



EAST AFRICAN COMMUNITY

EAST AFRICAN LEGISLATIVE ASSEMBLY (EALA)

Official Report of the Proceedings of the East African Legislative Assembly

29TH SITTING - SECOND ASSEMBLY: FIRST MEETING - SECOND SESSION

Tuesday, 17 June 2008

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

Status of the Ugandan Members of EALA

The Speaker: Honourable members, I rise on the matter regarding press reports about the so called nullification of the election of the Ugandan representatives to the East African Legislative Assembly.

I am aware that the Constitutional Court of the Republic of Uganda made a declaration to the effect that the Rules of Procedure of the Parliament of Uganda under which the said Members were elected were inconsistent with the provisions of the Constitution of the Republic of Uganda. Since this declaration, I have received a number of enquiries regarding the status of Uganda's representatives to the Assembly.

I wish to state that whether any person is an elected Member of the Assembly or whether any seat of the Assembly is vacant is provided for under Article 52(1) of the Treaty.

In the event that such a decision is made under Article 52(1) of the Treaty cited above, then it is incumbent upon that National Assembly, by provision of Article 52(2) of the Treaty, to notify the Speaker of this Assembly of any such determination.

I wish to notify you that I have, up to now, not received any such notification from the Parliament of the Republic of Uganda. Until I receive such notification from the Parliament of Uganda regarding this matter, I take it that the status quo regarding Uganda's representatives to EALA remains unchanged – *(Interjection)*.

Mr. Oyondi: On a point of order, Mr. Speaker, sir, I rise to make a statement regarding views attributed to a section of the Ugandan EALA Members in relation to the Republic of Kenya. Mr. Speaker, Sir, the Kenyan Chapter is concerned – *(Interruption)* -

The Speaker: Hon. Oyondi, what did you want to do?

Mr. Oyondi: Mr. Speaker, Sir, I wanted to make a statement under a point of order under Rule 47 of the Rules of Procedure, concerning the statement which was made by a section of the Ugandan EALA Members concerning the Kenya government.

The Speaker: Mr. Oyondi, I think you have to notify me before you can make such a statement. So, you can bring your notification and we can put it in the Order Paper tomorrow.

MOTION

FOR THE CONSIDERATION OF THE BUDGET OF THE EAST AFRICAN COMMUNITY FOR THE FINANCIAL YEAR 2008/2009

(Debate interrupted on 21 May 2008 resumed)

The Chairperson of the Council Of Ministers (Mr. Eriya Kategaya (Ex-Officio, Uganda): Mr. Speaker sir, I beg to move:

“THAT, this Assembly do resolve into a House Committee to review the budget debate and approve the reviewed estimates by the Council of Ministers of the East African Community for the Budget of the East African Community for the financial year 2008/2009.”

Honourable Members will recall that during the debate on the EAC Budget in Nairobi on 15 May 2008, a number of concerns were raised by some honourable Members of EALA. These included the need to re-align the EAC Budget to the Third EAC Development Strategy (2006-2010), to the relevant Summit directives and decisions of the Council of Ministers, and on the whole, to make proposals for re-allocation of funds to align the Budget with the EAC identified priorities.

I am pleased to report that the exercise of reviewing the Budget - which involved a highly participatory and close consultative process of representatives of the EAC Partner States, the EAC organs and institutions, including the Secretariat, the EALA, the EACJ and the Lake Victoria Basin Commission (LVBC), from 3rd to 9th June, 2008 and finally, the extra-ordinary meeting of the Council of Ministers on the 15th of June - has been accomplished.

Accordingly, the Council is hereby presenting the reviewed Budget of the Community for the Financial Year 2008/2009 for debate and approval by this esteemed Assembly.

In reviewing the Budget, a thorough going analysis of the Third EAC Development Strategy, 2006-2010 and related directives was undertaken and the following broad strategic objectives were identified and which have underpinned the Budget review.

1. Develop and harmonise roles and judicial systems, protocols, policies, regulations, procedures and standards.
2. Promote defence, peace and security
3. Strengthen the financial, legislative, oversight, administrative and ICT processes and systems, capacity building and human resource support for the EAC.
4. Promote sustainable socio-economic and political integration, climate change and environmental management.
5. Develop and implement the East African Branding Strategy.
6. Enhance bilateral, multilateral and intra-East African negotiations to regional and international organizations.
7. Initiate legislation, administration of cases, encourage arbitration and institutional building.
8. Provide statutory advice and services to the organs of the Community.

The Council has taken into account the cross cutting nature of these broad strategic objectives in assigning them to the Organs of the Community and the various directorates and departments in terms of their specific and focused strategic interventions as well as budgetary requirements. Further, the reviewed Budget includes both the Partner States' funding and the development partners' support. This structure presents a holistic Budget for all the activities and projected expenditures of the Community during the Financial Year.

Special attention has been given to commensurate budgetary provisions for priority areas such as the Customs Union, Common Market, Monetary Union as was stressed by the General Purpose Committee in Nairobi as well as implementation of various Summit directives on scaling up infrastructure, agriculture and industrial development, EPA negotiations, Re-branding the EAC and Political Federation, among other projects and programmes.

Mr. Speaker, Sir, I would also like to point out that the reviewed Budget has included new funds that have been pledged since the adjournment of the Budget debate, in particular the pledges made under the Partnership Fund amounting to USD 7,389,889 which has now been included in the reviewed Budget. These funds could not have been factored into the earlier presented Budget Estimates since they had not by then been approved by the Development Partners Committee of the EAC Partnership Fund that met on 22nd May 2008. As regards the composition of the Steering Committee of the Partnership Fund, the following are the members:

- a. Development partners, who are ambassadors of the United Republic of Tanzania from the following countries and Institutions: The European Union, Finland, Sweden, Federal Republic of Germany, Norway, France, Japan, World Bank and DFID.
- b. One Permanent Secretary from each Partner State.
- c. Secretary General of the East African Community. However, the Secretary General is always accompanied at the committee meetings by the Deputy Secretaries General, the Director General (Customs and Trade), the Clerk of the EALA, the Registrar of the Court, the Executive Director of the LBVC and other Professional Staff. The Steering Committee meets twice every year.

The Partnership Fund resources that have been pledged are allocated as follows:-

- i. Common Market Negotiations , USD 1,000,000
- ii. Support to EPA Negotiations, USD 1,000,000
- iii. Capacity Building for EAC Secretariat,(including projects and programmes in Financial Management and Planning; Human Resource Development; EAC Re- Branding; Library Documentation and Information management; Good Governance, Democracy and Human Rights), USD 1,971,925
- iv. Fast Tracking Rwanda and Burundi into EAC, USD 600,000
- v. Support to Studies, (including Studies on Monetary Union, Intra-EAC Trade, promotion of Small and Medium Enterprises, Meteorology, Transport and Road Network, Food security, education, tourism, Industrial and Investment promotion), USD 2,350,000
- vi. Salaries, USD 317,964
- vii. Contingency, USD 150,00
- viii. **TOTAL, USD 7,389,889**

Mr. Speaker, Sir, as Honourable Members are aware, the EAC Partnership Fund was established in 2006 following approval of the Regulations governing its operations by the Council. The purpose of the Fund is to rationalize the mobilization of funds, planning, use and accounting for funding from development partners and move towards a joint basket fund with the EAC Partner States. Such basket fund is geared at enabling the EAC reduce management and procedural challenges on account of too many donor supported accounts. However, this objective has so far not been fully achieved as some development partners are yet to embrace basket funding. Further, even though the project proposals are generated out of EAC priority areas as decided on by the Council, some development partners are still interested in funding specific sectors.

Mr. Speaker, Sir, this year's Budget is reflecting a higher donor component of the EAC financing. This manifests growing donor interest and support to the EAC's integration process which is deepening. However, the Council has noted the need for increased funding by the Partner States so that there is lesser dependence on donors. Be that as it may, absorption of funds overall is dependent on disbursements by the development partners. There are delays in such disbursements, and some pledges are not honoured. The EAC does not have control over the process between the time the pledges are made and when disbursements are effected. Different development partners have varied conditionalities/ policies, for example, the Regional Integration Support Programme (RISP) funding is based on the Calendar year and not the EAC Fiscal year.

In this regard, Honourable Members would like to note that the Budget of the Partnership Fund for USD 3.6m for 2007/08 was approved on 5th October 2007, three months after the beginning of the EAC financial year. The pledges by the

development partners were made in November 2007 and to date only USD 1.9m has been disbursed. The EAC therefore had only seven months from November 2007 to June 2008 to implement programmes intended to have been covered over one year. With respect to the USD 1.9m that was disbursed, utilization to date stands at USD 1.5m. Although this reflects 78% budget performance, which is quite impressive considering that disbursements came in late, it still manifests the vulnerability of the EAC to non-early disbursements.

Mr. Speaker, Sir, taking all this into account, the Council has directed the Secretariat to undertake consultations with the development partners with a view to ensure timely disbursements. The Council has, moreover, approved measures for streamlining the Partnership Fund operations as well as addressing the issue of financial sustainability of the EAC. To this end, the Secretariat has commissioned a study for the establishment of the EAC Development Fund. The output of the study would be a draft protocol establishing the EAC Development Fund.

On the whole, I wish to reiterate that arising from the observations of the Hon Members on the need to align the Budget to the EAC Development Strategy, the Council has directed the Secretariat to always identify, through Sectoral Committees, the sources of funding when recommendations/decisions that have financial implications are made. The Council has further directed the Secretariat to ensure that the EAC's MTEF Budget always reflects the financial projections as indicated by the Partner States as well as EAC development priorities. Partner States are being requested to facilitate availability of these projections early enough in the Budget process.

Mr. Speaker, Sir, allow me now to comment briefly on several other issues which the Members of the Assembly raised prior the adjournment of the Budget Debate in May:-

Travel and Conference Expenses:

On the issue of travel and conference provisions being too high, Hon. Members may wish to note that the Secretariat primarily undertakes a co-ordination role and this involves mostly holding workshops and meetings at the Headquarters but sometimes out of station. Meetings are also rotated in the Partner states to reflect the regional nature of our activities and improve visibility. These high costs include facilitating delegates of the Partner States to meetings on matters such as Common Market, EPA negotiations and other activities which are inevitably conference and travel intensive.

Composition of the Finance and Administration Committee:

As for the composition of and representation at meetings of the Finance and Administration Committee and the Co-ordination Committees from the Partner States, the Council has taken note of the observation. Necessary steps are being taken to ensure equal and quality representation.

The EAC Railways Master Plan:

The study has been completed. The relevant Committees are studying the report with a view to making recommendations to Council for a decision. The Partnership Fund, during its Steering Committee meeting, approved USD 200,000 to undertake relevant activities relating to this project.

The EAC Roads Master Plan:

The African Development Bank (ADB) has approved a grant of USD 590,000 for the road transport projects.

The East African Power Master Plan:

The challenges involving the implementation of this Master Plan are huge and onerous because the capital outlays demand enormous resources. At the Strategy Retreat of the EAC Heads of State in Kigali later this month, various options will be tabled on how the EAC Partner States can raise resources to fund not only energy generation and interconnections but also other heavy infrastructures. However, in the next financial year this programme has been allocated a total of USD 124,629 comprising USD 101,199 which is contribution from the Partner States and USD 23,430 being contribution from development partners.

Industrial and Investment Development Strategy Study:

This activity has been allocated USD 400,000 from the Partnership Fund bringing the total amount allocated for the exercise to USD 550,000 to finance the implementation of the industrial and investment policy and strategy study.

Agriculture and Food Security:

The sector has been allocated a total of USD 820,236 as follows: contribution from the Partner States is USD 20,600; contribution from the Development Partners is USD 800,236.

Tourism and Wildlife Management:

The budget allocation from the Partner States is USD 18,000 and USD 300,000 additional funds have been allocated from the Partnership Fund for the next financial year to develop a framework for marketing and promoting East Africa as a single tourist destination. This activity will thus have a total budget of USD 318,000.

The East African Legislative Assembly:

It is to be noted that a 10% limit annual increase has been imposed across the board over the years on the EAC Budget which affects the EALA as well as the other EAC organs. In spite of the imposed limit, the Council has considered the proposal for additional sitting days for the EALA. While it is the view of the Council that this matter be handled alongside the projections of the Council Bills that will be submitted, in the interim, the Council has approved up to 10 days additional sitting days that will be implemented as and when the workload demands. The funds for these additional days have been provided for in the Budget. In the medium to long term, the Council has decided to undertake an independent study to determine the appropriate number of days for Assembly sittings. The study will be undertaken during the next Financial Year for which the funds will be raised through the capacity building budget. In addition, procurement of 10 computers has been provided under the continued capacity building for the EALA during the Financial Year 2008/09.

Mr. Speaker, Sir, the Council notes the concerns of the Assembly relating to the need for a permanent residence of the EALA Speaker in Arusha. In the interest of addressing this matter in totality, the Council is of the view that a policy needs to be formulated to cover all the organs. This policy will need to be decided upon by the Summit. I have every confidence in this Assembly to bear with the Council as the due diligence is paid to resolving this and the related matter of the additional sitting days in the interests of a systematic and sustainable progress and development of the Community as a whole.

East African Court of Justice:

The Court has aligned its budget accordingly. For the next year, the funds allocated are sufficient and to the full satisfaction of the Court's projected activities and work plan for the Financial Year 2008/09.

Lake Victoria Basin Commission and Transport on the Lake:

Honourable Members, the issues raised under the Lake Victoria Basin Commission and Transport on the Lake are fully budgeted for under the French Government and the World Bank funded LVEMP 11 due to commence in September 2008. The process of owning the project fully is ongoing. The available funds raised so far, i.e. \$ 703,000, have now been detailed in the budget.

Honourable Members also raised the issue of the status of Partner States contributions to the EAC Budget. I would like to state that at the time when the issue was raised, Uganda and Tanzania had fully paid up: Kenya had paid up 97%, Rwanda had paid up 25% and Burundi 1.97%. These contributions add to 64.8% of the budget. Allow me to mention that Rwanda has made a commitment to pay its total contribution in quarterly tranches over the next six months which fall within its financial year.

Mr. Speaker, Sir, the submission of the reviewed budget has given light to the need to improve the budgeting process in the EAC. It has been an illuminating experience and I believe that it will enable the organs of the Community to henceforth work more closely in ensuring that the EAC presents a budget that is wholesome and well focused. However, it has to be stated categorically that budget formulation is the exclusive mandate of the Council of Ministers. In addition, the Treaty also establishes, under Article 71(1)(i), very clearly the responsibility for the mobilization of funds from the development partners and other sources for the implementation of projects of the Community. In this context, it has been observed that some Organs and Institutions may be mobilizing funds outside this requirement of the Treaty. This requirement must be strictly adhered to.

Mr. Speaker, Sir, we will have the occasion soon to discuss how best to improve Inter-Organ co-ordination and relations in the spirit of working closely together in pursuit of EAC's objectives. In particular, we will need to clarify the roles of the Organs of the Community pursuant to the Treaty provisions and ensure that the principle of separation of powers is clarified and smartly adhered to. In turn, we will all need to have better understanding of the roles of the Organs and those of the Partner States with a view to ensuring more effective management of the EAC mandate.

Mr. Speaker, Sir, after stating the above, allow me now to table the Budget as approved by the Council of Ministers for the Financial Year 2008/09. The total budget is USD 40,499,095 comprising USD 23,418,935 being contribution of the Partner States, USD 808,212 from the revenue float, and USD 150,527 from other income and USD 16,121,421 being contribution of development partners.

The Budget allocation to the organs and institutions of the Community is as follows:

- i. Secretariat, USD 23,639,774
- ii. East African Legislative Assembly, USD 7,348,643
- iii. East African Court of Justice, USD 2,601,540
- iv. Customs and Trade, USD 3,371,886
- v. Defence Liaison Unit, USD 1,096,426; and
- vi. Lake Victoria Basin Commission, USD 2,440,826.

The detailed breakdown of these allocations is contained in **Annex 1**, which is appended hereto.

Finally, Honourable Speaker, I wish to take this opportunity to thank all our development partners for supporting EAC integration. I wish also to extend the Council's gratitude to the Honourable Members who worked closely with representatives of the Partner States and the EAC staff on a job well done in getting the EAC budget reviewed and now tabled.

Mr. Speaker, Sir, I beg to move. (*Applause*)

The Speaker: Hon. Minister, could you table the revised Budget estimates?

(Mr. Kategaya laid the document on the Table)

ADJOURNMENT

The Speaker: Honourable Members, as you can see, there are fundamental changes to the estimates the Minister had tabled before. So that you can better internalize the Budget, I adjourn the House until tomorrow at 2.30 p.m.

(The House rose at 3.05 p.m. and adjourned until Wednesday, 18 June 2008 at 2.30 p.m.)