



## EAST AFRICAN COMMUNITY

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### IN THE EAST AFRICAN LEGISLATIVE ASSEMBLY (EALA)

The Official Report of the Proceedings of the East African Legislative Assembly

### 70<sup>TH</sup> SITTING - SECOND ASSEMBLY: SECOND MEETING – THIRD SESSION

Wednesday, 11 November 2009

*The East African Legislative Assembly met at 2.30 p.m. in the Chamber of the Assembly, AICC Building in Arusha, Tanzania.*

### PRAYER

*(The Speaker, Mr Abdi H. Abdirahin, in the Chair.)  
The Assembly was called to order.*

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### MOTION

#### **FOR THE PRESENTATION AND ADOPTION OF THE REPORT OF THE COMMITTEE ON ACCOUNTS ON THE AUDITED ACCOUNTS OF THE EAC FOR THE YEAR ENDED 30<sup>TH</sup> JUNE, 2008**

*(Debate interrupted on 10 November 2009, resumed.)*

**Mr Dan Kidega (Uganda):** Thank you, Mr Speaker. I will try as much as possible not to repeat what my colleagues raised yesterday afternoon in the debate, but I would like to hasten to add that I totally agree and support all the views that were expressed by

my colleagues. I would also, from the onset, like to declare that I totally agree with and support all the recommendations as laid down in the report by the committee. *(Applause)*

Mr Speaker, this afternoon I would like to declare myself a happy man. I am a happy man not only because East Africa is celebrating ten years of rejuvenation, I am happy not only because East African Community is considered the best regional bloc in the continent, but also happy because I have seen serious institutional development in this report. If I were to compare this report presented by the Committee to the previous one on a rating of ten to one, I would give the previous one three and the one we have today about six. I would have given it

eight or nine, but I have reservations that I will mention later.

Mr Speaker, I am a happy man because there are indications in this report that the Audit Commission has done a great job. To me, these are clear signs of development or growth of an institution. The Committee came out clearly and said that the report they examined was a job well done. So, I would like to take this opportunity to appreciate those who aided the Audit Commission to do a good job, which I think, is the Secretariat. Without the input of the various organs that irrigate the Audit Commission, they would not have come up with such a good report. So, I am a happy man because I have witnessed growth of an institution here. *(Applause)*

The second reason I am a happy man is that last month I was in Kisumu, and this report has depicted exactly what I saw in the Lake Victoria Basin Commission (LVBC). The LVBC is doing a great job, and the report has mentioned it. I think this House must register its appreciation to the Commission, not only for the financial discipline and for following regulations, but also for the output that is on the ground. *(Applause)* The LVEMP II programme, which the Committee on Agriculture, Tourism and Natural Resources went there to see, is doing a great job. We went to Kisumu and Kericho, and saw what the LVBC is doing. I think there is something great happening there.

Mr Speaker, happy as I may be, my happiness could have been better if it were not for what is stated on page 21 on the issue of planning. The Committee has reported to us that the Secretariat said they were waiting for funding from DFID and GTZ to recruit two officers in the planning unit.

Planning is a core function of any organisation. Today, East Africa is celebrating ten years of existence, and we still want to recruit planners using funding from donors or development partners? I don't think this is right. We must prioritise certain specific functions like planning within the Community. You cannot say that you want to do something good when you do not have a planner.

This leads me to the issue that has been raised in this Assembly several times; that of dependency on donor support. I am bothered to observe something similar to the trend in the Partner States. I may start with Uganda. The donor support to the national budget is on the decline. I know what is happening in Tanzania; the donor support to the national budget is also on the decline. At one time we were so proud of Kenya funding 100 percent of its national budget. I am sure even today, the donor support to the national budget of Kenya is not above ten percent; it is far less than that. But while the trend in Partner States is declining, at the regional level, I think it is to the contrary.

The donor support to the integration process is on the increase. If we continue with this trend of having the integration process getting major support from the donors, we will have problems, especially in the areas that are core to the integration process, like planning.

Mr Speaker, I would like to know; if DFID and GTZ do not give us money, shall we stay without planners for the projects of the Community? Mr Speaker, these are the things that do not make me happy.

Mr Speaker, our friends who support us are great, but they have their

interests. If we do not check how much support we welcome from them, we may find that we are shooting ourselves in the foot. One of the most brilliant daughters of Africa called Moyo wrote a very interesting book about how aid is dangerous to Africa. No sooner had she finished her crusade than she was shot down. They even claimed that she only managed to write that book because she went to school on aid funding. So, I think the way we look at donor support, both at national and regional levels must change.

The second thing that has not made me happy is on page 26. This is the issue of the vessel, which was a donation to the Community, and which is not worth being on the lake. Where I come from, there is a proverb that a donkey given to you for free, you don't check the upper jaw; you just jump on it and ride. I think most African leaders live to this kind of saying. If this vessel is really a junk, as presented in this report, why did we accept the donation? Many people who are our friends out there are having big problems with dumping. They don't have space for certain equipment ranging from vessels, computers and several others. I pray that the Community does not become a dumping ground for gadgets, which have not found use where they are coming from. It is therefore my prayer that any donation to this Community should be checked and be found worthy of acceptance. Otherwise, it should be rejected. (*Applause*)

Finally, I would like to thank the Committee for the work they have done.

**Mr Dan Ogalo (Uganda):** Thank you, Mr Speaker, for the opportunity to contribute to this motion – (*Interruption*) -

**The Speaker:** Hon. Members, I would like you to get closer to the microphone when you speak so that we can hear you.

**Mr Ogalo:** Mr Speaker, I wish also to register my thanks to the Committee for the report it has presented to this House. I have two or three comments to make on it.

On page 4 of the report, the Committee decries the inadequate staffing in the internal audit unit. I submit that it is this inadequate staffing, which is at the bottom of most of the problems raised in the report. There were very many lamentations, and indeed a sense of frustration coming from the Floor yesterday. I think those lamentations and frustrations of the Members are justified. Ours is to try to find ways to correct them.

Mr Speaker, I had the opportunity to serve on the select committee to inquire into the causes for suspending this Assembly, and we invited the people from the internal audit unit to find out from them why they did not detect the anomalies early enough. Even then, we did observe that this unit was dangerously understaffed. It was not able to make any detection because of that problem of understaffing. I think the Secretariat should try its best to resolve this issue.

Our sub-committee was informed that the Secretariat had gone around begging from donors for funding to employ one staff in this unit. Fortunately they got DFID, which promised to provide funding so that an officer is appointed to this unit, but for only 18 months. So, if this unit, which is supposed to prepare the basic materials upon which the Audit Commission will act, is so

understaffed, how do we expect it to perform? Where is the problem?

Mr Speaker, every year when we come here to debate the report of the Committee on Accounts, we raise the same problem, but it has never been resolved. So where is the problem? Is it with the Council of Ministers? I think not. I think that because of the doctrine of collective responsibility, the Council of Ministers may not tell us everything, but I sense that they also have their own frustrations about this matter. They are the ones in charge and then we come and say, "Why can't you just employ two people so that we have transparency in the management of the monies of the taxpayers of East Africa?" I don't think the Council of Ministers would not like to employ two people to ensure that the taxpayers of East Africa get value for their money; I don't think so. I do not think that the Secretariat does not wish to have these people so that they can work! So, where is the problem? There must be a problem somewhere which we should address.

Mr Speaker, I think the major problem lies with the Partner States. It is the Partner States who determine the financing of this Community. If the great Finance and Administration Committee comes and says, "We are not providing funding for two more employees", the Council of Ministers is also held hostage. So, I think that we should now turn our attention to the Partner States. We are elected by the parliaments from Partner States. It is the Partner States that fund this Community through budgets approved by our national assemblies. So, I think we as Members of the Assembly have a duty to now go back to our voters and say that we have this problem of ensuring transparency in the spending of the taxpayers' money because you

are not providing sufficient funds for us to employ people in the audit department. I think we also have that obligation. (*Applause*)

Let me demonstrate why I think even the Council of Ministers is held hostage by the Partner States. A decision of a Sectoral Council is at the same level as that of the Council. So, Sectoral Councils make serious political decisions for the good of the people of East Africa. Now, the Sectoral Council on Education, Science and Technology sat on 15 September 2008 in Kigali. It made a political decision to create an East African Youth Council. It took into account the fact that there are many East Africans who are in the youth bracket, and that they have a role to play in East Africa. Yesterday, Mr Speaker, you did introduce our visitors in the gallery and referred to them as future leaders of East Africa. They were all youth. So, this Sectoral council thought that there was a necessity to involve the youth and created the youth council. It also created the women's council, and it had good reasons for that.

Now, this matter came for consideration before the 18<sup>th</sup> Meeting of the Council of Ministers, for the Council to note that the Sectoral council - whose decisions are at the same level with the Council - had decided to create these two bodies to assist to involve the women and the youth in the integration process. What did the Council do? The Council said, "These are important matters but since they have financial implications, we refer them to the Finance and Administration Committee".

The Finance and Administration Committee is made up of civil servants from Partner States. Here is a political decision made by Ministers being

referred to civil servants, and the civil servants will eventually make a decision on whether we shall have these youth or women's councils or not. If they come up and say, "There is no money for this", there will be no youth or women council. So, the Council of Ministers is also held hostage by the process of decision-making in the Community. How can a political decision be referred to civil servants to make a decision about?

If we do not address the decision-making process in the Community, we will continue to have these problems like we are now having with the internal audit unit. We are saying that there is something wrong with the audit department, but the problem is the failure to provide sufficient funds for employment. And the Council can also do nothing about that. So, there is a need to address the decision-making process. Somehow, it surprises me that a decision can be made in Cabinet and then it is referred to the Ministry to say, "Do you have money so that we can implement this?" Then, the civil servants say, "No, no, we don't have money; this thing is not even important"! This is the fundamental problem in the running of the Community.

Every year as we debate the report of the Committee on Accounts, we will continue having these complaints, and we will continue blaming, wrongly, the audit department. Actually, we should sympathise with those people there. They are so few and yet they have to do so much. I recall that in the last Assembly it was the Assembly, which stepped in when staff of the Secretariat were collapsing because of overwork; being carried away from offices because of too much work. Why? Because East Africa says we cannot afford to employ two people to work in

the audit department. East Africa has an obligation to ensure that what it puts in place works out. *(Applause)*

Mr Speaker, part of that problem is also in the Treaty. We roped civil servants of the Partner States into the Treaty; the co-ordination committee, sectoral committees, and so a process has been found where everything must be referred to this committee before it comes to the Council of Ministers. I think that is where we should address this issue of inadequate staffing.

I conclude on this point by saying that if the youths of East Africa – and we had a meeting with them in Nairobi; very vibrant young ladies and gentlemen, full of energy; ready to assist East Africa; ready to move on and integrate East Africa. If they are out there and they hear that what they want to do through their council cannot take off, they should know whom to hold to account. It is not the Community; it is the Partner States.

The second matter I want to comment on is the failure by the Council of Ministers to implement recommendations of the Assembly. There is need for a mechanism, which will enable the Council of Ministers to directly deal with the concerns of this House. As it is, these recommendations will go through the same process, which I have described, before they reach the Council. The Clerk will send them to the Secretary-General, who will send them through the same process. They must go through these civil servants before they reach the Council of Ministers. We make recommendations, which we wish the Council to take a decision on, so what sense is there in going to the Co-ordination Committee for the Permanent Secretaries of the Partner States to look at these

recommendations that this House has made to the Council of Ministers? Does that make sense? I submit it does not.

This is one organ making recommendations to another, and we would expect that once there are recommendations from this House, they should go from the Speaker's office to that of the Chairperson, Council of Ministers. I see no role whatsoever for anybody between us; to do what with the recommendations exactly? That is where some of the recommendations get lost.

Therefore, I submit that this problem of failure to have recommendations of the Assembly addressed by the Council of Ministers is because we have not put in place a mechanism for our recommendations to go directly to the Council without anybody in between looking at them and determining whether they should go to the Council or not. Article 49 of the Treaty is very clear; we make recommendations to the Council of Ministers!

Sir, I know I have raised this matter sometime before, but I want to raise it again because it is also related to the issue of recommendations. How come Members are complaining that when we make recommendations to the Council we don't get any feedback? Are they not implemented? Even if they are not implemented - because we cannot force the Council to implement our recommendations - at least there should be feedback to say, "We cannot take on this recommendation for this reason"! It goes back to the question of the Council of Ministers.

I want to quote from the *Hansard* of 25 January 2002. I am going that far to show this question of the Council of Ministers' political presence to give

political direction. It is a quotation by a Member of the Council of Minister then, the late James Wambogo Wapakhabulo, may his soul rest in eternal peace! This is what he said when he was addressing the Assembly:

*"I am sorry I could not be with you all the time because I had other engagements. My planning was based on the assumption that we shall be three and, therefore, share out the work of the Assembly. But due to other engagements, my colleagues could not be present all the time. The Chairman of the Council came yesterday but briefly because he had to attend to other state matters. I would like to promise the House that one of the items we are going to have in the Council will be how we are going to attend to the work of this Assembly."*

Then, there was applause; Members were happy. Then he posed this question:

*"Should our national duties take precedence over the EAC duties or should it be the other way round? We may have to have the institution of East African Ministers like we used to have; people who could be there all the time superintending together with the Secretary-General our integration process, but also to attend to the work of the Assembly. This is because if we begin to be diverted by national matters then we may lose sight of the importance of our process of integration. So, I propose to raise this matter when we have the next Council so that with my colleagues we will give it due consideration."*

That was in 2002. Even then, a Member of the Council of Ministers recognised the importance of the Council giving undivided attention to the work of the Community. We have

made suggestions that if all the Ministers cannot be here, let us, at least, have the chairperson here for two weeks in a quarter to do what the late Wapakhabulo is saying; superintend the integration process. (*Applause*)

I am still hoping, and I appeal to the Council of Ministers to see the importance of this “superintending of the integration process”. We even made calculations in Bujumbura and came up with something affordable. We could actually even get it from within the budget, but the Council was not keen on the idea. I would plead with the Council to look at this again because the complaints you get from Members – they are saying that nobody is attending to our recommendations. Mr Speaker, the hon. Ministers come but they do not have sufficient time. That was the basis for the Bujumbura request.

If you look at the recommendations in this report, the Committee is making recommendations to the Secretary-General and to management. This is very dangerous. This is a report, which was tabled here by the Committee. We ought to be making recommendations to the Council. Why is the language subconsciously saying, let the Secretary-General or the management do it? Why is the language not saying, let the Council of Ministers do this? I would plead with the Council of Ministers that it is very important to have the presence of the Council here to give direction to the integration process.

Finally, most of these problems are grounded in the nature of raising the Community budget. We all know that it is dependent on equal contributions by Partner States. We all know that this has been found not to be the best alternative. The committee cannot do

on-spot assessment in its oversight role. Why? Because of money! But there has been a recognition that equal contributions cannot work. I want to demonstrate how this process, which would have resolved many of the problems of financing the Community, has come to nought.

On 23 May 2005, the Council of Ministers directed the Secretariat to prepare a proposal for alternative methods of financing the Community. In other words, the Council itself recognised the fact that this equal contribution was not helping; that it was leading us into trouble. In the meeting of the 23<sup>rd</sup> March to 4<sup>th</sup> April, the Secretariat submitted its proposal to the Council of Ministers. That was in 2006.

The Council of Ministers in its wisdom did not address the proposal of the Secretariat on alternative financing of the Community. So, somebody, on 18 April 2007, brought back the matter to the Council saying, “There is this proposal for how we are going to raise money to finance the Community”. One year later, after the Council had been given the proposal, somebody again put it on the agenda! The Council of Ministers in its wisdom, yet again, deferred the decision to 2010, after the full implementation of the Customs Union. But I think that somebody somewhere was still not happy about this decision of the Council. So, the 9<sup>th</sup> Summit directed the Secretariat to undertake a study on other budget funding modalities for consideration by the Summit. The Summit wanted to be the one to look at this because the Secretariat cannot go directly to the Summit.

On 13 September 2008, the Secretariat presented a proposal to the Council of Ministers. Surely, the Secretariat has been working very hard on this issue. When on 13 September 2008 this was presented to the Council. Now, because the Summit is the one which had so directed, I would have expected the Council of Ministers to look at it and say, "Oh, this was a directive of the Summit; let's take it to the Summit, with our comments". That is what I would have expected the Council to do, but instead the Council referred the matter back to the Partner States.

Somehow, I don't understand that. A matter, which the Summit had wanted to deal with, the Council was saying, "No, take this thing to the Partner States and we get their input before we consider it"? That was in September 2008.

Burundi has come out very clearly and said, "We support the proposal that the financing be based on Partner States' customs revenue at a percentage to be agreed upon by the Partner States". Burundi has studied it and got back to the Council and said, "For us, we think this should be done". Rwanda has also responded and it has said we should have a mix; equal contributions plus a percentage of customs' revenue. Uganda is quiet. Kenya is quiet. Tanzania is quiet!

**Hon. Members:** Shame! Shame!

**Mr Ogalo:** Mr Speaker, this new method of financing is believed to be a better way for us to resolve the financial problems of the EAC and be able to avoid these one-man departments in the Secretariat, have sufficient auditors working here, so that we have transparency on the taxpayers' money. In a law firm, normally people who have been there

longer are referred to as senior partners. One would expect them to be the ones taking the lead because they are supposed to be senior. So how can Kenya, Uganda and Tanzania fail to express themselves on this matter which has occupied the minds of the Community since 2005?

**The Minister for East African Community, Uganda (Mr Eriya Kategaya):** There are no senior partners in the EAC. (*Laughter*)

**The Speaker:** Hon. Kategaya, you will you have an opportunity to debate.

**Mr Ogalo:** Mr Speaker, we would have expected the three countries, given their seniority in the integration process, to give leadership. I am really very grateful that Burundi and Rwanda are giving leadership.

If the Community addresses the question of financing, many of the problems, which are facing this Community, will be resolved because most of them rotate around inadequate funding. Every department has a problem because the Finance and Administration Committee has come here and said, "Cut, cut, cut" and so be it; it is cut, cut, cut!

Therefore, for us to address the problems we are seeing, not only within the internal audit unit but also in the Assembly and other departments, we need to go back to the process of budgeting. We need to make a decision on something which will deliver to East Africa, instead of the Partner States saying this year each one of us will bring US \$5 million, totalling US \$50 million, and then you expect us with US \$50 million to do all the things, which are said in the Treaty.



Chapters 11 to 23 of the Treaty are areas which the Community is supposed to address: agriculture, natural resources, environment, industry; all those things the people of East Africa are waiting to see. But the Partner States are still holding the Community and the Council of Ministers hostage. We must move away from that. I thank you. *(Applause)*

**Dr George Nangale (Tanzania):** Thank you, Mr Speaker. I want to commend the Chairman and the entire Committee on Accounts for the annual audit function out of which the report was presented to us yesterday for deliberation.

Having served on the Committee on Accounts for five years during the First Assembly, I understand the depths and gravity of its functions. The report provides a combination of a clean audit in some sectors, qualified audit report in some other sectors and disclaimers in others. This reflects the mixed grill kind of performance of the East African Community at this juncture.

Mr Speaker, I should quickly admit that we have come a long way, and that we are much better from where we came. However, I am surprised that despite this Assembly, year after year, calling for strengthening of the internal audit unit, little has been done in terms of staffing, capacity or training. Mr Mukiri knows better. Therefore, I support the recommendations by the Committee for the Secretariat to prepare a comprehensive end of year report, which will inform us on the proper management responses.

Mr Speaker, yesterday hon. Zziwa alluded to the importance of addressing the issue of property and a land policy as we continue acquiring property in

the region. The Government of Tanzania, as we all know, offered a plot here in Arusha for the construction of the EAC headquarters. The Government of Kenya offered a beach plot in Kisumu, which the Committee on Agriculture, Tourism and Natural Resources visited during its on-spot assessment of projects in Kisumu. Without proper regional policies on investment, these developments will definitely continue to face delays.

The report tells us that the Lake Victoria Basin Commission received part of its funding from the Partner States through the Secretariat. However, there was no clear procedure regarding financial remittance to the LVBC by the EAC. It is prudent that financial remittances be streamlined for the organs and institutions of the Community to plan properly for their financial resources. Again, this calls for Partner State governments to ensure that the budgeted contributions are remitted on time so that the activities of the Community are not disrupted. We all recall what happened early this year when some of our meetings had to be postponed.

Mr Speaker, I support the motion, and I hope that next year we will get a much better report in terms of audit. I thank you. *(Applause)*

**Dr James Ndahiro (Rwanda):** Mr Speaker, thank you for the opportunity to also add my voice to this debate. I would like to thank the Committee on Accounts for the good job done.

Audited accounts are a mirror image of an organisation. When you look through the accounts we have, you can easily determine the kind of organisation we are. I would like us to separate technical issues from the

political issues and address them separately.

Mr Speaker, many people have said that there is an improvement from where we were in the previous report, but when you look through the accounts that we have, you will find that the Audit Commission presented a management letter from which most of the issues in the report were picked.

The management letter is for the management to give responses. But for us, we need more than this: We need comparison; we need to know how much was budgeted during that financial year, for what purpose, and for which activities; how many of those activities have been undertaken; how much money was not utilised and why? We need to interrogate it further.

We can read through the document and easily determine that the problems we are debating are probably symptoms of much bigger problems. You can easily tell that there is an issue of the systems we are using. There is a procedural issue as well as a supervisory issue, as my colleague has mentioned. There are technical issues that require addressing.

We need to know how our development plan is being implemented. We need to have information from these accounts to inform our next budget process, so that we know from the previous year the things that were supposed to have been done, those that half way, those that have not even been touched, so that when we are planning for the next financial year, we base on that and move ahead. But when you consider that the analysis was not done either because of lack of information or because the implementation was not based on the development plan, I

would suggest that in future, maybe the Committee on Accounts, with the support of the management, should try to do a detailed analysis and desegregate the recurrent expenditure from the development. It should do everything necessary so that we can easily see where we are.

Integration is a process, which means that there are a lot of factors, which we have to consider, and which we need to know about. We have been lamenting about so many issues. I note that they date back to 2002, and each time the same things are mentioned. Mr Speaker, don't you think that the problem is now bigger than what we seem to be addressing? It would be better if we got responses from the Council of Ministers, or whoever. That is why I think the political issues we are raising need to be responded to.

Integration will not be done by the Secretariat, EALA or any other organ, but all of them together. Instead of being starved of information, we should be told that, "Although you recommended this or that, it was not implemented because we think in our integration process, this is not a priority or these are the problems"!

We appreciate that our Partner States have got different priorities and programmes, and we know that we all have problems when it comes to financial and human resources. I don't think there is a single government that has managed to do whatever it plans to do from their own resources. That is a problem we should appreciate.

Of course, even on the level of the Community, we might have good programmes, but we have to consider that those programmes sometimes are not realistic, depending on other factors. But we need to know those

factors. They should not sit there and keep quiet and just listen to us every time, lamenting, because this is sending a negative signal to the people of East Africa.

Let me put it in a different context. Imagine you have guests in your house and you keep on telling your wife to feed them, yet you know there is no food in the House. What will the guests think?

**A Hon. Member:** They will think the wife is mean!

**Dr Ndahiro:** Indeed! Now, if we are here telling the East African people that the Community is not providing, they will now think that our Community is mean. I think we should also try to be responsible in the sense that we know the challenges that we have in our capitals. Why do we think that at the level of the Community things would be much better? Yes, it is a process, and who determines the process? It is the politicians, we included! Therefore, we should know which gear we are moving in and knowing this is not from a single source. The gear that we should be moving in and the gear that we are in are different. Can we have more information on why we are moving in a certain gear and not the other? *(Applause)*

That information, surely, is there. I don't know in terms of procedure how we can access the information. If the Council of Ministers is also disappointed, let them share their disappointment with us so that we know this is a Community problem. We can manage the little resources we have instead of coming up with a lot of agencies and institutions that we cannot afford. We can maintain a small structure that we can easily manage.

But if we want to expand, we should expand resources. If there is a mismatch, then we shall keep on lamenting. I think that we need to be responsible. *(Applause)*

I do not mean that we should shy away from our responsibilities. Fine, we need to perform our oversight role. That role is not limited to the public or the institutions, but access to information and scrutinising all those decisions, as well as interfacing with the responsible people, is also important. If need be, give us a chance and we interface with the heads of state and we ask them a simple question: which gear do you want us to move in? Probably, they will have a better answer.

I am not suggesting that the whole Assembly can go, maybe through our Speaker, but they should give us guidance on how to move forward because issues that date back to 2002 up to now, the Council of Ministers comes here, listens to us, goes away, then comes again, listens to us, goes away...probably they have information which they don't want to share with us or they don't have any information. So, they should also seek for the information.

Mr Speaker, when you look at the development budget of the Community, I don't share the concerns that we should not depend entirely on donor agencies. The reason being that some of the programmes we are implementing are universal in nature, and they are part of the problem. They should still be part of the solutions. The difference is the discipline. If we just take what they bring without properly putting it in the right context, we shall definitely get junk, like the vessel we have. We should improve our negotiation strategies or tactics.

We should improve on the determination of our priorities, and we should also extend our frustrations to them and say we are being pressed. If we are equal partners, then let's have arm's length transactions so that the programmes we want to implement are not only in the interest of the East African people, but also in favour and in the interest of the global business partners. *(Applause)*

If you run quickly through our economies, all the big contracts are won by international agencies. A lot of business is done by them, and a lot of benefits go back to their countries. So, they should be part of our development agenda. I am not suggesting that we should be permanently dependent. You have heard that recently we have been involved in a lot of negotiations, for example, the EPAs negotiations. If they think we are a market, if they think we are important and they want to do business with us, of course we cannot sit here and say we shall do it alone, but we should negotiate our contracts or agreements in favour of the East African people. *(Applause)*

Mr Speaker, I would like to know who determines our development priorities. If our development priorities are determined by us, we should be able to sit down and see how much we are able to implement in a given year, in a modest way. We don't need to cover everything, but if we can determine and achieve that, that is progress. But if our development priorities are not determined by ourselves but by the available resources, whereby we say we have US \$3 million, what can you do with it, and then we start planning, I think that is the wrong way to do business.

Our development priorities have got two different aspects: There are those

that will empower and support the East African citizens directly or indirectly; and there are those that are universal, like the environment, climate change and so on. For those ones, we should know how to engage our development partners in them, but on the development projects that will empower our people, we should dig into our budget and set aside a small budget and say this is for the empowerment of our citizens; this is directed to these projects that have got direct impact", and we move on.

But when you look at our development plan and programme, we go and shop for ideas and then we put down a list of activities. That's all. They are not budgeted for, and we don't know. We say our objectives are these, our integration is very good, well written, but how much will it cost? We don't know. Therefore, it will depend on how much is available from a donor. Oh, I have got US \$60,000, there is this development strategy...I think we should be realistic when we review our development plan to make sure that we just consider those things that we can achieve.

Mr Speaker, my suggestion is that the Audit Commission should go ahead and perform a systems audit so that we know the gaps. We can see some, but some of them are linked to other bigger ones. Once we have a systems audit, then we can sit down and say, "okay, maybe the Community is becoming much bigger, can we slow down"; or, "these are the priorities that we should be funding", so that when we are given a budget estimate, we know this or that should not be considered because before we fix this one, then that one will not even have an impact on the integration process. But we need information. I thank you, Mr Speaker.

**Ms Lydia Wanyoto-Mutende (Uganda):** Thank you, Mr Speaker, for the opportunity. I would like to start by congratulating the committee for the report. I would also like to appreciate the tempo with which you began this session. The mood for the session is to observe ten years of the EAC and, therefore, I would like to live to the mood in my contributions.

Since this is my first time to speak during this Session, I would also like to take this opportunity to put on record my congratulations to our Ministers for the EAC for the activities they have been able to undertake in our Partner States in observing the ten years of integration. I was privileged to participate in the Ugandan celebrations, both upcountry and at national level. I only wish we could maintain the tempo because in the last two or three weeks, at least for Uganda, we have been able to show that we have something to tell our people, and it has caused some excitement and urge for knowledge, especially among the young people. That was very touching for me, as a person.

Mr Speaker, I read in the newspapers about the Rwanda and Burundi celebrations, as well as the Kenyan ones. While on that, I would also like to congratulate this Assembly and its leadership for finally getting us coverage in Arusha. It has been a long battle, and I would like to note that this is an achievement that we should be happy about. One of the reasons why we wanted to go to the capitals was to get coverage because it was very difficult to get it here. This is an achievement that we should document as one of those things that EALA has been able to achieve as we mark ten years of the EAC.

I now want to contribute to the motion and make two general observations, and then I will pick two items on the six documents and contribute in that order.

One general remark I would like to make is on an issue that hon. Harelimana mentioned yesterday, that this Assembly has teeth but does not want to bite. I don't want to use the word "teeth" because of the mood of celebrating ten years of the EAC, but I would like to say that this Assembly has every power and the environment to do its work, but it is just a question of how to handle the matters. I just want to quote two of the enabling laws that allow us to do our work. One of them is the Powers and Privileges Act.

If you look at this Act, there is nothing a Member of EALA cannot do, given their assignment and mandate. The Assembly has powers to summon any officer of the Community; the Assembly has been empowered to ask for any information and will get it; the Assembly can have access to anything it wants using that Act of the Community.

Therefore, yesterday I was humbled when I listened to Members. I had not read the report actually, so I was wondering what was happening because I have not failed to get the Secretary-General to attend to a committee meeting; we have not failed to get the ministers either because we have been enabled. The only issue that we are now struggling with is the issue of resources and time, but that somebody has failed to come, I found that very difficult to believe yesterday. That the Secretary-General was expected to meet the committee and he did not, and that he did not commit in writing or did not call the chairperson, to me all sounded like news. It was out

of the ordinary from the practice we have been having, at least since the new spirit of working together as a Community began. So, I want to agree with hon. Harelimana that we should rise up to the occasion as an Assembly.

Mr Speaker, personally I believe that we are moving in the right direction. These Ministers have made an effort to meet us, and even the office of the SG, if you want him in person, I think he can come, or if he is not, he is able to make a case why he has not come. I am not speaking for him because he is here, but I thought I should make that clear because it was brought up yesterday.

This Treaty, even if you stand up and bash it, is a beautiful document, especially for the Assembly as an organ of the EAC. I would do everything to protect the powers and space of the Assembly as it is in the Treaty. We have powers bigger than the European Union Parliament. I do not know of any regional Parliament in the world that has space and latitude like this Assembly. It is a question of rising to the occasion, and we would be able to make it. I know that we are doing our best, so, hon. Members, if we put together the powers and privileges in the Treaty, we cannot get up and lament like I heard yesterday. We just need to take space and take our work seriously and invoke the powers that have been given to us with responsibility and decorum.

The second issue I want to talk about, which is a general issue is on the report. The report clearly shows that the committee was able to look at six institutions. Therefore we are guided in our debate by that. That means that we can pick on the areas we want to comment on so that we avoid general comments that can easily be

misconstrued. On that note, I would like to make a contribution on the audited financial statements of the EAC as an institution.

Mr Speaker, just like hon. Ogalo did note, we need to move and get the internal audit department of the Secretariat empowered to do their work. If we don't do that, it will not be useful for us to come back here next year and begin lamenting on the incompetence of the audit system. The backbone of any audit system begins with the internal mechanisms. If you put the face of the people in this office to the work they do, and if you are human, you would cry.

I know for a fact that there is a gentleman in that office called Mr Mukiri. If you look at Mr Mukiri – they are now two, and they have been overseeing all the internal work of all the organs of the Community, which are growing every year in terms of the budget, and there are over 20 projects of this Community. Is that normal? Therefore, sometimes we need to put the faces of the people working in these departments to the volume of work that we give them.

Sometimes, it sounds criminal to even imagine that they can produce work that they have been given to do, considering the volume. So, I am calling upon the Council of Ministers to raise the emergency of empowering this department.

My colleagues who have spoken before me have said that maybe the Ministers have been faced with difficulties. These Ministers have been empowered under Article 14(3) (c) to do work in terms of directives. A directive is a very strong statement, at least in the little knowledge of law that I know. Why can't you empower the

internal audit department? The Community is growing and you just have two East Africans stressed to the bone marrow in that department!

The Secretariat has so far produced ten manuals meant for the approval of the Council of Ministers. The magic November meeting is supposed to address those ten documents. The documents sound like they would be able to address many, if not all, the issues that were raised in the report. There are issues of the anti-corruption manual; there are issues that deal with ethics and basic management, and I have heard about another document called the whistle blowing and so on. Could the Council of Ministers take this as an emergency so that next year we have these manuals operational and then that would be an achievement in the next ten years, so that we are all happy like hon. Kidega, and then the EAC has a re-branded people that work here?

It is such an irony to re-brand a Community in terms of flags or fliers, when the people that work for the Community look stressed and they are miserable, like those that work in the internal audit department. They do a lot of work, they are hidden in their rooms, we never appreciate them, they never appear in cameras but they do a lot of work. They are the ones that have really helped this Community to be what it is today. *(Applause)*

We have a lot of donor support coming to the EAC, and because of the EAC the world has seen that the Community can be accountable, and we are trying to do things that are visible. Therefore, we have a responsibility to support and speak for people that give us that technical support.

The question I have, even for the committee is what they should have posed to this department in the wake of the Common Market Protocol. What should the internal audit office look like for the EAC? That is the question we should be asking ourselves. We have two people now; what do we want? Is it four, five or six, and in which category of empowerment? Audit has its own framework: you have experts in evaluation of forensic audit, value addition audit and all sorts of audit. What do we want to see in that internal audit department? I would like to get an answer on that so that when we are making a campaign to empower the department of internal audit at the EAC, we know how many staff we want and the capacities we need so that we go and say, "Look, we have two, we want 20 to do a, b, c, d", and then we move in the right direction. Obviously, two is not enough. But how many do we want?

This particular department was also managing, until only last month, the Lake Victoria Basin Commission in Kisumu. In the budget we passed in Bujumbura, we saw that LVBC had a budget of US \$12 million. The Mr Mukiri that I know was supposed to be backstopped with his colleagues of the internal audit of that institution until just last month. So, when we discuss some of these things, we should put them in perspective, and be specific when we are making demands. When we finish this report, I, for one, would like to know how many officers we need in this internal audit department, and for what, so that we go and make the case very clearly and we keep the image of the Community where we want it to be.

I am informed that in these ten draft manuals, the reporting mechanisms has been outlined. The new outlook of the internal audit would spell out reporting mechanisms because the current status quo is that the audit team reports to the Secretary-General. So, if you want to mainstream systems, please approve the manuals, Council of Ministers. It is as straight as I imagine. I hope it is the same for the rest of us listening.

So, in the absence of this, if you look at the report it explains without any doubt why this is breeding the temptation to look at the internal audit like an extension of the accounts office of the EAC. If you have only two people working, what do you expect? There does not seem to be a clear difference between the office of the internal audit and accounts because they are few, overwhelmed, so what do you expect?

Secondly, they are under the office of the Secretary-General. There must be a mainstream system. I am told this has all been addressed in the manual that has been brought before the Council. So, in my humble opinion, the debate should shift to having the manuals approved. I know that there is a long agenda for the Council of Ministers for the November meeting, but if I had my way, I would begin the campaign this evening to influence the change of the agenda so that the manuals are approved.

We don't set the agenda of the Council, but we are expending monies and the internal audit is handicapped. But they have done their manuals which they have put on the table. The way the Council operates with long agendas, I would be very impressed if the ten manuals for the internal audit unit are passed during this Council. I

really hope, and if it can work, I would go home celebrating.

That is what I would like to contribute to this department, but as a Member of the Budget Committee, I also appreciate that this is one of the most under-funded departments of the Community. There are not only two officers, but they have very little resources allocated to that department. They cannot even afford to properly outsource because they are handling issues of internal systems. So, how do you expose your own systems internally to anybody passing around in the name of a consultant?

So, we need to support these people in the budget allocations with more staff and then we can come back here next year and talk about irregular procedures. But before we do that, it is not right or fair to even mention non-compliance to regulations and systems, because who is supposed to comply? Two people; 20 projects; US \$50 million in one part and US \$12 million in another! How?

The other issue I want to talk about is on item five on the audited financial statements of the Mt Elgon Regional Ecosystem Programme (MERCEP). I would like to congratulate the committee for following this matter because it has been coming up since the last audit report. I would also like to note with appreciation, like hon. Nangale and others did, that the management of the project, since March this year has changed to the Lake Victoria Basin Commission. This is a positive trend because we had a problem with the management under the IUCN. So, we hope for the better. I want to be on record as congratulating the responsible stakeholders for making the changes. I hope that we



will now see better management and follow up of systems and activities.

I would like to support the idea that the different stakeholders should be facilitated to travel and see what is happening at the Mt Elgon conservation area. This is one of the tangible projects of the Community, and people want to see tangible projects. I happen to come from that area by way of marriage. I am married in that mountain area there in Sironko District. So for me I don't need per diem to go there; I go home every other day. I am impressed with the new developments. There is a properly grown plot of trees, which is visible, and since last year, the local government of Sironko has been properly sensitised about this EAC project. So, I want to stand here as an elected Member coming from that area and say that I am proud to point at something that comes from the Community. It is good to hear people say, "We are conserving our mountain", and "this is a project of the EAC". The trees have grown and people have appreciated the new feel of the environment. I wish we could do more tangible projects, so that wherever we go we can point out something physical as a project of the Community. That creates ownership. That, to me, is a positive move from what I and other Members suffered the last time.

Some locals went and cut the trees like savages who don't understand development, but at least there is a change of ownership now and more appreciation. I hope we can move in that direction. It is ten years now and we should be able to have more projects that people can point at and own. Trees now are very marketable. Apart from conserving the area, there is a lot of money in timber. I hope that

people from that part of the Community can now plant more trees and make money in the process. So, I would like to join my colleagues from the Committee on Agriculture, Tourism and Natural Resources as well as from the Committee on Accounts to congratulate the new management in terms of this particular project.

Mr Speaker, on the way forward in relation to what the committee has proposed I would like to propose that while we are observing the ten years of the EAC, we should begin thinking about observing EALA at ten years. This is, of course, without prejudice. Why am I proposing this? Since yesterday, Members have been proposing what can be done, but I think we should be able to document what we have been able to do in the last ten years as an Assembly and what we want to see in the future.

If you look at the EAC programme for marking ten years of the Community, we are all part of the activities but as the different organs, we shall make a lot of input if we take off time to document what we want to see as an Assembly in the ten years of the growth of the Community. Why am I saying this? We would be able to document, as an Assembly, what type of institutions we want to see after ten years. I have a lot of confidence that this Assembly can bring about a lot of changes that we would like to see if we want to. I just want to quote one example.

When the Assembly was inaugurated in 2001, the ministers, whom the hon. Ogalo referred to, also doubled as Ministers for Foreign Affairs, and they were never here. There is a Minister who made a record for staying in the Assembly for only was one hour. He came, he was sworn in and he

disappeared until the term of the Assembly expired. *(Laughter)* But, it was not their fault, Mr Speaker.

A Minister for Foreign Affairs is too busy to sit in the Assembly of the East African Community or even attend to other matters of the Community. Those people are the faces of their countries. They are all over the world representing their countries. So, we lamented and began a campaign of ensuring that we got Ministers specifically responsible for the EAC. This campaign went on and we met the Presidents – it is possible to meet the Presidents either by delegation through the Speaker or as the whole House. We have done that before.

We have flown to Dar-es-Salaam to meet the former President of Tanzania over matters of the Assembly. We went to Nairobi and passed a resolution as an Assembly that we must have Ministers for the EAC, and the guest of honour was the former Vice-President of the Republic of Kenya, hon. Moody Awori. It was an emotional meeting. Mr Awori - I think he was 72 at that time or at least such some advanced age - said he would like to enter his final resting place when there is a fully-fledged East African Community. If all we wanted from him, representing the President, was a Ministry for EAC, he would deliver it. Kenya was the first country of the three original Partner States to give us a Ministry for the EAC. *(Applause)*

Why am I saying this? I am saying this to show that this Assembly can bring the change that we want to see. *(Applause)* Now we have an Assembly that has Ministers that can listen to us.

I would also like to quote hon. Koech. He said that we should continue

talking and talking because one time there was a hyena in the bush which was addressing a rock and the rock was not answering back. The hyena told the rock, “Even if you don’t respond, you have heard me”. *(Laughter)* So, I don’t know who the hyena and the rock were, but that was a quotation from the former Minister of EAC from Kenya; our first Minister of EAC from Kenya, Mr Koech. He said we should never stop talking. But we asked him who the hyena and the rock were; he never gave us the answer, so we left it at that.

For the case of the Audit Commission, we want a permanent Audit Commission for East African Community so that we do away with part timers from the Partner States. We want an expanded internal audit which is operational. It is possible. We have done impossible things before. So, I think this is a good report, and it should help us to document where we want to go. I want to propose that we should be able to sit down as an Assembly and list out and document things that we would like to see happen after ten years of EALA. I thank you. *(Applause)*

**Dr Aman Kabourou (Tanzania):** Thank you, Mr Speaker, for allowing me to participate in this debate during the commemoration of the 10<sup>th</sup> Anniversary of the EAC.

I don’t have much to say, except to begin with the report of the Committee on page 43 where we have general observations and the conclusion. From these I can understand that the Committee has tried its level best to meet the conditions, but we certainly have problems. This is a challenge for the Assembly to try and rectify the situation.

I should also commend the Council of Ministers for availing the Assembly these annual audited accounts on time so that we have an opportunity to look at what is happening and, therefore, offer our advice.

I should say that I was once the Chairman of the Public Accounts Committee in my national assembly, and for a long time we basically only did post mortems of the audited accounts, but the Council of Ministers has made it possible for us to look at things that happened just a year ago. So, I think that is something to be proud of. (*Applause*)

I would also like to join hon. Wanyoto to demand that we have a permanent audit commission, made up of East Africans, of course. But again, the sovereignty issue is a problem here. Looking at the list of the audit commissioners here, you have this senior principal auditor, office of the Auditor-General Uganda; principal inspector, principal auditor, director of audit in Tanzania, you have the national audit office...I don't remember meeting anybody below the real Director of Audit in the country when I was Chairman of the Public Accounts Committee. They had to come themselves. But anybody can just come here and what do they say? They say, "Well, they did not give us any documentation". And this is what we have to say in our own committee reports? What do we have?

I think some rules have to be changed to allow for the Committee on Accounts to have punitive powers. I remember fining these people. I am sure if some of these people are fined two or three times, they would want to work very well. But now, this is just leaving us to lament. Therefore, what we do is to just come here and keep

talking about how we were told this but nothing came up, and the audit commission is not even strong enough to challenge those who it audits. I think we need a permanent audit commission made up of authoritative entities.

Mr Speaker, on page 27, there is the issue of the *RV Jumuiya*. I don't know what RV means – (*Interjection*) - Oh; someone is saying "River Vessel." (*Laughter*) From the report, the *RV Jumuiya* is obsolete. Let me quote this. This thing is not even sea-worthy - I don't know why they talk of seaworthiness when it is a river vehicle. This is an obsolete boat, which was given to us by DFID, and we happily accepted it, and so we became a dumping ground. (*Shame; shame!*)

Mr Speaker, I know that as East African Community we have a law on standards, just like the Partner States have laws on standards. I know that you cannot bring in any vehicle that is ten years old into Tanzania or Kenya. What happens at the East African Community level? Can you just bring in anything, even something that doesn't even move? Then you wonder; how did it come here? Did they have to carry it on some kind of train? I don't know. But my question is simply to ask if, as promised, this vehicle has been fixed. We were told that in 12 weeks it would be ready. It was to be fixed by a Mwanza consultant. So, is it fixed? If it is not, what kind of punishment can we think of according to our standards law for East Africa, which would be appropriate for whoever accepted this gift from the DFID?

Mr Speaker, after listening to the debate by my colleagues on the *RV Jumuiya*, some of them have lamented, of course, but quite a few have proposed a way forward. I wish to say

that if we can get the answer to how old exactly the *RV Jumuiya* is, and how much is expected from us to fix it before it becomes operational, and if it is necessary to continue fixing it when it requires so much capital and money; do they have to ask donors to help us again? But I thought we should have a standard which any body or agency that wants to donate to the EAC will have to adhere to, otherwise we will become a dumping ground. *(Interruption)*

**The Secretary-General of the Community (Dr Volter Juma Mwapachu):** On a point of information, Mr Speaker, hon. Kabourou has gone at length about this RV vehicle or vessel, but I just want to clear the honourable members' mind that actually the *RV Jumuiya* is a vessel that was given to us by the British Government. It had done considerable work on Lake Nyasa. It was broken down and then brought to Mwanza, reassembled and over the last two years, it has done navigational studies. Port Bell now is accessible and so is the port of Mwanza, as well as the port of Kisumu. That vessel has worked very well for two years. Of course, it was an old vessel, but it doesn't mean that it was obsolete, no. It was like the hon. Kabourou's car which could be 10 years old but well maintained and still moving. *(Laughter)*

So, the *RV Jumuiya* is well and sound. What we are trying to do right now is to introduce into the boat some very modern navigational equipment, and particularly computerised systems that will enable this vessel to undertake hydrological work. We are still going to finalise the navigational entry into the other ports of Musoma and Bukoba, but the ship is well. The contract has already been awarded to a

firm in Mwanza, which will be installing this latest equipment.

**Dr Kabourou:** Mr Speaker, I would like to thank the Secretary-General for the information, although about the *RV Jumuiya*, which somehow has been compared to my vehicle - *(Laughter)* - I have been on this boat, and let me assure the hon. Secretary-General that my car is only three years old. *(Laughter)* However, let me raise a little concern about this.

The report we are discussing was tabled here yesterday, and on page 27, it says: "*The Lake Victoria Basin Commission management further reported that the engine and generator needed to be replaced, but had no budget. However, proposals were written and money secured in April 2009. A contract has already been concluded with a firm based in Mwanza to repair the vessel and that would be completed after 12 weeks.*"

Honestly, I am not a mathematician, but I think April to November is quite a long time. It is more than 12 weeks. That is why I just want to know what has happened. Now, if the Secretary-General wants to assure me that the contract is over and the vessel is now sea-worthy, well, that is another story, but according to this report, so far they have just offered a contract to this firm.

We have an East African standards law, I don't know what it says about importing or accepting obsolete vehicles into the East African territory whereas some partner states are very concerned about that to the extent that they have put a limit and they even charge you a dumping fee. 50 percent of whatever price you paid abroad will be charged against your vehicle if it is 10 years or older. That is the law in Tanzania, and I am quite sure the same

is true for Kenya and Uganda, except for Burundi and maybe Rwanda. So, I want this answered and I also want to know how old this vehicle is. I thank you.

**Mr Frederick Ngenzebuhoro (Burundi):** Thank you very much, Mr Speaker. I will not take as long as others have taken. I just need some clarifications.

First of all, I would like to ask the committee to clarify if the information given on page 26 in part three is true. It reads “*the audited financial statements of the Lake Victoria Basin Commission for the year ended 30<sup>th</sup> June, 2007*”. That must be a mistake; it should be 2008. Otherwise, it would be inconsistent.

Secondly, I would like to say that I fully support the motion, and I take this opportunity to thank the committee for a job well done.

If you go through the report, you will find that the Council of Ministers has only laid reports on two institutions; that is the Lake Victoria Basin Commission and CASSOA, but we know that the EAC also has other institutions. Why only the two? When shall we have the audited financial statements for those other institutions?

Mr Speaker, I also have a small comment - (*Interruption*) -

**The Counsel To The Community (Mr Wilbert Kaahwa):** On a point of information, Mr Speaker, I would like to thank hon. Ngenzebuhoro for allowing me to inform him and the House that the reason the audited financial accounts cover only two institutions of the Community, namely, CASSOA and LVBC, is because of the nature of the institutions themselves.

These two institutions are created by protocols within the context of the Treaty. The other institutions of the Community, which are listed under Article 9 of the Treaty are created by separate constitutive instruments, and to that extent, they are self-accounting institutions. Of course, in future, there will be an attempt to bring all these institutions within the mainstream of the EAC. That explains what would appear as a discrepancy in the audited accounts.

**Mr Ngenzebuhoro:** Mr Speaker, I would like to thank the Counsel to the Community for that explanation.

I would like to go to page 12 and make a small comment about the assets of the projects. It has been impossible to capitalise the assets because of donor conditionality. I would like to say that donor conditionality must be discussed and not imposed. That conditionality must be acceptable to us. The donors insist on transparency, and I think we must also ask them to be transparent on this matter. I am not sure that all donors are necessarily charitable organisations. I have known some of them for a long time. That is why we must discuss with them all the conditionality. We are partners and not beggars. When these partners give us money, we must know how much they have given, how much has been put to the projects, and also how much has gone back. Money can go back through travels and salaries. All those must be clear because that money belongs to the Community and not the donors.

Mr Speaker, I don't want this House to think that I am exaggerating. I am insisting on this matter because those donors get money from other donors. If you looked at the chain, you would probably find that we are on the third level. For example, we have the

European Union and then an NGO like Frederic Ebert Stiftung, AWEPA and others, and then you have us. Those donors need us because they must justify what they have done with that money, and they need the report from our activities. Now, if we don't carry out those activities, they will not get money. So, they need us to be continuously funded. That is why we must discuss and agree on the arrangement. If you think that I am exaggerating, let me give you an example.

Very soon the Committee on General Purposes will undertake outreach activities in the five partner states. This activity will consist of visits to the national assemblies and also some healthcare centres. In the national assemblies, we will have meetings with MPs who are in charge of the health sector. But if you see the programme which has been done for us, you will doubt the efficiency of this activity.

On the 22<sup>nd</sup>, the committee will be in Bujumbura. On the 23<sup>rd</sup>, the committee will meet the MPs in the National Assembly and afterwards visit a health centre. What I know is that the bookings we have are such that we must fly to Kigali at 22.30 at night. How can you imagine that we can meet the MPs in the National Assembly, visit the health centres and fly to Kigali on the same day? It is nearly impossible. On the 25<sup>th</sup>, we must be at the Kigali Airport at 3.00 a.m. This means that we must leave the hotel at around midnight, because we must be at the airport two hours before departure. Then, we arrive in Nairobi and we go straight to meet the MPs and then visit a clinic. The following day, on the 26<sup>th</sup>, we must go to Kampala. (*Interruption*)

**The Speaker:** Hon. Ngenzebuhoro, I think we are discussing the report of the Committee on Accounts, not the itinerary of the General Purposes Committee. If anything, you should bring these things up with your Committee Chairperson and the Clerk to that Committee to find out who set up that itinerary. It is your committee to deal with those things. So please contribute to the motion on the Floor and not your committee itinerary.

**Mr Ngenzebuhoro:** Mr Speaker, this programme we have is nearly impossible. That is why I am saying that we can negotiate with donors so that we can have programmes which are not imposed on us. I say this because I saw in this report that they have problems to capitalise the money because the donors have given a conditionality. That is why I have given this illustration.

We must own our projects, and that is why we must discuss with the donors. This is why I fully support the recommendations of the committee so that the money is capitalised. (*Applause*)

**Mr Pierre Damien Habumuremyi (Rwanda):** Thank you very much, Mr Speaker, for giving me the Floor. I support the motion to adopt the report.

I would like to raise three issues. One is about accountability of the Secretariat and the Council of Ministers to the East African people. Unlike hon. Kidega, I am not a happy man because since I have been in this Assembly, we have debated several issues, made recommendations and passed bills, however, most of our recommendations are not implemented and yet the Council and the Secretariat are represented in this House.

I would like to propose that the Office of the Clerk should make for us data on all recommendations made by the Second Assembly, indicating the levels of implementation so that we can see how to operationalise Article 65 of the Treaty, which can allow proper cooperation between EALA and the national assemblies, and to hold to account the Council of Ministers.

Secondly, I appreciate the report of the committee, but I would like to know if the Audit Commission audited the EAC recruitment, nomination and consultant hiring processes. As you all know, the East African people must have equal access to opportunities in the Community. I would like to propose that in their next report, the Committee on Accounts should make sure that the Audit Commission audits the transparency of the EAC recruitment process.

Finally, I congratulate the Audit Commission for the good job done. However, I have one concern regarding the EAC projects supported by development partners, which is on page 16 of the report under discussion. It seems to me that the Audit Commission has emphasised only the absorption capacity of the funds and the implementation levels of the activities. I did not see in the report an assessment of the contents of the memoranda of understanding or agreements between the EAC and the development partners.

I would like to propose that in the next report, the Audit Commission should make sure that the memoranda of understanding reflect the EAC policies, standards, priorities and strategies, and that they respect the terms and conditions of the EAC organs, especially for the East African Legislative Assembly. They must

avoid concluding the memoranda of understanding which impose views and policies from development partners.

With those remarks, I beg to support the motion. *(Applause)*

**Mr Abdulkarim Harelimana (Rwanda):** Thank you, Mr Speaker, for giving me this opportunity. As my colleagues said before, I take this opportunity to commend the committee for the good work they did for us and for the EAC. However, I am against some of the recommendations they have made because I don't see them helping the people of East Africa much.

When I look at recommendation 33.51, which talks about IT security and management in the LVBC which they say is not good but about which they had some explanation from the Commission, I think that this recommendation which states that "*the Committee however urges the LVBC management to have an updated inventory and to make use of internal auditors to harmonises institutions of the Community*" is not only to do with the Commission but also with other departments of the EAC. Even here in the Assembly we have got IT problems; we cannot access the internet as we would wish. I thank the EAC for giving us laptops, but sometimes we cannot use them because we don't have wireless internet access. So, I think this recommendation is made for all departments of the EAC.

There is this issue which hon. Kwekwe talked about yesterday and which hon. Kabourou emphasised today. I saw Members laughing about it as if it is just a joke. I have got two examples, which happened in Rwanda. I was a Minister for Internal Affairs, and we

got aid from the UK Government of Bedford Fire Trucks. This is a very old brand of vehicles. I think they were either used in the First or Second World War to fight fire during those wars. So, 20 or 25 of them were sent to us, but they have never gone on the road to work. They were just dumped there until today, 10 years later. Never have they fought a single fire in Kigali or elsewhere in the country.

Another example, which also happened in Rwanda, is about a chemical called Mancozeb. It is some kind of fertiliser which was also given to the Government of Rwanda, but it had expired. It was almost causing big problems for our people until a decision was taken by the Cabinet to build a concrete pit to bury it. We don't know what will happen afterwards, but at least it is buried there. So, if we just accept what we are given by our partners, I think sometimes we may even accept poison.

This vessel which is in Lake Victoria now, although the Secretary-General tried to defend it by saying that it is sound and good and kicking, the report here says that it has at least six faults, and some of them are major. The committee is recommending to some day make some site visit to the specialised technical marine engineer. For me, I don't think we need a field visit to the lake because of this very old vessel which is lacking major parts. I don't think there is need for them to go there unless they just go there to give a recommendation to the people who brought it here to take it back to Lake Nyasa. *(Applause)*

Mr Speaker, I saw on one of the television stations here last night that Tanzania had acquired at least two vessels which can do the same job. I saw three flags in those vessels as they

moved in the lake. I saw the flags of Kenya, Uganda and Tanzania and they are moving around doing well. Therefore, if we can get one for East African Community like those ones, it would be better. If we cannot, we can borrow those ones from the Government of Tanzania.

Mr Speaker, as I conclude, I want to say that sometimes when our development partners have nowhere to dump such things like this vessel, they change them into donations. Therefore, I think it is good to take a decision not to accept whatever we are given because sometimes they can be dangerous to us. The name "RV *Jumuiya*" is good because it is an East African name, but the work which is supposed to be done is impossible. I thank you. *(Applause)*

**Ms Jacqueline Muhongayire (Rwanda):** Thank you, Mr Speaker. First of all, I would like to thank the Audit Commission and the management of the Secretariat and the Committee on Accounts because their interaction and exchange in this report was frank and sincere, and better than for the previous year. I think this is a positive step in the management of the EAC. *(Applause)*

I want to say something on the time frame of the submission of the report. Article 134(3) of the Treaty reads: "*The Audit Commission shall submit its report under paragraph 2 of this Article to the Council, which shall cause the same to be laid before the Assembly within six months of receipt for debate and for such consultation and action as the Assembly may deem necessary.*"

This paragraph has been discussed by the Committee on Accounts. I think there is need for the Assembly to be



clear on the time frame of the submission because if we must wait for six months from its reception for the Council to lay the report before the Assembly, can you imagine the delay if the Council does not receive it in the appropriate time? I think we need to be clear on the timeframe for the submission of the report. This timeframe is very important because it will allow the Committee on Accounts and the Audit Commission to interact to make a detailed analysis and to scrutinise it for the purpose of improving the effectiveness of this audit report.

On the issue of internal audit, the Audit Commission recommended that there is need to upgrade and expand the internal audit department for the Community to grow. It is not only inadequate staffing; I think there is another problem to be addressed. This problem might have to do with the structure of reporting. As we know, these internal audit reports are made to the Secretariat, and I think the problem here is a problem of the hierarchy of power. This is why the Audit Commission has recommended a new structure where the internal audit can report to an audit committee, and not directly to the Secretariat management.

It has been said that the Committee on Accounts has frustrations, but I think the internal audit unit also has frustrations. Every financial year, in every audit report we have these problems coming up again and again, and I think the next financial year we will have the same problem. I think there is a problem of goodwill.

On the issue of the EAC management manuals, as many of my colleagues have pointed out, they are still drafts, and I would like to get assurance from the Council that by November, and

while we are celebrating 10 years of the EAC, we will finally have the final documents for the management of the EAC.

On the issue of the implementation of projects, it has been noted that there is delay in project implementation, which affects achievement of the planned objectives. As we know, the EAC budget comprises two parts; the recurrent and development budgets, which is for projects and programmes. I think the development budget is more than 40 percent of the whole budget. The report is mainly on the recurrent budget. I don't know why, but we were informed that there was no easy access to the documents and agreements for the projects and programmes. I don't know how it happened, but the Audit Commission was frank and sincere. The next audit report should be better and more complete.

I hope that the audit for the financial year 2008/2009 has already started in order to have the final report at the appropriate time. I also hope that this time the report of the Audit Commission will contain a performance report on these projects and programmes, because the money from donors is not from charity, as one of my colleagues has said. It is money from the donor community taxpayers. The same applies to the taxpayers of the EAC. We need a very strong internal audit system to control the day to day use of this money. Internal audit is a continuous exercise. It needs independence. Here, I would like to request the Council and the management of the Secretariat to ensure that this internal audit is totally independent for the benefit of the people of East Africa and for the benefit of the integration process.

On the issue of the funding of the Community, as has been mentioned by

different Members of this House, it is stated in the EAC Strategic Plan 2006/2010 that there is need to explore different sources of sustainable revenue to the Community to finance the recurrent and development budgets for the EAC projects and programmes. I think hon. Ogalo has highlighted some developments about this exploration, and I would also like to hear from the Council the progress report on this exploration of alternative funding for the Community. I think we cannot say that we would not want to have donor support when we know the situation we are in, but this issue of EAC financing is a critical matter because the Community should depend less on donor funding, especially for core activities. With those remarks, I beg to support the motion. *(Applause)*

**Ms Valerie Nyirahabineza (Rwanda):** Thank you very much, Mr Speaker, for giving me the opportunity to contribute to this motion. First and foremost, I wish to register my thanks to the Committee on Accounts for the good job they have done.

My intervention will focus on a few aspects, because most of what I wanted to say has been covered by my colleagues who spoke before me. The first one is the failure by the East African Community to harmonise policies. The main example that was given here was the land issue. This issue should be handled seriously, and policies should be harmonised as previously said because, as many of my colleagues have stated, the EAC is expanding and new institutions are being created. As hon. Ogalo was saying, the EAC Youth Council and the EAC Women Council are already in the pipeline. The Sectoral Councils have thought on it but also some Members of this august House are planning to work on those draft Bills,

together with either the Council or independently, to bring them to the House for legislation. So, it means that if the EAC Youth Council is due to be established either in Rwanda or Uganda, we need this policy harmonisation to avoid conflict.

My second point is on the failure to implement decisions. On pages 9 and 10, the issues of depreciation rate, devaluation of assets, assets register itself, disclosure of projects' assets and so on, are still appearing. It is very shameful to note that although we are encouraging that key departments to be strengthened so that they can fulfil their mandates, this recommendation has not been taken into consideration.

On pages 9, 10, 11 and 12, it is clearly indicated that the Audit Commission is really playing its role by giving clear recommendations on what should eventually be done for things to move smoothly within the EAC and to comply with international public sector accounting standards. The EAC management seems not to be bound by that, and yet the EAC management is still making the same mistakes.

The report before us indicates that the auditors have in the previous years given recommendations on how the depreciation policy of non-current assets should be reviewed to reflect the wear of assets, and to adjust the financial statement accordingly. The same auditors also advised on how fully depreciated assets should be re-evaluated to reflect their value in the financial statements, and the necessity of putting in place a complete assets register containing all information pertaining to those assets. But you can see that although the auditors made these recommendations in the previous audit reports, the EAC management did not comply.

I appreciate the fact that not only the internal audit unit but also the other staff of the Secretariat are doing their best to develop different manuals to make things move smoothly. So, I call upon the Council of Ministers to ensure that in their next meeting, everything is adopted so that the manuals can start being used from next year. We do not want to come back here to lament again.

My last point is on these development funds. Many donors are coming in just to bring money. The EAC, through the Secretariat, is identifying necessary projects to be implemented in different or various sectors. So my question here is, has the Secretariat proceeded to a performance assessment? I propose that they carry out a performance assessment because I don't think that we really know the achievements or the failure of that fund, yet the percentage of disbursement does not necessarily imply the same percentage of performance. Otherwise, I encourage the development partners to bring more money, and the Secretariat to help the partner states to identify projects and also to measure impacts of those projects on the lives of the East Africans. I thank you. *(Applause)*

**The First Deputy Prime Minister and Minister for East African Community, Uganda (Mr Eriya Kategaya) (Ex-officio):** Thank you, Mr Speaker, for giving me this opportunity. Our Chairperson will give the collective position of the Council, but I thought in my own capacity as somebody who has been around for some time, I would give my comments on some of the issues raised. It does not mean that these are the views of the Council; they are my personal views.

There has been a lot of concern about the incapacity of the internal audit department in this process of auditing the accounts of the Community. Of course the internal auditor is important for early warning within the department itself, but when I looked at pages 4, 5 and 13 of the report, the concern is not really unmitigated disaster.

On page 4, item 2.13, in the last paragraph states: *"The East African Community reported that the report of the consultant that recommended the upgrading and expansion of the internal audit unit is complete and ready to be taken to the next Council of Ministers in November, 2009. The new proposed structure also proposes that the unit would be reporting to the audit committee, whose membership and composition is yet to be finalised. The management reported further that money has been sourced to fund two internal auditors for at least two years. The Deputy Secretary General, (Finance and Administration) confirmed that the recruitment would be done by the end of 2009."*

Then, on page 5, paragraph 2.14 says: *"The EAC management reported that the consultant had produced a final draft of the financial and accounts manual, which will be tabled before the special Council of Ministers that will consider all manuals in November 2009."*

It goes on to page 13 to show that some steps have been taken, which means that there is concern that this department is not strengthened to the level that we want. But as one Member commented, I hope the Secretariat will help us to say exactly what is needed in terms of training, manpower and resources. Let us not talk about money

only, but also equipment for this unit to be able to do its work.

The second point is on what we call land policy, which is on page 9 of the report. The recommendation of the committee reads: *“Direct the Secretariat to secure land titles of all land belonging to the EAC and develop a land policy that will govern all land housing EAC property in the EAC partner states, and submit the reports to the Assembly.”*

I am emphasising the word “land policy.” I think the Secretariat will have difficulty to have a land policy on this matter. I would like to report to the House that so far the institutions of the EAC have titles for the properties in the different partner states. Of course, for the EAC headquarters here, we have a plot and a title. This must be under the Tanzanian land law. In Kenya, the Lake Victoria Basin Commission also has a title, and it is recognised under the law. In Uganda, I can also report that the East African Development Bank has property and a title in Kampala, next to our Central Bank. The Lake Victoria Fisheries Organisation also has a beautiful headquarters in Jinja, which I have visited and they have a title under the Ugandan law. Recently, the IUCEA also received a land title under the Ugandan land law, and so has the CASSOA headquarters.

Therefore, on the question of land policy in the region, in the coming Protocol on the Common Market, we are proposing that land for the time being should remain under the laws, regulations and rules of the partner states. So, if we are talking of policy, then that is the land policy. I think there are two issues which should be clear to you. One is valuation, which has nothing to do with land policy. The

valuation of all these East African Community properties can be done under our various land laws.

The second issue has to do with Article 138 of the Treaty, and this one is talking about the status, privileges and immunities of these properties. This is a separate matter from the land policy. I am sure the Chairperson of the Council of Ministers will report that steps are being taken to handle that matter.

The third point I want to touch on is on page 23 of the report, which is on travel and subsistence allowance. I am equally alarmed about the increase in our bill. I think we need to look at it more. An increase of 87 percent is a cause for concern. Much as we are saying it is because of the negotiations of the Common Market and the rest, I think we need to look at these bills. First of all, is the travel value for money? Are we not jumping up and down just attending some conferences without getting value for it? We shall look at it as Council and also the Secretariat. *(Applause)*

Last year, I was in Nairobi, and I wanted to consult the headquarters on something. I did not get anybody of authority to consult. The Secretary-General was out, his deputies were out, and the only person I could talk to was the telephone operator, and of course, I could not consult the telephone operator. But to find the headquarters completely empty of anybody in authority, I think is not good for the Community. At any given time, there must be somebody to take a decision at the headquarters. *(Applause)* I have discussed this matter with my colleague, the Secretary-General that there must be some agreed schedule of what is to be done. Therefore, I equally share the concerns of the committee

about this increase of 87 percent in our travel bill.

In general terms, there is the issue of human resource management. In 2007, in Kampala, we took a decision in the Council to direct the Secretariat to divide the staff into two categories; professional staff and general staff. This is because, often we have found ourselves as Council, which is a very important organ according to the Treaty, dealing with small appointments and we get bogged down for a long time. So, we had suggested that what we call general staff should be hired by the Secretariat, and they should not bother the Council at all. Professionals; yes, but I also want to make another proposal on them.

At the moment the Council is involved in minute recruitment of staff, and of late I am seeing a tug of war in these appointments. That brings me to the question whether, if somebody is appointed as a professional in the Secretariat or in any organ of the Community, he is a delegate of his country or he is an employee of the Community. If we are moving from individual partner states to create a cadre of East Africans who work for East Africa, then those who are recruited must really feel they are serving East Africa and not as delegates of their countries. *(Applause)*

I can see the danger of keeping this decision. If we are saying Kategaya, Uganda; Monica, Rwanda; Hafsa, Burundi, when are we going to feel that we are East Africans? I think this is an issue we should look at in terms of human resource management. *(Applause)*

Mr Speaker, the other point I want to raise on this issue is that I am beginning to think - and hon. Members

can also think about it - that as we expand, can our present method of recruitment and interviews continue, or should we have a separate professional group, like an East African Public Service Commission so that the pressures we get in the Council...if I may confess, when I joined the Community as a Minister - I do not want to mention names, and the Secretary-General knows about this - one time one of our colleagues brought a list of people to be deployed or employed in the Community. Those were people, who had not applied or done interviews, but he was going for elections, and he was looking for votes in his constituency so he brought a list of some people to be employed. I said this cannot be! I told the Secretary-General this could not be, because if we did that, then each Minister would come with a list from his village mates or constituents to be employed in the Community, and it would be dangerous. That is why I am thinking, should we not think ahead, now that we are expanding, of a kind of East African Public Service Commission to relieve us, the Ministers, of the pressures we get? *(Applause)* I have been thinking of this question of late.

We are discussing this report in the context of celebrating our 10<sup>th</sup> Anniversary. Yesterday, Mr Speaker, you rightly asked, should we give an impression that nothing has been done; that we are corrupt? I don't think so; I think we have cause to celebrate, in my view. If you look at where we started and where we are now, we should have cause to celebrate and to congratulate ourselves because, one; we have now created consensus in the region that we want to integrate. This is no longer an issue. This is a big step; to agree to integrate. It means we are ceding our sovereignty to a bigger unit, which is strategically important. To me it is a

big achievement because these days the debate is not whether we should integrate; it is when and how and at what speed. This is a big achievement in this region, in my view. *(Applause)* Of course we have also expanded our membership, and here we have an Assembly which is small but vibrant. The more I read what is written by Members, the more I see we have a bit of brains around here. *(Laughter)* Mr Speaker, I know they want me to praise them to the skies, but I am just doing it to make sure I continue. Don't think that you have done everything good. *(Laughter)*

We have established a court, which is functioning; we have established a Customs Union which has achieved two things, which are strategically important. The first one is that intra-East African trade has expanded. This means that now we can start planning on an East African basis. We can have industries specifically for the East African market. That will give us independence. The things we are talking about donor funding and donor dependence, the moment our economies expand by our industries expanding production based on our resources, then we shall have had a strategic achievement. *(Applause)*

Secondly, cross-border investments and direct foreign investments have increased since we started the Customs Union. These are very important strategic milestones in terms of economic development. To find that we have common training of our armies, joint exercises in sports and operations as we have done this last month, is an achievement. Nobody has done it in the other regional blocs. *(Applause)* Meanwhile, we are working on a number of protocols on defence and security, common foreign

policy, preventing and combating corruption; all these!

Lastly, Mr Speaker, although people are complaining, I personally see that we are improving our methods of work. I remember the debate we had on the budget in Nairobi. Those who were there will remember how we almost failed to pass the budget. But I have been told that with our new method of pre-budget interaction we are now trying to merge projects with the monies we have, which is a big improvement. *(Applause)* I am sure in the next budget we will not have any problem of matching our finances with our projects. Even the report here is talking of improvement; strengthening internal audit...nobody is quarrelling with that; that is actually the right direction.

On the financing of the activities of the Community, it is not true that Uganda is silent. I will speak on behalf of Uganda this time. We are not silent; we have been studying these proposals. First, what did we start with? Equal contributions, even when we actually know that in terms of the sizes of economies, we are not equal. The idea was, no senior or junior partners. This is not a legal firm. This is a political firm. *(Laughter)*

We wanted to make sure that everybody comes in as an equal. When people have settled down and feel that they are equal, then we can talk about other methods. That is why we settled for equal contributions, just like we said equal representation in the EALA; nine members from each partner state. This is because we wanted every person coming in to feel equal to the other. We have to give that sense of confidence. Integration is not a one day affair. As Dr Ndahiro has correctly put it, it is a process. Therefore, that was

the idea behind the equal contributions; make sure nobody feels junior or senior. Once people feel confident that they are equal and participate equally, then we can look at other methods of raising money, because we need the money as the Community expands.

But even on the question of customs percentages, we thought that once the Customs Union is fully operational and we have a Common External Tariff, we would be able to know exactly how much money comes in, because a customs union will mean that we shall have two points of entry into the Community; Dar-es-Salaam and Mombasa. It will mean that the revenue authorities of all the States will have access to information at those two ports; whatever comes in, they will know.

In other words, the revenue authorities will be talking to each other, and they will have authentic figures, which will mean that there will be no cause for debate on what Uganda has collected, or Burundi, Rwanda, Tanzania and Kenya. We said that before that happens, we would cause more quarrels than integration, because if you say we should pay five percent, I would say, of what, and then we would go to the figures and start quarrelling. Without back-up or factual information, we could cause unnecessary conflict. We could be just like Sudan.

According to the Comprehensive Peace Agreement, Southern Sudan is supposed to get 50 percent of oil revenues, but the question was 50 percent of what? The problem is that it is one party which has the information on how much is earned. So, 50 percent would depend on the person who is selling, and they could just tell you that this time we made Tshs.100, so take

Tshs.50. In fact, I met my colleagues from Southern Sudan and they said that when the oil prices went up, their share went down. So, we have to study these customs percentages.

I have no problem with the position taken by the Republic of Burundi and the Republic of Rwanda. Maybe they are satisfied, but in Uganda we thought we should study these further and have a credible, believable system which would not cause conflict. In integration, we should minimise conflict at any given time.

On the issue of donor funding, I wish we could be self-reliant in principle. In fact, His Excellency President Kibaki was saying that one of the things we should fund ourselves is integration. That was his view, but if you go back home, we know donors are there. I don't know how we can say they should be in our partner state economies but not at Community level. I don't know whether we would manage, because they are all over the place anyway. However, I think there are two factors that we should bear in mind. First, donors should not fund our core activities. We should definitely take that as a principle, because if they do, then they will slow down our integration. (*Applause*) They have their own politics.

Donors are also interested in us because we are doing something. If we were not useful, they would not be coming to us. If you are doing nothing, you will not see them there. *Wanaangalia mbali*. Nevertheless, we should not accept control of our core programmes; that should be very clear. (*Applause*) In other words, we should not lose initiative in terms of priority and how we move and who we work with. That is what happens. Sometimes, they will say, "By the way, why do you want to associate with that

fellow? He is going to bring wrong things in your Community” but that initiative should be ours. I don’t think we have the resources and capacity to hold them off because they are all over the place.

The other time I found them in my ministry, and I said who called you here? They said we are coming to help you. I said let me first of all work out the programme and then I will call you when I want your help. But I found out that they had infiltrated my Ministry through some officials. They were telling me these fellows are here; they are good. Then I asked, “Who called them here?” I found them in the corridors. But I said, “No, please let us first work out our programme; where we cannot fund the programmes, then we can call them and ask them to fund those programmes, rather than them making the suggestion.” They have that tendency to come and suggest where you should go. For the time being they are an inevitable evil, but let us know how to handle them. I thank you. *(Applause)*

**The Minister for EAC Affairs, Kigali and Chairperson, EAC Council of Ministers (Ms Monique Mukaruliza):** Mr Speaker, I would like to commend the Committee on Accounts under the chairmanship of hon. Christopher Nakuleu for producing a well focused report, with candid recommendations geared to the improvement of the management of the affairs and resources of the Community.

I would also like to thank the hon. Members who have debated the report for their valuable contributions. They are hon. Mulengani, hon. Byamukama, hon. Karan, hon. Lotodo, hon. Kwekwe, hon. Zziwa, hon. Harelimana, hon. Kidega, hon. Ogalo,

hon. Nangale, hon. Ndahiro, hon. Wanyoto, hon. Kabourou, hon. Ngenzebuhoro, hon. Habumuremyi, hon. Muhongayire, hon. Nyirahabineza and Rt. Hon. Kategaya. The Secretary-General only made a clarification. *(Laughter)*

Mr Speaker, I would like to inform this august Assembly that we have addressed some of the recommendations highlighted by the Audit Commission, and the Secretary-General will ensure that the specific directives to the Secretariat are adhered to.

Mr Speaker, I would like to group my comments as follows. One will be on the construction of the EAC headquarters, the second one will be on strengthening the capacity of the internal audit unit, the third one will be on development and implementation of governance instruments, the fourth will be on management of property, plant and equipment, the fifth will be on monitoring and evaluation of projects and programmes, the sixth will be on resource mobilisation, the seventh will be on EAC investment guidelines and the eighth will be on the conclusion of the Protocol on Privileges and Immunities, while the ninth will be on forensic audit on Mt. Elgon Regional Ecosystem and Conservation Project.

On the construction of the EAC headquarters, I am happy to inform this august House that the ceremony for the laying of the foundation stone for the construction of the EAC headquarters will be carried out by the Heads of State on 20 November 2009. This event will coincide with the historical signing of the Common Market Protocol. *(Applause)*

As acknowledged by the Clerk of the Assembly, I am happy to report that



the Secretariat complied with the directives of the Assembly and submitted to the Clerk all the relevant project documents pertaining to the construction of the EAC headquarters. The Secretariat will submit copies of the project documents to the Audit Commission for verification. The Secretariat has also been submitting quarterly implementation progress reports to the Assembly, and will continue to do so in future.

On strengthening the capacity of the internal audit unit, I quite agree with the Audit Commission's recommendations that owing to the growth of the Community, there is a need to upgrade and expand the internal audit unit, preferably to a directorate with two departments; one for internal audit and systems audit, while the other would be handling lease assessment and lease management. The department will be adequately equipped and staffed to enable it effectively perform its function. A functional review of the EAC is currently on-going, and the review will address the capacity needs of all the departments. Priority will be given to the internal audit unit. The functional review exercise will be kick-started by December 2009. *(Applause)*

In the meantime, the Secretariat has also made arrangements to employ two extra auditors through funding by a development partner, who will also train the auditors to enhance their technical skills. All these arrangements will ensure improved service delivery by the internal audit unit. There are reports, which the internal audit unit has produced, and these reports will be availed to the Audit Commission.

On the development and implementation of governance

instruments, I would like to inform this august House that the finance policies and procedures manual, the internal audit manual, the leave management strategy, the governance charter, the EAC code of conduct, the anti-fraud and anti-corruption policy, and the whistle blowing policy were considered by the Council of Ministers in September 2009, and there was a proposal to postpone the adoption, pending the finalisation of the transport policy, and human resource policy and procedure manuals so that they can be looked at in together.

Mr Speaker, sir, about 10 days ago, there was a meeting of various stakeholders, including some Members of ELA and partner state representatives. The meeting was to discuss the draft manuals. They were deferred because the human resource manual needed some more input, and the others, namely the anti-corruption, ethics and integrity, and the whistle blowers instruments were to be merged because there was duplication. But all these manuals will be considered by the Council.

**Hon. Members:** When?

**Ms Mukaruliza:** When they are finalised. *(Laughter)* As early as possible; I don't want to set dates which are not realistic. The 19<sup>th</sup> Meeting of Council is scheduled for next week, so I don't think all this work will be finalised by then for the Council to adopt the manuals.

Mr Speaker, the ICT policy, which was presented to the Council during its 18<sup>th</sup> meeting has already been approved and is now operational. Once all these policies and manuals are in place, the professional competencies, accountability and ethical behaviour

will be greatly enhanced, leading to better service delivery.

On the management of property, plant and equipment, I would like to report progress on the following: On the Inventory and evaluation of assets, including vehicles of the Community, I would like to inform this august House that the Secretariat has carried out a re-evaluation of the assets, including those fully depreciated and those still in use. Once the re-evaluation report is complete, a copy will be submitted to the Assembly. However, the land has not been re-valued and included in the financial statements as recommended by the Audit Commission. After consultations with the Tanzania National Board of Accountants and Auditors, we were advised that land acquired under lease cannot be capitalised as it remains the property of the United Republic of Tanzania.

The response of the National Board of Accountants and Auditors has been forwarded to the Audit Commission for their perusal and comment. However, the EAC Secretariat will submit to the Council a proposal on a harmonised policy of land that will be considered by the Council, may be by June 2010.

On the engraving of the assets of the Community, I would like to inform this august House that the Secretariat has carried out an exercise to engrave the equipment of the Community, and a copy of the report will be submitted to the Assembly.

On the maintenance of a fixed assets register, I would like to inform this august House that an updated and comprehensive fixed assets register is being developed. This register will include the months of purchase, location and condition of every asset.

On the revision of the depreciation rate, I am happy to report that EAC has revised the depreciation rate in line with good practice, and the new rates are reflected in the draft financial statement for the year ended 30 June 2009.

On the disclosure of project assets, I would like to inform this august House that all the project assets have been capitalised as recommended by the Audit Commission for the project accounts for the year ended 30 June 2009. It was not possible to implement the directive before that because the project financial statement for the financial year 2007/08 had already been audited when the recommendations were made by the external auditors.

On monitoring and evaluation of projects and programmes, I would like to inform this august House that a lot of improvement in the area of monitoring the implementation and performance of projects and programmes has been made. The quarterly reporting format has been considered and is awaiting approval by the Council. Meanwhile, EAC directorates are now preparing quarterly progress reports.

On resource mobilisation, in view of the fact that the current funding mechanism is not sustainable, the Secretariat has made proposals for alternative sources of funding, and the partner states have been asked to submit their responses by 31 December 2009.

On EAC investment guidelines, I would like to inform this august House that an investment committee has been established as recommended by the Audit Commission. Further more, the

Secretariat will submit to the Council, proposals on investment guidelines by June 2010.

On the conclusion of the Protocol on Privileges and Immunities, I would like to inform this august House that the Protocol on Privileges and Immunities of the EAC organs and institutions has been negotiated but it has not yet been concluded. Upon conclusion, the Protocol will provide the minimum basis for the negotiation and conclusion of various headquarters agreements applicable in the partner states. The Council of Ministers stood over the consideration of the draft employment policy until this protocol has been concluded.

On the forensic audit of MERCEP, the EAC has already advertised for bids for the forensic audit. The deadline for submission is the end of November 2009. The exercise is expected to be completed by June 2010.

Mr Speaker, I would also like to comment on *RV Jumuiya*. The Council of Ministers will ensure that a proper report is tabled before the next Assembly on this vessel. The vessel needs a new engine and on-board equipment to enable it to continue its work on developing navigation maps and to undertake hydrological surveys. I must emphasize that the vessel is not obsolete.

Finally, there was an input made by my colleague, hon. Kategaya, on the establishment of an EAC Public Service Commission. This has been a recommendation by the EAC Kigali Retreat, and will be examined by the next Council in its next meeting. I thank you. (*Applause*)

**The Speaker:** Hon. Members, I will now call hon. Mmari, on behalf of the Chairperson to reply.

**Ms Janet Mmari (Tanzania):** Thank you, Mr Speaker, for allowing me to rise on behalf of the Chairperson of the Committee to summarise some of the issues that have come up.

Eighteen Members spoke, and I do not have to recognise them individually because the hon. Minister has done so, but I also wish to thank them for their contributions.

The issues that have been raised on the Floor can be summarised as follows: the weakness shown in the internal audit department; the lack of manuals and policies; the lack of an assets register; the Council not taking its rightful position in accordance with Article 14(3(a) and (c) of the Treaty; the inability of the EAC management to answer queries that were raised by the Audit Commission. In fact when I talk about inability to answer queries, I also talk of the need for management to ensure that they complete the audit process by making sure that the exit meetings are fruitful and that whatever is recommended is taken. Finally, there are issues that relate to either donor dependence or things that donors do that we as EAC should not continue saying yes to.

Mr Speaker, in order to address some of the issues raised, and actually to appreciate the intervention given by the Council, I would wish, if you allow me, to state the responsibilities of the parties to the audit process, so that when we make recommendations or directions, as the case may be, we are on the same wave length.

There are about four parties to an audit process: The first one is actually the management. When we talk of management, we are talking of the Secretary-General and his staff, the Council and the internal auditor. In this case, we separated the internal auditor from the management, although actually he reports to management. The second party is the Audit Commission itself, which comes to audit and form an opinion of what has been done. The third party is the Assembly, which does post-audit of what has been done by the Audit Commission, and the last one is actually the people themselves. Those ones come later, but they have a role to play as well.

Mr Speaker, it came out very clearly that the Council and management have not played their part. If I take you back to the last meeting of the Assembly in August, the Council laid six sets of accounts on the Table this Assembly. The accounts included the EAC audits, the LVBC, the Partnership Fund, LVEMP II, MERCOP and CASSOA. They were six sets. Out of those, we only had three clean sets of audit. The other three were qualified audit reports, and the sixth one was actually what you would call a disclaimer.

When the auditors audit, they give you a clean audit report where they have been able to get all the information that they wanted, and they have seen that you have done exactly what you were supposed to do. In cases like that, they will say that in their opinion, the financial statement presents fairly, in all material aspect, the financial position of the entity that they have audited. Those were very few. They said that there were only three institutions, and they were all from LVBC, and that is why we concluded

by saying that we need to commend LVBC.

Mr Speaker, when you talk of audit qualification, it is given when you have done some few things well and the auditor was able to make an opinion, but there are things that you have not done. In this case, you will find that the Community accounts were qualified because they did not conform to standards that exist in terms of international accounting standards to which they subscribe, mainly in the area of valuation of assets, which includes land. The other one is because of depreciation.

Mr Speaker, notwithstanding what the Minister has said that they have now allowed the Secretariat to change, those are very simple things because those are things that the Council could have approved a long time ago. So, in this case, we commend the Secretariat for having come up with all the policies and laying them before the Council, including the 11 sets of policies and manuals, which are still lying with the Council, which we have been told cannot be looked at until next year. The danger is that since the auditors are coming to audit again we are likely to see qualification in our next set of accounts.

When you get a qualification, what does that mean? Any external person looking at the accounts will say that things are not right here; there is something wrong. In fact, in many occasions, people do not actually know whether a qualification is light or serious; whether it is material or immaterial.

Yesterday, when I was going out, members of the press asked me questions, which led me to believe that people can actually form a wrong

opinion, which is very serious; they can think that wrong things were done. Mr Speaker, you yourself ended up saying that the issue of corruption had not been mentioned in the report, so members should not speak on it. But simply because our accounts are qualified, some people may think that there are corrupt practices.

What I am saying is that we should ensure that we do not put ourselves in a situation where we do not have clean certificates; a clean bill of health. If you can be clean by just making sure that you have a policy, or you are there for best practices, why not do it? So, notwithstanding what the Council has said that the Secretariat can now go ahead, I would still urge the Council to look for time so that they can review these manuals as a matter of urgency to ensure that at the end of the day we get a clean certificate for the institutions of the Community. *(Applause)*

Mr Speaker, let me now look at what the auditors have done for this year. I would say that when you look at the progress made, there is a lot of improvement on the part of the EAC in terms of management and reporting. I would, however, ask the Secretary-General and his team to ensure that when it comes to exit meetings or the audit process, the right answers are given. I can give an example. When the auditors were asking about planning issues, they were told that there is nothing, but when the planning people came before us, they had a list of all the things they have done, and a list of the plans that need to be done. But these were not given to the auditors and they were even surprised that there is something called exit meetings. So, that is lack of coordination; you have everything but when you don't use it, you still end up with the same situation, which

is not very helpful. So, our plea is to ensure that this process is coordinated, and all the parties involved are brought together so that they can give appropriate answers to questions asked.

I was actually enthused by some of the answers that came from the Council, and specifically from hon. Kategaya. When he was talking about his observation on expenditure, I realised that Members of the Council now know that they are part of us; that they are part of this Assembly. He recognises that there are some brains in this House as well as average minds, which would also include him because he is part of the House. *(Laughter)*

I was also very happy when he talked of the financing of the Community activities because then it looks like something is happening, and we should be expecting a few things in the near future. It is our role now to be the monkey on their backs to ensure that things move.

Now, let us look at the donor funding for core activities – *(Interruption)*.

**The Speaker:** Hon. Mmari, could you summarise your response, please?

**Ms Mmari:** I will do that, Mr Speaker.

Even when we were doing this job of the Committee, a portion of the facilitation was paid for by the Community, but the rest was to be paid by a donor who actually said he does not pay sitting allowance. So, donor-funding should not be for core activities.

Mr Speaker, having said that and since you have given me an ultimatum to summarise, I would like to ask for three things: One is to ask this House to adopt the report as presented,

subject to what Members have said. I would also recommend to the Council to approve the policies. I am underscoring that because it has been said again and again. Since it is a recommendation, we are seriously asking them to have it done as soon as possible. Somebody mentioned the issue of operationalising Article 138 of the Treaty. Every time I hear people saying “we are doing something”, but you never know when it will be completed. So, we would like all this work in progress to be completed as soon as possible. The operationalisation of Article 138 has taken too long.

I would also wish to bring up the whole issue of increasing the budget for committees, and in particular the Committee on Accounts because there are a number of issues that are still outstanding.

Finally, Mr Speaker, I wish to thank you for your wise direction and intervention at the time when we were debating this motion, especially when you decided that Members have to go home and read this report. I think that every time we have a report presented here and we are asked to debate it without reading the report and internalising the issues, we would actually just be rubberstamping what has been put before us. So, it is my humble request, on behalf of the Members, that we ensure that whenever we are given papers which are more than two pages and are very important, we should be given time to read and consult so that, at least, we can have a debate which is more informed than just a debate for the sake of it.

I beg to move that we adopt the report.  
*(Applause)*

**The Speaker:** Thank you very much, hon. Mmari. I would also like you to request all the committees in this House to have their reports ready on time so that we can distribute them to the other Members in good time and not to be signing them when we come here.

*(Question on the Motion put and agreed to.)*

**The Speaker:** Hon. Members, I was going to call for the next item but hon. Mmari has told me that I should give you time to read the documents. *(Laughter)* But before I adjourn the House, I would like to make a few announcements.

First and foremost, as you are aware, we have a football tournament going on under the EAC 10<sup>th</sup> Anniversary commemoration programme. We have teams from the National Assemblies of Rwanda, Kenya, Tanzania and Uganda. We also have the *Wazee Club*. It is not made up of hon. Ndarubagiye and hon. Oyondi, but it is a combined team of professionals from Arusha. We also have the EAC team. I would like to announce that hon. Kategaya is a striker for this team. Hon. Hafsa Mossi is a winger, while the Secretary-General is a goal keeper and many others – *(Laughter)*.

I would like to remind you that the tournament commences tomorrow, Thursday, 12 November at 3.00 p.m. at the Sheikh Amir Abeid Stadium. There will be a procession by all the football teams, and Members of EALA and the staff of the EAC before the commencement of the actual tournament. The procession will commence at exactly 2.00 p.m. from the parking lot. So, all Members are requested to be there on time so that

we can go through the streets of Arusha and finally to the stadium.

The first match will start at 3.00 p.m. which is Rwanda versus Kenya. The programme has already been given out to all the Members, so I think you can follow it. For this reason, the House will not sit tomorrow. We will be sitting on Tuesday at 10.00 a.m.

I would also like to announce that during this commemoration week, the EAC has organised a symposium, which will take place at Snow Crest Hotel from the 13<sup>th</sup> to 14<sup>th</sup>, which hon. Members are also requested to attend.

### ADJOURNMENT

**The Speaker:** I would now like to adjourn the House until Tuesday, 17 November 2009, at 10.00 a.m.

*(The House rose at 6.12 p.m. and adjourned until Tuesday, 17 November 2009, at 10.00 a.m.)*