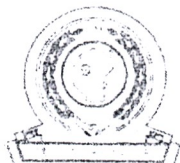

THE EAST AFRICAN COMMUNITY
BILLS SUPPLEMENT

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THE EAST AFRICAN COMMUNITY

THE EAST AFRICAN MONETARY INSTITUTE BILL, 2017

MEMORANDUM

The object of this Bill is to establish the East African Monetary Institute as an Institution of the Community responsible for the preparatory work for the East African Community Monetary Union in accordance with Article 23 of the Protocol on the Establishment of the East African Community Monetary Union; to provide for the functions, governance, funding and headquarters of the Institute; and to provide for other related matters.

Article 23 of the Protocol on the Establishment of the East African Community Monetary Union enjoins the Summit on the recommendation of the Council to establish the East African Monetary Institute as an Institution of the Community responsible for the preparatory work for the East African Monetary Union. Under Article 23 of the Protocol, the Partner States envisaged that the East African Monetary Institute shall undertake the preparatory work which is necessary for the establishment of the East African Community Monetary Union, one of the pillars of the integration of the Community.

East African Monetary Institute Bill, 2017

THE EAST AFRICAN MONETARY INSTITUTE BILL, 2017

ARRANGEMENT OF CLAUSES

Clause

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20. Ombudsman

East African Monetary Institute Bill, 2017

Inter-
pretation

2. In this Act, unless the context otherwise requires—

“**Audit Commission**” means the Audit Commission established by Article 134 of the Treaty;

“**Community**” means the East African Community established by Article 2 of the Treaty;

“**Council**” means the Council of Ministers of the Community established by Article 9 of the Treaty;

“**East African Central Bank**” means the East African Central Bank established in accordance with Article 20 of the Protocol on the Establishment of the East African Community Monetary Union;

“**Governing Council**” means the Governing Council provided for by section 9 of this Act;

“**Institute**” means the East African Monetary Institute established under section 3 of this Act;

“**Legislative Assembly**” means the East African Legislative Assembly established by Article 9 of the Treaty;

“**Monetary Union**” means the East African Community Monetary Union established in accordance with Article 2 of the Protocol on the Establishment of the East African Community Monetary Union;

“**National Central Bank**” means the central bank of a Partner State;

“**Partner State**” means the Republic of Burundi, the Republic of Kenya, the Republic of Rwanda, the Republic of Uganda, and the United

Function of
the Institute

4. The Institute shall—

- (a) coordinate the harmonisation of—
 - (i) the monetary and exchange rate policies of the Partner States;
 - (ii) the legal framework for the regulation and prudential supervision of banking systems of the Partner States; and
 - (iii) payment and settlement systems of the Partner States;
- (b) enhance cooperation between the National Central Banks with a view to establishing the necessary conditions for the realisation of the Monetary Union;
- (c) develop a common monetary and exchange rate policy framework for the attainment of a single currency;
- (d) foster coordination of fiscal and monetary policies of the Partner States;
- (e) develop the analytical, research and statistical frameworks necessary for the East African Central Bank to perform its functions;
- (f) develop the instruments necessary for the conduct of the single monetary and exchange rate policy in the Monetary Union;
- (g) develop a framework for regulation and prudential supervision of the banking systems within the Monetary Union;

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Cooperation
with
regional and
international
organisations

6. The Institute may cooperate with regional and international organisations on matters relating to its functions.

Head-
quarters of
the Institute

7. (1) The Headquarters of the Institute shall be located in such Partner State as determined by the Council.

(2) There may be established other offices of the Institute in the Partner States as may be determined by the Council.

Independence
of the
Institute

8. In the performance of its functions, the Institute shall be independent and shall not be influenced by a Partner State.

PART III – GOVERNANCE OF THE INSTITUTE

Composition
of Council

9. (1) The Institute shall have a Governing Council which shall be the policy-making organ of the Institute and shall oversee the operations of the Institute.

(2) The Governing Council shall consist of –

(a) the Governors of the National Central Banks;

(b) the Director General shall be an *ex officio* member and the Secretary of the Governing Council.

(3) The Governing Council shall have a chairperson who shall hold office for one year. The office of the chairperson shall be held on a rotational basis among the Governors of the National Central Banks.

(4) The Governing Council shall meet at least once every three months.

(5) The quorum for a meeting of the Governing Council shall be all Governors of the National Central Banks.

East African Monetary Institute Bill 2017

(5) A person is qualified for appointment as a Director General or a Deputy Director General if that person—

- (a) is a national of a Partner State;
- (b) is a fit and proper person of recognised professional standing in the Partner States;
- (c) holds at least a Masters degree in the field of economics, banking, or finance from a university recognised by a competent authority in a Partner State; and
- (d) has over 15 years' experience in the fields specified in paragraph (c), five of which shall be at management level.

(6) A person is qualified for appointment as a Deputy Director General responsible for finance and administration if that person—

- (a) is a national of a Partner State;
- (b) is a fit and proper person of recognised professional standing in the Partner States;
- (c) holds at least a Masters degree in the field of economics, management, business administration, finance or law from a university recognised by a competent authority in a Partner State; and
- (d) has over 15 years' experience in the fields specified in paragraph (c), five of which shall be at management level.

(c) if convicted of an offence involving dishonesty or fraud or moral turpitude under any law in force in a Partner State; or

(d) if found in contravention of the provisions of this Act.

Director-
General,
structure,
and staff of
the Institute.

12. (1) The Council shall on the recommendation of the Governing Council consider and approve the organisational structure of the Institute.

(2) The Council shall on the recommendation of the Governing Council appoint the other staff required for the performance of the functions of the Institute.

(3) The Council shall determine the terms and conditions of service of the staff in the service of the Institute in accordance with the Treaty.

PART IV—FINANCIAL PROVISIONS

financial
year

13. The financial year of the Institute shall be the same as the financial year of the Community.

Finance
and
budget

14. (1) The Institute shall be funded in accordance with Article 132 of the Treaty.

(2) The Institute shall submit the budget to the Council for consideration.

Account
keeping
and
audit

15. (1) The Institute shall—

(a) keep proper books of accounts and records of its transactions and affairs;

(b) ensure that the moneys received are properly accounted for;

Confidentiality

17. (1) Notwithstanding section 9(8), the Governing Council shall determine the proceedings and records of its meetings and those of the committees that shall be held confidential.

(2) The members of the Governing Council and of the committees, and other staff of the Institute shall be bound by an oath of secrecy and shall not, except as may reasonably be required in the performance of their functions, disclose to any person any material information acquired in the performance of their functions unless called upon to give evidence in a court of competent jurisdiction or to fulfil any other obligation imposed by law.

(3) The members of the Governing Council and the committees as well as the other staff of the Institute shall, even after their duties have ceased, not disclose information of the kind covered by the obligation of confidentiality.

Power to
make
regulations
and
guidelines

18. (1) The Council may, on recommendation of the Governing Council, make regulations or issue directives for the better carrying into effect the provisions of this Act.

(2) The Institute may issue guidelines to facilitate the execution of its mandate.

Status,
privileges
and
immunities

19. (1) The Partner States shall grant the Institute the status, privileges and immunities in accordance with Article 138 of the Treaty.

(2) The staff of the Institute shall enjoy such privileges and immunities in accordance with the Treaty.

Dispute
settlement

20. Disputes under this Act shall be settled in accordance with the provisions of the Treaty.