EAST AFRICAN COMMUNITY

30th MEETING OF
THE COUNCIL OF MINISTERS

NAIROBI, KENYA
20th - 28th NOVEMBER, 2014

REPORT OF THE MEETING
(Ref: EAC/CM/30/CM/2014)

EAC SECRETARIAT
Arusha, Tanzania
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Preamble

The 30th Meeting of the Council of Ministers (“the Council”) was held in Nairobi, Kenya from 20th – 27th November 2014.

Pursuant to Article 12(2) and 12(5) of the Treaty for the Establishment of the East African Community (“the Treaty”), the tenure of office for the Chairperson of the Summit is held for one year on rotational basis among the Partner States. The Rules of Procedure also provide for one year duration of Chairmanship. At their 11th Summit, which was held on 20th November 2009, the Heads of State directed that “for purposes of administrative convenience, the change of bureaux of East African Community Affairs, as provided in the Rules of Procedure should start with the lower organs”. Accordingly, the change of the bureaux at the 30th Meeting of the Council started at the Session of the Senior Officials. The United Republic of Tanzania took over from the Republic of Kenya as Chairperson and the Republic of Uganda took over from The United Republic of Tanzania as Rapporteur.

Consequently, the Session was chaired by Hon. Samuel Sitta (MP), Minister, Ministry of East African Cooperation, The United Republic of Tanzania. The Rapporteur was Ms. Mary Nankabirwa, Principal State Attorney, Ministry of Justice and Constitutional Affairs, Republic of Uganda.

The outgoing Chairperson, on behalf of the Republic of Kenya, extended a warm welcome to all delegates attending the Meeting. She also thanked the Partner States and EAC Organs and Institutions for their support during Kenya’s Chairmanship. She requested the same support to be accorded to the incoming Chair and assured the Meeting that Kenya will continue to provide necessary support to the Chair and the Community in general. She pointed out that Kenya is happy to host the 30th Meeting of the Council.

In his opening remarks, the incoming Chairperson, thanked the Republic of Kenya for having steered the Community Affairs ably during her term as Chair of the Council. In this regard he noted significant milestones achieved during the period and thanked the outgoing Chairperson for a job well done. He noted that the Meeting is going to consider a number of important issues to the Community as set out in the Agenda. He requested the delegates to be time-conscious when conducting the meeting and wished the Meeting fruitful deliberations. A detailed speech of the incoming Chairperson is attached hereto as Appendix I.

The Secretary General, Amb. Dr. Richard Sezibera, warmly welcomed delegates to the Meeting. He thanked the Republic of Kenya for the hospitality extended to the delegates and for ably chairing EAC meetings during the past one year. He informed the Meeting that many EAC Meetings are being hosted by the Republic of Kenya including the 3rd Summit on Infrastructure and the 16th Summit of the EAC Heads of State. He finally wished the incoming Chair, The United Republic of Tanzania and the Rapporteur, the Republic of Uganda the best of luck and assured them of the Secretariat’s support during their tenure. He wished the Meeting fruitful deliberations. A detailed speech of the incoming Chairperson is attached hereto as Appendix II.

The Council was attended by Hon. Ministers and Attorneys General. In attendance were Permanent Secretaries/Principal Secretaries, Deputy Principal Secretaries, the Secretary General, Deputy Secretaries General, delegates from Partner States and EAC Organs and Institutions. The names and particulars of participants are contained in the list attached hereto as Annex I.
PART I REPORT ON THE IMPLEMENTATION OF PREVIOUS DECISIONS OF THE SUMMIT AND THE COUNCIL OF MINISTERS

The Council of Ministers (“the Council”) as the Community’s policy–making Organ is charged with, among others the responsibility of keeping under constant review on the progress of implementation of the programmes and activities of the Community. In line with the directives of 15th Summit that directed the Secretary General to among others: report regularly on the implementation of decisions including noncompliance and submit progress reports on implementation of major decisions and directives of the Council and Summit every six months. Accordingly, three status reports were considered by the Council: (i) a consolidated matrix showing the status of implementation of decisions and directives of the 12th Extra Ordinary Summit and other outstanding Summit decisions and directives; (ii) a matrix showing the status of implementation of decisions and directives of the 29th Meeting of the Council; and (iii) a consolidated Matrix showing the status of implementation of outstanding decisions and directives of the Council since 2001, which are attached hereto as Annex II(a), II(b) and II(c).

1.1 STATUS OF IMPLEMENTATION OF DECISIONS AND DIRECTIVES OF THE SUMMIT (2001-2014)

(a) Analysis shows that out of 12 Summit Decisions/Directives made by the 12th Extraordinary Summit, Five (5) (41.6%) were fully implemented, five (5) (41.6%) were under implementation and two (2) (16.8%) were yet to be implemented; and
(b) Out of Nine (9) Summit Decisions/Directives that were reported as outstanding as at 30th April 2014, two (2) were fully implemented, three (3) were still under implementation whereas four (4) are still outstanding and no action has been taken to date.

1.2 LIST OF SUMMIT DECISIONS/DIRECTIVES THAT ARE STILL OUTSTANDING

The Summit –

(a) received a report of the Council on the negotiations for the admission of the Republic of South Sudan into the East African Community and noted that the Republic of South Sudan had requested for postponement of the process until September/October 2014 in order to allow her undertake national preparations and consultations;
(b) directed the Council to make a comprehensive evaluation of performance on the implementation of the Protocols on the establishment of EAC Customs Union, Common Market and Monetary Union and other laws of the Community and report at the 16th Summit in November 2014;
(c) considered the application of the Federal Republic of Somalia to join the East African Community and directed the Council to engage the Federal Republic of Somalia and undertake a verification process of the application and report at the 15th Summit. While undertaking this process, the Council will explore ways for the EAC to work constructively with the Federal Republic of Somalia on this matter;
(d) directed that in the process of undertaking a comprehensive review and amendments of the Treaty, consideration be given to the need to mainstream the Lake Victoria Fisheries Organization within the Community in order to realize efficient control and accountability;

(e) directed the Council to develop a comprehensive sensitization programme for continuous and in-depth sensitization including initiatives to promote mutual trust, confidence building, an East African Identity and solidarity among citizens of East Africa about the EAC integration;

(f) reviewed the proposal on rotation of Executive Staff in the EAC and raised concern that the proposal did not respond to the Summit directive that a comprehensive road map on EAC Institutional Development be charted out. The Summit directed the Secretariat to review the proposal and improve it to fit the erstwhile Summit directive on the road map requirement;

(g) At its 11th Extra-Ordinary Summit held on 28th April 2013, the EAC Heads of State observed the need for Partner States to use the recently discovered oil and gas resources for the benefit of the people of East Africa. The Secretariat convened the meeting of the relevant sectors including Attorneys General, Ministers of Finance, Ministers responsible for energy, among others in March 2014 but it was postponed following requests by some Partner States. The meeting was convened again on 29th – 31st October 2014. The technical session was conducted from 29th – 30th October 2014 but the High Level Session of Ministers, Attorneys General and Heads of Revenue Authorities and National Oil and Gas Companies could not take place on 31st October 2014 due to lack of quorum. The High Level Session was then re-convened for 27th November, 2014. However, on 21st November 2014, the United Republic of Tanzania requested for postponement. The meeting is being re-convened for 7th March 2015 immediately after the 7th East African Petroleum conference in Kigali Rwanda

1.3 DECISIONS AND DIRECTIVES OF THE 29TH MEETING OF THE COUNCIL

(a) A total of 54 decisions and directives were made during the 29th Meeting of the Council out of those 15 (27.8%) Were reported as fully implemented, 28 (51.8%) Implementation on going and 11 (20. 4%) were not implemented or no action taken;

(b) The relatively short period between the 29th Meeting of the Council held in September 2014 and the 30th Meeting held in November, 2014 negatively impacted the status of implementation and as such number of issues could not be considered by the 30th Meeting e.g.; EAC/CM 29/Directives 03, 04, 09, 17.

1.4 LIST OF OUTSTANDING DECISIONS AND DIRECTIVES OF THE 29TH MEETING OF THE COUNCIL

The Council –

(a) directed the Secretariat to submit proposals on amendments of the EAC Audit and Risk Committee Charter including issues related to the appointment, composition and tenure of Membership to the 30th Meeting of the Council for consideration (EAC/CM 29/Directive 04);
(b) referred the issue of developing regional laws on the various aspects of the Common Market Protocol to the Sectoral Council on Legal and Judicial Affairs for consideration by 15th November 2014. (EAC/CM 29/Decision 08);
(c) directed the Secretariat to circulate to Partner States standard specifications for EAC Flags, EAC Anthem Booklets and other promotional materials on EAC integration for uniformity and allow Partner States to print the same (EAC/CM 29/Directive 08);
(d) directed the Partner States to establish National Climate Smart Agriculture Task Forces to provide technical input towards the implementation of the pilot projects and to report progress during the 30th Meeting of the Council. (EAC/CM 29/Directive 17);
(e) decided that the establishment of the proposed Biotechnology and Biosafety Unit at the Secretariat should await the finalization of the ongoing Institutional Review (EAC/CM 29/Decision 32);
(f) directed the Secretariat to submit the matter of taxation of tobacco to the Sectoral Council for Trade, Industry, Finance and Investment (SCTIFI) for consideration (EAC/CM 29/Directive 22);
(g) directed the Secretariat to carry out job evaluation and workload analysis to scientifically determine the capacity gaps under the Directorate of Customs and Trade and submit a report to the 30th Meeting of the Council (EAC/CM 29/Directive 34);
(h) directed the Secretariat to refer the matter of the loss of EAC property to the Police for further investigation and recovery of the stolen EAC property (EAC/CM 29/Decision 64);
(i) directed the Partner States to establish a mechanism for expediting the promulgation of Civil Aviation Regulations in the Partner States. (EAC/CM 29/Directive 38);
(j) directed the Secretary General to convene a Meeting of the team of the Audit and Management experts to consider the comments provided by the Executive Secretary of LVBC, validate their report and recommend appropriate measures (EAC/CM 29/Directive 43) and
(k) directed the Secretary General to convene a Meeting of three days (3 days) session of the Extra-ordinary Sectoral Council for LVBC to be attended by the Audit and Management experts to consider the report of Management and Audit experts on verification of LVBC Management System and operations and report to the 30th Meeting of the Council scheduled for November 2014 (EAC/CM 29/Directive 44).

1.5 STATUS OF IMPLEMENTATION OF PREVIOUS DECISIONS AND DIRECTIVES (2001-2014)

(a) Republic of Kenya

The Republic of Kenya had a total of 182 outstanding Decisions/Directives, covering a period (2001- 20th November, 2014). As at 20th November, 2014, 138 (75.8%) were fully implemented; 38 (20.9%) implementation was still on-going, and the remaining 4 (2.2%) no action had been taken. 2 (1%) decisions were found to be un-implementable e.g. (EAC/CM4/DEC 15) where Partner States were urged to support the efforts in construction of the gas pipeline to Mombasa (EAC/CM4/Decision 13). The Partner States were urged to enter into negotiations to support and promote the
use of gas in order to facilitate quicker utilization of gas from Songo Songo. This is not implementable because of change in priority by The United Republic of Tanzania to first satisfy domestic demand for natural gas from Songo Songo.

(b) Republic of Rwanda

The status report for the Republic of Rwanda as at 30th October 2014, indicates that out of the total of 70 Decisions/Directives covering the period of July 2007 to 20th November 2014, 53 (75.7%) were fully implemented, 15 (21.4%) implementation is still on-going and 2 (2.9%) no action has been taken.

(c) The United Republic of Tanzania

The United Republic of Tanzania had a total 158 Decisions/Directives covering the period of 2001-2014 that were still outstanding as at 20th November 2014. Out of 158, 105 (66%) were fully implemented, 47 (30%) were still under implementation and 6 (4%) no action had been taken.

(d) Republic of Uganda

The Republic of Uganda had outstanding Decisions/Directives totalling to 167 covering the period of 2001-20th November 2014. Out of the 167 decisions, 82 (49.1%) were fully implemented. 72 (43.1%) were still under implementation and for the remaining 13 (7.8%) no action had been taken.

(e) Republic of Burundi

The Republic of Burundi had a total of 71 Decisions/Directives covering the period of 2007-20th November 2014 that were still outstanding. Out of 71 Decisions / Directives, 37 (52.1%) were fully implemented, 22 (30.9%) were still under implementation and 12 (17%) no action had been taken.

The Council made the following observations -

(a) A number of Decisions and Directives that are still outstanding as at November 2014, will be taken on board during the implementation of the Common Market Protocol and the recently signed EAC Monetary Union Protocol e.g. EAC/CM13/Decision 42; on harmonization and mutual recognition of academic and professional qualifications; EAC/CM14/Decision 11d, where Partner States were urged to strengthen their efforts in achieving the convergence criteria; EAC/CM14/Decision 11e on enhancement of the independence of Partner States respective Central Banks, and prudential regulatory frameworks before the formation of the EAC Monetary Union; EAC/CM14/Decision 11n where Council urged Partner States to strengthen their fiscal positions to comply with the agreed fiscal deficit convergence criteria before the formation of the East African Monetary Union; among others;

(b) Council Decisions and Directives relating to the Energy Sector especially those made during the 4th and 14th Meetings of the Council in 2004 and 2007 respectively have largely remained un implemented or the pace of
implementation has been very slow e.g. EAC/CN2101/Directive 17 relating to fast tracking of the implementation of the Kenya-Uganda pipeline extension project; EAC/CM2101/Directive17g urging Partner States to pool resources to facilitate the implementation of regional projects identified under the East African Power Master Plan as a matter of urgency; and EAC/CM2101/Directive 17k where the Council urged Kenya to liaise with Uganda, June 2007 to ensure grid extension to Lwakakha in order to meet the energy demand for both Uganda and Kenya.


EAC/CM2129/Directive 09, Protocol on East African Monetary Union;

(d) Decisions and Directives related to timely payment of Partner States’ contributions to various Organs and Institutions of the Community have only been partially complied with e.g. EAC/CM2124/Directive 50 Payment of financial contributions to the Inter-University Council for East Africa; EAC/CM2126/Directive 30; settlements of arrears amounting to US$ 11,574,354.61 by (Uganda, Burundi, Tanzania and Kenya) FY2101/12; EAC/CM2122/Directive 04; and EAC/CM 27/Directive 27, contributions to LVFO by (Uganda, Kenya and Tanzania); EAC/CM2128/Directive 27: remittance of contributions towards the construction of IUCEA Headquarters amounting to US$ 1,000,000;

(e) Some of the Decisions/Directives of the Summit to the Council and Directives/Decisions of the Council to the Partner States have remained unimplemented due to lack of Co-ordination by Secretariat e.g. -

(i) Decision Ref. No. EAC/CM01/Directive 01: on the development of a Common Drug Policy - harmonization of Drug Registration Procedures and strengthening quality control capacities; harmonize Drug Regulatory Controls for both banned and illicit drugs and development of a common strategy for Public Drug Education; and public drug education and information for the East African;

(ii) Decision Ref. no. EAC/CM16/Directive 38 on expeditious harmonization of age limit of vehicles from the year of manufacture in accordance with the decision of the Sectoral Council on Trade, Finance and Investment of May 18th 2007;

(iii) Decision Ref. No. EAC/CM141/Directive 17g: Council urging Partner States to pool resources to facilitate the implementation of regional projects identified under the East African Power Master Plan as a matter of urgency; and

(iv) Decision Ref. No. EAC/CM141/Directive 17p: Council urging Partner States to accelerate the implementation of regional interconnection projects.

The Council observed that there are decisions/directives that the Council and Summit issues to Partner States but which require the co-ordination of the Secretariat if they are to be implemented. The Council noted therefore the need for
the Secretariat to provide status of implementation of those decisions/directives. The Secretariat should also provide the status of implementation of decisions/directives that were issued by the Council for it to implement.

The Council –

(a) took note of the Status of implementation of Summit and Council outstanding Decisions and Directives (EAC/CM 30/Decision 01);

(b) directed the Partner States and EAC Organs and Institutions to expedite implementation of all the outstanding Decisions/Directives (EAC/CM 30/Directive 01);

(c) directed the Secretariat to compile a list of outstanding Decisions/Directives that are over five years and reasons for non-implementation, and report to the Council at its 31st Meeting for consideration (EAC/CM 30/Directive 02);

(d) directed the Secretariat to always co-ordinate the implementation of the Summit Decisions/Directives to the Council and Council Decisions/Directives to Partner States as a whole (EAC/CM 30/Directive 03); and

(e) directed the Secretariat to provide a status of outstanding Decisions/Directives that were issued by the Council to the Secretariat for implementation with reasons for non-implementation of the same and report to the Council at its 31st Meeting (EAC/CM 30/Directive 04).

PART II REPORT OF THE OFFICE OF THE SECRETARY GENERAL

2.1 REPORT ON THE 21st MEETING OF THE SECTORAL COUNCIL OF MINISTERS RESPONSIBLE FOR EAST AFRICAN COMMUNITY AFFAIRS AND PLANNING

The Council was informed that at its 21st Meeting held on 27th - 31st October, 2014, the Sectoral Council of Ministers Responsible for EAC Affairs and Planning considered the Report on the status of implementation of its previous decisions and directives; Report on the Status of Implementation of the EAC Common Market; Status of the EAC Institutional Review; Proposal on the Tenure of Service for Professional Staff of the Community; Concept Note on the Establishment and Operationalization of the EAC Service Commission; Report of the EAC Forum of Human Rights Commissions Report of the Meeting of the Sectoral Committee on Preventing and Combating Corruption; Report of the 4th Meeting of the EAC Forum of Chief Justices; Report on the Activities of the EAC Youth Ambassadors; Way Forward on Policy Issues in the Protocol on Good Governance; Report of the 3rd Secretary General’s Forum; Concept Note on 2015 as the Year of EAC Citizens; Status of Implementation of the Video Conferencing Project; Progress Report on the Elimination of Non-Tariff Barriers; and the Progress Report on COMESA-EAC-SADC Tripartite Arrangement. The decisions and directives made by the Sectoral Council are contained in a Report Ref EAC/SCMREAP/21/2014.

The Council was informed that the Sectoral Council made the following policy-related decisions for consideration by the Council –
(i) Status of the East African Community Institutional Review

The Sectoral Council was informed that a consultative meeting was held between the Secretariat and M/s WYG Consultants Ltd. on 24th October 2014, during which a number of issues were discussed and agreed including the status of contract signed between EAC Secretariat and M/s WYG International Ltd. The Sectoral Council was also informed that during the said consultative meeting, the two parties discussed outstanding issues including the time lapse since the last engagement that had resulted into M/s WYG International Ltd. losing the experts that had facilitated the review, contractual arrangements given partial performance by the Consultant, the outstanding payments owed by the Secretariat and way forward.

Noting the need for the exercise to be done as professionally and objectively as possible, the consultative meeting agreed that despite the time lapse, the contract signed was based on approved Terms of Reference that were still valid and the need for the Consultant to deliver the final report within the agreed TORs. The Meeting also agreed that there was need for all stakeholders to validate the Draft Final Report since there can only be one Final Report of the Institutional Review (irrespective of the methodological approach adopted by the Consultant). In this regard, the Meeting noted the need to revise the roadmap that was approved by the 29th Meeting of the Council to reflect practical timelines taking into consideration the concerns by either party. The Meeting further agreed to prepare an addendum to the Contract that would allow the Consultant to finalize the pending work without necessarily renegotiating and signing a new contract. The said addendum will not attract additional financial obligations.

The Sectoral Council expressed concern that finalization of the Institutional Review is taking too long, and is negatively impacting on the performance of the Community. The Sectoral Council noted the need to fast-track finalization of this all-important exercise in view of the fact that there were other critical matters whose consideration had been deferred pending finalization of the review. The Sectoral Council recommended that the Secretariat should ensure that M/s WYG International Ltd. submits the Final Draft Report by March 2015 for validation by stakeholders; and thereafter a Final Report is submitted to the Meeting of Council of Ministers in April 2015. The Sectoral Council accordingly revised the roadmap for the finalization of the Institutional Review as indicated in the Table I below.

### Table I: Roadmap for the Finalization of the Institutional Review

<table>
<thead>
<tr>
<th>Activity</th>
<th>Time-Frame</th>
<th>Responsibility</th>
</tr>
</thead>
<tbody>
<tr>
<td>Preparation and submission of a draft letter on the addendum</td>
<td>October, 2014</td>
<td>Consultant</td>
</tr>
<tr>
<td>Preparation of the Addendum</td>
<td>Early November, 2014</td>
<td>Secretariat</td>
</tr>
<tr>
<td>Commencement of the finalization of the pending work</td>
<td>Mid-November, 2014</td>
<td>Consultant</td>
</tr>
<tr>
<td>Submission of Draft Final Report</td>
<td>March, 2015</td>
<td>Consultant</td>
</tr>
<tr>
<td>Validation of the Draft Final Report</td>
<td>March, 2015</td>
<td>Consultant/Partner States/Secretariat</td>
</tr>
<tr>
<td>Consideration of the Final Report by the SCMEACP</td>
<td>April, 2015</td>
<td>Consultant/Partner States/Secretariat</td>
</tr>
<tr>
<td>Consideration of the Report by the Council of Ministers</td>
<td>April, 2015</td>
<td>Council of Ministers</td>
</tr>
</tbody>
</table>
The Sectoral Council -

(a) approved the revised roadmap for the Institutional Review;
(b) directed the Secretariat to ensure that the Consultant’s work is delivered against the timelines indicated above and within bounds that will not expose the Community to adverse legal and financial consequences; and
(c) directed the Secretariat to submit the final Institutional review Report to the 31st Meeting of the Council scheduled for April 2015 for consideration.

(ii) Concept Note on the Establishment and Operationalization of the EAC Service Commission

The Sectoral Council noted that the 29th Meeting of the Council directed the Secretariat to develop a Concept Note on the Establishment of an EAC Service Commission and present the same to the 21st Meeting of the Sectoral Council of Ministers Responsible for EAC Affairs and Planning for consideration (EAC/CM 29/Directive 06). In line with this directive, the Secretariat prepared a draft concept note for consideration by the Council. During the Meeting, Partner States provided inputs to enrich the Concept Note.

The Sectoral Council directed the Secretariat to -

(a) refine the Concept Note in line with the inputs provided by the Sectoral Council; and
(b) submit the Concept Note to the 30th Meeting of the Council for consideration.

The Council recalled that at its 29th Meeting, the Council decided that the proposed EAC Public Service Commission should be established as an ad hoc body. Accordingly, the Council revised the Concept Note to provide for the establishment of an ad hoc EAC Public Service Commission. The Council revised the Concept Note into the content attached hereto as Annex III.

(iii) Proposal on the Tenure of Service for Professional Staff of the Community

The Sectoral Council considered a proposal on amending the tenure of service of the Professional Staff of the Community. The proposal was aimed at moving from fixed term contracts to performance based contracts for the professional staff of the Community. This was intended to promote continuity, institutional memory and enhance staff performance as well. The Sectoral Council recalled that this matter was handled by the 20th Meeting of the SCMEACP. At its 29th Meeting, the Council decided that, the Professional Staff be recruited on contractual terms of five years renewable once. The envisaged Service Commission should in future address the terms and conditions of service for Professional Staff of the Community.

(iv) Report of the EAC Forum of Human Rights Commissions

The Sectoral Council was informed that the Meeting of the EAC Forum of Human Rights Commissions took place from 23rd – 24th April 2014 and considered implementation of previous decisions of the Council, reviewed the EAC Plan of
Action on Promotion and Protection of Human Rights and reflected on emerging challenges and on best ways of protecting and promoting human rights in the region. The Meeting revised the EAC Plan of Action on Promotion and Protection of Human Rights, which is attached hereto as Annex IV. The Sectoral Council adopted the revised 2\textsuperscript{nd} EAC Plan of Action on Protection and Promotion of Human Rights for implementation.

(v) Report of the Meeting of the Sectoral Committee on Preventing and Combating Corruption

The Sectoral Council was informed that the 4\textsuperscript{th} Meeting of the EAC Sectoral Committee on Preventing and Combating Corruption took place on 16\textsuperscript{th} - 17\textsuperscript{th} June 2014, in Arusha – Tanzania. The Meeting considered the implementation of previous decisions of the Council; Implementation of the Plan of Action on Preventing and Combating Corruption; the Status of concluding the draft Protocol on Preventing and Combating Corruption and emerging challenges and opportunities in the fight against corruption in the region.

On the status of the Protocol on Preventing and Combating Corruption, the Sectoral Council was informed that the Sectoral Council on Legal and Judicial Affairs is yet to finalize consideration of the said Protocol as at its 15\textsuperscript{th} Meeting held on 15\textsuperscript{th} November 2013, the Sectoral Council on Legal and Judicial Affairs referred the Protocol to the Session of the Deputy Attorneys General/Solicitors General and Permanent Secretaries Ministries of Justice and Constitutional Affairs to review the Partner States divergent views.

The Sectoral Council -

(a) recommended to the Council to direct the Sectoral Council on Legal and Judicial Affairs to expedite conclusion of the EAC Draft Protocol on Preventing and Combating Corruption by June 2015; and

(b) directed Partner States to consider including Members of the Sectoral Committee on Preventing and Combating Corruption in their delegation attending the Meeting of the Sectoral Council on Legal and Judicial Affairs while considering the Draft Protocol on Preventing and Combating Corruption.

(vi) Report of the 3\textsuperscript{rd} Secretary General's Forum

The Sectoral Council took note of the report and recommendations of the 3\textsuperscript{rd} Secretary General’s Forum that was held in Entebbe from 12\textsuperscript{th} and 13\textsuperscript{th} September 2014 under the general theme of “the EAC: my Home, my Business”. The Sectoral Council noted that dialogue parties to the SG’s Forum should be updated of the Status of implementation of policies and activities so as to avoid duplication of recommendations in the subsequent Fora. The Sectoral Council recommended to the Council to refer the recommendations of the 3\textsuperscript{rd} Secretary General’s Forum to the relevant Sectoral Councils for consideration.
The Council –

(a) took note of the decisions and directives of the 21st Meeting of the Sectoral Council of Ministers Responsible for EAC Affairs and Planning (EAC/CM 30/Decision 02);

(b) approved the Concept Note on the Establishment of the Ad hoc EAC Service Commission (EAC/CM 30/Decision 03);

(c) referred the issue of tenure of service of Professional Staff to the Ad Hoc EAC Service Commission once established bearing in mind the previous decisions of the Council on this matter (EAC/CM 30/Decision 04);

(d) directed the Sectoral Council on Legal and Judicial Affairs to expedite conclusion of the EAC Draft Protocol on Preventing and Combating Corruption by June 2015 (EAC/CM 30/Directive 05);

(e) directed Partner States to consider including Members of the Sectoral Committee on Preventing and Combating Corruption in their delegation attending the Meeting of the Sectoral Council on Legal and Judicial Affairs while considering the Draft Protocol on Preventing and Combating Corruption (EAC/CM 30/Directive 06); and

(f) directed the Secretariat to refer the recommendations of the 3rd Secretary General’s Forum to the relevant Sectoral Councils for consideration (EAC/CM 30/Directive 07).

2.2 REPORT ON THE 16TH AND 17TH MEETINGS OF THE SECTORAL COUNCIL ON LEGAL AND JUDICIAL AFFAIRS

2.2.1 Report on the 16th Meeting

The Council was informed that at its 16th Meeting held on 30th September 2014, the Sectoral Council on Legal and Judicial Affairs ("the Sectoral Council") considered a Report on the Implementation of its Previous Decisions; the draft East African Community Elimination of Non-Tariff Barriers Bill, 2014; the draft East African Community Anti-Counterfeit Bill, 2014; Proposed Draft Amendments of the EAC Customs Management Act, 2004 and EAC Customs Management Regulations, 2010; the draft Protocol on Co-operation in Meteorological Services; the draft Protocol on Immunities and Privileges of the East African Community, its Organs and Institutions; the draft East African Community Science and Technology Commission Bill, 2013; the draft East African Community Assets and Premises Protection Bill, 2013; Proposed EAC Staff Rules and Regulations (2013); Proposals to Amend the Treaty for the Establishment of the East African Community; the draft Protocol to Operationalize the Extended Jurisdiction of the East African Court of Justice; Partner States’ Comments on the Feasibility of Extending the Jurisdiction of The East African Court of Justice to Cover Crimes against Humanity; Reports of the East African Judicial Education Committee; and Report of the Sub Committee on Approximation of National Laws into EAC Context. The decisions and directives made by the Sectoral Council are contained in a Report Ref EAC/SCLJA/16/2014.

The Council was informed that the Sectoral Council made the following policy-related decisions for consideration by the Council –
(a) The East African Community Elimination of Non-Tariff Barriers Bill, 2014 attached hereto as Annex V meets the legal requirements of the Treaty and may be introduced in the East African Legislative Assembly;

(b) (i) The East African Community Competition (Amendment) Bill, 2014 attached hereto as Annex VI (which addresses the objectives of the draft East African Community Anti-Counterfeit Bill, 2014) meets the legal requirements of the Treaty and may be introduced in the East African Legislative Assembly;

(ii) The Partner States should be directed to enact anti-counterfeit laws or where such laws exist, harmonise them to specifically and effectively deal with counterfeiting and piracy and report progress to the Council by the end of November 2015; and

(iii) The Partner States should be directed to establish operational enforcement institutions to combat counterfeiting and piracy within their national territories; and ensure that national institutions shall have full legal mandate to attend to the challenges posed by counterfeits, piracy and other intellectual property rights violations;

(c) The Council should approve the draft amendments of the EAC Customs Management Act (Amendment), Bill 2014 attached hereto as Annex VII and introduce the same in the East African Legislative Assembly;

(d) The draft Protocol on Cooperation in Meteorological Services attached hereto as Annex VIII meets the legal requirements of the Treaty and should be concluded;

(e) Regarding the draft amendments to the EAC Staff Rules and Regulations (2013), the Sectoral Council recommended to the Council that the proposed Staff Rules and Regulations should be considered after the finalization of the Institutional Review process.

(f) On Legal and Judicial Matters, the Sectoral Council advised the Council -

(i) that the term “Minister” as defined in the Treaty is broad enough to accommodate the term “Cabinet Secretary” as used in the Constitution of Kenya and the term “Permanent Secretary” used in the Treaty accommodates the term “Principal Secretary” used in the Constitution of Kenya 2010; therefore there is no need for amendment of the Treaty to cater for these terms;

(ii) to refer the observations made by the East African Court of Justice (in EACJ Ref 09 of 2011: East African Centre for Trade Policy and Law vs Secretary General of the East African Community) on Article 27 (1) and Article 30(3) of the Treaty to the High Level Task Force on Amendment of the Treaty for consideration;

(iii) that the draft Protocol to Operationalize Extended Jurisdiction of the East African Court of Justice attached hereto as Annex IX meets the legal requirements of the Treaty and should be concluded; and

(iv) to take note of the Report of the East African Judicial Education Committee;

(g) The Council should adopt the Template on the Development of EAC Protocols attached hereto as Annex X whose purpose will be to guide in the preparation of EAC protocols.
The Council –

(a) took note of the decisions and directives of the 16th Meeting of the Sectoral Council on Legal and Judicial Affairs (EAC/CM 30/Decision 05);
(b) decided that The East African Community Elimination of Non-Tariff Barriers Bill, 2014, The East African Community Competition (Amendment) Bill, 2014 and The EAC Customs Management (Amendment), Bill 2004 be introduced in the East African Legislative Assembly (EAC/CM 30/Decision 06);
(c) decided that The draft Protocol on Cooperation in Meteorological Services and The draft Protocol to Operationalize Extended Jurisdiction of the East African Court of Justice be recommended to the Heads of State for approval (EAC/CM 30/Decision 07);
(d) adopted the Template on the Development of EAC Protocols (EAC/CM 30/Decision 08);
(e) referred the observations made by the East African Court of Justice (in EACJ Ref 09 of 2011: East African Centre for Trade Policy and Law vs Secretary General of the East African Community) on Article 27 (1) and Article 30(3) of the Treaty to the High Level Task Force on Amendment of the Treaty for consideration (EAC/CM 30/Decision 09); and
(f) decided that Staff Rules and Regulations 2013 be considered after the finalization of the Institutional Review process (EAC/CM 30/Decision 10).

2.2.2 Report on the 17th Meeting

The Council was informed that at its 17th Meeting held on 1st November 2014, the Sectoral Council on Legal and Judicial Affairs (“the Sectoral Council”) deliberated on the proposed draft Amendments of the EAC Customs Management Regulations, 2010; The East African Community Customs Management (Working Arrangements between the Directorate and the Customs) (Amendment) Regulations, 2014; The Operationalization of the Trade Remedies Committee; Draft East African Community Customs Union (Rules of Origin) Rules, 2014; The Draft East African Community Science and Technology Commission Bill, 2013; The Draft Protocol on Immunities and Privileges of the East African Community, its Organs and Institutions; and the Report of the East African Judicial Education Committee. The decisions and directives made by the Sectoral Council are contained in a Report Ref EAC/SCLJA/17/2014.

The Sectoral Council made policy-related decisions/directives which require consideration by the Council. The Sectoral Council recommended to the Council to –

(a) approve The East African Community Customs Management (Amendment) Regulations, 2014 attached hereto as Annex XI, as they meet the legal requirements;
(b) approve The East African Community Customs Management (Working Arrangements between the Directorate and the Customs) (Amendment) Regulations, 2014 attached hereto as Annex XII as they meet the legal requirements;
(c) approve the revised East African Community Customs Union (Rules of Origin) Rules, 2014 attached hereto as Annex XIII as they meet the legal requirements and should be approved;

(d) direct the Partner States to deposit with the Secretary General Instruments of ratification of the amendments to Article 24 (2) of the Protocol on the Establishment of the East African Community Customs Union with regard to members of the Trade Remedies Committee by 28th February 2015;

(e) approve The East African Science and Technology Commission Bill, 2014 attached hereto as Annex XIV meets the legal requirements and should be approved and introduced in the Legislative Assembly;

(f) approve The Protocol on Privileges and Immunities of the East African Community attached hereto as Annex XV as it meets the legal requirements and should be submitted to the Summit for approval; and

(g) direct the Secretariat to compile comments from all Partner States on the Report on the East African Regional Study to Harmonize Legal and Regulatory Framework Governing Legal Training, Certification and Practice within the East African Community and submit to the 30th Meeting of the Council for consideration.

The Council –

(a) took note of the decisions and directives of the 17th Meeting of the Sectoral Council on Legal and Judicial Affairs (EAC/CM 30/Decision 11);

(b) approved the East African Community Customs Management (Amendment) Regulations, 2014 as they meet the legal requirements (EAC/CM 30/Decision 12);

(c) approved the East African Community Customs Management (Working Arrangements between the Directorate and the Customs) (Amendment) Regulations, 2014 as they meet the legal requirements (EAC/CM 30/Decision 13);

(d) approved the revised East African Community Customs Union (Rules of Origin) Rules, 2014 as they meet the legal requirements and should be approved (EAC/CM 30/Decision 14);

(e) directed the Partner States to deposit with the Secretary General Instruments of ratification of the amendments to Article 24 (2) of the Protocol on the Establishment of the East African Community Customs Union with regard to members of the Trade Remedies Committee by 15th August 2015 (EAC/CM 30/Directive 08); and

(f) decided that the East African Science and Technology Commission Bill, 2014 meets the legal requirements and should be introduced in the East African Legislative Assembly for debate (EAC/CM 30/Decision 15); and

(g) decided that the Protocol on Privileges and Immunities of the East African Community meets the legal requirements and should be recommended to the Summit for approval (EAC/CM 30/Decision 16); and

2.3 REPORT OF THE HIGH LEVEL TASK FORCE ON THE AMENDMENT OF THE TREATY

The Council was informed that at its Meetings held on 15\textsuperscript{th} November, 2013 and on 1\textsuperscript{st} November, 2014, the Sectoral Council on Legal and Judicial Affairs considered and adopted the reports of the High Level Task Force on the Amendment of the Treaty and the proposed revised Rules of Procedure for the Council of Ministers and the Co-ordination Committee. The Reports and the revised Rules of Procedure for the Council of Ministers and the Co-ordination Committee are attached hereto as Annex XVI and Annex XVII respectively.

The Council -

(a) adopted the revised Rules of Procedure for the Council of Ministers (EAC/CM 30/Decision 18);
(b) decided that there is no need to amend the Treaty on the submitted proposals including the review of the powers of the Legislative Assembly with regard to the Private Members Bills given that there are remedial mechanisms in the Treaty (EAC/CM 30/Decision 19); and
(c) directed the Secretary General to use the Forum of Heads of Organs and Institutions of the Community to promote dialogue and consultation between the Organs in the development of Private Members Bills especially when Partner States and the Council are still negotiating and consulting on the subject matter of the Bills and ensuring that these Bills are not inconsistent with the Treaty (EAC/CM 30/Directive 09).

2.4 PROPOSAL ON INITIATION OF COUNCIL OF MINISTERS’ BILLS

The Council was informed that in pursuance of its functions as provided under the Treaty the Council has, through relevant Sectoral Councils and the Secretariat, been developing policy-oriented Bills for purposes of enactment of such legislation as will support institutional development and the effective implementation of integration programmes and activities. It is important that the Council, as a policy organ, takes intra-organ stewardship in this process in order to ensure that the Acts of the Community are relevant to policy and the strategic interventions in the development of the integration process and support the Community’s legislative programme. The Council needs to assess progress on existing draft Bills and decide on a way forward on these and proposed new Bills. The contents of this paragraph should be read together with those paragraphs 2.2.1 and 2.2.2 regarding legal input into Bills that are being proposed for introduction in the Legislative Assembly\textsuperscript{1).

2.4.1 Position on Existing Draft Council Bills

The current position on existing draft Bills as last considered by the Council at its 27\textsuperscript{th} Meeting is shown in the matrix attached hereto as Annex XVIII.

\textsuperscript{1} The East African Community Elimination of Non-Tariff Barriers, Bill 2014; The East African Science and Technology Commission Bill, 2014; The East African Community Competition Act (Amendment) Bill, 2014; and The East African Community Customs Management (Amendment) Bill, 2014
2.4.2 Proposed New Bills

Policy developments in some other areas necessitate the development of such Bills as the following -

(a) The East African Community Oaths Bill

The basis for The East African Community Oaths Bill, a draft of which is attached hereto as Annex XIX is to create a harmonised statutory basis for the taking of oaths and affirmations by persons in the employment of the Community in cases where –

(i) certain offices/positions are created but the relevant oaths are based on Rules of Procedure e.g., Staff Rules and Regulations rather than on policy as reflected in, for example the Treaty, Protocol or other legal instrument; and

(ii) neither the Treaty/Protocol nor most of the Rules of Procedure provide a basis for the taking of oaths e.g. in the appointment of Members of the EAC Trade Remedies Committee, or in the assumption of such offices as that of the Deputy Registrar of the East African Court of Justice the discharge of whose functions necessitates an oath.

It is only in respect of the Members and the Clerk of the East African Legislative Assembly that the Community has a statutory basis for oaths and affirmations – in The East African Legislative Assembly (Powers and Privileges) Act 2003.

The Council –

(a) referred The East African Oaths Bill 2014 to the Sectoral Council on Legal and Judicial Affairs for legal input (EAC/CM 30/Decision 20);

(b) directed –

(i) the Sectoral Council on Transport, Communications and Meteorology to finalise outstanding work on The East African Community Privately Funded Infrastructure Bill, 2009 (EAC/CM 30/Directive 10);

(ii) the Sectoral Council on Trade, Industry, Finance and Investment to finalise outstanding work on the Bill on Industrialisation (EAC/CM 30/Directive 11); and

(iii) the Sectoral Council on Education, Science and Technology Culture and Sports to finalise outstanding work on The Inter-University Council Act, (Amendment) Bill (EAC/CM 30/Directive 12);

and report at the next Meeting of the Council in April 2015.

2 The introduction, use and internalisation of the EAC Passport may have a basis in the Treaty, the Protocol on the Establishment of the EAC Common Market and in decisions and directives of the Council. To the extent that this contextual basis is confined to policy there would have been need to have a statutory basis for this passport whose object should rhyme with the relevant municipal legislation. However, the need for a regional legislation does not arise given the fact that such municipal laws as The Kenya Citizenship and Immigration Act 2011 (Sections 2 and 25(1)(c), The Tanzania Passports and Travel Documents Act 202 (Section 3(2)(d) and The Uganda Citizenship and Immigration Control Act , Cap (Section 41) recognise/cater for the East African Passport).

2.5 **REPORT ON THE NEGOTIATIONS FOR THE ADMISSION OF THE REPUBLIC OF SOUTH SUDAN INTO THE EAST AFRICAN COMMUNITY**

The Council recalled that at its 28th Meeting held on 22nd – 29th November 2013, the Council adopted the Negotiations Framework and Programme (EAC/CM 28/Decision 99). The Programme provided for the 1st Negotiation Meeting in 13th–22nd January 2014; the 2nd Negotiation Meeting in March 2014; the 3rd Negotiation Meeting in April 2014; and thereafter a Report to Summit in April 2014.

The Secretariat convened the 1st Negotiation Meeting as directed. However, the Republic of South Sudan requested for postponement on grounds that the High Level Ministerial Committee which the President of the Republic of South Sudan had established to negotiate on behalf of the Republic of South Sudan needed five to six months to conduct a range of preparatory activities and consultations in South Sudan. She therefore proposed that the first round of negotiations with the EAC be rescheduled for September/October 2014.

In the interim, and upon the request by the Republic of South Sudan, the Secretary General accompanied by technical officers undertook a working visit to the Republic of South Sudan. Arrangements were made for the EAC team to make presentations to a number of South Sudan stakeholders on the Accession to the Treaty for the Establishment of the East Africa Community, and giving updates on the EAC integration process.

### 2.5.1 Subsequent Developments

Following the lapse of the period the Republic of South Sudan had requested a notice for the 1st Negotiation Meeting to take place on 10th – 14th November 2014 was issued. In her response dated 24/10/2014, the Republic of South Sudan, requested that, the technical negotiations be preceded by a High Level Ministerial Meeting, during which, a number of issues of strategic nature would be first addressed in order to guide the Technical Negotiations.

The Secretary General in return communicated that the sequencing of the negotiation as adopted by the Council did not envisage starting with the High Level Ministerial Meeting and requested that the Meetings progress as convened. He nonetheless advised that the Republic of South Sudan could meet with the Secretary General, premised on the understanding that such a meeting would be for purposes of him providing further clarifications on the negotiation process, the outcome of which he would report to the Council.

The Secretary General met the South Sudan Ministerial Delegation in Nairobi on 19th November 2014. The Ministerial delegation included Hon. Aggrey Tisa Sabuni, Minister of Finance and Economic Planning; Hon. Barnaba Marial Benjamin, Minister of Foreign Affairs and International Cooperation; Hon. Deng Deng Hoc Yai, Minister of Environment; and Hon. Paulino Wanawilla Unango, Minister of Justice.

The Republic of South Sudan delegation highlighted the steps the country taken has taken in preparation for the Negotiations for her accession to the EAC Treaty. It also requested for adoption of a thematic approach to the Negotiations to facilitate focus.
and allow sufficient technical input. Four thematic areas were proposed, namely: Legal, Security, Political, Governance and Defence matters; Infrastructure and Services; Trade, Economics and Financial matters; and Cross Cutting Issues including Agriculture, Food Security, Natural Resource Management, Energy and Human Resource Development. Proposals were also made on the need for High Level Ministerial oversight meetings to provide strategic guidance to the technical negotiation teams. Proposals were made on how to promote effective communication and Co-ordination of the meetings, including timelines for convening meetings. The delegation also informed that the Republic of South Sudan was planning for a familiarisation tour for Ministers responsible for EAC Affairs to visit the Republic of South Sudan in order to appreciate better the country’s efforts at addressing the gaps identified.

The Secretary General commended the Republic of South Sudan for the steps taken to lay firm foundation for negotiations with the EAC. He reiterated the commitment the two parties attach to expediting the negotiation processes. He stressed that although negotiation could be thematic, the eventual accession be to the Treaty as a whole and not to selected components thereof. He expressed the EAC Secretariat’s readiness to play the Co-ordination role under the leadership of the Country holding the Chairmanship of the Community. The meeting discussed logistical matters for the meetings and worked out proposals on dates for the negotiation meetings, to be held between March and August 2015.

On the basis of the discussions held, the following dates are proposed for the negotiation meetings -

(a) March 2015: Meeting of the High Level Technical Negotiation Teams;
(b) April and June 2015: Technical meetings of the thematic clusters on Trade, Economics and Financial Matters and on Infrastructure and Services;
(c) June 2015: A dedicated High Level Ministerial Meeting to consider the Report of thematic clusters above;
(d) June and August 2015: Technical meetings of the Thematic cluster on Legal, Security, Political, Governance and Defence matters; and that on Cross Cutting Issues including Agriculture, Food Security, Natural Resource Management, Energy and Human Resource Development;
(e) August 2015: A dedicated High Level Ministerial Meeting to consider the Report of the above two thematic clusters;
(f) August 2015: Presentation of the Report of the Negotiations to the Council of Ministers. The detailed report and the proposed revised roadmap are attached hereto as Annex XX.

The Council noted the need for a revised roadmap for the negotiations for the admission of the Republic of South Sudan into the East African Community. Furthermore, the Council noted the need for Partner States to nominate one more expert at the technical level in addition to the three earlier appointed.
The Council –

(a) approved a revised roadmap for the negotiations on the admission of the Republic of South Sudan into the East African Community (EAC/CM 30/Decision 21);
(b) directed the Secretariat to ensure that negotiations for the admission of the Republic of South Sudan into the East African Community are conducted in accordance with the revised Roadmap (EAC/CM 30/Directive 13); and
(c) directed Partner States to nominate one more expert at the technical level in addition to the three earlier appointed to participate in the negotiations for the admission of the Republic of South Sudan into the East African Community (EAC/CM 30/Directive 14).

PART III REPORT ON PLANNING AND INFRASTRUCTURE

3.1 PLANNING

3.1.1 Report of the 4th Meeting of the Sectoral Council on Finance and Economic Affairs

The Council was informed that at its 4th Meeting held on 4th – 8th November 2014, the Sectoral Council on Finance and Economic Affairs reviewed the progress in the areas of Monetary Affairs, Capital Market, Insurance and Pensions, Statistics Sector and Fiscal affairs.

3.1.2 Monetary Affairs

Under Monetary Affairs, the Sectoral Council considered the progress made in respect to –

(a) attainment of macroeconomic convergence;
(b) harmonization of Monetary and Exchange Rate Policy Frameworks and attainment of a Common Exchange Rate Policy;
(c) harmonization of Monetary Policy Communication among the Partner States;
(d) capital account liberalization;
(e) attainment of harmonized statistics;
(f) financial markets operations;
(g) harmonization of bank supervision frameworks; and
(h) harmonization of information technology and payment system frameworks.

3.1.3 Report of the Sectoral Committee on Statistics

The Sectoral Council considered progress made by the Sectoral Committee on harmonization of statistics and maintenance of statistics databases and the draft EAC Statistics Policy. The Sectoral Council noted that the EAC Facts and Figures Report 2013 was published and the statistics databases regularly update. The EAC Agricultural Statistics Database referred to as EAC Region STAT was launched. The database provides a one-stop Centre for agricultural statistical data.
The Sectoral Council noted that significant progress was being made in harmonisation of compilation practices in key areas to support the EAC integration agenda. The areas include: Monetary and Financial Statistics; Balance of Payments; National Accounts; Government Finance Statistics; Harmonised Consumer Price Index Agricultural Statistics; Infrastructure Statistics; Tourism Statistics; and Environment Statistics. The Sectoral Council noted that the Sectoral Committee on Statistics considered Draft EAC Regional Statistics Policy. The Sectoral Council noted that the Draft Statistics Policy aims at establishing a framework for a systematic development, production and dissemination of EAC Statistics. The Policy among others highlights –

(a) institutional framework of statistics;
(b) co-ordination of statistics activities among different stakeholders;
(c) co-operation with local and international bodies on statistics matters;
(d) development of statistics code of practice; and
(e) statistical data quality assurance and confidentiality.

The draft EAC Statistics Policy is hereto attached as Annex XXI.

3.1.4 Matters of the Committee on Fiscal Affairs

The Sectoral Council reviewed the progress made by the Committee on Fiscal Affairs with regards to harmonization of Fiscal Policy. The Sectoral Council considered the following matters –

(a) areas in the EAMU Protocol that are related to Fiscal Policy;
(b) definition of indicators in the EAC macroeconomic convergence criteria;
(c) harmonisation of Government Finance Statistics (GFS);
(d) progress on domestic taxes harmonisation;
(e) progress Report on Public Private Partnerships (PPPs) development in EAC; and
(f) Report on the Fiscal Surveillance Program: The Report highlights that the EAMU Protocol among others highlights that Partner States will develop their Medium Term Convergence Programs (MTCP). Accordingly a framework for the MTCP will be finalized by end of November, 2014 and Partner States need to develop MTCP by February, 2015; and
(g) ratification of the EAC Double Taxation Agreement (DTA): The Sectoral Council noted that the Republic of Rwanda has ratified the EAC DTA while the Republic of Burundi, the Republic of Kenya, The United Republic of Tanzania and the Republic of Uganda were still in the process.

The Council –

(a) adopted the draft EAC Statistics Policy (EAC/CM 30/Decision 22); and
3.1.5 Capital Markets Matters

The Council was informed that at its Meeting held on 18th May 2012, the Sectoral Council decided that the harmonization of EAC Securities Legal and Regulatory Framework would proceed by way of Council Directives (CDs). The decision was based on a recommendation from the Extraordinary Capital Market, Insurance and Pensions (CMPIC) Meeting held on 10th August 2011, that the development of Council Directives (CDs) for the EAC region as the most feasible on the basis that –

(a) the EAC capital markets are at different levels of development;
(b) an overarching Community law would only be feasible in the long-term after a high degree of convergence between the different EAC capital markets has been attained;
(c) the EAC Treaty does not explicitly limit the directives to administrative purposes though this has been the practice to date;
(d) Article 14 (3)(d) of the EAC Treaty stipulates that the Council shall make regulations, issue directives, take decisions, make recommendations and give opinions in accordance with the provisions of the Treaty; and,
(e) nothing stops the Partner States from using directives as instruments for establishing standards that would govern the EAC regional capital market.

This decision was endorsed by the 25th Meeting of the Council held on 27th – 31st August 2012 (Ref: EAC/CM25/Decision). Based on the above Council decision, at its Meeting held in April 2013 the Capital Markets, Insurance and Pensions Committee (CMIPC) recommended that the EAC Secretariat, expedite and facilitate the work of Council Directives Technical Working Group (TWG) with a view to the early coming into force of the Directives being developed. Following the above recommendation, the TWG held three meetings and prepared the development of eight Council Directives. These were subjected to stakeholder consultations in each jurisdiction, as a statutory requirement for any piece of legislation.

Eight Securities Council Directives were considered at both the November 2013 and March 2014 Capital Markets, Insurance and Pensions Committee Meetings. The November 2013 Meeting also requested the Competent Authorities to obtain approval from the respective Boards of Directors by end of January 2014. The Republic of Burundi, the Republic of Rwanda, the Republic of Kenya and the Republic of Uganda have obtained approvals from their respective Boards on the Council Directives as had been recommended. The United Republic of Tanzania informed the meeting that the Council Directives will be considered by the Board before end of April 2014. Tanzania further informed the meeting that some of the Council Directives particularly on corporate governance and fixed income securities have been transformed into draft regulations and have already been submitted to the Minister of Finance for approval. The Securities Council Directives were presented to the 3rd Meeting of the Sectoral Council held on 12th - 15th March 2014. The Sectoral Council considered and approved the following seven Council Directives and recommended to the Council for adoption -

(c) Council Directive of EAC on Public Offers for Asset Backed Securities (ABS);
(d) Council Directive of EAC on Collective Investment Schemes (CIS);
(f) Council Directive of EAC on Regional Listings in the Securities Market; and

The Draft Council Directive on Licensing of Market Intermediaries was referred back to Capital Markets, Insurance and Pensions Committee for further work on financial requirements for stockbrokers. At its 28th Meeting, the Council adopted the seven Securities Council Directives and directed the Partner States to implement them accordingly.

3.1.6 Council Directive on Licensing of Market Intermediaries

The Council was informed that the 4th Meeting of the Sectoral Council considered the revised draft Council Directive on Licensing of Market Intermediaries that was referred by the 3rd Meeting of the Sectoral Council to the Capital Markets, Insurance and Pensions Committee for further work on financial requirements for stockbrokers. The Capital Markets, Insurance and Pensions Committee Meeting held in September, 2014 had considered the proposal made by East African Securities Regulatory Authorities and revised the draft directive taking into account the following –

(a) the minimum paid up capital requirement for regional stockbrokers is US$ 240,000 with a five years moratorium for the regional brokers to upscale it to US$ 500,000; and
(b) that a regional stockbroker, dealer and investment bank shall be required to maintain a liquid capital of 8% of its total liabilities. The 4th Meeting of the Sectoral Council approved the revised Council Directive on Licensing of Market Intermediaries hereto attached as Annex XXII.

3.1.7 Additional Six Securities Council Directives

The Sectoral Council noted that the Capital Markets, Insurance and Pensions Committee was informed that Council Directives Technical Working Group (TWG) met in May 2014 and August 2014 and completed development of six additional Council Directives. The process included subjecting the draft directives to stakeholder consultations in each Partner State and incorporating legal drafting experts to assist the TWG at the final stage of drafting. The finalized draft Council Directives developed as follows –

(a) Council Directive on Investor Compensation Schemes that caters for protection of investors, cooperation between investor compensation schemes, reducing of delays in paying out claims to investors, criteria for compensation of investors as well as the administration and funding of investor compensation schemes;
(b) Council Directive on Takeovers and Mergers that provides for guidelines for the conduct of takeover bids and mergers whilst ensuring an adequate level of protection for holders of securities;
(c) **Council Directive on Investor Education and Protection** aimed at increasing transparency in order to inform and empower investors in the securities market, providing efficient and effective mechanisms for handling investor complaints relating to the provision of securities products and improving investor education and awareness and encouraging responsible and informed investor choices and behavior;

(d) **Council Directive on Anti-Money Laundering** in the securities market aimed at harmonizing the standards on Anti-Money Laundering (AML) measures for market intermediaries in the securities markets of Partner States, guiding on documented internal systems and procedures to prevent money laundering including reporting suspicious transactions, applying appropriate customer due diligence like identifying and verifying the identity of applicant for business and providing member of staff with continued Anti-Money Laundering and Countering Financial Terrorism (CFT) training;

(e) **Council Directive on Self-Regulatory Organizations** intended to promote self-regulation in the securities market by supporting Competent Authorities to deal with compliance and operational issues with licensed entities and informing policy decisions by industry input in the development of regulatory initiatives;

(f) **Council Directive on Conduct of Business for Market Intermediaries** which requires intermediaries to ensure that they know their clients and obtain relevant information where suspicious transactions are suspected, avoid conflicts of interest between intermediaries and clients, put in place mechanisms for detecting and deterring manipulation and other unfair trading practices, and employ suitably qualified staff who adequately trained and properly supervised.

The Sectoral Council approved the six (6) Securities Council Directives mentioned above and are hereto attached as **Annex XXIII**. The Council observed that the proposed Council directives are yet to be considered by the Sectoral Council on Legal and Judicial Affairs. Taking into consideration that these will form part of the legal framework of the Community, the Council should refer the same to the Sectoral Council on Legal and Judicial Affairs for legal input.

However, the Council was informed that the directives are a critical output to transiting to the second phase of the project and Partner States should adopt them accordingly. The Republic of Burundi, the Republic of Kenya and the Republic of Rwanda informed the Council that the respective lawyers and experts from the Capital Markets Authorities and financial sector respectively had made substantial legal input to the directives.

The Council appreciated the need to expeditiously bring the Council directives into force and recommended that the Sectoral Council on Legal and Judicial Affairs should meet in early February 2015 to consider the proposed Council Directives and report to the Council at its Extra-Ordinary Meeting scheduled for February 2015.

**The Council –**

(a) took note of the following revised Council Directives on -

(i) Licensing of Market Intermediaries;
(ii) Investor Compensation Schemes;
(iii) Takeovers and Mergers;
(iv) Investor Education and Protection;
(v) Anti-Money Laundering;
(vi) Self-Regulatory Organizations;
(vii) Conduct of Business for Market Intermediaries

(EAC/CM 30/Decision 23);

(b) directed the Secretariat to refer the above Council Directives to the 18th Meeting of the Sectoral Council on Legal and Judicial Affairs scheduled for early February 2015 for legal input and report to the Council at its Extra-Ordinary Meeting in February 2015 (EAC/CM 30/Directive 16); and

(c) directed the Sectoral Council on Legal and Judicial Affairs while considering the proposed Council Directives to invite experts from Capital Markets Authorities and other relevant stakeholders for technical input (EAC/CM 30/Directive 17).

3.1.8 Implementation of the Protocol on the Establishment of East African Monetary Union

The Council was informed that at its 3rd Meeting, the Sectoral Council among others considered the way forward for the implementation of the East African Monetary Union Protocol in line with the directive of the 15th Summit that the Sectoral Council will be responsible for implementation of the East African Monetary Union Protocol and that the Summit be appraised of the progress made on implementation of this Protocol during every ordinary Summit. The Sectoral Council therefore considered the following –

(a) Ratification of the East African Monetary Union Protocol

The Sectoral Council noted that following the Summit directive that all Partner States ratify the East African Monetary Union Protocol by July, 2014, so far The United Republic of Tanzania and the Republic of Rwanda have ratified the East African Monetary Union Protocol and deposited the instrument of ratification with the Secretary General. The Republic of Burundi, Republic of Uganda and the Republic of Kenya are in advanced stages of ratifying the East African Monetary Union Protocol.

(b) Establishment of East African Monetary Union Institutions

The Sectoral Council noted that the 15th Summit among others directed that the Council should establish the institutions necessary for the operation of the East African Monetary Union. Accordingly, the Sectoral Council decided to initiate preparatory work to implement the Summit directive.

(i) The EAC Monetary Institute: The Sectoral Council noted that at its 3rd Meeting it had directed that a taskforce to negotiate and prepare the EAC Monetary Institute Bill be established. However, given that some Partner States have not ratified the East African Monetary Union Protocol, the
preparations have not yet started since the East African Monetary Union Protocol is not yet in force;

(ii) The East African Surveillance and Enforcement Commission: The Sectoral Council noted that the study to develop a surveillance framework was undertaken by the Partner States in collaboration with the IMF. Based on the study report, a working document (in form of a draft Bill) is being prepared for the taskforce to negotiate the draft Bill;

(iii) The EAC Statistics Bureau: The Sectoral Council noted that a working document in form of a draft EAC Statistics Bureau Bill has been developed and will be used by a task force to prepare and negotiate the Bills for East African Monetary Union institutions;

(iv) The EAC Financial Services Commission: The Sectoral Council noted that the Secretariat with support from the IMF is developing working documents to facilitate the Task Force to prepare and negotiate the draft Bill on the EAC Financial Services Commission. The documents include the architecture for financial services and draft Bill on the EAC Financial Services Commission. The Sectoral Council noted that the process of developing the working documents will involve all the key stakeholder institutions in the Partner States.


3.1.9 Matters on the East African Community Development Fund Bill

The Sectoral Council was informed that the process for the establishment of the East African Community Development Fund (EACDF) begun during the 6th Meeting of the Council held on 29th November 2003. Subsequently a draft Policy Framework and a draft EACDF Bill 2012 were developed. The Sectoral Council noted that the Secretariat will convene a final meeting of experts to consider the revised East African Community Development Fund Bill 2012 and submit it to the 31st Meeting of the Council for consideration.

The Council took note of the progress on the development of the East African Community Development Fund Bill, 2012 (EAC/CM 30/Decision 24).

3.1.10 EAC Secretariat Quality Management System Project Roll-Out

The Council was informed that in accordance with Article 71 of the Treaty, the Secretariat undertook the initiative to deliver the objectives of the Community through implementation of the Quality Management System based on ISO 9001:2008. A process approach to handling of activities of the Secretariat has therefore been identified as the most appropriate method to deliver the Community objectives expeditiously and efficiently. A Quality Management System is a documented set of inter-linked activities to ensure conformance to specifications, standards, and stakeholder expectations in the most cost-effective and efficient manner.
Following the successful pilot implementation of the Quality Management System in the Directorate of Planning, the Executive made the decision to roll out the Quality Management System throughout the Secretariat. Roll-out of the System commenced in June 2014 with a Gap Analysis, which established that the Secretariat did not have a defined Quality Management System consisting of clearly identified and documented processes. The implications are that (i) functional as well as organizational practices are not easily traceable; (ii) verification of processes cannot easily be done; and (iii) there is no platform for functional/organizational continual improvement.

(a) Objectives of the Project

The objectives of the Secretariat Quality Management System are to: (i) establish, document and implement ISO 9001:2008-based QMS throughout the Secretariat; (ii) entrench a quality culture that focuses on processes as a basis for continual improvement and stakeholder satisfaction; (iii) improve data support/factual basis for decision making; (iv) improve stakeholders’ perception of the EAC Secretariat; (v) benchmark with regional and international best practices; and (vi) meet regulatory and other requirements for services developed/delivered by the Secretariat.

(b) Project Management Structure

The Project’s Steering Committee comprises the Secretary General (Chair), the Deputy Secretaries General, the Director General (Customs and Trade), and the QMS Focal Officer, while the Technical Working Committee comprises the Deputy Secretary General - Planning and Infrastructure (Chair), Directors, Heads of Departments, and the QMS Focal Officer. Both Committees meet monthly to review progress of implementation of the Project.

(c) Project Funding

The Project is funded under the EAC/GIZ Project Component 1 (Organisational Development of EAC). The total cost of the Project amounts to US$ 450,000 to cover consultancy fees and administrative expenses over the period of June 2014 to December 2015.

(d) Project Achievements

So far, the Project has achieved the following: (i) documentation and implementation of the EAC Strategic Planning Manual which is a reference guide for planning and budgeting processes; (ii) staff awareness, and their appreciation and ownership of the Project; (iii) sign-off of the EAC Secretariat Quality Policy Statement by the Secretary General to demonstrate Management commitment to implementation of the EAC Secretariat Quality Management System; (iv) documentation of processes in the Directorate of Planning and Directorate of Finance; and (v) documentation of the Quality Manual for the Directorates of Finance and Planning.
(e) Project Timelines

The Project aims to have the Directorate of Finance and the Directorate of Planning ISO 9001:2008 certified by the end of the year 2014, and the entire Secretariat certified by December 2015.

The Council took note and commend the Secretariat for initiating the EAC Quality Management System (EAC/CM 30/Decision 25).

3.2 INFRASTRUCTURE

The Council was informed that the 12th Meeting of the Sectoral Council on Transport, Communications and Meteorology that had been scheduled for November, 2014 was not held due to the preparations for the 3rd Retreat of Heads of State on Infrastructure Development and Financing. Therefore, the regular items under infrastructure will be considered at the Sectoral Council on Transport, Communication and Meteorology planned for February, 2015. A Joint Meeting of Sectoral Councils was convened instead bringing together Cabinet Secretaries and Ministers responsible for Transport, Roads, Railways, Ports/Inland Waterways, Energy, Communications, Finance and EAC matters to consider the status of documentation and general preparations for the Retreat. The decisions of the Joint Meeting of Sectoral Councils are summarized below.

3.2.1 Introduction

The Council was informed that at their 2nd Retreat on Infrastructure Development and Financing held on 29th November, 2012, the Heads of State directed that the Retreat be institutionalized in the Summit Calendar and that it be held biennially. Pursuant to the foregoing Summit directive the 3rd EAC Retreat of the Heads of State on Infrastructure Development and Financing is planned to be held on 29th November, 2014 in Nairobi.

3.2.1.1 Convening of the Joint Meeting of Sectoral Councils

The Council was informed that Joint Meeting of Sectoral Councils was held on 11th – 14th November, 2014 as part of the preparations for the 3rd Retreat of the EAC Heads of State on Infrastructure Development and Financing. The Meeting received updates and made decisions on reports which will form part of the Retreat documentation as reported below.

3.2.2 Status of Implementation of the Directives of the 2nd Retreat

The Matrix that was considered and adopted by the Joint Meeting of Sectoral Councils on the status of implementation of the directives issued at the 2nd Retreat was updated during the meeting and the revised matrix is as shown below.
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<td>implementation.</td>
<td>2014/2015, about US$ 150,000/- has been allocated for counterpart funding.</td>
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<td>ii) With the support of AfDB, JICA, TMEA, the EU and the World Bank detailed designs, project packaging, and mobilization of resources for the implementation of projects which were prioritized during the 2nd Retreat. Currently, 16 projects are under construction with an estimated value of US$ 5.0 billion.</td>
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<td>Embraced the need for strong infrastructure partnerships with neighbouring countries for the development of regional infrastructure, exploitation and interconnection of power and energy resources between EAC and the neighbouring countries.</td>
<td>i) The EAC Secretariat signed a Strategic Cooperation Framework Agreement on 2nd June, 2014 with the East African Corridors agencies, including Central Corridor Transit Transport Facilitation Agency, the Northern Corridor Transit and Transport Co-ordination Authority and the Lamu Port, South Sudan and Ethiopia (LAPSSSET) Corridor Development Authority to bring on board the infrastructure capacity requirements for the neighbouring States. Collaborative meetings and joint project identification missions have been held. ii) On power interconnectors and power generation projects, the Community is cooperating with the Eastern and Southern Africa Power pools in the implementation the Zambia-Tanzania-Kenya (ZTK) interconnector, among others (through Intergovernmental Agreements). In Kenya, the ZTK project is at contractor procurement stage. An Intergovernmental Agreement is scheduled to be signed in December 2014. Construction of 400kV Kenya-Uganda interconnector is on-going, feasibility study has been undertaken for 400kV Rongai-Kilgoris as part of Lake Victoria Ring. Rusizi III (Under negotiations for implementation and project promoter Sithe Global IPS already procured). iii) Under the AU Programme for Infrastructure Development in Africa (PIDA) and the COMESA-EAC-SADC Tripartite Framework, the EAC is collaborating in the implementation of infrastructure linking the sub regions. These include Isiolo – Moyale – Addis Ababa road and the Ethiopia – Kenya 500 High Voltage Direct Current Transmission Line. A number of one stop border post projects between EAC countries and those of neighbouring RECs are also being implemented. These include Tunduma / Nakonde (Tanzania/Zambia), Mpondwe/Kasindi (Uganda / DRC), Moyale (Kenya / Ethiopia), Kasumulo (Tanzania / Malawi) among others.</td>
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<td>c)</td>
<td>Directed the Council and EAC Secretariat to carry out high level promotions and engagements with key partners for mobilization of the required financing and investments to undertake the implementation of the prioritised regional projects to support effective industrialization and trade facilitation in the region</td>
<td>i) The Heads of State have individually and jointly promoted the EAC Infrastructure priority projects to Russia, Japan, China, USA and India. Major investment commitments have been realised for railways and ports projects. For example, the Chinese Government has extended a US$ 3.8 billion loan to the Kenyan Government for the development of the Standard Gauge Railways. Negotiations for the development of SGR in</td>
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<td>and report progress at the Extra Ordinary Summit in April 2013.</td>
<td>Uganda and Rwanda and for Mbegani Port in Tanzania are on-going. The USA has also committed to support power generation and transmission projects under the Power Africa initiative.</td>
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<td>ii) The Heads of State, Ministers and the Secretariat participated at the TICAD V held in Yokohama in June, 2013. Likewise, the then Chairman of the Summit H.E Yoweri Kaguta Museveni, President of the Republic of Uganda represented EAC at the Brazil, Russia, India, China and South Africa (BRICS) Summit held in Durban in March, 2013.</td>
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<td>iii) In July 2013, the Council in collaboration with the European Union held an international Conference in Kampala, Uganda on Trans-East African Networks with the theme “Financing Infrastructure for the Future Generation in the EAC Region”. The Conference targeted the mobilisation of private sector resources and the opportunities for blending of resources for infrastructure development.</td>
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<td>iv) The Secretariat has engaged and secured US$ 2.7 million from AfDB (through NEPAD-IPPF) for supporting project preparation for two multi-national road projects to enhance the linkages of Rwanda and Burundi to the Central Corridor: i) Nyakanazi – Kasulu – Manyovu / Rumonge – Bujumbura road and ii) Lusahunga – Rusumo / Kayonza – Kigali road.</td>
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<td>v) The World Bank has expressed willingness to commit US$ 450 million to support implementation of the Intermodal Transport Strategy being coordinated by the EAC Secretariat.</td>
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<td>d) Directed the Council to embrace and develop regional policy and legal frameworks that will allow for financial blending including the participation of the regional and international private sector investors in infrastructure development; and strengthen partnerships with direct foreign investors by making use of the current expressed interests by a number of development partners and private investors to the EAC region. Further requested development partners to enhance their support for regional infrastructure development.</td>
<td>i) The Council is fast tracking the implementation of the Project on the EAC Financial Sector Development and Regionalization Project (EAC-FSDRP) and the Payment and Settlement Systems Integration Project. This will facilitate the issuance of regional infrastructure bonds;</td>
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<td>ii) Under the EDF 11, the following major infrastructure projects have been proposed:</td>
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<td>• Roads: the Nyanguge – Simiyu / Mara border, Musoma – Sirari – Ahero &amp; Kitale - Kapenguria – Lodwar – Lockichogio; the Cankuzo – Gahumo / Murusagamba – Nyakahura roads;</td>
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<td>• Energy: Masaka – Mwanza and Iringa – Mbeya transmission lines.</td>
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<td>i) The Community is in consultations with the African Development Bank (AfDB) on possibilities of accessing the Africa50 Fund and, the Africa Growing Together Fund (AGTF/China) and the ADF XIV for financing of infrastructure projects. The various projects will be identified from the Heads of State priority list and by Partner States.</td>
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| e)  | Directed the Council to put in place policies, legal and regulatory frameworks that will induce reduction of the gestation period of projects, from conception to implementation in order to hasten the development of a pipeline of well packaged infrastructure projects for investments and engagement with development partners and investors. | i) Under the on-going institutional review, a study on the proposal to establish an EAC Infrastructure Co-ordination Agency will be undertaken;  
ii) The development of a policy proposal on a regional PPP framework is on-going;  
iii) The EAC has developed a harmonization framework for road sector policies, standards and specifications to facilitate the procurement of consultants and contractors in the region.  
iv) The national institutions of Engineers have established a cooperation framework which will further improve the quality of infrastructure in the region and ensure uniformity of procedures.  
v) The Secretariat will during FY 2015/2016 bring together the national procurement agencies to dialogue on the possibilities of harmonizing procurement laws in the region.  
vi) With the approval by the Council of a 1.5% levy on dutiable imports into the region, the Partner States will have resources to cater for counterpart funding for priority projects. Kenya and Uganda are already implementing initiative and Rwanda commences implementation in January, 2015. |
| f)  | Directed the Partner States and the Council to establish necessary technical, financial and transaction capacities required for assembling bankable projects and run them through the procurement and implementation processes within targeted timeframes. | The following initiatives are on-going:  
i) the Draft Bill on the EAC Development Fund is undergoing stakeholder review;  
ii) India and China have provided scholarships for training of experts in project management;  
iii) The Australian Government together with the NEPAD Planning & Co-ordination Agency are supporting a program - the Infrastructure Skills for Development (IS4D) - through provision of scholarships to 40 experts from the region for on-the-job training in procurement, PPP transactions and contract management;  
v) The AfDB is implementing a PIDA capacity building project to support RECs in the implementation of the PIDA priority action plan projects |
| g)  | Directed the Council to develop a time-bound investment strategy with clear financing options for the priority projects with effective monitoring and evaluation mechanisms to ensure that projects are coordinated and managed effectively. | The Secretariat, with the support of the AfDB, has developed a 10-Year Investment Strategy (2015 – 2024). |
| h)  | Directed the Council to report progress on the implementation of the infrastructure priority projects adopted by the Retreat on a biennial basis. | With support from TMEA, the Secretariat has prepared a report which will be considered by the Heads of State. |
| j)  | Directed the Council to develop a framework of cooperation with neighbouring states to anchor the development of regional infrastructure involving these Partner | i) On the basis of the Tripartite MoU between COMESA, EAC and SADC with cooperation with IGAD the Council has approved the implementation of cross regional projects and programmes; and |
The Joint Meeting of Sectoral Councils –

(a) took note of the status of implementation of the directives issued at the 2nd Retreat;
(b) directed Partner States and the Secretariat to expedite the implementation of the directives that were still under implementation;
(c) directed the Partner States to develop, from the priority list and other sources, national and regional infrastructure project proposals for consideration under the ADF XIV pipeline financing; and
(d) approved the use of the status report on the implementation of the 2nd Heads of State Retreat on Infrastructure Development and Financing to develop the briefing to the Heads of States on the implementation of their previous directives.

The Council took note of the decisions of the Joint Meeting of Sectoral Councils and the revised matrix of the status of implementation of the directives of the Heads of State at their 2nd Retreat on Infrastructure Development and Financing (EAC/CM 30/Decision 26).

3.2.3 Progress of Implementation of the Priority Projects

The EAC Heads of State at their 2nd Retreat held in Nairobi, Kenya on 29th November, 2012 directed the Council to report progress on the implementation of the infrastructure priority projects adopted by the Retreat on a biennial basis. The Secretariat in responding to this directive secured support from TradeMark East Africa (TMEA) and commissioned Aurecon to prepare updates on EAC Heads of State Priority Infrastructure Projects Updates for which a report including project fiches has been produced. Following the study by Aurecon the 72 projects prioritised by the Heads of State were subdivided into 176 sub-projects. The status of the projects as on 15th November 2014 is summarized below –

(a) 56 Projects are at Idea/Concept (Stage 1)
(b) 18 Projects are at Pre-feasibility (Stage 2)
(c) 30 Projects are at Detailed Design & Structuring (Stage 3a)
(d) 25 Projects are at Financing (Stage 3b)
(e) 22 Projects are at Tendering (Stage 4a)
(f) 17 Projects are at Construction/Implementation (Stage 4b)
(g) 08 Projects are at Completion/Operation (Stage 4c)
In terms of Financing, there were 9 “mega” projects (each with a capital value above USD 1 billion) which were mostly in the Energy and Rail sectors and a further 18 “macro” projects (with a capital value above USD 100 million for each project). The remaining projects were classified as “micro” (with capital values of less than USD 100 million each). A summary of the implementation status of all the 72 projects and 176 sub-projects is attached hereto as Annex XXIV.

The Joint Meeting of Sectoral Councils –

(a) Took note of the updated status of the implementation of the priority projects and programmes approved by the Heads of State at their 2nd Retreat;
(b) Directed Partner States and the Secretariat to mobilise requisite resources for the implementation of those projects that had not made noticeable progress and expedite the conclusion of the preparatory processes for those projects at the stage of detailed designs for investment scheduling;
(c) Directed the Secretariat to ensure that briefing documents and consultancy reports for the subsequent biennial Heads of State Retreats be availed to Partner States at least two months prior to the Retreat;
(d) Directed the Secretariat to share the draft Report with updated information with the Partner States by 19th November 2014; and
(e) Approved the use of the summarised report, once updated, on the implementation progress on the priority infrastructure projects to develop the briefing to the 3rd EAC Heads of State Retreat on the status of implementation of the respective projects.

The Council took note of the decisions of the Joint Meeting of Sectoral Councils and the revised status of implementation of the priority projects and programmes (EAC/CM 30/Decision 27).

3.2.4 10-Year Investment Strategy for the Priority Projects

The Council was informed that the EAC Heads of State at their 2nd Retreat held on 29th November, 2012 directed the Council to develop an Investment Strategy with clear financing options and timeframes for the Priority Projects with effective monitoring and evaluation mechanisms to ensure that projects are implemented and managed effectively. In response to this directive by the Heads of State, the EAC Secretariat, with support from the African Development Bank (AfDB), commissioned consultants, BIGEN Africa, to prepare the 10-Year Infrastructure Investment Strategy.

The following are the main conclusions of the study –

(a) a key constraint to the realisation of the priority regional infrastructure projects is lack of capacities and resources to move them to bankability;
(b) large scale cross-border infrastructure programs are best prepared on a regional basis, with implementation at individual country level;
(c) projects that reach financial close should combine equity and debt funding in a risk balanced fashion, where the future revenue streams provide the lenders with comfort that the capital and interest can be serviced; and
(d) in order to fast track delivery of the priority projects, the need for an EAC entity to coordinate and prepare regional projects was proposed.

The Joint Meeting of Sectoral Councils –

(a) took note of the draft 10-Year Infrastructure Investment Strategy; and
(b) decided that consideration of the establishment of the EAC Infrastructure Development Co-ordination Agency should wait for the conclusion of the study already approved by Council.

The Council took note of the decisions of the Joint Meeting of Sectoral Councils and the revised Investment Strategy for consideration by the Heads of State at their 3rd Retreat on Infrastructure Development and Financing (EAC/CM 30/Decision 28).

3.2.5 Intermodal Transport Development in East Africa

The Joint Meeting of Sectoral Councils received and considered a Report on Regional Transport Intermodal Strategy and Action Plan along the Central and Northern Corridors in East Africa. The meeting was informed that the Study was commissioned by the EAC through the support of the World Bank and that the Study was based on a joint request made by the EAC Ministers of Finance to the World Bank to support intermodal transport development in the EAC. During its presentation, the World Bank confirmed its willingness to support this Regional Initiative to the tune of US$ 450 million.

The Joint Meeting of Sectoral Councils –

(a) took note of the development of the Intermodal Transport Strategy supported by the World Bank and its willingness to commit US$ 450 million to fast track the implementation of the recommendations and projects already agreed upon under the Strategy;
(b) adopted the Draft Intermodal Transport Development Strategy and directed the Secretariat to ensure that comments from Partner States are incorporated before the Strategy is concluded by 21st November, 2014; and
(c) directed the Secretariat to request the World Bank to enhance the funding envelope to at least US$ 1.5 billion.

The Council took note of the decisions of the Joint Meeting of Sectoral Councils and the revised Intermodal Strategy for consideration by the Heads of State at their 3rd Retreat on Infrastructure Development and Financing (EAC/CM 30/Decision 29).

3.2.6 The Draft Communiqué

The Joint Meeting of Sectoral Councils considered the draft Communiqué and revised it. The draft Communiqué is attached hereto as Annex XXVII.

The Joint Meeting of Sectoral Councils –
(a) took note of the Draft Communiqué for the 3rd EAC Heads of State Retreat on Infrastructure Development and Financing; and
(b) recommended the Draft Communiqué to the Council for consideration.

The Council took note of the revised Draft Communiqué and recommend it for consideration by the Heads of State at their 3rd Retreat on Infrastructure Development and Financing (EAC/CM 30/Decision 30).

3.2.7 Status of Preparations for the Retreat

The Joint Meeting of Sectoral Councils considered reports from the Secretariat and the Republic of Kenya on the logistics and administrative arrangements for the 3rd Retreat of Heads of State on Infrastructure Development and Financing. Details of the reports are contained in the Report of the Joint Meeting of Sectoral Councils.

The Joint Meeting of Sectoral Councils -

(a) took note of the status of the preparations towards the hosting of the 3rd EAC Heads of State Retreat on Infrastructure Development and Financing; and
(b) directed the Secretariat to forward the thematic script for the video documentary on infrastructure to the Partner States by Monday 17th November 2014

The Council took note that the script was circulated as directed and the development of the Documentary is on-going (EAC/CM 30/Decision 31).

3.2.8 Harmonized EAC Roaming Charges and Progress towards Establishment of One-Network-Area within the EAC

The Council considered a report from the Secretariat on the process towards the establishment of a one-network area in the EAC region, with a view to reducing the currently prohibitive roaming charges. The meeting was informed that roaming data was collected, compiled and analysed. In addition, principles and methodology for proposing harmonized roaming charges were developed. Based on the analysis and principles, the Committee proposed the following framework for harmonized EAC roaming charges –

(a) wholesale tariff (i.e. inter-operator tariff – IOT) be capped at USD 0.07 for traffic originating and terminating within EAC;
(b) the retail tariff be capped at USD 0.10 for traffic originating and terminating within EAC; and
(c) no charge for receiving calls while roaming within the EAC.

The Joint Meeting of Sectoral Councils –

(a) took note -
   (i) of progress towards reducing charges for international mobile roaming and establishment of one-network-area within the Community; and
   (ii) that the study on roaming will propose a legal framework for roaming within the EAC;
[b) approved the following framework for harmonized EAC roaming charges -
   (i) wholesale tariff (i.e. inter-operator tariff) shall be capped at US$ 0.07/Min for traffic originating and terminating within EAC;
   (ii) Retail tariff shall be capped at US$ 0.10/Min, inclusive of taxes, for traffic originating and terminating within EAC; and
   (iii) There shall be no charge for receiving calls while roaming within the EAC.

c) directed Partner States to -
   (i) implement the framework for harmonized EAC roaming charges and complete the process by 15th July, 2015; and
   (ii) Establish systems to prevent traffic refilling, fraud, and other illegal termination of traffic;

d) requested Partner States to -
   (i) remove such charges for international telecommunications traffic originating and terminating within the EAC, by 15th July 2015; and
   (ii) harmonize taxes on telecommunications traffic;

e) directed the Secretariat to convene a meeting of the Sectoral Council on Transport, Communication and Meteorology by February, 2015 to agree on a roadmap for attaining the 15th July, 2015 completion date for the full implementation of the framework; and

f) decided that the issue of incorporation of a ‘fair use policy’ within the framework be considered in detail by the meeting referred to in (e) above.

The Council was informed by the Republic of Kenya and the Republic of Rwanda that they have bilaterally reduced their roaming charges.

The Council –

[a) adopted the decisions of the Joint Meeting of the Sectoral Councils of Transport, Communications and Meteorology, Sectoral Council on Energy and the Sectoral Council on Trade, Industry, Finance and Investment on the matter of roaming charges within East Africa (EAC/CM 30/Decision 32); and

[b) recommended to the Summit to declare the completion of the implementation of the EAC Roaming Charges Framework by end of 15th July 2015 (EAC/CM 30/Decision 33).

PART IV REPORT ON PRODUCTIVE AND SOCIAL SECTORS

4.1 PRODUCTIVE SECTORS

4.1.1 Agriculture and Food Security Sector

The Council was informed that at its 7th Meeting held on 5th September 2014, the Sectoral Council on Agriculture and Food Security considered the progress reports on the implementation of previous Sectoral Council decisions and directives, and other reports on implementation of EAC food Security Action Plan. The decisions and directives made by the Sectoral Council are contained in a Report Ref: EAC/SR/170A/2014.
The Sectoral Council made the following decisions that have financial and policy implications -

4.1.1.1 Development of EAC Food and Nutrition Security Policy

The Sectoral Council was informed that development of the East African Community Food and Nutrition Security Policy (FNSP) is one of the fundamental priorities under implementation of the EAC Food Security Action Plan (FSAP). The overall goal of the policy is to ensure food security and adequate nutrition for the people in the East African region throughout their life cycle, for their health as well as their social and economic well-being.

The Sectoral Council adopted the policy in principle awaiting The United Republic of Tanzania to clear with her policy organs.

4.1.1.2 EAC Draft Regional Post-Harvest Handling and Storage Measures for Aflatoxin Abatement

The Sectoral Council was informed that the EAC Regional Post-Harvest Handling and Storage Measures for Aflatoxin Abatement have been developed through a series of technical meetings involving experts from the EAC Partner States. The main objectives of EAC regional post-harvest handling and storage measures for aflatoxin abatement are to: support Partner States implements integrated systems of post-harvest handling, storage and processing methods to minimize aflatoxin contamination; and improve knowledge of local scientists, farmers, storage operators, processors, distributors and consumers about aflatoxin prevention and control measures.

The Sectoral Council -

(a) adopted EAC Regional Post-Harvest Handling and Storage Measures for Aflatoxin control; and
(b) directed the Secretariat to mobilize resources and finalize pending work on aflatoxin control along the value chains in areas of crops, livestock and fisheries.

4.1.1.3 Development of a Plan of Action for Enhancing Resilience of Pastoralists in Arid and Semi-Arid Lands in the EAC

The Sectoral Council was informed that the final draft of Regional Action Plan on Enhancing Resilience of Pastoralists in Arid and Semi-Arid Lands was finalised. The draft Regional Action Plan on Enhancing Resilience of Pastoralists in Arid and Semi-Arid Lands in the EAC is hereto attached as Annex XXVIII.

The Sectoral Council -

(a) considered and adopted the Action Plan for Enhancing Resilience of Pastoralists in Arid and Semi-Arid Lands in the EAC;
(b) directed the Secretariat to implement the Action Plan for Enhancing Resilience of Pastoralists in Arid and Semi-Arid Lands in the EAC in accordance with Article 15 (1) of the EAC Common Market Protocol;
(c) directed the Secretariat to bring together Sectoral Councils of Agriculture and Food Security and that of Environment on matters of access to water for livestock.

4.1.1.4 EAC Livestock Policy

The Partner States reached consensus after extensive discussions that the Livestock Policy had met the EAC requirements for development and validation of a regional policy instrument and that the Livestock policy was technically sound and ready for adoption. The Sectoral Council noted the need for Tanzania to clear with the policy organs and report to the Council by November 2014. The EAC Livestock Policy hereto attached as Annex XXIX.

The Sectoral Council adopted the policy in principle awaiting The United Republic of Tanzania to clear with the policy organs. The Council was informed by The United Republic of Tanzania that she is still considering the proposed EAC Food Security and Nutrition Policy and therefore the adoption of the same should be deferred.

4.1.1.5 Livestock Production Data

The Sectoral Council took note of the progress made in the development of livestock data capturing instruments. The proposed harmonised data collection instruments are hereto attached as Annex XXX.

The Sectoral Council -

(a) considered and adopt the improved livestock production data capturing instruments; and
(b) directed the Secretariat to mobilize resources and develop fisheries and crops data capturing instruments by June 2015.

4.1.1.6 Draft EAC Aquaculture Strategy and Implementation Framework

The Final Draft of Aquaculture Strategy and Implementation Framework were considered by the Sectoral Council as per the directives of the 6th Sectoral Council of Agriculture and Food Security. The Aquaculture Strategy and Implementation Framework is hereto attached as Annex XXXI.

The Sectoral Council -

(a) adopted the Draft EAC Aquaculture Strategy and Implementation Framework; and
(b) directed Partner States to implement the EAC Aquaculture Strategy and Implementation Framework.
4.1.1.7 Technical and Financial Requirements of The Roll Out for the Comprehensive Regional Food Balance Sheet

The Sectoral Council was informed that development of the East African Community Regional Food Balance Sheet (RFBS) is one of the fundamental priorities under implementation of the EAC Food Security Action Plan (FSAP). The Sectoral Council noted the progress made in the development of RFBS and considered a proposal on technical and financial requirements for the roll out of the comprehensive Regional Food Balance Sheet hereto attached as Annex XXXII.

The Sectoral Council -

(a) considered and adopted the proposal on technical and financial requirements for the roll out plan of the comprehensive Regional Food Balance Sheet;
(b) directed Secretariat to develop a comprehensive proposal and resource mobilization for implementation of a comprehensive Regional Food Balance Sheet by June 2015; and
(c) urged Partner States to provide budgetary allocations to support national food balance sheet as from FY 2015/2016.

4.1.1.8 Development of a Tool to Capture Data on Implementation of EAC Food Security Action Plan

The Sectoral Council was informed that the 6th Meeting of the Sectoral Council on Agriculture and Food Security directed the Secretariat to develop a monitoring tool for capturing data on implementation of the EAC Food Security Action Plan (FSAP). The Sectoral Council was informed that a draft Monitoring and Evaluation hereto attached as Annex XXXIII has been developed by the Secretariat.

The Sectoral Council -

(a) considered and adopt the EAC Monitoring and Evaluation Framework for the Food Security Action Plan; and
(b) directed the Secretariat and Partner States to start implementing the EAC Food Security Action Plan M&E Framework by July 2015.

4.1.1.9 Staffing of the Department of Agriculture and Food Security at the EAC Secretariat

The Sectoral Council underscored that the staffing levels at the Secretariat is not adequate to efficiently and effectively undertake the functions of coordinating the sector. Considering the importance of the agriculture sector to the EAC, the 28th Meeting of the Council took a decision EAC/CM/28/Decision 103 on urgent need for recruitment of staff to in the Agriculture and Food Security Department at the EAC Secretariat for priority positions of an agronomist, veterinary officer and fisheries officer. To date the decision is yet to be implemented. Consequently, the department of agriculture and food security remains constrained to perform its duties. The Sectoral Council reiterated that the Agriculture Sector is the main stay of the majority of the East Africans and contributes significantly to the socio-economic development of the region, yet the department charged with the mandate of spear
heading the sector is extremely understaffed. There is therefore urgent need to increase human capacity at the Secretariat.

The Sectoral Council -

(a) reiterated the Council of Ministers’ decision on the urgent need to recruit the required staff of the agriculture and food security department; and
(b) appealed to the Council to give a special waiver to recruit the three staff in the department in view of the on-going institutional review.

4.1.1.10 Maize Lethal Necrotic Disease

The Sectoral Council underscored that Maize Lethal Necrotic Disease (MLND) is posing a major threat to food security in the region. To this end, the EAC Secretariat has developed a proposal on control and prevention of the disease. The proposal has been submitted to various developments partners for support. Reports from the field however indicate the disease is spreading and will have negative significant effect on production of maize in the region. The Sectoral Council noted that at Partner States level there are various initiatives that are being undertaken in regard to the control of MLND. The Sectoral Council directed the Secretariat to mobilize resources for control and prevention of Maize Lethal Necrotic Disease in the EAC Region by December 2015.

4.1.1.11 Emerging Challenges in Pest and Disease Control

The Sectoral Council expressed concern on the threat of other emerging pests and diseases of crops and animals within the Community such; Invasive alien species (e.g. *prosopis juliflora*, *parthenium hysterophorus*); Banana bacterial wilt disease; Cassava Brown Streak Virus Diseases; and Emerging diseases for both animal and crops. In this regard, the Sectoral Council observed the need to enhance the research capacity in the region to address these challenges.

The Sectoral Council -

(a) directed the Secretariat to organise a high level forum/think tank of senior researchers and other international partners to discuss the issues of emerging diseases, pests and invasive alien species and propose solutions for the EAC;
(b) directed the Secretariat to develop contingency plans for addressing the emerging challenges including information sharing mechanisms between Partner States; and
(c) urged Partner States to strengthen and implement contingency plans for addressing the emerging challenges.

The Council –

(a) took note of the decisions of the 7th Meeting of the Sectoral Council on Agriculture and Food Security (*EAC/CM 30/Decision 34*);
(b) referred the following decisions of the Sectoral Council on Agriculture and Food Security with financial implications to the Finance and Administration Committee -
(i) give a special waiver to recruit the three staff in the department in view of the on-going Institutional Review (EAC/CM 30/Decision 35); and

(ii) directed Partner States to provide budgetary allocations to support national food balance sheet as from FY 2015/2016; (EAC/CM 30/Directive 19);

(c) adopted EAC Regional Post-Harvest Handling and Storage Measures for Aflatoxin Control (EAC/CM 30/Decision 36);

(d) adopted the EAC Action Plan for Enhancing Resilience of Pastoralists in Arid and Semi-Arid Lands in the EAC (EAC/CM 30/Decision 37 ___);

(e) directed Partner States to implement the Action Plan for Enhancing Resilience of Pastoralists in Arid and Semi-Arid Lands in the EAC in line with Article 15 (1) of the EAC Common Market Protocol (EAC/CM 30/Directive 20);

(f) directed the Secretariat to convene a Joint Meeting of the Sectoral Councils of Agriculture and Food Security and the Sectoral Council on Environment and Natural Resources to deliberate on matters of access to water for livestock (EAC/CM 30/Directive 21);

(g) adopted the Draft EAC Aquaculture Strategy and Implementation Framework; (EAC/CM 30/Decision 38);

(h) directed the Secretariat to organise a high level forum/think tank of senior researchers and other international partners to discuss the issues of emerging diseases, pests and invasive alien species and propose solutions for the EAC (EAC/CM 30/Directive 22);

(i) directed the Secretariat to develop contingency plans for addressing the emerging challenges in control and prevention of Maize Lethal Necrotic Disease including information sharing mechanisms between Partner States (EAC/CM 30/Directive 23);

(j) directed Partner States to strengthen and implement contingency plans for addressing the emerging challenges in control and prevention of Maize Lethal Necrotic Diseases (EAC/CM 30/Directive 24); and

(k) directed The United Republic of Tanzania to submit her comments on the Food Security and Nutrition Policy and the Livestock Policy to the Secretariat by 28th February 2015 (EAC/CM 30/Directive 25).

4.1.2 ENERGY SECTOR

4.1.2.1 Report of the 9th Meeting of the Sectoral Council on Energy

The Council was informed that at its 9th Meeting held on 21st March 2014, the Sectoral Council on Energy approved the East African Centre for Renewable Energy and Energy Efficiency (EACREEEE) project document and the establishment of the Center (EAC/SCE 9/Decisions 02 and 03). The overall objective of the Centre is to contribute towards increased access to modern, affordable and reliable energy services, energy security and mitigation of externalities of the energy system (e.g. local pollution and green-house gas emissions) by creating an enabling environment for renewable energy and energy efficiency markets and investments. The center shall complement and strengthen ongoing national activities in the areas of policy and capacity development, knowledge management and raising awareness as well as investment and business promotion.
The Council recalled that at its 29th Meeting held on 19th September, 2014, the Council took note of the decisions of the 9th Meeting of the Sectoral Council on Energy (EAC/CM 29/Decision 33) and directed the Secretariat to prepare a concept paper on the establishment of the East African Centre for Renewable Energy and Energy Efficiency (EACREEE) and submit it to the 30th Meeting of the Council for consideration (EAC/CM 29/Directive 19). The Concept Paper is attached hereto as Annex XXXIV.

The Council appreciated the role of the renewable energy in the economic development of the region and agreed in principle to recommend to the Summit to establish the East African Centre for Renewable Energy and Energy Efficiency should be established as an institution of the Community. Furthermore, the Council noted the challenges of establishing an institution without sustainable financing and therefore noted the need for the Secretariat, in the meanwhile, to work out the financing modalities and analysis to ensure the sustainability of the East African Centre for Renewable Energy and Energy Efficiency by 31st March 2015 and report to the Council at its 31st Meeting.

The Council –

(a) took note of the Concept Note on the establishment of the East African Centre for Renewable Energy and Energy Efficiency (EAC/CM 30/Decision 39); and

(b) directed the Secretariat to work out the financing modalities and analysis to ensure the sustainability of the East African Centre for Renewable Energy and Energy Efficiency by 31st March 2015 and report to the 31st Meeting of the Council scheduled for April 2015 (EAC/CM 30/Directive 26).

4.1.3 ENVIRONMENT AND NATURAL RESOURCES SECTOR

4.1.3.1 Report of the 2nd Extra Ordinary Meeting of the Sectoral Council on Environment and Natural Resources

The Council was informed that the 2nd Extra Ordinary Meeting of the Sectoral Council on Environment and Natural Resources was convened on 29th – 30th October 2014. However, the meeting ended at the level of the Session of the Senior Officials due to lack of quorum at the levels of Permanent Secretaries and Ministers.

The Council directed the Secretariat to re-convene a meeting of the Sectoral Council on Environment and Natural Resources and submit report to the Council at its 31st Meeting for consideration (EAC/CM 30/Directive 27).
4.2 SOCIAL SECTORS

4.2.1 EDUCATION, SCIENCE AND TECHNOLOGY, CULTURE AND SPORTS

4.2.1.1 Report of the 12th Meeting of the Sectoral Council on Education Science and Technology Culture and Sports

The Council was informed that the Ministerial Session of 12th Meeting of the Sectoral Council of Education Science and Technology Culture and Sports, which was expected to take place in Arusha on 27th October 2014, did not take place as scheduled due to lack of quorum. The said meeting has been re-scheduled to take place during the first quarter of 2015.

4.2.2 HEALTH SECTOR

4.2.2.1 Report of the 10th Meeting of the Sectoral Council on Health

The Council was informed that at its 10th Meeting held on 13th - 16th October 2014, the Sectoral Council on Health considered the progress of implementation of various regional health programmes and activities and made various recommendations, directives and decisions which are contained in their Report Ref: EAC/Health/SCM/010/2014. In addition, the Sectoral Council considered the progress of EAC Regional Emergency Preparedness and Response to Ebola Virus Disease (EVD) in the East African Community Partner States and also the current situation of Ebola Virus Disease (EVD) Epidemic in the West African Countries and issued a Joint Ministerial Communiqué on “Ebola Virus Disease Emergency Preparedness and Response in the East African Community Partner States and Support to the Western African Countries” on Thursday, 16th October 2014. The Sectoral Council made decisions which have policy, legal and financial implications.

The Sectoral Council -

(a) approved hosting of the 6th Annual East African Health and Scientific Conference in March 2016 by the Republic of Burundi (EAC/Health/SCM-10/Decision 006);
(b) approved the draft Job descriptions and the proposed qualifications for each of the seven priority posts for the EAC Health Research Commission (EAC/Health/SCM-10/Decision 009) that are hereto attached as Annex XXXV;
(c) directed the Secretariat to develop Regional Health Policy and Legal Framework that incorporate Social Health Protection (SHP) Systems and universal health coverage harmonization (EAC/Health/SCM-10/Directive 009);
(d) directed the Secretariat to establish a Coordinating Office within the Secretariat to handle Social Health Protection (SHP) Systems and universal health coverage harmonization (EAC/Health/SCM-10/Directive 011);
(e) directed the Secretariat to convene joint meeting of the Inter University Council of East Africa, Regulatory Professional Bodies and Commission for Universities within the Partner States to review the existing Joint inspection tools for the training of medical doctors and dentists, and develop tools for other health professionals (EAC/Health/SCM-10/Directive 018);
(f) approved the EAC Regional Ebola Emergency Preparedness and Response Plan of Action (EAC/Health/SCM-10/Decision 018);

(g) directed the Secretariat to constitute a Regional Haemorrhagic Fever Task Force (EAC/Health/SCM-10/Directive 021);

(h) recommended to the Council to approve the allocation of supplementary budget $750,000 from the EAC General Reserve Fund to support the EAC regional communicable diseases emergency preparedness and response to Ebola virus disease and other highly communicable diseases (EAC/Health/SCM-10/Decision 020);

(i) recommended to the Council to allocate $500,000 annually for regional communicable diseases emergency preparedness and response activities (EAC/Health/SCM-10/Decision 021);

(j) directed the Partner States to deploy a team of medical experts, health workers and funds to support Ebola Virus Disease Containment in the affected West African countries of Liberia, Guinea and Sierra Leone;

(k) directed the Secretariat to liaise with the Partner States and implement all the previous decisions and directives of both SCTIFI and the Sectoral Council on Health with regard to the implementation of the WHO Framework Convention on Tobacco Control (WHO-FCTC) (EAC/Health/SCM-10/Directive 028);

(l) endorsed the establishment of the proposed “East African Community Medicines and Food Safety Commission (EACMFSC)”;

(m) approved the EAC Regional HIV and AIDS Response Report and forward the same to the Council for adoption (EAC/Health/SCM-10/Decision 051);

(n) approved the EAC Comprehensive Analysis Report of HIV laws, polices and strategies and forward the same to the Council for noting (EAC/Health/SCM-10/Decision 052);

(o) recommended to the Council to refer the zero rate (not tax) the equipments, materials, electrical gadgets and fixtures and fittings used in quality control/assurance laboratories for medicines and medical devices and diagnostics to the Sectoral Council for Trade, Industry, Finance and Investment for consideration (EAC/Health/SCM-10/Decision 068);

(p) directed the Republic of Kenya to fast track the process of establishing the Food and Medicines Authority (EAC/Health/SCM-10/Decision 032).

The Council observed that Partner States already have national units on food and medicine and therefore there is no need to establish an East African Community Medicines and Food Safety Commission. The Council may direct Partner States to strengthen their existing institutions at national levels.

4.2.3 Establishment of the East African Community Centre of Excellence for Nutrition and Health Sciences in the Republic of Burundi

The Council noted with concern that the Republic of Burundi had not been included in the first phase of the African Development Bank (AfDB) financial support for the establishment of the East African Community Centre of Excellence for Nutrition and Health Sciences in the Republic of Burundi as approved by the 9th Meeting of the Sectoral Council on Health. The Council further noted that the Board of Directors of the African Development Bank that was held 3rd October 2014, approved financial support amounting to US$ 98.22 million for the implementation of the proposed “Multi-National East African Community Regional Centres of Excellence (CoE) for
Skills and Tertiary Education in Higher Medical and Health Sciences Education Program” in the Republic of Kenya, The United Republic of Tanzania, the Republic of Uganda and the Republic Rwanda in the first phase.

The Republic of Burundi was of the view that this is a sign of inequity and unfairness in the spirit of integration that their country is left behind. Furthermore, Burundi expressed that, according to Article 7 (f) of the Treaty, “the principles that shall govern the practical achievement of the objectives of the Community shall include: the equitable distribution of benefits accruing or to be derived from the operations of the Community and measures to address economic imbalances that may arise from such operations”. Burundi is of the view that the funding of the Centres Excellence could include systematically all the Partner States to uphold the principle of integration “one people, one destiny”.

The Council was informed that the Republic of Burundi will be considered once negotiations between the Republic of Burundi and the African Development Bank (AfDB) have been concluded. In this regard, the Council was informed that arrangements are currently being made to convene a joint meeting between the Secretariat, the Republic of Burundi and the African Development Bank (AfDB) to be held in Nairobi, Kenya on 28th November 2014 to discuss and develop a clear roadmap to facilitate the inclusion of the establishment of the “East African Community Centre of Excellence for Nutrition and Health Sciences for implementation by the Republic of Burundi.

The Council considered the concerns from the Republic of Burundi and noted the need for the Secretariat to streamline Burundi and facilitate its inclusion in the East African Community Centre of Excellence for Nutrition and Health Sciences.

Further to the East African Community Centre of Excellence for Nutrition and Health Sciences, the Council was informed by the Secretariat that the Health Research Commission will be operationalized in January 2015 and funds have been appropriated by the East African Legislative Assembly.

The Council –

(a) took note of the decisions and directives of the 10th Meeting of the Sectoral Council on Health (EAC/CM 30/Decision 41);
(b) decided that the proposal for the establishment of a Coordinating Office within the Secretariat to handle Social Health Protection (SHP) Systems and universal health coverage harmonization be referred to the Institutional Review for consideration (EAC/CM 30/Decision 42);
(c) referred the request of a supplementary budget of $750,000 to be drawn from the EAC General Reserve Fund to support the EAC regional communicable diseases emergency preparedness and response to Ebola virus disease and other highly communicable diseases to the Finance and Administration Committee for consideration (EAC/CM 30/Decision 43);
(d) directed the Secretariat to consider including a budget proposal for the annual implementation of EAC Regional Communicable Diseases
Emergency Preparedness and Response activities during the budget process for Financial Year 2015/2016 (EAC/CM 30/Directive 28);

(e) directed the Secretariat to liaise with the Partner States on implementation of all previous decisions and directives of both Sectoral Council for Trade, Industry, Finance and Investment and the Sectoral Council on Health with regard to the implementation of the WHO Framework Convention on Tobacco Control (WHO-FCTC) (EAC/CM 30/Directive 29);

(f) directed the Secretariat to convene a Joint Meeting of the Sectoral Councils on Trade, Industry, Finance and Investment, Finance and Economic Affairs, Agriculture, Health, Environment and Legal and Judicial Affairs to deliberate on all issues related to the implementation of the WHO Framework Convention on Tobacco Control (WHO-FCTC) (EAC/CM 30/Directive 30);

(g) adopted the EAC Regional HIV and AIDS Response Report 2013 (EAC/CM 30/Decision 44);

(h) referred the recommendation by the 10th Meeting of the Sectoral Council on Health to zero rate (not tax) the equipments, materials, electrical gadgets, fixtures and fittings used in quality control/assurance laboratories for medicines and medical devices and diagnostics to the Pre-Budget Consultations of the Ministers for Finance for consideration (EAC/CM 30/Decision 45); and

(i) directed the Secretariat to work with the Republic of Burundi in facilitating her inclusion in the East African Community Centre of Excellence for Nutrition and Health Sciences and report progress to the Council at its 31st Meeting (EAC/CM 30/Directive 31).

PART V REPORT ON POLITICAL MATTERS

5.1 POLITICAL AFFAIRS

5.1.1 Concept Note and Road Map for the EAC Political Federation Constitution Making

The Council was informed that at its 29th Meeting held on 15th – 20th September 2014, the Council considered implementation of the Summit Directive to initiate the process of drafting the EAC Federal Constitution. After considering the Concept Note prepared by the Secretariat, the Council directed the Partner States to appoint a team of experts comprising of three per Partner State to develop a Concept Note, Road Map, TORs and Model Structure of the Political Federation and report to the 30th Meeting of the Council. The Secretariat convened the meeting of Experts from the Partner States on 6th - 7th November 2014 in Arusha. The Meeting was constituted into a Consultative Session as the Republic of Burundi was not represented.

The Experts considered and made comments on the draft Concept Paper, Road Map and the Terms of Reference for the proposed Constitution Making Committee. In particular, the Experts noted that, among others -
(a) determination of the composition of the Constitutional Making Committee should be left to the individual Partner States to determine based on an agreed criteria. The CVs for identified Experts should be submitted to the Secretary General for presentation to the Council and for onward transmission to the Summit;

(b) a detailed work plan, clear timelines, supervision and reporting structure of the Committee should be included in the ToRs;

(c) the drafting of the Federal Constitution should commence after the Council and the Summit have endorsed the Concept Note and agreed on the Model of the Structure of the EAC Political Federation; and

(d) the Experts also noted that the EAC has no referendum law, therefore there is no need of having an EAC Referendum Commission as indicated on the road map. The Partner States should be left to conduct their own referenda since they have national laws and institutions including laws. The results of the referendum should then be communicated to the Council and Summit.

The Experts undertook to consult further at national level on the Model Structure of the Political Federation and submit comments to the Council for consideration. The report of the Meeting of Experts is attached hereto as Annex XXXVI. Other comments are awaited from the Partner States.

The Council was informed by The United Republic of Tanzania, the Republic of Kenya, the Republic of Rwanda and the Republic of Burundi that according to the Report of the Experts, the Experts could not finalize consideration of the documents due to limited time and therefore the Experts requested for more time to finalize the exercise. The experts therefore did not exhaustively work on any of the four documents before them. Further, the report of the Experts is stipulates that after incorporation of comments by Secretariat the documents should be reviewed by them before being submitted to the Council. As there has not been another meeting of the Experts to finalize the work given to them by the Council, and since there are no concrete proposals submitted by the Experts on the Concept paper, Terms of Reference, the Road Map and the model structure of the EAC Political Federation, the Council should take note of the progress made on the development of the Concept Note, Road Map, TORs and Draft Model Structure for the EAC Political Federation and direct the Team of Experts to finalize consideration of the above documents and report to the 31st Meeting of the Council for consideration. The four Partner States were of the view that experts should be given more time to finalize the work and submit the report to the Council by 30th March 2015.

The Republic of Uganda recalled that the 15th Summit held on 30th November 2013, noted that the revised model structure, roadmap and Action Plan would be considered by the Council and submitted to the 12th Extra-Ordinary Summit in April 2014. Consequently, the 12th Summit considered the progress on the Establishment of Political Federation and directed the Council to initiate the process of drafting a constitution for the federation and develop a roadmap of what the constitutional drafting process would involve. The Summit made the above directives after considering the Model Structure that had been developed by the Secretariat in 2012 together with regional experts (the “Model Structure on Political Federation”).
Furthermore, the Republic of Uganda was of the view that the foregoing and considering that the constitutional drafting exercise will involve wider stakeholder consultations, the Model Structure on Political Federation be utilized as one of the reference documents for the constitutional drafting exercise. The Republic of Uganda further submitted that the Model Structure on Political Federation desirable for EAC federal state is a two tier structure composed of the federal state and constituent states. The federal state would be responsible for federal matters while constituent states would be responsible for non-federal matters. In terms of structure, the federal state would be comprised of the executive, legislature and judiciary, all with functions based on the principle of separation of powers amongst the three organs. The Republic of Uganda requested for more time to consult on this matter and report to the Council at its 31st Meeting scheduled for April 2015.

The Council took note of the above developments and decided to reconsider this matter at its 31st Meeting scheduled for April 2015 (EAC/CM 30/Decision 46/Directive 32).

5.2 INTERNATIONAL RELATIONS

5.2.1 Report of the 12th Meeting of the Sectoral Council on Foreign Policy Co-ordination

The Council was informed that at its 12th Meeting held on 17th January 2014, the Sectoral Council on Foreign Policy Co-ordination considered the Report on the implementation of Decisions of the 11th Meeting of the Sectoral Council; Report on Multilateral Cooperation; Report on the Retreat of Permanent Secretaries responsible for Foreign Affairs on the development of EAC Common Foreign Policy positions; Concept Paper on matters on that require Partner States to take Common Foreign Policy positions; Request for guidance on how to follow up on positions taken at the highest political level on on-going specific initiatives in the Eastern Africa region.

While considering the Report on Multilateral Cooperation the Sectoral Council received updates on the cooperation with other Regional Economic Communities; Regional Organisations; the Africa Union and its Organs, Agencies and Institutions; the United Nations and its specialised agencies; as well as updates on accreditation Foreign Ambassadors to the EAC.

On the Request for guidance on how to follow up on positions taken at the highest political level on on-going specific initiatives in the Eastern Africa region, the Sectoral Council noted the on-going regional initiatives where all Partner States are individually engaged but their efforts build towards safeguarding the interests of the Community. Such include the Regional Oversight Mechanism for the implementation of the Peace Security and Cooperation Framework for the DRC and the Region which is spearheaded by the International Conference on the Great Lakes Region (ICGLR); as well as initiatives for the restoration of peace and stability in Somalia. The Sectoral Council made the following policy-related decisions for consideration by the Council.
The Sectoral Council –

(a) directed the Secretariat to organise joint retreats bringing together the Ministries responsible for EAC Affairs and Ministries responsible for Foreign Affairs to strategize on how best to facilitate follow-up on implementation of decisions;

(b) directed Partner States to organise inter-Ministerial and multi-stakeholder engagements with a view to share experiences, rationalise and agree on roles and responsibilities with a view to facilitate smooth Co-ordination of integration initiatives at national levels, within the Community and beyond;

(c) directed Partner States to explore harmonising both the name and the functions of Ministries responsible for Foreign Affairs;

(d) directed that the mobilisation of the Diaspora for their involvement in the EAC integration processes be a regional Foreign Policy matter; and in that regard, the Secretariat develops a regional approach to harnessing the Diaspora potential for them to contribute to the region’s development programs;

(e) decided that where common positions have been taken at the highest levels by all the Partner States on matters of common concern at other regional and continental fora, the Secretary General takes up the matter with the Summit for consideration and guidance;

(f) decided that the Secretariat be included among the Organisations which are members of the Regional Oversight Mechanism for the implementation of the Peace, Security and Cooperation Framework for the DRC and the region; and in that regard;

(g) directed the Secretary General to liaise with the Executive Secretary of the ICGLR to table the request for inclusion of the Secretariat to the Oversight Mechanism for the implementation of the Peace, Security and Cooperation Framework for the DRC and the region to the relevant Policy Organ of the Oversight Mechanism for consideration.

The details are contained in the Report of the 12th Meeting of the Sectoral Council on Foreign Policy Co-ordination, Ref: EAC/SCFPC/12/01/2014.

The Council noted that in terms of Article 16 of the Treaty, the Council is mandated to issue directives that are binding on Partner States and not other regional bodies. Furthermore, the use of terms like exploring would be difficult for the Council and Partner States to implement. Accordingly the Council was of the view that the Council should advise the Sectoral Council on Foreign Policy Co-ordination to come out clearly on what is needed to harmonise both the name and the functions of Ministries responsible for Foreign Affairs. Considering that some of the responsibilities recommended by the Sectoral Council are already provided for in the Partner States’ National Constitutions, it is not necessary for the Council to pronounce itself on the same.

The Council noted that recommendations above i.e. (c), (d), (e), (f) and (g) are addressing issues which are cross-cutting in nature therefore the Secretariat should convene a Joint Meeting of the Sectoral Council on Foreign Policy Co-ordination, the Sectoral Council on Cooperation in Defence and the Sectoral Council on Interstate Security to consider these matters and report to the Council at its 31st Meeting.
The Council –

(a) took note of the Report of the 12th Meeting of the Sectoral Council on Foreign Policy Co-ordination (EAC/CM 30/Decision 47);
(b) directed the Secretariat to organise joint retreats bringing together the Ministries responsible for EAC Affairs and Ministries responsible for Foreign Affairs to strategize on how best to facilitate follow-up on implementation of decisions relating to International Relations (EAC/CM 30/Directive 33);
(c) directed the Secretary General to, within the context of EAC decision making procedures, consult the Summit on how best to handle positions in respect of matters of common concern to the Community taken when all Partner States are represented at Heads of State level at regional and continental fora (EAC/CM 30/Directive 34); and
(d) directed the Secretariat to convene a Joint Meeting of the Sectoral Council on Foreign Policy Co-ordination, the Sectoral Council on Cooperation in Defence and the Sectoral Council on Interstate Security to consider the above matters and report to the Council at its 31st Meeting (EAC/CM 30/Directive 35).

5.3 PEACE AND SECURITY

The Council was informed that the 3rd Extraordinary Joint Meeting of the Sectoral Councils on Cooperation in Defence, Interstate Security and Foreign Policy Co-ordination was convened on 18th November 2014, pursuant to the directives 23 and 24 of the 29th Meeting of the Council. The Meeting considered –

(a) Establishment of the EAC Peace and Security Council;
(b) Revised Modality on the Establishment and Functioning of the EAC Panel of Eminent Persons and for the Appointment and Deployment of Special Envoys/Representatives;
(c) Report of the EAC Conference on Inter-Religious Collaboration to Strengthen Peace and Security in the Region; and
(d) Revised and Updated EAC Strategy on Regional Peace and Security.

5.3.1 Establishment of the EAC Peace and Security Council

The Meeting, in its deliberations was unanimous that –

(a) the current peace and security framework is inadequate to effectively respond to the need for expeditious and timely decision making on Peace and security issues in the Community;
(b) there is need for a structure or mechanism for Co-ordination and rapid decision making on Peace and Security for the EAC Region; based on rapid reaction, timeliness and avoidance of bureaucratic procedures reporting directly to the Summit.
(c) the meeting underscored the need to address the issue through a functional approach.
The United Republic of Tanzania and the Republic of Kenya were of the view that the mandate of the current Joint Meeting of Sectoral Councils on Cooperation in Defence, Interstate Security and Foreign Policy Co-ordination can be enhanced to execute the implementation of the Articles 4 -13 of the EAC Protocol on Peace and Security. The Joint Meeting should be allowed to report to the Council on routine activities; and whenever they meet to address urgent security threats should be allowed to report directly to the Summit which may be convened to specifically address urgent Peace and Security threats. The Joint Meeting should be re-designated to Sectoral Council on Peace and Security. This would allow it to report straight to the Summit without attracting amendment of Treaty for the Establishment of the East African Community. Article 14(3) (i) of the Treaty provides that, “Council shall establish from among its members Sectoral Councils to deal with such matters that arise under this Treaty as the Council may delegate or assign them and decision of such Sectoral Council shall be deemed to be the decisions of the Council”.

In that regard the Council should be advised to delegate and assign the Sectoral Council on Peace and Security to report straight to the Summit on Peace and Security matters that require Summit directive to respond to the evolving urgent security issues. Furthermore, the establishment of a Peace and Security Council may necessitate negotiation of a Protocol and subsequent ratification which would be a long process given that the Protocol on Peace and Security is yet to enter into force for want of the requisite number of ratifications.

The Republic of Burundi, the Republic of Rwanda and the Republic of Uganda, on the other hand, were of the view that the Peace and Security Council be established to advise the Summit on all Peace and Security matters while the existing Sectoral Council will continue to perform their current roles of guiding implementation of Sectoral Cooperation imperatives and Summit directives of cross cutting nature that would emanate from Peace and Security Council. Upon establishment of the Peace and Security Council detailed operational modalities shall be developed by the Partner States.

The meeting noted that the establishment of the Peace and Security Council will not necessarily entail amendment to the Treaty because –

(a) Article 9 (1) (h) of the Treaty gives the Summit powers to establish any organ or institution of the Community;

(b) the establishment of an organ of the Community is done through a legal instrument (generally a Protocol) which, pursuant to Articles 1 and 151 (4) of the Treaty forms integral part of the Treaty; and

(c) the legal instrument establishing an organ is the one that outlines the relationship between that organ and other organs of the Community and gives powers to the Summit to consider reports of the established organ.

Therefore, the decision to establish the Peace and Security Council as an organ of the Community requires a decision of the Summit in accordance with Article 9 (1) (h) of the Treaty and a directive to the Council to develop a Protocol establishing the Peace and Security Council. The Summit may as well direct the Council to amend the Protocol on Peace and Security to provide for the establishment and roles of the Peace and Security Council. The meeting while acknowledging the need for a
Regional Peace and Security Mechanism, to facilitate expedited action observed the importance of further in country consultations.

The Council –

(a) took note of the draft Concept Paper on the Establishment of the EAC Peace and Security Council (EAC/CM 30/Decision 48);
(b) took note of the above two views on the Establishment of the Peace and Security Council (EAC/CM 30/Decision 49); and
(c) directed the Secretariat to convene a Multi-sectoral experts working group to undertake an in-depth comparative study of the two options and present the findings to the next Joint Meeting, to be held not later than March 2015 (EAC/CM 30/Directive 36).

5.3.2 Revised Modality on the Establishment and Functioning of the EAC Panel of Eminent Persons and for the Appointment and Deployment of Special Envoys/Representatives

The Council was informed that a meeting of Partner States Experts was held on 15th - 17th October 2014 among others to revised the –

(a) title of the Modality;
(b) duties and functions;
(c) selection and appointment; and
(d) facilitation of the Panel of Eminent Persons.

The Joint Meeting underscored the need for the Modality to ensure that the rules of procedure are clear on the relationship with other Organs of the Community and further emphasized the need to strike a clear balance between the independence of the Panel and its accountability to the Summit of Heads of State. The revised Modality is hereto attached as Annex XXXVII.

The Council –

(a) approved the revised Modality for the Establishment and Functioning of the EAC Panel of Eminent Persons and for the Appointment and Deployment of Special Envoys/Representatives and recommend to the Summit for adoption (EAC/CM 30/Decision 50);
(b) directed the Secretariat to ensure that the relationship with other Organs of the Community is addressed as the rules of procedures for the Panel are being prepared (EAC/CM 30/Directive 37);
(c) directed Partner States to submit to the Secretary General the names of nominees to the EAC Panel of Eminent Persons and other categories by 28th February 2015 (EAC/CM 30/Directive 38); and
(d) directed the Secretary General to submit the names of the nominees to the 31st Meeting of the Council for consideration and submission to Summit for appointment (EAC/CM 30/Directive 39).
5.3.3 Conference on Inter-Religious Collaboration to Strengthen Peace and Security in the Region

The Council was informed that a Joint Meeting considered the Report of the Conference on Inter-Religious Collaboration to Strengthen Peace and Security in the Region was organized on 16th – 20th September 2014 and the subsequent recommendation to establish the EAC Inter-Religious Council with the specific objective of promoting justice, peace and security in the region.

The joint while acknowledging the importance of the participation of Religious Groupings in the integration deemed its recommendations inappropriate for the mainstream EAC decision making process and encouraged channelling such contributions to the EAC integration process through the Secretary General’s forum which is open to all non-state actors.

The Council –

(a) took note that a Conference on Inter-Religious Collaboration to Strengthen Peace and Security in the Region was held (EAC/CM 30/Decision 51); and
(b) directed the Secretariat to encourage the proposed Inter-Religious Council to take advantage of the Secretary General’s Forum to contribute to the integration process (EAC/CM 30/Directive 40).

5.3.4 Revision and Updating of the EAC Strategy on Regional Peace and Security

The Joint Meeting noted that the Regional Strategy for Peace and Security as adopted by the 13th Meeting of the Council of Ministers in 2006 was premised on 15 goals. These goals however required review as over time, besides the expanded membership of the Community hence new Security Challenges, which required inclusion in the Strategy. Additionally the need to align the Strategy to the Peace and Security Protocol which had also taken on board additional security challenges that did not hitherto confront the region. Among these were Maritime Security, Prevention of Genocide, Prisons and Correctional Services, Cybercrime, Human Trafficking, Illegal Migration and smuggling of migrants, Environmental crimes, anti-money laundering and combating financing of terrorism. The number of goals subsequently increased to 23. The process also involved the updating of the implementation plan for each goal. The revised and updated EAC Strategy on Regional Peace and Security along with the relevant action plans are hereto attached as Annex XXXVIII.

The Council was informed by the Republic of Uganda that she had ratified the EAC Protocol on Combating Illicit Drug Trafficking in the East African Region and deposited the instrument of ratification with the Secretary General on 18th November 2004.

The Council adopted the Revised and updated EAC Strategy on Regional Peace and Security (EAC/CM 30/Decision 52).
PART VI REPORT ON CUSTOMS AND TRADE MATTERS

6.1 CUSTOMS MATTERS

6.1.1 Decisions of the Sectoral Council on Trade, Industry, Finance and Investment on Rice Exported from Tanzania to Rwanda and Uganda

The Council was informed that the Secretariat received communication from The United Republic of Tanzania in October 2014 requesting to include in the Agenda of the 30th Meeting of the Council the issue of imposition of CET on rice from Tanzania when exported to Uganda and Rwanda. This matter had been considered by SCTIFI at their meeting held on 30th May 2014 where the Republic of Rwanda and the Republic of Uganda reported that duty free rice imports into Tanzania had been re-exported to Rwanda and Uganda under tariff preferences. In order to stem the practice, CET duties were imposed on rice originating from Tanzania in line with the decision of the Council that if a Partner State enjoys a country specific preference then such goods once exported to the other Partner States, the CET will apply. Uganda further reported that the reason rice from Tanzania is not accorded free tariff treatment is because of the surge of rice from outside EAC coming through Tanzania. This makes it difficult for Uganda Customs to differentiate between rice grown in Tanzania and imported rice.

The United Republic of Tanzania informed the meeting that during the Fiscal year 2013/14, she had neither imported nor requested for stay of application of CET rate on imported rice. However, the rice originating from Tanzania was being charged full import duty when exported to Uganda and Rwanda on the ground that Tanzania had imported rice without paying EAC CET rate during the Fiscal year 2012/13.

In December 2013, the Secretariat together with Partner States experts conducted a verification exercise to ascertain the origin of rice from Tanzania. The verification report confirmed that Tanzania produces rice and there were large stocks of rice in Tanzania. However, the Verification team also established that The United Republic of Tanzania had authorized importation of 55,532 MT in November 2012 to March 2013 under waiver of duty without Council approval. The Secretariat communicated the findings and advised that rice originating from Tanzania qualified for Community tariff treatment and should therefore be traded freely in the region. Pursuant to the SCTIFI directive made at their meeting on 30th May 2014, the Republic of Uganda released the cash bond deposited as security for rice imports from Tanzania. The Secretariat vide its letter of reference No. C&T/2/1/6 dated 2nd June 2014, communicated the SCTIFI decision on the matter and requested the Republic of Rwanda, The United Republic of Tanzania and the Republic of Uganda to nominate experts to participate in the verification. The Secretariat received only one submission from Uganda of one nominee while The United Republic of Tanzania and the Republic of Rwanda have to date not submitted their nominees.

The Secretariat further reported that the undertaking of the exercise is hampered by two challenges –

(a) lack of resources as the directive was made after the budget had been concluded. It should also be noted that the Ministers of Finance at the pre-
budget consultations and SCTIFI and directed the Directorate to undertake a number of verification exercises and studies on a range of products within this financial year to inform tariff policy decisions. The budget requirement for these exercises is big; and

(b) the serious understaffing in the Directorate where only one officer at P1 level mans the Department of Tariff and Valuation that is responsible for verification activities hence overwhelmed by work.

The Secretariat has however scheduled the verification of rice to take place from 19th - 29th January 2015. In this regard the Secretariat has communicated to The United Republic Tanzania, the Republic of Rwanda and the Republic of Uganda to submit names of the experts and to avail data on rice imports. The three Partner States are also expected to fund their experts. The Council noted the directive of the Sectoral Council to the Secretariat to verify rice imported and exported from Tanzania to other Partner States was not implemented within its timeframe and would be implemented in January 2015.

The United Republic of Tanzania informed the meeting that the allegation that she was exporting to other Partner States rice which was imported from outside the region was cleared by the verification which was conducted on December, 2013. The verification mission which was made up by the Experts from the Secretariat and all the Partner States confirmed that the rice from the United Republic of Tanzania exported to other Partner States originates from the United Republic of Tanzania and qualifies for community tariff preference.

It is therefore evident that, the second verification directed by the SCTIFI was to establish truth of the new allegations raised by Republic of Uganda and Republic of Rwanda during that meeting has no relationship with the outcome of the first verification mission. This is substantiated by the fact that the SCTIFI neither disqualify the report of the first verification nor directed the two republics to await the second verification in order to accord the rice from the United Republic of Tanzania preferential tariff treatment.

Furthermore, the reasons raised by the Secretariat to why the verification on rice was not done is not justifiable as the Secretariat has convening other verification which ought to come later while leaving out the verification on rice from the United Republic of Tanzania which ought to come first in accordance with the timelines given by the SCTIFI.

The United Republic of Tanzania therefore was of the view that there is a need for the Council to:

(a) direct the Republic of Uganda and Republic of Rwanda to accord the rice originating from Tanzania EAC preferential treatment as per the requirement of the EAC Customs Union;
(b) direct the Secretariat to conduct the verification of rice alongside the already convened verifications in December, 2014.
(c) Direct the Secretariat to convene SCTIFI meeting to consider among others the report of the Verification of rice in January, 2014.
(d) direct the Secretariat to fund experts to conduct verification on rice as it has been doing to other verifications.

The Republic of Uganda reported that it complies with EAC Customs Union instruments and accords Rice from Tanzania Community Tariff Treatment and that the allegations of The United Republic of Tanzania are unfounded.

The Republic of Rwanda was of the view that Partner States should implement the Sectoral Council directives and nominate experts to undertake the verification exercise on Rice by 29th January 2015. It was further of the view that the meeting of the Sectoral Council should be convened as soon as possible to consider the Report of the Verification exercise.

The Council directed the –

(a) Republic of Rwanda and the Republic of Uganda to accord the rice originating from Tanzania EAC preferential treatment as per the requirement of the EAC Rules of Origin (EAC/CM 30/Directive 41); and

(b) Secretariat to carry out and finalize the compliance audit by 29th January 2015 as directed by the Sectoral Council on Trade, Industry, Finance and Investment and report to its next Meeting for consideration (EAC/CM 30/Directive 43).

6.2 TRADE MATTERS

6.2.1 Update on the EAC-EU EPA Negotiations

The Council was informed that pursuant to the mandate given by the Council at its 29th Meeting held on 15th – 20th September 2014, to the Permanent/Principal Secretaries to conclude and initial the EPA text, the following meetings were held -

(a) EAC EPA Experts meeting which updated the EAC EPA Development Matrix on 23rd – 24th September 2014 in Nairobi, Kenya;

(b) EAC Permanent/Principal Secretaries meeting which strategized on the outstanding issues in the EPA negotiations on 25th – 26th September 2014 in Nairobi, Kenya;

(c) Joint EAC-EU Technical Officials meeting which cleaned the consolidated EPA text on 13th September 2014 in Brussels, Belgium;

(d) Joint EAC-EU Senior Officials meeting held on 14th September 2014 in Brussels, Belgium, which concluded negotiations on the outstanding issues and initialled the EPA text with its annexes.

6.2.1.1 Conclusion of Outstanding Issues

The Council was informed that during the joint EAC-EU Senior Officials negotiations held on 14th October 2014, both Parties concluded the negotiations as follows -
### ISSUES

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<th>AGREED TEXT BETWEEN EAC AND EU</th>
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| 1. Duties and Taxes on Exports | 1. The Parties shall not institute any new duties or taxes in connection with the exportation of goods to the other Party that are in excess of those imposed on like products destined for internal sale.  
2. Notwithstanding paragraph 1, the EAC Party can impose a temporary duty or tax in connection with the exportation of goods under the following circumstances, after notifying the EU Party:  
   (a) to foster the development of domestic industry;  
   (b) to maintain currency value stability, when the increase in the world price of an export commodity creates the risk of a currency value surge or  
   (c) with regards to revenue, food security and environmental protection.  
3. Such taxes should be enforced on a limited number of products for a limited period of time and shall be reviewed by the EPA Council for renewal after 48 months.  
4. Any more favourable treatment consisting in or in relation to taxes applied by the EAC Party to exports of any products destined for any major trading economy shall, from the entry into force of this Agreement, be accorded to the like product destined for the territory of the EU Party. For purposes of this Article, ‘major trading economy’ is defined under Article 16(6). |
| 2. Domestic Policy Measures | 1. Each Party shall ensure transparency in the area of agricultural support related to trade in agricultural products. To this end, the EU Party shall report periodically within the Agriculture Dialogue to the EAC Party on the legal basis, form and amount of such support. Such information is deemed to have been provided if it is made available by the Parties or on their behalf on a publicly accessible website;  
2. The EU Party shall not grant export subsidies for all agricultural products to EAC countries, with effect from the entry into force of this Agreement. This shall be reviewed by the EPA Council after 48 months.  
3. Furthermore, the Committee foreseen in Article 2A shall examine issues that may arise in relation to the access of the Parties’ agricultural products to each other’s markets. The committee may make recommendations to the EPA Council in accordance with Article [xx]. |
| 3. Relations with other Agreements | Nothing in this Agreement shall be construed so as to prevent the adoption by the EU Party or the EAC Partner States of any appropriate measures consistent with this Agreement and pursuant to the Cotonou Agreement. |
| 4. Good Governance in the Tax Area | The Parties recognize the importance of cooperation on the principles of good governance in the area of taxation through the relevant authorities in line with their respective national laws and regulations. |
| 5. Consequences from Customs Union Agreements concluded with EU | **JOINT DECLARATION REGARDING COUNTRIES WHICH HAVE ESTABLISHED A CUSTOMS UNION WITH EUROPEAN UNION**  
The EU Party recalls the obligations of those States that have established a Customs Union with the EU to align their trade regime to the one of the EU and for certain of them to conclude preferential agreements with the countries having preferential agreements with the EU.  
In this context, the Parties note that the EAC Partner States shall start negotiations with those States which:  
   (a) have established a Customs Union with the EU; and  
   (b) whose products do not benefit from the tariff concessions under this Agreement,  
with the view of concluding a bilateral agreement establishing a free trade area in accordance with Article XXIV of the GATT.  
The EAC Partner States agree to negotiate this in the future. |
The next steps are as follows –

(a) the EU will begin its internal/legal processes to reinstate the EAC Partner States on the list of beneficiaries for preferential market access under EPA (3-6 months);
(b) Legal scrubbing of the EPA text;
(c) Translation of the Agreement into the EU official languages and, for the EAC, into Kiswahili;
(d) Signature of the Agreement;
(e) Ratification;
(f) Entry into force; and
(g) Implementation of the Agreement.

6.2.2 Update on the EAC – U.S. Trade and Investment Partnership

The Council was informed that pursuant to the decisions of the EAC–U.S. Ministerial meeting held on 6th August 2014 in Washington D.C., USA, Technical Officials from the EAC Partner States and the U.S met on 29th–30th September 2014 in Arusha, Tanzania, and concluded negotiations of a Cooperation Agreement on Trade Facilitation, SPS and TBT. Following a proposal by the U.S. on the dates for an EAC – U.S. Ministerial Meeting, the said meeting has been scheduled on 8th December 2014 in Washington D.C. to sign the Cooperation Agreement on Trade Facilitation, SPS and TBT and to hold a public-private sector Commercial Dialogue.

6.2.3 Update on the Negotiations for COMESA-EAC-SADC Free Trade Agreement

6.2.3.1 Negotiations for the Tripartite Free Trade Area

The Council was informed that the negotiations for the Tripartite Free Trade Area (TFTA) were launched by the 2nd Summit of the Tripartite Heads of State and Government held in Johannesburg, on 12th June 2011. The Tripartite Summit adopted a Road Map which provides among others, the conclusion of negotiations on trade in goods by June, 2014. However, because of lack of financial resources the negotiations were delayed from the beginning of 2014 and only resumed in July 2014. This necessitated a review of the TFTA Programme of activities and the rescheduling of the launch of the Grand Tripartite Free Trade Area to December, 2014.

The resumption of the TFTA negotiations started with meetings of Technical Working Groups (TWGs) in Bujumbura on 4-7 August, 2014. This was followed by meetings of the Tripartite Trade Negotiation Forum (TTNF), Tripartite Committee of Senior Officials (TCSO) and Tripartite Sectoral Ministerial Committee (TSMC) in Bujumbura between 15th - 25th October, 2014. After its deliberations TSMC concluded that sufficient progress had been made in the negotiations to launch the TFTA. The TSMC therefore directed the TTNF and TCSO to conclude the remaining work during their meetings scheduled to take place in Cairo, Egypt on 13th-16th December 2014 in order for the Tripartite Council to finalize the TFTA Agreement ready for signature by the Heads of State and Government at the 3rd Tripartite Summit scheduled for 19th-20th December, 2014 in Cairo, Egypt.
At the Tripartite TWG meetings held on 17-20 November 2014 interim Rules of Origin for the FTA were developed and will be considered by the TTNF in Cairo. The TWG on Trade Remedies and Dispute Settlement agreed on Article 8 of the Agreement and Annex 10 on Dispute Settlement. The TSMC had in the Bujumbura meeting agreed for the Trade Remedies to be negotiated as part of the Built in Agenda. The remaining work includes –

(a) the development language on detailed procedures on Trade Remedies to be negotiated as part of Built in Agenda;

(b) building of capacity for Member/Partner States to implement Trade Remedies;

(c) exchange and conclusion of tariff offers by Member/Partner States; and,

(d) Development by TTF of a proposal to fund the remaining Tripartite work programmes.

The EAC Partner States has exchanged tariff offers with Egypt and SACU and negotiations on the offers are ongoing. EAC has offered to host the Tripartite Secretariat once it is established. The EAC Partner States should lobby the other Tripartite partners for support and for the Secretariat to be established as soon as possible to promote effective facilitation of outstanding negotiations and implementation of the TFTA Agreement. The concluded annexes to the draft TFTA agreement are; Trade remedies; Non-Tariff barriers; Customs cooperation; Trade facilitation; Transit of goods; Technical Barriers to Trade and SPS. The outstanding ones are; Tariff Schedules; Rules of Origin and Dispute Settlement.

### 6.2.3.2 Movement of Business Persons

The Council was informed that the Tripartite Committee on the Movement of Business Persons (TTC-MBP) did not make any progress during its first and second meetings held on 17-20 September and 10-13 December, 2013. The TSMC expressed its disappointment and directed the Committee to fast track its work. At its 3rd meeting held on 3rd - 6th November, 2104 the TTC-MBP made substantial progress on negotiations on an Agreement on Movement of Business Persons. Out of the 27 Articles of the Agreement only 6 are outstanding and negotiations on the Agreement are expected to be concluded during the next meeting.

### 6.2.3.3 Other Tripartite Areas of Work

The Council was informed that the Tripartite Committees of Industrial Development and Infrastructure Development pillars have developed work programmes, however, little progress has been made due to financial constraints. Work on the Industrial Development pillar has resumed with funding from AfDB, but little progress will be attained in the other pillar before resources are available to support its activities.

### 6.2.4 The AGOA Forum 2014

The Council was informed that in preparation for the AGOA Forum 2014, the EAC developed a position paper on enhancing EAC-U.S. Trade and Investment relationship under a new post-2015. The objective of the position paper was to take a proactive common position for the EAC in the design and delivery of the new trade initiative in order to advocate for a more robust and transformative commercial
engagement between the EAC and the USA after the current AGOA has realized its full term in 2015. The position paper took into account the performance and challenges faced while implementing the AGOA program, the on-going negotiations on the EAC- U.S. Trade and Investment Partnership Agreement, as well as other negotiations with the EAC such as EPAs, the EAC-COMESA-SADC Tripartite framework agreement and the WTO Negotiations.

The 13th Annual AGOA Forum was held on 4th August 2014 at the World Bank Headquarters. In attendance were African Ministers; the U.S. Trade Representative; Deputy Chairperson of the African Union Commission; Heads of Regional Economic Communities in Africa; Senior U.S. and African Government Officials; Presidents of the African Development Bank and of the World Bank as well as select Members of the U.S. Congress. The private sector and civil society were also represented.

The Forum focused on the renewal of AGOA and unlocking its full potential. Discussions were held on the linkage of AGOA to a comprehensive trade and development strategy aimed at addressing supply-side constraints to trade (including infrastructure), building trade and human capacity, improving the private sector enabling environment and driving demand. Dialogues led by U.S. and African moderators were held on the support to African regional integration, enhancement of African competitiveness and promotion of greater intra-African as well as global trade. In addition, dialogue was held on the vision for the future of U.S. – Africa Trade and Investment relationship. The Forum also received views from 7 members of Congress on renewing AGOA. The Forum was informed that members of the Congress supported extension of the AGOA. The U.S. Congress is to make a final decision before September 2015, when AGOA is scheduled to expire. The EAC Position paper was adopted as part of the African position and annexed to the ministerial report. The meeting noted that there was need for the Secretariat and Partner States to develop a strategy to ensure the sustainability of the AGOA process in light of the recent political dynamics in the US and the fact that AGOA is expected to end in September 2015.

6.2.5 U.S. – Africa Leaders’ Summit

The Council was informed that the first U.S. – Africa Leaders’ Summit, hosted by U.S. President Barrack Obama and attended by 49 African Heads of State took place on 4th – 6th August 2014 in Washington D.C., USA. The Summit, whose theme was “Investing in the Next Generation”, offered the opportunity of discussing and strengthening the U.S. – Africa economic and political ties, with a focus on trade and investment in Africa. A series of activities were held prior to and on the sidelines of the Summit from 2nd – 7th August 2014, including the AGOA Forum. The various events during the U.S.–Africa Leaders’ Summit brought together government, top business executives, Congress representatives, civil society and the media to explore priorities for U.S.–Africa Policy; business strategies for economic growth and development; governance; and the positively shifting perceptions of Africa by the rest of the world. The objective was to foster stronger ties between the U.S. and Africa.
Various pledges were announced during the Leaders’ Summit, which included -

(a) a pledge by President Obama of US $300 million in assistance per year to expand the reach of Power Africa in pursuit of a new aggregate goal of 30,000 MW, and announced that Power Africa has now mobilized more than US$26 billion;

(b) US$7 billion in new financing under the Doing Business in Africa Campaign that will support U.S. trade with and investment in Africa over the next two years;

(c) prompt, long-term renewal of an enhanced AGOA and cooperation to increase its utilization by African countries; and

(d) over US$ 14 billion in new private sector deals pledged during the U.S. – Africa Business Forum.

The Council noted that the matters reported under Customs and Trade are yet to be considered by the Sectoral Council on Trade, Industry, Finance and Investment. In view of this the Council would take note of the progress on the on-going negotiations on EAC–EU EPAs, EAC-US Trade and Investment Partnership, COMESA-EAC–SADC FTA and AGOA.

The Council directed the Secretariat to refer them to the Sectoral Council on Trade, Industry, Finance and Investment for consideration (EAC/CM 30/Directive 44).

PART VII REPORT OF FINANCE AND ADMINISTRATION COMMITTEE

7.1 FINANCE MATTERS

7.1.1 Status of Partner States’ Contributions

7.1.1.1 Status of Partner States’ Contributions to the EAC Budget 2014/15

The Council was informed that the status of Partner States' Budgetary Contributions for the FY2014/15 towards EAC Organs and LVBC, EAKC, EASTECO as at 16th November, 2014 was as indicated in Tables II A-1G below -

Table IIA: Partner States Budgetary Contributions for FY2014/15 to East African Community (EAC Secretariat, EALA, EACJ, LVBC, EAKC, EASTECO)
### II B. SECRETARIAT

<table>
<thead>
<tr>
<th>PARTNER STATE</th>
<th>ARREAS 2013/14</th>
<th>CONTRIBUTION DUE 2014/15</th>
<th>CONTRIBUTION PAID 2014/15</th>
<th>TOTAL OUTSTANDING</th>
</tr>
</thead>
<tbody>
<tr>
<td>Republic of Kenya</td>
<td>3,655,111.90</td>
<td>2,127,573.47</td>
<td>58.21%</td>
<td>1,527,538.43</td>
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<tr>
<td>United Rep. of Tanzania</td>
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<td>Republic of Uganda</td>
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<td>3,655,111.90</td>
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<tr>
<td>Republic of Burundi</td>
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<td><strong>Total</strong></td>
<td>259,235.46</td>
<td>18,275,559.50</td>
<td>26.58%</td>
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### II C. EAST AFRICAN COURT OF JUSTICE

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<tr>
<th>PARTNER STATE</th>
<th>ARREAS 2013/14</th>
<th>CONTRIBUTION DUE 2014/15</th>
<th>CONTRIBUTION PAID 2014/15</th>
<th>TOTAL OUTSTANDING</th>
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<tbody>
<tr>
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<td>United Rep. of Tanzania</td>
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<td>Republic of Uganda</td>
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<td>Republic of Burundi</td>
<td>53,466.05</td>
<td>4,309,687.00</td>
<td>26.58%</td>
<td>3,217,679.84</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>53,466.05</td>
<td>4,309,687.00</td>
<td>26.58%</td>
<td>3,217,679.84</td>
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### II D. EAST AFRICAN LEGISLATIVE ASSEMBLY

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<thead>
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<th>CONTRIBUTION PAID 2014/15</th>
<th>TOTAL OUTSTANDING</th>
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<td>Republic of Kenya</td>
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### II E. LAKE VICTORIA BASIN COMMISSION

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<td>35,669.81</td>
<td>553,278.80</td>
<td>0.00%</td>
<td>588,948.61</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>35,686.07</td>
<td>2,766,394.00</td>
<td>26.58%</td>
<td>2,066,798.62</td>
</tr>
</tbody>
</table>

### II F. EASTECO

<table>
<thead>
<tr>
<th>PARTNER STATE</th>
<th>ARREAS 2013/14</th>
<th>CONTRIBUTION DUE 2014/15</th>
<th>CONTRIBUTION PAID 2014/15</th>
<th>TOTAL OUTSTANDING</th>
</tr>
</thead>
<tbody>
<tr>
<td>Republic of Kenya</td>
<td>135,214.40</td>
<td>0.00%</td>
<td>0.00%</td>
<td>135,214.40</td>
</tr>
<tr>
<td>United Rep. of Tanzania</td>
<td>135,214.40</td>
<td>0.00%</td>
<td>0.00%</td>
<td>135,214.40</td>
</tr>
<tr>
<td>Republic of Uganda</td>
<td>135,214.40</td>
<td>0.00%</td>
<td>0.00%</td>
<td>135,214.40</td>
</tr>
<tr>
<td>Republic of Rwanda</td>
<td>135,214.40</td>
<td>0.00%</td>
<td>0.00%</td>
<td>135,214.40</td>
</tr>
<tr>
<td>Republic of Burundi</td>
<td>135,214.40</td>
<td>0.00%</td>
<td>0.00%</td>
<td>135,214.40</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>676,072.00</td>
<td>-</td>
<td>0.00%</td>
<td>676,072.00</td>
</tr>
</tbody>
</table>
II G. EA KISWAHILI COMMISSION

PARTNER STATE | ARREAS DUE 2013/14 | CONTRIBUTION DUE 2014/15 | CONTRIBUTION PAID 2014/15 | TOTAL OUTSTANDING
--- | --- | --- | --- | ---
Republic of Kenya | - | 143,747.60 | 0.00% | 143,747.60
United Rep. of Tanzania | - | 143,747.60 | 0.00% | 143,747.60
Republic of Uganda | - | 143,747.60 | 0.00% | 143,747.60
Republic of Rwanda | - | 143,747.60 | 0.00% | 143,747.60
Republic of Burundi | - | 143,747.60 | 0.00% | 143,747.60
Total | - | 718,738.00 | - | 718,738.00

NOTE:
(i) The table above does not include the East African Health and Research Commission as its budget amounting to US$ 924,067 for FY'2014/15 will be drawn from the EAC General Reserve (ref: EAC/EX/CM29/Decision 11);
(ii) Receipts of Contributions will be allocated to EASTECO and EAKC from January 2015, which is the effective date of their operationalization.

The Secretariat informed the Council that late remittance of contributions by Partner States had resulted in liquidity challenges and requested that funds be expeditiously paid.

The Republic of Burundi informed the Council that she was in the process of remitting part of her due contributions, while the balance will be paid after January 2015 as it will be included in her budget for the Calendar Year 2015. The Republic of Uganda informed the Council that she was in the process of remitting the balance of her contribution in due course. The Republic of Rwanda informed the Council that she was in the process of remitting her contribution.

The Council –

(a) took note of the Status of Partner States’ Contributions towards the EAC Secretariat, EALA, EACJ, LVBC, EAKC, EASTECO budget for the FY 2014/15 as at 16th November, 2014 (EAC/CM 30/Decision 53); and
(b) reiterated its previous decision urging Partner States to always effect their contribution to the EAC budget during the first half of the financial Year by 31st December, 2014 (EAC/CM 30/Decision 54).

7.1.2 PREPARATION OF THE EAC BUDGET FOR THE FINANCIAL YEAR 2015/2016

During the pre-budget conference held in September 2014, key priorities for FY15/16 were agreed upon and approved by the 29th Meeting of the Council of ministers. It is in line with those key priorities that the Secretariat has prepared budget estimates for the FY’2015/2016. The proposed budget is tabled to the Council of ministers to allow the Partner States to have time for consultations on the proposed activities and cost. The Extra-Ordinary Council Meeting scheduled for February 2015 is expected to consider the Budget for the Financial Year 2015/2016 for adoption and subsequent transmission to EALA for debate and approval within the EAC Budget Act (2008) deadlines.

The total budget for Financial Year 2015/2016 amounting to US$ 118,326,078 is allocated to the Organs and Institutions namely EAC-Secretariat, EALA, EACJ,
LVBC, LVFO, IUCEA, EASTECO, EAKC and EAHRCO and is indicated in Table IIH below –

Table IIH: Total Budget Proposal

<table>
<thead>
<tr>
<th>Partner States</th>
<th>Develop. Partners</th>
<th>Total Budget</th>
<th>Partner States</th>
<th>Develop. Partner</th>
<th>Total Budget</th>
<th>Partner States</th>
<th>Develop. Partner</th>
<th>Total Budget</th>
</tr>
</thead>
<tbody>
<tr>
<td>8,378,108</td>
<td>-</td>
<td>9,756,810</td>
<td>8,378,108</td>
<td>-</td>
<td>9,756,810</td>
<td>8,378,108</td>
<td>-</td>
<td>9,756,810</td>
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<tr>
<td>8,378,108</td>
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<td>8,378,108</td>
<td>-</td>
<td>9,756,810</td>
<td>8,378,108</td>
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<td>9,756,810</td>
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<tr>
<td>8,378,108</td>
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<td>9,756,810</td>
<td>8,378,108</td>
<td>-</td>
<td>9,756,810</td>
<td>8,378,108</td>
<td>-</td>
<td>9,756,810</td>
</tr>
<tr>
<td>8,378,108</td>
<td>-</td>
<td>9,756,810</td>
<td>8,378,108</td>
<td>-</td>
<td>9,756,810</td>
<td>8,378,108</td>
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<td>9,756,810</td>
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<tr>
<td>8,378,108</td>
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<td>9,756,810</td>
<td>8,378,108</td>
<td>-</td>
<td>9,756,810</td>
<td>8,378,108</td>
<td>-</td>
<td>9,756,810</td>
</tr>
<tr>
<td>MEAC Funding</td>
<td>41,890,538</td>
<td>-</td>
<td>46,784,051</td>
<td>-</td>
<td>46,784,051</td>
<td>-</td>
<td>46,784,051</td>
<td>-</td>
</tr>
</tbody>
</table>

EXPECTED REVENUE
Contributions from Partner States, for SEC, EALA, EACJ, LVBC, EASTECO, EAKC, EAHRCO

<table>
<thead>
<tr>
<th>Partner States</th>
<th>Develop. Partners</th>
<th>Total Budget</th>
<th>Partner States</th>
<th>Develop. Partner</th>
<th>Total Budget</th>
<th>Partner States</th>
<th>Develop. Partner</th>
<th>Total Budget</th>
</tr>
</thead>
<tbody>
<tr>
<td>8,378,108</td>
<td>-</td>
<td>9,756,810</td>
<td>8,378,108</td>
<td>-</td>
<td>9,756,810</td>
<td>8,378,108</td>
<td>-</td>
<td>9,756,810</td>
</tr>
<tr>
<td>8,378,108</td>
<td>-</td>
<td>9,756,810</td>
<td>8,378,108</td>
<td>-</td>
<td>9,756,810</td>
<td>8,378,108</td>
<td>-</td>
<td>9,756,810</td>
</tr>
<tr>
<td>8,378,108</td>
<td>-</td>
<td>9,756,810</td>
<td>8,378,108</td>
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<td>9,756,810</td>
<td>8,378,108</td>
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<td>9,756,810</td>
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<td>8,378,108</td>
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<td>9,756,810</td>
<td>8,378,108</td>
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<td>9,756,810</td>
<td>8,378,108</td>
<td>-</td>
<td>9,756,810</td>
</tr>
<tr>
<td>8,378,108</td>
<td>-</td>
<td>9,756,810</td>
<td>8,378,108</td>
<td>-</td>
<td>9,756,810</td>
<td>8,378,108</td>
<td>-</td>
<td>9,756,810</td>
</tr>
<tr>
<td>MEAC Funding</td>
<td>41,890,538</td>
<td>-</td>
<td>46,784,051</td>
<td>-</td>
<td>46,784,051</td>
<td>-</td>
<td>46,784,051</td>
<td>-</td>
</tr>
</tbody>
</table>

Indirect Funding

<table>
<thead>
<tr>
<th>Partner States</th>
<th>Develop. Partners</th>
<th>Total Budget</th>
<th>Partner States</th>
<th>Develop. Partner</th>
<th>Total Budget</th>
<th>Partner States</th>
<th>Develop. Partner</th>
<th>Total Budget</th>
</tr>
</thead>
<tbody>
<tr>
<td>5,067,735</td>
<td>-</td>
<td>6,015,817</td>
<td>5,067,735</td>
<td>-</td>
<td>6,015,817</td>
<td>5,067,735</td>
<td>-</td>
<td>6,015,817</td>
</tr>
<tr>
<td>2,102,828</td>
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<td>200,350</td>
<td>-</td>
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<td>200,350</td>
<td>-</td>
<td>200,350</td>
</tr>
<tr>
<td>5,500</td>
<td>-</td>
<td>5,500</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>375,190</td>
<td>-</td>
<td>337,410</td>
<td>375,190</td>
<td>-</td>
<td>337,410</td>
<td>375,190</td>
<td>-</td>
<td>337,410</td>
</tr>
<tr>
<td>1,247,037</td>
<td>-</td>
<td>1,247,037</td>
<td>1,247,037</td>
<td>-</td>
<td>1,247,037</td>
<td>1,247,037</td>
<td>-</td>
<td>1,247,037</td>
</tr>
<tr>
<td>8,998,640</td>
<td>-</td>
<td>6,555,227</td>
<td>8,998,640</td>
<td>-</td>
<td>6,555,227</td>
<td>8,998,640</td>
<td>-</td>
<td>6,555,227</td>
</tr>
</tbody>
</table>

Development Partners

<table>
<thead>
<tr>
<th>Partner States</th>
<th>Develop. Partners</th>
<th>Total Budget</th>
<th>Partner States</th>
<th>Develop. Partner</th>
<th>Total Budget</th>
<th>Partner States</th>
<th>Develop. Partner</th>
<th>Total Budget</th>
</tr>
</thead>
<tbody>
<tr>
<td>-</td>
<td>73,180,44</td>
<td>6</td>
<td>73,180,44</td>
<td>6</td>
<td>62,986,80</td>
<td>0</td>
<td>62,986,800</td>
<td>-</td>
</tr>
<tr>
<td>50,889,17</td>
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<td>73,180,44</td>
<td>5</td>
<td>73,180,44</td>
<td>6</td>
<td>62,986,80</td>
<td>0</td>
<td>62,986,800</td>
</tr>
</tbody>
</table>

EXPECTED REVENUE

<table>
<thead>
<tr>
<th>Partner States</th>
<th>Develop. Partners</th>
<th>Total Budget</th>
<th>Partner States</th>
<th>Develop. Partner</th>
<th>Total Budget</th>
<th>Partner States</th>
<th>Develop. Partner</th>
<th>Total Budget</th>
</tr>
</thead>
<tbody>
<tr>
<td>19,510,88</td>
<td>8</td>
<td>56,563,16</td>
<td>5</td>
<td>76,074,05</td>
<td>3</td>
<td>21,637,257</td>
<td>54,447,93</td>
<td>76,085,188</td>
</tr>
<tr>
<td>4,320,340</td>
<td>8</td>
<td>261,850</td>
<td>4</td>
<td>4,582,190</td>
<td>4</td>
<td>4,268,831</td>
<td>192,000</td>
<td>4,460,831</td>
</tr>
<tr>
<td>15,190,40</td>
<td>6</td>
<td>299,430</td>
<td>15</td>
<td>15,489,83</td>
<td>6</td>
<td>16,408,016</td>
<td>250,320</td>
<td>16,658,336</td>
</tr>
</tbody>
</table>

PLANNED EXPENDITURE

<table>
<thead>
<tr>
<th>Partner States</th>
<th>Develop. Partners</th>
<th>Total Budget</th>
<th>Partner States</th>
<th>Develop. Partner</th>
<th>Total Budget</th>
<th>Partner States</th>
<th>Develop. Partner</th>
<th>Total Budget</th>
</tr>
</thead>
<tbody>
<tr>
<td>19,510,88</td>
<td>8</td>
<td>56,563,16</td>
<td>5</td>
<td>76,074,05</td>
<td>3</td>
<td>21,637,257</td>
<td>54,447,93</td>
<td>76,085,188</td>
</tr>
<tr>
<td>4,320,340</td>
<td>8</td>
<td>261,850</td>
<td>4</td>
<td>4,582,190</td>
<td>4</td>
<td>4,268,831</td>
<td>192,000</td>
<td>4,460,831</td>
</tr>
<tr>
<td>15,190,40</td>
<td>6</td>
<td>299,430</td>
<td>15</td>
<td>15,489,83</td>
<td>6</td>
<td>16,408,016</td>
<td>250,320</td>
<td>16,658,336</td>
</tr>
</tbody>
</table>
The proposed budget for the financial year 2015/2016 is categorized as follows –

**Table 02: Budget by Expenditure Category**

<table>
<thead>
<tr>
<th>s/n</th>
<th>Organ/Institution</th>
<th>FY 2014/2015 Amount in USD</th>
<th>FY 2015/2016 Amount in USD</th>
<th>Change in USD</th>
<th>% Change in USD</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Personnel Emoluments</td>
<td>32,982,108</td>
<td>35,324,733</td>
<td>2,342,625</td>
<td>30%</td>
</tr>
<tr>
<td>2</td>
<td>Other Charges</td>
<td>24,183,401</td>
<td>27,281,501</td>
<td>3,098,100</td>
<td>23%</td>
</tr>
<tr>
<td>3</td>
<td>Capital and Development</td>
<td>66,904,116</td>
<td>55,719,844</td>
<td>11,184,272</td>
<td>47%</td>
</tr>
<tr>
<td></td>
<td><strong>Total</strong></td>
<td><strong>124,069,625</strong></td>
<td><strong>118,326,078</strong></td>
<td><strong>(5,743,547)</strong></td>
<td><strong>100%</strong></td>
</tr>
</tbody>
</table>

**Budget Allocation to the Key Priority Interventions**

The allocation of the budget to the key priorities for the next financial year 2015/2016 is as follows:
### Table 03: Budget Allocation to Priority Areas

<table>
<thead>
<tr>
<th>S/N</th>
<th>Key Priority Interventions</th>
<th>Amount Allocated (USD)</th>
<th>% -to the total Estimates</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Implementation of the EAC Monetary Union</td>
<td>168,100</td>
<td>10,850,448</td>
</tr>
<tr>
<td>2</td>
<td>Consolidation of the Single Customs Territory.</td>
<td>481,410</td>
<td>3,361,740</td>
</tr>
<tr>
<td>3</td>
<td>Enhanced implementation of the EAC Common Market Protocol</td>
<td>22,601,058</td>
<td>26,422,246</td>
</tr>
<tr>
<td>4</td>
<td>Constitution making process for the EAC Political Federation</td>
<td>626,230</td>
<td>418,450</td>
</tr>
<tr>
<td>5</td>
<td>Development of Cross-border infrastructure</td>
<td>597,490</td>
<td>3,313,070</td>
</tr>
<tr>
<td>6</td>
<td>Implementation of the EAC Industrialization Policy</td>
<td>67,350</td>
<td>357,250</td>
</tr>
<tr>
<td>7</td>
<td>Implementation of the EAC Food Security Action Plan and Climate Change Master Strategy</td>
<td>400,100</td>
<td>5,361,305</td>
</tr>
<tr>
<td>8</td>
<td>Transformation of the EAC into a common Education Area and establishment of East African Examination Body</td>
<td>1,197,255</td>
<td>254,350</td>
</tr>
<tr>
<td>9</td>
<td>Implementation of the Tripartite Free Trade Area encompassing COMESA-EAC-SADC</td>
<td>101,100</td>
<td>329,100</td>
</tr>
<tr>
<td>10</td>
<td>Corporate support services, including Personnel Emoluments and Administrative Costs</td>
<td>29,099,184</td>
<td>12,318,841</td>
</tr>
<tr>
<td></td>
<td><strong>Total Budget</strong></td>
<td><strong>55,339,277</strong></td>
<td><strong>62,986,800</strong></td>
</tr>
</tbody>
</table>

The Secretariat informed the meeting that the proposed budget was still subject to amendments to cater for activities arising from decisions made by the 30th Meeting of the Council.

The Council took note of the proposed budget for FY2015/2016 (*EAC/CM 30/Decision 54(a)*).
7.1.3 Status of Partner States Contributions to Inter-University Council for East Africa (IUCEA)

7.1.3.1 Status of Partner States Contributions for FY2013/2014 and FY2014/15

The Council was informed that the status of Partner States contributions to IUCEA budget for the Financial Year 2013/14 and FY2014/15 is as presented in Table III below -

Table III: Status of Partner States’ Contributions as at 16th November 2014

<table>
<thead>
<tr>
<th>Partner State</th>
<th>Arrears 2013/14</th>
<th>Contribution Due 2014/15</th>
<th>Contribution Paid 2014/15</th>
<th>Outstanding 2014/15</th>
</tr>
</thead>
<tbody>
<tr>
<td>Republic of Kenya</td>
<td>0</td>
<td>817,400</td>
<td>817,400</td>
<td>0</td>
</tr>
<tr>
<td>United Republic of Tanzania</td>
<td>809,242</td>
<td>817,400</td>
<td>711,201</td>
<td>915,441</td>
</tr>
<tr>
<td>Republic of Uganda</td>
<td>637,630</td>
<td>817,400</td>
<td>240,874</td>
<td>1,214,156</td>
</tr>
<tr>
<td>Republic of Rwanda</td>
<td>0</td>
<td>817,400</td>
<td>-</td>
<td>817,400</td>
</tr>
<tr>
<td>Republic of Burundi</td>
<td>585,452</td>
<td>817,400</td>
<td>-</td>
<td>1,041,190</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>2,032,324</strong></td>
<td><strong>4,087,000</strong></td>
<td><strong>1,769,475</strong></td>
<td><strong>4,349,849</strong></td>
</tr>
</tbody>
</table>

The Council –

(a) took note of the status of Partner States contributions for the FY2014/15 as at 16th November, 2014 (EAC/CM 30/Decision 55);
(b) directed the Republic of Burundi, the Republic of Uganda and The United Republic of Tanzania to remit their outstanding contributions to IUCEA for the Financial Year 2013/2014 by 31st December 2014 (EAC/CM 30/Directive 45); and
(c) directed the Republic of Burundi, the Republic of Rwanda, the Republic of Uganda and The United Republic of Tanzania to remit their outstanding contributions to IUCEA for the Financial Year 2014/2015 (EAC/CM 30/Directive 46).

7.1.3.2 Status of Outstanding Arrears

The Council recalled that at its 26th Meeting, the Council directed the IUCEA to table the arrears matters to the Executive Committee to decide on the way forward. The Executive Committee considered the matter and decided not to write off the old arrears as some Partner States had expressed the intention to remit them. The Executive Committee directed the IUCEA to classify the arrears into three categories; arrears before revitalization (1980-2000); from revitalization to June 2012 and from 2012. Table IV below shows the status of arrears.
Table IV: Status of Arrears and Payments from 1980 to June 2013

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Republic of Burundi</td>
<td>1,039,996</td>
<td>889,302</td>
<td>1,929,298</td>
<td>0</td>
<td>1,929,298</td>
<td></td>
</tr>
<tr>
<td>Republic of Kenya</td>
<td>6,035,906</td>
<td>189,012</td>
<td>6,224,918</td>
<td>4,445,222</td>
<td>1,779,696</td>
<td></td>
</tr>
<tr>
<td>Republic of Rwanda</td>
<td>-</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>United Rep. of Tanzania</td>
<td>3,308,020</td>
<td>929,429</td>
<td>140,687</td>
<td>628,410</td>
<td>3,749,726</td>
<td></td>
</tr>
<tr>
<td>Republic of Uganda</td>
<td>1,323,266</td>
<td>2,013,805</td>
<td>1,366,877</td>
<td>812,542</td>
<td>3,891,406</td>
<td></td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>10,667,192</strong></td>
<td><strong>4,172,242</strong></td>
<td><strong>2,396,866</strong></td>
<td><strong>5,886,174</strong></td>
<td><strong>11,350,126</strong></td>
<td></td>
</tr>
</tbody>
</table>

The Council directed the -

(a) IUCEA to develop the arrears funds utilization plan and submit to the 31st Meeting of the Council (EAC/CM 30/Directive 47); and

(b) Republic of Burundi, the Republic of Kenya, the Republic of Uganda, and The United Republic of Tanzania to remit their outstanding arrears to IUCEA (EAC/CM 30/Directive 48).

7.1.3.3 Status of Partner States Contributions to the IUCEA Headquarters Construction as at 16th November, 2014

The Council noted that the Government of Uganda granted IUCEA 5 acres of land located at Kyambogo, in Kampala for construction of its headquarters. Subsequently, each Partner State agreed to contribute US$ 500,000 for the construction. To date only three Partner States namely the Republic of Kenya, the Republic of Rwanda and The United Republic of Tanzania have remitted their contributions as shown in Table V below.

Table V: Status of contribution to the construction fund as at 16th November, 2014

<table>
<thead>
<tr>
<th>Partner State</th>
<th>Agreed Amount</th>
<th>Paid Amount</th>
<th>Unpaid Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Republic of Kenya</td>
<td>500,000</td>
<td>500,000</td>
<td>0</td>
</tr>
<tr>
<td>United Republic of Tanzania</td>
<td>500,000</td>
<td>500,000</td>
<td>0</td>
</tr>
<tr>
<td>Republic of Uganda</td>
<td>500,000</td>
<td>0</td>
<td>500,000</td>
</tr>
<tr>
<td>Republic of Rwanda</td>
<td>500,000</td>
<td>500,000</td>
<td>0</td>
</tr>
<tr>
<td>Republic of Burundi</td>
<td>500,000</td>
<td>0</td>
<td>500,000</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>2,500,000</strong></td>
<td><strong>1,500,000</strong></td>
<td><strong>1,000,000</strong></td>
</tr>
</tbody>
</table>

The Council –

(a) took note of the status of Partner States contributions towards the construction of IUCEA Headquarters as at 16th November, 2014 (EAC/CM 30/Decision 56); and
(b) directed the Republic of Burundi and the Republic of Uganda to remit their outstanding contributions towards the construction of the IUCEA Headquarters by 31st December, 2014 (EAC/CM 30/Directive 49).

7.1.3.4 Status of Country contributions for the Lake Victoria Fisheries Organization (LVFO)

The Council was informed that the total outstanding contribution for FY 2014/2015 as at 1st July 2014 was US$ 2,112,29.14, inclusive of arrears. The status of remittances as at 16th November, 2014 was as summarized in Table VI below with the Republic of Kenya having paid 27%, while The United Republic of Tanzania and the Republic of Uganda have paid 35% and 69.4% respectively. Contributions received during the FY2014/2015 amounted to US$ 988,666.4 and the outstanding contribution was US$ 1,123,362.74.

Table VI: Status of Partner States contributions as at 16th November, 2014

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Republic of Kenya</td>
<td>122,208</td>
<td>335,600.70</td>
<td>457,808.78</td>
<td>122,243.67</td>
<td>335,565.11</td>
<td>27%</td>
</tr>
<tr>
<td>2</td>
<td>United Republic of Tanzania</td>
<td>482,827</td>
<td>335,600.70</td>
<td>818,428.14</td>
<td>285,685.39</td>
<td>532,742.75</td>
<td>35%</td>
</tr>
<tr>
<td>3</td>
<td>Republic of Uganda</td>
<td>500,192</td>
<td>335,600.70</td>
<td>835,792.22</td>
<td>580,737.34</td>
<td>255,054.88</td>
<td>69.4%</td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td>1,105,227</td>
<td>1,006,802.1</td>
<td>2,112,029.14</td>
<td>988,666.4</td>
<td>1,123,362.74</td>
<td>46.8%</td>
</tr>
</tbody>
</table>

The 6th Special Council Meeting of the LVFO was held on 15th October, 2014 at LVFO where the Secretariat urged Partner States to clear their outstanding Partner States contributions by 31st March 2015.

The Council –

(a) took note of the status of Partner States contributions to LVFO as at 16th November, 2014 (EAC/CM 30/Decision 57); and
(b) re-iterated its earlier directive for Partner States to remit the outstanding contributions to LVFO (EAC/CM 30/Directive 50).

7.1.3.5 Support from Development Partners for the FY 2014/15

The Council noted the Support from Development Partners as at 16th November 2014 to the EAC Secretariat as presented in Table VII below -
# Table VII: Development Partners’ Contributions

<table>
<thead>
<tr>
<th>Name Project Name</th>
<th>Approved Expected Contribution</th>
<th>Amount availed</th>
<th>% Availed by DP</th>
<th>Total spent</th>
<th>Funds Available</th>
<th>Outstanding Contribution</th>
</tr>
</thead>
<tbody>
<tr>
<td>APSA African Peace Support Architecture (EU through AU)</td>
<td>3,772,309</td>
<td>749,688</td>
<td>20%</td>
<td>579,834</td>
<td>169,855</td>
<td>3,022,621</td>
</tr>
<tr>
<td>IBAR Veterinary Governance Project (EU through AU)</td>
<td>358,212</td>
<td>14,121</td>
<td>4%</td>
<td>-</td>
<td>14,121</td>
<td>344,091</td>
</tr>
<tr>
<td>Alliance for Green Revolution in Africa (AGRA)</td>
<td>168,283</td>
<td>152,612</td>
<td>91%</td>
<td>41,007</td>
<td>111,605</td>
<td>15,671</td>
</tr>
<tr>
<td>Chinese Government Support to EAC</td>
<td>299,200</td>
<td>200,000</td>
<td>67%</td>
<td>165,197</td>
<td>34,803</td>
<td>99,200</td>
</tr>
<tr>
<td>Climate Change project (Tripartite EAC/COMESA/SADC)</td>
<td>2,735,771</td>
<td>320,082</td>
<td>12%</td>
<td>198,359</td>
<td>121,723</td>
<td>2,415,689</td>
</tr>
<tr>
<td>EAC Railway Enhancement Program (AfDB)</td>
<td>1,590,000</td>
<td>131,387</td>
<td>8%</td>
<td>39,266</td>
<td>92,121</td>
<td>1,458,613</td>
</tr>
<tr>
<td>Support for Payment Settlement Integ Proj (AfDB)</td>
<td>13,998,000</td>
<td>846,021</td>
<td>6%</td>
<td>252,096</td>
<td>593,925</td>
<td>13,151,980</td>
</tr>
<tr>
<td>HIV Proj - Mixed Funding from HIV/AIDS Group (SIDA)</td>
<td>1,007,341</td>
<td>255,460</td>
<td>25%</td>
<td>191,520</td>
<td>63,940</td>
<td>751,881</td>
</tr>
<tr>
<td>Intergovernmental Co-ordination Committee Support to EAC (EU through IRCC)</td>
<td>697,503</td>
<td>140,534</td>
<td>20%</td>
<td>78,243</td>
<td>62,291</td>
<td>556,969</td>
</tr>
<tr>
<td>Maritime Security (MASE) Project (EU)</td>
<td>2,552,116</td>
<td>1,216,546</td>
<td>48%</td>
<td>77,920</td>
<td>1,138,626</td>
<td>1,335,570</td>
</tr>
<tr>
<td>PAF EAC Partnership Fund (Basket Fund)</td>
<td>12,389,106</td>
<td>3,376,573</td>
<td>27%</td>
<td>2,462,355</td>
<td>914,218</td>
<td>9,012,533</td>
</tr>
<tr>
<td>FSDDR Financial Sector Development and region (WB)</td>
<td>8,661,302</td>
<td>1,005,152</td>
<td>12%</td>
<td>907,636</td>
<td>97,516</td>
<td>7,656,150</td>
</tr>
<tr>
<td>MRH Medicines Regulations Harmonization (WB)</td>
<td>2,455,062</td>
<td>525,059</td>
<td>21%</td>
<td>516,853</td>
<td>8,206</td>
<td>1,930,003</td>
</tr>
<tr>
<td>Public Financial Management Harmonization (WB)</td>
<td>505,100</td>
<td>141,152</td>
<td>28%</td>
<td>3,990</td>
<td>137,163</td>
<td>363,948</td>
</tr>
<tr>
<td>Sexual Reproductive Child and Adolescent Health Project (UNFPA)</td>
<td>656,831</td>
<td>134,607</td>
<td>20%</td>
<td>126,109</td>
<td>8,498</td>
<td>522,225</td>
</tr>
<tr>
<td>USAID Comprehensive Support to EAC Regional Integration</td>
<td>4,511,360</td>
<td>1,141,330</td>
<td>25%</td>
<td>876,053</td>
<td>265,276</td>
<td>3,370,030</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>56,357,496</strong></td>
<td><strong>10,350,324</strong></td>
<td><strong>18%</strong></td>
<td><strong>6,516,436</strong></td>
<td><strong>3,833,888</strong></td>
<td><strong>46,007,172</strong></td>
</tr>
</tbody>
</table>

The Council was informed that the disbursement schedules were not in tandem with the Annual Operational Plan. The Council was further informed that where the funds received represent a low percentage of the budgeted amount, this was due to the disbursement method, which requires EAC to utilise/exhaust funds received in order to qualify for subsequent remittances. The Council observed that this may be a reflection of low absorption capacity on the part of the Organs and Institutions and noted the need to adhere to the Annual Operational Plan.
The Council –

(a) took note of the Status of disbursement of Development Partners’ Contributions towards the EAC budget for the FY2014/15 as at 16th November, 2014 (EAC/CM 30/Decision 58); and
(b) directed the Secretariat and Institutions and urge the Organs of the Community to adhere to the Annual Operational Plan for donor funded projects (EAC/CM 30/Directive 51).

7.1.3.6 Status of General Reserves

The Meeting was informed that during the 28th Meeting of the Council held on 29th November 2013, the Secretariat presented a report indicating that the General Reserves stood at US$ 5,270,861 and in May 2014, the Lake Victoria Basin Commission transferred US$ 325,982 to the General Reserve Account, increasing the Fund balance to US$ 5,596,842. However, due to temporary liquidity challenges, in February 2014, funds amounting to US$ 254,777 were advanced to Lake Victoria Fisheries Organisation (LVFO) to facilitate settlement of gratuity due to former staff of the institution. Further, due to late remittance of contributions by Partner States at the beginning of the Financial Year 2014/2015, US$ 100,000 and US$ 780,000 were advanced to East African Legislative Assembly (EALA) and EAC Secretariat respectively, and shall be refunded once remittances from Partner States are received.

Finally, based on the Draft Financial Statements for the FY2013/14 submitted to the Audit Commission early October 2014, unused funds shall be deposited to the Reserve fund as follows:

(i) EACJ: US$ 494,884;
(ii) EALA: US$ 742,601;  
(iii) EAC Secretariat: US$ 1,367,246.

It is worth recalling that during its previous meetings, Council made a number of decisions leading to a decrease of US$ 2,102,828. From the above, while today its running balance is US$ 4,462,066, the EAC General Reserve Fund stands at US$ 6,098,745, as summarised in Tables VIII A and VIII B below:

Table VIII A: Status of EAC General Reserve Fund

<table>
<thead>
<tr>
<th>Description</th>
<th>Transaction period</th>
<th>Transaction amount (US$)</th>
<th>Running Balance (US$)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Balance as reported in Nov 2013</td>
<td>Brought forward</td>
<td>5,270,861</td>
<td>5,270,861</td>
</tr>
<tr>
<td>Transfer from LVBC</td>
<td>May-14</td>
<td>325,982</td>
<td>5,596,843</td>
</tr>
<tr>
<td>Outstanding Advance, LVFO</td>
<td>Feb-14</td>
<td>-254,777</td>
<td>5,342,066</td>
</tr>
<tr>
<td>Outstanding Advance to EALA, while waiting for remittances for FY14/15</td>
<td>Jul-14</td>
<td>-100,000</td>
<td>5,242,066</td>
</tr>
<tr>
<td>Outstanding Advance to EAC Secretariat, while waiting for remittances for FY14/15</td>
<td>Jul-14</td>
<td>-280,000</td>
<td>4,962,066</td>
</tr>
<tr>
<td>Outstanding Advance to EAC Secretariat, while waiting for remittances for FY14/15</td>
<td>Nov-14</td>
<td>-500,000</td>
<td>4,462,066</td>
</tr>
</tbody>
</table>
Table VIII B: Status of the General Reserve Fund including Commitments as at 16th November, 2014

<table>
<thead>
<tr>
<th>Description</th>
<th>Estimated Transaction Occurrence period</th>
<th>Amount (US$)</th>
<th>Projected Balance (US$)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Opening balance as at 15/11/2014 (see table 8A above)</td>
<td>Brought forward</td>
<td>4,462,066</td>
<td>4,462,066</td>
</tr>
<tr>
<td>Un-utilised funds for FY’13/14 (EACJ)</td>
<td>To be transferred</td>
<td>494,884</td>
<td>4,956,950</td>
</tr>
<tr>
<td>Un-utilised funds for FY’13/14 (EALA)</td>
<td>To be transferred</td>
<td>742,601</td>
<td>5,699,551</td>
</tr>
<tr>
<td>Un-utilised funds for FY’13/14 (EAC Secretariat)</td>
<td>To be transferred</td>
<td>1,367,246</td>
<td>7,066,797</td>
</tr>
<tr>
<td>Expected refund of Advances to SEC, EALA and LVFO (see table 8A above)</td>
<td>By end of December 2014</td>
<td>1,134,777</td>
<td>8,201,574</td>
</tr>
<tr>
<td>FY 14/15 Budget, budget adopted in February 2014, ref EAC/CM/EX/28/Decision 06</td>
<td>By end of December 2014</td>
<td>-93,700</td>
<td>8,107,874</td>
</tr>
<tr>
<td>FY 14/15 Budget, additional budget adopted in April 2014, ref EAC/EX/CM29/Decision 03 (Nyerere Centre)</td>
<td>By end of December 2014</td>
<td>-84,000</td>
<td>8,023,874</td>
</tr>
<tr>
<td>FY 14/15 Budget, additional budget adopted in April 2014, ref EAC/EX/CM29/Decision 04 (Election observer mission)</td>
<td>By end of December 2014</td>
<td>-287,150</td>
<td>7,736,724</td>
</tr>
<tr>
<td>FY 14/15 Budget, additional budget adopted in April 2014, ref EAC/EX/CM29/Decision 06 (Salaries)</td>
<td>By end of December 2014</td>
<td>-388,692</td>
<td>7,348,032</td>
</tr>
</tbody>
</table>

The Council made the following observations on the General Reserve Fund -

(a) there was a tendency for rolling over advances made to Organs and Institutions from the General Reserve from one financial year to another; and
(b) Organs and Institutions have not yet transferred the unutilized funds for the FY2013/14 as per the requirements of Regulation 32 (1) of the Financial Rules and Regulations (2012).

The Council –

(a) took note of the Status of General Reserves as at 16th November, 2014 (EAC/CM 30/Decision 59);
(b) directed the Secretariat to ensure that funds advanced to Organs and Institutions are recovered during the same Financial Year (EAC/CM 30/Directive 52); and
(c) directed Organs and Institutions to ensure that the unutilized funds are transferred to the General Reserve Account as per the requirements of Regulation 32 (1) of the Financial Rules and Regulations (2012) (EAC/CM 30/Directive 53).
7.1.3.7 Investment in Fixed Deposits

7.1.3.7.1 EAC Secretariat

The Council recalled that at its 28th Meeting held on 29th November 2013, the Council held on 29th November 2013, the Secretariat reported fixed deposits amounting to US$ 2,100,000. These matured on 21st March 2014, and interest amounting to US$ 100,800 was received and the principal was reinvested for a further 1 year at the same rate of 4.8%, with the same Exim Bank. As more funds became available on the staff gratuity account, US$ 2,000,000 was also invested.

The status of investment in the EAC Secretariat fixed deposits as at 16th November, 2014 is presented in Table IX below -

Table IX: Status of Investment in Fixed Deposits as at 16th November, 2014

<table>
<thead>
<tr>
<th>Bank Invested</th>
<th>Amount Invested (US$)</th>
<th>Interest rate quoted</th>
<th>Date of Security Issue</th>
<th>Date of Expiry of Security</th>
<th>Interest to be earned in US$</th>
</tr>
</thead>
<tbody>
<tr>
<td>Exim Bank</td>
<td>1,000,000</td>
<td>4.80%</td>
<td>22nd March 2014</td>
<td>22nd March 2015</td>
<td>48,667</td>
</tr>
<tr>
<td>Exim Bank</td>
<td>1,100,000</td>
<td>4.80%</td>
<td>22nd March 2014</td>
<td>22nd March 2015</td>
<td>53,533</td>
</tr>
<tr>
<td>Exim Bank</td>
<td>500,000</td>
<td>4.50%</td>
<td>22nd March 2014</td>
<td>22nd March 2015</td>
<td>22,813</td>
</tr>
<tr>
<td>Commercial Bank of Africa (CBA)</td>
<td>500,000</td>
<td>4.00%</td>
<td>15th March 2014</td>
<td>15th March 2015</td>
<td>20,000</td>
</tr>
<tr>
<td>Bank M (Tanzania) Ltd</td>
<td>1,000,000</td>
<td>5.00%</td>
<td>15th March 2014</td>
<td>15th March 2015</td>
<td>50,000</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>4,100,000</strong></td>
<td></td>
<td></td>
<td></td>
<td><strong>195,013</strong></td>
</tr>
</tbody>
</table>

7.1.3.8 Lake Victoria Basin Commission (LVBC)

The Council noted the status of Investment in Fixed Deposits as at 16th November, 2014 as presented in Table X below:

Table X: Status of Investment in Fixed Deposits as at 16th November, 2014

<table>
<thead>
<tr>
<th>Bank Invested</th>
<th>Amount Invested (US$)</th>
<th>Interest rate quoted</th>
<th>Date of Security Issue</th>
<th>Date of Expiry of Security</th>
<th>Interest to be earned in US$</th>
</tr>
</thead>
<tbody>
<tr>
<td>LVBC (gratuity)</td>
<td>LVBC (gratuity)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>NIC Bank</td>
<td>314,370.05</td>
<td>4.00%</td>
<td>9th April 2014</td>
<td>9th April 2015</td>
<td>12,749.45</td>
</tr>
</tbody>
</table>

LVBC has invested US$ 314,370.05 in a fixed deposit in NIC Bank for a period of one year as indicated in the table above. The funds are in relation to gratuity for LVBC staff, which is paid off as and when staff qualifies for the benefit.

The Council observed that -

(a) Most Institutions are operating service gratuity accounts;
(b) LVBC is operating a service gratuity account without prior approval by the Council; and
(c) Lake Victoria Fisheries Organization (LVFO) used gratuity fund for other activities which caused delay in payment of service gratuity.
The Council –

(a) directed the Secretary General to ensure that all EAC Organs and Institutions adhere to the provisions of Regulation 36 (4) of the EAC Financial Rules and Regulations (2012) which states that “The opening and closing of bank accounts of the Community shall be approved by the Council upon a recommendation of the Secretary General” (EAC/CM 30/Directive 54);

(b) granted LVBC retrospective approval for the current service gratuity account at NIC Bank, Kisumu, Kenya (EAC/CM 30/Decision 60); and

(c) directed EAC Secretariat and Institutions to ensure that service gratuity funds are used for the intended purpose (EAC/CM 30/Directive 55).

7.1.3.9 Inter-University Council for East Africa

(a) Status of Investment in Uganda Shillings

The Council was informed that in 2007, the Government of Uganda offered to IUCEA 5 acres plot of land located at Kyambogo, in Kampala, for construction of IUCEA Headquarters. Subsequently, the EAC Partner States agreed to contribute US$ 500,000 each to finance the construction. In 2009, the Republic of Kenya remitted her contribution of US$492,489.00 that was converted into UGX at the exchange rate of US$ 1 to UGX 2,177. The total amount of UGX1,072,148,553 was invested in fixed deposits in the same year. In January 2014, the principal and interest earned was amounted to UGX1,434,571,250.00 which is equivalent to US$ 564,791.83. The details are indicated in Table XI below -

Table XI: Investment in Fixed Deposits in UGX

<table>
<thead>
<tr>
<th>Year</th>
<th>Principal</th>
<th>Exchange Rate (US$)</th>
<th>Amount invested in UGX</th>
</tr>
</thead>
<tbody>
<tr>
<td>1) Initial investment</td>
<td>2009</td>
<td>$492,489.00</td>
<td>2,177</td>
</tr>
<tr>
<td>At maturity</td>
<td>Principal + interest</td>
<td>Rate</td>
<td>Amount US$</td>
</tr>
<tr>
<td>2) Final retirement</td>
<td>2014</td>
<td>1,434,571,250.00</td>
<td>2,540</td>
</tr>
<tr>
<td>3) 2-1</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

The Council was informed that the Investment in Uganda shillings was converted into US$ and reinvested.

When examining Table 11 above, the Meeting observed that it had been consistently reported in previous meetings of the Finance and Administration Committee that the Republic of Kenya had remitted its full contribution of US$500,000 towards the construction of the IUCEA headquarters. However, the Meeting was informed that the Republic of Kenya had remitted US$492,489 only.
The Council –

(a) took note of the status of Investment of IUCEA in Fixed Deposits (EAC/CM 30/Decision 61); and

(b) directed the IUCEA to submit to the next Meeting of the Council a detailed report on investment of the funds contributed towards the construction of its Headquarters (EAC/CM 30/Directive 56).

(b) Status of Investment in Fixed Deposits in US$ as at 16th November, 2014

The rules establishing the Headquarters fund (Executive Committee Min.EC2/21 of September 2010 under management of the fund No.vi) stipulate that: “the money received as IUCEA Headquarters Development Fund may be invested (as per IUCEA policy) to earn income. Any such earnings derived from such investment shall form part of the fund or as per the rules of such fund. The investment shall be recorded in an investment ledger as per IUCEA policy”. In that regard, IUCEA has invested part of the Headquarters Fund in fixed deposit as shown in Table XII. Upon maturity, the money invested in Stanbic Bank and Ecobank has been retired to enable smooth completion of construction of the headquarters as construction started in July 2014.

<table>
<thead>
<tr>
<th>Bank</th>
<th>Interest Rate p.a.</th>
<th>Amount invested</th>
<th>Investment period</th>
<th>Placement Date</th>
<th>Maturity date</th>
<th>Net Interest at Maturity</th>
<th>Principal + Interest Earned</th>
<th>Retired</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ecobank</td>
<td>3.75%</td>
<td>500,000</td>
<td>364 days</td>
<td>9 Jul. 2013</td>
<td>8 July 2014</td>
<td>16,178</td>
<td>516,178</td>
<td>516,178</td>
</tr>
<tr>
<td>Stanbic</td>
<td>0.75%</td>
<td>540,627</td>
<td>182 days</td>
<td>6 Feb. 2014</td>
<td>7 Aug. 2014</td>
<td>1,360</td>
<td>541,987</td>
<td>541,987</td>
</tr>
</tbody>
</table>

The Council took note of the status of Investment in Fixed Deposits of the IUCEA as at 16th November, 2014 (EAC/CM 30/Decision 62).

7.1.3.10 Progress on Modalities for Sustainable Financing of the Community

The Council recalled that at its 29th Extra-ordinary Meeting held on 30th April 2014, the Council considered a revised Report on modalities of sustainable Financing of the Community to the Ministers for Finance, during their Post-Budget Consultations Meeting held in Nairobi on 13th September 2014. The Council was informed that during the above Post-Budget Consultations meeting, the Ministers for Finance directed the Secretariat to circulate the revised report on modalities for sustainable financing of the Community, which includes the budget projections for the next 10 years, to Partner States for consultations. Partner States were on the other hand, directed to submit their comments on the same to the Secretariat by 15th January 2015. The Secretariat was further directed to convene a Meeting of experts from Ministries of Finance and Economic Affairs, and Revenue Authorities to consider the
Report and the comments from Partner States and make appropriate recommendations to Council on a sustainable financing mechanism for the Community.

The Council agreed that since the proposed Meeting of experts had not been envisaged, and had not been provided for in the approved budget for FY 2014/15, the Secretariat should hold it in Arusha. The Council proposed a budget of US$4,800 to cater for conference cost and also recommended that Partner States finance their representatives to the meeting. The funds for facilitating the meeting should be sourced internally from a reallocation within the FY14/15 budget.

The Council –

(a) approved internal reallocation of US$4,800 within the EAC Secretariat Budget for Financial Year 2014/2015 to facilitate a meeting of experts to consider the modalities of sustainable Financing of the Community (EAC/CM 30/Decision 63); and

(b) directed the Secretariat to convene and Partner States to facilitate their delegates to the meeting of experts to consider the modalities of sustainable Financing of the Community and submit the report to the 31st Meeting of the Council for consideration (EAC/CM 30/Directive 57).

7.1.3.11 Review of Regulations 19 and 20 of the EAC Financial Rules and Regulations (2012)

The Council was informed that in 2012, the Council approved new Financial Rules and Regulations which became effective on 1st July, 2013. Prior to this approval, the Secretariat raised concerns citing budget execution problems they are likely to face if the Secretary General is not given some limited authority to reallocate.


Extract of the Approved Regulations:

"Regulation 19: Reallocation and Supplementary Budget Requirements"

(1) A Reallocation budget proposal shall constitute a request submitted by the Secretary General to the Council for movement or reallocation of financial resources on existing approved activities and inputs of the Community within the financial year.

(2) Financial resources may only be re-allocated where activities are of the highest urgency but could not have been foreseen at the time of the initial programme and budget proposals were prepared.
Regulation 20: Review and Approval of Reallocation and Supplementary Budget Requirements

(3) The Secretary General shall review, consolidate and recommend all the proposals for reallocation and supplementary budgets to the Council for consideration.

(4) The reallocation of financial resources within the approved budget shall be authorised by the Council."

The Council was informed that during implementation of the revised Financial Rules and Regulations (2012), the following challenges had been encountered:

(a) Delays in Undertaking Activities

Under the current framework, budget control is at the input level (e.g. Air tickets, DSA, Conference Costs, etc.). Managing a budget at this level with no flexibility at all is not practical in the sense that the budget is an estimate prepared on the assumption that there will be no changes/variations in the environment/inputs. This means that if there is any change in any of the inputs into an activity, that activity cannot be implemented until the Council approves a re-allocation. The result is that such an activity will have to wait for Council approval before implementation. Given the way EAC operates, the Council usually sits at intervals of at least four (4) to five (5) months. Some activities, particularly project activities have time frames within which they have to be implemented. Such long delays lead to challenges in regard to timely implementation of project activities.

(b) Inability to Settle Invoices for Meetings

When EAC convenes a meeting, it facilitates an equal number of delegates from each Partner State. However, there are no restrictions on the number of delegates a Partner State can bring, as long as the additional number of delegates is facilitated by the Partner States themselves. While the Partner States usually cater for per diems and air tickets, EAC on the other hand bears the total cost of conference facilities. It has also become a common practice for Partner States to nominate unexpectedly large numbers of representatives to certain meetings particularly those related to the implementation of Common Market, Monetary Union and Statutory Meetings.

In some cases, the total number of delegates has increased by more than 100% thereby escalating costs for conference, hire of meeting venues and other administrative and logistical support beyond the approved budget. There are also cases where, due to unavoidable circumstances, meetings take more than the budgeted days thereby increasing not only administrative and logical cost but also requiring EAC to meet the extra cost of per diem. Such unforeseen circumstances change the composition of original inputs into an activity as well as the total amount budgeted under that activity. Without some authority by the Secretary General to be able to re-allocate between the inputs into that activity, EAC will not be able to settle the invoices resulting from such extra costs.
In order to solve this lack of flexibility in managing the budget as per the provisions of Regulation 19, the Secretariat is requesting the Council to review these provisions and allow some flexibility whereby the Secretary General will have authority to re-allocate funds between the inputs, as long as the activity budget remains the same. It is proposed that the Secretary General be allowed to re-allocate funds up to 15% between activities.

The Council was also informed that envisaged benefits from the proposed budget flexibility would include the following:

(a) improved implementation of EAC planned activities;
(b) minimizing delays in implementation of key activities emerging in the course of the financial year;
(c) assisting the Secretary General in dealing with uncertainties by allowing flexibility of funds necessary to mitigate unexpected challenges emerging in the course of implementation; and
(d) provide more time to the Council of Ministers to concentrate on addressing major policy issues rather than from dealing with day to day administrative issues relating to management of the budget.

Based on the above, it was proposed that Regulations 19 and 20 of the EAC Financial Rules and Regulation (2012) be amended by adding and amending the following sub regulations:

**Regulation 19:**

(8) “the Secretary General shall approve re-allocation between inputs for the same activity”; and
(9) “the Secretary General shall approve re-allocation between activities up to a maximum of 15% of an approved activity budget”.

**Regulation 20 should be amended as follows:**

(3) The Secretary General shall review, consolidate and recommend the proposals for reallocation above the threshold set in Regulation 19(8) and 19(9) and supplementary budgets to the Council for consideration.
(4) The reallocation of financial resources within the approved budget, above the threshold set in Regulation 19(8) and 19(9), shall be authorised by the Council.

The Council was of the view that status quo prevails as per the decisions of the 26th Meeting of the Council on the following reasons:

(a) it will encourage poor planning and budgeting;
(b) it may affect Implementation of already planned activities; and
(c) it will encourage indiscipline in use of budgeted resources.

The Council maintained the status quo on the reallocation of funds under Regulation 19 and 20 of the EAC Financial Rules and Regulations 2012 (EAC/CM 30/Decision 64).
7.1.3.12 Requests for Budget Re-allocation for Financial Year 2014/15

(a) 18th Meeting of the Sectoral Council on Legal and Judicial Affairs

The Council was informed that the 16th Meeting of the Sectoral Council on Legal and Judicial Affairs was to be held in the FY 2013/2014 but could not be held due to the unavailability of either Attorneys General or Solicitors General whenever the Secretariat tried to convene their Sessions. Consequently, the Department of Legal and Judicial Affairs could not access funds for the FY 2013/14 to convene the meeting in the new financial year since the funds had elapsed.

The Council was further informed that the Department of Legal and Judicial Affairs in the course of the current financial year convened the 16th Meeting of the Sectoral Council on Legal and Judicial Affairs to address the work that had been pending. This Meeting was convened from 19th – 24th July 2014 in Mombasa the session of the Senior Officials. Subsequently a meeting of the Legal Draftspersons was also convened in Mombasa, Kenya. Accordingly, funds that would have facilitated the 17th Meeting of the SCLJA were used to cover the 16th Meeting that should have been convened in the FY 2013/2014.

As noted above, the session of the Solicitors General and Attorneys General could not convene in Mombasa to complete the 16th Meeting of the Sectoral Council on Legal and Judicial Affairs. The Secretariat convened sessions of the Solicitors General and Attorneys General of the 16th Sectoral Council in Arusha in September, 2014. The Secretariat shortly thereafter convened the 17th Meeting of Sectoral Council on Legal and Judicial in October, 2014 also in Arusha.

These two closely convened meetings, coupled with the sessions in Mombasa affected plans for convening of the 18th Meeting of the Sectoral Council for Legal and Judicial Affairs that is scheduled for 2015 in Zanzibar. As a result the Secretariat has run short of funds to enable it convene the 18th Meeting of the Sectoral Council of Legal and Judicial Affairs. The said meeting will be preceded by a session of the Legal Draftspersons also in Zanzibar to draft legal instruments.

Since Meetings of the Sectoral Council on Legal and Judicial Affairs are at the minimum held twice in a Financial Year, this means that there will be no sufficient funds to hold the 18th Meeting of the Sectoral Council and any other Extra-ordinary meetings that will arise. In view of the above, the Secretariat requested that a budget re-allocation within the activities of the Department of Legal and Judicial Affairs be undertaken as indicated in Table XIII below to provide sufficient funds for the 18th Meeting of the Sectoral Council –
Table XIII: Budget Re-Allocation for the 18th Meeting of the Sectoral Council on Legal and Judicial Affairs

<table>
<thead>
<tr>
<th>Activity Code</th>
<th>Activity Description</th>
<th>Account Code</th>
<th>Input Description</th>
<th>Budget Approved (US$)</th>
<th>Amount to be reallocated (US$)</th>
<th>Budget remaining (US$)</th>
</tr>
</thead>
<tbody>
<tr>
<td>M5K01T0101C02</td>
<td>To convene 2 Meetings of the Sub-Committee on Approximation of laws into EAC Context each year (for 25 Participants in Arusha) for 2 days</td>
<td>2210505</td>
<td>Hiring of Conference Facilities</td>
<td>6,000</td>
<td>(2760)</td>
<td>3,240</td>
</tr>
<tr>
<td>M5K01T0302S02</td>
<td>To organize 2 High Level Task Force meetings for 30 participants to discuss proposed amendment of the Treaty for the establishment of EAC one to be in Arusha.</td>
<td>2210505</td>
<td>Hiring of Conference Facilities</td>
<td>12,000</td>
<td>(7,000)</td>
<td>5,000</td>
</tr>
<tr>
<td>M5K01T0302S01</td>
<td>To organize 2 Ordinary meetings the Sectoral Council On Legal and Judicial Affairs and One Extra Ordinary Meeting of SCLJA</td>
<td>2210505</td>
<td>Hiring of Conference Facilities</td>
<td>20,000</td>
<td>(6000)</td>
<td>14,000</td>
</tr>
<tr>
<td>MTK01T0501C02</td>
<td>To organise 2 Meetings of the Task Force to conclude the Protocol to operationalise Extended Jurisdiction</td>
<td>2210505</td>
<td>Hiring of Conference Facilities</td>
<td>8000</td>
<td>(2,700)</td>
<td>5,300</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td></td>
<td></td>
<td></td>
<td><strong>46,000</strong></td>
<td><strong>18,460</strong></td>
<td><strong>27,540</strong></td>
</tr>
</tbody>
</table>
REALLOCATE TO:

<table>
<thead>
<tr>
<th>Activity Code</th>
<th>Activity Description</th>
<th>Account code</th>
<th>Input description</th>
<th>Approved Amount</th>
<th>Amount in US$ to be re-allocated</th>
<th>Total after the reallocation</th>
</tr>
</thead>
<tbody>
<tr>
<td>M5K01T0302S01</td>
<td>To organize 2 Ordinary meetings the Sectoral Council On Legal and Judicial Affairs and One Extra Ordinary Meeting of SCLJA</td>
<td>2230114</td>
<td>DSA for Staff</td>
<td>12,250</td>
<td>14,410</td>
<td>26,660</td>
</tr>
<tr>
<td></td>
<td></td>
<td>2230101</td>
<td>Air Tickets for staff</td>
<td>3,150</td>
<td>4,050</td>
<td>7,200</td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td></td>
<td></td>
<td>15,400</td>
<td>18,460</td>
<td>33,860</td>
</tr>
</tbody>
</table>

The Council considered the request for budget re-allocation amounting to US$ 18,460 and recommended approval to the 30th Meeting of the Council.

The Council approved a budget re-allocation amounting to US$ 18,460 to facilitate convening of the 18th Meeting of the Sectoral Council on Legal and Judicial Affairs (EAC/CM 30/Decision 65).

(b) Financial Sector Development and Regionalisation Project 1- US$ 438,000

The Council was informed that the EAC Secretariat signed a three year Financing Agreement on 4th February, 2011 with the World Bank with a total budget of US$16,000,000. The main objective of the first phase of the Financial Sector Development and Regionalisation Project (FSDRP) is to establish the foundation for financial sector integration among the EAC Partner States. The Project became effective on 20th June, 2011 and is now in its third year of operations. The FSDRP Phase I will close on 30th June, 2015. FSDRP II is envisaged subject to the performance of FSDRP I.

The FSDRP is structured in six components as follows -

(a) Financial Inclusion and Strengthening Market Participants: The main objective of the component is to leverage the establishment of a single market and the benefits of scale associated with regionalization to make a broader range of formal financial services/products available to a more diversified client profile, including those that are currently unserved. The Component provides capacity building programs to the market participants;

(b) Component 2 – Harmonization of Financial Laws and Regulations: The objective of the component is to move towards the legal and regulatory harmonization in banking and accounting, securities markets, insurance, pensions, investment funds critical to achieve an effective functioning of a single market in financial services via EAC Acts;

(c) Component 3 – Mutual Recognition of Supervisory Agencies: The objective of the component is to support the establishment of a regional pass porting
system. Under this system, a financial institution and market intermediaries licensed by the supervisory authority in one Partner State will be allowed to operate in all Partner States upon simple notification to the supervisory authority of the host State;

(d) Component 4 – Integration of Financial Market Infrastructure: The objective of this component is to support the establishment of an efficient market infrastructure, compatible at the regional level;

(e) Component 5 – Development of the Regional Bond Market: The objective of the component is to support the development of the government bond market in each Partner States, to ensure bond issuers in individual EAC Partner States having access to a deeper pool of liquidity in a single market; and

(f) Component 6 – Capacity Building: The objective of the component is: (i) to create capacity for regional policy formulation and Co-ordination at the level of the EAC Secretariat; (ii) to strengthen financial sector supervisory capacity in the Partner States in addition to the support provided by national-level projects.

The project proposes a budget re-allocation which aims at ensuring that new urgent follow-on activities arising from concluded consultancies are implemented without losing focus on the recommendations. This proposal will also help to achieve the funds disbursement targets agreed during the project mid-term review and help the Project qualify for the second phase.

(c) Re-allocation of budget FY 2014/ 2015

(i) Rationale for Reallocation of Budget

The budget of US$ 8,868,970 was approved by the Council of Ministers and EALA for the Financial Year 2014/2015. During the execution of planned activities the FSDRP Project Administration Team has realized the need for adjustment, in order to ensure improved absorption and to address surpluses arising from delayed employment of staff and planned activities. Given that this is the last operation budget for the phase one of the project, the Project Administration Team saw the need to maximize the use of the available resources to achieve the Project’s main objectives, while at the same time avoiding the risk of cancellation of the allocation by the World Bank.

The project proposes a budget re-allocation which aims at ensuring that new urgent follow-on activities arising from concluded consultancies are implemented without losing focus on the recommendations. This proposal will also help to achieve the funds disbursement targets agreed during the project mid-term review and help the Project qualify for the second phase which can only be negotiated upon full utilization of the funds under phase 1 of the FSDRP1.

During the last mid-term review mission by the World Bank, the World Bank Task Team Leader express serious concern on budget rigidity on the part of the EAC and requested Secretariat to look for solutions on how to make funds allocation easier to enable utilization of funds within the Credit Agreement period and avoid fund cancellation. During the mission, it was agreed that the issue will be reviewed during the December 2014 mission.
During the last Executive Committee Meeting held in Dar es Salaam between 25th - 26th September 2014, they observed that there was need for the budget flexibility within EAC especially donor funded projects to facilitate smoother implementation of the project activities.

In line with the 28th Council meeting (EAC/CM28/Directive 34), The EAC Secretariat was directed to ensure that all future requests for reallocation be presented to the relevant Sectoral Council before submission to the Council for Approval. The EAC Secretariat submitted the FSDRP reallocation request to the Sectoral Council for Finance and Economic Affairs that took place from 6th to 8th November, 2014 in Nairobi. The SCFEA approved the request and the report is hereby availed to the Finance and Administration Committee. The EAC Secretariat is requesting for a rationalization of funds allocated to some activities in the approved budget with justifications, in order to provide the additional resources for the activities that need funding. The Project is, therefore, requesting for a reallocation of US$ 438,000 to provide resources for activities as shown in Table XIV (a) and (b) below -

Table XIV(a): Reallocated from

<table>
<thead>
<tr>
<th>Activity code</th>
<th>Description</th>
<th>Approved Budget</th>
<th>Reallocated amount</th>
<th>Remaining amount</th>
<th>Justification</th>
</tr>
</thead>
<tbody>
<tr>
<td>M3I01T0502S04</td>
<td>Sub-Committee meetings to spearhead PPP policy framework</td>
<td>234,330</td>
<td>79,500</td>
<td>154,830</td>
<td>The activity has a budget of US$234,500; Consultancy on PPP Policy and Legal Framework will start soon and is expected to be concluded in March 2015 which will subsequently trigger sub-committee meetings. At an average of US$50,000; Due to delays in getting PPP Policy out, it is highly unlikely that 5 meetings planned will take place over the period to June 2015. The balance of US$155,000 reasonably take care of at least three meetings to June 2015.</td>
</tr>
<tr>
<td>M3I01T0502S27</td>
<td>Securities Advisor consultative workshops</td>
<td>152,000</td>
<td>51,000</td>
<td>101,000</td>
<td>The remaining activities are reasonably funded</td>
</tr>
<tr>
<td>M2B02T0302S01</td>
<td>Purchase of Capital Markets Infrastructure (CMI)</td>
<td>2,800,000</td>
<td>49,500</td>
<td>2,750,500</td>
<td>Following the conclusion of CMI Bids Evaluation Exercise, FSDRP realised some savings in costs and therefore proposed to use this saving to fund the above crucial activities.</td>
</tr>
<tr>
<td>M2B02T0602C13</td>
<td>Salaries for FSDRP staff</td>
<td>1,344,000</td>
<td>84,000</td>
<td>1,260,000</td>
<td>Savings due to delayed recruitment of staff</td>
</tr>
<tr>
<td>M2B02T0602C13</td>
<td>PPP Program Manager</td>
<td>96,000</td>
<td>48,000</td>
<td>48,000</td>
<td>Savings due to delayed recruitment of staff</td>
</tr>
</tbody>
</table>
Table XIV(b): Allocate To

<table>
<thead>
<tr>
<th>Activity code</th>
<th>Description</th>
<th>Current Budget</th>
<th>Additional funds required</th>
<th>Total amount</th>
<th>Justification</th>
</tr>
</thead>
<tbody>
<tr>
<td>M3I01T0502S02</td>
<td>Consultations for the development of pensions legal framework</td>
<td>50,000.00</td>
<td>101,000</td>
<td>151,000</td>
<td>The Sectoral Council on Finance and Economic Affairs (SCFEA) on 15th March 2014 noted that the pensions sector was lagging behind and recommended an urgent meeting of the pension sub-committee to work out the modalities of implementation of the proposed pension policies as per the pension study report. The Capital Market, Insurance and Pensions Committee (CMIPC) meeting held from 21st – 24th September, 2014 noted the progress made and underscored the importance for the sector to hold further additional meetings in order to develop an EAC pension policy and legal framework.</td>
</tr>
<tr>
<td>M3I01T0701S10</td>
<td>Support to PAN-EAC Financial Services Providers Council</td>
<td>40,000.00</td>
<td>100,000</td>
<td>140,000</td>
<td>The Regional Switch Launch Initiative in support of integration of payment systems is a new activity which the EAC Secretariat has prioritised to support the EAC regional integration agenda. The Launch to which the EAC has committed itself to is critical, urgent and cannot be postponed. This activity is in line with the support to Pan EAC Financial Services Providers. In addition, the EAC Secretariat has committed itself to support the Microfinance Sector in the EAC region</td>
</tr>
<tr>
<td>Activity No.</td>
<td>Description</td>
<td>Current Budget</td>
<td>Additional funds required</td>
<td>Total amount</td>
<td>Justification</td>
</tr>
<tr>
<td>----------------------</td>
<td>------------------------------------------------------------------------------</td>
<td>----------------</td>
<td>--------------------------</td>
<td>--------------</td>
<td>-----------------------------------------------------------------------------------------------------------------------------------------------</td>
</tr>
<tr>
<td>M3I01T0502S03</td>
<td>Consultations for the development of insurance legal framework</td>
<td>50,000.00</td>
<td>100,000</td>
<td>150,000</td>
<td>CMIPC meeting of 21st – 24th September 2014 noted the recommendations of the Validation Workshop and decided that a Technical Working Group (TWG) be constituted to consult among key stakeholders and address the key issues in both the draft EAC Insurance Policy and the draft EAC Insurance Bill to enable buy-in by key stakeholders. Two meetings of the TWG are needed to conclude the draft EAC Insurance Policy and the draft EAC Insurance Bill and to enable buy-in by key stakeholders.</td>
</tr>
<tr>
<td>M2B02T0602C01</td>
<td>Regional Bond Market meetings to provide support to ESMID consultancy</td>
<td>0.00</td>
<td>17,000</td>
<td>17,000</td>
<td>The 25th to 26th Sept. 2014 FSDRP Executive Committee meeting noted the progress report on bond market development by ESMID’s was not sufficient. The meeting directed EAC Secretariat to provide update on ESMID deliverables, scope and other specific activities before 30th Nov. 2014.</td>
</tr>
<tr>
<td>M2B02T0602C01</td>
<td>Support to MAC related Technical Assistance to Central Banks</td>
<td>0.00</td>
<td>50,000</td>
<td>50,000</td>
<td>Following the May 2013 MAC directive that EAC Secretariat communicate to Partner States’ Central Banks to identify areas that require support by July 2014, EAC Secretariat wrote to the Central Banks inviting requests for Technical assistance (TA) from FSDRP. Subsequently, three Central Banks including Bank of the Republic of Burundi, Central Bank of Kenya and Bank of Uganda submitted their TA requests. In this regard, these funds are to cater for the Short-term TA needs among these requests ahead of the next MAC meeting in May 2015.</td>
</tr>
<tr>
<td>Activity No.</td>
<td>Description</td>
<td>Current Budget</td>
<td>Additional funds required</td>
<td>Total amount</td>
<td>Justification</td>
</tr>
<tr>
<td>-------------</td>
<td>-----------------------------------------------------------------------------</td>
<td>----------------</td>
<td>--------------------------</td>
<td>--------------</td>
<td>------------------------------------------------------------------------------------------------------------------------------------------------</td>
</tr>
<tr>
<td>M2B02T0101S01</td>
<td>Capacity building activities for payments systems functions within the Central Banks</td>
<td>0.00</td>
<td>40,000</td>
<td>40,000</td>
<td>The Payment Systems Industry is a nascent and dynamic industry that requires continuous capacity building efforts for staff of central banks payment systems functions. Given that the Capital Markets Infrastructures (CMI) implementation is expected to be linked to the Real Time Gross Settlement (RTGS) Systems through the East African Payment System (EAPS), it is important to organize capacity building activities for central bank staff to enable them prepare adequately for this new environment which is expected to facilitate Delivery Versus Payment (DVP) for securities trading.</td>
</tr>
<tr>
<td>M2B02T0301S03</td>
<td>Subscription to Online publications <em>(Elsevier Science and Blackwell Publishers)</em></td>
<td>0.00</td>
<td>30,000</td>
<td>30,000</td>
<td>Subscription to online publications, as a pool of all journals in various disciplines, is critically needed to facilitate the efficient conduct of research and policy analysis in the FSDRP and EAC overall. In addition, it is far much cheaper than subscribing to individual journals or buying books.</td>
</tr>
</tbody>
</table>

Total additional funds | 140,000 | 438,000 | 578,000 |

It was proposed that the above activities be funded from savings (and or postponement) from activities in the approved budget.

The Council was also informed that a consultative meeting between the World Bank and the EAC Secretariat had been scheduled for the first week of December 2014 during which the Project implementation modalities including funding would be discussed. The Council noted the need for the Secretariat to ensure expeditious implementation of all project activities in order to pave way for Phase II of the Project.

The Council approved the budget reallocation amounting to US$ 438,000 to support the activities of the Financial Sector Development and Regionalization Project 1 *(EAC/CM 30/Decision 66)*.
7.1.3.13 Rental of Office Space and Purchase of Office Furniture and Equipment for New Staff - US$62,150

The Council was informed that at its 28th Meeting held in Kampala, Uganda on 22nd – 29th November, 2013, the Council directed the Secretariat to outsource the process of advertising, shortlisting, due diligence and preliminary interviews by an independent recruitment consultancy firm that would propose best three (3) candidates per Partner States where possible, to the Secretary General for final interviews in line with the Staff Rules and Regulations (2006) (EAC/CM28/Decision 39).

The Council was also informed that the recruitment firm was procured and started work. The successful candidates were expected to be appointed and assume duty within the current financial year. Some of the positions to be filled were replacements where office space and other office equipment were available but others were new positions and this would necessitate additional office space and equipment.

The Council was further informed that currently, the Secretariat was facing acute shortage of office space to accommodate staff and the rented space at the AICC accommodating project staff was not sufficient to accommodate all the expected staff. At least ten (10) of the new staffs were expected. No budgetary provision was made for the FY2014/15 to cater for this cost. It is proposed that a budget reallocation amounting to US$62,150 be approved to meet this cost. Details of the reallocation are presented in Table XV below:

Table XV: Budget Requirements for renting office space and buying furniture and equipment for new staff joining the service of the Community in FY 2014/15

<table>
<thead>
<tr>
<th>Item</th>
<th>Description</th>
<th>Quantity</th>
<th>Unit</th>
<th>Unit Price (US$)</th>
<th>Amount US$</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>Office Desks</td>
<td>10</td>
<td>Set</td>
<td>765.00</td>
<td>7,650.00</td>
</tr>
<tr>
<td>2.</td>
<td>High Back Chairs</td>
<td>10</td>
<td>No</td>
<td>450.00</td>
<td>4,500.00</td>
</tr>
<tr>
<td>3.</td>
<td>Visitors Chairs</td>
<td>10</td>
<td>No</td>
<td>250.00</td>
<td>2,500.00</td>
</tr>
<tr>
<td>4.</td>
<td>Book Shelves (Closed)</td>
<td>10</td>
<td>No</td>
<td>350.00</td>
<td>3,500.00</td>
</tr>
<tr>
<td>5.</td>
<td>Office Rent (for 4 months)</td>
<td>1</td>
<td>Floor</td>
<td>11,000.00</td>
<td>44,000.00</td>
</tr>
<tr>
<td></td>
<td>TOTAL</td>
<td></td>
<td></td>
<td></td>
<td>62,150</td>
</tr>
</tbody>
</table>

The Council considered the above request in light of the requirements for additional office space, furniture and equipment for staff joining the service of the Community during the Financial Year 2014/15 and recommended that a budget reallocation of US$ 62,150 be approved to meet this cost.

The Council approved a reallocation of US$ 62,150 from within the EAC Secretariat Budget for Financial Year 2014/2015 to enable the Secretariat rent additional office space and buy furniture and equipment for new staff (EAC/CM 30/Decision 67).
7.1.3.14 Requests for Supplementary Budget for the Financial Year 2014/15

(a) Bandwidth for the EAC Video Conferencing System – US$ 82,000

The Council was informed that as part of the effort by the East African Community to enhance efficiency and speed of communication, both formal and informal, the EAC Secretariat has initiated the installation and commissioning of a video conferencing system. The project is a response to the decisions of the Council with regard to strengthening the institutional capacity of the Community to discharge its functions. At its 14th Meeting held on 24th June 2011, the Sectoral Council of Ministers Responsible for EAC Affairs and Planning approved the implementation of the EAC-VC Project and directed the Secretariat to -

(i) procure competitively the video conferencing equipment at the EAC Headquarters, Headquarters of the Organs and Institutions of the Community as appropriate and the Ministries responsible for EAC Affairs in the Partner States;
(ii) develop guidelines for the use and management of video conferencing; and
(iii) pilot the Video Conferencing in six sites.

Following the Council directive, the Secretariat approached TradeMark East Africa (TMEA) for financial support. The financing agreement addendum between TMEA and EAC, for procurement of Video Conferencing (VC) equipment for the EAC, was signed in February, 2014. Subsequently, the process of procurement commenced. EAC had entered into a contract for the supply, installation and commissioning of a Video Conferencing System in April, 2014.

The obligations of the parties are as follows –

(a) TradeMark East Africa (TMEA) will -

(i) Provide funding of up to US$ 2,200,000 to purchase the VC equipment to be installed in each of the five Partner States and the Secretariat;
(ii) Procure the equipment on behalf of EAC;
(iii) Manage the contract jointly with the East African Community to ensure supply, delivery, installation and commissioning; and
(iv) Facilitate the sharing of experiences in VC equipment use and troubleshooting among MEACs and with EAC Secretariat and TMEA.

(b) East African Community (EAC) Secretariat will -

(i) Ensure the serviceability and security of the equipment;
(ii) Procure bandwidth for use of the equipment;
(iii) Ensure the equipment is used for at least 10% of the meetings;
(iv) Set aside funds for the maintenance of the equipment; and
(v) Submit quarterly reports, through a designated officer, on the status of the equipment, including use-rate.

The amount utilized for procurement of equipment is US$ 1,800,000 and the remaining amount of US$ 400,000 was spent on other project related activities including –
(i) VC Stakeholders meeting in Arusha - June 2014;
(ii) Site visits (room preparation), to all 5 MEACAs - May & June 2014;
(iii) Visits to (potential data service providers) - May & June 2014;
(iv) Training of Systems Administrators in Dubai - July 2014;
(v) Planning experts meeting (for VC project) in Kigali - August 2014;
(vi) Communication experts meeting in Entebbe - September 2014;
(vii) IT Focal persons VC training & PIT meeting in Arusha - October 2014; and
(viii) Joint experts/ stakeholders meeting in Mwanza - October 2014.

US$ 149,000 was set aside for procurement of bandwidth for the Video conferencing facility and any additional funding, if required, was expected during budget reallocation process of Partner States contribution, towards end of the calendar year 2014. A tender for procurement of Bandwidth was floated and evaluation done by IT experts from Partner States and Secretariat in September 2014. A supplier Mssr. Simbanet Ltd. was selected at a total bid price of US$ 391,000, which includes one-time fee of US$ 7,000. This is equivalent to monthly bandwidth costs of US$ 32,000.

According to the project implementation plan, installation of Video conferencing equipment will be completed by 28th November 2014, which will depend on readiness and timely delivery of equipment to Partner States. During the same period, the bandwidth supplier will do the Integration to allow supplier tests between sites. The bandwidth utilized during the technical test period in November will be supplied free of charge. Upon successful completion of installation and tests to all sites, the effective date for payment of bandwidth will be 1st December, 2014. Payment of bandwidth for Video conferencing facility during this financial year 2014/15 is therefore for the period 1st December 2014 to 30th June 2015, which is (US$ 32,000 X 7) = US$ 224,000. The total amount for bandwidth during this financial year 2014/15, including the one-time fee of US$ 7,000, will be US$ 231,000. The balance amount for payment of bandwidth for the period up to 30th June 2015 is therefore (US$ 231,000 – US$ 149,000) = US$ 82,000. The Community has to raise funds to pay the balance of US$ 82,000.

Given the importance of this facility and the benefits that are envisaged to accrue from it, it is proposed that additional funds amounting to US$ 82,000 be sourced from the General Reserve Fund to pay for the remaining amount for bandwidth for the period up to 30th June 2015. The approved budget for Internet bandwidth in Financial Year 2014/2015 is US$ 80,000 under Information and Communication department, which is only for normal office Internet use.

However, the following factors have since emerged -

(a) delay of delivery of VC equipment for Kenya, which is still at Namanga awaiting customs clearance; and
(b) a request by the Ministry of East African Community Affairs, Republic of Uganda to suspend installation of Video Conferencing equipment to end of March, 2015.
Due to the above, it will not be possible to complete installation of all the Video conferencing systems in 2014 as had originally been envisaged. The project implementation plan will therefore change to accommodate this new development.

The Council made the following observations -

(a) This activity was not adequately budgeted for during the budget process for Financial Year 2014/15;
(b) TMEA provided US$ 2,200,000 out of which US$ 149,000 was committed towards payment for bandwidth;
(c) the 21st Meeting of the Sectoral Council responsible for EAC Affairs and Planning, approved a roadmap for implementation of EAC Video Conferencing Project; and
(d) the Secretariat committed the Community to financial obligation while there was no sufficient budgetary provision.

In view of the new developments that the video conferencing facility will be installed in the Republic of Uganda by March 2015, it is evident that the available resources amounting to US$149,000 from TMEA would be sufficient for the implementation of the video conferencing for the remaining months of the FY 2014/15.

The Council –

(a) took note of the above observations (EAC/CM 30/Decision 68);
(b) directed the Secretariat and the EAC Institutions not to commit the Community where there are no sufficient funds (EAC/CM 30/Directive 58); and
(c) directed the Secretariat to consider funding of the bandwidth for the EAC Video Conferencing System in the budget estimates for the Financial Year 2015/2016 (EAC/CM 30/Directive 59).

7.1.3.15 Supplementary budget funded by USAID (US$ 900,000)

EAC requested the USAID to support some activities in this Financial Year 2014/2015. The USAID has acknowledged funding some activities requested by the EAC, given their importance in propelling the regional integration process, through the letter dated 10th October, 2014. The activities are as follow –

(a) Support to the EAC HIV and AIDS Symposium;
(b) Development of EAC Regional Population, Health and Health and Environment Strategy (2015 – 2020);
(c) Development of AGOA Strategy and Sensitization;
(d) Study on the EAC Regional Trade Policy;
(e) Maintaining the EAC Regional Food Balance Sheet and Trade Help Desk; and
(f) Validation of the EAC-CAADP Compact.

The allocation of the additional funding to these activities is as follows -
(a) Support to the EAC HIV and AIDS Symposium – US$ 150,000

The EAC HIV and AIDS Unit is organizing a symposium under the theme: “Getting to Zero in the EAC Region” on the 28th March, 2015 at the Common Wealth Speak Resort Hotel Munyonyo, Kampala Uganda. The symposium will specifically focus on HIV and AIDS, Tuberculosis (TB) and Sexually Transmitted Infections (STIs) programming in the region with specific emphasis on innovative technologies and approaches in HIV and AIDS, TB and STI programming, sustainable funding mechanisms for Health, and Approaches in programming for mobile and key populations. USAID East Africa has agreed to support the preparations and hosting of this HIV and AIDS symposium and the funds amounting to US$150,000 will be available through the USAID funding to the EAC, through the PHE.

The funds will be utilised to fund the items listed here below:

(i) Preparatory Meeting of Experts to review and select abstracts for the conference;
(ii) Support to Partner States’ delegates to attend the symposium and the conference;
(iii) Hiring Events Manager for the Symposium and Conference; and
(iv) Logistics for the Symposium.

(b) Development of EAC Regional Population, Health and Environment Strategy (2015-2020) – US$ 150,000

The Council recalled that at its 28th Ordinary Meeting of the Council approved implementation of the Population Health and Environment (PHE) activities as a Multi-Sectoral mechanism of addressing inter-linked population, health, environmental and broader development challenges. This position was re-echoed by the 9th Meeting of the Sectoral Council on Health held on 14th -17th April 2014 in Zanzibar, which directed the Secretariat to develop an EAC Regional Population, Health and Environment Strategy (2015-2020).

In order to implement the above Sectoral Council Directive, the following activities have been identified in order to come up with the aforementioned strategy to -

(i) conduct a Baseline Survey in each Partner State using an e-Questionnaire and convene one National Stakeholders’ 2- day meeting in each EAC Partner State to generate views that will feed into the EAC Regional Meeting;
(ii) convene a Multi-Sectoral Stakeholder’s Meeting of Experts from the EAC Partner States, Development Partners and CSOs to validate and adapt the LVBC PHE Strategy into the EAC Regional PHE Strategy (2015-2020) and work plan; and
(iii) present the adapted EAC Regional PHE Strategy (2015-2020) to the East African Inter-Parliamentary Forum on Health Population and Development, the EAC RMNCAH and Nutrition TWG and the Ordinary meeting of the EAC Sectoral Committee on Health.

However, there is no budget provision for the above activities under the approved MTEF 2014/15 because approval from USAID to support these activities was in
October 2014. It is therefore proposed that a supplementary budget amounting to US$ 150,000 be approved to support implementation of the above activities.

(c) Development of AGOA Strategy and Sensitization – US$ 170,000

The first U.S. – Africa Leaders’ Summit hosted by U.S. President Barrack Obama took place on 4th – 6th August, 2014 in Washington D.C., USA. 49 African Heads of State attended. The Summit, whose theme was “Investing in the Next Generation”, offered the opportunity for discussing and strengthening the U.S. – Africa economic and political ties, with a focus on trade and investment in Africa. Prior to the Summit, the 2014 Annual African Growth and Opportunity Act (AGOA) Forum discussed the challenges experienced over the past 14 years and how to address them to improve AGOA. Dialogue was held on: (i) the U.S. support to African regional integration; (ii) enhancement of African competitiveness and (iii) promotion of greater intra-African as well as global trade. Ministers underscored the need for AGOA eligible countries to hasten the pace of development and implementation of their respective national AGOA response strategy. In addition, recommendations were made on how to engage on discussions regarding a broader trade and investment framework that is jointly agreed with USA, and is not linked to the timeframe of the extension of the AGOA.

The EAC participated in the AGOA Forum as well as in several activities geared towards promoting East Africa’s trade and investment opportunities to the private sector and investment communities. In order to achieve competitiveness, EAC is seeking to develop a regional AGOA Strategy. The regional strategy is required to govern the recently developed national strategy response in the Republic of Burundi and the Republic of Kenya while three other Partner States, the Republic of Rwanda, the Republic of Uganda and The United Republic of Tanzania will be reviewing their strategies in line with the regional strategy. In addition, the AGOA Forums and EAC regional forums noted that even with 14 years of existence of the AGOA Program, government officials, private sector and civil society still need to be sensitised on the initiative.

There is therefore need for a Regional AGOA Strategy to enable the EAC region to implement the AGOA initiative; and creation of awareness on AGOA. The sensitization workshops will focus on compliance to demand side requirements such as Sanitary and Phyto-sanitary Measures, Rules of Origin, Intellectual Property Rights and Traceability issues. The objective of the sensitization workshops is to enhance the flow of market information; to improve doing business; to enhance Service Delivery. USAID East Africa has agreed to fund the above activities in 2014/2015 financial year and the need for a supplementary budget. The proposed budget for the above activities is US$ 100,500 and 69,500 for the development of a Regional Strategy and sensitization workshops respectively, making a total of US$ 170,000 as detailed in the MTEF Budget.

(d) Study on the EAC Regional Trade Policy – US$ 50,000

The study on the development of an EAC Regional Trade Policy was budgeted for under the FY 2013/2014 and FY 2014/2015. Procurement for consultancy services began in January, 2014 through Expressions of Interests and in June 2014 through
Requests for Proposals. Hence, the procurement process could not be finalized within the FY 2013/2014 but has been finalized in the current Financial Year. However, the funding under the current Financial Year of US$ 75,250 is not sufficient to cater for the study. An additional amount of US$ 50,000 is required to pay for the consultancy services. The funding is already available under the USAID Assistance Agreement (AA-RCD).

(e) Maintaining the EAC Regional Food Balance Sheet and Trade Help Desk – US$ 295,000

The USAID East Africa Trade Hub has collaborated with the EAC since 2010 in the development of two systems in support of trade and agriculture development agenda of EAC regional integration. These systems are as follows –

(i) Trade Help Desk (http://tradehelpdesk.eac.int/)
(ii) Regional Food Balance Sheet (www.rfbs.in)

The two systems, which are currently live and operational, are a property of the EAC as part of USAID/EA capacity building contribution to EAC. The capacity within the EAC to manage the systems is not fully developed. This is because priority of systems development focused on capacity building of EAC Partner States institutions that are responsible for data upload. In view of the above, the EAC requested USAID for technical assistance to build the EAC institutional capacity to eventually be responsible for the two systems.

The East African Community (EAC) Regional Food Balance Sheet (RFBS) is one of the fundamental priorities under implementation of the EAC Food Security Action Plan (FSAP). The 7th Sectoral Council on Agriculture and Food Security noted the progress made in the development of RFBS and directed the Secretariat to perform resource mobilization for implementation of a comprehensive Regional Food Balance Sheet by June, 2015. A budget of USAD 300,000 was provided by USAID to support this process. However, no budget allocation exists in MTEF FY 2014/15 to support RFBS implementation activities despite the technical support offered by USAID for an ICT expert to work on the Food Balance Sheet. It is therefore proposed that a supplementary budget amounting to US$ 220,000 be adopted to support implementation of the above activities.

(f) Validation of the EAC CAADP Compact under USAID support – US$ 85,000

In the EAC CAADP Process under the development of the Regional CAADP Compact, national validation workshops have been demanded by the EAC Partner States prior to holding the Regional Validation Workshop. In the current MTEF, only the regional validation workshop had been budgeted for. In this regard, the Secretariat is requesting for a supplementary budget allocation of US$ 380,000 in the MTEF under USAID to enable the Secretariat to conduct the national EAC CAADP Compact validation workshops so that the CAADP Compact can be adopted by the Sectoral Council on Agriculture and Food Security scheduled for March 2015.
Details for supplementary budget requests under USAID funding are presented in Table XVI below:

**Table XVI: Supplementary budget requested for USAID funded activities at EAC Secretariat**

<table>
<thead>
<tr>
<th>EAC Sector</th>
<th>Activity description</th>
<th>Budget (US$)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Health</td>
<td>Scientific conference</td>
<td>150,000</td>
</tr>
<tr>
<td>Health</td>
<td>Development of EAC Regional Population, Health and Environment Strategy</td>
<td>150,000</td>
</tr>
<tr>
<td></td>
<td><strong>Sub Total</strong></td>
<td><strong>300,000</strong></td>
</tr>
<tr>
<td>Trade</td>
<td>To develop an EAC AGOA Strategy and sensitization</td>
<td>170,000</td>
</tr>
<tr>
<td>Trade</td>
<td>Study on the EAC Regional Trade Policy</td>
<td>50,000</td>
</tr>
<tr>
<td></td>
<td><strong>Sub Total</strong></td>
<td><strong>220,000</strong></td>
</tr>
<tr>
<td>Agriculture</td>
<td>To maintain and update the EAC Balance sheet system and Trade Balance Sheet</td>
<td>295,000</td>
</tr>
<tr>
<td>Agriculture</td>
<td>Validation of the EAC CADDAP Compact</td>
<td>85,000</td>
</tr>
<tr>
<td></td>
<td><strong>Sub Total</strong></td>
<td><strong>380,000</strong></td>
</tr>
<tr>
<td></td>
<td><strong>TOTAL</strong></td>
<td><strong>900,000</strong></td>
</tr>
</tbody>
</table>

The MTEF for the supplementary budget requests under USAID funding is attached hereto as *Annex XXXIX*.

The Council –

(a) adopted a supplementary budget amounting to US$ 900,000 from USAID *(EAC/CM 30/Decision 69)*; and

(b) referred the supplementary budget amounting to US$ 900,000 from USAID to the East African Legislative Assembly for debate and approval *(EAC/CM 30/Decision 70)*.

**7.1.3.16 Request to Utilize Funding from DANIDA to finalise the Study on Equitable Sharing of Benefits and Costs of EAC Integration Process – US$ 121,267**

The Council recalled that at its 18th Meeting held on 4th September, 2009, the Council observed the need to actualize the fundamental and operational principles of the Community required that equitable distribution of benefits accruing to or to be derived from the operation of the Community should be assessed. In this respect, the Council further observed that there was need to undertake a study to comprehensively analyze all benefits with respect to all areas of cooperation within the Community *(EAC/CM18/Decisions 145/146)*. It is against this background that the study is being undertaken. The overall objective of the study is to critically analyze the costs and benefits of East African Community’s regional integration process in all the areas of cooperation and establish a mechanism of equitably sharing them among the Partner States.

(a) **Progress on the Study**

Pursuant to the above decisions of the Council, the Secretariat drafted Terms of Reference that were approved by Council of Ministers and thereafter directed the Secretariat to secure resources to undertake the study. Consequently, the
Secretariat sought funding from the Regional Integration Support Programme (RISP) of the European Union (EU) which was approved for the FY2012/2013 workplan.

Bids were then sought from interested consultants through the EAC website while adverts were placed in the leading newspapers for regional consultants. The 25th Extraordinary Procurement Committee Meeting awarded the contract for the Study on Equitable Sharing of Benefits and Costs of EAC Integration to M.A. Consulting Group at a contract sum of US$ 121,267 subject to approval by EU as this was a RISP II activity.

A request was then made to European Union (EU) in Dar-es-Salaam for a ‘no-objection’ as per the Rules of Procedure vide a letter from the Secretariat on 4th April, 2013 for utilizing EU funds. However the EU Delegation did not grant the “no-objection” and informed the Secretary General accordingly.

The Procurement Committee, which awarded the tender to the M.A Consulting Group subject to the availability of funding, was informed of this eventuality. The Resource Mobilization Office was then requested to seek alternative funding sources since RISP resources could not be available in the 2013/2014 financial year. Funds were then sourced and granted by DANIDA in June, 2014.

Because the budget process for the 2014/2015 financial year had already been concluded, this activity could not be factored into the MTEF for the FY 2014/2015. It was therefore proposed that a supplementary budget amounting to US$ 121,267 be adopted to enable the Secretariat finalise this all-important study that is long overdue and whose outcome will inform many policy decisions in the Community.

The Council considered the detailed request as presented in Table XVII below and recommended to Council to adopt the supplementary budget as requested.

Table XVII: Details of the Requested Funds

<table>
<thead>
<tr>
<th>Activity Description</th>
<th>Funding Source</th>
<th>Cost Centre Code</th>
<th>Account Code</th>
<th>Description of Inputs</th>
<th>Unit of Measure</th>
<th>Unit cost of Inputs</th>
<th>No of Units</th>
<th>Amount in IN US$</th>
</tr>
</thead>
<tbody>
<tr>
<td>Undertake a study on Equitable Sharing of Benefits and Costs of EAC Integration</td>
<td>DANIDA</td>
<td>130105</td>
<td>2240108</td>
<td>Consultancy fee</td>
<td>Man-Days</td>
<td>500</td>
<td>182</td>
<td>90,950</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>2230115</td>
<td>Subsistence Allowance</td>
<td>Person-Night</td>
<td>260</td>
<td>45</td>
<td>11,700</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>2230106</td>
<td>Local transport refund</td>
<td>Person</td>
<td>63</td>
<td>9</td>
<td>567</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Ground transfers</td>
<td>Person</td>
<td>36</td>
<td>9</td>
<td>324</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Data Analyst</td>
<td>Day</td>
<td>63</td>
<td>15</td>
<td>945</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Miscellaneous Expenses</td>
<td></td>
<td>4,856</td>
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<td>4,856</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>2230102</td>
<td>Air tickets</td>
<td>Person</td>
<td>450</td>
<td>24</td>
<td>10,875</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>2230102</td>
<td>Printing and Dispatching of Reports</td>
<td>Document</td>
<td>1,050</td>
<td>1</td>
<td>1,050</td>
</tr>
</tbody>
</table>
The Council –

(a) adopted a supplementary budget amounting to US$ 121,267 from DANIDA to fund the Study on Equitable Sharing of Benefits and Costs of EAC Integration Process (EAC/CM 30/Decision 71); and

(b) referred the supplementary budget amounting to US$ 121,267 from DANIDA to the East African Legislative Assembly for debate and approval (EAC/CM 30/Decision 72).

7.1.3.17 Study on the evaluation of the impact of the past EAC Annual Investment Conferences – US$ 37,200

The Council was informed that the EAC Annual Investment Conference is one of the mechanisms towards the realization of EAC’s vision, mission and objectives. The Council noted that the Secretariat had so far organised four (4) Annual Investment Conferences. The first EAC Investment Conference was held in Kigali, Rwanda in June 2008, while the second one was held in Nairobi, Kenya in July 2009; the third Investment Conference was held in Kampala, Uganda in April of 2010, and the fourth coincided with the 9th Africa Investment Conference held on the 17th and 18th of April 2011 in Dar-es-Salaam, Tanzania. EAC Heads of State were present at all the four Investment Conferences.

Having held the Annual Conferences for three years, the EAC Council of Ministers during their 21st Extraordinary Meeting held in Arusha, Tanzania on 12th May, 2010, requested the EAC Secretariat to “expeditiously evaluate the past Investment Conferences to assess their impact, effectiveness and value for money, organization and partnership arrangement as well as frequency and submit the report to the 21st Meeting of the Council for consideration” It is against this background that the study is being undertaken. The overall objective of the Study is to evaluate the extent to which the EAC Annual Investment Conferences have achieved their planned objectives, through an in-depth assessment of effectiveness, value for money and frequency of hosting the Conference.

(a) Progress on the Study

Pursuant to the directive of the Council, the Secretariat drafted the Terms of Reference and sourced funding to undertake the study. The provision was made in the budget for the FY 2012/2013 a copy of which is attached hereto as Annex XL.

The Council was informed that the Secretariat had secured funds to the tune of US$ 20,550 (Twenty thousand five hundred and fifty US Dollars) of which only US$ 12,500 (Twelve thousand five hundred US Dollars) was provided for consultancy fees in the FY 2012/2013. Bids were then sought from interested consultants through the EAC Website. The 27th Extra-Ordinary Meeting of the Procurement Committee held on 27th July, 2013 in Arusha, approved the evaluation reports and award of contract to M/s Efficon at a total contract price of US$ 37,200 as presented in Table 17 below. However, since the financial quotation from

| Sub total | 121,267 |
M/s Efficon, the lowest bidder, was much higher than the budgeted amount, the process was halted. Alternative funding was then sought from donors in the financial year (2013/2014) but it was not sufficient to cover the cost of the contract. The Secretariat requested additional funds amounting to US$ 37,200 from the General Reserves to facilitate finalisation of the study.

Table XVIII: Detailed Departmental Budget

<table>
<thead>
<tr>
<th>Undertake a study to evaluate the impact of the past Annual investment conferences</th>
<th>Partner States</th>
<th>Consultancy fees</th>
<th>Man-Day</th>
<th>500</th>
<th>40</th>
<th>19,800</th>
</tr>
</thead>
<tbody>
<tr>
<td>2240108</td>
<td>Subsistence for Delegates</td>
<td>Person-Night</td>
<td>150</td>
<td>45</td>
<td>6,750</td>
<td></td>
</tr>
<tr>
<td>2230115</td>
<td>Air tickets - Consultants</td>
<td>Person</td>
<td>450</td>
<td>14</td>
<td>6,500</td>
<td></td>
</tr>
<tr>
<td>2230102</td>
<td>Researchers (12)</td>
<td>Person-Day</td>
<td>50</td>
<td>60</td>
<td>3,000</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Communication</td>
<td>Airtime</td>
<td>50</td>
<td>15</td>
<td>750</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Drafting, Reproduction of Reports</td>
<td>Reports</td>
<td>20</td>
<td>20</td>
<td>400</td>
<td></td>
</tr>
<tr>
<td>Sub total</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>37,200</td>
</tr>
</tbody>
</table>

The Council recalled the provisions of the Financial Rules and Regulations (2012) regarding circumstances under which a supplementary can be considered and noted that this request does not fall within the provisions of this Regulation. The Meeting recommended that this matter be considered during the budgeting cycle for the FY2015/16.

The Council directed the Secretariat to consider this activity during the budget cycle for the Financial Year 2015/2016 (EAC/CM 30/Directive 60).

7.1.3.18 Customization of LVBC Staff and Financial Rules and Regulations

The Council was informed that the Lake Victoria Basin Commission (LVBC), being a specialized Institution of the Community, with a mission to promote, facilitate and coordinate activities of different actors towards sustainable development and poverty eradication of the Lake Victoria Basin has an organizational Structure that is enshrined in the Protocol for Sustainable Development of the LVB, to assist the Institution achieve this mission. The Commission, however, still operates using EAC Staff and Financial Rules and Regulations which in many instances do not fit its organizational structure.

The LVBC, therefore, saw the need to customize these Rules and Regulations to fit its organizational and governance structures.

The customized Staff and Financial Rules and Regulations were considered by the Sectoral Council for Lake Victoria Basin at its 5th Meeting. The Sectoral Council customized the Staff and Financial Rules and Regulations and directed the LVBC Secretariat to forward the Customized LVBC Staff and Financial Rules and Regulations to the Finance and Administration Committee for further consideration (LVBC/SC5/ Directive 10). In line with the 5th Sectoral Council Directive, LVBC submitted these Rules and Regulations to the 17th Meeting of the Council which consequently took note of them and directed Secretariat to submit the same to the
Sectoral Council on Legal and Judicial Affairs for Legal input and subsequent submission to the Council (EAC/CM17/Decision59).

The decision of the Council on LVBC Customized Staff and Financial Rules and Regulations is still being awaited. Meanwhile, LVBC has continued to operate using the EAC Rules and Regulations that are not tailored to its organizational Structure, a situation that has led to audit queries and recommendation for domestication of Staff and Financial Rules and Regulations. In this regard, the 13th Meeting of the Sectoral Council for Lake Victoria Basin again directed LVBC Secretariat to customise the EAC Staff and Financial Rules and Regulations to suit LVBC context (LVBC/SC13/Directive 39). Accordingly, the LVBC updated the Customized Staff and Financial Rules and Regulations for re-consideration by the Council. The Updated Rules and Regulations are attached hereto as Annex XI and Annex XLI.

The Council considered the updated versions and observed that Partner States had not had adequate time to study the documents in order for them to make appropriate recommendations to the 30th Meeting of the Council. Consequently, the Meeting recommended to the Council to defer consideration and approval of the amended Financial Rules and Regulations. The Council also recommended that the amended Rules and Regulations be submitted to Partner States for comments following which an internal validation session should be held to create ownership of the amended Draft. The amended draft should then be submitted to the next meeting of the Finance and Administration Committee and subsequently to the Council for consideration and approval.

The Council –

(a) deferred consideration of the customized draft LVBC Staff and Financial Rules and Regulations (EAC/CM 30/Decision 73);

(b) directed the Secretariat to submit the customized draft LVBC Staff and Financial Rules and Regulations to Partner States for comments (EAC/CM 30/Directive 61); and

(c) submitted the final documents to the 31st Meeting of the Council for consideration (EAC/CM 30/Decision 74).

7.2 HUMAN RESOURCE MATTERS

7.2.1 Renewal of Staff Employment Contracts

7.2.1.1 EAC Secretariat

The Council was informed that the Professional Staff named in Table XIX below having completed their first term of employment with the Community have, in accordance with Regulation 23 (12) of the Staff Rules and Regulations (2006), expressed interest to renew their respective contracts for a further five-year term.

A performance evaluation has been undertaken and they have exhibited professionalism, diligence and commitment in their service to the Community. In addition, in accordance with Regulation 37 of the Staff Rules and Regulations, their requests for renewal were presented to the Human Resource Advisory Committee
which sat on 23rd October, 2014 for consideration and appropriate advice to the Secretary General.

The Human Resource Advisory Committee examined the requests for renewal and the Performance Appraisal Reports for the staff and confirmed that the Performance Evaluation Reports were satisfactory in regard to their work performance and general conduct as per the requirements of Regulation 32 of the Staff Rules and Regulations (2006). The Human Resource Advisory Committee recommended to the Secretary General to renew employment contracts for the eight (8) Professional Staff.

It was therefore, recommended that in accordance with the recommendation of the Human Resource Advisory Committee, the provisions of Regulation 22(1) (c) and subject to the provisions of Regulation 102 of the Staff Rules and Regulations, employment contracts for the Staff listed in Table XIX below be renewed for a final term with effect from the due dates:

**Table XIX: Professional Staff of the Secretariat whose employment Contracts are due for renewal**

<table>
<thead>
<tr>
<th>S/N</th>
<th>Name</th>
<th>Title</th>
<th>Grade</th>
<th>Effective Date of Appointment</th>
<th>Expiry Date</th>
<th>Date of Renewal</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Mr. Peter N. Kiguta</td>
<td>Director-General (Customs and Trade)</td>
<td>D1</td>
<td>07/12/2009</td>
<td>06/12/2014</td>
<td>07/12/2014</td>
</tr>
<tr>
<td>2</td>
<td>Mr. Kenneth Bagamuhunda</td>
<td>Director/Customs</td>
<td>P5</td>
<td>14/12/2009</td>
<td>13/12/2014</td>
<td>14/12/2014</td>
</tr>
<tr>
<td>3</td>
<td>Mr. Bakaye Lubega Bernard</td>
<td>Principal Culture and Sports Officer</td>
<td>P3</td>
<td>01/02/2010</td>
<td>31/01/2015</td>
<td>01/02/2015</td>
</tr>
<tr>
<td>5</td>
<td>Mr. Robert Okusam</td>
<td>Senior Records Officer</td>
<td>P2</td>
<td>16/01/2010</td>
<td>15/01/2015</td>
<td>16/01/2015</td>
</tr>
<tr>
<td>6</td>
<td>Mr. Tareto Salay</td>
<td>Senior Budget Officer</td>
<td>P2</td>
<td>01/03/2010</td>
<td>28/02/2015</td>
<td>01/03/2015</td>
</tr>
<tr>
<td>7</td>
<td>Mr. Jacob M. Ikienya</td>
<td>Senior Systems Analyst</td>
<td>P2</td>
<td>28/02/2010</td>
<td>27/02/2015</td>
<td>28/02/2015</td>
</tr>
<tr>
<td>8</td>
<td>Ms. Jennifer Gache</td>
<td>Senior Industrial Engineer</td>
<td>P2</td>
<td>01/12/2009</td>
<td>30/11/2014</td>
<td>01/12/2014</td>
</tr>
</tbody>
</table>

The Council observed the need for streamlining the requirements for all positions that are established at D1, with the exception of the positions of Secretary General and Deputy Secretaries General. The Meeting was of the view that Staff appointed to such positions should serve a five-year fixed term. The Council also recalled the directive of the 19th Meeting of the Council held in November, 2009 to the Secretariat to undertake a comprehensive review of the Terms and Conditions of posts in the Directorate of Customs and Trade and report to Council (EAC/CM19/Directive 06). In this regard, the Council re-iterated its previous directive on this matter. The Council sought clarification on renewal of professional staff listed as No. 1, 2 and 6 above whose contracts were renewed in 2009.

The Council was informed that the renewal of contracts of those Members of Staff who were in the service of the Community before the Staff Rules and Regulations (2006) came into effect were catered on Provisions of Regulation 22 (1) (c).
The Council –

(a) renewed employment contracts of the above-named professional staff for a final five (5) year term with effect from the due dates in line with the provisions of EAC Staff Rules and Regulations (2006) (EAC/CM 30/Decision 75); and

(b) directed the Secretariat to undertake a comprehensive review of the Terms and Conditions of the post of Director General of Customs and Trade to be in conformity with other executives who are recruited competitively and report to the 31st Meeting of the Council (EAC/CM 30/Directive 62).

7.2.2 East African Legislative Assembly (EALA)

7.2.2.1 Clerk and Deputy Clerk

The following Professional Staff presented in Table XX below were appointed by the Council at its 19th Meeting to the positions of Clerk and Deputy Clerk respectively tenable at the East African Legislative Assembly on an initial contract period of five (5) from 1st December, 2009 to 30th November, 2014. In accordance with the provisions of Regulation 23 (13) of the EAC Staff Rules and Regulations (2006), they have expressed interest to renew their respective contracts for a further five year term in accordance with Regulation 22 (c) of the Staff Rules and Regulations (2006) and subject to the provisions of Regulation 102.

Table XX: Professional Staff of the East African Legislative Assembly whose Employment Contracts are due for renewal

<table>
<thead>
<tr>
<th>S/N</th>
<th>Name</th>
<th>Title</th>
<th>Grade</th>
<th>Date of Appointment</th>
<th>Expiry Date</th>
<th>Date of Renewal</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Mr. Kenneth Madete</td>
<td>Clerk</td>
<td>P5</td>
<td>01/12/2009</td>
<td>30/11/2014</td>
<td>01/12/2014</td>
</tr>
<tr>
<td>2</td>
<td>Mr. Obatre Lumumba</td>
<td>Deputy Clerk</td>
<td>P4</td>
<td>01/12/2009</td>
<td>30/11/2014</td>
<td>01/12/2014</td>
</tr>
</tbody>
</table>

The Council was informed that renewal of employment contracts for the above named officers was yet to be considered by the EALA Commission in line with the provisions of Section 4 of the East African Legislative Assembly Administration Act, 2011. The Council was presented with a letter with Ref: EALA/EAC/34 dated 13th November, 2014 from the Speaker to the Secretary General bringing to his attention the fact that the matter is on the agenda for the Legislative Assembly whose next session is scheduled for 17th November to 4th December, 2014. The Assembly through the Speaker, had written to the Secretary General expressing an opinion that contracts for the above two staff be renewed for a final term of five year.

The Council renewed the contracts of Mr. Kenneth Madete and Mr. Obatre Lumumba for a final term of five years with effect from due dates in accordance with the Provisions of the EAC Staff Rules and Regulations 2006. (EAC/CM 30/Decision 76).
7.2.2.2 Expiry of Contract – Dr. Christopher Mpozayo, Network Administrator

The Council was informed that Dr. Christopher Mpozayo was appointed by the Council at its 18th Meeting held on 4th September, 2009 as Network Administrator (P2) for a five (5) year contract. He assumed duty on 3rd December, 2009 and his employment contract will expire on 3rd December, 2014. While he may be eligible for another five (5) year contract pursuant to the provisions of Regulation 22 (1) (c) of the Staff Rules and Regulations (2006), he is yet to express his formal interest as stipulated under Regulation 23 (13) of the EAC Staff Rules and Regulations, 2006.

The Council was further informed that Dr. Mpozayo is facing criminal charges and is incarcerated in Rwanda. It was also reported that the Secretary General liaised with the Ministry of East African Community Affairs in Rwanda on the matter and sent a team to visit Dr. Mpozayo. Furthermore, he communicated to MINEAC to seek official clarification about Dr. Mpozayo’s case and is still awaiting response.

The Council noted the above circumstances and the need to retain Dr. Mpozayo in his position although his contract expired on 3rd December 2014. Further the Council noted the need for the Republic of Rwanda to respond to the Secretary General’s request for clarification about the re-arrest of Dr. Mpozayo. The Council directed the Secretary General in the meantime to facilitate Dr. Mpozayo to express his interest to renew his contract while awaiting the outcome of the on-going litigation and report to the Council at its 31st Meeting.

The Council –

(a) decided to preserve Dr. Mpozayo’s position whose contract expires on 3rd December, 2014 (EAC/CM 30/Decision 77);
(b) directed the Republic of Rwanda to respond to the Secretary General’s request for more information and clarification about the re-arrest of Dr. Mpozayo (EAC/CM 30/Directive ); and
(c) directed the Secretary General to facilitate Dr. Mpozayo express his interest to renew his contract while awaiting outcome of the on-going litigation and recommendation from the East African Legislative Assembly Commission to enable the Council consider the matter at its 31st Meeting (EAC/CM 30/Directive ).

7.2.3 Staff Recruitment

The Council recalled that at its 28th Meeting held in November, 2013, the Council directed the Secretariat to outsource the process of advertising, short listing and preliminary interviews by a recruitment consultancy firm that would propose the three best qualified candidates per Partner States where possible, to the Secretary General for final interview in line with the EAC Staff Rules and Regulations (EAC/CM 28/Decision39). The directive was in respect to the following Professional Staff Positions as appended in Table XXI below –
Table XXI:  Professional Staff Positions for recruitment

<table>
<thead>
<tr>
<th>Position</th>
<th>Date Position were Advertised</th>
</tr>
</thead>
<tbody>
<tr>
<td>1  Clerk Assistant</td>
<td>6 February, 2014</td>
</tr>
<tr>
<td>2  Principal Labour And Employment Officer</td>
<td>6 February, 2014</td>
</tr>
<tr>
<td>3  Network Administrator</td>
<td>6 February, 2014</td>
</tr>
<tr>
<td>4  Senior Trade Officer</td>
<td>6 February, 2014</td>
</tr>
<tr>
<td>5  Senior Conference Officer</td>
<td>6 February, 2014</td>
</tr>
<tr>
<td>6  Senior Clerk Assistant</td>
<td>6 February, 2014</td>
</tr>
<tr>
<td>7  Principal Civil Aviation Officer</td>
<td>6 February, 2014</td>
</tr>
<tr>
<td>8  Principal Customs Officer</td>
<td>6 February, 2014</td>
</tr>
<tr>
<td>9  Principal Clerk Assistant</td>
<td>6 February, 2014</td>
</tr>
<tr>
<td>10 Serjent-At-Arms</td>
<td>6 February, 2014</td>
</tr>
<tr>
<td>11 Director Trade</td>
<td>6 February, 2014</td>
</tr>
<tr>
<td>12 Principal Trade Officer</td>
<td>6 February, 2014</td>
</tr>
<tr>
<td>13 Principal Economist( Fiscal &amp; Monetary Affairs)</td>
<td>6 February, 2014</td>
</tr>
<tr>
<td>14 Director Finance</td>
<td>6 February, 2014</td>
</tr>
<tr>
<td>15 Court Administrator</td>
<td>6 February, 2014</td>
</tr>
<tr>
<td>16 Personal Assistant</td>
<td>6 February, 2014</td>
</tr>
<tr>
<td>17 Court Recorder</td>
<td>6 February, 2014</td>
</tr>
<tr>
<td>18 Principal Administrative Officer</td>
<td>6 February, 2014</td>
</tr>
<tr>
<td>19 Senior Public Relation Officer</td>
<td>6 February, 2014</td>
</tr>
<tr>
<td>20 Research Officer</td>
<td>1 October, 2013</td>
</tr>
<tr>
<td>21 Hansard Reporter</td>
<td>1 October, 2013</td>
</tr>
<tr>
<td>22 Principal Internal Auditor</td>
<td>1 October, 2013</td>
</tr>
<tr>
<td>23 Director Productive Sectors</td>
<td>1 October, 2013</td>
</tr>
<tr>
<td>24 Principal Gender And Community Development Officer</td>
<td>6 August, 2014</td>
</tr>
</tbody>
</table>

The Secretariat hired the services of Deloitte Consulting Tanzania Ltd, through a competitive bidding process, to undertake the recruitment process as indicated in the above mentioned Council directive.

The Secretary General constituted an interview panel in accordance with EAC Staff Rules and Regulations to conduct final interviews starting with the positions of Directors and Principal Officers. The interview were initially planned to take place from 6th – 8th November, 2014 in Arusha but were postponed due to request from the Republic of Rwanda due to short notice. The interviews were then rescheduled to 11th – 12th November 2014 in Nairobi at Deloitte Consulting Offices using video conferencing.

The Council was informed that The United Republic of Tanzania wrote to the Secretary General expressing concerns about short notice in notifying the candidates and abrupt introduction of the new methodology of conducting interviews using skype and video conferencing and requested that the interview be stopped and the matter be submitted to Council for consideration. The interview panel convened on 11th - 12th November 2014, and only four Partner States attended, the Republic of
Kenya, the Republic of Burundi, the Republic of Rwanda and the Republic of Uganda. The United Republic of Tanzania was not represented.

Members of the Interview Panel present held a consultative meeting and observed the following -

(a) the process of interviews should not continue without delegates from The United Republic of Tanzania;
(b) the short notice of invitation to both the candidates and panelists;
(c) the introduction of video conferencing which is an issue of change management should have been communicated to Partner States and candidates in advance;
(d) the Sectoral Council of Ministers responsible for EAC Affairs and Planning adopted the concept paper using video conferencing in EAC meetings including interviews;
(e) the Secretariat should provide ample time to both candidates and panelists for adequate preparations; and
(f) the Secretariat should postpone the interview process until further notice.

The Council observed that taking into consideration the challenges the Community has faced during the past recruitment process, it would be important that the Secretariat shares the shortlisting and preliminary interview reports with Partner States. The Council also observed that the use of new technology like skype and video conferencing in interviewing would present unforeseen challenges. During recruitment process, the Secretary General should ensure that interviewing panels are constituted in accordance with Regulation 21 of the EAC Staff Rules and Regulations (2006).

The Council was of the view that the Secretariat should be directed to communicate the names of shortlisted candidates to Partner States and post the same in the EAC Website. Furthermore, the Council noted that there is a need for the Secretariat to ensure that there is a minimum of three candidates per position. In addition, the Secretariat should provide Partner States’ interview experts ample time to analyse the Consultants’ Report prior to interviews for the shortlisted candidates. For purposes of transparency and fairness the list of shortlisted candidates should be published on the EAC website prior to the interviews and Partner States should be provided with quota points relating to recruitment in the service of the Community. Furthermore, the Council emphasized that the shortlisting and interviews exercise should be conducted in accordance with the provisions of the EAC Staff Rules and Regulations and Quota System Manual.

The Council directed the Secretariat to -

(a) proceed with the on-going interview process taking into consideration the following -
   (i) ensure that there is a minimum of three candidates per position per Partner State, where possible, in the on-going interviews and recruitment exercise;
(ii) ensure that Partner States’ interview experts are given at least two
days to analyse the Consultants’ Report prior to interviews for the
shortlisted candidates;
(iii) publish the list of shortlisted candidates on the EAC website prior
to the interviews;
(iv) provide ample time to candidates not less than two (2) weeks
before the interviews;
(v) provide Partner States quota points relating to recruitment in the
service of the Community (EAC/CM 30/Directive 63); and
(b) ensure that recruitment is always done in accordance with EAC Staff
Rules and Regulations and the Quota System Manual
(EAC/CM 30/Directive 64); and thereafter
(c) submit the report on the outcome of the recruitment process to the
Permanent Secretaries responsible for EAC Affairs
(EAC/CM 30/Directive 65).

7.2.4 Report of the Job Evaluation and Workload Analysis on the proposed
positions to strengthen the Human Resource Capacity of the
Directorates of Customs and Trade

The Council was informed that during their 28th Meeting held on 29th November
2013, Kampala, Uganda, the Council decided to fill the human resource gaps of the
Directorate of Customs and Trade with additional staff structures to enable it
implement the Single Customs Territory (EAC/CM 28/Decision 39). Pursuant to the
Council decision, the Directorate of Customs submitted a proposal for additional staff
(5 positions) and new structure to the 29th Meeting of the Council on 15th - 20th
September, 2014. The staff positions were Principal Customs Officer (Information
Technology) - (P3); Principal Customs Officer (Capacity Building) - (P3); Senior
Customs Officer (Information Technology) - (P2); Senior Customs Officer (Legal and
Compliance) - (P2); and Senior Customs Officer (Policy and Research) – (P2). The
Council considered the submission and directed the Secretariat to carry out a job
evaluation and work-load analysis to scientifically determine the capacity gaps under
the Directorate of Customs and Trade and submit a report to the 30th Meeting of the
Council.

The Secretariat reported that –

(a) A job evaluation is a method for comparing different jobs to provide a basis for
a grading and reviewing the pay structure. It is an assessment of the relative
worth of various jobs on the basis of a consistent set of job and personal
factors, such as qualifications and skills required. The main aim of the Job
Evaluation is to determine an appropriate pay structure;
(b) Job evaluation is a lengthy exercise where the job holders are involved in
determining the factors, weights and scoring through an elaborate process
including putting in place relevant committees;
(c) Job Evaluation is normally carried out on organization-wide basis on existing
positions since its aim is to grade jobs and determine job pay across the
organization. It is not carried out on a specific unit in an organization; and
(d) Workload Analysis is a tool used to predict and plan future work and skills
requirements based upon historical data. Once a workload baseline has been
established using past performance adjustments are made for expected changes in demand or other factors which impact the project scope.

Undertaking a Job Evaluation for the Directorate of Customs would imply determining a grading level and pay structure for only one functional area irrespective of other functional areas within EAC. The Directorate’s submission was to fill the gaps at already existing grading levels to fill the gaps due to the intensity of coordinating the implementation of the Customs Union. Secondly the length of time to undertake the Job Evaluation on an area with less than 10 established positions is not worth the exercise given the magnitude and elaborates processes of undertaking a job evaluation and workload analysis. The longer the time the more constrained the Directorate will be in driving the intensity of the roll out of the Single Customs Territory. From the practical perspective, the Single Customs Territory implementation is at the critical stage that requires human resources at the Directorate to initiate coordinate and monitor implementation on a continuous basis.

The Secretariat has in view of the above undertaken an analysis of the relevant staff positions required in the Directorate. The analysis covers the mandate and scope of responsibility of the Directorate, the current establishment, human resource requirement for implementation of the Single Customs Territory, grading of the positions, proposed structure and the schedule of duties for each position.

The Job analysis, justification for the structure and positions in the Directorates of Customs and Trade and the proposed staff requirements are attached hereto as Annex XLI. The Council discussed the matter and observed that the process of job evaluation and work load analysis was not done as per Regulation 19 (2) (c) of the Staff Rules and Regulations (2006) which states that “New posts created as a result of a job evaluation exercise shall be filled as specified under regulation 20 and 23 of these Staff Rules and Regulations”. The Council, however, noted the urgent need to fully operationalize the Single Customs Territory. In this regard, the Council was of the view that a job analysis be undertaken on the basis of which establishment of new positions can be considered. The Council also noted that a comprehensive job evaluation would be undertaken under the on-going Institutional Review.

The Council directed the Secretariat to undertake a comprehensive job evaluation for the proposed positions for consideration by the 30th Extra-Ordinary Meeting of the Council (EAC/CM 30/Directive 66).

7.2.5 Report of the Meeting of Competition Experts on the Operationalization of the EAC Competition Act, 2006

The Council considered the report of the Meeting of Partner States Competition Experts convened on 27th – 30th October 2014, as directed by the 29th Meeting of the Council. The Council observed that the report, among others, included the following proposals –

(a) Organizational Structure

(i) The Board of Commissioners;
(ii) Office of the Registrar;
(iii) Directorate of Mergers and Acquisitions;
(iv) Directorate of Monopolies and Cartels;
(v) Directorate of Consumer Protection; and
(vi) Directorate of Corporate Affairs.

(b) Board of Commissioners

The Council observed that Sections 38 to 39 of the EAC Competition Act, 2006 (the Act) provides for requirements on the appointment of Commissioners for the EAC Competition Authority. The sections provide that the Authority shall be headed by the Board of Commissioners, which shall –

(i) be comprised of five Commissioners (one from each Partner State) who will be appointed by the Council of Ministers on the recommendation of Partner States;
(ii) serve for a term of four years and shall be eligible for reappointment for a further term of four years;
(iii) on a rotational basis, appoint from among themselves a chairperson who shall serve for one year;
(iv) be a person qualified to be appointed to the Authority (as Commissioner) if that person is a holder of an advanced degree in a field pertinent to trade and competition and has at least ten years’ experience in the relevant area; and
(v) be paid (remuneration) as the Council may determine.

(c) Office of the Registrar

The Registrar shall be the Chief Executive Officer of the Authority and ex-officio member of the Board of Commissioners.

(d) Directorate of Mergers and Acquisitions

The Directorate will be responsible for the Authority’s functions, responsibilities under Part IV (Mergers and Acquisitions) and Part V (Partner State Subsidies) under of the Act. The Directorate shall specifically handle sections addressing notification of mergers and acquisitions and state subsidies.

(e) Directorate of Monopolies and Cartels

The Directorate will be responsible for the Authority’s functions and responsibilities under Part II and III (Restraints by Enterprises and Abuse of Dominance) of the Act. The Directorate shall specifically handle sections addressing prohibitions of anti-competitive practices and exemptions.

(f) Directorate of Consumer Protection

The Directorate will be responsible for the Authority’s functions and responsibilities on consumer welfare under Part VIII of the Act.
(g) Directorate of Corporate Affairs

The Directorate will be responsible for interagency Co-ordination, corporate support, administration and financial responsibilities.

(h) Job Descriptions and Staff Requirements to operationalize the EAC Competition Authority

The Council noted that the requirement for 15 years and 10 years’ experience for the positions in Registrar and Deputy Registrar respectively, would lock out some competent and dynamic applicants and recommended that the experience be lowered to 10 years and 8 years. The Report of the Meeting of Competition Experts on the Operationalization of the EAC Competition Act, 2006 is hereto attached as Annex XLIV.

The Council observed that on the proposed job descriptions for the Registrar and Deputy Registrar experience in Public Administration and Management should be an added advantage. The Council further observed that due to budget constraints, there was need to have a phased approach in implementation of the Council Directive. In this regard, the Council recommended that upon inception, besides the Office of the Registrar, the Authority should begin with two Directorates namely, Directorate of Mergers and Acquisitions; and the Directorate of Monopolies and Cartels.

The Council deliberated on the staff requirements and recommended that the following staff positions be recruited in Financial Year 2015/2016 -

(i) Registrar – Grade D1;
(ii) 2 Deputy Registrars (one for Mergers and Acquisitions; and the other for Monopolies and Cartels) - Grade P5;
(iii) Personal Secretary - Grade G5;
(iv) Account Assistant - Grade G5; and
(v) Driver - Grade G2.

The proposed staff numbers represent a minimum requirement to undertake the priority functions during the first one (1) year of the Competition Authority. It is expected that, when fully operational, the Authority will review staffing levels.

(i) Proposed EAC Competition Authority Work Plan and Budget

The Council considered the proposed EAC Competition Authority Work plan for FY 2015/6 and it was observed that there was need for the EAC Competition Authority once established, to develop a Strategic Plan and guidelines on the priorities for the Authority. The Council noted that the draft budget for the FY’s 2015/2016, 2016/2017 and 2017/2018 to operationalize the EAC Competition Authority were based on the proposed minimum staff requirements amounting to US$ 3,343,522.

The Council considered the report of the meeting of the Experts and recommended adoption of the recommendations contained therein to the Council. The Council had different views on the recommendations made by the Competition Experts meeting to lower the requisite years of experience to 10 years and 8 years for the positions of
Registrar (Grade D1) and Deputy Registrar (Grade P5), EAC Competition Authority respectively. The Council was of the view that as per the existing requirements for executive staff and their deputies, and for purposes of consistency, the requisite minimum years of experience should be maintained at 15 years for the position of Registrar (Grade D1) and 15 years for the position of Deputy Registrar (Grade P5), EAC Competition Authority respectively.

The Council –

(a) approved the proposed Structure of the EAC Competition Authority (EAC/CM 30/Decision 78);
(b) directed Partner States to nominate and submit names of proposed Commissioners for the EAC Competition Authority for consideration by the 31st Meeting of the Council (EAC/CM 30/Directive 67);
(c) approved the job descriptions (EAC/CM 30/Decision 79);
(d) directed the Secretariat to initiate the process of recruitment of Registrar at (Executives level) Grade D1; two Deputy Registrars at (Directors level) Grade P5; Personal Secretary and Accounts’ Assistant at Grade G5; and a Driver at Grade G2 (EAC/CM 30/Directive 68).
(e) approved the draft EAC Competition Work Plan for the FY 2015/16 (EAC/CM 30/Decision 80); and
(f) directed the Secretariat to consider the budget estimates for operationalization of the EAC Competition Authority in the FY 2015/16 (EAC/CM 30/Directive 69).

7.3 ADMINISTRATIVE AND FINANCIAL IMPLICATIONS OF THE DECISIONS OF SECTORAL COUNCILS

7.3.1 Report of the 6th Meeting of the Sectoral Council on Agriculture and Food Security

At its 29th Meeting, the Council considered the Report of the 6th Meeting of the Sectoral Council on Agriculture and Food Security, which had made the following decisions that have financial and policy implications -

The Sectoral Council directed the Secretariat to –

(a) make provisions in the budget for the three technical officers to be seconded from Partner States to the Agriculture and Food Security Department based on the principle of equitable sharing of staff positions at the Secretariat, and report progress to the 7th Meeting of the Sectoral Council on Agriculture and Food Security.
(b) allocate resources for the implementation of the Regional Food Balance Sheet; and
(c) establish and facilitate Tsetse and Trypanosomiasis (T&T) control desk at the Secretariat to coordinate regional T&T activities.

The Council then –
(a) took note of the decisions of the 6th Meeting of the Sectoral Council on Agriculture and Food Security (EAC/CM 29/Decision 27);
(b) decided that the establishment of the Tsetse and Trypanosomiasis (T&T) control desk at the Secretariat to coordinate regional T&T activities should await the finalization of the EAC Institutional Review (EAC/CM 29/Decision 28); and
(c) referred directives (i) – (ii) above with financial implications to the Finance and Administration Committee for consideration (EAC/CM 29/Decision 29).

The financial implications of directives (i) – (ii) above are attached hereto as Annex XLV.

7.3.2 Proposal for secondment of Staff to the EAC Secretariat to support the Department of Agriculture and Food Security

The Council was informed that the Sectoral Council on Agriculture and Food Security requested for secondment of three (3) technical staff to the Department of Agriculture and Food Security for a period of three (3) years. The three (3) staff will assist to boost the capacity of the Agriculture and Food Security department to implement key sectoral activities as per the relevant EAC agricultural development policies, strategies and plans.

The positions are –

(a) Agronomist (P3 equivalent);
(b) Animal Disease Epidemiologist (P3 equivalent); and
(c) Fisheries Officer (P3 equivalent).

(a) **Budgetary Implications**

Recruitment of new staff for established positions at EAC Secretariat is currently frozen pending finalization of the EAC Institutional Review process that is on-going. As a stop-gap measure, it is proposed that the three (3) staff to be seconded to the Secretariat be funded by their respective governments during their tour of duty at the Secretariat. As such they will, in addition to their salaries back home, require to be paid an additional compensation package equivalent to that of staff at equivalent grades within EAC. All the three (3) positions are proposed at P3 equivalent. In this regard, the financial implications will be US$ 132,713 per position per year.

The proposed Job Descriptions and details of the costing are attached hereto as Annex XLVI.

The Council observed that there were a number of requests for secondment originating from the various Sectoral Councils where Human Resource Experts are not involved to offer the necessary guidance on proposals for secondment during the Sectoral Council meetings. However, the current EAC Staff Rules and Regulations (2006) do not provide for secondment of staff from Partner States. The Council was of the view that this matter should be deferred until clear guidelines on secondment are developed and approved.
The Council –

(a) deferred consideration of secondment of staff to the EAC Organs and Institutions pending finalization of the policy guidelines (EAC/CM 30/Decision 81);
(b) directed the Secretariat to prepare policy guidelines on secondment of staff to the EAC Organs and Institutions and submit it to the 31st Meeting of the Council (EAC/CM 30/Directive 70); and
(c) directed the Secretariat and Institutions to involve Human Resources department in all matters relating to Human Resources (EAC/CM 30/Directive 71).

7.3.3 Allocation of Financial Resources by Partner States for Disaster Risk Reduction and Management and Establishment of a Biotechnology and Biosafety Unit

The Council was informed that at its 27th Meeting held on 31st August 2013, the Council approved the EAC Disaster Risk Reduction and Management Strategy (EAC/CM 27/Decision 27). The implementation of the Strategy has since commenced with minimal support from the Partnership Fund. Efforts to mobilize additional resources to accelerate the implementation of the Strategy are on-going. At its 29th Meeting held on 15th – 20th September 2014, the Council took note of the Report of the 3rd Meeting of the Sectoral Council on Environment and Natural Resources and referred directives/decisions with financial implication to the Finance and Administration Committee including directing Partner States to allocate adequate resources and increase investment for Disaster Risk Reduction commencing in the FY2015/16.

The following Disaster Risk Reduction activities have been identified and prioritized for implementation and funding from Partner States is therefore required -

(a) development of hazards risk management operational strategies and guidelines for disaster preparedness and response;
(b) development of a framework for cooperation in trans-boundary disaster situation;
(c) development of mechanisms for integrating Disaster Risk Reduction into educational programmes;
(d) development of regional tools for hazard mapping and early warning systems;
(e) development of an EAC Disaster Risk Reduction Training Manual based on the approved EAC Disaster Risk Reduction and Management Strategy;
(f) Finalization of the East African Community Disaster Risk Reduction and Management Bill;
(g) establishment of a Regional Centre for Emergency Operations and strengthen mechanisms for collaboration and information sharing;
(h) establishment and operationalization of the EAC Disaster Risk Reduction Unit under the Office of the Secretary General;
(i) mobilization of resources to support targeted Disaster Risk Reduction capacity development programmes at all levels;
(j) development of a regional emergency response plans; and
(k) development of web portal for depositing Disaster Risk Reduction and other related emergencies.

The Council directed the Secretariat to consider the above activities during the budget process for the Financial Year 2015/2016 (EAC/CM 30/Directive 72).

7.4 EAC CALENDAR OF ACTIVITIES

7.4.1 Status of Implementation of the Calendar of Activities for the Period July – December 2014

The Council was informed that in line with a decision of the 20th Meeting, the Sectoral Council of Ministers Responsible for EAC Affairs and Planning, the Secretariat undertook a review of the status of implementation of the current calendar of activities (July – December 2014) as at 7th November 2014. The analysis shows that out of a total of 424 meetings only 207 meetings were actually convened representing 48 per cent of the total planned meetings.

It was observed that non adherence to the Calendar was largely occasioned by the following factors -

(a) requests from Partner States to postpone meetings and thereby impacting adversely on other scheduled activities;
(b) requests from Partner States offering to host meetings thus necessitating changes in venues;
(c) delayed disbursements of funds especially by Development Partners;
(d) capacity constraints at the Secretariat e.g. Civil Aviation; Gender and Community Development; and Sexual, Reproductive, Child and Adolescent Health;
(e) proliferation of new meetings arising from directives of scheduled meetings; and
(f) additional meetings that arise from operational realities/needs.

7.4.2 EAC Calendar of Activities for the Period January to June 2015

The Council recalled that among others, the 16th Meeting of the Sectoral Council of Ministers responsible for EAC Affairs and Planning (SCMEACP), directed the Secretariat ‘to ensure that in future the Calendar of Activities is discussed by Finance and Administration Committee so that resources are aligned and allocated appropriately’. In addition, the Council at its 25th Meeting, among others, ‘directed that save for self-accounting EAC Institutions, EALA, and EACJ, statutory/policy and technical meetings for Organs and Institutions of the EAC should rotate and be shared between Headquarters and Partner States on a ratio of 50/50 basis (EAC/CM 25/Directive 12).

Accordingly, meetings in the Calendar have been distributed between the Partner States and the Headquarters based on the above Council decision save for those meetings scheduled outside the region and those that must be held at specific locations. The draft EAC Calendar of Activities for the period January – June 2015 is attached hereto as Annex XLVII. The Meetings are distributed as follows: Republic
of Burundi 10.1%, Republic of Kenya 10.1%, Republic of Rwanda 10.1%, Republic of Uganda 10.1%, The United Republic of Tanzania 10.1% and EAC Secretariat Headquarters 49.7%.

The Council observed that there is need to -

(a) reschedule the followings meetings: Ministers in charge of Communication; Sectoral Council on Transport, Communication and Meteorology; and the Sectoral Council on Energy;
(b) further rationalize and synchronize the meetings proposed in the Calendar; and
(c) ensure that the calendar reflects meetings for activities which have been approved by the Council.

The Council observed that activities for some of the EAC Institutions are not included in the EAC Calendar of Activities for January – June 2015. Taking into consideration that the Secretary General is the Principal Executive Officer of the Community who is expected to oversee the implementation of all activities of the Community, there is need for the Council to direct all EAC Institutions to ensure that their activities are incorporated in the approved EAC Calendar of Activities.

The Council –

(a) took note of the status of the implementation of the Calendar of Activities for the period July to December 2014 as at 16th November, 2014 (EAC/CM 30/Decision 82);
(b) adopted the EAC Secretariat Calendar of Activities for January – June 2015 (EAC/CM 30/Decision 83); and
(c) directed the EAC Institutions to ensure that their activities are incorporated in the approved EAC Secretariat Calendar of Activities and report to the 30th Extra-Ordinary Meeting of the Council (EAC/CM 30/Directive 73).

7.5 DEMISE OF TWO MEMBERS OF STAFF OF THE COMMUNITY

The Council was informed of untimely demise of the two dedicated staff of the Community; Late Gerald Kalonka, Security Assistant and Late Ibrahim Msagati, Driver attached to the Principal Judge-EACJ.

The Council took note of the passing away of the two staff members and send condolences to their families (EAC/CM 30/Decision 84).

PART VIII ANNUAL REPORT OF THE COUNCIL TO THE SUMMIT FOR THE PERIOD DECEMBER 2013 – NOVEMBER 2014

Pursuant to Article 14(3)(h) of the Treaty, the Council is required to submit Annual Progress Reports to the Summit. The Summit is required under Article 11(2) of the Treaty to consider such Reports. The Council is, therefore, expected to consider the Annual Report of the Council to the Summit for the period December 2013 – November 2014 attached hereto as Annex XLVIII.
The Council approved the Annual Report of the Council to the Summit for the Period of December 2013 – November 2014 and submit the same to the 16th Summit for adoption (EAC/CM 30/Decision 85).

PART IX REPORTS OF OTHER EAST AFRICAN COMMUNITY ORGANS

9.1 EAST AFRICAN COURT OF JUSTICE

9.1.1 Court Cases

For the period September-November the First Instance Division received four (4) Applications and two (2) Taxations. The Appellate Division received two (2) Appeals. During the period under consideration the First Instance Division heard 16 cases, delivered 2 judgments and heard three (3) Taxations. The Appellate Division heard one (1) Appeal. The First Instance Division has scheduled for hearing eleven (11) cases and delivery of judgments in three (3) cases for the November 2014, while the Appellate Division has scheduled one (1) Appeal for hearing and delivery of a judgment in one (1) Appeal in November 2014. A matrix on the status of the reported cases is attached hereto as Annex XLIX.

9.1.2 Capacity Building

In collaboration with Raoul Wallenberg Institute (RWI), the Court organized another tailor-made training on Judgment writing and interpretation of Community Laws for the Judges from 20th - 31st October 2014, The Judges of the East African Court of Justice attended the training and enhanced the Skills in those areas.


9.2 EAST AFRICAN LEGISLATIVE ASSEMBLY


During the period, the Assembly held two scheduled meetings; one in Kigali; Rwanda from 19th October, 2014 – 2nd November, 2014; and another one in Nairobi; Kenya from 16th November – 5th December, 2014 which is on-going. The Report therefore gives only highlights of what the Assembly was able to accomplish so far. Detailed Report covering decisions of the Assembly will be presented in the subsequent meetings of the Council.

9.2.1 Legislation and Plenary Matters

As highlighted above, the Assembly held two scheduled meetings. The main business transacted is shown below –
9.2.2 Bills

A Report on the EAC Cooperative Societies Bill was tabled, but not considered while reports on the EAC Cross Border Legal Practice Bill and the EAC Integration Education Bill are expected in the on-going meeting of the Assembly.

9.2.3 Committee Reports

The following reports were tabled in the House but have not yet been considered and adopted -

(a) Report of the Committee on Accounts on the Role and Expectations of EALA in the EAC Audit Process;
(b) Report of the Committee on Agriculture, Tourism and Natural Resources on Regional Parliamentarian’s Workshop on Climate Change;
(c) Report of the Committee on General Purpose on the Legislative process of Bills;
(d) Report of the Committee on Regional Affairs and Conflict Resolutions and the African Leadership Centre on East African Societies and Regional Security;
(e) Report of the Committee on Regional Affairs and Conflict Resolutions on East African Societies and Regional Peace;
(f) Report of the Committee on Communications, Trade and Investments on the EAC Single Customs Area and Port facilities in Dar – Es Salaam and Tanga in Tanzania;
(g) Report of the Committee on Agriculture, Tourism and Natural Resources on EAC Cooperative Societies;
(h) Report of the Committee on Legal, Rules and Privileges on issues of human rights, governance and rule of law; and
(i) Report of the Committee on Regional Affairs and Conflict Resolutions on the proposed AU Agenda 2063 and the UN Post 2015 Agenda on peace and conflict resolutions.

9.2.4 Resolutions

The following resolutions were adopted -

(a) Resolution congratulating Hon. Sam Kutesa, the Minister of Foreign Affairs, Uganda on his election to preside over the United Nations General Assembly; and
(b) Resolution urging the United Nations System to include Disability issues in the post 2015 Millennium Development Goals (MDGs)

9.2.5 Taking Oath

Rwanda’s new Minister for East African Community Affairs, Hon. Amb. Valentine Rugwabiza was sworn-in as an Ex-Officio Member of EALA.

9.2.6 EAC Bureau of Speakers
The 9th Meeting of the EAC Bureau of Speaker’s Forum met in Nairobi, Kenya, on 8th August 2014. The Forum rallied its support for the full operationalization of the East African Parliamentary Institute (EAPI) in a move geared towards building institutional capacities of Legislators and Parliamentary staff in the region. The speaker’s also elected the Speaker of the Parliament of Tanzania, Rt. Hon Anna Makinda as its new Chairperson, taking over from the Speaker of the Kenya National Assembly, Rt. Hon Justin Muturi. The Speaker’s also decided that their 10th Meeting will be held in February, 2015 in The United Republic of Tanzania.

9.2.7 Inter-Parliamentary Relations Seminar

The Assembly held two days Inter-Parliamentary Relations Seminar, (Nanyuki VIII) from 31st October-1st November 2014 in Kigali, Rwanda. The Seminar, held under the theme “insecurity and terrorism, a threat to EAC integration: How EAC can develop a common position” adopted the following key resolutions among others: The need to understand the route of different conflict drivers in the East African Community region such as land conflicts, youth unemployment, marginalization of particular communities, unresolved historical injustices; The need to develop a multidimensional and regional approach to security inclusive of information sharing, training and joint operations while bearing in mind that these issues and their consequences cannot be contained within national boundaries; The need to commit and develop joint strategies to counter genocide ideology, extremism and radicalization within the region; The need to take account of emerging or mutating security threats such as eco-terrorism, bio-terrorism and cyber-terrorism; The need to commit to work on strengthening regional institutions that contribute engendering peace and security in the region while respecting the principle of separation of powers; and the need to urge Partner States to expedite the ratification and implementation of all regional peace and security related protocols and commitments.

9.2.8 Relations with other Stakeholders

The Assembly undertook two high profile international activities for purposes of enhancing EAC’s corporate image, namely -

(a) The Commission Members and Committee Chairpersons undertook a one week’s study visit to the European Parliament in October, 2014; and
(b) The Assembly participated in the 131st Inter-Parliamentary Union meetings in October 2014. This has enabled the Assembly to adopt best practices as well as enhancing EAC’s corporate image.

PART X REPORTS OF EAC INSTITUTIONS

10.1 EAST AFRICAN CIVIL AVIATION SAFETY, SECURITY AND OVERSIGHT AGENCY

This Report is made in accordance with the requirement of Article 13 of the Protocol on the Establishment of the Agency. It also highlights the Agency’s status Report on the implementation of its planned activities for the period August – November 2014.

10.1.1 Summary of Agency Activities

(a) Harmonisation of Regulations, Technical Guidance Materials

The Agency continues to perform its functions as mandated in developing and harmonising Civil Aviation Regulations, Technical Guidance materials, assisting, supporting, advising, coordinating and promoting activities that enhance Aviation safety and security oversight and efficient growth of aviation in the region.

(b) Country Missions to Partner States’ Civil Aviation Authorities

As part of its functions, the Agency performs Country missions to assess and evaluate the Partner States’ level of compliance to national and international standards in Aviation safety and security oversight. In the first quarter of FY 2014/2015 the Agency carried out technical missions to the Republic of Uganda and Republic of Burundi. The evaluated areas covered the disciplines of Flight safety, Air Navigation Services, Aerodromes, Aviation Security, Aircraft Accident investigation, Aviation medicine and Information and Communication Technology services that support safety and security oversight. The Agency made detailed observations and recommendations for Partner States’ appropriate corrective actions.

(c) Support to initiative to combat the Ebola Virus Threat

The Agency continued to monitor the implementation of the initiatives and measures recommended at the Emergency meeting on the Ebola threat held in at CASSOA in August 2014 and the high level Ministerial meeting on the same held at KICC Nairobi on September 2014. All Partner States have been obligated to implement ICAO Corroborative Arrangements for Prevention of Communicable diseases through Air travel (CAPSCA) by February 2015. The Republic of Kenya and The United Republic of Tanzania are already compliant in this regard. However, the Agency does not have budgetary provisions to perform these new tasks. It is hoped that the Centre for Aviation medicine a unit of CASSOA will be a beneficially of some of the funds being mobilised for the combating of the Ebola virus threat and coordinated by the Directorate of Productive and Social sectors.

10.1.2 Collaboration with ICAO and other Aviation Partners

The Agency continues to strengthen the cooperation and corroboration with Aviation Partners notably the International Civil Aviation Organization (ICAO), European Aviation Safety Agency (EASA), International Air Transport Association (IATA) and African Civil Aviation Commission (AFCAC). The Agency participated in the ICAO
High Level Global meeting on technical cooperation held Montreal Canada to discuss the future of Aviation safety in light of the current global challenges. The Agency also received training support from European Union through EASA in the vital area of Air operator certification.

10.1.3 Evaluation of the Operationalization of the EAC Search and Rescue Agreement

The Administrative memorandum of the Operationalization of the EAC search and rescue Agreement was signed in August 2012 in Kigali Rwanda. There is a need to evaluate the execution of the agreement and also ascertain the level of preparedness to implement its provisions. The Board of CASSOA has recommended the performance of a joint exercise involving the relevant stakeholders to realize the needs mentioned above.

10.1.4 Alignment of Governance instruments

The Board at its 9th Extraordinary Meeting held on 17th October 2014 in Kigali, Rwanda, deliberated on the issue of inconsistencies noted in the CASSOA governance instruments that require alignment. The Board made recommendations, which will be presented to the 12th Meeting of the Sectoral Council on Transport, Communication and Meteorology scheduled for early 2015 for consideration.

10.1.5 Land Title

The Board at its 9th Extra-Ordinary Meeting held in Kigali on 17th October 2014 directed the Agency to coordinate a meeting with the Uganda Land Commission (ULC) and deliberate on the challenges deterring the expeditious transfer of the Land Title on which the Agency Head Office is located into the names of the Agency. The Board also resolved that EAC Secretariat, Civil Aviation Authority (Uganda), the relevant Ministries in Uganda and CASSOA be part of the team to participate in this meeting.

The Council noted the need for the CASSOA and the EAC Secretariat to expeditiously implement the Board decisions related to the land title.


10.2 EAST AFRICAN DEVELOPMENT BANK

10.2.1 Overall Performance of the Bank

The Bank’s performance continues to improve overtime as reported in the 29th Meeting of the Council. The net worth of the Bank has further improved since then and is now recorded at US$ 189 million. Non-performing loans are at record low, at 1.4% of the total portfolio of US$ 113 million. As a result of these achievements and the turnaround, the Bank has received numerous awards and favorable international ratings. The most recent - the 2014 Business Leader Award was conferred on Mme. V. Yeda by Africa-America Institute in New York on
22nd September 2014. The award was in recognition of her distinguished contributions to the world of development banking, finance and business for more than 20 years. The award also honored H.E. President Allasane Quattara, President of the Republic of Cote d'Ivoire and Professor Thandika Mkandawire, Chair of the African Development at the London School of Economics and General Electric.

10.2.2 Partnership with JICA for Infrastructure Development

On August 25, 2014, Japan International Cooperation Agency (JICA) signed an MoU with the East African Development Bank for cooperation and collaboration in matters of common interest for socio-economic development in the East African Community. Some of the areas of cooperation include but not limited to -

(a) Exchange of information on regional infrastructure development such as policies, programs, strategies and development schemes. Sharing of research projects and development experience in East Africa;
(b) Organising and undertaking joint actions on development issues through joint seminars, research and knowledge management;
(c) Collaboration in identifying projects in areas of economic and social infrastructure, private sector development, education and health;
(d) Provision of joint technical assistance for project development;
(e) Collaboration in capacity building within the two organisations and outside; and
(f) Collaboration on acceleration of private sector activity through seminars and consultations.

10.2.3 Strengthening Capacity on extractive industry contract negotiations in East Africa

The Bank and DLA Piper, a global law firm co-hosted a workshop for public sector lawyers and law professors on structuring and negotiating international commercial contracts and agreements on 8th - 12th September 2014. This was a follow-up workshop to one conducted in March 2014. More than 80 lawyers participated in the workshops. The workshops were intended to build the capacity of public sector lawyers involved in negotiating transactions and drafting agreements for extractive industries and other industries.

10.2.4 Collaboration with United Nations Framework Convention on Climate Change

In February, 2013 the Bank partnered with the Secretariat of the United Nations Framework for Conventional on Climate Change (UNFCCC) and established a Regional Collaboration Centre (RCC) at the Bank's headquarters in Kampala. The Bank and RCC are currently implementing the “operational phase” of the MoU with effect from May 2013. Under the phase, the EADB in partnership with the United Nations Framework Convention on Climate Change (UNFCCC), the UNEP DTU Partnership Centre on Energy, Climate and Sustainable Development (UDP), and the Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) hosted the first ever Climate Finance and Investment Forum in East Africa. The forum took place from 29th - 30th September 2014. The forum was attended by 80 participants drawn
from private and public sectors including, ministries, Central Banks and the Secretariat of the East African Community (EAC) and the South African Development Community (SADC).

10.2.5 Partnership with IUCEA and EABC in Developing Framework for Academia-Public Private Partnership

IUCEA, EABC and EADB jointly organized the third Forum on ‘Academia-Public-Private Partnership and Exhibitions 2014’ under the theme ‘Harnessing East Africa’s Innovation Potential’. The forum took place in Kigali from 23rd – 24th October 2014. The main objective is to generate inputs for enriching the regional research and innovation capacity building programme currently under development by partnering institutions. The Forum will be geared towards coming up with practical strategies for implementing the programme that will support -

(a) Development of academia-public-private partnership platforms in the EAC sectors strategic to socio-economic development;
(b) Private sector linked postgraduate training at Masters and PhD levels and postdoctoral schemes;
(c) Human resource skilling and re-skilling activities;
(d) Development of regional cluster-based research and innovation projects linked to postgraduate training; and
(e) SMEs, resource value addition, and development of appropriate knowledge, skills and competences among graduates.

10.2.6 PPP Resource Centre

The Bank is prepared to host PPP Resource Centre soon after the EAC Secretariat completes the recruitment process and advise accordingly. In preparation to this the Bank participated in the inaugural PPP Conference organized by the EAC-Secretariat in Nairobi from 24th - 25th October 2014.

10.2.7 Draft East African Community Development Fund

The EADB Board and Governing Council reviewed the draft East African Community Development Fund (EACDF) Bill and have no concerns on it. The Bank made submission to the Secretariat on the EACDF in its letter dated 15th January 2014 highlighting matters to be addressed through EAC Organs. Progress on this matter is reported under section 3.1.9 of this report.


10.3 INTER-UNIVERSITY COUNCIL FOR EAST AFRICA

The Council was informed that IUCEA report was submitted to the 12th Sectoral Council on Education, Science and Technology, Culture and Sports that was scheduled for 29th September- 1st October 2014. The Ministerial session of the Sectoral Council was however adjourned due to lack of quorum. The IUCEA report will be submitted to the 31st Meeting of the Council.
10.3.1 Academia-Public-Private sectors Partnership

During the reporting period, IUCEA in collaboration with EABC and EADB under the auspices of the East African Community Secretariat organized the third Forum and Exhibitions 2014 that took place in Kigali, Rwanda on 23rd - 24th October 2014, with the theme – “Harnessing East Africa’s Innovation Potential.” The Forum and Exhibitions provided an important platform bringing together the academia, and the public and private sectors to engage in dialogue on issues that are intended to stimulate the development of strong academia-public-private partnership for spurring socio-economic development in the East African region. The forum generated inputs for enriching the regional research and innovation capacity building programme currently under development by the partners, and came up with practical strategies for implementing the programme. The full proposal of the research and innovation programme will be finalized by end of December 2014.

The highly successful Forum consisted of three keynote presentations by prominent individuals from Nigeria, Germany and Singapore indicating their respective countries’ experiences with respect to the session theme “How should East African Community harness the region’s innovation potential for driving socio-economic development through academia-public-private partnership?” This was followed by a presentation and discussion of study results on the higher education landscape, and Research and Innovation capacity building initiatives in East Africa. Thereafter, two roundtable discussion sessions, each consisting of three groups that dialogued on specific themes relevant to the objectives of the Forum were organized. Exhibitions were held as a parallel event to the Forum and were intended to enable the academia, the public and the private sectors to display the practical aspects of their operations, products, services and achievements as a way of enhancing linkages between the academia, the public and the private sectors in promoting innovation and entrepreneurship development in the region.


10.4 LAKE VICTORIA FISHERIES ORGANIZATION

The Council was informed that during the period of December 2013 to October 2014 Lake Victoria Fisheries Organization continued to implement its mandate to coordinate the management of the fisheries resources of Lake Victoria for sustainable development and utilization, and to spearhead aquaculture development in the Basin. The Organization undertook key resource monitoring studies, the catch assessment and Hydro-acoustic surveys to provide scientific guidance to the management of the fisheries. The Fisheries Management Plan 2009-2014 is being updated to 2015-2020, and the LVFO is working on a regional policy for fisheries development and aquaculture. The issues with financial and policy implication are summarized below.
10.4.1 Status of Remittance for Operation Save Nile Perch and the Commencement of the Program

At its 29th Meeting, the Council of Ministers noted that the status of Remittance for the ‘Operation Save Nile Perch’ was as presented during the 28th Council meeting with unremitted pledges at US $ 603,920.02. At the 6th Special Session of the LVFO Council of Ministers the Members re-iterated their commitment to fulfil their pledges.

10.4.2 Monitoring, Control and Surveillance

The 6th Special Session of LVFO Council of Ministers also urged the Partner States to include a budget line at national level to handle security matter of fishers on Lake Victoria and for the Co-ordination and implementation of Monitoring, Control and Surveillance (MCS) activities. The Council also urged Partner States to work with the national Revenue Agencies to curb the importation of monofilament nets and other illegal fishing gear used in Lake Victoria.

10.4.3 Progress in implementation of the Programs and Projects

10.4.3.1 Status of Cage Culture in Lake Victoria

The 6th Special Session of LVFO Council of Ministers held at LVFO Secretariat on 15th October 2014 considered a report on status and impact of cage culture compiled by the Secretariat as it was directed by the 8th Regular Session of LVFO Council of Ministers. They observed that the information provided by the Partner States was not sufficient to guide the way forward for cage culture on the Lake. They however, noted the pressures from investors to start cage farming in Lake Victoria yet there are no guidelines and legal framework to guide the investments. There is need to advice on the number and sizes of cages in the lake considering environmental and biological limits in view of the sustainability of the wild capture fisheries.

10.4.3.2 Expediting the Integration of the Republic of Burundi and the Republic of Rwanda in the activities of LVFO taking into account they have acceded to the LVFO Convention

Following the different directives to fully mainstream and to integrate the Republics of Burundi and Rwanda into LVFO operations, and the decision of the last Council meeting (EAC/CM 29/Decision 38); the LVFO Council of Ministers are expected to deliberate on the final amended convention, after receiving a nod from the Director General of Food and Agriculture of the United Nations (FAO) - the Custodian of the Convention, before the end of the current Financial Year (FY 2014/2015).

The Council –

(a) took note of the commitment from Partner States to pay all the outstanding arrears due to the Lake Victoria Fisheries Organization by 31st March 2015 (EAC/CM 30/Decision 91);
(b) directed Partner States to have a budget line to handle security matters of fishers on Lake Victoria and the Co-ordination and implementation of MCS at National level (EAC/CM 30/Directive 74);
(c) directed the EAC Secretariat to work with LVFO to mobilize resources to enable the production of the technical report; Standard Operating Procedures and Guidelines required to guide the development of cage culture on Lake Victoria (EAC/CM 30/Directive 75); and

(d) directed Lake Victoria Fisheries Organization to convene a meeting with the Republic of Burundi and the Republic of Rwanda to develop a roadmap to integrate the two Partner States into the Organization by February 2015 (EAC/CM 30/Directive 76).

10.5 LAKE VICTORIA BASIN COMMISSION

The Council was informed that the last meeting of the Sectoral Council on LVB was held on the 11th July 2014 and the Report was considered by the 29th Meeting of the Council in September 2014. Accordingly, subsequent developments will be reported at the 31st Meeting of the Council.

The Council was further informed that following a directive made by the Council at its 29th Meeting, the Secretary General convened a meeting of Audit Experts to validate their report after consideration of comments provided by the LVBC Executive Secretary on 17th – 19th November, 2014. The Secretary General convened the meeting of Extra-Ordinary Sectoral Council for LVBC to consider the report of Audit Experts. However, the Republic of Burundi requested for postponement of the two meetings to some date in February 2015 while the Republic of Kenya requested for postponement of the two meetings to a later date because the scheduled meetings were coinciding with the Council meeting.

The 30th Meeting of the Council reiterated its earlier decision and directed the Secretary General to –

(a) reschedule the meeting of Audit Experts to consider comments provided by the LVBC Executive Secretary and validate their report by early February 2015; and

(b) reschedule the Extra-Ordinary Meeting of the Sectoral Council for LVBC by mid-February 2015.

The Council reiterated its previous decision directing the Sectoral Council on LVBC take note of the above information (EAC/CM 30/Decision 92).

PART XI ANY OTHER BUSINESS

11.1 POSTPONEMENT OF MEETINGS

The Council noted with concern that a number of Sectoral Councils had been convened but not held at appropriate levels due to lack of quorum. As a result, many approved activities have not been implemented. Accordingly, there was need for the Council to direct the Secretariat and Partner States to ensure that they adhere to the EAC Rules of Procedure for convening and postponement of meetings.
The Council reiterated its previous decision directing the Secretariat and Partner States to adhere to the EAC Rules of Procedure for convening and postponement of meetings (EAC/CM 30/Decision 93).

11.2 SUBMISSION OF DOCUMENTS FOR COUNCIL MEETINGS

The Council noted that the Secretariat does not observe the Rules of Procedures for convening EAC Policy meetings that require the submission of background information 21 days prior to the meetings. As a result of this, background information in respect of some of the Agenda items are submitted in the course of the meeting which does not provide adequate time for Partner States to consult widely on those matters. Therefore there is need for the Council to direct the Secretariat to ensure that Sectoral Council meetings are convened at least one (1) month prior to Council Meetings to allow the documents from those meetings to be circulated to Partner States according to Rules of Procedure and enable Partner States to consult in their capitals on those matters before attending the Council meetings. The Council also noted that some Sectoral Councils were convening shortly before the Council and as such Partner States could not consult widely before the meeting of the Council.

The Council directed the Secretariat to—

(a) ensure that meetings of Sectoral Councils and the Finance and Administration Committee are convened at least one (1) month prior to Council Meetings (EAC/CM 30/Directive 77); and
(b) dispatch documents for consideration by the Council in accordance with the EAC Rules of Procedure to enable Partner States consult in their capitals before attending Council meetings (EAC/CM 30/Directive 78).

11.3 NON-TARIFF BARRIERS TO TRADE REPORTED BY THE REPUBLIC OF UGANDA

The Republic of Uganda informed the Council that the Republic of Kenya –

(a) had imposed restrictions on the exportation of sugar from Uganda into Kenya contrary to the provisions of the EAC Customs Union Protocol and EAC Rules of Origin. The import restriction of sugar is due to the import licence requirements by the Kenya Sugar Board which charges a KES 100,000 per licence per consignment. Uganda further reported that currently their trucks of sugar are being held at the border for the last two weeks with no explanation. This matter was considered by the 29th Council and directed that Kenya should stop issuance of import licences for sugar originating from the Partner States;
(b) was unnecessarily blocking release of goods from the Port of Mombasa where 100 trucks of goods are currently held by Kenya Revenue Authority without any explanation; and
(c) was auctioning goods destined to Uganda without duly complying with the EAC Customs Management Act and thereby occasioning losses to the business community.
The Republic of Kenya reported that she will consult with the relevant authorities to ensure that the concerns raised by the Republic of Uganda are expeditiously resolved. The Council advised that the relevant delegations from the Republic of Kenya and the Republic of Uganda meet bilaterally with a view to expeditiously resolve the above matters.

The Council reiterated its previous decision directing the Republic of Kenya not to deter goods or impose restrictions on goods imported from within the East African region (*EAC/CM 30/Directive 79*).

**SIGNED** by the Leaders of Delegation this 28th day of November, 2014.