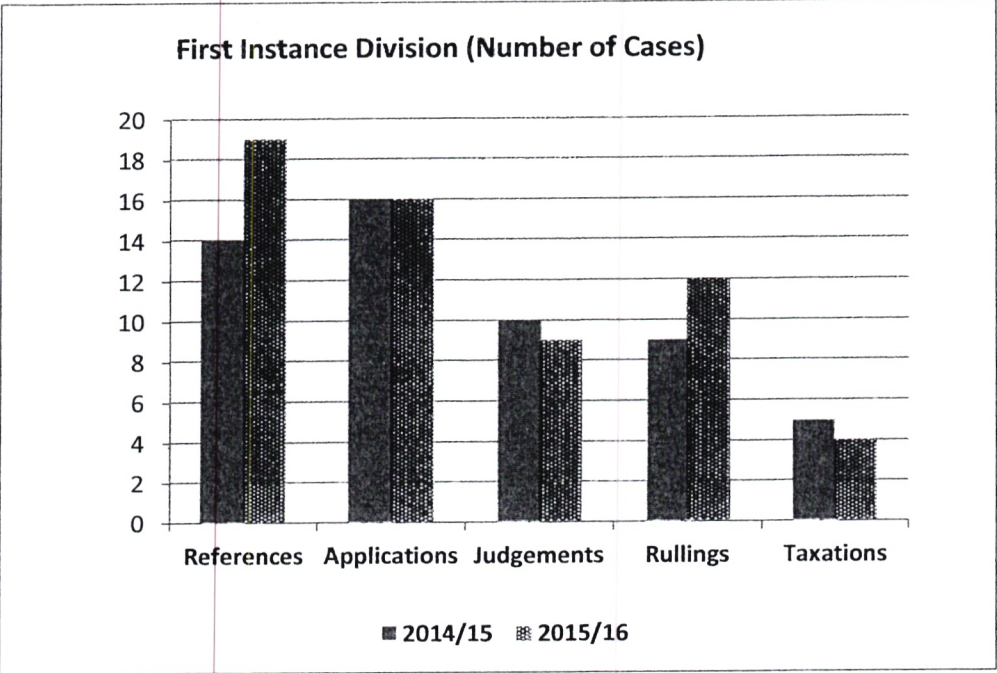
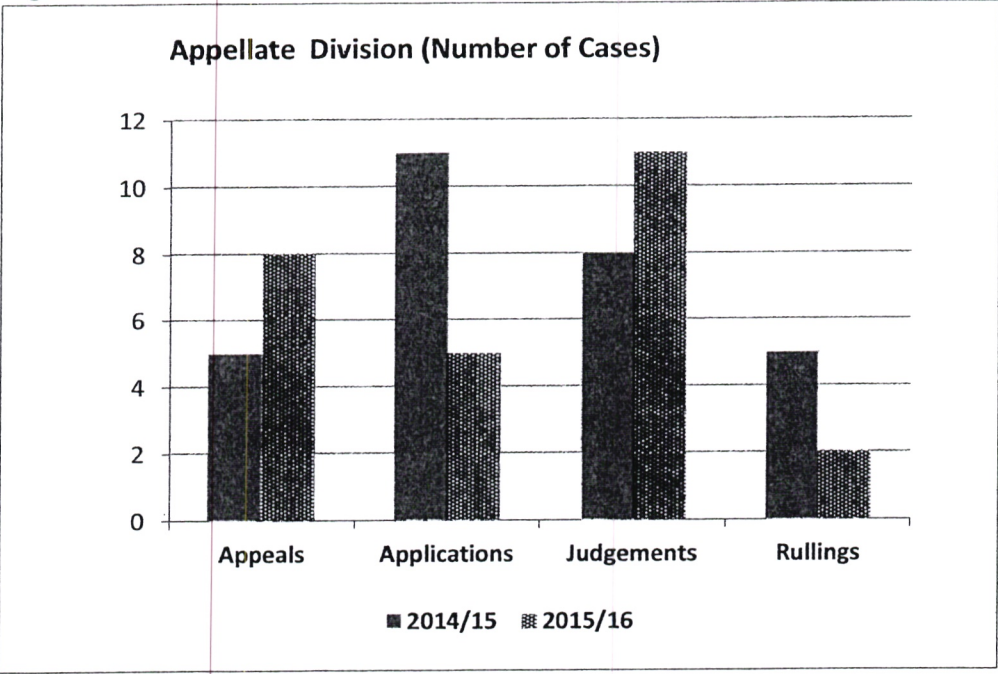


Figure 3: Number of cases handled by the Appellate Division of the Court



Those changes are also attributed to the increased awareness of the provisions of the Treaty out of sensitization activities.

b) Plenary session

The Court held its yearly meeting for in Nairobi that was attended by all Judges and the staff of the Court. The Plenary session considered and reviewed its calendar of activities while also deliberating on emerging issues on financial and administrative autonomy of Courts. Among the important issues discussed was the development of the strategic plan that was behind schedule, the development of Judicial Code of Conduct and a review of the Courts Rules of Procedure. The strategic Plan will guide the Court in the next five years while the Judicial Code of Conduct will enhance trust and faith in the Court. The Rules of Procedures once reviewed will ease the work of the Court birth for the litigants and the Judges.

- c) As a continuous exercise on exchange program between the staff of the court in the sub-registries and Arusha was held from May, 2016. The Court Clerks from the sub-registries also attended and participated in Court sessions in Arusha to give them exposure in court environment. The exchange program affords staff from out of Arusha to have experience with the work in the main registry as well as expose the staff at the main registry on the work exposure in the sub registries.
- d) The use of Case management and recording system was enhanced through continuous training and refresher hands on training on the system for both the staff and Judges. All cases from the sub-registries are now processed electronically. Most of the Judges are now handling the court files electronically and very soon the Court will be paperless. The Case Management System was also upgraded and court proceedings can be live streamed when possible. A test run was done during the June extra ordinary session of the First Instance Division and during the delivery of the Judgement of one of the cases involving the Speaker of EALA. This is a major milestone towards becoming a world class court dispensing justice.
- e) The Court developed a draft Code of Conduct for Judiciary staff and the same is receiving comments from all the staff before it is finalized. When finalised the code of conduct will regulate the conduct of judicial officers and staff of the Court. This will build trust among the users of the services of the Court.
- f) The Court also begun the process of developing its Strategic Plan 2016 – 2021 by identification of the lead consultants and it is expected to be finalized soon so that it can be launched and implemented. This will drive the Courts activities for the next 5 years with an opportunity to review the progress during the mid-term review.
- g) The Rules of Procedure and the Arbitration Rules are periodically being reviewed to facilitate easy access to the Court and ensure its user friendly. The outcome of that can be exhibited by the increased number of Advocates that are now practicing in the regional Court.

Arbitration rules will facilitate those who may want to have their commercial disputes handled by the Court that has arbitral jurisdiction. In the long run this will reduce the cost of dispute resolutions.

- h) As part of the Courts outreach activity, the President and the Registrar had a one-day interactive meeting with all Ambassadors accredited to EAC in June 2016 in Dar Es Salaam. The purpose of the meeting was to update and inform the ambassadors on the jurisdiction and functioning of the Court as an organ of the Community. Most of them had limited knowledge and information about the Court and the forum provided them an opportunity of understanding and appreciating the work of the Court. Arising out of that interactive meeting there was been increased development partners interest in supporting the Court.

Budget Execution

The budget approved and allocated to the Court for the period under review was US\$ 4,111,051 Out of that the Court received only US\$4,111,051. From the amount received the Court was able to execute US\$3,359,940 representing 81.73% of what was received

Challenges

Despite the achievements recorded, there are still challenges facing the Court and which impact of timely delivery of justice to the residents of the Community. Some of the challenges are:-

- i) Inadequate human capacity. The Courts organogram was last reviewed in 2006/2007. The cases have continued increasing against a staff establishment of 2007. This tend to overburden the existing staff who have to work extra hard to achieve the current success.
- ii) Some activities though budgeted for are never actually funded especially from the partnership fund. This leads to postponement of the activities which have the overall negative impact especially on sensitization activities that are important for visibility of the Court.
- iii) Financial resources are not sufficient and on occasions cases that were urgent cannot be handled with the urgency they deserve. The impact may be to discourage litigants who would otherwise have opted to use the regional court.

Recommendations:

- i) The Courts establishment should be reviewed to determine the optimal number of staff required to facilitate judicial work of the Court.
- ii) The Court should be given sufficient budgetary allocations. This would go a long way in judicial independence and enhance the citizens confidence.
- iii) Pending the approval of a new structure, the Court should be allowed to recruit key staff to enhance performance and delivery of justice.

11.0 LAKE VICTORIA BASIN COMMISSION (LVBC)

Lake Victoria Basin Commission (LVBC) is a specialized institution of the East African Community (EAC) responsible for coordinating sustainable development of the Lake Victoria Basin. Its establishment is provided for under Article 114 of the EAC Treaty establishing East African Community. This provision is operationalized through the Protocol for Sustainable Development of Lake Victoria Basin signed and ratified in 2003 and 2004 respectively. The broad function of LVBC as espoused in Article 33 of the Protocol is to promote, facilitate and coordinate activities of different actors (state and non-state) towards sustainable development and poverty eradication in Lake Victoria Basin. During the period under review, LVBC implemented various interventions fewer than seven Key Results Areas enshrined in the 3rd LVBC Strategic Plan (2011 – 2016).

4.15

4.16 During the period under review, Lake Victoria Basin Commission planned for the following key priority areas : Coordination and management capacity of the commission, harmonisation of policies, laws and standards, improve the public health services and water supply and sanitation, improvement of the safety of navigation and security on Lake Victoria, management of ecosystem and Natural Resources including climate change and mitigation and lastly improve the investment and sustainable livelihood initiatives in the Basin

4.17 The key achievements that were registered include:

a) Co-ordination and management capacity of LVBC

The notable achievements under this key result area during the reporting period include: (i) Revamping the LVBC resource centre with virtual resources including an online catalogue; (ii) Implementation of robust communication and knowledge management initiatives including initiation of a World Bank-funded Knowledge sharing Technical assistance to LVBC; (iii) Operationalization of the Results-Based Management Strategy for LVBC; (iv) Revamping the LVBC website and introducing social media features to disseminate information and get real-time feedback. Organising a resource mobilization among Development Partners towards the support of interventions in Lake Victoria Basin where negotiations for three projects were at an advanced stage with an expected total of US\$ 84.3 Million. These projects include the Multinational Lake Victoria Maritime Communication and Transport Project (MLVMCT) with an expected US\$ 27.4 million, Climate Change Adaptation program for LVB with US\$5 million, Lake Victoria Basin Integrated Water Resources Management program (IWRM) at US\$48 million and the Green Growth in the Lake Victoria Basin with an expected funding of US\$3.9 million.

b) Harmonized policies, laws and standards and strengthened institutional development and governance in natural resources management promoted:

Under this Key Results Area, the Commission, among others: (i) facilitated the implementation of the regional guidelines for the harmonized water hyacinth surveillance and control strategy for Lake Victoria Basin including promoting the biological, manual and now mechanical removal after a manual water hyacinth harvester was delivered for LVEMP II in Kenya; (ii) Operationalized the state of the art Water Resources Information System for Lake Victoria Basin where water experts from basin embarked on uploading water quality and quantity data onto the system in real-time; (iii) Finalized the Water Resources Management Plan I for Lake Victoria Basin; (iv) Prepared roadmap and terms of reference to facilitate the operationalization of the Lake Victoria Environment Trust Fund as a sustainable financing mechanism for interventions in the Basin.

c) Public health services with emphasis on HIV/AIDS; Gender; Reproductive health and Water Supply and Sanitation improved:

Under this Key Results Area, LVBC implemented various interventions on water supply and sanitation and integrated population health and environment as follows:

Integrated Population Health and Environment:

- i) Integrated population management and health services into the LVBC environmental conservation projects including MERECP and LVEMP II;
- ii) Provided financial and technical support for National PHE Networks in the five Partner States to among others develop National PHE Strategic Plans that are informing PHE Policy and programming at national level, undertake PHE advocacy activities, conduct PHE capacity building activities, map PHE actors in the countries and facilitate mobile resources for PHE Programming;
- iii) Capacity Building including developing PHE training guidelines for Community Based Organizations (CBOs) and translated them into Kiswahili, Kirundi and Kinyarwanda for easy usability by the CBOs; trained PHE CBOs on the integrated PHE approach using the translated guidelines; purchased and distributed PHE Medical Kits to the trained CBOs to support delivery of integrated services; Developed a regional prototype PHE Training Curriculum which is being used by stakeholders to train PHE programmers in the region; developed the PHE Minimum Package of Services (PMPS), which is a framework for guiding prioritization of PHE interventions and holding PHE actors accountable. The PMPS is being used by national PHE Networks and CSOs in PHE Programming;

- iv) Sourced new partners including Knowledge for Health (K4Health) and IntraHealth to among others strengthen the Commission's Knowledge Management institutional capacity and capacity of National PHE Networks on Knowledge Management and support adoption and use of mobile health technology to improve health and environmental conservation outputs in PHE Programming;
- v) Convened a successful Regional PHE Conference, from 9th to 10th September 2015 in Kisumu that was a platform for enhancing awareness among governments and stakeholders on the value of PHE approach and its contribution to the Sustainable Development Agenda. The resolutions of the conference have been translated into activities and project proposals. LVBC and some Civil Society Organizations are jointly implementing activities emanating from the resolutions;
- vi) Participation and hosting of a side event at the COP 21 UN Climate Change Conference at the Africa Pavilion to among other issues: (a) advocate for adoption of the PHE approach as a strategy for enhancing climate change adaptation; (b) network with climate change stakeholders and an opportunity for reflecting on the role of PHE in climate change adaptation, mitigation, capacity building and technology transfer.

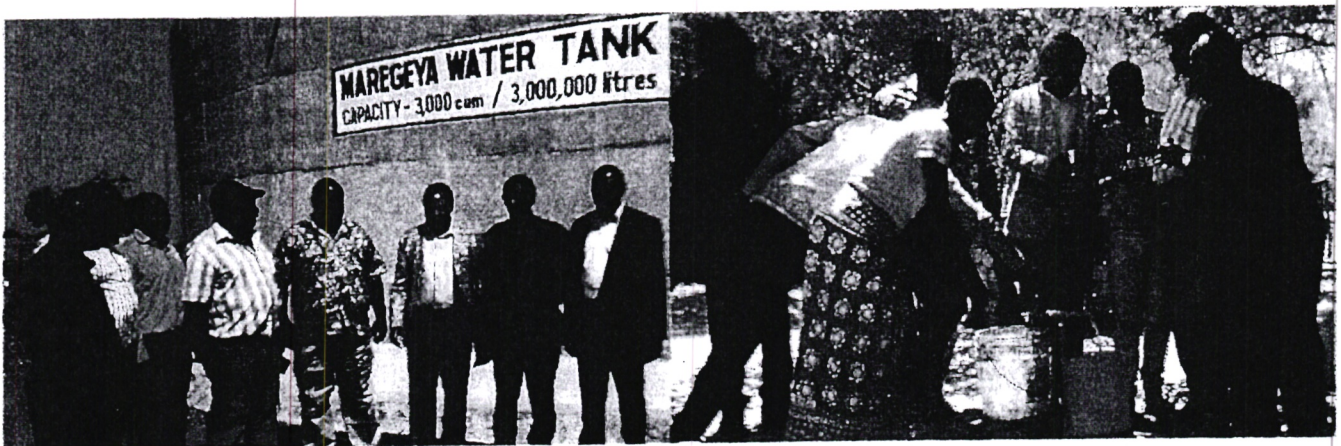
d) Water supply and sanitation

During the period under Review, LVBC oversaw the implementation of various intervention aimed at enhancing water supply and sanitation services in 15 secondary towns in Lake Victoria Basin through the 2nd phase of the Lake Victoria Water Supply and Sanitation Program (LVWATSAN II).

- i) on Water Supply, a total of 196.2 kms of water supply and distribution network was constructed, 5 public water fountains were constructed, 476 new water connections were made, rehabilitation/construction of water in the targeted 15 secondary towns and five (5) more boreholes were drilled bringing the cumulative total number of operational boreholes to sixteen (16). These water supply related interventions have ensured that targeted communities in the 15 towns have access to safe drinking water thereby reducing the waterborne disease burden;

- ii) On hygiene and environmental Sanitation, 13 more public toilets were constructed bringing the total number of such toilets to 88, operation and maintenance of 17 exhausters that purchased, distributed and commissioned. Further, 8 Ugotougs, 305 skips and 22 tractors and trailers were also fully operationalized, thereby benefiting a total of 611,916 people in the targeted towns; and (iii) 18.4kms of storm water drainage system was constructed to improve urban drainage in the targeted secondary towns. The cumulative achievements under this key results area are summarized in the table below.

Picture 7: LVBC Officials inspecting some of the infrastructure for water supply utilities constructed by LVBC in Nansio, Ukerewe Islands of Lake Victoria in the United Republic of Tanzania



e) Safety of navigation and security on Lake Victoria improved:

In order to enhance safety of navigation on Africa's largest and world's 2nd largest fresh water Lake which also acts as an international water way linking the entire EAC region, the following were achieved:

- (i) Facilitated the training of relevant experts on oil spills and toxic chemicals contingency plan for Lake Victoria as a disaster and environmental hazard preparedness measure with a view to secure the huge environmental, ecological, economic and social services offered by the Lake in case of toxic chemicals and oils pills disasters;
- (ii) Procured, finalized, installed, commissioned and handed over Aids to navigation on 37 locations on Lake Victoria in Kenya, Tanzania and Uganda which have enhanced navigation safety, reduced maritime accidents and boosted the Lake Victoria transport and trade on Africa's largest fresh water Lake.

Picture 8: LVBC Executive Secretary addressing stakeholders during the launch and handing over Ceremony for the Aids to Navigation installed in and around Lake Victoria in Kenya, Tanzania and Uganda

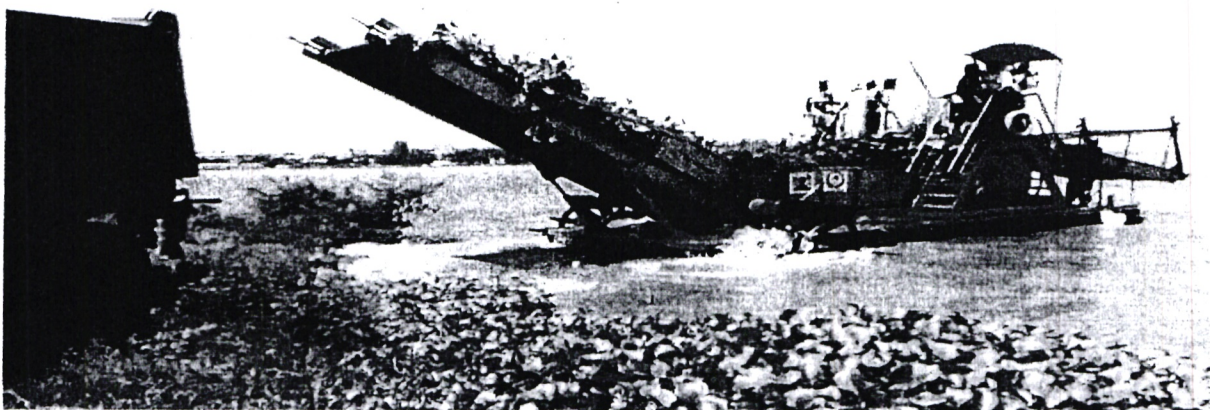


f) **Management of ecosystems, natural resources including climate change adaptation and mitigation strategies enhanced:**

Under this Key Results Area (KRA), the following activities were implemented:

- (i) Establishing a total of thirty four (34) active water hyacinth monitoring and removal sites around Lake Victoria using biological, manual and in Kenya Mechanical control measures that have reduced the proliferation of the noxious water hyacinth on Lake Victoria; (ii) Restored and/or rehabilitated 573 hectares of ecologically vital but degraded wetlands in Lake Victoria Basin;

Picture 9: Test run of the water hyacinth harvester procured by LVEMP II Kenya for mechanical removal of the weed



- (ii) Prepared the draft Memorandum of Understanding (MOU) to manage Mount Elgon as a trans-boundary ecosystem by Kenya and Uganda;

- (iii) (iv) Preparation of draft dossier to nominate Mount Elgon to UNESCO as a Trans-boundary Biosphere Reserve (TBR);
- (iv) Convening of a Tripartite meeting of the Mount Elgon Regional Ecosystem Conservation Programme, Livelihood Fund/Brookside Dairy and Norwegian Embassy during which the Livelihood fund indicated interest to invest 3.1 Million Euros in the ecosystem over the next 10 years; and
- (v) Facilitating and coordinating the implementation of the Planning for Resilience in East Africa through Policy, Adaptation, Research and Economic Development (PREPARED) Programme.

g) Finalized the rehabilitation/construction and launched wastewater treatment facilities:

To control and prevent point sources of pollution in LVB, LVBC coordinated the construction/ rehabilitation of four (4) waste treatment facilities including Bomet, Homa Bay, Kisumu and Bukoba thereby improving the quality of effluent discharged into river systems in the basin. Further, a total of 85 public toilets were constructed within the basin in the Republic of Kenya (9), United Republic of Tanzania (47), Republic of Uganda (3) and in the Republic of Burundi (26) and they are currently serving 135,524 people with sanitation services with a view to reducing pollution of water.

Picture 10: The Completed rehabilitation of Kisumu (1), Homa Bay (2) and Bomet(3) Sewerage treatments facilities in Kenya



h) Promotion of cleaner industrial production technologies and resource efficiency among industries in Lake Victoria Basin:

The commission promoted these technologies through a series of various related interventions including; (i) sensitization and training of industry players in Cleaner Production Technologies (CPTs), (ii) generation of CP and energy options for industries, and (iii) documentation and dissemination of lessons learnt. Other activities included; (iv) Awareness creation and dissemination workshops on Resource Efficient and Cleaner

Production (RECP); (v) In-house industry trainings on RECP and options identification; (vi) Industry recruitment for detailed industry in-plant RECP assessments; (vii) collection of industry pollution and monitoring data; and (iiv) Preparation of comprehensive Status Report on Cleaner Production. Cumulatively, a total of 396 industries (APL1-344 & APL2-52) had been trained representing 139% of the total regional target. Out of these, a total of 181 industries (APL1-150; & APL2-31) representing 131% of the total regional target of 138 industries had adopted cleaner production in-plant assessment and generated cleaner production options as at the end of the period under review.

i) Lake Victoria Watershed/catchment management and protection:

During the period under review, LVBC continued with the promotion of interventions aimed at sustainably managing the water catchment areas for the basin in the five EAC Partner States. These undertaken through Collaborative Management Initiatives (CMI) and Community Driven Development (CDD) sub-projects approaches targeting sustainable land management practices, rehabilitation of degraded wetlands, stabilization of fragile river banks, afforestation, re-forestation among others. As a results of these interventions, the cumulative performance of various indicators on watershed management were as summarized in the table below as at the end of the period under review.

Table 13: Cumulative Status of Watershed Management Indicators

Watershed Mgt. Indicator	Regional Target	Achievement		Country Specific Achievements				
		Achieved	%	KE	TZ	UG	BI	RW
Number of hectares under SLM practices in the targeted sub-catchments	13,000	21,248	163	3,459	3,983	2,066	7,499	4,241
Number of individuals trained in improved sustainable land management (SLM) practices	11,000	16,210	147	8,000	7,633	577	-	-
Number of individuals adopting improved SLM under the project	4,000	8,266	207	2,165	5,724	377	-	-
Cumulative hectares of degraded wetlands restored and/or rehabilitated by communities in targeted sub-catchments	1,950	1,502	77	304	340	261	313	284
Number of CDD sub-projects implemented under the project	680	612	90	225	341	46	-	-

Source: LVBC Reports

j) Investments and sustainable livelihood promoted

LVBC promoted and coordinated the implementation of Community Driven Development Sub-projects for Livelihood improvement in Lake Victoria Basin in the five EAC Partner States of Burundi, Kenya, Rwanda, Tanzania and Uganda. As at the end of the period under review, a total of 675 CDD Sub-projects were at varying levels of implementation. During this period, 373 CDD sub-projects had been completed. A total of 192 sub-projects were above 50% completion while 92 sub-projects were below 50% completion. A total of 18 sub-projects had been fully approved but implementation was yet to commence due to various reasons including delays in implementation start-up for approved CDDs, the need for environmental assessment and training of community groups in sub-project management among other country specific factors. The table below provides a summary of CDD sub-projects implementation status for both APL 1 & 2 countries.

Table 14: Summary of CDD Sub-Project Implementation Status as at 30th June, 2016

Project Team / APL	APL 1				APL 2			Grand Total
	KE	TZ	UG	Total APL 1	BU	RW	Total APL 2	
Completed CDDs	141	203	0	344	19	10	29	373
Above Implementation 50%	78	90	11	179	0	13	13	192
Below Implementation 50%	6	30	17	53	12	27	39	92
Approved by both NTSC & NTAC but implementation not commenced	0	18	0	18	0	0	0	18
No. of CDD Proposals Under approval process	0	0	0	0	0	0	0	0
Total	225	341	28	594	31	50	81	675

Source: LVBC Reports

Budget Execution

The budget received by Lake Victoria Basin Commission during the Financial Year 2015/2016 amounted to US\$2,955,004 from Partner States and US\$7,182,159 from Development Partners making a total budget of US\$10,137,163 with expenditures being US\$2,899,929.67 on the Partner States contributions and US\$4,398,347.33 on the Development Partners contributions making a total expenditure of US\$7,298,277 representing a budget performance of 72%.

Challenges

- a) The main challenge is delayed implementation of the planned activities due to delays of disbursement of funds from.
- b) Extreme weather conditions resulted in losses and poor performance of season based interventions under watershed management such as the prolonged dry spell in most parts of the project area and previous floods and landslides which destroyed various intervention along river-banks;
- c) Inadequate funds for regional coordination of key regional fisheries related activities
- d) Limited funds for project coordination at regional level including monitoring, operational expenses and funds for coordination of cleaner production for APL 2 among others
- e) The safety and security of the Aids to Navigation installed in Lake Victoria was not provided for in the LVBC budget.

Recommendations:

- a) Partner States and Development Partner to disburse the money on time to LVBC to enable timely implementation of planned activities
- b) LVEMP II National Teams are encouraged to continue supporting some components of Fisheries Frame Surveys (FFS) to guarantee their successful finalization especially the 2016 FFS
- c) National teams are requested to take a more prominent role in offering implementation support to CPCs to complement that carried out by LVBC.
- d) National project teams and respective maritime authorities are encouraged to take up the role of sensitizing relevant stakeholders including Beach Management Units members on the importance of the equipment, the need to secure them and their role.

12.0 THE INTER-UNIVERSITY COUNCIL FOR EAST AFRICA (IUCEA)

Inter-University Council for East Africa (IUCEA) is responsible for coordinating the development of higher education and research in the East African Community.

IUCEA's mission is to encourage and develop mutually beneficial collaboration between Member Universities and between them and Governments and other organisations, both public and private. IUCEA is also mandated to advise Partner States on all matters related to higher education.

During the financial year 2015-2016, the key priorities were; Strengthened IUCEA Institutional Governance, management, operational framework and institutional sustainability; Enhanced Support Systems to Universities in teaching, research, services delivery, inter-institutional networking, and in ICT Systems; strengthen coordination and operational capacity of the IUCEA and development of the Human Resource capacity in all disciplines of Higher Education in East Africa; and Development of Quality Assurance and Higher Education Harmonization System.

The achievements registered this year builds upon progress made in the previous years. This was informed by the need for implementation of the Strategic Plan 2011/12-15/16, which ends in September 2016; developments in the implementation of activities for attainment of the pillars for the EAC regional integration, in particular, the Common Market Protocol, as well as a directive by the Council of Ministers in regards to enhancement of Higher Education Students Mobility through various mechanisms including the Fees Structure and accommodation of payment of uniform fees for students from the EAC Partner States.

a) Enhance support systems to universities in teaching, research, services delivery, inter-institutional networking, and in ICT systems.

4.17.3

i) Academia -Public - Private Partnership Forum and Exhibitions 2015:

Since 2012, IUCEA and EABC partnered to jointly organise forums and exhibition bringing together academia, public and private sectors in the region to discuss on issues related to development of relevant human resources. In 2013, EADB joined the partnership. Each year, the APPP Forum and Exhibitions focus on a particular theme and is held in one of the Partner States on a rotational basis.

The 2015 Forum was held at Imperial Golf View Hotel, Entebbe, Uganda on 22nd – 23rd October 2015. The Forum's Theme was "*Developing an Ideal Graduate through Academia-Public-Private Partnership*".

The Forum came up with measures for the development of an Ideal Graduate. Partners also agreed to enhance mentorship and continuous supervision for the creation of an ideal environment which enables students to transit gradually to the world of work by giving practical exposure to the young graduates.

In general, the APPP Forums provide the opportunity for partners to network, dialogue and shape the higher education in the region.

ii) The Eastern and Southern Africa Higher Education Centers of Excellence Project (ACE II) :

The Eastern and Southern Africa Higher Education Centers of Excellence Project's objective is to strengthen the selected ACEs to deliver quality postgraduate education and build collaborative research capacity in the regional priority areas of Industry, Agriculture, Health, Education and Applied Statistics.

b) Selection of IUCEA as a Regional Facilitation Unit (RFU) & Call for proposal

Following the selection of IUCEA as a regional facilitation unit for ACE II in the year 2014/15, IUCEA embarked on the facilitation of the process of selection of proposals submitted by universities to host the centers of excellence from the eight participating. The countries are: Ethiopia, Kenya, Malawi, Mozambique, Rwanda, Tanzania, Uganda and Zambia. After a call for proposals issued on 31st July 2015, 104 proposals were received as follows:

i) Regional Steering Committee meetings

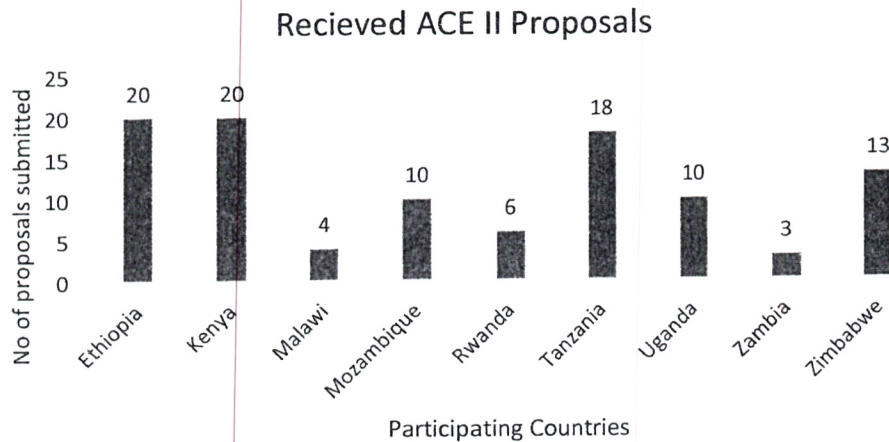
A second Regional Steering Committee meeting was held in Kampala Uganda on July 27-28 2015. During the meeting, it was agreed to hold the 3rd meeting of the Committee in Maputo, Mozambique. The Committee also reviewed the projects progress and made the following decisions.

- Recruitment of three project staff – Project Coordinator, Information and Communication Officer, and Project Accountant – to coordinate and manage the ACE II project activities on a day-to-day basis;
- Progress in the Project Preparation Advance (PPA) where a Grant of US\$ 1 million had been signed between the World Bank Group and IUCEA;
- Development and launch of the ACE II website (<http://ace2.iucea.org>) where a demo of the website was made. It was agreed that most of the communication between the RFU and the RSC members, between the RFU and interested institutions as well as the selected ACEs in the future will be conducted through electronic means, including the ACE II website being the main channel for sharing project documents and disseminating relevant project information

The 3rd meeting of the RSC for the Eastern and Southern Africa Higher Education Centers of Excellence (ACE ii) project was held in Maputo, Mozambique from 4th to 5th December 2015. The aim of the 3rd RSC Meeting was to conditionally select the African Centers of Excellence (ACEs) based on recommendations from the evaluation that was conducted by the Independent Evaluation Committee (IEC).

Specifically, the key issues discussed included the following: Selection of ACEs; Call for proposals and eligibility screening; Technical and on-site evaluation of proposals; Mid-year financial report (June-December 2015); Calendar of activities and budget (December 2015 – June 2016); Report on recruitment of project staff; and Project preparation next steps.

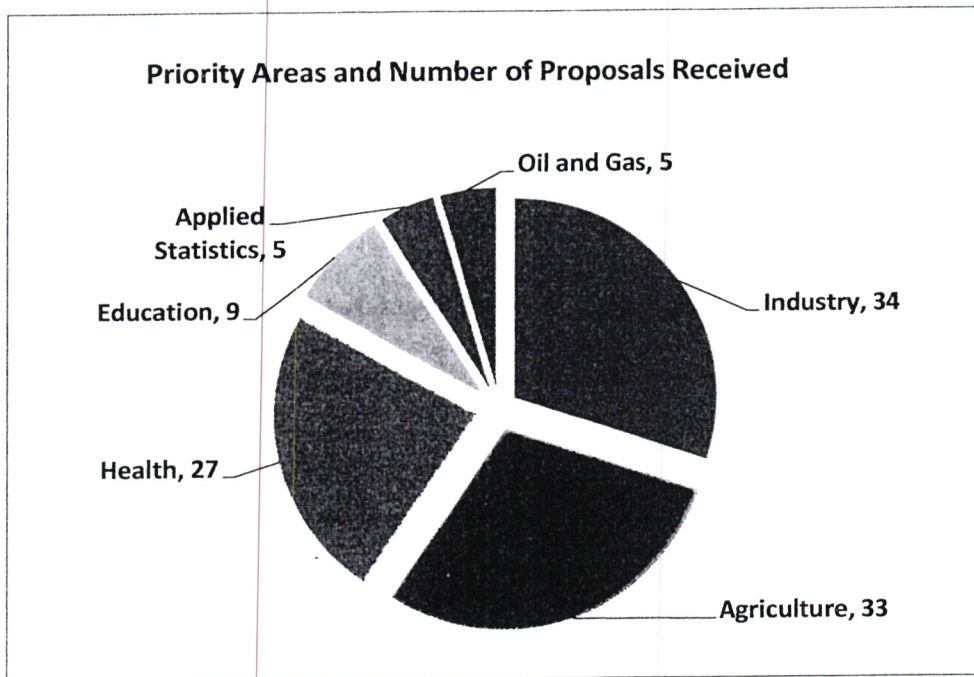
Table 15: Received ACE II Call Proposals



Source: ACE II Report to RSC, 2016

The received proposals were distributed in the priority areas as follows:

Figure 3: Number of proposals received per priority area



Source: ACE II Report to RSC, 2016

ii) Selection of Centers of excellence

The proposals were subjected to an eligibility screening and 97 were found to meet the selection criteria. On May 26 2016, the Board of Executive Directors of the World Bank approved the ACE II Project, whereupon a total of 24 ACEs that were selected through an open, objective, transparent, and merit-based competitive process moved their projects into the implementation phase. Each of the 24 specialized regional centers will receive a grant of up to US\$6 million, over the project period of five years, for implementing its proposal in a specific regional priority area. The total World Bank loan to the project is US\$148 million.

The 24 centers of excellence selected for financing are distributed as follows: 4 each in Ethiopia, Rwanda, Uganda and Tanzania, 3 in Kenya, 2 in Malawi and Zambia and 1 in Mozambique. The project will be implemented in accordance with each ACE's Implementation Plan and the signed Performance and Funding Agreement with its Government. The selected ACEs are regional and expected to address specific development challenges facing the region in one of the five priority areas in the region – industry, agriculture, health, education and applied statistics – through graduate training (Master's, PhD, and short-term courses) and applied research in the form of partnerships and collaborations with other institutions and the private sector.

iii) RFU operations

IUCEA finalized the preparations on the implementation of the World Bank Project in collaboration with Governments of 8 countries namely Ethiopia, Kenya, Uganda, Tanzania, Rwanda, Mozambique, Malawi and Zambia in the establishment of 24 African Centers of Excellence (ACEs), in STEM, Agriculture, Health and Education.

As a RFU, an approval to manage a grant of US\$3 Million to serve as scholarships to students at Master's and Ph.D. levels in Centers of Excellence and facilitation of linkages with other Regional Centers of Excellence in the region and beyond was granted. Another grant of US\$5 million was to be granted to IUCEA for the administration of the project and the World Bank had already disbursed one million for the ongoing preparation of the Project.

The total World Bank loan to the project is US\$148 million. On July 11 2016, IUCEA and the World Bank signed a Financing Agreement at the World Bank Offices in Nairobi, Kenya, signaling commencement of financing of project coordination activities over the next five years. On their part, four countries – Ethiopia, Rwanda, Kenya and Mozambique – have signed similar documents in order to make the project effective. Individual ACEs are now finalizing their effectiveness conditions to enable flow of funds for project implementation.

c) Staff & Students Mobility Programmes

i) Support for the Staff Mobility Programmes:

During the Financial Year (2015-16), among the 21 applicants applied to the staff mobility programme. The budget was also increased to enable support of up to 30 visiting academic staff. It was noted that for during the Financial Year 2015-16, the participants were about 1/3 of all participants for the programme during the previous 5 years, indicating improvement on the support and participation for the programme.

A Students Mobility Policy with the overall objective enhancing students' mobility among the EAC Partner States as a way of promoting inter- university cooperation and regional integration, thereby facilitating EAC to operate as a Common Higher Education Area (EACHEA) was drafted, approved and published in December 2015. Applicants under the staff mobility programme during the financial year 2015/16 are in Appendix 1.

ii) Progress on the development of the Harmonized Fee Structure Framework

Following the directive to prioritize development of the Fees Structure for Higher Education in the EAC, the secretariat embarked on that process. This followed a technical committee meeting held in 2015, where the Tanzania Fees Structure and that of Rwanda were referred to, in the development of the Fees Structure variables for the EAC universities, and approved by the Executive Committee. The resource persons comprised of one member from each of the 5 EAC Partner States and were tasked to finalize the Fee Structure for Higher Education institutions in the EAC Partner States, using the approved Terms of Reference. It was planned that the team would submit a report on harmonized EAC Fees Structure by September 2016.

iii) Progress on Operationalization of the Staff and Students Mobility Policy

Following the survey carried out on causes for low response towards the Exchange Programme, an approach was taken to come up with actions and enabling environment which will realize the goals of the strategy backed by the policy statements. This lead to the development of guidelines towards the operationalization of the Staff and Students mobility policies. The Staff Mobility Framework (2014) enhances sharing of the existing human resources in higher education within the Community and encouraging staff mobility, while the Students Mobility Policy (2015) facilitates free movement of students within the Community.

The guidelines will facilitate IUCEA in identification, selection and facilitation of staff, Students, and their respective platforms or forums for various academic actions available in the region and globally.

d) Development of quality assurance and higher education harmonization system

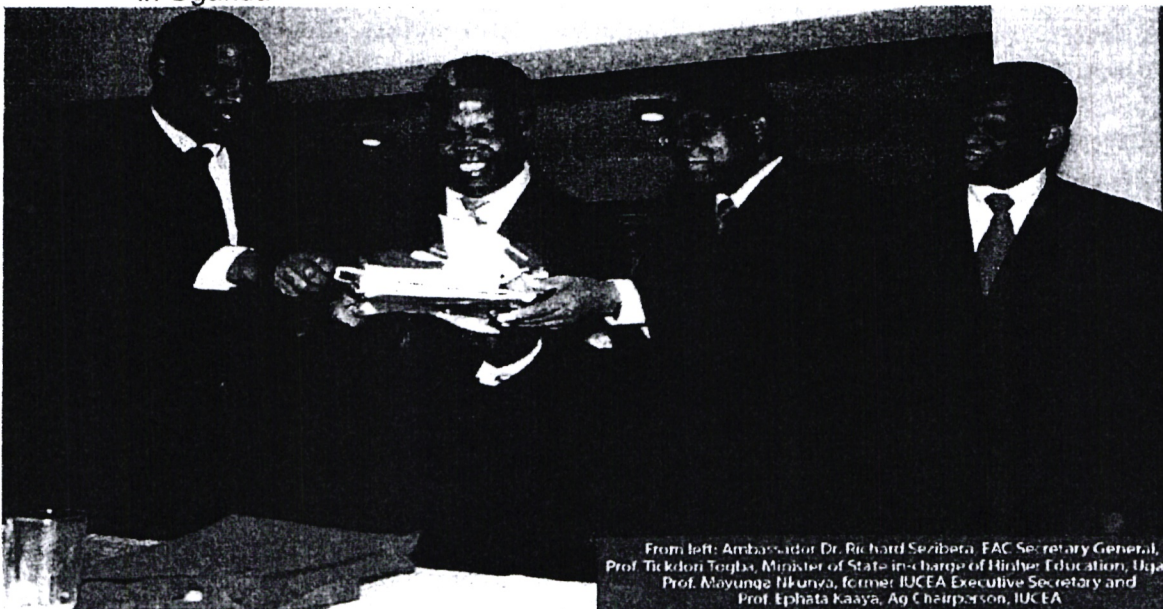
i) Launch of publications and Harmonization of education in the region

The following Quality Assurance publications were launched by the Minister of

State in charge of higher education, Republic of Uganda during the Academia-Public-Private Partnership Forum and Exhibitions 2015 which was held on 22nd – 23rd October 2016 in Entebbe, Uganda:

- 1) Principles and Guidelines for Quality Assurance in higher education in East Africa;
- 2) Revised, combined Volumes 1 and 2 of the Roadmap to quality: A Handbook for quality assurance in higher education;
- 3) Benchmarks for Bachelor of Business and Related Studies;
- 4) Benchmarks for bachelor of Computer Science and Information Technology Programmes;
- 5) East African Qualifications Framework for higher education;
- 6) Status of harmonization of higher education in East Africa; and
- 7) East African Community: Journey towards regional integration.

Picture 11: Launch of QA publications by the Minister of State in charge of Higher Education in Uganda



From left: Ambassador Dr. Richard Sezibera, EAC Secretary General, Prof. Tickden Teriba, Minister of State-in-charge of Higher Education, Uganda, Prof. Mayunga Nkunyo, former IUCEA Executive Secretary and Prof. Ephata Kaaya, AG Chairperson, IUCEA

Launching of IUCEA Publications. One of them being East African Qualifications Framework for Higher Education which is regarded as all-encompassing tools for guiding systematic approaches to human resources development designed to serve as useful instruments for guiding higher education institutions in curriculum development, delivery, assessment and certification, in line with the needs of the labour market.

ii) Establishment of the EAC Common Higher Education Area.

In 2011, in Nairobi, Kenya while considering a proposal by EALA to amend the Inter-University Council for East Africa (IUCEA) Act, 2009 in order to provide for accreditation of foreign universities operating in the Community, the Ministers responsible for higher education of the EAC Partner States decided that East Africa should be transformed into a common higher education area by the end of 2015. Subsequently, IUCEA undertook the process of developing tools for supporting the requested common higher education area. The following tools were developed:

- Regional Quality Assurance System consisting its operationalization tools, namely Policy Framework, referred to as Principles and Guidelines for Quality Assurance in Higher Education in East Africa;
- Quality Assurance Handbook containing higher education quality assessment tools;
- Benchmarks of Academic Programmes for guiding harmonization the curriculum, its delivery and expected learning outcomes;
- East African Qualifications Framework for Higher Education (EAQFHE), which is an important tool for harmonization of education and training systems and the qualifications attained, and as a guide to facilitate mutual recognition of qualifications among the EAC Partner States.

These tools and instruments consolidate the gist of transforming East Africa into a Common Higher Education Area as envisioned by the EAC. Pursuant to the above, a formal document as a declaration of transforming East Africa into a Common Higher Education Area has been developed and was endorsed by the 2nd Extra-Ordinary meeting of the Sectoral Council on Education, Science and Technology, Culture and Sports that was held on 7th April 2016 for onward presentation to the Council of Ministers and thereafter to the Summit of Heads of State for declaration. A website was designed for its operationalization.

iii) Development of Benchmarks for Business Education Programmes

Benchmark for academic programmes constitute important blocks of the East African Quality Assurance systems. They provide a frame of reference for higher education institutions when developing and reviewing academic programmes and curricula in the region. They are also important tools in accreditation of academic programmes, particularly for guiding mutual recognition at the regional level of the national programme accreditation standpoint. During the reporting period, Benchmarks for Bachelor of Business and Related Studies and Benchmarks for Bachelor of Computer Science and Information Technology Programmes were completed shared and are in use. In this respect, IUCEA organized a meeting of regional experts in Entebbe, Uganda from March 7 to 10, 2016, to develop benchmarks for education programmes. Benchmarks for Business studies, computer science and IT were already in place. It was observed that the pace at which benchmarks were being developed was relatively slow and the therefore, there was a need to devise approaches and strategies to speed up the development of benchmarks for the already identified priority areas that included Medicine, Engineering, Agriculture and Special Education.

So far, the developed instruments for quality assurance were for under-graduate programmes and IUCEA was in negotiations with DAAD to support the development of similar instruments for graduate programmes. A memorandum of understanding was in preparation and activities were set to start as soon as resources were available.

iv) Development of Volume 5 of the Quality Assurance Handbook

The first version of the quality assurance handbook that was developed in 2006 contained a chapter (Chapter 1) that documented the East African higher education system and quality assurance practices in Kenya, Tanzania and Uganda which at that time were the only EAC Partner States.

During the 7th Quality Assurance Committee meeting held on 26th March 2015 in Dar es Salaam, Tanzania it was observed that there was need to finalize the development of Volume 5 of the Quality Assurance Handbook.

Volume 5 of the handbook would harmonize external quality assurance practices in the region by providing tools that will facilitate a common understanding and use common external quality assurance approaches, and so as the region to “talk the same language”. Volume 5 of the quality assurance handbook was finalized and awaits publication.

v) The 6th Forum of the East African Quality Assurance Network (EAQAN)

The 6th EAQAN Annual Forum was held from 16-20 May, 2016 at Imperial Golf Hotel, Entebbe, under the theme “Enhancing Teaching Quality in Higher Education for Better Student Outcomes”.

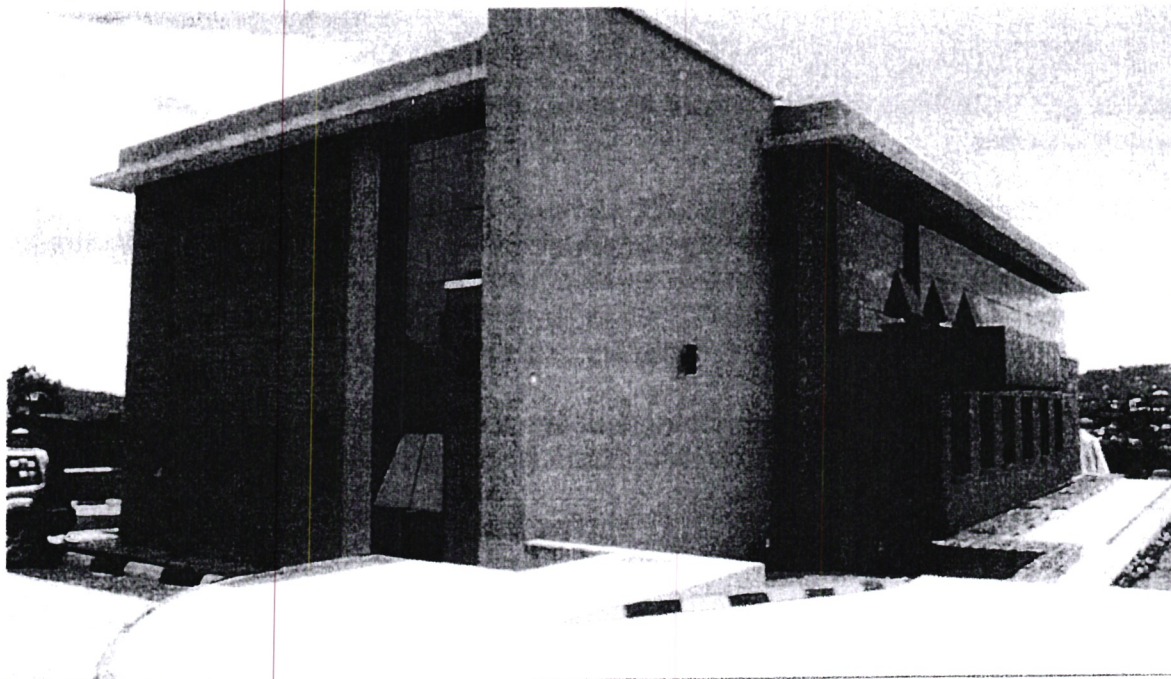
The Forum constituted presentation of various papers on various themes and a training workshops on various aspects related to the theme on Good Practice in Benchmarking for subject areas, teaching that makes for real learning; the Scholarship for Teaching and Learning (SoTL) approach; and how can ODEL ensure a quality student learning experience where students are engaged and learning outcomes are met.

e) Strengthen IUCEA institutional governance, management, operational framework and sustainability

i) Construction of IUCEA Headquarters

Construction of IUCEA Headquarters was completed by 31st July 2015 and the building was inaugurated on 21st October 2015 as pictured below. The project was executed to completion with no extra cost on the construction contract, at US\$1,536,802.89. IUCEA shifted into the new Headquarters early August 2015. The building accommodates the current staffing of IUCEA and has a board room that hosts meetings of the Executive Committee as well as standing committees, thereby cutting on the costs of operations.

Photo 12: IUCEA Headquarters, Kigobe Road, Kampala, Uganda



ii) Admission of new member universities

Thirteen universities were also admitted as member universities in various capacities of Full members (6) and Associate members (7) from all Partner States.

4.17.4

Budget Execution

Since the alignment of IUCEA in 2012 to the EAC framework of reporting, the budget of IUCEA has been prepared under Medium Term Expenditure Framework (MTEF), and is approved by the East African Legislative Assembly as stipulated in Section 15 (1) of the IUCEA Act 2009. The approved budget for the Financial Year 2015-2016 is US\$ 4,507,648 out of which US\$4, 122,228 was to be contributed by Partner States and US\$385, 420 as contributions from IUCEA Member Universities and Institutions.

Challenges

(a) Delays in receiving remittances from Partner States, as well as Partner States' contributions being less than the amounts approved in the Budget. This adversely affected timely implementation of planned activities, and led to low budget utilisation levels at the end of the financial year.

(b) Resource mobilization in particular financial resources remained a challenge for EAC institutions. Whereby remittance of contributions by Partner States to EAC

Secretariat and Institutions was hardly predictable, hence hampering the implementation of planned activities.

(c) Another challenge was the implementation of decisions that had a budget implication such as the recruitment of new staff. For a number of years, EAC Institutions have been budgeting for subsequent years with zero percent increase of their budget, which meant that recruitment of new staff would result into reduction of budget for activities unless extra funds were mobilized from development partners and other sources.

Measures to address the challenges include; enhancing resource mobilization efforts and the need by Partner States to agree on how arrears can be cleared; gradual staff recruiting to fill critical positions.

13.0 LAKE VICTORIA FISHERIES ORGANIZATION (LVFO)

The **Lake Victoria Fisheries Organization (LVFO)** is a specialized institution of the East African Community (EAC) whose mandate is to coordinate the management and development of fisheries and aquaculture resources in the EAC region.

The LVFO's vision is "A Competitive and Sustainable Fisheries and Aquaculture Industry in the East African Community". Its Mission is "To promote Sustainable Management and Development of Fisheries and aquaculture in the East African Community for Food Security and Wealth creation". The main objective of the organization is to foster cooperation 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, the organization planned the following key priority areas:

Under the Office of the Executive Secretary planned to strengthen governance structures of the Organization- To Facilitate the statutory meetings of LVFO organs, to enhance Capacity of the Internal Audit Staff, to enhance Stakeholders Partnerships in management of fisheries resources, to participate in the in the EAC Statutory meetings and to mobilize resources for sustainable funding.

Under the Office of the Deputy Executive Secretary planned activities include, implementation of activities of the organization for increased mandate and scope- Follow-up of implementation of the LVFO Scope and mandate and Council decisions, Implementation of the LVFO Strategic Plan 2016/2020, Coordination of Projects and Programs of LVFO.

Under Fisheries and Aquaculture Research it is planned to coordinate research programs to acquire sound scientific information for sustainable management and development of fisheries and aquaculture; to monitor fishing capacity, social amenities and harvests from the fishery, to Conduct research/ surveys such as hydro-acoustic, Environmental, Biological and Socio-economic Studies to establish the importance of fisheries to macro and micro-economies in the region and to produce Statistical Bulletin for Fisheries and Aquaculture.

Under Fisheries Management and Development planned activities include initiation, strengthening and coordination of institutional, policy and legal framework building consensus to foster integrated fisheries management; to develop review and implement Fisheries regulations and measures; to produce guidelines for management of fishing capacity; to produce guidelines for protection of critical habitats; to provide data and information on MCS operations and to review BMU guidelines.

Under Fish Quality Assurance and Marketing it is aimed to promote Fish Quality, safety, product development and marketing of fish and fishery products; Fish handling and quality assurance, Trading and marketing of fish and fishery products, Development of value-added products. Under Aquaculture Management and Development looks after development and implementation of aquaculture in East Africa, Aquaculture extension services quality enhancement, Promotion of investments in aquaculture development infrastructure along the value chain.

Under Information, Communications and Technology emphasis is on knowledge Management and Information Sharing; Integrated Management Information System (MIS) on fisheries and aquaculture; Improved Connectivity and Cyber Insecurity Prevention; Improved technological advancements; Documentation and Easy access to information and dissemination of fisheries and aquaculture information.

Under Finance and Administration emphasis is on strengthened LVFO Institutional Governance, Management, Operational Framework and Institutional Sustainability; Management of financial systems and resources; Purchase of Machinery & Equipment; and effective and efficient performance of the Organization's administrative functions, Human Resource management and development.

The programs and activities of the Organization for the FY 2015/2016 were implemented as per the approved work-plans and budgets and in collaboration with the relevant Technical Working Groups from the Institutions of LVFO in the Partner States.

The key Achievements were:

- a) **Strengthen governance structures of the Organization;**
 - i) **Amendment of LVFO Convention to bring on board all the EAC Partner States**

The amendments to LVFO Convention to incorporate all EAC Partner States and widen scope and mandate was approved in January 2016 at the 9th Regular Session of the LVFO Council of Ministers. The amendments came into effect on 29 February 2016 as per *Article XXI* of the Convention. The approval was communicated to the Republics of Burundi, Rwanda and South Sudan notifying them of the requirement to submit instruments of accession to the Depositary (The Director General, Food and Agriculture Organization (FAO) of United Nations). The amended Convention provides for a Fisheries and Aquaculture Sectoral Council of Ministers.

- ii) **Audit Report on Financial Statements of LVFO for FY ended 30th June 2015,**

The LVFO external audit exercises were successfully coordinated during the period under review. The EAC Audit Commission audited the accompanying financial statements of the Organization, which comprised the statement of financial position as at 30th June 2015, the statement of Financial Performance, Cash Flow Statement, and Statement of Changes in Equity for the year. The Opinion of the Audit Commission was: The Financial Statements present fairly, in all material respects, the financial position of Lake Victoria Fisheries Organization as at 30 June 2015, its financial performance and its cash flows for the year then ended in accordance with International Public Sector Accounting Standards (IPSAS).

- b) Implementation of activities of the organization for increased mandate and scope;**
 - i. New LVFO Strategic Plan (2016-2020)**

The review of the LVFO Strategic Vision document (1999-2015) and the development of the New Strategic Plan (2016-2020) was finalized in the FY 2015/2016 with support from the EAC Partnership Fund. The Strategic Plan was approved by the 9th Regular Session of the LVFO Council of Ministers, in January 2016.

- ii. Fisheries and Aquaculture Research** - Coordination of research programs to acquire sound scientific information for sustainable management and development of fisheries and aquaculture;

Updating the Status of the Fisheries Resources and the management option:

A technical meeting which took place in Kampala from 7th to 10th July 2015, comprising of the Frame Survey, Hydro-acoustic Survey; Catch Assessment Survey and the Co-Management/Monitoring, Control and Surveillance (MCS) Regional Working Groups finalized the Regional Frame Survey 2014 and the Stock Assessment Reports.

- c) Provision of Scientific Information to Guide Management of the Fisheries of Lake Victoria**

The LVFO Secretariat continued to coordinate and provide technical support to the resource monitoring programs on Lake Victoria during the period under review.

The hydro-acoustic survey was conducted in October 2015 while the Catch Assessment Survey was conducted in November 2015. Results showed increase in biomass in the lake to over 3M tons with Dagaa and haplochromines showing trends of increase in both biomass and catches. Dagaa increased from 1.2M tons in 2014 to 1.4M tons in 2015 and haplochromines from 0.4M tons to 0.8M tons during the same period. Nile perch showed a decrease from 1.2M tons in 2014 to 1.1M tons in 2015 and the catch decreased from 251,000 tons in 2014 to 165,000 tons in 2015. There was a decrease in the value of catches from US\$ 840 million to US\$ 591 million attributed to decrease in high value species (Nile perch) and increase of low value species. The graphs below demonstrate the trends over time.

Figure 5: The relative biomass of fish in Lake Victoria based on acoustic surveys (1999-2015)

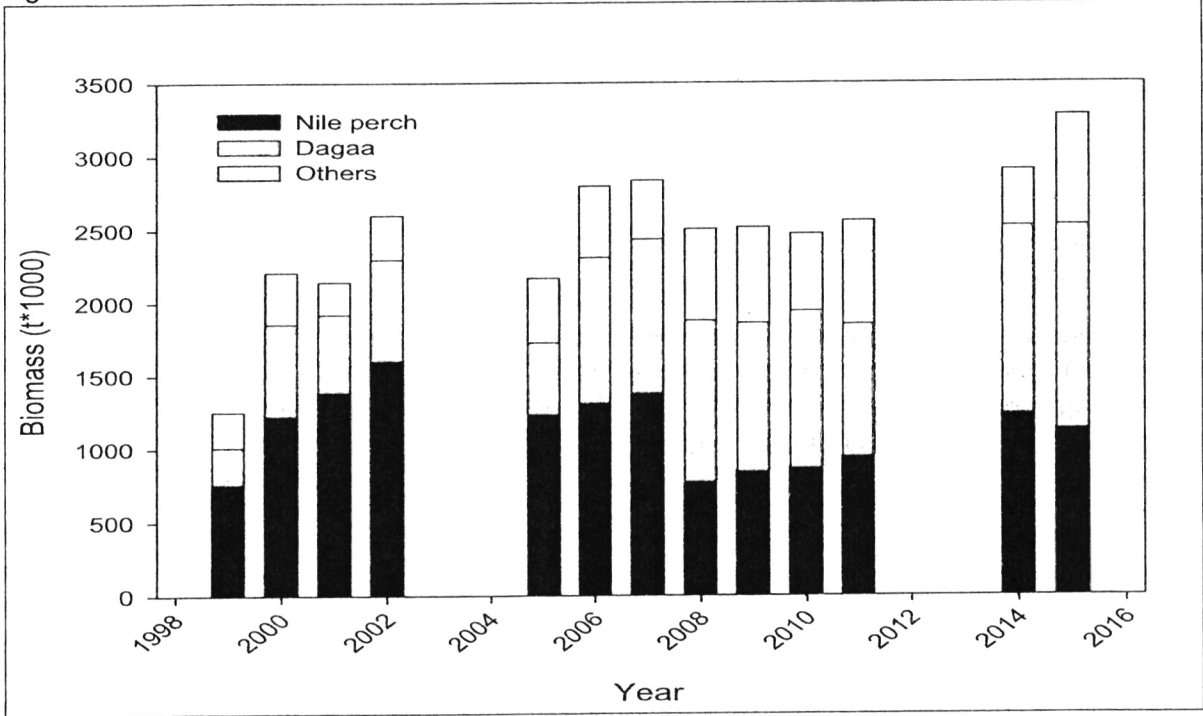
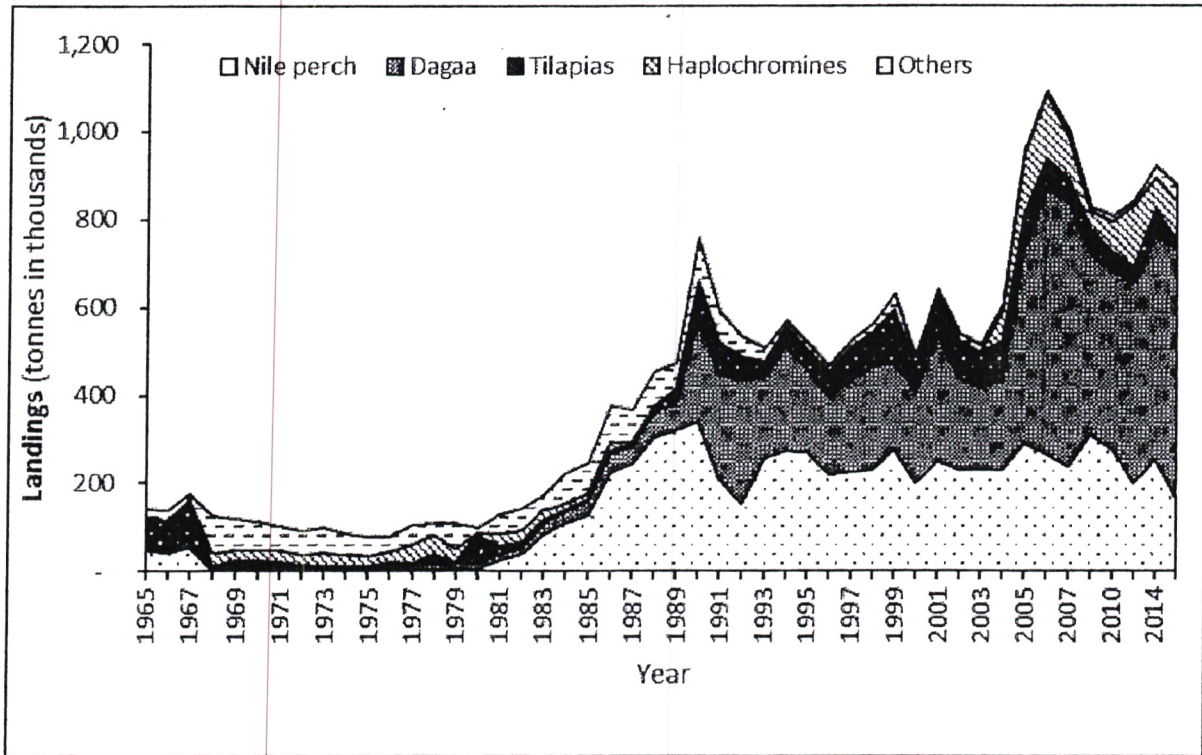


Figure 6: Trend of fish catches by species from 1965-2015



d) Project on ‘The Potential for Aquaculture in Lake Victoria and Implications for the Wild Fisheries and Fish Commodity Markets’

During the period under review, the LVFO Secretariat signed an MOU with the University of Denver to collaborate in implementing the project with funding from the National Science Foundation of America. The project involves the three Research Institutions of LVFO. The organization received funding for two Hydro-acoustic Surveys. The project will also fund two trawl surveys and gillnet surveys directly through the research institutions. The surveys will start during the FY 2016/2017.

e) Lake Victoria Fisheries Management Plan III (2016-2020) and the Nile perch Fisheries Management Plan II (2015-2019)

The 9th Regular Session of the LVFO Council of Ministers approved the Lake Victoria Fisheries Management Plan III (2016-2020) and the Nile perch Fisheries Management Plan II (2015-2019). The FMP III has the objective to manage the fishery to increase export earnings, promote national and regional trade; contribute to increase per capita fish consumption; food security; improved livelihoods and well-being of communities; as well as addressing other emerging issues in Lake Victoria. The specific objectives of NPFMP II are to rebuild the biomass of the Nile perch stocks, increase wealth generated by Nile perch fishery and improve wealth sharing to the benefit of the local communities. A project proposal to implement some key aspects of the NPFMP II has been submitted to GIZ for funding.

f) Addressing Over-capacity and Open Access issues in Small Scale Fisheries

Over-capacity in the capture fisheries is a serious issue threatening sustainability of the resources. During the FY 2015/2016, LVFO Secretariat coordinated the organization of an international FAO Global workshop, Entebbe 2016: advancing a global work programme for rights –based approaches in fisheries in Entebbe, Uganda in March 2016. The key purpose of the workshop was to gather stakeholders’ views on how to advance a global work programme for FAO on Tenure and Right-Based Approaches for Fisheries and to find common ground and options for empowering the future for fishers and fisheries.

g) Development of the East African Community Fisheries and Aquaculture Policy

The draft Policy document was validated on the 28th June 2016, in a regional workshop conducted at EAC headquarters Arusha. Comments generated from the workshop were incorporated in a meeting of technical officers from five EAC Partner States from 29 June to 1 July 2016. The final draft of the Fisheries and Aquaculture Policy is to be presented to LVFO Council of Ministers for endorsement and approval;

h) Strengthening Monitoring, Control and Surveillance (MCS) and the role of BMUs in Co-managing the fisheries resources in Lake Victoria

The strengthening of MCS to prevent catching and trading in juvenile fish to ensure sustainability of the fisheries resources for livelihoods and the contribution to the economies of the Partner States is key in the management initiatives. The formation of the 1067 BMUs at landing sites in the three partner States was intended to have the users of the resources taking role in decision making and participate as partners in managing the resources.

The LVFO through the Research Institutions in the Partner States and in Collaboration with the University of Birmingham, UK, conducted a study in July 2005 to investigate how the social networks of fisherfolk and fisheries staff and how people believe co-management is performing. The recommendation from the study is summarized below:

- BMU offer a firm basis for strengthening co-management. Co-management has struggled since the end of project funding but are still functioning and have support of majority of fisherfolk and fisheries staff
- The BMU Networks must be supported to function so that they can facilitate cross-landing site enforcement and coordination of activities
- The connection between corruption and illegalities must be acknowledged and addressed: Co-management has been undermined by lack of Government financial and technical support; and corruption amongst different players
- The Fisheries Directorates in the Partner States must re-assert their commitment to co-management through policy and practice
- A regional, harmonized approach to co-management must continue so that the lake fisheries are governed in the same way, with coordination and equity.

Figure 7: Fishers and their fishing boats indicating the importance of their involvement in co-managing the fisheries resources



Figure: Fishers and their fishing boats indicating the importance of their involvement in co-managing the fisheries resources.

i) FAO Global Workshop Entebbe 2016: advancing a global work programme for rights-based approaches in fisheries

The Global Workshop Entebbe 2016: advancing a global work programme for rights-based approaches in fisheries was organized from 1st to 4th March 2016 by LVFO Secretariat with financial support from Food and Agriculture Organization of the United Nations (FAO). The key purpose of the workshop was to gather stakeholders' views on how to advance a global work programme for FAO on Tenure and Right-Based Approaches for Fisheries and to find common ground and options for empowering the future fishers and fisheries. The workshop was attended by 36 participants from 21 countries.

The workshop covered six key thematic areas that included: political economy and governance, delineation of rights and processes for doing so, capacity development, financing, enhancement/diversification of livelihoods and International user rights and tenure. *Entebbe 2016* participants went through each thematic area and made recommendations on how these could be improved. Best practices and lessons learnt were identified by participants based on their own experiences in a wide range of fisheries.

j) Facilitating Cross-border Fish Trade and Improve Utilization and Trade of Dagaa

LVFO Secretariat in collaboration with World Fish Centre organized a consultative meeting on facilitating cross-border fish trade in Busia, Kenya in March 2016. The meeting identified the following challenges: corruption, limited Infrastructure, porous borders and informal trade, inadequate information and limited awareness, un-harmonized policies, long procedures at the border, political interference and limited law materials due to decline in fish catches.

A rapid study was conducted thereafter, to improve the data and information as a base for developing networks for improved dagaa processing, utilization and trade in the region with an overall objective to develop mechanisms for improved utilization and trade in dagaa through provision of information and trade networks for enhanced food security and income. The results showed that there is an increasing trend of the biomass of dagaa in the lake in the last ten years (10) to become an important fishery in the lake but the large volume is not corresponding to its contribution to wealth creation if compared with Nile perch. The Nile perch which contributed 27% to total annual production in 2014 and contributed 65% to the total value while Dagaa which contributed 55% in volume contributed only 16% (US\$135 million) to total value. Dagaa has got a high nutritive value but this is because only 30% of the harvested dagaa is used for human consumption leaving the bulk (70%) for production of animal feeds.

k) Aquaculture Management and Development

i) Guidelines for Cage Culture on Lake Victoria

To accelerate and guide the development of aquaculture in the EAC region, the LVFO Secretariat coordinated the development of guidelines for cage culture on Lake Victoria. The Regional guidelines provide guidance on requirements for establishment of cage culture, suitable sites for placement of cages, production practices and institutions responsible for approval and relevant policies and regulations to abide to. The Guidelines are to be validated at regional level and to be approved by the Council.

ii) FAO meeting on the Status of Aquatic Genetic Resources (AqGR) for Food and Agriculture

LVFO Secretariat with funding from Food and Agriculture Organization (FAO) organized Africa Regional Workshop on the Status of AqGR for Food and Agriculture. The workshop took place in Imperial Botanical Beach Hotel, Entebbe Uganda from 20th to 24rd July 2015. Thirty-three participants attended the workshop from 14 African countries.

The Regional Workshop was organized to enhance the capacity of National Focal Points on AqGR within African Region to facilitate the preparation of country reports, which were submitted, to FAO by December 2015. The scope of the country reports were to be on

farmed aquatic species and their wild relatives within national jurisdiction as agreed during the Fourteenth Regular Session of the Commission.

I) Information, Communications and Technology

LVFO received funding from EAC Trade Mark Africa through the EAC/Partnership Fund to improve the ICT Infrastructure. The EAC Partnership Fund supported the organization in improving her visibility

Budget Execution

The organization's approved budget amounted to US\$3,091,097.00 for the Financial Year 2015/2016 with an expenditure of US\$1,173,268.00, with budget performance of 38.0%.

Challenges and Recommendation

- a) The delay in the remittance of funds by Partner States/donors /unavailability of funds to facilitate the work of the organization's core mandates was a key challenge during the period under review;
- b) There should be funds to fully automate administrative functions to help in improved organizational efficiency and effectiveness.

14.0 EAST AFRICA COMMUNITY CIVIL AVIATION SAFETY AND SECURITY OVERSIGHT AGENCY (CASSOA)

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. The mandate of CASSOA is based on Article 92 of the EAC Treaty, under which the 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; harmonise civil aviation laws and regulations and coordinate measures and co-operate in the maintenance of high security.

The specific functions of the Agency are to: -

- a) Develop policies on the development of safe, reliable, efficient and economically viable civil aviation with a view to developing appropriate infrastructure, aeronautical skills and technology as well as 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

EAC CASSOA had planned its activities under three (3) Priority Areas during the period under review. The priorities were to; Enhance CASSOA's Corporate image and strengthen its governance and finance structure, promote an effective and sustainable Civil Aviation *Safety* Oversight system in the region and promote an effective and sustainable Civil Aviation *Security* Oversight system in the region

The Key achievements registered during the period under review include the following:

- i) The Agency's 2nd 5 - Year Strategic Plan (2015-2020) was approved by the 33rd Meeting of the Council of EAC Ministers in February 2016. The Plan focuses on three thematic areas; enhancement of CASSOA's corporate image and strengthening of its governance and finance structure. Promotion of an effective and sustainable civil aviation safety oversight system in the region; and promotion of an effective and sustainable civil aviation security oversight system in the region

- ii) The Agency was appointed as a member of the AFI Security and Facilitation Steering Committee. at the ICAO Africa-Indian Ocean (AFI) Symposium and Aviation Week activities in Maputo on 18th to 21st May 2015.
- iii) The Agency celebrated its 8th Anniversary on 1st June 2015 at the EAC-CASSOA offices

a) Technical Missions to Partner States to Evaluate the Implementation of ICAO SARPS:

The Agency carried out country missions to the Partner States in order to evaluate the implementation status of the harmonised regulations and technical guidance materials (TGMs). The Agency also co-ordinated the sharing of inspectors among the Partner States in order to assist the Partner States meet their safety oversight obligations.

The Agency assisted in the completion of re-certification Air Operators in Dar es Salaam. This was carried out by the Agency staff and staff members of the Tanzania Civil Aviation Authority.

b) Development of Civil Aviation Regulations and Technical Guidance Material

The Agency convened various Technical Working Group meetings in Entebbe in order to formulate Regulations and develop Technical Guidance Materials. In the year, the following 13 Regulations were approved by the Board and dispatched to the Partner States for Promulgation:

Thirteen (13) Airworthiness Technical Guidance materials (TGMs), Ten (10) Flight Operations TGMs, nine (9) Personnel Licensing TGMs and Six (6) Aviation Security TGMs were approved by the Board in the year for implementation in the Partner States

c) Sharing of Technical Resources

The Agency assisted Burundi Civil Aviation Authority, at their request, in evaluation of required rehabilitation works for movement areas and construction of a new Air Traffic Control tower. Secondly, still at the request of Burundi the Agency also coordinated the assistance of an Airworthiness Inspector to verify registration process status of the Japanese aircraft 9U-BKA YS-11A-500 at Bujumbura and Nairobi between 23rd and 27th August 2015. The mission also verified status of an Approved Maintenance Organisation for the required maintenance capabilities.

d) Implementation of the EAC Examination System

The computerized EAC Examination System continues to be used by all the EAC Partner States except the Republic of Kenya in conducting Flight Crew and Aircraft Maintenance Engineer's Examinations.

By the end of the Financial Year 2015/2016, the EAC Examination database had validated 4,411 AMEL questions, 3,716 FCL and 656 TTR questions.

The Agency started the process of developing Syllabus for all type of the Flight Crew Licenses (ATPL, CPL and PPL) both airplanes and helicopters.

e) Implementation of Safety Oversight Facilitated Integrated Application (SOFIA)

The current version 1.5 of Safety Oversight Facilitated Integration Application (SOFIA) used at all EAC Civil Aviation Authorities has been undergoing further development by the European Aviation Safety Agency (EASA) in collaboration with the contracted consultant SGI Aviation. An updated Version 2.0 has been released incorporating several components that will greatly improve the SOFIA application and widen the scope of its coverage

f) Aviation Security Status in the Region

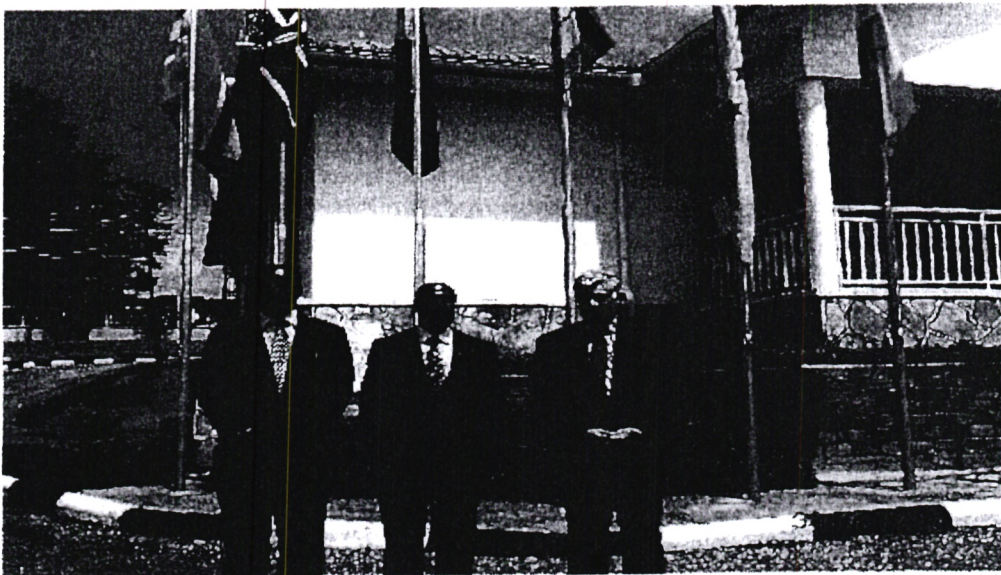
The Agency coordinated the Partner States' procurement of screeners' Test Kit from Israel to enhance AVSEC at airport Entry Points. Two Partner States, Rwanda and Tanzania, have so far procured the Test Kit.

The Acting Executive Director undertook a course in National Security from 4th – 15th June 2015 in Galilee as a proactive measure for the development of appropriate guidance materials and mitigation measures.

g) Strategic Partnerships with other Aviation Organisations

The Agency in its endeavour to improve the status of implementation of ICAO SARPs in the Region has established working relationships with organisations that are in a position to assist the Region improve the Level of Effective Implementation in each of its Partner States. In the year under review the Agency collaborated with organisations such as ICAO, European Aviation Safety Agency, Federal Aviation Administration, African Civil Aviation Commission, BAGASOO, etc.

Picture 12: Courtesy call to EAC-CASSOA Headquarters by the incoming ICAO AFISECFAL officer, 30th September 2015



15.0 EAST AFRICAN SCIENCE AND TECHNOLOGY COMMISSION (EASTECO)

The Commission commenced implementing of its Annual Operational Plan 2015-2016 with the constitution of the EASTECO Governing Board in accordance with the provisions of the Protocol on Establishment of the Commission.

The East African Science & Technology Commission (EASTECO) held its First Regional Stakeholder Workshop in Kigali in August, 2016. 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. The Workshop identified the following areas to constitute regional priorities for Science, Technology and Innovation: - i) value addition in agriculture; ii) energy and environment; iii) biosciences and biotechnology; iv) export-oriented industrialization and trade; and v) cross-cutting areas composed of Information and Communication Technology (ICT).

Implementation of the Plan is expected to improve development and dissemination of Science, Technology and Innovation (STI) policies; and increased value-addition in agriculture; promotion of technology solutions in energy and environment.

16.0 EAST AFRICAN KISWAHILI COMMISSION

The Bill for the establishment of the East African Kiswahili Commission was considered by the 31st Council of Ministers and was referred to the Sectoral Council on Legal and Judicial Affairs for legal input before it is submitted to EALA for debate.

Negotiations of the Headquarters Agreement between the EAC Secretariat and the United Republic of Tanzania for hosting the East African Kiswahili Commission in Zanzibar were completed and the Agreement signed on 28th December 2015.

The Commission relocated to its seat in Zanzibar in March, 2016 after the signing of the Headquarters Agreement between the Government of the United Republic of Tanzania and the East African Community

17.0 EAST AFRICAN HEALTH RESEARCH COMMISSION (EAHRC)

Operationalization of the East African Health Research Commission (EAHRC) commenced in July 2015 by establishing systems for operations, acquisition of furniture, concept notes development and implementing the FY 2015-2016 operational plan of the Commission that comprised the establishment of the EAHRC Governing Board and the Development of the 1st EAHRC Strategic Plan.

The Commission organized the inaugural meeting of the Governing Board in March 2016 and operationalized National Focal Points and National Stakeholders. The Commission developed a five-year strategic plan 2016-2021 that was ready to be submitted to the Sectoral Council of Health in June 2016.

In September 2015, following a directive of the 32nd EAC Council of Ministers, the EAHRC organized a Regional meeting of Health and Legal Experts to review and update the draft EAHRC Bill (2011) and to rationalize the number of members of the Governing Board of the EAHRC. A draft Bill 2015 was developed and a rationalized number of members of the Governing Board was proposed. In addition, the Commission developed concept notes such as the concept note of the 6th East African Health and Scientific Conference, the East African Health Research Journal and the East Africa Web Portal for Health Information; the logo of the Commission and the organizational structure of the EAHRC Secretariat to implement the mandate of the Commission.

18.0 EAST AFRICAN DEVELOPMENT BANK

Financial Performance

In spite of the challenging operating environment in East Africa, investor confidence is very high, the Bank's capital adequacy and leverage have improved significantly. At the close of 2015, the total assets of the **Bank stood at USD 381 million**, an increase of 9% upon 2014. The portfolio has expanded by 48% over 2014, granting the Bank USD 6.6 million in profit as at the end of 2015.

The asset size of the bank continues to grow consistently. As at the end of June 2016 the **asset size was USD 391 million**. The total assets were up by 3% in June 2016 compared to financial year ended 31st December 2015 and 27% above same period in June 2015. There was a 14% increase in portfolio from 165.53 million in December 2015 to USD 188.33 million in June 2016.

The Bank posted a net profit of USD 4.65 million for the half year ended 30th June 2016, which was 80% above the net profit of USD 2.59 million made in first half of 2015. This is mainly due to higher interest income as a result of growth of the loan book and higher loan recoveries in the first half of 2016 compared to the same period in 2015.

Updates on Burundi's accession to the Bank

In April 2015, the Governing Council resolved to admit the Republic of Burundi as a member country of the EADB. Since then there has not been much progress for Burundi admission into the Bank.

Strategic partnerships and resource mobilisation

- i) In January 2016, the EADB signed a financing agreement for a line of credit amounting to USD12 million targeting private sector development. The facility is partially disbursed. The Bank and BADEA are at advanced stages of finalisation of contracts for a second line of credit for USD15 million. The facility will be utilised for trade finance.
- ii) In efforts to promote socio-economic development, the KFW is considering an extension of financial cooperation with the EADB. The facility is intended to improve access to financial services by micro small and medium enterprises that are investing in agriculture value chain in Kenya.
- iii) The Bank is currently consulting with the IUCEA and EABC in order to organise a joint exhibition forum in October 2016 aimed at promoting the Academia Public Private Partnership Initiative.
- iv) The Regional Collaboration Centre Kampala (RCC), established as a partnership between United Nations Framework Convention on Climate Change (UNFCCC) and the East African Development Bank (EADB) continues to catalyze climate action in the East and Southern African region. During the first half of 2016, RCC has engaged various stakeholders in the region resulting in the formation of instrumental partnerships. In April, RCC together with the Government of Rwanda successfully organized a training workshop on the CDM and use of standardized baselines as a tool for MRV for mitigation actions including Nationally Appropriate Mitigation Actions (NAMAs) and Nationally Determined Contributions (NDCs). The RCC has also worked with the International Renewable Energy Agency (IRENA) to organize the Regional Expert Meeting on Climate Change and Enhanced Renewable Energy Deployment in East and Southern Africa, held in Ethiopia in April 2016. The event focused on opportunities for enhanced renewable energy deployment in Africa and its contribution to the implementation of country NDCs. RCC has also further built working relations with various Designated National Authority (DNAs) focal points in the region, and international development agencies such as GIZ, on issues related to implementation of the UNFCCC. Together with the Nairobi Framework Partners (UNDP, UNEP-DTU, UNEP, AfDB, UNFCCC, World Bank, and IETA) RCC Kampala supported the organization of the 8th Africa Carbon Forum held in Kigali, Rwanda from 28-30 June 2016. At the Forum, RCC participated in 2 side events related to the update of the standardized baseline on Southern African Power Pool's grid emission factor, and on use of standardized baseline as a MRV tool for mitigation action which was co-organised by GIZ-Uganda and RCC Kampala. As a primary role, the RCC in this first half of the year has rendered technical support to over 44 CDM projects and programme of activities (PoAs) in 15 countries and has supported the development of 13 standardized baselines in 16 countries.

19.0 GENERAL CHALLENGES

The key challenges which affected implementation of Community programmes and projects during the period under review include: -

- a) slow pace in harmonisation of domestic taxes to facilitate the functioning of the Single Customs Territory;
- b) inadequate political mobilization for the full implementation of the Common Market Protocol;
- c) maintenance of the key macro-economic criteria essential for the Monetary Union;
- d) inadequate staffing, particularly in the run-up to exit of several staff in early 2017;
- e) delays in remittance of funds from Partner States to Organs and Institutions of the Community;
- f) limited financial resources, occasioned especially from non-remittances from development partners; and
- g) Long decision-making and budget approval processes.

20.0 RECOMMENDATIONS

The Community will implement the following strategies to mitigate the effects of the above challenges: -

- a) elimination of NTBs to facilitate growth of trade through the operationalization of EAC NTBs Act 2015, thereby enhancing prosperity among the East Africa citizens;
- b) fast-tracking of implementation of the priority projects in infrastructure;
- c) Finalization of the Alternative Financing Mechanism for a more sustainable source of funds for implementation of Community projects and programmes. This is critical in the face of dwindling financial resources from development partners;
- d) finalization and implementation of the policy on harmonization of domestic taxes (income tax, Excise Tax, and VAT), and simplification of tax procedures and harmonization of tax incentives to promote fair competition;
- e) increased investment in ICT systems for enhanced efficiency in operations;
- f) Finalization and implementation of the institutional review exercise. This is long outstanding and is affecting the operational efficiency of the Community; and

- g) Enhanced human resource capacity for effective delivery on the Community's commitments to the people of East Africa.

21.0 CONCLUSION

The Annual Report FY2015/16 highlights that the Community has witnessed a number of important developments in our quest for greater and deeper integration for the people of East Africa. The approval of the EAC Vision 2050 by the Council, the Signing of the EAC Treaty Accession by the Republic of South Sudan in April 2016, and the launch of the EA e-Passport by the 17th Meeting of the Ordinary Summit of the EAC Heads of State of 2nd March 2016 and the consolidation of the SCT through finalization of key operational instruments are a clear testimony that the Community is moving forward.

Other key achievements include the completion of seven (7) OSBPs including three (3) which are operating as OSBPs using Bilateral agreements, designation of Makerere University College of Engineering Design Art and Technology (CEDAT) Makerere University in Uganda as a Centre of Excellence to host the East African Centre for Renewable Energy and Energy Efficiency (EACREEE), official launch of the East African Center of Excellence in Vaccines, Immunization and Health Supply Chain Management in Kigali.

Though the Community has registered a number of key achievements and is moving towards to a greater and deeper integration for the people of East Africa, it is important to note that the Community faced a number of challenges during the financial year under review which include non-implementation or delayed implementation of some planned activities mainly due to delays in the disbursements of funds by Partner States and Development Partners, understaffing of the EAC Organs and Institutions that continues to seriously impact on effectiveness and efficiency in implementation of projects and programmes and delays in the implementation of various Council and Summit Decisions.

In the next Financial Year, the Secretariat will continue engaging Partner States and Development Partners to ensure timely disbursement of funds to facilitate timely implementation of projects and programs and expedite the process of formulating alternative financing options for consideration by the Council.