

BILLS SUPPLEMENT

to The Uganda Gazette No. 58, Volume CXII, dated 6th September, 2024

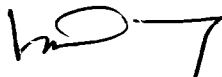
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Bill No. 74 *East African Community Mediation Agreement Bill* **2024**

**THE EAST AFRICAN COMMUNITY MEDIATION
AGREEMENT BILL, 2024**

MEMORANDUM

The main object of this Bill is to give legal effect to the provisions of the East African Community Mediation Agreement, 1984, signed on 14th May, 1984 on behalf of the United Republic of Tanzania, the Republic of Kenya and the Republic of Uganda and for other related matters.



RT. HON. REBECCA ALITWALA KADAGA (MP)

1st Deputy Prime Minister/

Minister for East African Community Affairs

Bill No. 74 *East African Community Mediation Agreement Bill* **2024**

THE EAST AFRICAN COMMUNITY
MEDIATION AGREEMENT BILL, 2024

ARRANGEMENT OF CLAUSES

Clause

1. Commencement
2. Interpretation
3. Certain provisions of the Agreement to have the force of law
4. Assets and liabilities of the former Community
5. Financial provisions
6. Joint institutions and common services
7. Immunities and privileges
8. Adaptation of laws
9. Power to make Regulations

SCHEDULES

SCHEDULE 1— THE EAST AFRICAN COMMUNITY MEDIATION
AGREEMENT, 1984

SCHEDULE 2—JOINT INSTITUTION AND COMMON SERVICES

A BILL for an Act

ENTITLED

**THE EAST AFRICAN COMMUNITY MEDIATION
AGREEMENT ACT, 2024**

An Act to provide for giving legal effect to certain provisions of the East African Community Mediation Agreement, 1984 and for other related matters.

WHEREAS an Agreement for the division of assets and liabilities of the former East African Community cited as the “East African Community Mediation Agreement, 1984” and set out in the First Schedule to this Act, was signed on the 14th May, 1984, on behalf of the Governments of the United Republic of Tanzania, the Republic of Uganda and the Republic of Kenya, at Arusha, Tanzania;

AND WHEREAS it is expedient to make provision for giving legal effect in Uganda to the provisions contained in that Agreement.

NOW THEREFORE,

BE IT ENACTED by Parliament as follows—

1. Commencement

This Act shall be deemed to have come into force on the 14th day of May, 1984.

2. Interpretation

In this Act, unless the context otherwise requires—

“Act of the former Community” means an Act of the former Community enacted in accordance with Article 59 of the former Treaty for East African Co-operation of 1967;

“Agreement” means the East African Community Mediation Agreement, 1984, set out in the Schedule 1 to this Act;

“former Community” means the former East African Community established by Article 1 of the Treaty;

“Joint Institutions” and “Common Services” mean the joint institutions or common services, as the case may be, specified in Schedule 2 to this Act and such other joint institutions or common services that may be declared to be such under section 5 (2) of this Act;

“Minister” means the Minister responsible for East African Community Affairs;

“Treaty” means the Treaty for East African Cooperation, 1967 entered into by the Governments of Tanzania, the Sovereign State of Uganda and the Republic of Kenya, which is set out in the Schedule to the East African Community Act 1967

3. Certain provisions of the Agreement to have the force of law

Subject to this Act, the provisions of Article 3, 4, 5, 6, 7, 8, 9, 10, 11, 12, 14 and 15 of the East African Community Mediation Agreement, 1984 which Agreement is set out in Schedule 1 to this Act, shall have the force of law in Uganda.

4. Assets and liabilities of the former Community

(1) All the assets which were vested in the former Community and which were allocated to Uganda under the Agreement shall be vested in the Government of the Republic of Uganda; except that all such assets as have previously been vested in a Public Authority or Corporation or in any person or body of persons by the Government of Uganda shall remain so vested.

(2) . The Government of Uganda shall, in respect of the assets referred to in subsection (1) be subject to the liabilities of the former Community only to the extent provided in the Agreement.

5. Financial provisions

(1) There shall be charged and paid out of the Consolidated Fund without further appropriation than this Act, any payments required under the Agreement to be made from time to time.

(2) For the purpose of providing any sums required for making payments under this section, the Minister responsible for finance may, on behalf of the Government, make such arrangements as are necessary, or raise loans by the creation and issue of securities bearing such rates of interest and subject to such conditions as to repayment, redemption or otherwise as he or she thinks fit, and the principal and interest of such securities and the charges and expenses incurred in connection with their issue, shall be charged on and issued out of the Consolidated Fund.

(3) Any monies received by the Government of Uganda under the Agreement shall be paid into and form part of the Consolidated Fund and shall be available in any manner in which the Consolidated Fund is available.

6. Joint institutions and Common Services

(1) Notwithstanding any other written law, the institutions specified in Schedule 2 to this Act shall operate as joint East African institutions or common services, as the case may be.

(2) The Minister may by statutory order declare any other institution or organisation to be a joint institution or a common service as may have been agreed upon by the States under Article 14.02 of the Agreement.

(3) A joint institution or a common service shall operate in accordance with such appropriate arrangements as may be agreed upon by the States under Article 14 of the Agreement.

7. Immunities and privileges

(1) A joint institution or a common service shall be accorded such status, capacity, immunities, privileges and exemptions as may be agreed upon by the States.

(2) Persons employed in the service of a joint institution or a common service—

- (a) shall be immune from civil process with respect to acts performed by them in their official capacity; and
- (b) where they are not citizens of Uganda, shall be accorded such immunities from immigration restrictions, alien registration and such facilities in relation to currency exchange regulations as may be agreed upon by the States.

(3) Experts or consultants rendering services to the joint institutions or common services shall be accorded such immunities and privileges as may be agreed upon by the States.

8. Adaptations of Laws.

(1) The laws of the former Community, other than the Interpretation Act of the former Community, which immediately before the commencement of this Act had the force of law in Uganda, shall continue in force and shall be read and construed with such modifications, adaptations and qualifications as may be necessary to bring them into conformity with the provisions of the Interpretation Act and the Agreement.

(2) Where an Act of the former Community is inconsistent with an Act of Parliament, the Act of Parliament shall be so construed as to repeal, to the extent of such inconsistency, the Act of the former Community.

9. Power to make Regulations

The Minister may by Statutory Instrument make Regulations to give effect to the provisions of this Act

SCHEDULE 1

Section 2

**THE EAST AFRICAN COMMUNITY
MEDIATION AGREEMENT 1984**

**AGREEMENT FOR THE DIVISION OF ASSETS AND LIABILITIES
OF THE FORMER EAST AFRICAN COMMUNITY**

Agreement between the Governments of the United Republic of Tanzania, the Republic of Uganda and the Republic of Kenya (hereinafter collectively referred to as the “States”).

WHEREAS:

The States by the Treaty for East African Cooperation, dated 6th June, 1967, established the East African Community (hereinafter referred to as “the Community”), and, as institutions thereof, certain Corporations (hereinafter collectively referred to as “the Corporations”) and provided for certain services to be administered by the Community (hereinafter referred to as “the General Fund Services”);

The Community and the Corporations ceased to perform their functions in 1977 and the General Fund Services can no longer be administered;

Conscious of the need to achieve a rational settlement of the Community’s affairs, the States engaged the services of a Mediator (hereafter referred to as “the Mediator”)

The Mediator, on the basis of the findings presented in his Consolidated Report dated 28th October, 1981 (hereafter referred to as the “Consolidated Report”), and in subsequent documents has made proposals for the permanent and equitable division of the assets and liabilities of the Corporations and the General Fund Services;

NOW THEREFORE, the States, having considered the proposals of the Mediator, hereby agree as follows;

ARTICLE 1
DEFINITIONS

In this Agreement, unless the context otherwise requires, the following terms and letters have the following meanings:

- (a) "E.A. Railways" means the East African Railways Corporation;
- (b) "E.A.P. & T." means the East African Posts and Telecommunications Corporation;
- (c) "E.A. Harbours" means the East African Harbours Corporation;
- (d) "E.A. Airways" means the East African Airways Corporation;
- (e) "E.A. Extelcoms" means the East African External Telecommunications Company Limited, a subsidiary of the East African Posts and Telecommunications Corporation;
- (f) "E.A. Cargo Handling" means the East African Cargo Handling Services Limited, a subsidiary of the East African Harbours Corporation;
- (g) "G.F.S." means the General Fund Services;
- (h) "Corporations" means the E.A Railways, E.A.P. & T., E.A. Harbours, E.A. Airways, and subsidiaries, collectively, and the term "Corporation" means any one of the Corporations individually;
- (i) "Division date" means in the case of:
 - E.A. Railways 30th June, 1977;
 - E.A.P. & T. 31st December, 1976;
 - E.A. Harbours 30th June, 1977;
 - E.A. Airways 15th February, 1977;
 - E.A. Extelcoms 31st March, 1977;
 - E.A. Cargo Handling 31st December, 1976; and
 - G.F.S. 30th June, 1977;

- (j) “Long-term liabilities” means all those liabilities which are listed in Annex “A” to this Agreement;
- (k) “Current liabilities” means those liabilities expected to be settled within a limited period not exceeding one year;
- (l) “Net assets” means in the case of each Corporation and the G.F.S. all the assets less current liabilities of such Corporation and of the G.F.S. other than the assets and liabilities of the pension and provident funds and those which have been defined as long-term liabilities;
- (m) “Rolling Stock Report” means the report on the identification and allocation of rolling stock between Kenya and Uganda dated 1st and 2nd December, 1982, hereto, attached as Annex “B” to this Agreement together with the list of rolling stock and three Annexes thereto, submitted on 7th December, 1982, agreed to by Kenya and Uganda and hereby deemed part of Annex “B” of this Agreement;
- (n) “Shs.m” means millions of shillings of Kenya, Tanzania or Uganda, as the case may be, at the rate of 8.31542 shillings to 1 US Dollar in effect on 30th June, 1977;
- (o) “\$m” means millions of United States Dollars;
- (p) “Convertible currency” means the following currencies:
 - the Canadian Dollar;
 - the Deutsche Mark;
 - the Italian Lira;
 - the Pound Sterling;
 - the Japanese Yen;
 - the United States Dollar;
- (q) “Tribunal” means the Arbitration Tribunal as provided for in Article 12 hereof;
- (r) “Board” means the Board of Trustees as provided in Article 10 hereof;

(s) “Mediation ratio” or “Mediation formula” means the division in the proportion of forty-two per cent (42%) for Kenya, thirty-two per cent (32%) for Tanzania and twenty-six per cent (26%) for Uganda.

ARTICLE 2

ASSETS AND LIABILITIES COVERED

2.00 This Agreement covers the assets and liabilities of the Corporations and the GFS at the division date of each Corporation and of the GFS.

ARTICLE 3

NET ASSETS; EQUITY SHARES; EXCESS AND SHORTFALL

3.00 The amount of the net assets of the Corporations and of the GFS held in each of the States, the allocation of such amount as equity shares among the States, taking into account the geographic location of such assets and the common ownership interests by the States in such assets, and the resulting excess or shortfall of net assets are:

EQUITY SHARE

	Shs. m	\$m	KENYA		TANZANIA		UGANDA	
			42%		32%		26%	
			Shs.m	\$m	Shs.m	\$m	Shs.m	\$m
Assets held	11,913	1,432,640	6,207 00	746,445	4,198.00	504.845	1,508.00	181.350
Equity Shares.			5,003.46	601 709	3,812 16	458 445	3,097 38	372 486
			(42%)		(32%)		(26%)	
Excess (Shortfall)			1,203.54	144.736	385.84	46.400	(1,589.38)	(191 136)

ARTICLE 4

**COMPENSATION TO UGANDA FOR SHORTFALL
OF NET ASSETS; INTEREST PAYMENTS**

4.01 Kenya and Tanzania shall compensate Uganda for its shortfall of net assets as set forth in Article 3 hereinabove by one or more of the following methods:

- (a) payments in convertible currencies;
- (b) the provision of goods;
- (c) the provision of services;
- (d) the financing of existing or new productive facilities;
- (e) the set-off, or compensation for mutually recognised claims; or
- (f) a combination of any of these modes;

all on terms and conditions agreed between Kenya and Uganda, and between Tanzania and Uganda, as set forth in Annexes "C" and "D", respectively, to this Agreement.

4.02 Kenya and Tanzania shall pay interest at the rate of seven per cent (7%) per annum from the date of signing of this Agreement on the outstanding amounts of compensation due to Uganda from time to time under this Article.

ARTICLE 5

**COMPENSATION FOR EQUIPMENT AND ALLOCATION
OF ROLLING STOCK TO UGANDA**

5.01 Kenya shall pay to Uganda the amount of shillings one million (Shs. 1.m) equivalent to United States dollars one hundred and twenty thousand (US \$120,000) being compensation for certain GFS equipment.

5.02 Kenya shall transfer to Uganda the number of coaches and wagons of the quality, size and specifications as set forth in the Rolling Stock Report.

ARTICLE 6

VALUATION OF LONG-TERM LIABILITIES

6.00 The long-term liabilities of the Corporations and of the GFS at the division date of each Corporation and of the GFS amount to shillings two thousand eight hundred and sixty-three million, eight hundred thousand (Shs. 2,863,800,000).

ARTICLE 7

**ALLOCATION OF LONG-TERM LIABILITIES;
INTERIM PAYMENTS**

7.01 The long-term liabilities of the Corporations and of the GFS as at the division dates, set out in Annex "A", are allocated to the States in the proportion of forty-two per cent (42%) to Kenya, thirty-two per cent (32%) to Tanzania and twenty-six per cent (26%) to Uganda.

TABLE OF DIVISION

	TOTAL		KENYA		TANZANIA		UGANDA	
	Shs.m	\$m	42%		32%		26%	
			Shs.m	\$m	Shs.m	\$m	Shs. m	\$m
Long-Term Liabilities	2,863 800	344.396	1,202.796	144.646	916.416	110.207	744.588	89.543

7.02 Payments made by each State in respect of the long-term liabilities from the division dates to 30th June, 1984, shared either in excess or short of the proportion allocated to a State in Sub-Article 7.01 are to be taken into account in calculating the amount of compensation due by or to that State under Article 4.

ARTICLE 8

LIABILITY TOWARDS CREDITORS

8.01 The creditors of the long-term liabilities and the States having agreed to the division of the liabilities pursuant to Article 7 and, where applicable, to the elimination of joint and several guarantees in respect of such liabilities, each State shall solely be responsible for such balance of liabilities allocated to it and as reflected in the separate Agreement between each State and each Creditor.

8.02 The repayment to local holders of loan stocks issued by the Corporations, shall be the responsibility of the Government of the State in which the stockholders reside.

8.03 Each State hereby indemnifies the other States against all responsibilities for the liabilities it has assumed as provided in Sub-Article 8.01 and 8.02.

8.04 Notwithstanding any other provision in this Agreement to the contrary, the effective date of Sub-Article 8.01 shall be 1st July, 1984.

ARTICLE 9

CLAIMS

9.01 Claims, registered prior to 31st December, 1978, other than claims for pensions by former members of staff of the Community institutions, claims against E.A. Airways and long-term liabilities, shall be dealt with as follows:

- (a) Claims for amounts due in the currency of one of the State are assigned to, and shall be dealt with by such State in accordance with its existing procedures;
- (b) Claims for amounts due in foreign currency, not covered by Article 8, may be dealt with by ad hoc agreement between the States or, failing such agreement, by the Arbitration Tribunal referred to in Article 12 of this Agreement.

9.02 Claims against E.A. Airways registered prior to 31st December, 1978, not allocated as part of the long-term liabilities pursuant to Article 7, shall be dealt with by the State in which they were registered in accordance with that State's existing procedures.

ARTICLE 10

PENSION AND PROVIDENT FUNDS

10.01 The assets of the Pension and Provident Funds of the Corporations and GFS consist of the value of the Pension and Provident Funds assets located in the States and those currently held and managed by the Crown Agents.

10.02 The Pension assets and liabilities of the Corporation and GFS shall be subject to an actuarial exercise which shall determine the value of the Pension assets and liabilities in each State and abroad for a decision by the States on the final division of the assets and the liabilities.

10.3 Pending the determination of the Pension and liabilities for each state—

- (a) Pension and Provident Funds assets located in the States shall continue to be vested and managed by the States where they are so located.
- (b)
 - (i) Pension and Provident Funds assets of the Community currently held and administered by the Crown Agents shall vest in and be managed and administered by a Board of Trustees consisting of the Governors of the Central Banks of the States;
 - (ii) The Board shall sit not later than one month after the signing of the Mediation Agreement and shall thereafter meet quarterly and submit its reports to the Ministers responsible for Finance in the states.
 - (iii) The Board shall function in accordance with the rules of procedure set forth in Annex "F" to this

Agreement. If any question of procedure arises which is not covered by the said Annex, the Board shall decide the question.

- (iv) The Board shall cease to exist upon a final division of the Pension and Provident Funds assets and other assets and liabilities as provided for in Sub-Articles 10.01, 10.02 and 11.03 of this Agreement.
- (c) The Pensions and Provident Funds Assets of the Community now held and managed by the Crown Agents consisted of the following as at 31st March, 1984—
 - (i) Pension Fund assets amounting to Pounds Sterling twenty million, five hundred and ninety-two thousand, four, hundred and fifty (£20,592,450).
 - (ii) Provident Fund assets amounting to Pounds Sterling one million, two hundred forty-eight thousand, nine hundred and seventy-seven (£1,248,977).

10.04 The value of the assets of the Pension Fund of EAP & T other than those covered in Sub-Article 10.01 above, located in Uganda shall be ascertained and a decision made thereon by the States in the light of actuarial and other findings.

10.05 Each State shall—

- (a) Pay its nationals, employed by the Corporations or GFS and retired from active service by the division date the pensions and other benefits due to them on account of such employment.
- (b) Make provision for the pension rights and entitlements to other benefits accrued as of the division date in favour of its nationals in active service with such Corporations and GFS at that date;

- 10.06 (a) Each State shall pay to members of staff formerly employed by the Corporations or GFS, other than those covered by the Pensions Take-over Agreement with the United Kingdom whose last duty station was within its territory, and to their widows and orphans the pensions and other benefits lawfully due to them on account of such employment.
- (b) The obligation referred to in paragraph (a) of this Sub-Article covers both members of staff retired from active service and those in active service at the division date.

ARTICLE 11

OTHER ASSETS

11.01 Other assets of the Community held by the Crown Agents consist of—

- (a) Sinking Funds which amounted, as at 31st March, 1984, to Pounds Sterling four million, five hundred thirty-eight thousand, six hundred eighty-two (£4,538,682);
- (i) Out of this amount, a sum of Pounds Sterling five hundred thousand, seven hundred and sixty-seven (£500,767) is distributed to the States in the proportion of forty-two per cent (42%) to Kenya, thirty-two per cent (32%) to Tanzania and twenty-six per cent (26%) to Uganda;
- (ii) The balance of Pounds Sterling four million, and thirty-seven thousand, nine hundred and fifteen (£4,037,915) shall be used to redeem the following two loan stocks;
- 1957 East African High Commission (Railways and Harbours) 5¾% 1977-83.
- 1956 East African High Commission (Railways and Harbours) 5½% 1980-84.

Any surplus will be divided among the States in accordance with the Mediation formula—

- (b) (i) Cash balance, which amounted to Pounds Sterling one million, one hundred and twenty thousand, five hundred ninety (1,120,590) at 31st March, 1984, are distributed to the States in proportion of forty-two per cent (42%) to Kenya, thirty-two per cent (32%) to Tanzania and twenty-six per cent (26%) to Uganda.
- (ii) Out of this amount, the sum of Pound Sterling five thousand, and four hundred (£5,400) may be transferred to Pensions Fund.

11.02 The amount due from the United Kingdom to the Community arising out of the Pensions Take-over Agreement which is currently estimated at Pounds Sterling five hundred and sixty-four thousand (£564,000) shall be distributed to the States in the proportion of forty-two per cent (42%) to Kenya, thirty-two per cent (32%) to Tanzania and twenty-six per cent (26%) to Uganda.

11.03 Any other assets not particularly provided for in this Agreement, which after the signature of this Agreement are ascertained by the States, the Board of Trustees or any other person or body as belonging to the Community, shall automatically vest in the Board of Trustees which shall manage and administer the same until a decision is made by the States for the final disposal thereof.

ARTICLE 12

SETTLEMENT OF DISPUTES

12.01 Any dispute between two or more of the States and/or any claim by any one or more of them against any other of the States arising under this Agreement, including any question concerning its interpretation or implementation, which cannot be determined by agreement between the parties, shall be submitted for decision to Arbitration Tribunal.

12.02(a) The Tribunal shall consist of four members appointed as follows—

each State shall appoint one member, the fourth member, who shall be the Chairman of the Tribunal and who shall not be a national of any of the States, shall be appointed by agreement of the States—

- (b) Notwithstanding the foregoing, in the event that one State shall fail to make an appointment within three months from the date of this Agreement the Tribunal shall be deemed to be properly constituted.
- (c) In case the States fail to agree on the appointment of a Chairman within three months from the date of this Agreement, the President of the World Bank shall make such appointment.

12.03 The Tribunal shall function in accordance with the Rules of Procedure set forth in Annex “E” to this Agreement. If any question of procedure arises which is not covered by the said Annex, the Tribunal shall decide the question.

12.04 Every decision of the Tribunal shall be taken by the majority of the members present at a sitting, and where the members are equally divided in their opinions, that of the Chairman shall prevail.

12.05 The decisions of the Tribunal shall be in writing and shall be signed by each member present at the sitting.

12.06 The States shall by mutual agreement determine the terms and conditions of service of the Chairman of the Tribunal.

12.07 Each State shall pay the member of the Tribunal representing it allowances and other remuneration for attendance at sessions of the Tribunal. In addition, each member will be reimbursed by the State which appointed him for expenses reasonably incurred by him in the course of his duties as a member of the Tribunal.

12.08(a) There shall be a Registrar who shall be appointed by agreement of the States—

- (b) Until the States exercise their powers under Sub-Article 12.08 (a) above, the Secretary of the East African Development Bank shall be the Registrar of the Tribunal.
- (c) The States shall make equal advance payments for the setting up of the Registry, and thereafter make appropriate financial arrangements for the running thereof.

12.09 The Registry of the Tribunal shall be situated in Kampala, Uganda.

12.10 The Tribunal may in particular case meet and exercise its jurisdiction at any place, within the States, it considers desirable.

12.11 The Tribunal shall cease to exist upon the full and final payment and settlement of all compensation, claims and disputes under this Agreement.

ARTICLE 13

LAW GOVERNING THIS AGREEMENT

13.00 The Tribunal shall apply legal principles common to the contracting States and recognized principles and rules of International Law.

ARTICLE 14

CONTINUATION OF CERTAIN INSTITUTIONS AND SERVICES; FUTURE CO-OPERATION

14.01 The States agree that the Soroti Civil Flying School, the East African Development Bank, the East African Inter-University Committee, the Eastern and Southern African Management Institute, and the East African Community Library Services shall continue to function as joint East African institutions or common services, as

the case may be, and agree to make appropriate arrangements for the financing and operation thereof.

14.02 The States agree to explore and identify further areas for future co-operation and to work out concrete arrangements for such co-operation.

ARTICLE 15

ABROGATION OF THE TREATY FOR EAST AFRICAN
CO-OPERATION

15.00 The Treaty for East African Co-operation, dated 6th June, 1967, is hereby abrogated.

ARTICLE 16

ENTRY INTO FORCE

16.00 This Agreement shall enter into force upon its signature.

ARTICLE 17

CITATION

17.00 This Agreement shall be cited as “the East African Community Mediation Agreement, 1984”

ARTICLE 18

SCOPE OF THIS AGREEMENT

18.00 This agreement consists of 18 Articles and 6 Annexes, each of which forms an integral part hereof. The Agreement is made and signed in five originals, all in English and all of them being equally authentic. Each State shall retain one original and the fourth and fifth originals shall be deposited with the Secretaries-General of the United Nations and the Organisation of African Unity.

Bill No. 74 *East African Community Mediation Agreement Bill* **2024**

Done at Arusha, Tanzania, on the fourteenth day of May in the year one thousand nine hundred and eighty-four.

IN FAITH WHEREOF the undersigned have placed their signatures at the end of this Agreement.

<i>For the Government of the United Republic of Tanzania</i>	<i>For the Government of the Republic of Uganda</i>	<i>For the Government of the Republic of Kenya</i>
JULIUS K. NYERERE <i>President</i>	A. MILTON OBOTE <i>President</i>	DANIEL T. ARAP MOI <i>President</i>

ANNEXES TO THE MEDIATION AGREEMENT

- “A” Long-term Liabilities and allocation thereof.
- “B” The Rolling Stock Report.
- “C” Kenya/Uganda Compensation Agreement.
- “D” Tanzania/Uganda Compensation Agreement.
- “E” Rules of Procedure of the Arbitration Tribunal.
- “F” Rules of Procedure of the Board of Trustees.

ANNEX "A"

EAST AFRICAN COMMUNITY MEDIATION LONG-TERM LIABILITIES AND ALLOCATION THEREOF I - LOANS FROM GOVERNMENT AND INTERNATIONAL AGENCIES

Balance at Division Date

	Total		Kenya	Tanzania	Uganda
	Currency	Shs. '000	Shs. '000 42%	Shs. '000 32%	Shs. '000 26%
British Government					
E.A. Railways					
1961 £5.6m 6½%-					
1986 Exchequer					
1965 £3.15m 7.1%-	£3,475,656	49,448	20,768	15,823	12,857
1984 ECGD	£1,622,250	23,199	9,743	7,424	6,032
1970 £1.0m 1995					
(interest free) . .	£922,400	13,190	5,540	4,221	3,429
1970 £1.0m 5½% -					
1982 Commercial	£595,875	8,521	3,579	2,727	2,215
Credit E.A.P & T.	£413,530	5,881	2,470	1,882	1,529
1961 10.75m 6½ -	£164, 913	2,359	991	755	613
1986 Exchequer					
1963 £0.25m 5½-	£1,127,935	16,129	6,774	5,161	4,194
1988 Exchequer					
E.A. Harbours					
1961 £1.9m 6½%-					
1986 Exchequer					
	£8,322,559	118,727	49,865	37,993	30,869

Federal Republic of Germany					
E.A. Railways					
1964 AL 60 DM					
8.96m .	DM3,466,296	11,245	4,723	3,593	2,924
..					
1971 AL 634 DM	DM8,598,093	30,766	12,922	9,845	7,999
8.6m 1989 ..					
	DM12,064,394	42,011	17,645	13,443	10,923
Italian Government/ Condotte GFS ..					
Zambian Government/ E.A. Harbours					
1966 Kw4.0m 6%		123,970	52,067	39,761	32,232
1982					
East African Governments	Lire13,497m	12,975	5,450	4,152	3,373
E.A. Railways	Kw1,234,000	150,000	63,000	48,000	39,000
E.A. P&T.		13,450	5,649	4,304	3,497
Zanzibar Govt. ..		2,000	840	460	520
GFS		(900)	(378)	(288)	(234)
Balance ..					
Sinking Fund ..					
		164,550	69,111	52,656	42,783

**ANNEX "A" -(continued)
I-LOANS FROM GOVERNMENTS AND
INTERNATIONAL AGENCIES**

Balance at Division Date

	Total		Kenya	Tanza- nia	Uganda
	Currency	Shs.'000	Shs.'000 42%	Shs. '000 32%	Shs. '000 26%
I.B.R.D					
E.A. Railways					
No. 428-1 E.A . .		257,006	107,942	82,242	66,822
No. 674 E. A . .	\$28,480,000	259,495	108,988	83,038	67,469
	\$31,590,000	111,000	46,620	35,520	28,860
E.A.P & T	\$10,890,000	79,600	33,432	25,472	20,696
No. 483 E. A . .	\$9,890,000	181,700	76,314	58,144	47,242
No. 483 E. A . .	\$22,650,000				
No. 914 E. A . .		56,663	23,798	18,132	14,733
	\$4,930,000	262,068	110,068	83,862	68,138
E. A Harbours	\$30,250,000	204,081	85,714	65,306	53,061
No. 428-2 E. A . .	\$24,450,000				
No. 638 E. A ..					
No. 865 E. A .					
	\$163,130,000	1,411,613	592,876	451,716	367,021

Canadian International Development Agency E. A. Railways 1970 C\$14m 2020 (interest free) . . E.A Harbours 1974 C\$33.5m 2022 (interest rate)	C\$13,955,000 C\$32,930,000	109,506 258,409	45,993 108,532	35,042 82,691	28,471 67,186
	C\$46,885,000	367,915	154,525	117,733	95,657
NDP . . GFS . . International Cooperation Administration E. A Harbours . .	\$414,791 £103,914	3,061 1,486	1,286 624	979 476	796 386
TOTAL LOANS FROM GOVERNMENTS AND INTERNATIONAL AGENCIES		2,246,308	943,449	718,819	584,040

II - COMMERCIAL LOANS

ANNEX "A" -(contd).

Balance at Division Date

	Total		Kenya	Tanzania	Uganda
	Currency	Shs.'000	Shs.'000 42%	Shs. '00032%	Shs. '000 26%
Creditors of E.A.P.&T.					
C Itoh Credit . .					
Cable and wire-less			11,111		
	Yen925,676,244	26,456		8,466	6,879
Creditors of E.A. Air-ways	£470,332	6,726	2,825	2,152	1,749
DC 9 Loans					
National Bank of Kenya	Shs.10,361,000	10,361	4,351	3,316	2,694
Bank of Commerce, Tanzania	Shs.9,700,000	9,700	4,074	3,104	2,522
Consortium of Uganda Banks	Shs.2,035,000	2,035	855	651	529
	\$5,456,000	45,683	19,187	14,618	11,878
Eximbank . .	\$606,000	5,074	2,131	1,624	1,319
MacDonnell	£4,313,000	62,107	26,085	19,874	16,148
Douglas .	shs.41,682,000	41,682	17,506	13,339	10,837
VC-10 Loan - BAC	Shs.18,945,000	13,945	7,957	6,062	4,926
B 707 Loan-National Bank of Kenya					
Special loan-National Bank of Kenya					

Creditors of E.A. Ex-telcoms					
Standard and Chartered Bank, Tanzania	Shs.833,035	6,368	2,675	2,038	1,655
Tanzania Investment Bank	Shs.13,000,000	13,000	5,460	4,160	3,380
Consortium-Grindlays/ Grindlays International, Uganda	Shs 17,000,000	17,000	7,140	5,440	4,420
Grindlays Bank, Uganda	Shs.12,000,000	12,000	5,040	3,840	3,120
Marconi Communica- tions Limited	£103,107	£1,650	693	528	429
TOTAL COMMERCIAL LOANS		278,787	117,090	89,212	72,485

ANNEX "A" -(Contd.)

III - LOAN STOCK AND RELATED SINKING FUND

Balance at Division Date

	Total		Kenya	Tanzania	Uganda
	Currency	Shs. '000	Shs. '000 42%	Shs. '000 32%	Shs. '000 26%
E.A. Railways 1954 £Stg. 5m 4% 1973/76					
Local register	£471,390	6,819	2,864	2,182	1,773
1956 £Stg. 3.0m 5½ 1980/84	£2,896,600	41,422	17,397	13,255	10,770
London register .	£117,730	1,684	707	539	438
Local register .		(19,160)	(8,047)	(6,131)	(4,984)
Sinking fund ; ;	£1,339,882)				
1957 £Stg. 8.5m 5¾% 1977/83	£7,257,483	(19,160)	(8,047)	(6,131)	
5¾% 1977/83		103,249	43,364	33,040	(4,982)
London register . .	£278,558	3,983	1,673	1,275	26,845
Local register . .					
Sinking fund . .	£ (3,133,555)	(44,810)	(1,882)	(14,339)	1,035
1975 £5.9m 9% 1977			41,055		(11,651)

1970 K£1.9m	£6,810,428	97,750	41,055	31,280	15,415
6¾% £1990	22,700,000	227,000	9,534	7,264	5,902
Balance	Shs.(702,000)	(702)	(294)	(225)	(183)
Sinking fund	Shs.4,543,785	45,438	19,084	14,540	11,814
1971 K £2.0m	Shs.(859,000)				
6¾% 1986		(859)	(361)	(275)	
Balance					
Sinking fund .					(223)
E.A.P.T	£3,000,000				
1957 £Stg.3.0m	£(1,087,183)	42,900	18,018	13,728	11,154
5¾% 1977/83		(15,200)	(6,384)	(4,864)	(3,952)
Balance (London and local)					
Sinking fund	£482,789				1,795
E.A. Harbour	£17,221	6,904	2,900	2,209	
1956 £Stg.0.5m	(223,240)	246	103	79	(829)
5½% 1980/84	£1,004,919	(3,192)	(1,341)	(1,022)	3,736
London register	£32,336	14,370	6,036	4,598	120
Local register	(435,536)	462	194	148	(1,619)
Sinking fund .	Shs.29,149,504	(6,228)	(2,616)	(1,993)	7,579
1957 £St.1.0m	£(177,572)	29,150	12,243	9,328	(660)
5¾% 1977/83		(2,539)	(1,066)	(813)	
London register					
Local register					
Sinking fund					
1971 K£1.4m 6¾%					
1986, 1946 Supplementary Fund Kenya 2¾%					
sinking fund					
TOTAL LOANS STOCKS AND RELATED FUNDS		324,387	136,243	103,803	84,341

ANNEX "A" - cont'd
IV - OVERDRAFT AND CASH BALANCES

Balance at Division Date

	Total		Kenya	Tanzania	Uganda
	Currency	Shs.'000	Shs.'000 42%	Shs. '000 32%	Shs. '000 26%
Crown Agents					
E.A. Railways		32,849	13,796	10,512	8,541
Overdraft	£2,297,117				
E.A.P & T. - over draft	£1,905,627	27,250	11,445	8,720	7,085
Miscellaneous		(1,801)	(757)	(576)	(468)
Receipts	£(127,268)				
GFS - overdraft	£364,924	5,474	2,299	1,752	1,423
	£4,440,400	63,772	26,783	20,408	16,581
E.A. P & T Headquarters Accounts	Shs.(678,667)	(679)	(285)	(217)	(177)
Uganda Commercial Bank	Shs. (1,049,233)	(1,049)	(440)	(336)	(273)
Grindlays Bank, Uganda		(219)	(92)	(70)	(57)
Newyork	\$(26,374)				
GFS Overseas Accounts London		(80)	(33)	(26)	(21)
Bombay and Karachi .	£(4,991)	(75)	(32)	(24)	(19)
Montreal	?	(115)	(48)	(37)	(30)
TOTAL OVERDRAFTS AND BANK BALANCES		61,555	25,853	19,698	16,004

**V - Miscellaneous
"A" -continued**

ANNEX

	Total		Kenya	Tanzania	Uganda
	Currency	Shs.'000	Shs.'000	Shs. '000	Shs. '000
			42%	32%	26%
Creditors of E.A. Railways					
Unallocated loan interest	Shs.5,400,000	5,400	2,268	1,728	1,404
Owed to E.A. Governments by E.A.P.&T					
1949 initial con-version (1979) 3%	Shs.3,190,023	3,190	1,340	1,021	829
Depreciation loans	Shs.9,659,480	9,660	4,057	3,091	2,512
Overseas and liabilities of E.A. Railways					
Overseas assets .	Shs. (150,200,000)*	(150,200)	(63,084)	(48,064)	(39,052)
Overseas short term liabilities	Shs.46,400,000*	46,400	19,488	14,848	12,064
*Various currencies					
E.A. Cargo Harbours debenture . .					
E.A. Harbours loan . .	Shs.4,600,000	4,600	1,932	1,472	1,196
GFS	Shs.22,500,000	22,500	9,450	7,200	5,850
Pension fund loans	Shs.12,112,636	12,113	5,088	3,876	3,149
Building in Montreal	Shs.(900,000)	(900)	(378)	(288)	(234)
TOTAL MISCELLANEOUS		(47,237)	(19,839)	(5,116)	(12,282)

SUMMARY					
Loans from Governments and International Agencies .	2,246,308	943,449	718,819	584,040	
Commercial Loans ..	278,787	117,090	89,212	72,485	
Loan stocks and Related sinking Funds ..	324,387	136,243	103,803	84,341	
Overdraft and cash Balances ..	61,555	25,853	19,698	16,004	
Miscellaneous .	(47,237)	(19,839)	(15,116)	(12,282)	
	2,863,800	1,202,796	916,416	744,588	

NOTE: The rates of exchange used in this table are as in the Mediators Consolidated Report. The principal rates involved at 30 June, 1977 are:

£1=Shs.14.30001, US\$1=Shs.8.31542, DM1=Shs.3.55059, Canadian \$1=Shs.7.84723.

ANNEX "B"

D. M. S. FAIRWEATHER, B.SC. (HONS), E.ENG., F.L.MECH.
E.CONSULTING ENGINEER 57 GRESHAM ROAD, OXTED,
SURREY, RHB OBU

7th December, 1982

Gentlemen,

EAST AFRICAN COMMUNITY-MEDIATION WORKING PARTY ON RAILWAY ROLLING STOCK

Following the agreement reached between all railways at the meetings of the Working Party in Kampala on December 1st and 2nd, of which your delegates will already have advised you, a detailed list of the rolling stock to be allocated to Kenya and to Uganda has been drawn up in strict accordance with the methods agreed by the Working Party. A copy of this list is enclosed.

It was also agreed by the Working Party that any minor adjustments to this list, which may arise from practical problems relating to individual vehicles, should be agreed in bilateral discussions between the two railway organizations.

Copies of the following Annexes to the Agreement of December 2nd are also enclosed.

- Annex 1. List of rolling stock in existence at census date.
- Annex 2. List of rolling stock scrapped, or listed for scrapping, since the division date (30th June, 1977).
- Annex 3. Detailed division of rolling stock between Kenya and Uganda, by type of vehicle, age group and technical features.

Yours faithfully,

D. M. S. FAIRWEATHER,
Chairman, Working Party.
The Managing Director,
Uganda Railways Corporation,
P.O. Box 7150, Kampala, Uganda.

The General Manager,
Tanzania Railways Corporation,
P.O. Box 468,
Dar-Es-Salaam, Tanzania.

The Managing Director,
Kenya Railways Corporation,
P.O. Box 30121,
Nairobi, Kenya.

EAST AFRICAN COMMUNITY MEDIATION WORKING PARTY ON ROLLING STOCK

1. The Working Party met in Kampala on 1st and 2nd December, 1982.

PRESENT WERE:

Mr. D. M. S. Fairweather	- Chairman	-K.R.C.
Mr. J. K. Njue	- Deputy Chief Mechanical and Electrical Engineer	-K.R.C.
Mr. S. Ludek	- Data Processing Officer	-U.R.C.
Mr. S. M. Kwesiga	- Chief Mechanical Engineer	-U.R.C.
Mr. C. Karamagi	- Chief Traffic Manager	-U.R.C.
Mr. E. M. Kasimbazi	- Chief Civil Engineer	-T.R.C.
Mr. D. Murungi	- Mechanical Engineer (Technical)	-T.R.C.
Mr. S. Kabipe	- Assistant Chief Mechanical Engineer	-T.R.C.
Mr. G. N. Hizza	- Corporate Planning Manager	

2. The Working Party worked to the Terms of Reference given by the Mediator in his Consolidated Report of October, 1981.

3. The Working Party, having obtained and examined all possible sources of information on rolling stock in Kenya and Uganda, have agreed on a comprehensive list of all rolling stock in existence and of vehicles known to have been scrapped since the division date (30th June, 1977).

4. The Working Party agreed that all life expired vehicles, either scrapped in Kenya or listed to be scrapped in Uganda should not feature in the division of rolling stock.

5. The Working Party agreed that all non-life expired vehicles, scrapped as a result of accident damage, should be charged to the Railway on which the accident occurred.

6. The balance of rolling stock, after deduction of life expired stock (either scrapped in Kenya or listed to be scrapped in Uganda) has been divided exactly the same proportions, for coaches and goods wagons, as in the Mediator’s Terms of Reference.

The numbers of stock are:

	Total No.	Kenya No.%		Uganda No. %	
Coaches .	509	402	79	107	21
Wagons	6,354	5,422	85.3	932	14.7
TOTAL	6,863	5,824		1,039	

7. Bearing in mind specific traffic requirements for both Railways, and to assist as far as possible in Uganda’s maintenance situation, the division of rolling stock in detail, covering every type of vehicle, age group and principal technical features was agreed; this division closely reflecting the Mediator’s recommendations in his consolidated report of October, 1981, both numerically and financially.

8. The Working Party have agreed on the methods of marking and identification of individual coaches and wagons in accordance with the above allocation.

9. The Tanzania Railways, as observers, submitted a list of wagons and coaches that were scrapped, or have been condemned,

in Tanzania, since the division date. This is submitted for record and adjustment to para. 61 of the Mediator's Consolidated Report of October, 1981.

S. M. KWESIGA,
for Uganda Railways Corporation.

J. K. NJUE,
for Kenya Railways Corporation.

S. M. KABIPE,
for Tanzania Railways Corporation.
(Observer).

D. M. S. FAIRWEATHER,
Chairman, Working Party.

ANNEX "C"

COMPENSATION AGREEMENT BETWEEN THE GOVERNMENTS OF THE REPUBLIC OF UGANDA AND THE REPUBLIC OF KENYA IN RESPECT OF THE SHORTFALL OF NET ASSETS UNDER THE MEDIATION AGREEMENT

AGREEMENT between the Governments of the Republic of Uganda (hereinafter referred to as "Uganda") of the one part and the Republic of Kenya (hereinafter referred to as "Kenya") of the other part:

WHEREAS:

By virtue of the Agreement for the division of the Assets and Liabilities of the former East African Community (hereinafter referred to as the "Mediation Agreement") Kenya shall compensate Uganda for her shortfall of net assets the amount of shillings one billion, two hundred and three million, five hundred and forty thousand (Sh.1,203.54 million) equivalent to United States of America dollars one hundred and forty-four million, seven hundred and thirty-six thousand (US \$144,736 million) calculated at the rate of Sh.8,315.42 per 1 US dollar as at 30th June, 1977. The amount shall be paid in convertible currencies.

Pursuant to Article 5.01 of the Mediation Agreement, Kenya shall further compensate Uganda for the General Fund Services Equipment, the amount of shillings one million (Sh.1 million) equivalent to United States of America dollars one hundred and twenty thousand (US \$0.12 million) calculated at the rate of Sh.8.31542 per 1 US dollar as at 30th June, 1977.

The amount shall be paid in convertible currencies. By virtue of Article 4 of the Mediation Agreement and the Memorandum of Understanding between Kenya and Uganda dated 3rd March, 1984, the compensation to Uganda shall consist of the following methods—

- (i) convertible cash;
- (ii) set-off of monies Uganda owes Kenya;
- (iii) payment for services rendered to Uganda by Kenya;
- (iv) payment for raw materials and manufactured goods obtained by Uganda from Kenya;
- (v) payment for any fixed assets acquired by Uganda in Kenya;

or a Combination of any one of these methods. Uganda will, after due consultation with Kenya, and taking into account proposals and views submitted by Kenya at such consultation, decide on the extent and combination of modes of payment.

The parties hereto acknowledge the fact that there exist claims due to Kenya payable by Uganda Government arising out of the Inter Central Bank's Credit Facility Agreement of 1981 between Kenya and Uganda and the current indebtedness of the Uganda Government and her parastatal bodies to the Kenya Government, Kenya parastatal bodies and Kenya private sector.

NOW THEREFORE Kenya and Uganda agree on the methods of payment of compensation as hereunder:

ARTICLE I

AMOUNT OF COMPENSATION

The compensation amount is the sum of United States of America dollars one hundred forty-four million, seven hundred and thirty-six thousand (US \$144.736 million) and a further sum of United States American dollars one hundred and twenty thousand (US \$0.12 million) amounting to a total sum of United States of America dollars one hundred forty-four million, eight hundred and fifty-six thousand (US\$144.856 million).

ARTICLE II

PAYMENT OF COMPENSATION

The amount hereinabove stated in Article I shall be paid over a period of eight 8 years with interest at the rate of seven per cent (7%) per annum on outstanding balances from the date of signature of the Mediation Agreement as follows—

- (i) For the first five years, the annual sum of United States of America dollars twenty nine million, four hundred and twelve thousand (US \$29,412 million) inclusive of interest shall be paid by Kenya to Uganda in ten (10) half-yearly instalments of United States of America dollars fourteen million, seven hundred and six thousand (US \$14.706 million) each, commencing on 1st July, 1984 or three months after the signing of the Mediation Agreement whichever is the earliest and ending on 1st January, 1989 inclusive as set out in Schedule “A” to this Agreement.
- (ii) The balance outstanding as at 1st July, 1989 or such subsequent date subject to the due date of the first instalment in Article (II) (i) above, shall be paid in three (3) years in six equal half-yearly instalments inclusive of interest commencing six months after the last instalment in Article (II) (i) above and ending

on the 1st day of July, 1992, or such subsequent date depending on the date of the first instalment herein.

- (iii) Provided that after working out and adjusting Schedule “A”, Schedule “B” shall be worked out and shall form part of this Article and shall be read and interpreted together with this Agreement.

ARTICLE III

PAYMENT IN CONVERTIBLE CASH

The compensation amount payable by Kenya to Uganda in convertible cash shall be paid into the bank of Uganda’s account with the Federal Reserve Bank in New York.

ARTICLE IV

SET-OFF

- (i) Upon the coming into effect of the Mediation Agreement, there shall be a set-off against the compensation amount payable by Kenya Government to the Uganda Government the amount payable by Uganda Government to Kenya Government arising out of the Inter Central Banks’ Credit Facility Agreement of 1981 and such other debts owed by Uganda Government and her parastatals to the Kenya Government, Kenya parastatals and Kenya Private sector, as shall have been verified by 1st July, 1984.
- (ii) Any debts which shall not have been verified by 1st July, 1984 shall be verified by 30th September, 1984 and off-set from the instalment next following. 30th September, 1984 shall be the cut-off date for all current indebtedness.

ARTICLE V

**PAYMENT BY OFF-SETTING CASH PAYMENT FOR SERVICES RENDERED:
GOODS OBTAINED AND ASSETS ACQUIRED**

For the first five years Uganda shall at any time within any installment, consult Kenya and, taking into account proposals and views submitted by Kenya at such consultation, decide the amount to be off-set for —

- (a) any services rendered by Kenya to Uganda,
- (b) any goods obtained from Kenya by Uganda,
- (c) any fixed assets Uganda may acquire in Kenya.

ARTICLE VI

INTEREST

Kenya shall pay interest under Article 4.02 of the Mediation Agreement only on any outstanding amount of the compensation amount.

ARTICLE VII

WAIVER

Kenya shall waive all claims against Uganda arising out of the set-off specified in Article IV to the extent of the amounts found due to Kenya and set-off against Uganda as at 30th September, 1984.

ARTICLE VIII

AMENDMENTS

This Agreement may be amended by mutual consent of the parties and such amendment shall be in writing and signed by duly authorised representatives of the two Governments and shall form an integral part of this Agreement.

ARTICLE IX

SCOPE OF AGREEMENT

This Agreement shall be attached to and form an annex to the Mediation Agreement and constitute an integral part thereof.

ARTICLE X

COMING INTO FORCE

This Agreement shall come into force upon the date of signature of the Mediation Agreement.

DONE AT ARUSHA, this 31st day of March, 1984.

.....
.....
SAM TEWUNGWA
*Minister of Regional Co-operation
for the Government of the Republic
of Uganda*

PETER C.J.O. NYAKIAMO
*Minister of State, Office of the
President for the Government
of the Republic of Kenya*

**PROPOSED PAYMENT SCHEDULE BY KENYA TO UGANDA
IN U.S. DOLLARS (MILLION)**

Date	Outstanding US \$	Interest US...\$	Total Due US \$	Payment Due US \$
1 st July, 1984	114.856	2.535	147.391	14.706
1 st January, 1985	132.685	4.644	137.329	14.706
1 st July, 1985	122.623	4.292	126.915	14.706
1 st January, 1986	112.209	3.927	116.136	14.706
1 st July, 1986	101.430	3.550	104.980	14.706
1 st January 1987	90.274	3.160	93.434	14.706
1 st July 1987	78.728	2.755	81.483	14.706
1 st January 1988	66.777	2.337	69.114	14.706
1 st July 1988	54.408	1.905	56.313	14.706
1 st January 1989	41.607	1.456	43.063	14.706

NOTE: The figure in Column 1, 2 and 3 will be adjusted subject to:

- (i) The date of the signature of the Mediation Agreement
- (ii) The verified debts to be off-set on the date of the signature of the Mediation Agreement

ANNEX “C” (II)

AMENDMENT
(NUMBER ONE)

WHEREAS on the 31st of March, 1984 the Governments of the Republic of Uganda and the Republic of Kenya signed a compensation Agreement in respect of the Compensation amount of United States dollars one hundred forty-four million, eight hundred thirty fifty-six thousand (US \$144. 856 m) payable by Kenya to Uganda.

AND WHEREAS article VIII permits the two Governments to amend the aforementioned Agreement;

AND WHEREAS after mutual consultations discussions it has become necessary to amend some Articles thereof.

NOW THEREOFRE it is agreed as follows:

ARTICLE 1

SUBSTITUTIONS AND AMENDMENTS

1. (A) Article IV (set-off) of the Agreement dated 31st March, 1984, is deleted and substituted with the following provisions:

ARTICLE IV

SET OFF

- (i) Upon the coming into effect of the Mediation Agreement, there shall be a set-off against the compensation amount payable by the Government of Kenya to the Government of Uganda in the sum of United States dollars eight million, seven hundred thirty thousand, eight hundred and ninety-five cents fifty seven only (US\$ 8,730,895.57) being;

- (a) Kenya's net claim arising out of Kenya's overpayment of the Long-term Liabilities of the Community as a result of the division of the said Liabilities in the mediation ratio of a sum of United States dollars seven million, six hundred twenty seven thousand, five hundred and twenty-nine cents fifty-seven only (US \$ 7,627,529.57) as more fully set out and summarised in a schedule hereto attached and marked Annexure "A".
 - (b) Tanzania's obligation to pay Kenya a sum of United States dollars one million, one hundred and three thousand, three hundred and sixty six only (US \$1,103,366) as a result of the division of the Long-term Liabilities of the Community in the mediation ratio. The said obligation is assumed by Uganda as per exchange of letters between Uganda and Tanzania copied to Kenya dated 27th April, 1984 and as more particularly set out and summarized in a schedule here to attached and marked Annexure "B".
- (ii) Upon the coming into effect of the Mediation Agreement, there shall be a further set-off against the Compensation amount payable by the Government of Kenya to the Government of Uganda, the amount representing the current indebtedness of the Government of Uganda and her parastatots to the Government of Kenya, Kenya parastatals and Kenya private sector as shall have been verified by the effective date of the Mediation Agreement. The verified figure to be off-set shall be agreed upon by exchange of letters between the two Governments.
 - (iii) Any Government debts which shall not have been verified by the effective date of the Mediation Agreement shall

be verified by 30th September, 1984 and off-set from the installment next following. 30th September, 1984, shall be the cut off date for all current indebtedness.”

1.(B) Article VI (Interest) of the Agreement mentioned in 1 (A) above is amended to make the present provision (I) and introduce (ii) as hereunder:

“(ii) After the set -off in Article IV (I) and (ii) the balance of the Compensation amount shall be subject to interest under Article 4.02 of the Mediation Agreement.”

1. (C) Article VII (Waiver) of the Compensation Agreement shall be amended by substituting the reference: (.....Article 11” in the second line with the reference: “....Article IV”

ARTICLE II

INTERPRETATION

II. This Agreement shall be construed interpreted and read together with and form an integral part of the Agreement dated 31st March, 1984, and the subsequent amendment thereto.

Done at Nairobi this 28th day of April, 1984.

.....

SAM TEWUNGWA
*Minister of Regional Co-operation
for the Government of the Republic
of Uganda*

PETER C.J.O. NYAKIAMO
*Minister of State, Office of the
President for the Government
of the Republic of Kenya*

ANNEXTURE "A"

SCHEDULE OF COMPENSATION PAYMENTS BETWEEN KENYA AND UGANDA

Institution/Loan	Uganda to pay Kenya	Kenya to pay Uganda
A. Railways		
1. 1956 £Stg.3.5m 1980/84	£ 92,537.17	-
2. 1957 £Stg.8.5m1977/83	£238,925.80	-
3. 1961 £7.5m1986 Exchequer	£703,504.00	-
4. 1965 £Stg.3.15m 1970/84		
7.1% E.C.G.D.	£ 295,025.00	-
5. 1970£Stg.1.0m Comm. credit	£ 35,939.33	-
6. 1970 £Stg 1.0mInterest Free	£ 46,199.00	-
7. 1965 I.B.R.D Loan 428 -1 E.A	\$ 1,141,671.00	-
8. 1970 I.B.R.D. Loan 674-E.A.	\$ 1,613,433,65	-
9. E.A Government Loan		\$ 1,322,910.40
10. 1954 £Stg.5.0m - 4% 1973/76		-
11. 1957 £Stg. 8.5m-5¼% 1977/83		-
B. Posts and Telecommunications	-	
1. Standard Chartered Bank	-	
2. Tanzania Investment Bank	-	
3. Zanzibar Govt. Loan	-	\$ 1,182,661.00
4. Consortium Loan	-	\$ 1,123,446.00
5. Grindlays Bank Loan	\$ 37,712.00	-
6. Initial Conversion Loan	\$ 29,386.00	-
7. Depreciation Loan	Y 275,184,947.00	-
8. C. Itoh Credit	£ 28,282.00	-
9. Maroni Communications	£ 3,118.00	-

Bill No. 74 East African Community Mediation Agreement Bill 2024

10. Cable and Wireless Loan	£	13,980.00	-
11. Crown Agents Overdraft	\$	94,965.00	-
12. I.B.R.D Loan No.483-E.A	\$	77,776 00	-
13. I.B.R.D Loan No. 675 E A	\$	201,291.00	-
14 I.B.R.D. Loan No.914-E.A	£	39,980.00	-
15 British exchequer Loan 1961/86	£	15,220.00	-
£Stg 0 75m 6½%			-
16. British Exchequer Loan 1963/88	£	13,320.00	-
£Stg 0.25m 5½%	\$	354,880 00	-
171957E.AH.C £Stg.3.0m	\$	2,049,704 00	-
5¾% 1977/83	\$	1,623,641.00	-
C. Harbours	\$	9,819.86	-
1. I B R.D Loan 428 - E.A	\$	45,460.00	-
2 I B R.D Loan 638 - E.A	£	43,290.47	-
3 I.B.R.D Loan 865 - E A	£	1,720,708.13	-
4. International Co-operation	£	7,269,919.00	-
Administration (1978)	£	7,269,919.00	\$ 3,629,037.40
D GFS Liabilities	Y	275,184,974.00	
1 Building in Montreal			
E Stocks-Local Register (Non-Sterling)			
1 1975 SUMMARY			

Conversion to U.S.\$

£1,720,708-13	US\$	2,959,100.04
	\$	7,269,919.00
	\$	<u>1,027,547.93</u>
Y 275,184,497.00	\$	11,256,566.97
Less	\$	<u>3,629,037.40</u>
NET POSITION	\$	<u>7,627,529.59</u>

ANNEX “B”

	Kenya to pay Tanzania	Tanzania to pay Kenya
Railways and Harbour	US\$240,529.16	£Stg. 81,665.32
1954 £Stg. 5m 4%-1973/76		£Stg.36,800.80
1957 £Stg. 8.5m 5¼% - 1977/83		
E.A Government Loan		£Stg 2,968
1961 £Stg. 7.5m 6½%-1986		£Stg 9,454
Exchequer Loan		£Stg.53,280.58
1070 £Stg. 1 0m-1995		
1975 £Stg. 5.9m 9%-1977 Stock		
Posts and Telecommunications	US\$997,224	YJ. 338,689.165
C Itoh Credit		£Stg. 34,809
Zanzibar Government Loan	US\$349,875	
Marconi Communications	US\$846,251	
Standard and Chartered Bank		
Tanzania Investment		US\$48,4452.17
Depreciation Loan		
1957 E.A H.C £ Stg 3m 5¼% - 1977/83.		
Cable and Wireless		£Stg.53,240
Crown Agents Overdraft		£Stg.12, 473.76
I B R.D 483 E.A		US\$Stg.116,360
I.B.R.D 675 E.A		US\$379,860
I.B.R.D 914 E.A		US\$311,103
6½% British Exchequer Loan		US\$805,163
5½% British Exchequer Loan		£Stg.18,360
		£Stg 5,040
TOTALS	US\$2,433,879.16	US\$2,544,578.17
		JY.338,689.165
		£Stg.424,451.46

KENYA-TANZANIA SETTLEMENT ANALYSIS

	Tanzania to pay Kenya	US\$
US\$		
2,433,879.16-1,544,578,17US\$	(-) 889,301	(-) 889,301
£Stg		
£424,451.46 £Stg.		+ 729,965
Japanese Yen JY	424,451,46	<u>+1,262,702</u>
338,689,165	338,689,165	1,103,366

COMPENSATION AGREEMENT BETWEEN THE GOVERNMENTS OF THE UNITED REPUBLIC OF TANZANIA AND THE REPUBLIC OF UGANDA IN RESPECT OF THE SHORTFALL OF THE ASSET ALLOCATION UNDER THE MEDIATION AGREEMENT

AGREEMENT between the Government of the United Republic of Tanzania (hereinafter referred to as “Tanzania”) of the one part and the Republic of Uganda (Hereinafter referred to as “Uganda”) of the other part:

WHEREAS by virtue of the proposed Agreement for the Division of the Assets and Liabilities of the former East African Community (hereafter referred to as the “Mediation Agreement”) between the Governments of the United Republic of Tanzania, the Republic of Uganda and the Republic of Kenya, Tanzania, has agreed to compensate Uganda for its shortfall of net assets the amount of US \$46.4m.

Under Article 4 of the said Mediation Agreement the payment of compensation to Uganda shall be made by several methods amongst which is the set-off of mutually recognized claims.

The parties hereto recognize that there are outstanding claims due to Tanzania payable by Uganda arising out of the Loan Agreement dated 12th December, 1979, as amended by the Inter-Central Bank Commodity Loan Credit Agreement dated 18th May, 1979, as amended by the Supplementary Agreement dated 18th December, 1979.

After the reconciliation of actual figures of figures of the Loans specified in the Long-term Liabilities schedule of the said Mediation Agreement under Article 7 thereof, there may arise claims between Tanzania and Uganda.

NOW THEREFORE IT IS AGREED AND DECLARED AS FOLLOWS:

That Tanzania hereby offers to compensate Uganda and Uganda hereby accepts to be compensated by way of set-off from the balance of Tanzania's outstanding claims as hereunder.

1. That 88.6 per cent of the compensation amount shall be paid by way of set-off from Tanzania's claims against Uganda arising out of the Loan Agreement dated 12th December, 1979, as amended on 26th June, 1981.

2. That 11.4 per cent of the compensation amount shall be paid by way of set-off from Tanzania's net claims against Uganda arising out of the Uganda/Tanzania set-off of loans under Categories I and II of the Long-term Liabilities schedule of the Mediation Agreement.

3. That any balance of the compensation amount remaining after the set-off in Clause 2 hereinabove shall be paid by way of set-off from Tanzania's claims against Uganda arising out of the Inter-Central Bank Commodity Credit Agreement dated 18th May, 1979, as amended on 18th December, 1979.

4. That any balance of the compensation amount remaining after the set-off in Clause 3 hereinabove shall be paid by way of set-off from Tanzania's claims against Uganda arising out of the Loan Agreement specified in Clause 1 hereinabove.

5. That the amounts in Clauses 1 to 4 shall be appropriately quantified after reconciliation of the actual figures of the loans in the Long-term Liabilities schedule of the Mediation Agreement. The said quantified figures shall be agreed upon by exchange of letters between the two Governments.

6. That Uganda hereby waives claims against Tanzania under the Mediation Agreements to the extent of Shs.385.84m (US\$46.4m) being the compensation payable to Uganda by Tanzania under the said Agreement and Tanzania hereby waives claims against Uganda under the Agreements in clauses 1 to 3 and the set-off in Clause 2 above to the extent of the amounts sent -off therein and further agree as follows—

- (i) That the set-off in clauses 1 to 4 hereinabove agreed, constitute a full and final payment of the compensation payable to Uganda by Tanzania;
- (ii) That Tanzania shall be obliged to pay interest under Article 4.02 of the Mediation Agreement only on any outstanding amounts that may remain due to Uganda after the settlements stipulated in clauses 1 to 4;
- (iii) That the Agreements referred to in clauses 1 and 3 hereinabove shall be appropriately amended in respect of the amounts set-off therein.

7. That this Agreement shall be attached to and form an annex to the Mediation Agreement.

8. That this Agreement shall come into force upon the date of signature of the mediation Agreement.

Done at Kampala this 24th day of February, 1984.

.....
.....

C. D. MSUYA (MP)
*Minister of Regional Co-operation
for the Government of the Republic
of Uganda*

S. TEWUNGWA (M.P)
*Minister of State, Office of the
President for the Government
of the Republic of Kenya*

ANNEX "D"

**THE UNITED REPUBLIC OF TANZANIA THE MINISTER FOR
FINANCE**

**The Treasury,
P. O. Box 9111,
Dar-es-Salaam.**

**27th April, 1984.
Our Ref: TYC/E/640/85**

Your Ref. EA 43

Hon. S. Tewungwa (MP)
Minister for Regional Co-operation for the Government
of the Republic of Uganda
P.O. BOX 4411, Kampala,
Uganda.

RE: EXCHANGE OF LETTERS BETWEEN THE GOVERNMENTS OF THE REPUBLIC OF UGANDA AND THE UNITED REPUBLIC OF TANZANIA ON THE SET-OFF ARRANGEMENTS ARISING OUT OF THE DIVISION OF THE LONG-TERM LIABILITIES OF THE FORMER COMMUNITY

I acknowledge receipt of your letter of 27th April, 1984, regarding the set-off arrangements arising out of the Division of the Long-term Liabilities of the former Community which reads as follows:

“I refer to the Compensation Agreement between the Governments of the Republic of Uganda (hereinafter referred to as Uganda) and the United Republic of Tanzania (hereinafter referred to as “Tanzania”) dated 24th February, 1984, and to the subsequent bilateral negotiations concerning the reconciliation of repayments and the ensuing set-off arrangement arising out of the Division of the Long-term Liabilities of the former East African Community in the mediation ratio and confirm the agreed set-off arrangements between Uganda and Tanzania as hereunder;

1. That the amount of United States Dollars ten million two hundred and seven thousand, seven hundred ninety-four (US\$10,207,794) being Tanzania’s net overpayment and Uganda’s underpayment of the Long-term Liabilities of the Community a result of the division of the said Liabilities of the Community in the mediation ratio. These are more fully set out and summarised in a schedule hereto attached and marked “A”. The sum shall be settled between Uganda and Tanzania by way of set-off from the compensation amount of United States Dollars forty six million and four hundred thousand (US\$ 46.4m) payable by Tanzania to Uganda.

2. That after the set-off in paragraph 1 above, the balance of the compensation amount payable by Tanzania to Uganda shall be paid by way of set-off from Tanzania’s claim against Uganda arising out of the Loan Agreement dated 12th December, 1979 as amended on

26th June, 1981, thereby reducing Uganda's indebtedness to Tanzania thereunder.

3. That clause 3 of the Compensation Agreement dated 24th February, 1984 is deleted and shall not be included in the set-off arrangements.

4. (a) That Uganda accepts Tanzania's proposals under their letter dated 27th April 1984, and agree to pay the Government of Kenya on behalf of Tanzania through the Uganda/ Kenya bilateral arrangements the sum of United States Dollars one million, one hundred and three thousand, three hundred sixty six only (US\$ 1,103,366) being Kenya's net overpayment and Tanzania's underpayment of the Long-term Liabilities of the Community as a result of the division of the said Liabilities in the Mediation ratio. These are more fully set out in a schedule hereto attached and marked "B" and in the schedule to the Agreement between Tanzania and Kenya dated 27th April, 1984.

(b) The amount referred to in paragraph 4 (a) above shall be settled between Uganda and Tanzania by way of set-off from Tanzania's claim against Uganda arising out of the Loan Agreement referred to in paragraph 2 above thereby further reducing Uganda's indebtedness to Tanzania thereunder.

5. That in the event of any changes in the amount referred to in paragraphs 1 and 4 above, the same shall be settled between Uganda and Tanzania by way of a further set-off from Uganda's indebtedness to Tanzania arising out of the Loan Agreement referred to in paragraph 2 above.

6. Any amendments shall be mutually agreed on by exchange of letters between the two Governments.

7. That Uganda waives claims against Tanzania under the Mediation Agreement to the extent of Shs. 385,84 million (shillings three hundred and eighty five million and eighty four thousand) equivalent to United States Dollars forty six million and four hundred thousand (US\$46.4m) as at 30th June, 1977, being the compensation amount payable by Tanzania to Uganda and fully settled in paragraphs 1, 2 and 5 above.

8. (a) That Tanzania waives all claims against Uganda arising out of the net overpayments by Tanzania in respect of the Long-term Liabilities of the Community to the extent of the amounts set off under paragraphs 1 and 5 above —

- (b) That Tanzania waives claims against Uganda arising out of the Loan Agreement referred to in paragraph 2 above, to the extent of the amounts set-off in paragraphs 2,4 (b) and 5 above.
- (c) That Tanzania shall be obliged to pay interest under Article 4.02 of the Mediation Agreement only on any out-standing amounts that may remain due to Uganda after the settlements in paragraphs 1, 2, and 5.
- (d) That the Agreement referred to in paragraph 2 above shall be appropriately amended to reflect the amount the amount set-off in paragraphs 2,4(b) and
- (e) That Uganda indemnifies Tanzania against all responsibility for the Liabilities it has assumed under paragraph 4 (a) above.

The letter correctly sets out the agreed terms of the set off arrangements between our Governments and I propose that this letter and your reply thereto shall form an Agreement between our two Governments in respect of the set off arrangements and

shall constitute an amendment to clauses 1 to 6 inclusive of the Compensation Agreement dated 24th February, 1984, and shall be construed, interpreted and read together with and form an integral part thereof and shall likewise enter into force on the day of signature of the Mediation Agreement”.

I am pleased to inform you that the understanding therein is acceptable to the Government of the United Republic of Tanzania and therefore agree that your said letter and this reply shall form an agreement between our two Governments in respect of the set -off arrangements and shall constitute an amendment to the Compensation Agreement dated 24th February, 1984 and shall form an integral part thereof and shall likewise enter into force on the day of signature of the Mediation Agreement.

Hon. S. A. Kibona (M.P.),
Deputy Minister for Finance
for the Government of the
United Republic of Tanzania.

c.c. Hon. P.C.J.O. Nyakiamo (M.P.),
Minister of State,
Office of the President of the
Republic of Kenya.

Bill No. 74 East African Community Mediation Agreement Bill 2024

SCHEDULE OF COMPENSATION PAYMENTS BETWEEN UGANDA AND TANZANIA

Institution/Loan	Uganda to pay Tanzania	Tanzania to pay Uganda
A. Railways		
1. 1956 £Stg. 3.5m 1980/84	£ 96,580.74	-
(overseas) ..	£ 242,360.20	-
2. 1957 £Stg 8.5m 1977/83 ..	£ 606.00	-
3. 1965 £Stg ..	£ 30,026.93	-
4. 1070 £Stg 1.0m Comm. Credit ..		
5. 1970 1.K£ 1.0m (1990)		
6 1965 1.B.R.D. Loan 428-1 E.A ..	-	Sh. 383,575.50*
7. 1970 1.B.R.D. Loan 674 E.A ..	\$ 951,392.60	-
8. 1971 K£3.4m 6¾ % - (1986) ..	\$ 1,344,556.00	-
	-	Sh. 498,304.24*
B. Posts and Telecommunications		
1. Std Chartered Bank ..		
2. Tanzania Investment Bank ..	\$ 216,589.00	-
3. Zanzibar Government Loan ..	\$ 523,869.00	-
4. Consortium Loan ..	\$ 617,329.00	-
5. Grindlays Bank		
6. Initial Conversion Loan		

C. Harbours		\$ 901,075.00
		\$ 855,974.00
1. I.B.R.D. Loan 428-2 E.A	\$ -	-
2. I.B.R.D. Loan 638 E.A	\$ 150.69	-
3. I.B.R.D. Loan 865 E.A		-
4. I.C.A. (1978)	\$ 670,328.50	-
	\$ 3,871,663.00	
	\$ 3,066,876.00	
D. GFS Liabilities		
Montreal House		-
	£ 18,548.65	
	\$ 34,636.00	
	£Stg. 388,122.52	K.Sh. 881,879.74*
SUMMARY TOTALS	US\$ 11,297,389.79	US\$ 1,757,049.00

This set-off figure of U.S. \$ 10,207,794.23 excludes K.Shs.881,879.74 which is a future stock obligation.

Conversions in U.S.\$

(a)	£Stg.388,122.52	US\$ 667,453.44
(b)	US\$ 11,297,389.79

11,964,843.2

US\$ 1,757,049.00

NET POSITION

US\$ 10,207,794.23

ANNEXTURE “B”

	Kenya to pay Tanzania	Tanzania to pay Kenya
Railways and Habours:		
1954 £Stg. 5m 4%-1973/76 ..		£Stg.81,665.32
1957 £Stg.8.5m 5¼% 1977/83		£Stg.36,800.80
E.A Government Loan		
1961 £Stg7.5m 6½-1986 Exchequer Loan		
1970 £Stg.1.0m - 1995		£Stg 2,968
1975 £Stg.5.9m 9%-1977 Stock		£Stg. 9,454
	US\$ 240,529.16	£Stg53,280.58
Posts and Telecommunications:		
C. Itoh Credit ..		YJ.338,689.165
Zanzibar Government Loan		
Marconi Communications		£Stg 34,809
Standard and Chartered Bank		
Tanzania Investment		
Depreciation Loan	US\$ 997.224	
1957 E.A.H.C. £Stg.3m 5¼%- 1977/83	US\$349,675	US\$43,452.17 £Stg53,240
Cable and Wireless	US\$846.251	£Stg12,473.76
Crown Agents Overdraft		£Stg116,360
I.B.R.D. 483. E.A		US\$379,860
I.B.R.D. 675. E.A		US\$311,103
I.B.R.D. 914. E.A		US\$805,163
6½% British Exchequer Loan		£Stg.18.360
5½% British Exchequer Loan		£Stg.5,040
TOTALS	US\$2,433,879.16	US\$ 1,544,578.17 JY 336,689,165 £Stg. 5,040

KENYA-TANZANIA SETTLEMENT ANALYSIS		
	Tanzania to pay Kenya	US\$
US\$		
2,433,879.16-1,544,578.17US\$		(-) 889,301
£Stg.		+729,965
424,451.46	(-) 889,301	+1262,702
£Stg.	424,451.46	
Japanese Yen		
338,689,165	338,689,165	
JY		
		1,103,366

ANNEXTURE “E”

RULES OF PROCEDURE OF THE ARBITRATION TRIBUNAL

ARTICLE 1

ESTABLISHMENT OF THE TRIBUNAL

1.01 The Tribunal shall be established as provided for in Sub-Article 12.02 of the Mediation Agreement. The Chairman of the Tribunal shall not be a national of any of the States.

1.02 A vacancy occurring among the members of the Tribunal shall be filled within three months by the same method by which the appointment was made.

ARTICLE 2

PROCEDURES

2.01 A State wishing to institute a proceeding under the Mediation Agreement shall lodge a claim in writing to the Registrar. The claim shall name the party or parties to the proceedings, state the nature of the dispute or claim and the nature of the remedy or relief sought.

2.02 The Registrar shall upon receipt of the claim—

- (a) Register the same;
- (b) Notify the aggrieved party or parties of the registration of the claim;
- (c) Send copies of the claim to:
 - (i) the party or parties named as respondents; and
 - (ii) the Chairman and Members of the Tribunal.

2.03 Any party named as respondent shall within 90 days acknowledge and file with the Registrar a Written reply to the claim

2.04 The Registrar shall upon receipt of the Written reply to the claim promptly send copies thereof to:

- (i) the aggrieved Party or Parties; and
- (ii) the Chairman and members of the Tribunal

2.05 Every claim, pleading, application or other written instrument or document to be filed with the Registrar shall be accompanied by seven copies.

2.06 Every document prepared for use in the Tribunal shall be on foolscap paper of durable quality; only one side of the paper shall be used and a margin of not less than four centimetres shall be left on the left side of the sheet.

2.07 All documents prepared for use in the Tribunal shall be clear and easily legible and may be produced by printing, type lithography, stencil duplicating, photography, xerography, type-writing or writing or any combination of these media.

2.08 For the purposes of these Rules, the Registrar may, in consultation with the Chairman, designate any offices in Kenya and Tanzania as Sub-Registries of the Tribunal

ARTICLE 3

SESSIONS OF THE TRIBUNAL

3.01 The Registrar shall, in consultation with the Chairman, fix the date, time and venue of the sittings of the Tribunal.

3.02 The Chairman shall preside at all sittings of the Tribunal.

3.03 The Parties to the proceedings may be represented by authorised agents and/or counsel whose names and authority shall be notified to the Registrar before the commencement of the proceedings.

3.04 Every party to the proceedings shall be entitled to adduce oral or documentary evidence and/or to make oral sub-missions in support of its claim.

3.05 The Tribunal may on its own volition summon any person or persons to give evidence on any matter before it.

3.06 The Tribunal may either on its own volition or at the request of any party visit any locus for purposes of verifying any matter in dispute.

3.07 The announcement of the decision or award of the Tribunal shall be delivered in open session within forty five (45) days after both parties have made their final submissions.

3.08 The Registrar of the Tribunal shall authenticate the original text of the decision or award and shall immediately dispatch certified copies thereof to each party to the dispute.

3.09 At the written request of both parties to a proceeding, the Tribunal shall discontinue the hearing of the dispute.

ARTICLE 4

OTHER EXPENSES

4.01 Each party to the proceedings shall bear the costs and expenses of its own duly authorized agents, counsel and witnesses appearing before the Tribunal.

4.02 Where the Tribunal has on its own volition called witnesses or experts the costs and expenses of such witnesses shall be borne and shared equally by the parties in the proceedings.

4.03 Reimbursements of expenses incurred by witnesses and experts summoned at the initiative of the Tribunal shall be made by the Registrar who shall thereafter recoup the same from the parties to the proceedings.

ARTICLE 5

MISCELLANEOUS

5.00 Save as provided for in the Mediation Agreement and these Rules, the Tribunal may regulate its own procedure.

ARTICLE 6

CESSATION

6.00 The Tribunal shall cease to exist upon the full and final payment and settlement of all compensation, claims and disputes under this Agreement.

ANNEX “F”

RULES OF PROCEDURE OF THE BOARD OF TRUSTEES

ARTICLE 1

ESTABLISHMENT OF THE BOARD

1.01 The Board shall be established as provided for in Sub-Article 10.03 (b) (I) of the Mediation Agreement and shall consist of three members who shall be the Governors of the Central Banks of Tanzania, Uganda and Kenya.

1.02 In the event of the absence or incapacity of a member at a meeting, he may be represented by a Deputy Governor.

1.03 Each Central Bank shall be responsible for the allowances, remuneration and expenses payable to its member.

1.04 The Governor of the host Central Bank shall provide secretarial services to the Board. The Board shall maintain records of all proceedings and documents of the Board.

ARTICLE 2

FUNCTIONS OF THE BOARD

2.01 The Board shall manage and administer, in the best interest of the States, all the assets of the Community vested in it by virtue of Articles 10 and 11 of the Mediation Agreement.

2.02 The Board shall determine the investment policy for all the assets under its control and may invest all or part of the assets in such a way as it shall deem fit at such interest rates and terms as shall be beneficial to the States.

2.03 The report of the Actuary to be established in accordance with Sub-Article 10.02 of the Mediation Agreement shall be submitted to the Board of Trustees who in turn shall forward it to the Ministers responsible for Finance in each State.

2.04 The Board shall cease to exist upon a final division of the Pension and Provident Fund assets and other assets and liabilities as provided for in Articles 10 and 11 of the Mediation Agreement.

ARTICLE 3

MEETINGS OF THE BOARD

3.01 The Board shall hold its first meeting in Tanzania within one month of the signing of the Mediation Agreement and shall thereafter meet at least quarterly in the States in rotation.

3.02 The date and time of the first meeting of the Board shall be fixed by the States. At that meeting and at subsequent meetings, the Board shall fix the date, time and venue of the next meeting.

3.03 The meetings will be chaired by the Governor of the Central Bank in the host country.

3.04 The Board shall take its decisions by consensus.

3.05 The Board shall produce a quarterly report, duly signed by the members, certified copies of which shall be dispatched to the Minister responsible for Finance in each State.

5.06 Save as provided for in the Mediation Agreement and these Rules, the Board may regulate its own procedure.

ARTICLE 4

OTHER EXPENSES

4.01 Costs and expenses incurred by the Board, such as telephones, telexes, transport at meetings and other administrative services shall be a charge on the income from Pension Funds.

4.02 The Board shall keep and maintain a proper record of accounts of the costs and expenses charged on the income from the Pension Funds and shall submit a half-yearly report thereon to the Minister responsible for Finance in each State.

B. COMPENSATION AGREEMENT BETWEEN THE GOVERNMENTS OF THE REPUBLIC OF UGANDA AND THE REPUBLIC OF KENYA IN RESPECT OF THE SHORTFALL OF NET ASSETS UNDER THE MEDIATION AGREEMENT

A. AMENDMENT

(NUMBER TWO)

WHEREAS on the 31st day of March, 1984 the Governments of the Republic of Kenya and the Republic of Uganda signed a Compensation Agreement in respect of the compensation amount of the United States dollars one hundred forty- four million, eight hundred fifty-six thousand (US \$ 144.856m) payable by Kenya to Uganda;

AND WHEREAS Article VIII permits the two Governments to amend the aforementioned Agreement;

AND WHEREAS on the 28th April, 1984, the two Governments signed an Amendment (Number One) to the said Agreement;

AND WHEREAS after further mutual consultations and discussions it has become necessary to amend some Articles thereof:

NOW THEREFORE is agreed as follows:

ARTICLE 1

SUBSTITUTIONS AND AMENDMENTS

1(A) Paragraph —

- (ii) of Article IV (set off) of the Agreement dated 31st March, 1984 (as amended by the Agreement dated 28th April, 1984) is hereby deleted and substituted with the following:-

“(ii) There shall be a further set off against the compensation amount payable by the Government of Kenya to the Government of Uganda an amount representing the current indebtedness of the Government of Kenya. Kenya parastatals and Kenya Private sector as shall have been lodged by 30th June, 1984, but not verified by the effective date of the Mediation Agreement and be set off from the compensation amount. The amount to be set off shall be agreed upon by the exchange of letters between the two Governments. 30th September, 1984, shall be the cut-off date for all current indebtedness.”

1(B) Paragraph —

- (iii) of Article IV referred to in I (A) above is hereby deleted.

1(C) Paragraph

- (ii) of Article VI (Interest) of the Agreement referred to in I (A) above is hereby deleted and substituted with the following:-

“(ii) After the set-off in Article IV (i) and (ii) hereof the balance of the compensation amount shall be subject to interest under Article 4.02 of the Mediation Agreement.”

C. PROTOCOL AMENDING CERTAIN PROVISIONS OF THE AGREEMENT FOR THE DIVISION OF ASSETS AND LIABILITIES OF THE FORMER EAST AFRICAN COMMUNITY

WHEREAS the Agreement for the Division of Assets and Liabilities of the former East African Community cited as the “East African Community Mediation Agreement, 1984”, (hereinafter referred to as “the Agreement”) was signed at Arusha, Tanzania on the 14th May, 1984:

AND WHEREAS in the implementation of the said Agreement it was found necessary to amend certain provisions of the said Agreement:

AND WHEREAS at a meeting of the Heads of State of the Republic of Kenya, the United Republic of Tanzania and the Republic of Uganda on the 15th July, 1986 in Nairobi, Kenya, the Heads of State agreed to cause the Agreement to be amended:

NOW THEREFORE THE STATES HAVE AGREED upon the following provisions which shall form an integral part of the Agreement:

1. That the following provisions shall be substituted for Article 14 of the Agreement:

ARTICLE 14

**OPERATIONS OF CERTAIN INSTITUTIONS AND SERVICES:
FUTURE CO-OPERATION**

14.01 The States agree that-

- (a) the Soroti Civil Flying School and the Inter-University Council for East Africa shall operate as common services;
- (b) the East African Development Bank shall operate as a joint institution; and

- (c) the common services and institution referred to in paragraphs (a) and (b) above shall be operated and financed under such arrangements as shall be agreed upon by the States from time to time.

14.02 The States agree to explore and identify further areas for future co-operation and to work out concrete arrangements for such co-operation.”

2. That the following provisions be inserted as new Article 15 immediately after

ARTICLE 15

AMENDMENTS

15.00 This Agreement may be amended by mutual consent of the States and such amendment shall be by exchange of letters between the Heads of State of the three Governments and shall form an integral part of this Agreement.”

3. That Articles 15 to 18 shall be renumbered as Articles 16 to 19 respectively and the new Article 19 be amended by deleting the expression “of 18 Articles “ and substituting therefor the expression “of 19 Articles”

4. That Part II of Annex “A” (dealing with commercial loans) be amended by deleting the entries relating to “VC 20 Loan-BA)” and “B 707 Loan-National Bank of Kenya.”

5. That Part V of Annex “A” of the Agreement (Miscellaneous) be amended-

- (a) by deleting the expression “Overseas and Liabilities of E.A. Railways” and substituting the following expression-

“Overseas assets and liabilities of E.A. Airways”;

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- (b) by inserting the following entries (in their respective columns) immediately after relating to Overseas short term liabilities”—

“VC 10 Loan-BAC £4,313,00 62,107 26,085 19,874 16,148
B 707
Loan

B 707 Loan - Shs. 41,682,000, 41,682, 17,506, 13,339, 10,837.

National Bank of Kenya

Done at Nairobi on the 18th day of February in the year one thousand nine hundred and eighty seven.

IN FAITH WHEREOF the undersigned have placed their signature at the end of this protocol.

<i>For the Government of the Republic of Kenya</i>	<i>For the Government of the United Republic of Tanzania</i>	<i>For the Government of the Republic of Uganda</i>
DANIEL TOROITICH ARAP MOI	ALI HASSAN MWINYI	YOWERI KAGUTA MUSEVENI
President	President	President

SCHEDULE 2

Section 2

JOINT INSTITUTION AND COMMON SERVICES

A. JOINT EAST AFRICAN INSTITUTIONS

East African Development Bank

B. COMMON SERVICES

1. Soroti Civil Flying School
2. Inter-University Council for East Africa

