



EAST AFRICAN COMMUNITY

EAST AFRICAN LEGISLATIVE ASSEMBLY

Official Report of the Proceedings of the East African Legislative Assembly

8th SITTING – SECOND ASSEMBLY: THIRD MEETING – FRIST SESSION

Wednesday, 12 September 2007

The East African Legislative Assembly met at 2.30 p.m. in the Chamber of the Assembly, Ngorongoro Wing, Sixth Floor, AICC Complex, Arusha

PRAYER

(The Speaker, Mr. Abdirahin Haithar Abdi, in the Chair)

The Assembly was called to Order.

COMMUNICATION FROM THE CHAIR

The Speaker: Honourable Members, I would like to recognize the following Members seated in the Speaker's Gallery from the Parliament of Uganda.

1. Hon. Reagan Okumu, the Shadow Minister for Foreign and EAC Affairs
2. Hon. Olive Wonekha
3. Hon. Bartile Toskin
4. Hon. Ssekyoba Issack

They are accompanied by Mr. James Mukaaga, Senior Clerk Assistant – (*Applause*). They are in Arusha for a three-week course on governance, and have come to observe the proceedings of

the Assembly. Please, join me again in welcoming them to the Assembly - (*Applause*).

MOTION

FOR CONSIDERATION AND ADOPTION OF THE REPORT OF THE COMMITTEE ON ACCOUNTS ON THE AUDITED FINANCIAL STATEMENT OF THE EAST AFRICAN COMMUNITY FOR THE YEAR ENDED 30TH JUNE 2006

(Debate interrupted on 11 September 2007 resumed)

Mr. Bernard Mulengani (Uganda): Thank you very much, Mr. Speaker. I want to declare my interest; I am a

Member of the Committee. However, all that I am going to say is not to contradict the report, but rather just to supplement certain issues that were raised during the Committee work, but which seem not to have been mentioned heavily or given due details.

The first issue I want to raise is in regard to recommendations of the Committee on Accounts of the First Assembly, specifically on the fact that while there have been financial audits carried out on the East African Community, other audits, which are very important, have not been carried out. Basically, financial audit has been done, but in the areas of management audit, value audit and others, nothing has been done. Mr Speaker, I would like to urge the Council of Ministers to really look into this particular area because, if we do financial audit, the processes within the Community may bog down the financial highlights that are raised by the auditors.

The other issue I want to raise is on the monitoring and evaluation function of the East African Legislative Assembly. Mr Speaker, there was a request by the First Assembly that the approval of donor funds should be done by the Assembly. When the Secretary-General appeared before the Committee, he said that this was not tenable. Mr Speaker, I am urging the Council of Ministers that just like in all practices in the Commonwealth, the East African Legislative Assembly, having the mandate of supervising and overseeing the projects and other activities within the Community...I thought that since these loans – it could be different for the gifts, but for the loans that eventually impact on the East Africans, I would propose that it is mandatory for the East

African Legislative Assembly to approve both the loans and their expenditures. I urge the Council of Ministers to look into this.

The other issue is on the separate bank accounts. We hinted on it in our report, but I thought that the tone that was used was rather lenient. Whereas we raised issues about the East African Legislative Assembly taking examples from the practices in the European Union for example in issues of conduct, in issues of elections, like for instance the universal adult suffrage that is expected to come through future amendments; what is the practice in the European Union on such bank accounts? What is the practice in the SADC? What is the practice in COMESA? Do they have several accounts tied to various projects? What is the practice?

Now, if we are copying other things in the interest of other institutions in the Community, why don't we copy this one in particular? The reason that we come together is to have a strong bargaining power. Why are we weak on this particular one? Where is the problem?

Mr. Speaker, the issue of the construction of the East African Community headquarters brings in mind the issue of equitable sharing of assets. Is this delay that is shifting from the deadline of December, 2006 now to June, 2009 intentional...because there is also another thought: why can Rwanda, Uganda, Kenya or Burundi not host the other organs of the Community while the Secretariat remains here? Are we planning with this in mind? One of the reasons that have been given for the delayed construction is that the architects did not look into the growing

Community. What is the agenda? What is the plan? What does the five-year development strategy say? What is the Summit looking at? Is Arusha going to house all the three arms of the Community or the Summit is looking at these arms being in different States? Now, if it is so, is that architectural design necessary?

Mr. Speaker, I also want to raise the issue of the interest accrued on our gratuity. The Secretary-General's observation regarding the interest on gratuity is true. Since Members of the Assembly and the employees of the East African Community do not contribute to their gratuity - it is totally by the Community - we have no right to share the interest accruing thereof. But, my question is, how much of this income has been collected to date as interest? If it is an income to the Community, how is it treated? How is it spent?

I think some of these things need to come out because I believe that people who are brought to work at the Community should be the cream from the various States, and if there are such lacunas that are obtaining at the Community level, I would urge the Council of Ministers to consider the appraisal methods within the Community.

Mr. Speaker, turning to the issue of the accounting procedures, one of the problems that create corruption and mismanagement of funds is if you lack procedure in the way you do things. As I earlier mentioned, we as the Committee on Accounts realized that procedures were lacking in certain areas after the Auditors had mentioned this even, for example in the area of disposal of assets,

procurement, logistical handling and so on. I do not want this to be blamed on the size of the staff. Regardless of size, certain things should be in place. If I am appointed to an office, the first thing I should look into is the procedure in which I have to handle my official work. Mr Speaker, we shall be blamed by the future generations if these things are not put in place. And given our mandate in the Treaty to supervise the organs of the Community, we should not just look at these things and let go the way they are doing, Mr Speaker.

Mr. Speaker, I want to turn to the issue of the Lake Victoria Basin Commission. In the previous report, we realized that Rwanda and Burundi had not yet accounted for the LVEMP II funds to a tune of US\$14,160 each. This one just explains the way things are being done. The way things are being done is not correct, and I wonder what the Community - or the Secretariat - has done to in this regard. Are these funds still unaccounted for, or have they since been accounted for?

Mr Speaker, I would not like to raise issues on internal control systems, because I have raised them in regard to procedures, but in our report, one thing that was left out intentionally but which I think I should raise here as supplementary information to the report is the issue of when we came in for our swearing-in ceremony. We came in on the 5th of June, and, Mr Speaker, up to today I wonder: we were paid like wage earners! (*Laughter*) We were paid like casual labourers - (*Laughter*).

Mr Speaker, I am still wondering, do we earn a salary or a wage? And, why should there be double standards?

Whereas the Secretariat pays itself on the 24th of every month and they get full salary for the month. Mr Speaker, I would like to inform the Council of Ministers that some of these things are jeopardising the interests of the Community. Double standards! Members of the East African Legislative Assembly are paid on the basis of hourly or daily manpower in-put – (*Shame!*)

We came here on the 5th of June and somebody somewhere in the Accounts Department - and I will beg the Council of Ministers to come back and tell the House who he or she is - initiated the calculation of payment of Members of the East African Legislative Assembly based on a daily basis. I got my emoluments that showed clearly that five days were chopped off – (*Laughter*) – and I keep on wondering, why don't they pay themselves less the six days on the 24th before the month ends? What is the justification of this, Mr Speaker?

Lastly, Mr Speaker, when my Chairman was reading the report, on page 23, in the interest of time he skipped a very vital paragraph – (*Interjection*). He read the whole report, Mr Speaker, that is correct, but I just want to supplement and emphasize on this particular paragraph. It is Paragraph 2 on page 23:

“The Committee noted with concern how, under the MTEF budgetary framework, an omission of this magnitude could have been made. The Committee further noted that within the East African Community Financial Rules and Regulations, there are elaborate procedures for re-allocation of funds whenever need arose. The Committee could not comprehend as to

why these procedures were not adhered to.”

Mr. Speaker, these things continue to happen. I just beg the Council of Ministers to look into the issues that are raised by this Committee on Accounts. I am happy that this time round, the new Deputy Secretary-General is a person of accounts, and we look forward to most of these situations becoming better. I thank you, Mr Speaker; I support the motion – (*Applause*).

Mr. Gervase Akhaabi (Kenya): Thank you, Mr. Speaker. My contribution is going to be confined to only a few items in this report. The first issue of concern regards the question of funding of the East African Community.

Mr Speaker, many concerns have been raised in different fora regarding either the inadequate or otherwise unsatisfactory funding for the services of the Community. Quite obviously, if the Community is not adequately funded, then it cannot achieve its objectives as stated in the Treaty. In the report that was presented to this House yesterday, it was noted that there have been delays in remittances by the Partner States of the funds that they are required to make. Probably this is a precursor of worse things to come, considering that the Partner States of the Community have different capacities and abilities.

It is my very respectful view that instead of depending on these contributions - which I understand are on equal basis - to fund the activities of the Community, an alternative should be considered as a matter of urgency to fund the services of the Community. I have in mind, in particular, an independent source of funding that is not dependent on the

goodwill of the Partner States; a method of funding the Community that can give some independence to the functioning of this Community. This has been alluded to before in other fora.

Mr Speaker, I have in mind a percentage from some revenue. As far as this Community is concerned, it is my view that serious consideration should be made by the Council of Ministers, first of all, to centralize the collection of tax on duties so that we deduct a percentage from the duties collected within the Community to fund the services of the Community. In my view, this is going to give some semblance of independence of sources of income to the Community; give it some leeway to fund its activities without having to depend on the political goodwill of the Partner States.

Mr. Speaker, equally, it is untenable for this region to depend, or in any way rely on donor funding for our projects. If we depend on donor funding for our projects to any substantial degree, we are going to lose our independence. We may not attain our objectives as a Community, because these donors - wherever they may be - have their own objectives, which need not necessarily be in consonance with our objectives. As much as it is possible, we should have a source of revenue that is totally independent of these donor funds sufficient to meet our core businesses and projects.

Mr. Speaker, just as an echo to what my colleague, hon. Mulengani has said, it is one of these areas where we get dictation from the donor communities or agencies, that they have their own accounts over which there may not be much supervisory jurisdiction by the

Assembly. I would suggest that serious consideration is made to fund this Community independently.

Mr. Speaker, the other matter on which I wish to comment in this report is the question of adherence to the express provisions of the Treaty. Under Article 49 of the Treaty, read together with Article 55, the Council of Ministers is supposed to submit annual reports of the activities of the Community to this Assembly for debate. From this report, it does appear that the Secretariat - and therefore the Council - has consistently failed to submit these reports...or if they have been submitted, then they have been submitted late. This is a contravention of express provisions of the Treaty, and I would urge the Council to seriously look into the issue of adherence to the provisions of the Treaty and not to flout it.

Lastly, Mr Speaker, there is also the issue of the interface between this Assembly and the national assemblies. Whereas our Clerk, through the office of the Secretary-General, is expected to submit Bills of this Assembly and all the proceedings of the Assembly to the national assemblies, which are expected to be laid before the national assemblies by the ministers concerned, it does not appear that the converse does happen. I would urge that, for proper interface between this assembly and the national assemblies, we should have in this assembly, periodically, all parliamentary proceedings and Bills related to the Community and enacted by the national assemblies for our consideration. If this is done, there will be better co-ordination of the activities of this assembly and the national assemblies. Mr. Speaker, I thank you for giving me

an opportunity to make this contribution, and I beg to support – (*Applause*).

Mr. Clarkson Otieno Karan (Kenya): Thank you, Mr. Speaker, for giving me an opportunity to add my voice to that of my colleagues on the report of the Committee on Accounts. I would also want to declare that I am a Member of that Committee, and I totally agree with the report and support it, but I feel there are two small issues which need a strong push, and I felt that I had to address them on the Floor of the House.

Mr. Speaker, sometimes one tends to think that we are not serious in what we are trying to do here at the East African Community. If you go to page 12 of the report, we are told that DFID donated a vessel to help us as the people of the East African Community, and we reckon that this vessel is very useful to the Community, but it is very surprising to note that a Partner State of the East African Community would refuse to waive a bill of Tshs1,447,000 in respect of a road toll, when it is properly stated that the Community has immunities and privileges that exempt it from paying such taxes. What do you think our donors and development partners would think if a Partner State can refuse or fail to offer an explanation as to why the East African Community is not exempted from that tax? And we expect our development partners to come up and help us? What justification do we have? I think this is lack of seriousness.

This really proves that we are not in the business of being together and developing East Africa. I think it is really a big shame to the East African Community for such a report to appear. This is something that should have been

sorted out well in time, without it coming into the report. This issue is really embarrassing to the Community. This issue should not have come to the Floor of the House. On one hand we are saying we should compliment the DFID for supporting us and giving us this vessel, and on the other hand we who have been given the vessel are unable to waive a bill of 1.5 million Tanzania shillings – (*Laughter*). I think this is a mockery of the whole thing, Mr Speaker.

Mr. Speaker, the other issue, which really proves that there is something wrong somewhere, is the issue of VAT. There is an outstanding amount which we have to pay, as East African Community, as VAT requirement by the Government of Tanzania. I really do not understand what is happening! If we enjoy these privileges and at the same time we have to pay VAT, and, Mr Speaker, a department of a Partner State completely refuses to offer explanations, and the Secretary-General continues to lament that those people are so difficult and he is unable to manage, I do not know whether we are serious that we want to belong to this Community, or that the Partner States are serious that they want to ensure that this Community moves ahead!

Mr. Speaker, these two small issues really confused me and I thought I would raise them on the Floor of the House. Otherwise, I support the entire report of the Committee on Accounts – (*Applause*).

Ms. Dora Kanabahita Byamukama (Uganda): Thank you, Mr. Speaker. I would also like to declare my interest; I serve on the Committee, and, therefore, my points will be just to highlight some

aspects which I think need to be amplified.

I have three points, and the first point goes to Article 134 of the Treaty. Article 134(2) states: *“It shall be the duty of the Audit Commission to verify that any contributions received or revenue collected by the Community have been allocated and distributed in accordance with this Treaty, and to include a certificate to that effect in its report.”* Mr. Speaker, sir, the operative words here are “to verify”, and when we came to what their verification meant, we found that the verification fell short of what was expected.

When you look at page 23, item 4.8, *“Scope of Audit”*; we clearly state that this audit was only restricted to the financial audit, and we go ahead and recommend that we need an audit which will take into account the issue of performance and value for money. So, our recommendation on page 24 is very important, because as you know our role as a Parliament is to do a post-audit review. This is akin to a post-mortem; it is a *fait accompli*. But that notwithstanding, we can use this post-mortem to ensure that we get a cure for the future and that we advise on the correct practice.

So, it is in light of this that I would like to highlight and emphasize that the recommendations on pages 24 and 25 should be taken seriously. These are that, we need to have the cost of the audit at the East African Community included in the East African Community budget. We also recommend that the Audit Commission should institutionalize the practice of periodic audits. We found out that when an audit is undertaken at the

end of the year, it robs the Assembly of an opportunity to carry out mid-term checks to find out whether what is supposed to be done is being done.

Also on page 25, the Committee urged the Audit Commission to ensure that all reports have an accompanying section that assesses the performance of the Community in relation to planned activities. We noted that when we begin a year, in most cases, although we do have a five year plan, it is not very clear as to what activities the East African Community will undertake. Therefore, we noted that it would be prudent for us to have what is akin to a “State of the Nation Address” whereby the Chairperson of the Summit at that particular point would be able to clearly highlight the activities that need to be undertaken.

Mr. Speaker, sir, I would like to move on to my next point, and it is in respect to Article 135 of the Treaty, which states: *“The Council shall make financial rules and regulations of the Community”* but you will note, when you go to page 18 of the report that we noted that up to now we do not have an accounting manual, we do not have an audit manual, we do not have a procurement manual, and nor do we have a corporate governance policy for the East African Community. This is very important because if we do not have these very critical instruments which are necessary in ensuring that we have a robust internal control accounting system, it becomes very difficult for us to operate as an audit committee because these are the very instruments that we would use to ensure that what is done is done in a proper manner, and in accordance with the rules and regulations.

Mr. Speaker, my final point is on the issue of time-frames. Financial rules and regulations are a requirement stipulated in our Treaty under Article 135, but how long will it take for us to have this in place? Because...I do not know how else to put it! I think this is a grave omission, which needs to be addressed sooner than later.

I would like to conclude, Mr Speaker, sir, by noting that as our Chairperson was reading the report, and may be in the interest of time, there were some aspects of the report which may not have been highlighted. Therefore, I would support him and I would urge my fellow Members to support him when he moves that this report of the Committee on Accounts be adopted. I beg to support, thank you – *(Applause)*

Mr. Daniel Wandera Ogalo (Uganda): Thank you, Mr. Speaker, sir, for the opportunity to debate the Motion for the adoption of the report of the Committee on Accounts.

Mr. Speaker, sir, I want to begin by thanking the Committee for having come out with this report within a very short period of three days or so – *(Applause)* – and for having worked round the clock to enable us to have this report for us to debate. This brings to question the necessity for sufficient time for committees to execute their mandates. Because of the persistent decision by the powers that be that the Assembly shall meet for a maximum of 60 days, both in plenary and in committees, we were forced to have the Committee on Accounts do a marathon work through three days to produce a report. In the circumstances it is possible that we may miss certain things which the Committee

would have found out had we had sufficient time. I would, therefore, appeal to the Council of Ministers and the powers that be, that in order to enable the committees of the House to advise the Assembly properly, to do sufficient work and in order for us to effectively advise the Council, there is necessity for committees to have sufficient time.

For the Committee on Accounts to consider accounts for a whole financial year, call upon the Audit Commission and the Commissioners, interview those gentlemen and ladies, come out with a report within three days...really, we are expecting too much from both the Audit Commission and our Committee and the Assembly. So my plea is, if we need to have effective scrutiny of what is happening to the tax payers' money in East Africa, there is need for the Committee on Accounts to have sufficient time to do its work – *(Applause)*.

Mr. Speaker, sir, hon. Karan did raise a matter which is also touched on in the report of the Committee, and this is the issue of the failure to waive some tax on property of the Community. He did take a swipe at the failure to waive only Tshs1.5 million on property of the Community. But, think it is necessary for us to do our own work before we start telling Partner States to waive taxes. Article 138 of the Treaty reads:

“The Secretary-General shall conclude with the Governments of the Partner States in whose territory the headquarters or offices of the Community shall be situated agreements relating to the privileges and immunities to be recognized and

granted in connection with the Community.”

It would be expecting too much for a Partner State to just say “I will not tax you” when you do not have that agreement to waive the taxes. Had the Secretary-General negotiated an agreement with the Partner States to waive these taxes? My belief is that if the agreement was there, then we would not be having these complaint raised in the report that a Partner State has refused to waive a tax, because my understanding of Article 138 of the Treaty is on the status, privileges and immunities which would be available to the Community.

Mr. Speaker, sir, on page 6 of the report of the Committee, it is stated that: *“The Secretary-General reported that since then the Partner States had so far decided to continue with the equal contributions as the main source of the funding for the Community”*. This is a matter of political will. This is not the first time this matter has been raised. For over five years, there have been calls for other sources of funding based on either the GDPs of our countries or alternatively on revenue on customs collections of each country, so that there is sufficient sources of funding to carry out the aims and objectives of the Community.

Mr Speaker, we should be sincere: We set ourselves a goal that by next year, we are going to have a common market; that two years down the road, we are going to have a monetary union...on US\$60 million budget a year; how? We should be sincere with the people of East Africa. In order to attain the objectives which we have set for ourselves, even in

the Strategic Plan, there is no way we are going to continue with equal contributions from Partner States because it is not sufficient money to do so! It is, therefore, my humble belief that there should be sufficient political will marshalled by the Partner States to fund what they set up - *(Applause)*.

To hide behind equal contributions where we know that although the Treaty provides that the budget of the Community shall be prepared by the Secretary-General, we know that the people who determine the budget are some technocrats who come here once in a while – *(Interjections)* - they are called the Finance and Administration Committee, and the Secretary-General goes before them and says this is my budget, and they look at it and say, “No, this one we shall not give you; this one we shall give you”, and we expect the technocrats to run the politics of the region! The politics of the region should be run by the politicians; it is a political mandate, not a technical mandate! *(Applause)*

Mr Speaker, sir, I believe I heard hon. Akhaabi raise the question of raising money from a central collection. These matters were raised when we were debating the Customs Management Bill. We said let us have a central authority to be able to have a central collection to enable the Community to directly tap into this money, but the Partner States refused – *(Interjections)*. So, it is my view that sufficient political will has not been marshalled by the Partner States to push this Community forward. It is therefore necessary for us to re-examine and have that political will if we are to achieve what we say we want to achieve. For us as an Assembly, we know that

when the budget comes, it will be presented by the Chairperson of the Council of Ministers who, under the Treaty, has the authority to determine the budget. So, if the Council comes up with US\$6 million or US\$10 million, we believe that therefore becomes the political statement of the Executive. But, for us to say that we shall continue with equal contributions, I think, with due respect, we are not giving the people of East Africa what is due to them.

Turning to page 7, I read here that “*the Audit Commission reported that the Secretariat did not have mechanisms in place for evaluating the impacts and outcomes of the projects and programmes it initiated. As such, it was noted that the evaluation of the Secretariat’s own performance was difficult.*” This means that even the tax payers of East Africa, the money that they bring here – we say let us put it in projects; let us put it development, but we are not even able to know whether they get value for their money. Meagre as it is, there is no mechanism to ensure that there is value for money.

The explanation given on page 8 reads: “*With regard to monitoring and evaluation of projects, the office of Planning, Monitoring and Evaluation has been established and is fully functional*” – *(Laughter)*. Now, this office, is it situated in the same place? Is it going to monitor and evaluate part of the same office or what? I would like some clarification from the Chairperson of the Committee, because my understanding is that if this office has been established within the Secretariat, it is supposed to monitor itself. They become judges in their own cause! *(Interjection)*

Ms. Margaret Nantongo Zziwa (Uganda): Mr Speaker, I thank the hon. Ogalo for giving way. The information I want to give is not to the effect of answering the query he has directed to the Chairperson of the Committee, but it is to substantiate his concerns, which the Committee actually also did address itself to.

For instance, there was information that there was a surplus at the end of the financial year 2005/2006, but the budget performance was just 43 per cent. That in itself would bring in a very technical challenge of absorption capacity. Partner States send in money but only 43 per cent of that money can be absorbed! So, other than the issue of monitoring and evaluating the projects it undertakes, it seems that the Secretariat maybe also lacks the capacity to absorb the money which is sent it. So, I think this is a very serious matter, which we need to focus on so as to go to the root cause of the problem. Is it because of the kind of technical capacity we have? Is it because of lack of proper monitoring and evaluation procedures, or the general performance audit – *(Interruption)* -

The Speaker: Hon. Zziwa, are you giving information or debating now? *(Laughter)*

Ms. Zziwa: That information, Mr. Speaker, sir, is to substantiate the concern of the hon. Member...but I wish to rest my case there.

Mr. Ogalo: I thank the hon. Zziwa for the information, which goes to emphasize the point that really we are expecting the people who are supposed to be evaluated to evaluate themselves. We are expecting them to tell us that

they have set up a committee within the Secretariat, that they have employed people who will evaluate their projects and decide for them whether they are meeting their targets or not, which brings me to a question I raised sometime ago, which is of importance; the necessity for political supervision in Arusha.

Mr Speaker, sir, the Secretariat comprises of civil servants - they are international civil servants; the Council of Ministers is the political arm of the Executive here in Arusha. Fortunately, the Partner States have moved towards making offices for the Council of Ministers here in Arusha, but they are still based in the national capitals. There is, therefore, little political supervision of the civil servants in Arusha.

Even if you had this office of Planning, Monitoring and Evaluation, it would comprise of civil servants. It would, therefore, be necessary for some politician to be in place. In that regard, I would therefore call upon the Council of Ministers, that at the stage we are in, when we say that we are soon going into a common market and a monetary union, time has now come to have a political mechanism established in Arusha - *(Applause)*.

Time has come for the departments in Arusha to be put into compartments and to be managed directly by the ministers, so that at the end of the day we do not expect to be complaining about lack of monitoring and evaluation assuming that it will continue because of the lack of political supervision. To the people of East Africa who are expecting a monetary union, a common market and even a political federation, time has

come now for us to hear from the Executive in Arusha about the monitoring and evaluation of the work of the civil servants in Arusha. But what it comes to now here is that it is the international civil servant, the Secretary-General, who is talking to our Committee. Where is the politician? Where are the politicians? It is simply because we do not expect the Chairperson to fly from Uganda to be here to appear before a committee because we have not had that mechanism put in place. I would prefer a situation where the Chairperson of the Council of Ministers appears before the Committee together with the civil servants.

Lastly, Mr Speaker is the mode in which the audit is carried out. This is a structural problem. We have the auditors of the East African Community being the Auditors-General of the Partner States. They come here - I do not know for how long, but I believe may be three or four days, and they are expected within that short time to carry out a thorough audit of what has transpired the whole year! *(Interjection)* They cannot! Three or four days to audit accounts for a whole year? That is a structural problem; we cannot blame it on them, but it calls for an amendment of the Treaty to provide for a serious audit. Moreover, I would like a clarification on this. Who pays for the auditors when they come? Is it the people they are coming to audit who meet their expenses? *(Interjection)* I do not see it provided for elsewhere - *(Interruptions)*.

Mr Speaker, sir, if the auditors are going to be housed by the people they are going to audit - they are taken to the hotels, they are provided with drinks and the next morning they come before the

same people and say now, where are these books, really we are not being sufficiently fair to the tax payer of East Africa! This therefore calls for central budgeting here. Let the money which we budget for Arusha be known that this one is for this purpose; at least we would know that we are budgeting for the auditors to come for this purpose and they are coming for so long. I am very uncomfortable with this arrangement. Mr Speaker, sir, I support the Motion – *(Applause)*.

The Speaker: Hon. Members, before hon. Sebalu speaks I would like to recognize hon. Dr. Didarus Kamala, who is the Deputy Minister of East African Community from Tanzania - *(Applause)*.

Honourable Members, while we were welcoming hon. Reagan Okumu, I had mentioned hon. Olive Wonekha, Woman Member of Parliament, Mafanwa District. I think she did not hear it so let us recognize her again - *(Applause)*.

Mr. Kennedy Mike Sebalu (Uganda): Thank you very much, Mr. Speaker. I would like to add my voice to that of the honourable Members who have thanked the Committee for a job well done, given the time limitation. Producing a report of this kind in just three days is something to write home about. But that is not to say that sufficient time and resources should not be availed to ensure that Parliament and Committees of Parliament do execute their mandate diligently, in a manner that adds value to the process of integration.

Mr. Speaker, I would like to begin by noting the few developments that you announced when we began this meeting yesterday regarding the sub-accounting

status of the East African Legislative Assembly, as well as the East African Court of Justice. I think that was a good development, though belated; that ought to have been done at the right time because this is an of institution building, and if you do not want any organ - or even any structure - to function, then you deny it the right of setting its agenda and dealing with accounting matters as it performs its duties. So, I would like to thank you, Mr Speaker, for that development and I think we just need to build on that – *(Applause)*.

Mr. Speaker, we have got a Community that we went into on a voluntary basis as Partner States, and as such, we should be seen to give it the capacity to grow at a pace that will benefit the people of East Africa. In any integration process, one thing that you must be ready to do, if you are serious about it, is to cede some sovereignty. If you still want to maintain your sovereignty in entirety and you are talking about integrating, then you are in the wrong business – *(Applause)*. In effect, that is robbery without violence – *(Laughter)* - because you are simply not doing the right thing! So, for our Partner States to be serious about this process, then they should cede part of their sovereignty, and the most important aspect of it is the financial one; give and avail enough resources to allow the organs of the Community to perform their roles, and then you can take them to account. But without such, you do not have any moral authority to say that things are not moving they way I want them to move, if you have not provided sufficiently.

That now goes to the issue of funding, and the sources of funding. If you do not have enough money to do something,

you are better off not attempting it, until such a time when you feel you are ready and you have the capacity to go about it. Now, there are these aspects which have been put forward...When you read the Strategic Plan, you will find that the Secretariat has gone ahead to identify sources of funding, and they have come up with different scenarios regarding a percentage of 1.5 of Partner States customs revenues. That is a practical way but, they have also indicated that there is no response from the Partner States in that direction. I would like to ask the Chairperson of Council what is happening in this area, because this is practical work and the aspects have been made very clear.

This idea of equal contributions may sound good, but it has contradictions within. All these countries are not at the same level and their capacities are not the same. They may be shy to say they are not capable and they suffer quietly – (*Applause*) - but that is not helping. So if we can have an alternative that can help out without bringing problems to the individual States, then it is better. This idea is working very well in ECOWAS; in fact they are doing very well in terms of funding their programmes and the projects they are handling as an integration area. Why don't we borrow a leaf from them?

The Secretariat has already factored this within the strategic plan, but the Partner States are not forthcoming in terms of giving a position in this direction. So, is that a statement of seriousness and goodwill in terms of what we want to achieve and what we have set ourselves to do? Because, if we do not sort out the issue of funding, then most of these problems we are having are going to

continue giving us problems, like the issue of the 60 sittings days for the Assembly; it is not pegged on any other reasoning but on the ability to afford the Assembly operating beyond 60 days. Are we creating a serious legislative body, or are we window-dressing, and pretending that we want a legislative assembly?

If we seriously want a functional legislative body that is going to make laws and deliberate on behalf of the people of East Africa, then, for God's sake, let us create a legislative assembly in the right sense of the word and definition; one that can have enough time to look at issues. Like hon. Ogalo has put it very well that you simply cannot go through a report on the accounts of an institution of this magnitude in just three days. In fact these honourable Members did work that was well over – (*Applause*) - they were strained; we should not take that it should always be done that way. It was a strain on them. They could have done better in good time without being strained and come up with even a better report. So, the issue of institution building is also hinged on funding.

If the East African Court of Justice has to deliver its mandate, then it needs funding; if the East African Legislative Assembly is to deliver on its mandate, it needs funding; the committees of the Assembly need to function! Right now we are handling both committee and plenary work in about three weeks. Running from plenary to committee is quite cumbersome. We should create an enabling environment that will allow institutions to deliver and be able to add value to the process.

Mr. Speaker, finally, I would like to talk about the issue of the headquarters. I have been amazed by some of these statements; it is quite disturbing. We need to project. In my view, as we talk about the East African Community, we should not be talking about the East African Community of tomorrow; we should be talking about the East African Community of today, tomorrow, the day after and of so many years to come. But it seems the planning level is talking about today and tomorrow, which is a bit of a problem for me, because when you read Article 3 (2) of the Treaty on the membership of the Community, it clearly states that: *“The Partner States may, upon such terms and in such manner as they may determine, together negotiate with any foreign country, granting of membership to, or association of that country with the Community or its participation in any of the activities of the Community”* which clearly shows that this is a growing Community, but the way the planning is done is like it is not growing.

For someone to come with an argument that the design of the headquarters was done without envisaging the growth, that even sounds criminal! *(Laughter)* A Community of this magnitude and you plan the headquarters for only three countries when the Treaty clearly indicates that we are going to have membership growing? If in the Treaty it was stated that the Community would only and always comprise of three countries, then you could perhaps come up with such reasoning, but where the Treaty clearly indicates that the Community will grow, membership will be considered and you say you planned a headquarters for three countries and you put it in writing, you are not being

serious because this Community is supposed to grow! Even without this clause, we already had Rwanda and Burundi negotiating for entry. Someone is going to tell me that this just came up yesterday, so that the headquarters is planned even without putting into consideration countries that are already lined up to join? I think we need to be more serious than this - *(Applause)*.

We should work in a manner that is proactive. This idea of being reactive, the idea of fire-brigading cannot do this Community any good. We should plan ahead of time, be proactive so that if one is asked about the Community in 20 years to come, you have very clear and well laid out plans and projections about what the Community will be like. So this will help, and any other person will be taking us seriously if we do business in this manner. Otherwise, I support the motion, and I beg that the report is adopted - *(Applause)*.

Ms. Safina Kwekwe Tsungu (Kenya):

Thank you very much, hon. Speaker, allow me to raise concern on just one item; *RV Jumuiya*. About 16 months ago, the Community received a gift - that is precisely one year and four months ago. To date that gift has no certificate of seaworthiness due to lack of all the required safety and navigation equipment, yet it is common knowledge that the East African Community recognizes that security and safety on Lake Victoria is a matter of necessity not a matter of choice. The East African Community has even gone ahead to set up an institution to ensure that security and safety on the lake is co-ordinated; that is, through the Lake Victoria Basin Commission. I find it quite painfully comic, that 16 months after this gift was

received through the goodwill of the French Government, we have advertised for tenders to retool and reequip this vessel; 15 months after receiving the gift!

When the bids will be received, when they will be reviewed, when the tenders will be awarded, when the actual retooling and equipping will be done is another issue; probably in another 20 months from today, and yet we are saying that it is a matter of necessity for us to ensure that Lake Victoria is safe and secure. And, a person of authority says that there are no safety concerns for the users and the vessel itself because if you see that boat moving, it is only doing navigational runs on the shallow ends of the lake. So, it is not an issue, he says, because there are no security risks! Does this boat move itself? Does it navigate itself? Are there not people who navigate that boat? We are saying it is not a matter that should worry us as East Africans because, after all, it is only doing navigational runs!

Mr. Speaker, sir, in 1994, I want to remind this House that over 200 people died less than 50 meters from the shores of the Indian Ocean. Less than 50 metres from the shores of the Indian Ocean is itself a shallow end. If that ferry was not insured, like our *RV Jumuiya* is not insured, how much misery and anguish would have been caused to the families of the people who lost their lives?

Hon. Speaker, if we say that the lake is an important resource, we have to demonstrate it. We get a gift, we wait for the goodwill of the French Government for us to retool this gift and we don't even set a time frame as to when we want this retooling and re-equipment to

be done. I say that this is not a demonstration of the seriousness that we as East Africans should be having regarding Lake Victoria.

I, therefore, put it to the Secretariat, through the Council of Ministers, that if we have received another gift to retool this vessel, let us reciprocate by showing that we value the gifts that we get from our friends. Therefore, I would wish to get an indication as to when *RV Jumuiya* will be reequipped and retooled in terms of the time frame that we have set for ourselves, because this vessel should be insured, people should be using it knowing that they are safe and when we ask other vessels to be safe, we should start by ensuring that our own vessels are safe enough. Therefore, hon. Speaker, want to support the motion for the adoption of the Report of the Accounts Committee. The Committee has done a good job. But my question still remains, when shall we have a safe *RV Jumuiya*? I thank you, Mr Speaker – *(Applause)*.

Dr. Aman Kabourou (Tanzania): Thank you, Mr. Speaker. Let me also congratulate the Committee for a job well done. I say that because as everybody has already pointed out, we seem to have great difficulties in terms of financial management. It is true that we are running an East African Community which has no accounting manuals, no audit manuals, no procurement manuals, and no corporate governance policy. This is what we get from this report; they just don't have it. They are now trying to get consultants to develop these things. Now this is about seven or eight years since the establishment of the East African Community. It is very strange indeed,

and, honestly I do not see any reason why we should wonder about all these shenanigans – (*Laughter*) - that seem to beset our organization.

On page 17 of the report, hon. Speaker if you allow me to quote, it says here that: *“The Secretary-General had reported that the new organizational structure that had been approved had a provision for three internal auditors, and that when all the three were in post, it was expected that the situation would improve”*. He does not have internal auditors...and...I continue: *“The Secretary-General reported that he had however been constrained by the Council on the advice of the Finance and Administration Committee from recruiting the required number of officers. The Council approved the recruitment of only one audit assistant.”* But, we have an organization that does not have any policy; no manuals and this is what we get!

Honestly, I should commend the Committee for what it did, especially for setting time frames for some of these things to be resolved. I think it is very important because we cannot continue like this. And since we do not have those tools, it would appear that this can continue forever. I notice here that there was a query about internal controls, and the Secretary-General says, “Oh, okay; we will have a Committee set up by December”. As hon. Ogalo said, a Committee made up of the same people? (*Laughter*) You know, it is like what they say having a fox guard the chicken coop. It will certainly eat the chickens. This is terrible, but this is what we have. I don’t really think I should say more. I think my honourable colleagues here understand these issues more than I do,

but I just wanted to conclude by commenting on another issue, and that is the erection of the East African Community headquarters.

Hon. Sebalu put it right - I think I could not have put it better myself - when he said that this is something being done without any plans whatsoever: you just don’t know what you are doing, but you are busy trying to do something, and it does not seem to work – (*Laughter*). Now, to me, what is more important is that here we are, we have created an East African Community; a very big Community with high hopes.

We even want to be a federation; I remember the leaders talking about it saying that we should be the nucleus for African Union. But, we do not even have a headquarters; we do not! And, we are renting, and of course we continue to rent, and when we want to build our headquarters, we have to go the Germans – (*Laughter* – and the Germans say: “Okay, we will give you Euros 8 million.” What is Euros 8 million...It is about US\$15 million; that is about Tshs15 billion.

Now, are we self-respecting, really? I mean...we have just completed the new Parliament of Tanzania for about Tshs.50 billion, but we are talking about East Africa here! And now somebody is talking here and saying: “Well, you know, we did not plan for the future, and of course now that we have these added responsibilities, the cost that the GTZ had accepted of Euros 8 million has now jumped to Euros 13 million. So, we are going back to the Germans and ask them if they can help; we do not know” – (*Laughter*). Are we joking?

Mr Speaker, we want the hon. Minister to tell the Summit that we don't think this is funny. If we have an East African Community headquarters, first of all, we are supposed to fund it ourselves – (*Applause*). That is what we should be thinking about. If anybody wants to come and help us, that is their business, but we will have our Community headquarters. We cannot be dreaming about these high hopes of becoming the nucleus of African unity when we don't even have a house. I would suggest, Hon. Speaker that in the intermediary we should have the individual members of the East African Community volunteer to offer facilities for these important organs of the Community until when we have something of which can say that this really rhymes with our respect, because now we do not know.

The Germans may say this is too much money – (*Laughter*) - Euros 13 million; guys, we thought we were giving you Euros 8 million, but now you are talking Euros 13 million!" And what if they don't give us the money? Then we come back and say the Germans have refused, now let us try the Japanese or may be South Korean? (*Prolonged Laughter*) No, sir; I don't think this is right.

Mr Speaker, I want to propose that individual members of the Community should provide facilities for the different organs until when we are ready to have something respectful. Otherwise, I don't like it – (*Laughter*).

Once again, hon. Speaker, let me commend the Committee on Accounts and say that I support the motion because the report has shown us the way forward. Let us hope that the Committee

will continue with the good work that it has started - (*Applause*).

Ms. Janet Deo Mmari (Tanzania): Mr Speaker, I thank you for giving me the opportunity to speak. I must say that I am a Member of the Committee on Accounts, and that I support and concur with the findings and recommendations of the Committee, however, after listening to some of the issues that are arising from the Floor, I thought I should stand and elaborate on two specific issues. One of them is the Audit Commission.

Hon. Speaker, sir, I want to look at the audit mandate and the scope of the audit. As it was explained yesterday, the Audit Commission audits based on a mandate given by Article 134 of the Treaty for the Establishment of the East African Community, and Regulation 8(16)(1) of the financial regulations of the East African Community.

Hon. Speaker, sir, when they get the mandate, it is like in a company, and they are actually given a letter of engagement. Under normal circumstances, if a letter of engagement is not given, and because it is stated in the Treaty, you would imagine then that the auditors should have a specific modality of auditing. As we were speaking to the Audit Commission, we were made to understand that the audit was carried out in accordance to international standards of auditing.

Hon. Speaker, sir, these international standards are very elaborate, so we understood and believed that they did look at the scope of the audit very carefully and that they did their planning, and that in their planning they did quantify the job, that they planned

the resources, including the number and qualifications of the people to carry out the audit and then performed the audit, allotted the time, and issued the report, which they did, and I must say that it was a clean audit report..

Hon. Speaker, sir, an audit is a service; under normal circumstances, this service is supposed to be paid for. However, I wish to support what has been coming from the Floor that the Audit Commission service is not paid for. They come here and we do not know who funds them, but we understand that they are funded by the Partner States. Then, when you get an issue like that, you must understand that even the planning – it could be two, three or four days; nobody knows. And again, when you are doing your planning you must have a hierarchy: somebody who does the work, somebody who reviews it, and ultimately when that report is issued, it must be a report that is genuine, that has looked into all issues and all the matters that are outstanding are cleared.

It would appear from what is coming across - which I now tend to support - that maybe we do not have the kind of time that we would have wished to have so that we can go through and actually do a thorough post audit. For that, I now wish to support what the honourable Members have been saying that the time should be increased.

What I see, Mr. Speaker, sir, are a number of other problems that either we did not look into in the Committee, or at least did not feature as they are featuring here because of the little time that we had. The first one is the interpretation of Clause 134 of the Treaty. From the debate it would appear that when we

talked of the Auditor General, hon. Members thought we were talking of the three Auditors-General. Our interpretation of “Auditor-General” is an office and not a person. As an office, it could be ten people coming from one Partner State, which means 30 people. This is the case where we are saying we have only three Partner States, which is the period covered by this audit.

Having noted these issues, Mr. Speaker, sir, I wish to propose a few other recommendations. Some of them will definitely be to either underscore what has already been said or what has now come from hon. Members. Firstly, I would say that the time for carrying out the audit should be increased so that the audit can be detailed. When you have a detailed audit, it means then that you can look at issues that would call for management audit, which is a separate audit from financial audit, and probably value for money audit, for example where somebody is now comparing performance which is 45 per cent compared to what was planned for, because when you do a budget, a budget is a plan of action for given period of time, so if within that time you have not been able to use the funds that you were allocated, it does not mean that you have saved; it means that you have not performed. So, if the time is increased, then we can be looking into those and then write and request for specialised audits.

Hon. Speaker, my second recommendation is on the interpretation of Article 134 of the Treaty. If this one is interpreted clearly, then the Auditors-General, who form the Commission, should be able to plan and re-arrange themselves so that one can see the

leadership and the kind of team that is required to carry out the audit. I am also moving that the Audit Commission and the Committee on Accounts should at least have a meeting with the Auditors-General so that even before the interpretation of this Article 134 is done, we will know that we will be speaking a common language.

Hon. Speaker, there is the question of auditors' independence, which surely should go along with the payment of their fees, and that is why I am underscoring what is coming from the Floor that at least we should have a budget for the audit function. It is a service that the Community is receiving and it should be budgeted for so that at least the auditors can carry out an independent service.

Finally, I also want to underscore the issue of interim audits, which under normal circumstances given the growth of the Community's expanded mandate, that is something that should be called for, and I believe it is something that should be ironed out as we meet with the Auditors-General.

Hon. Speaker, sir, I rest my case, but for sure I support and concur with the report - *(Applause)*.

The Speaker: Before I call the Chairman to reply, could I call upon the Minister to say a few words?

The Chairperson, Council of Ministers (Mr. Kategaya): Thank you, Mr. Speaker. First of all, I want to thank the honourable Members for their contribution, but I think there is something which we may have to look into as we go along, because the debate

has been dominated by Members of the Committee - *(Interruptions)* - which they should have done during the Committee deliberations. I don't know whether we are going to incorporate their contributions on the Floor to become part of the report, but we are all learning. But I think that in future, when we get a report of a committee we will assume that the committee members are committed to that report, and we will take it as that.

Secondly, let me first deal with what I consider common issues that were raised before I come to individual contributions. I will start with what I would call "not serious issues", in the sense of them affecting our work. Let me start with the issue of *RV Jumuiya*.

I think the question of taxes that could not be waived and, secondly, the seaworthiness of the vessel. Now, this question of taxes and immunities and privileges of the Community organs and institutions is not something new; it has been going on, and it is not confined to Tanzania, to be fair, because we also have a problem with the Kisumu headquarters of the Lake Victoria Basin Commission. We have been negotiating with the authorities in Kenya on the same issues of taxes, immunities and privileges of the staff members of the Commission. Even in Uganda we have been having the same problem with the Inter University Council for East Africa. So, it is not confined to one Partner State. I think we should be fair...and it is part of the integration.

Honourable Members think that once we say we are integrated, there are no problems along the way. In fact, in my view, it is only recently that we have

faced the problems that we face on the way to integration. It is from 2004 when our Summit in Nairobi said “fast-track” that problems of implementing the Treaty started coming up. I do not want to mention what happened to the election of the honourable Members of the Assembly from Kenya. Again, the question of the implementation of the Treaty came up: did the Court have authority to challenge the method of election in Kenya? So, I think Members should take heart that you have a big responsibility to see that your tenure here will help us to implement the Treaty – *(Applause)*. That is where we are.

The other point I want to touch on, which is easier to dispose of - I am glad my sister hon. Mmari did it - is that the Audit Commission is composed of Auditors-General from Partner States. I am reliably on authority that when they are here, they are not paid by the Community, but by their Partner States. So, they are not really agents or compromised by the Secretariat.

Then on the question of weakness in internal audit mechanisms, I think even the Secretary-General admitted it. We are noting that, and all we are going to do is to see that there are enough personnel to carry out this function. But of course when you ask who pays these internal auditors, I think in our governments we have two groups; there are the internal auditors, who are actually entitled to be paid by the Treasury, at least in the case of Uganda, then we have external auditors who audit the internal auditors. So, we cannot say we have internal auditors and, therefore, do not pay them. Who else would do that? Internal auditors are supposed to

tell us in advance or warn us in advance of what is happening. Then the Auditors-General do a post mortem after the expenditure. So, hon. Ogalo, I think there is nothing wrong with the Secretariat paying the internal auditors – *(Interjection)*.

Mr. Ogalo: On a point of information, Mr. Speaker, sir, I was addressing myself only to the Audit Commission; the outsiders, not the internal auditors. I never at any stage mentioned internal auditors.

Mr. Kategaya: If I got the hon. Member wrong, then I am sorry about that.

Mr. Speaker, I said there are weaknesses in the internal audit mechanism, and I am told that these financial regulations and all, as stated in the report, should be in place by December. Again, this is a weakness noted.

Then there is also the issue of source of funding. This goes also with political commitment, Mr Speaker. Honourable Members are saying that we should for alternative sources of funding apart from the equal contributions from Partner States. On the question of equal contributions by the Partner States regardless of our financial capacities, let me say this that it was meant to give a sense of equality and parity in joining the Community. I think that should be emphasized.

It is important that whoever joins the Community should feel equal to all the other Partner States regardless of their financial capacities. Otherwise, if you think you are coming as a small member and there is a big brother in the organization, we are going to have

problems – (*Interruption*) - for a start. Even this question of 5 per cent of either GDP or customs collections...the 5 per cent of each Partner State is different in terms of figures; it depends on the GDP of each Partner State! And you are not somebody who is going to be charitable and say, “I am going to contribute more but we are equal”! We should consider that. It is not as simple as we would want to put it.

You see, 5 per cent of Kenya’s economy is not the same as 5 per cent of Burundi’s economy. If Kenya contributes, say, US\$50 million and Burundi contributes US\$5 million, are they going to be equal in sharing offices, in authority and in everything else? Unless Kenya says, “for us, we are Red Cross we are going to be charitable; we are going to give you US\$50 million and we shall have equal powers and jobs as Burundi, which has contributed 5 per cent”! So, the matter is not as simple as that. We need to go into what it means when we say 5 per cent of GDP or of customs collected. This issue has to be discussed and the implications in terms of integration have to be understood.

I must share your concern that if we say we are integrating we should fund the project. Yes, I agree, but it is not as simple as just saying so. I also do not believe in the other extreme that if we cannot fund anything, then we should go home and sit down until we are ready. When are we going to be ready? You can only know you are ready when you are doing something. You can have time doing nothing and, therefore, you will not even know the problems involved in integration. But by being together and trying to integrate, we are discovering what it takes to integrate.

This brings me to the question of political commitment by the Partner States. Mr Speaker, sir, so far I am not disappointed with what is going on; the commitment is there. First, through the Treaty, it was very important to restore the co-operation which had broken up in 1977. Our leaders sat down and said that the breaking up of the Community which was on up to 1977 was a problem, and steps have been taken up to now, showing that there is commitment!

We are talking of sovereign states here; with national flags, national anthems, heads of state, standing armies, and we are trying to say, “Come together”. What does it mean? As somebody was saying, conceding these trappings – I call them trappings - of being a sovereign state is not easy. And by the way, I think politicians are part of that problem. We should dedicate ourselves...we are politicians, you know.

So, for me I think the commitment is there. The heads of state have said so; all of them. Even the last exercise we had - consultation on the political federation - Mr Speaker, was not as disastrous as people put it. We agreed in the region that we want a political federation. It is on record; figures are there! But some people are saying, “why are you running, why don’t you go slowly, look at this and that”? Now, the strategy is political federation, but what the people are not agreed on are the tactics to arrive there. And this can not really be an issue to say there is no political commitment! The political commitment is there. It is my assessment that political commitment is there, and we have said yes to political federation, but the question is how we get there. We are not agreed on it yet,

but we are still together. And I think we should be together because the strategic issues that made us come together are still there.

I think it would not be correct, Mr Speaker, to make aspersions on our unity; that people are not politically committed because they are contributing very little money, because we don't have posh headquarters. A-a-ah; *hiyo sikubali!* (*Interruptions*) Yes; if you are going to integrate, it takes time to build it. And you see, some of us have been through some struggles and this is...when I come here and get an air conditioned room and I think I cannot solve a problem; this is not an issue worry me.

On the question of the headquarters, Mr Speaker, of course when you talk about begging from donors, I share your sentiment. I wish we were not begging from them. And if you are begging from them, you go at their pace. But all the same, if you are not ready to fund your own project but somebody can help you to move forward, why not do so? In any case, even at our Partner States level, these donors are there, so why make noise about a donation for the headquarters of East Africa Community?

Then there was the issue that the planning of the headquarters was not forward-looking; that the planners were not thinking of expansion. Well, how do you do integration? There is a question of what they call "consolidation". You capture a territory, you consolidate it first; you disperse your forces, you will disappear in the long run. You must take over a place, hold the ground, and consolidate! This is the way I think we should be doing it.

Mr Speaker, sir, with your indulgence, let me share some of my thinking with the hon. Members. This project of integrating East Africa is not as simple as you put it. By saying we are integrating East Africa, there are certain forces that automatically come up and get worried. What are we talking about? If even three of us came together, first of all we would change the configuration of politics in the region, because we are a big Community. There are people who are worried; they say, "We were dealing with Uganda separately and telling them to give orders here and there, the same with Tanzania and Kenya but now they are three!" The political mathematics is changing, and now we are becoming a force!

Mr Speaker, I think that we have this very time to be thinking this exercise is not as simple as people put it. It would mean going slowly, because if we say that for us we are expanding, h-o-o-o, you are going to cause problems already! If we say we are not only going to form East Africa but we are expanding, people will ask, which direction now are you going to expand? Are you expanding to Congo? You know how many forces they are going to raise if you say you are going to Congo? Are you going south? Which direction are you expanding? Consolidate this one first. This is my view. Consolidate it; let us deal with the problems we are talking about. Let us solve them and make sure the customs union works, the common market works and then expansion can come later because in that case you will be in a position to handle the expansion.

Mr Speaker, one time in the Council – I do not think this is something to hide, but about a year or so ago the Secretary-

General gave us a letter and said “Southern Sudan has applied to join the Community”. I said, “Please, send that letter back” because if anybody knows that Southern Sudan wants to come in, they will automatically cause you problems; many forces actually.

So, my view is that this planned headquarters for three states at that time was correct. Now when we became five, they have said, “oh yes, two others have voluntarily decided to come and join us.” And I think that is what caused the delay, because the construction was supposed to start in July this year. When we became five, people said, “Yes, now we have become five”. So, why don’t you do that rather than saying I am going to build a headquarters for 20 members? People will ask, “By the way, where are you going; which direction?”

So this is the way I want to look at it: On donors I said I wish we could do without them but they are there, and even our Partner States depend on them. And on this question of expansion, please, we should say our job is to consolidate here so that we do not have unnecessary enemies at this time in our integration process.

Mr. Speaker, sir, back to the issue of the *RV Jumuiya*, of course when my sister, hon. Tsungu was speaking, I do not know what gift we were given; I think it was a shell. A gift which cannot move, which has no navigational equipment, I do not know why she would call it a gift; it was a shell – (*Interruptions*) – I did not receive it; you did not see me there! But I am told the equipment has arrived, it will be taken from Kisumu tomorrow or today and will be taken to Mwanza and soon that vessel will be fitted with

proper equipment and it will be surveyed and insured - (*Applause*).

Mr. Speaker, let me quickly...I do not want to...on the question of approving loans, the Treaty does not allow us to contract loans. What we get are grants. There are no loans at all, if you look at Article 133.

On the question of several accounts, I share your concern. I will raise it with the administration. Why should we have all these accounts? We shall definitely ask the administration to explain why we should have 31 accounts. They have talked about donors and all that, but, I am not convinced because if a donor came into my house and said this the way I should run my house, then...but we shall sort it out, I can assure the House – (*Applause*).

Now, there was an issue which, of course, was not in the report, but was raised very vehemently by Mr. Mulengani that honourable members were paid like casual labourers. But these people have an explanation that if you come in the middle of the month, then your salary is calculated from the date when you started working. So, you were paid that amount not because you are casual labourers, but because you came on the 5th of June, and not on the 1st of June – (*Interruptions*). But this is not in the report; I am just being as irrelevant as you were - (*Laughter*).

The Speaker: You are out of order! (*Laughter*)

Mr. Kategaya: Oh, I am out of order, Mr Speaker - (*Laughter*).

Mr. Mulengani: On a point of order, Mr. Speaker, and with due respect to the Chairperson of the Council of Ministers, is he in order to say that, not the point I raised but I the person, was irrelevant? *(Laughter)*

The Speaker: I have already ruled on that. Please continue Mr. Minister.

Mr. Kategaya: Mr. Speaker, sir, the hon. Member who has been on the Floor also raised a something on the concern on page 23 that "...under the MTEF budgetary framework, an omission of this magnitude could have been made." I think this is concerning the cost of the furniture for the Secretary-General. But he explained that one, and we take what you recommend on the same page, that we should "direct the management to ensure that in future the financial regulations should be adhered to, and failure of which will attract punitive action." We have noted the Committee's recommendation.

I think Mr. Akhaabi raised the same thing on funding. He also raised the question of annual reports of the activities of the Community. I am told these are given every year, and you will also get your copy of the report for this year. But you have just arrived, and so I do not think you would know what happened in the past. But you will get a copy of the report.

The question of the tax, I have explained, and then Mr. Ogalo raised a question, which we have discussed before: Do we have enough time to do what we are supposed to do? In other words, because you said the Committee took three days to compile the report, and hon. Ogalo will remember that when

we were in Kampala, my point was that you should generate enough work so that we can have grounds to demand that the 60 days or whatever is in the Treaty can be waived. I think this is because when the Treaty was made there was not enough work, but now if it is seen that there is enough work to occupy the Assembly for more than 60 days, definitely we shall look into ways of amending that provision. With that one I have no problem but you must generate enough work – *(Applause and Interjection)*.

Ms. Byamukama: Mr. Speaker, sir, I would like to get clarification from the hon. Chairperson of Council as to where the 60 days is stipulated in the Treaty, because I know that it is not in the Treaty, and I also know that in our Rules, we do not have 60 days; actually we have 120 days – *(Interruptions)* - so there is a dispute as to the number of days. I think the 60 days may have come from the famous F and A Committee, but I don't want to go into that. I just thought to make that clear. I thank you

Mr. Kategaya: I may not be exact on the days but definitely there is a limitation on how many days you should sit, and my argument is that once there is enough work, then this limitation can be changed. It is not cast in stone. But as I told you in Kampala, you need to generate enough work so that you can have a basis for arguing that the limitation should be waived.

On the issue of planning, monitoring and evaluation...Mr. Ogalo, I think this time I am right. You were saying this unit should not be a judge in its own cause; if you have a unit for planning, monitoring and evaluation within the Secretariat.

But that is the arrangement that we have so far. Unless you suggest that it should be a body outside. It is not possible, because even the Secretariat should have a duty to evaluate its performance and let us know in the reports which they submit here every year. They should tell us, this is the money you gave us, this is what we did, and then for you, you can disagree. But there should be a unit within the Secretariat to do that work of evaluation and monitoring.

Mr. Speaker, sir, I think I have generally covered the issues raised by the honourable Members, and I hope that we shall continue with this dialogue, particularly to make everybody work. That is what I would like to move on. Mr. Speaker, sir, I thank you very much – *(Applause)*.

The Speaker: Could I now call upon the Chairperson of the Committee to reply.

The Chairperson, Committee on Accounts (Mr. Christopher Nakuleu (Kenya): Thank you, Mr. Speaker. There is not much I am going to reply to because much has been tackled by our previous speakers. I only have a few areas to clarify.

First, there is the issue that Members of our Committee have contributed to on the Floor. I know that it is a deviation from the normal procedure, but considering the time frame, Mr Speaker, honourable Members had a lot of material to generate to this House, but the three days given to them was not sufficient. When the honourable members went out yesterday with the papers that we gave them, they realised that there was something more to be added to the report; not as a matter of

resentment but to enrich it. So, on behalf of my committee members, I want to say that they did that in good faith – *(Applause)*.

Mr. Speaker, still on the issue of time, I want to go back to the 60 days issue. I would like all committees to be given sufficient time - at least two weeks - to handle these issues. Otherwise, if you compress a job that is supposed to be done for one month into three days, you will be affecting output. So, Mr Speaker, I beg that let all the committees have sufficient time to produce good work.

What hon. Ogalo raised been answered by the minister; what hon. Karan said on *RV Jumuiya* has also been handled; the issue of delayed remittances raised by hon. Akhaabi has also been tackled; issues raised by hon. Mulengani, especially on management audit, value for money audit, monitoring and evaluation have also been tackled, and I have no reason to go over them again.

Mr. Speaker, on behalf of my Committee, I wish to thank the Minister for availing himself here to answer a few queries which my Committee could not have been in a position to answer. I also want to thank the Secretariat for availing themselves when we needed them most, because there were issues that were not clear to us – *(Applause)*. I also want to thank the Audit Commission. After meeting the Auditors-General, we felt the scope of their report was too narrow and we went ahead to give them some recommendations, which the committee thinks they will include in the next financial year's report. I also want to underscore the competence of my team. I think it is one of the most qualified teams – *(Applause)* – not forgetting other

Members of the August House for their input to the report. What they have brought forward was with good intentions. So, it should not be seen as a form of resentment to the report.

Finally, I want to say that the report was fair, objective, and it covered most areas that were not even included in the former report. I think that is an improvement from where we left last year, although I was not there – *(Laughter)*.

So, Mr. Speaker, sir, pursuant to the provisions of Article 49(2)(c) and Article 134(3) of the Treaty and Rule 79(1)(h) of the Rules of Procedure of this House, I beg to move that the Assembly do adopt this report of the Committee on Accounts on the audited financial statement for the East African Community for the year ended 30th June, 2006. I beg to move – *(Applause)*.

(Question put and agreed to)

Report Adopted.

ADJOURNMENT

The Speaker: Honourable Members, with no other business, I now adjourn the House until Tuesday, at 2.30 p.m.

(The House rose at 4.50 p.m. and adjourned until Tuesday, 18 September 2007 at 2.30 p.m.)