



EAST AFRICAN COMMUNITY

EAST AFRICAN LEGISLATIVE ASSEMBLY

Official Report of the Proceedings of the East African Legislative Assembly

18TH SITTING – SECOND ASSEMBLY: FIFTH MEETING - FIRST SESSION:

Tuesday, 19 February 2008

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

PRAYER

[The Speaker, Mr. Abdirahin Haither Abdi, in the Chair]

The Assembly was called to order

ADMINISTRATION OF OATH

The Speaker: Honourable Members, there are two new Members of the Assembly who would like to take their seats in the Assembly. But as you are aware, subject to the provisions of Rule 6 of the Assembly's Rules of Procedure, the two cannot sit or participate in the proceedings of the House until they take oath or affirmation of allegiance to the Treaty as Members of the Assembly. Rule 6(3) specifically states:

“When a Member first attends to take his or her seat other than at the first sitting of a new Assembly, he or she shall be brought to the table by two

Members and be presented by them to the Speaker, who shall then administer the Oath or Affirmation of Allegiance to him or her.”

I, therefore, request any two Members of this House who happen to know the two new Members to bring them forward.

The oath was administered to the following new Members:

Dr. Wilfred Gisuka Machage.

Dr. Diodorus Buberwa Kamala.

COMMUNICATION FROM THE CHAIR

The Speaker: Honourable Members, I rise to make the following communication. I welcome you back to the House after the brief recess, and for the first time to transact business in this brand new Chamber – *(Applause)*. The Assembly requested His Excellency Yoweri Kaguta Museveni, the President of the Republic of Uganda, and Chairperson of the East African Summit of Heads of State, to address the Assembly on the state of East Africa on the 26 February 2008, so he will officially open the new Chamber on the same day - *(Applause)*.

I also wish to take this opportunity to thank you for the tremendous effort you have put in the work of the respective Committees during last week's briefing sessions with the executive and professional staff of the East African Community. I am sure the issues discussed will enhance our legislative and oversight roles.

I would also like to note with deep concern the political and humanitarian crisis that unfolded in the aftermath of the elections in the Republic of Kenya which was held on 27 December 2007. I was particularly saddened by the wave of violence, the loss of lives, and the destruction of property. This prompted me to put together a goodwill mission comprised of Members of the Assembly with the purpose of visiting the affected areas to assess the situation on the ground, and to consult the direct victims of this regrettable episode in the history of Kenya and East Africa.

From the bottom of my heart, I thank you all for showing solidarity with the

victims of the violence through your generous contributions, which amounted to Kshs1 million – *(Applause)*. The money was delivered to the Kenya Red Cross Society to assist in the humanitarian efforts. Let us continue praying for the victims of the violence and hope the political impasse will be amicably resolved. For those who have lost their lives, may their souls rest in eternal peace!

May we now stand up to observe a minute of silence for those who lost their lives.

(The Assembly rose and observed a minute of silence)

The Speaker: I thank you.

PAPERS

The following Papers were laid on the Table: -

by the Chairperson of the Committee on Accounts (Mr. Christopher Nakuleu, Kenya)

The report of the Committee on Accounts on the Audited Accounts of the East African Community Projects

by the Leader of the EALA Goodwill Mission to Kenya (Dr. F. Lwanyantika Masha, Tanzania)

The Report of the EALA Goodwill Mission to Kenya

**BILLS
FIRST READING**

The East African Budget Bill, 2007

Chairperson, Committee on General Purpose (Ms. Lydia Wanyoto-Mutende (Uganda)): Mr. Speaker, I beg to move that the East African Community Budget Bill, 2007 be read the First Time.

Bill read a First Time and referred to the relevant Committee.

MOTION

For Consideration and Adoption of the Report of the Committee on Accounts on the Audited Accounts of the East African Community Projects

The Chairperson, Committee on Accounts (Mr. Christopher Nakuleu (Kenya)): Mr. Speaker, sir, I beg to move_

THAT, this Assembly, pursuant to the provisions of Article 49(2) of the Treaty and Rule 79(1)(h) of the Rules of Procedure of this House, do consider and adopt the Report of the Committee on Accounts on the Audited Accounts of the East African Community Projects.

Ms. Byamukama (Uganda): Seconded.

Mr. Nakuleu (Kenya): Mr. Speaker, sir, Article 49 (2) (c) and 134 (3) of the Treaty for the Establishment of the East African Community requires the Assembly to consider the reports of the Audit Commission on the Audited Accounts of the East African

Community, and to make such recommendations and any other course of action that the Assembly may deem necessary.

Under the provisions of Article 49 (2) (e) of the Treaty, the Assembly is conferred upon powers and authority to form Committees for the efficient discharge of its functions. One of the Committees established by the Assembly is the Committee on Accounts, whose main function is to carry out a post-audit review and scrutiny of expenditure incurred by the East African Community of the sums appropriated and approved by the Assembly in the annual budget of East African Comm. Pursuant to the provisions of Article 134 (3) of the Treaty, three reports of the Audit Commission on three EAC projects were laid before the Assembly on 4 December 2007, by the Chairperson of the Council. The reports were subsequently referred to the committee for consideration. It is in this regard that the Committee convened in Kampala from the 5th-8th February 2008 to examine the said reports of the Audit Commission.

This report therefore covers a review of the above said reports of the Audit Commission and outlines the recommendations of the Committee for adoption by the Assembly on the desired course.

Mr Speaker, in considering the reports the Committee sought to satisfy itself whether the monies approved by the Assembly were expended and applied for their intended objectives and in conformity with EAC Financial Rules and Regulations and any other directives of the Council or the Assembly.

Mr Speaker, as on previous occasions, the Committee invited the Audit Commission and the Secretary General in his capacity as the Accounting Officer to assist the Committee to clarify on the issues raised in the audit reports.

Mr. Speaker, the first part of the Report is on the Mount Elgon Regional Ecosystem Conservation Programme (MERECP. The MERECP Programme is a four year Project worth USD\$4,874,342 signed between the East African Community and the Norwegian Government on 3 February 2004. The programme runs from September 2005 to 2009.

The goal of the programme is to achieve integrated ecosystem conservation and management for sustainable development and enhanced well being to the people and the environment. The main purpose is to enhance the conservation status and benefits of the Mt. Elgon ecosystem to environment quality and livelihood.

Mr. Speaker, the specific objectives of the programme are:

- to effectively protect and manage natural resources in and outside protected areas
- to enhance sustainable development in the Mt. Elgon ecosystem
- to integrate into national, regional and international development framework, the conservation and management needs of Mt. Elgon ecosystem; and
- to effectively implement MERECP as a regional trans-boundary Programme.

Mr Speaker, the East African Community entered into a cooperation agreement with the World Conservation Union (IUCN) for the provision of a technical advisory programme and financial management services to MERECP. IUCN are therefore the programme managers.

Mr Speaker, Section 2.2 is on the audit findings and recommendations. Section 2.2(1) is on non-opening of specific bank accounts by the Mount Elgon Regional Ecosystem Conservation Programme, by IUCN and partner institutions

Mr Speaker, the Audit Commission reported that according to paragraph 10.6.4 of the MERECP Implementation Manual, IUCN was required to operate a separate bank account for the programme. However, IUCN had not complied with this requirement and instead the funds received for this project are commingled with other funds for projects unrelated to the East African Community.

The Audit Commission further reported that although they were satisfied with the IUCN internal control systems, verification of the bank balances could not be done through use of bank statements. It was therefore difficult for the East African Community and the donor to keep track of the programme funds.

Mr Speaker, IUCN reported that under its financial policy, they operate a centralized liquidity management policy. Hence all accounts are pooled to safeguard against risks, and in particular, to provide support to regional offices in case of financing of approved project

delays. In short, IUCN regional offices only operate single accounts and there was no exception to the rule.

Mr Speaker, the Committee observed that the opening of a separate bank account was a requirement under the financing agreement, and, therefore, both IUCN and EAC were aware of this fact. It was expected that IUCN would have raised the matter at the point of contract negotiations to enable for the necessary adjustments/revisions to the agreement. Without a revision of this particular requirement to have a separate bank account, IUCN is in breach of the agreement.

Mr Speaker, the Committee recommends the Assembly to direct the Management of the East African Community and IUCN to follow up the matter with the donor in order to ensure that funds are not commingled.

Mr Speaker, in a related finding, the Audit Commission reported that according to paragraph 10.7.4 of the MERECP Implementation Manual, all implementing institutions are required to open and operate separate bank accounts for the projects. A number of institutions such as National Environment Management Authority (NEMA) Uganda; the Ministry of Water, Lands and Environment of Uganda; and the Ministry of Environment and Natural Resources Kenya had not complied with this requirement. As a result, the Audit Commission failed to verify bank balances. The anomaly has also led to delayed implementation of planned programme activities.

Mr Speaker, the IUCN reported that there has been some progress so far.

Trans-zoia District has managed to open up a bank account, and they were following up the matter with the ministries and NEMA. It was further revealed that the delay in opening of MERECP accounts by ministries and districts was due to administrative requirements both in Kenya and Uganda, which require that all government institutions have to first seek authority from their respective Permanent Secretaries of the Ministries of Finance. This process tends to be unnecessarily lengthy.

Mr Speaker, the Committee observed that despite these facts having been known to the East African Community, the Management of the East African Community apparently did not make any reasonable efforts to follow up this issue with the respective Ministries of Finance. The importance of the project would have required that the Policy Steering Committee of the programme, which is composed of sectoral Permanent Secretaries, would have taken this matter up with their colleagues in the Ministries of Finance.

Mr Speaker, the Committee recommends that the Assembly do urge the management of the EAC to take immediate steps to ensure that all Partner State implementing institutions open up bank accounts because it is incomprehensible for the process to take two years to open an account for a project of this magnitude and importance.

Mr Speaker, section 2.2.2 of the Report concerns the uncompetitive procurements made by NEMA, Uganda. The Audit Commission reported that the scrutiny of Imprest accountability

submitted by NEMA Uganda revealed that the institution spent a sum of USD\$14,654 on consultation fees, accommodation and car hire without following the laid down procurement procedures, which require competitive procurement. The IUCN management did not take any measure against NEMA despite this blatant flouting of laid down procedures.

The Committee observed that it appeared that the reason why NEMA has not opened up an account is that they preferred the cash Imprest practice, which is easy to spend as and when wished by the responsible officers. This practice is subject to abuse and could lead to wasteful expenditure and irregular procurement of goods and services. The Committee could not rule out misuse of funds in these transactions, and unless measures are taken to open bank accounts, the malpractice is likely to continue.

Mr Speaker, the Committee recommends that the Assembly do direct as follows:

- (a) NEMA should refund to the project the full amount of USD\$14,654 purportedly spent on the procurement of services.
- (b) The Imprest system at NEMA should stop forthwith. Further disbursements of funds should only be made when NEMA opens up a separate bank account for the Project.
- (c) Procurement should be made in accordance with the requirements of programme implementation manual. If abused punitive measures should be taken.

Mr Speaker, section 2.2.3 of the Report is on the delayed implementation of the programme activities. The IUCN reported that performance was low because the period under review constituted the inception period. Most activities could not be undertaken due to delays in opening up bank accounts; lengthy government procurement procedures, which required procurements to be handled by procurement committees, yet in Uganda these committees were not in place at the time of the programme inception; signing of Project Management Agreements with implementing institutions took more than six months (February – August, 2006) to be completed. Also, there were inadequate communication facilities between the institutions and IUCN; and, there was lack of political goodwill in various implementing districts within the Mt. Elgon ecosystem area.

Mr. Speaker, the Committee recommends that the Assembly directs that:

- a) The EAC should improve on its monitoring and supervisory role in the running of the project
- b) The programme performance reports should be submitted to EAC every three months; and,
- c) A mid-term review of this programme should be carried out as soon as possible with a view to restructuring the running of the programme. The review should involve all stakeholders, including EALA.

Mr Speaker, on the review of the performance, under 2.2.4, the Audit Commission reported that a review of the financial and actual performance revealed that whereas a total sum of USD\$1,740,002 was budgeted for programme activities during the period under review, only USD\$640,971 had been utilised, representing only 37 per cent performance.

On physical performance, most of the planned activities had not been implemented as set out in the Annual Action Plan. For three out of the four programme objectives recording performance ranging between 25 – 45 per cent, the overall Physical Performance was at 46 per cent.

Mr Speaker, the Committee took note of the reasons outlined above. However, the Committee observed that the EAC and IUCN management should have foreseen the likely delays at the time of inception, and as such should have made more realistic targets and work plans. It was also clear that the EAC was lax in its monitoring role as some of the

reasons outlined above could have been dealt with easily. Also, it is the considered view of the Committee that unless the management of the EAC puts in more effort in its monitoring and supervisory role, this programme will not achieve its intended objectives.

In light of this, Mr Speaker, the Committee recommends that the management and EAC should ensure that programme activities are carried out within the agreed time frame and in accordance with the annual action plan.

Mr Speaker, section 2.2.5 of the Report highlights the late accountability for funds disbursed to implementing institutions. In according to the implementation action plan, MERECP disburses funds to the implementing institutions on a quarterly basis. It was noted that most of these institutions took up to six months to account for funds disbursed to them. As 31 December 2006, the following institutions had not accounted for the funds amounting to US \$ 98,458 disbursed to them:

Table 1:**Late Accountability for funds disbursed to Implementing Institutions**

PARTNER	AMOUNT DISBURSED IN US \$	AMOUNT ACCOUNTED FOR US \$	AMOUNT ACCOUNTED US \$	NOT FOR
EAC	45,358	10,540	34,845	
KAPCHORWA DISTRICT	9,881	0	9,881	
MBALE DISTRICT	17,794	9,344	8,450	
MT ELGON COUNTY	3,487	0	3,487	
MT ELGON DISTRICT	18,576	0	18,576	
NEMA-UGANDA	13,945	11,712	2,233	
NEMA-KENYA	4,375	0	4,375	
NFA-UGANDA	8,592	3,456	5,136	
SIRONKO DISTRICT	9,881	4,052	5,646	
UWA	5,646	0	5,646	
TOTAL	137,562	39,104	98,458	

In addition, Mr Speaker, one institution, the World Agro Forestry Centre (ICRAF) was advanced a sum of USD7,170 yet according to the financial report, ICRAF spent USD90,968, which is USD23,798 more on the same activities without prior authority of IUCN. The Audit Commission was also not availed with supporting documents pertaining to this expenditure. The anomaly made the audit difficult as it was impossible to verify the purported expenditures. In total, therefore, the sum of USD \$189,426 made up of USD\$90,968 from ICRAFT, and USD98,458 from other institutions had not been accounted for.

Mr Speaker, the Committee observed that IUCN has not been managing this programme well and there is need to improve on the rate of implementation and accountability in these areas. Also, there was no explanation as to why IUCN continued to disburse funds to these institutions despite lack of accountability for the funds previously disbursed. The standard practice, and indeed the agreement, requires that funds received for the previous quarter must be fully accounted for before further disbursements are made.

In this regard, the Committee recommends that the Assembly should direct that:

- a) No further disbursements of funds should be made to any institution that has not fully accounted for funds previously received
- b) All the purported documentation that has been received by IUCN should be submitted to the Audit Commission for further verification by the end of March 2008.
- c) The EAC should issue a stern warning to all institutions informing them that accounting for funds without supporting documents should stop forthwith and that in future it will attract punitive measures.

Mr Speaker, item number 2.2.6 in the report covers avoidable high costs. The Audit Commission reported on two Institutions, namely; National Forestry Authority (NFA) and Uganda Wildlife Authority (UWA) where incidences of avoidable high and unnecessary costs were noted.

The NFA has a focal point office in Jinja and has opened a MERECP bank account in Jinja yet the activities being implemented are in Mbale district, over 150 km away. This has led to additional operational costs being incurred on travel allowances for the officers to move from Jinja to Mbale to carry out supervision of the programme activities. For instance, in the first disbursement of USD4,502 released for the programme activities, USD1, 215, which is about 25 per cent of the money, was spent on travel expenses between Mbale and Jinja.

In a related incident, Mr Speaker, UWA has a MERECP Account in Mbale, while the signatories are in Kampala, 250 km away – (*Laughter*). As a result, there are delays in accessing funds, and this has led to a practice of drawing large sums of money in the form of Imprest, which is at times kept for long periods without utilization. For instance,

it was noted that approximately USD5,765 had been received from IUCN in December 2006, but had not been utilised by the time of the audit in February 2007.

Mr Speaker, the committee could not comprehend in both cases why the implementing institutions found it difficult to open bank accounts in Mbale; and secondly, why they habitually draw large sums of money in the form of Imprest, which is held for long time without being used. Also, the Committee was concerned with how USD1,215 could have been used on travel and subsistence allowance as opposed to being used on activities directly related to the programme.

Mr Speaker, the Committee therefore recommends that the Assembly should:

- a) hold IUCN, NFA and UWA responsible for all these unnecessary costs to the project;
- b) direct EAC to write to NFA and UWA on the need to exercise responsibility and avoid such high operational costs and to ensure that funds are released when required, failure to do which, punitive action should be taken;
- c) direct that in future, the EAC Management should ensure that the responsible officers in the implementing institutions should appear before the Committee to answer audit queries regarding their respective institutions;
- d) direct the Deputy Secretary General in charge of Programmes and Projects to carry out a performance audit on programmes of MERCEP.

Mr Speaker, the next item in the report is on programme activities not properly supervised, which is section 2.2.7.

The Audit Commission reported that it was clear that there was inadequate supervision of programme activities in Mbale district. The Committee observed that this was the general trend in the entire programme management. Supervision and monitoring are clearly inadequate, and as a result, programme performance has been unsatisfactory.

The Committee went ahead and recommended that the Assembly should direct the EAC management to:

- a) institute a review of the relationship between IUCN and implementing institutions with a view to re-defining the role of focal point officers; and,
- b) in order to make sure that the programme activities are properly managed, the focal point officers within the district authorities should be held accountable for programme management.

Mr Speaker, the next item is on the *Luceana* and *Calliandra* seed orchard that was ploughed down by Sironko Prison, which attracted US\$ 2,086. The Committee noted that Sironko District in Uganda spent US \$2,086 to plant *Leuceana* and *Calliandra* seedlings, however, the management of Sironko Prison ploughed down the whole six acres farm claiming ownership of the land. In addition, the Committee noted that the Audit Commission was barred from visiting the farm in question by the Prison authorities.

The Committee therefore recommends that the management should liaise with the appropriate authorities to ensure that ploughed down seedlings are compensated for by the Sironko Prison authorities, and appropriate disciplinary action should be taken against them. The Committee further recommends that the EAC should carry out intensive awareness programmes in areas where they are having projects.

Mr Speaker, the next item is on section 2.2.9, which is about the need to harmonize MERECP with ADB activities. The Committee was informed that Trans-Zoia district is one of the implementing institutions of the MERECP programme in Kenya. The same district is also implementing a similar activity funded separately by ADB through the Kenya Forest Service.

The Audit Commission recommended that there was need to look into the possibility of harmonizing those activities to avoid a possibility of double funding the same activities. So the Committee went ahead and recommended to the Assembly to direct the EAC to synchronise funding in Trans-Nzoia or any other area where there is more than one donor so as to avoid the possibility of double funding. The Committee further recommended the establishment of a basket-funding arrangement in order to streamline and maximize fund utilization.

Mr Speaker, the next part of the Report is Section 3.0, which is on the Lake Victoria Environment Management Programme II (LVEMP II).

The Programme is composed of three Projects: the Trans-boundary Diagnostic Analysis and Strategic Action Plan (TDA); Policy and Human Resource Development (PHRD) and SIDA LVEMP II. The Audit Report is for the Financial Year ended 30th June, 2006.

The TDA agreement was signed on 7th September, 2004 between the East African Community and the International Fund for Reconstruction and Development (IBRD). The objective of the Project is to promote sustainable economic growth by undertaking a Trans-boundary diagnostic analysis of Lake Victoria Basin within the participating countries in order to identify a strategic action/investment programme addressing key environmental issues and their linkage to poverty alleviation.

The PHRD Project is a Japanese Grant signed on 29th January, 2003 between the United Republic of Tanzania and the government of Japan. The grant was USD\$719,689. The purpose of the Project was to prepare the Second Phase of Lake Victoria Environment Management Programme II (LVEMP II). The Implementing Agency was the LVEMP Secretariat. The main activities that were to be undertaken were:

- (i) production of a land suitability map with environmental and social overlays
- (ii) production of an indicative Lake Victoria Basin structure plans; and
- (iii) carrying out of other studies required for the preparation of the Project.

The SIDA LVEMP II Project is a project between Swedish International Development Agency (SIDA) and the East African Community (EAC) aimed at promoting sustainable

development in the Lake Victoria Basin area. The agreement for this project was signed on 27th May, 2004. The main activity to be carried out was to strengthen the capacity of the EAC Secretariat to coordinate the preparation process of the LVEMP II and to build capacity of the Regional Coordination Unit and National focal points for Lake Victoria in the Partner States.

The Programme is managed by the Lake Victoria Basin Commission (LVBC) of the East African Community. The total amount received by the Programme in the period under review was USD\$618,488.

Mr Speaker, on the audit findings and recommendations, the Audit Commission reported that according to the three financing agreements, the East African Community is supposed to prepare and furnish quarterly and annual progress reports to IDA and SIDA regarding the physical performance results obtained and the impact achieved. Only the TDA Project submitted reports, although on evaluation the Audit Commission noted that they could not clearly indicate the extent to which each of the planned targets or programme objectives were physically implemented.

The Audit Commission was not provided with progress reports relating to the PHRD and SIDA Projects. As a result, the Audit Commission was unable to verify the extent to which the planned activities had been implemented. Although in the report to the Audit Commission the EAC Management had concurred with the findings of the Audit Commission, the officers who represented LVBC insisted that the progress reports were available and had been submitted to donors. The LVBC could not however explain to the Committee as to why copies of these reports were not availed to the Audit Commission for verification. The Committee noted that this was yet another blatant action of EAC to frustrate the work of the Audit Commission by intentionally withholding vital information relevant to the Audit function.

Mr Speaker, the Committee recommends that the Assembly do direct that:

- i. The LVBC submits all the missing reports to the Audit Commission for verification, with copies to the Assembly by end of March 2008, and that in future, copies of all quarterly reports submitted to donors should also be copied to the EAC Secretariat.
- ii. The Secretary General should issue a warning to the LVBC on the need to ensure that all aspects of the financing agreement are respected, short of which punitive action should be taken.
- iii. The office of the Secretary General should take its supervisory role more seriously.

The next item, Mr Speaker is Section 3.2.2, on the financial reports not related to budgets. The Audit Commission reported that the financial statements submitted did not incorporate budgets upon which actual performance would have been compared. In addition, the Medium Term Expenditure Framework did not specify budget lines relating

to individual patterns of the programme expenditure, instead they merely provided global figures for each project.

Mr Speaker, the Committee was concerned that running projects without clear budget lines hinders performance evaluation, and that there was a likelihood of over expenditure on non-crucial activities in comparison with others. For example, Table 2 below indicates that on the item “consultancy services” the actual expenditure was US\$115,699.66, but there was no budget allocated for it. Where there was a budget line, like the Regional Coordination Unit Support with US\$83,600, there was no expenditure.

Mr Speaker, I will refer the honourable members to Table 2 below for further understanding.

Table 2:**Financial Reports Not Related to Budgets**

Item	Actual Expenditure	Budget	Variance	<u>Actual</u> Budget %
TDA				
Consultancy services for	115,699.66			
Training and workshops	99,166.12			
Goods under TDA	2,338.49			
Operating costs	73,079.38			
Subtotal	290,283.65	320,641	30,357.35	90.5
Regional consultancy on prep of SAP	5,100.00	479,359	474,259.00	1
Consultancy services	33,732.26	0	-33,732.26	
Regional Coordination Unit Support	0	83,600	83,600	0
Regional Project co-or PHRD	2,200.00			
Operating costs PHRD	45,901.10			
Sub total PHRD	48,101.10	75,000	26,898.90	64
Operation and maintenance-SIDA	50,967.36	0	-50,967.36	0
Bank Charges	1,496.08	0	-1,496.08	0
TOTAL EXPENDITURE	429,680.45	958,600	528,919.55	45

Despite all these glaring facts, Mr Speaker, the LVBC Management insisted that they do have all the budgets. Further inquiries by the Committee on the project made it clear to the Committee that LVBC lacks capacity to run projects of this magnitude. It was apparent that a lot of anomalies, laxity and lack of direction at LVBC.

It is the considered view of the Committee that there is need to carry out a thorough capacity needs assessment at LVBC with a view to strengthening its capacity to carry out its mandate. Otherwise, the entire Lake Victoria Basin Programme is in danger of not achieving its intended objectives.

Mr Speaker, the Committee therefore recommends that the Assembly directs that:

- (a) In the immediate term, the Secretary General should institute close monitoring and evaluation mechanisms on the performance of LVBC with regard to this and other projects.
- (b) The Secretary General should further carry out a thorough institutional, management and financial processes review of the LVBC as a matter of urgency with a view of determining whether the right capacity exists at LVBC.

Mr Speaker, the next item is Section 3.2.3, on outstanding claims, deposits and prepayments. On this the Audit Commission reported that a total of US\$76,705 remained outstanding as advances, claims and deposits to Partner States by the time of audit. In addition,

VAT claims from the Tanzania Revenue Authority remained outstanding as well.

Mr Speaker, the implication is that such outstanding advances tie up programme funds which could be used to implement other activities, so the Committee:

- a) Recommends that the Assembly do direct the EAC management to ensure that the outstanding claims are settled, and that deposits and pre-payments are accounted for.
- b) Takes note that LVBC does not have an Internal Auditor, and, therefore, recommends that an Internal Auditor be recruited expeditiously.
- c) The Committee also recommends that all Partner States account for the funds disbursed to them
- d) The Committee further recommends that the outstanding VAT from Tanzania Revenue Authority should be expeditiously followed up and settled once and for all.

Part 4.0 of our report deals with the EAC Customs Union Project: IDF Grant No. 053962.

Mr Speaker, the purpose of this grant was to assist the EAC in implementing the Customs Union Protocol as a step towards its long term objective of creating a Common Market. The grant, worth USD320,000 was signed on 9 August 2004 between the East African Community and the International Bank for Reconstruction and Development.

The main activities to be carried out were to:

- a) finalise the EAC Customs Management Law;
- b) strengthen the institutional capacity of the EAC Secretariat and EAC national Customs department to start implementation of the Customs Union; and,
- c) carry out audit of all grants related activities.

The Programme is managed by the Directorate of Customs of the EAC.

Mr Speaker, Part 4.2 of the Report deals with the Audit Commission findings and Recommendations.

On non preparation of budgets, the Audit Commission reported that the financial statements submitted to them did not incorporate budgets. As such, a variance analysis to establish the actual performance could not be carried out. The EAC management concurred with the Audit Commission and promised to incorporate budgets in the financial statements.

The Committee was, however, concerned that the EAC management had persistently withheld vital information from the Audit Commission. As such, the Audit Commission could not professionally present a true picture of the performance of the projects.

In this regard, the Committee therefore recommends that:

- a) The Assembly should direct the Secretary General to ensure that information is made available to the Audit Commission as and

when necessary, and in a timely manner;

- b) Punitive measures should be instituted against anyone who withholds information from the Audit Commission.

Mr Speaker, section 4.2.2 of our Report is on the outstanding advances and imprest balances. The Audit Commission reported that a total of USD4,451 remained as outstanding balance by the time of audit. In addition, a review of the Special Account Statement revealed a difference of the same amount between the bank balance at the year end and the fund balances resulting from reconciliation. The implication is that funds from the special account might have been used to meet ineligible expenses.

The EAC Management reported to the Committee that an error had occurred and that the anomaly had been corrected. They further informed the Committee that the outstanding imprest had been accounted for.

The Committee noted that this information was not verified by the Audit Commission. The Committee further noted that it was two years since the query was raised, and that if this anomaly had been corrected it would have been captured in the account as an excess.

The Committee, therefore, recommends that:

- a) A Project Performance Audit should be carried out and the report should be presented to the Assembly;
- b) Action should be taken against the person responsible for the

outstanding advances and imprest balances not refunded to this account.

Mr Speaker, the fifth part of our Report deals with general observations. Please allow me to go to Section 5.1, which is on management response.

As part of the audit report, management is required to submit what is called "Management Response" alongside the financial statements. The Committee noted that in all the three projects, management responses that accompanied the financial statements were in some cases missing, and where available they were shallow. All that was mentioned was the background - who manages the programme and the programme objectives and goals. Queries raised by the Audit Commission were not adequately addressed by the management, and it was difficult to make an assessment on the programme performance.

The Committee recommends that management response should be comprehensive on issues raised by the Audit Commission.

Section 5.2 of the report is on performance and management Audit. The Committee noted that there was a consistent tendency to withhold vital information from the Audit Commission by the management of these programmes and projects. The Audit Commission, throughout the three reports, noted their inability to access and to verify certain vital documents like budgets and progress reports, upon which the Audit Commission could have based itself to undertake a more meaningful audit.

Mr Speaker, the Committee recommends that:

- a) The Audit Commission should immediately carry out a comprehensive audit of these programmes including an assessment of the project performance and project management capabilities;
- b) When vital information is withheld from the Audit Commission, the Commission should qualify the accounts;
- c) Punitive action should be taken against any institution or person that withholds information from the Audit Commission since this is in breach of Article 134 of the Treaty for the Establishment of the East African Community.

Mr Speaker, Section 5.3 of the Report is on lack of linkages between the EAC and the implementing institutions.

The Committee noted the apparent lack of capacity at the EAC to effectively monitor its own projects. During the meetings, a number of officers of the EAC responsible for these projects exhibited limited knowledge of what actually transpires in these projects. There is also a glaring lack of linkages between EAC and the implementing agencies in the Partner States, whom EAC seems to have no control over – (*Interjection*).

Mr Speaker, the Committee recommended that there is need to:

- a) Build capacity to effectively monitor projects;

- b) Harmonize and synchronize linkages between EAC and its programmes.

Mr Speaker, Section 5.4 of the Report deals with the representation of the EAC and line officers to furnish the Committee with further information on the queries that are raised.

The top Management of the EAC does not seem to follow its own administrative arrangements, which apparently assigned the deputy secretaries general specific responsibilities. The Committee expected that during the review of the audit findings on the EAC projects, the Deputy Secretary General in charge of Projects and Programmes who was most suitable to represent the Secretary General was not present to answer queries.

The Committee noted that the “*The Laws of The Community (Interpretation) Act, 2003*” defines “Secretary General” as Secretary General of the Community provided for by Article 67 of the Treaty. This, therefore, does not include the deputy secretaries general who are provided for under Article 68 of the Treaty.

The Committee recommends that:

- a) The officer responsible for Projects and Programmes should be available to furnish the Committee with further clarification;
- b) *The Laws of the Community (Interpretation) Act 2003* should be adhered to.

Mr Speaker, in conclusion, the Committee extends its appreciation to the following persons and institutions that enabled it to successfully execute its mandate:

1. The Audit Commission for fulfilling its obligations pursuant to the provisions of Article 134 of the Treaty by producing and submitting the report under review;
2. The Deputy Secretary General (Finance and Administration) and his team for availing themselves to clarify on the issues raised in the report;
3. The Parliament of the Republic of Uganda for hosting the Committee in its premises

Mr. Speaker, sir, finally, I would wish to thank the Members of the Accounts Committee for having been very articulate in issues that were not clear and for having most of their time to come up with this report on behalf of the Assembly. I thank you, Mr Speaker, and I beg to move (*Applause*).

Ms. Dora Kanabahita Byamukama (Uganda): Seconded.

(Question of the motion proposed)

The Speaker: Honourable Members, before you contribute to the debate, let me take this opportunity to recognize some visitors in the Speaker’s Gallery. The first one is Mr. Elisha Kaya, the Managing Director of the AICC, and Mr. Francis Kulwa, the Director of Estates of AICC. There is also a team of staff from the Pan African Parliament. *Karibuni - (Applause)*.

Ms. Dora Kanabahita Byamukama (Uganda): Mr. Speaker, I thank you for giving me this opportunity to make some comments. Indeed, I am a Member of the Committee, but having seconded the Motion by the honourable Chairperson, maybe I will give some more elucidation to some of the issues that he highlighted so that the honourable members can appreciate some of the points that were raised in the Committee deliberations. First and foremost, this particular audit commission report came up as a result of a recommendation that was made by the Committee on Accounts when we felt that we were not properly auditing projects. Therefore, these three projects were picked as samples to enable us appreciate the operations of the EAC projects.

Secondly, I would like to thank the East African Community and the Partner States for this time giving more money and time to the Audit commissioners. They reported that whereas before they were always given very little time, this time they had ample time, although they had a constraint of the necessary information not being made available to them, as you may have noted.

Mr. Speaker, sir, I think one of the challenges we had as a Committee, and which we kept on reminding each other about, is the fact that when you have an audit commission, the rationale is really to do a reality check. An audit commission does not do its audit in order to detect fraud but it does it in order to enable the institution to improve its operations. Therefore, it is in light of this that we have made the recommendations that we have made.

Having said that, Mr Speaker, I would like to make three points, the first being on the issues that keep coming up all the time: We had requested the East African Community to provide the Assembly with information on all donor funded projects for us to be able to appreciate and understand their scope of operations. This came out of an observation and a resolution that the East African Community operates very many bank accounts - more than 30 - and we felt that we would better appreciate and have a better grasp of the operations of the East African Community if we got this information. I would like to state that up to now our Committee has not yet received this information. So, it is an issue which remains outstanding, and we need urgent action on it.

The second issue I would like to highlight concerns some of these reminders which have been long outstanding. I would like to refer you to page 24 of the Report, on the outstanding matter of claims deposits. There is this particular claim of VAT from the Tanzania Revenue Authority, which remains outstanding to date. I remember clearly that the last time this issue was raised, we got a promise from the hon. Secretary-General that he would follow it up at a higher level, and that this would be settled. These issues need to be addressed expeditiously so that we rest some of these cases once and for all.

Finally, Mr Speaker, sir, I would like to allude to a particular issue, which we noted and we feel should be given due attention. This is the issue of the seriousness which the Audit Commission Report is given, especially by the management of the EAC.

The EAC management response is often not readily forthcoming, but more importantly, even when some of the implementing agencies and some of the project managers do not give documentation to the Audit Commission, it seems there are no regulations to enable the Audit Commission to get this information, and more importantly, it seems that there are no punitive measures taken by the EAC management. Therefore, as a Committee we felt that although we did have an audit commission report before us, it was not as meaningful as it should have been because information was withheld and this is a practice that will render the work of the Committee very difficult. We found that in some cases, we were almost operating like an audit commission, which should not have been the case.

With those few comments, I beg to second the motion.

Mr. Augustine Chemonges Lotodo (Kenya): Mr. Speaker, sir, I would like to thank the Committee for the insight given by the report. One issue that I would like to talk about is the issue of the project in the Ugandan district of Sironko, where they were trying to plant orchards. This really shows that we are not serious about what we are doing because, as a district, I believe Sironko should have powers whereby when it is undertaking a project... I do not see why a Prison's Department should go and plough out what has already been planted. So, it shows that when the project was done, they did not know where they were going to cultivate the project. I just felt that there was a mismatch between what was done or

what was expected and what was actually reported.

Mr. Speaker, Section 5.3 of the Report talks about the linkages between the East African Community and the projects in the Partner States. There is a big problem here. I think our regional governments are not yet convinced about the seriousness of what we are doing in Arusha. As Partner States, these projects are supposed to be undertaken with a view to helping our people, but what is coming out is that either our people are very apprehensive or they are not sure of the direction we are taking. Nobody is taking what we are doing here seriously. Even when you interact with government officials across, you find people just do not take EAC seriously. And this is a cross-cutting problem. So, when it comes out in the report that nobody is taking this seriously, I think we also need to reflect whether we are on the right track. Are we doing what is expected by the people or not? If the EAC cannot control projects in the Partner States, then what output do we expect at the end of the day?

Mr. Speaker, sir, I just wanted to comment on the two issues. With those remarks, I beg to support – *(Applause)*.

Mr. Dan Kidega (Uganda): Thank you very much, Mr. Speaker, Sir, for the opportunity. I also want to thank the Chairman of the Committee on Accounts and his Members for the good work that they have done. I also want to thank the Audit Commission for managing to come up with a substantial report in spite of the hard time that it went through. I would also like to thank the members of staff who did the donkey work.

Mr. Speaker, I have only three comments to make on this report. The first one is on the issue of having a bank account in Jinja when the project is in Mbale. It defeats logic! I come from that country, and I know for a fact that the administrative infrastructure in Mbale is far better than that in Jinja. Actually, Mbale is the regional headquarters of that region. I wonder why, and I do not understand the rationale of holding a bank account in Jinja. I know for a fact also that almost all the banks operating in Uganda have branches in Mbale. So, somebody should really convince us why they had to do that, because it becomes very easy for us to become suspicious of bad intentions.

Mr. Speaker, the second issue is this act of withholding information from the Audit Commission. To me, I think the Audit Commission Report does not exactly give us a true picture of what is on the ground. If an audit process is ongoing and an officer holds back information or documents, to me it is tantamount to an act of corruption; you must be shielding something! I would like to implore the supervising offices, specifically the Secretary-General, to pull out his surgical knives and dig deep into those offices and bring back to us a report as to why these documents were withheld from the Audit Commission – *(Applause)*.

The second last issue is on the monitoring of the projects by the East African Community. Time and again we have heard in the Committees words of complaint regarding human resource, especially in terms of people available to do the work. Is it the number of personnel that is lacking or the technical capacity of the personnel to do the job?

To me this has not come out very clearly in the report, and I think the Secretary-General could help us to understand the kind of staffing and their technical capacity in doing the job they are doing. We want to know whether there is a lack of technical capacity or the number of staffing. On page 11, the report talks of laxity. My humble understanding of that word is to deliberately not do the job. So I wonder, is it really true that the Secretariat is not vigilant enough to do the necessary monitoring of the projects?

Finally, there is the issue of below average performance even when the funds are available. It is a normal thing for us Africans to lament that lack of funds has made us under-perform. But there is a unique situation expressed here in this report that there was money and yet the performance was below average. What is causing all these kind of anomalies? I thank you very much, Mr Speaker – *(Applause)*.

Mr. Gervase Akhaabi (Kenya): I thank you, Mr. Speaker, sir, for the opportunity.

Mr. Speaker, sir, as an Assembly, this report should cause us worry, because it points out certain matters and obstacles and impediments that make it very difficult for the people of East Africa to appreciate what the East African Community is supposed to do for them. It also ought to cause us worry because, as hon. Lotodo rightly said, it raises very serious questions as to whether the East African Community is achieving the objectives of the Community or intends to achieve the objectives for which it was established.

Mr. Speaker, sir, some time in June or July last year in Kampala, I said that this Assembly plays a complimentary role to the Secretariat. The Secretariat is the engine that ought to drive the Community. We, as the Assembly, have an oversight role, and in this oversight role, we act like the oil that makes the engine run smoothly. Therefore, it is very sad indeed that from this report, I get the very distinct impression that the Secretariat of the Community does not seem to either appreciate its central role in the Community, or if it appreciates it, it does not want to discharge that function. If the Secretariat does not make available or try to ensure that documents or records are availed to the Audit Commission so that it can make appropriate recommendations for the proper running of the Community, then there is something wrong somewhere. It is my very humble view that this report by the Committee on Accounts should form a very good reason for the Secretariat to go back and re-examine itself as to whether it is supportive of the objectives of the Community or not – *(Applause)*.

Mr. Speaker, this is a very serious matter. The people of East Africa must be able to see and feel tangible results and benefits of the East African Community – *(Hear, hear)* - and one of these tangible results or benefits would be the Mt. Elgon Region Conservation and Ecosystem Programme. Mr Speaker, I come from that general area and I am, therefore, very, very concerned about this project – *(Interjection)*.

The people of East Africa straddling the Kenya-Uganda border and those in the Lake Victoria Basin, specifically from Tanzania, Rwanda and Burundi, apart

from Kenya and Uganda, want to see that a project like the Mt. Elgon Project that we are talking about does achieve its intended objectives. And the people can only see the benefits if a project such as this one that is intended to benefit more than one country, more than one little location, is implemented to their satisfaction. This is one of the projects that the East African Community Secretariat should be very keen to see that it is successful – *(Applause)*.

Mr. Speaker, likewise, there is a comment on the capacity and the ability of the Lake Victoria Basin Commission. Mr Speaker, you will recall that some time last year when the Bill on this Commission was due for debate in this Assembly, the relevant Committee made a number of recommendations, and I thought that these recommendations were very important and that the Council of Ministers would look at them and quickly come back with a Bill that would make this Commission have teeth to bite and execute its mandate. Unfortunately, up to now, this is not happening. I am just wondering: what message are we giving the people of East Africa; that the Lake Victoria Basin Commission has no purpose or that we are not really serious about what it is supposed to do? I would urge that such a Bill is brought here quickly so that we can give some teeth to this Commission – *(Applause)*.

Mr. Speaker, lastly, there is the issue of accountability. I am looking at page 12, paragraph 2.2.5 of the report, and it is very sad for me because I notice that the East African Community has failed to account for some US\$34,845. The Committee suggests that the EAC should issue a stern warning to all institutions

informing them that accounting for funds without supporting documents should stop...that kind of recommendation. Now, in the case of this US\$34,845, who is the EAC going to issue the stern warning to? Against whom is the punitive measure going to be taken?

I think this is a very sad report, really. If the EAC is unable to account for that kind of money, NEMA Kenya, which received US\$4,375, is not bothered about anything; Mt. Elgon District – I think it is in Kenya - received US\$18,576, it has not accounted for it, and up to now...I think this is very serious. I would request that this Assembly resolves to bring this matter to the attention of the Council of Ministers and the Partner States for appropriate action on the institutions concerned – *(Applause)*.

Mr Speaker, I beg to support the report.

Dr. Aman Kabourou (Tanzania): I thank you, hon. Speaker, and let me also take this opportunity to congratulate our new Members of the Assembly and also to empathise with the Committee on Accounts for the troubles that it had to go through. I do not know, but if I were not a Member of the East African Legislative Assembly, I would probably say, look, I reject this report, because it is based on nothing but complaints, grumblings and no facts.

Mr Speaker, on page 31 of the report, on the issue or representation of the East African Community and line officers to furnish the Committee with further information on queries raised, it is reported that *“The top management of the EAC does not seem to follow its own*

administrative arrangements, which apparently assign the deputy secretaries-general specific responsibilities. The Committee expected that during the review of the audit findings on the EAC projects, the line Deputy Secretary-General in charge of projects and programmes would be the most suitable to represent the Secretary-General.” Apparently, he was not there. So, you wonder now, whom did the Committee work with? I was not in Kampala, so I can not speak for how the whole thing went, but what information then? *(Interjection)*

Mr. Mulengani: On a point of information, Mr. Speaker, I want to thank the hon. Kabourou for giving way. With due respect to the hon. Kabourou, if he is very observant, he will note that in the conclusion of the report, the Committee thanks the Deputy Secretary-General in charge of Finance and Administration. This was deliberately to avoid repeating ourselves in the report. So we decided to highlight the presence of the Deputy Secretary-General in charge of Finance and Administration in the Conclusion instead of bringing it here in this particular item 5.4 again.

So, the information I want to give the hon. Kabourou is that this report was well thought over, and it is indeed, what I would call a toned-down report. And while we interacted with the Deputy Secretary-General in charge of Finance and Administration, our report only notes that the rightful Deputy Secretary-General to appear before this Committee would have been the Deputy Secretary-General in charge of Projects and Programmes.

Dr. Kabourou: I thank the hon. Mulengani for the information, and I think he answered my question very well by conceding that they did not deal with the correct Deputy Secretary-General, unless he had been seconded, which is not mentioned here – (*Laughter*). So, I will just continue the way it is, that is, there really was no competent authority, so you wonder now, what measures to take.

Hon. Speaker, it is very sad - as the hon. Akhaabi and the hon. Kidega said - that in Africa we seem to allow this culture of impunity. I am quite sure that if the Deputy Secretary-General in charge of Projects was there, he would have told us where these 30 bank accounts are. Everybody seems to throw in money into the EAC, and they just put it whenever and wherever they want, and nobody coordinates. So, you end up with people spending this money and nobody knows for sure how. So, somebody lives in Jinja and works in Mbale. In this day and age of communication problems, if somebody lives 150 kilometres away, then they have to spend money to go to work. Our money; the East African people's money!

So, what I am saying is that we need to have value for money auditing procedures for the East African Community projects. Maybe that could help, because we ought to see what is being spent on what and by whom. It is amazing that in Uganda there is vandalism by the State; (*Laughter*) A Prisons Officer orders an East African Community project to be vandalized! (*Interjection*)

Ms. Byamukama: On a point of information, Mr. Speaker, indeed, the

hon. Kabourou is right; that there was vandalism but maybe some background information could help us appreciate the situation better.

The Sironko Prisons Authority was put under the District of Sironko as a way of re-organizing the way that prisons are run. So these officials of the Sironko Prison maybe misunderstood the fact that they were now under a district and they thought they had authority over their land and therefore their land should not have been given to the project. So what happened is that the officials of the prison authorities did what they did. But, I would like to say that we were informed that the matter had now been rectified, although we cannot concretely prove that this has been done. But there was a change in the system of running of the prisons authorities from a centralized to a decentralized system, and that is what caused the situation.

Dr. Kabourou (Tanzania): I thank the hon. Byamukama, and I appreciate the information, but I would feel much more comfortable if these prison warders were to pay for this because it is our money that has been wasted, and, perhaps, the Government of Uganda might want to help; we will appreciate that – (*Laughter*) – because, obviously, somebody has to take some punitive measures, and let us begin with this. We have been quarrelling about where these punitive measures are to be applied, but this is one of those places. Hon. Speaker, really, this is not a laughing matter to me, this is a culture of impunity; people simply do whatever they want.

These guys spend money without a budget...they do not show any budget, and they do not show what they will

spend on what, and yet they have spent, and they just walk around! Nobody has been arrested or called to book, and they are still officials, perhaps even with the East African Community diplomatic passports, travelling all over the world! *(Laughter)*

There is a comment in the Committee report here questioning the seriousness given to the Audit Commission, given what is going on. But this Commission is ours; it is part and parcel of the East African Community. The work of the Audit Commission is to complement its role, but what are they doing, and who are these guys? Who has called them, to question them? They are still out there, walking around spending money; big guys!

What I am saying, hon. Speaker, is that this is not a very nice report at all. It shows us that we cannot even handle the little money we have. This is very little money we are talking about here: US\$98,000, US\$4,000, US\$5,000, and we can not even respect that. What would happen if we were to get US\$90 million? I am sure some guys would be buying helicopters and there is nothing you can do with them - *(Laughter)*. I thank you hon. Speaker.

Mr. Mike Sebalu (Uganda): Thank you very much, Mr. Speaker, please allow me also to congratulate the Members who have just joined us in this Assembly. Specifically, a Member who was sworn in, in Zanzibar coming back and getting sworn in again is something to write home about. He could easily have been the shortest lived Member of the East African Legislative Assembly, but we must thank God he is back. So, I would like to congratulate them and

hope that we are going to do a good job with them.

Mr. Speaker, I just want to thank the Committee and the others that the Committee worked with to come up with this report. At least they have provided us with a working document to be able to look at these issues and to fill in the gaps if they are identified, and be able to pick a few best practices if there are any, for enhancement of our performance and to be able to push our projects and the region to another level.

As it has already been indicated, the East Africans definitely need to see something in terms of benefits coming out of their regional initiatives, if we are to convince them about this process. And when we get these projects around the region, the level of their implementation and performance is one benchmark that we can easily use to interest our people in this process and be able to explain the need for integration, and, therefore, the benefits of integration.

So, these projects become very useful indicators of where we are going, and the way they are managed is something that we need to take seriously as Members of Parliament using our oversight function. So, in that respect, I support the Committee in terms of the issues that they have raised.

I specifically want to address the issue of information. Information is strength in whatever you are doing. Lack of information can bring a lot of misguided approaches, and even speculation. If you do not give information, then someone may create one and in some cases it may be undesirable. So, to avoid that and to be able to operate in a manner that

allows maximum efficiency, then provision of information comes in handy.

Mr. Speaker, my disappointment with the report is that although it brings out the issue of information being withheld, I would definitely be happier if they particularly brought out specific offices that actually did not comply in terms of provision of the information available – *(Applause)*. That would make the operation much easier so that we look at the particular offices and put in place mechanisms of ensuring that the information is provided as and when required – *(Interjection)*.

Mr. Mulengani: On a point of clarification, Mr. Speaker, I sit on the Committee on Accounts. The clarification I want to seek from my colleague, the hon. Sebalu is that the three reports clearly highlight the Lake Victoria Basin Commission, the Customs Management and the Mt. Elgon Regional Ecosystem, under which we are auditing a particular period of review. I get mixed up when he says the report does not mention the particular offices. We have clearly said that the three projects are under these offices, and we are all aware that these are thin projects. Did you want us to mention names? We gave examples where offices did not have auditors; did you want us to mention space?

So, the clarification I am seeking is that we need to take our report very seriously as legislators because we raised issues but we did not want to personalize them. We would as well have mentioned the Secretary-General, the hon. Dr. Amb. Mwapachu, which I think is not necessary. So how critical did he want

the report to look like for it to be substantially good for him?
(Interruptions)

The Speaker: I think you have already mentioned the name; go ahead, *Mheshimiwa Sebalu - (Laughter)*.

Mr. Sebalu: Mr. Speaker, I think I need to be understood in context because I think this is a good report, but if there are areas that we need emphasis, I don't think we should take offence when issues are raised in that respect. I am not saying the work was not done well; far from it, but I am saying we can go into details because for example when you mention a department, there could be different players and you may find that you got information from one office but you did not get from another. That is the area I was looking at. But definitely I will not take this personal. I am debating as an East African with the best interest of ensuring – *(Interjection)* - so, I think I should be understood in that context. If we are to reprimand, then we should go ahead and do it. In my view, if we were to get our act together, then we should know which information we need and we should even interact with them for further exchange – *(Interjection)*.

Ms. Byamukama: On a point of information, Mr. Speaker, sir, I think we need to get some clarification on this issue. When you look at our rules of procedure, the Committee on Accounts has the mandate to carry out a post-audit review and scrutiny of the expenditure incurred by the EAC Secretariat. So, in such a case, and because it is a post-audit review, we can only deal with the issues that will have been highlighted by the Audit Commission. Where the Audit Commission clearly said that they did

not have the information, it would be almost impossible for us to be able to pin-point the culprits, because in the first instance, the report of the Audit Commission could not come up with a particular culprit. I thought maybe I would give this information so that the honourable Member could be informed.

Mr. Sebalu: I thank the hon. Byamukama for the information, but I think that even the Audit Commission needs to be assisted. If it is finding difficulty in executing its mandate, then it should be able to come out and say, we went to this office and we did not get the information, and then, at our level as Parliament, even as a Committee, we can see how to intervene to make the work of the Commission more meaningful. My view is that it is not the Committee which has a problem, but it is the Audit Commission which is not being helped to do its work the way it is supposed to. That is why I want to raise a few questions regarding the intervention and interaction of the Audit Commission.

For instance, is the information withheld or it is not there in the first place? You cannot rule out that fact because it could be that the information is not there in the first place! So, is it withheld, and if so, who is withholding it? Is it a question of poor record keeping by the offices concerned? We need to investigate these matters. Is there good will on the part of the officers who are not responding to this? Is it a question of incompetence? Is it possible to know why information is given piecemeal? If this Commission is to help East Africa, then it should have all the information which will then serve as a basis for our Committee and we see how best to improve.

My view is that this Commission was put in place with the best intentions and to improve the performance of the different projects. Where there are issues of information withholding, then we should track down that process and get to the root cause of it, because otherwise it would create gaps in the performance levels. We need this Audit Commission, and if we need it, we must make it effective and ensure that the performance of this Commission adds value in the subsequent years of review so that we don't repeat or get the same problems that we got in the previous reviews.

So, Mr Speaker, I support the motion and feel that the issues that have been raised in the report need to be followed up to ensure that the next time round, we minimize some of the problem areas that have been highlighted and we get our performances elevated to a higher level. In that way, the East Africans will benefit from these institutions because we are having a problem of putting in place institutions and not supporting them to function optimally. At the end of the day, it becomes wastage. You have an Audit Commission whose real value addition may not be fully realised. So, let us create institutions and support them in a complimentary manner. If there is information, let it be provided. The whole idea is to improve performance; it is not for vindication but for purposes of improving performance. These institutions are put in place with good intentions to ensure that East Africans get value for money.

Mr Speaker, I beg to support motion –
(*Applause*).

Ms. Safina Tsungu Kwekwe (Kenya):

Mr. Speaker, let me first congratulate the new Members who have joined us today, and particularly the one who will go down in history as having been sworn in twice as a Member of this Assembly. I also want to thank the Committee on Accounts under the able leadership of the hon. Nakuleu for this very interesting report.

Mr. Speaker, sir, supposing this report today was to be consumed by the 120 million East Africans in person, not through their representatives like us, would they still be willing to say that they want an East African Community? Perhaps yes, perhaps not, because to me, this report has actually shed light into something fundamental that there are East Africans who are intent to massacre the East African dream, either through errors of commission or omission.

Mr. Speaker, sir, let me highlight the issue of the abuse of procurement procedures. The implementing agency of the MERCEP blatantly abused procedures and consumed funds in excess of US\$14,000. The LVEMP II event went further ahead and abused the same under the guise of consultancies and training, and robbed the Community of more than US\$214,000. Therefore, this, for me, is very worrisome because it shows that as much as some East Africans are dreaming of having a better future for East Africans, there are those who are intent on strangling that dream before it is achieved. This puts doubts on the capability of the East Africa Community to deliver, and it also puts doubt on our integrity in the eyes of our partners, because these are monies from donors who are partners and who have had faith in the Community to deliver

the East African dream, and yet we can allow blatant abuse of procurement procedures just like that.

Mr. Speaker, sir, secondly, I think that financial audit should go hand in hand with a social audit. And that would really help us in the Sironko District case study. Who owns these East African Community projects? Where is Sironko District? Is it not in East Africa? Did they not feel part and parcel of this project, such that they had to go and plough down acres of *luceana* and *calliandra* seed orchard?

Mr Speaker, this therefore puts doubts in my mind whether East Africans are really consulted when it comes to projects of the East Africa Community, because, how would a person in their sane mind vandalize a project that is their own? How do you burn down a house that you are supposed to be sleeping in, for example? It shows that there was no ownership of this project by these people, and that means that East Africans get projects that they do not really feel that they own, and, therefore, they do not care whether these projects survive or not in the first place.

So, Mr Speaker, sir, for me I am seeing this conflict between East African Community Projects with the Partner State institutions as an indicator that surely we should go an extra mile to ensure that when we have projects for the Community, East Africans who are going to be affected, be it positively or negatively by that project are consulted adequately.

Mr. Speaker, sir, on the issue of the Lake Victoria Commission Basin, and in particular the LVEMP II, my colleague,

the hon. Akhaabi said it clearly - and I support him - that a Bill on the Lake Victoria Basin Commission should be tabled and debated in this House, because the errors by omission and commission that the Lake Victoria Basin Commission is committing at the moment are as a result of a legislative vacuum that currently exists.

On the issue of disregard of recommendations by the Audit Commission and other organs, I see this as a mockery of our oversight function, because, how would somebody disregard a recommendation that was made two years previously and the same issue is raised in subsequent reports, and it still just goes on, and probably in the third year it come up again as an issue, and fourth year... Then what is the purpose of the oversight function of the organs of the Community?

What is the function of this Assembly, for example, when it tables an issue and that issue is not taken and followed through to its logical conclusion? It shows that there is no need of having this Audit Commission in the first place. So, I think the oversight function of this Committee should be taken seriously and, therefore, punitive measures against those who disregard its recommendations should actually follow them like with very big hammer - *(Laughter)*.

Mr Speaker, sir, looking at the issue of withholding information, it is common knowledge that the truth shall set you free. What a better way of doing this than by baring it all? What do we have to hide? Why should someone be so selfish with information? Is it that they cannot contemplate the possibility of the

shame that will befall them if all is bared out? Mr Speaker, sir, I think, really, as a serious organ of this Community, we should not go down in history as the people who massacred the dream of East Africa; we should not do that. We should be able to walk the talk. If the East African Community itself cannot even account for the money it received from the donors, how then do we expect others to account for the money they receive? It is because we are afraid of the truth, and, therefore, we hide behind closed books! This should not be entertained.

Lastly, Mr Speaker, an agreement is like a marriage. When a man is marrying a woman and the woman says "I cannot sleep until I put snuff in my mouth", and then this man, two years down the marriage, comes up and says, you are a very bad and dirty woman" when he knew from the beginning that she had to sleep with snuff in her mouth ... *(interruptions)*

Mr Speaker, I am looking at the issue of IUCN. The IUCN argument is that they put all their funds in one pool and, therefore, they could not make an exception for the MERCEP programme. But they knew that this MERCEP programme needed to have a separate account and they agreed to it and appended their signature to show that they agreed. Today, they say that could not be done; was this marriage or was this farce?

Mr Speaker, sir, I think that as an Assembly, our oversight function should and must be maintained, and we have to prove that we are relevant to do that function. Therefore, we have to demonstrate it and this House must go

down on record as having demonstrated that. I thank you, Mr Speaker, and I beg to support the motion – *(Applause)*.

Ms. Lydia Wanyoto-Mutende (Uganda): I thank you, hon. Speaker, for giving me the opportunity to contribute to the Motion, which I support from the onset. But before I make my contributions on the report, I would like to join my colleagues in congratulating Dr. Kamara, the Minister in Charge of the East African Community Affairs from Tanzania, and Dr. Machage, his counterpart from Kenya. Fortunately for us as an Assembly, both of them are not new to the East African Community matters, and so we welcome them. *Karibuni sana Waheshimiwa!* And we do not need to look for money for capacity building for them to know matters of the Council because at their different levels, they have already been with us in matters of the Community.

On the report of the Committee, hon. Speaker, I would like first of all to declare my conflict of interests. I am not a Member of the Committee, so I was not part of the selection of the projects. They said that they selected three projects as samples but fortunately, one of the projects falls in the area I come from in Uganda. I was born in Mbale District, but I am also married in Sironko District – *(Interjections)* - so maybe the Prison Warders could be my in-laws – *(Laughter)* - and the issues of accounts, or the people travelling from Jinja to Mbale could be my brothers or relatives. But since I did not participate in the selection of the project, and since I am also not part of the Committee, I want to make my contribution at the level of lessons learnt from this report.

Mr. Speaker, sir, since this is just a sample for the Committee on Accounts to look into the inside of the projects of the East African Community, I think it is good for us as an Assembly to see what is happening with the projects and programmes of the Community and to encourage this Committee to go ahead and also look at what is happening in the other projects of the Community because we all work and lean on the Treaty, which says that everything we do in the Community will be people centred. Now, we have samples of projects in the Community, and I think that is where our hearts should be so as to ensure that these projects and programmes are owned by the people. In a lot of cases, we meet people who ask us what we are doing in Arusha. So, we need to own these projects and then take them to the people so that they can see the value in the build-up to the integration of the East African countries.

A project like this one on the conservation of the Mt. Elgon area is a very important project because it is talking about the ecosystem of that area, and it is also looking towards the tourism sector because it is a mountainous area. I know about the place because we have also been having problems in the area because of land as a community. So, when the project came into place, I was here in the last Assembly, and the irony was that I was chairing the Committee on Agriculture and Natural Resources and the then Deputy Secretary-General in charge of Projects and Programmes led a team to go and launch this project at Mt. Elgon without other stakeholders, including Members of this Assembly. So, while they were there, because of the land interests of our community...and just to

share our experience, we do not take land issues to court; our people do not do not have land, and, therefore, we sort out issues of land natively or communally because ours is a communal land system. So when they brought that project, I could feel that it was not owned by the people because it caused clashes among the Ugandan side of the community, even to the extent that the President had to visit that area. They were talking about afforestation and yet the people were cultivating in the forests.

Now, because of the way Uganda operates, we were invited as leaders from that area to attend the meetings between the President and the communities. The people were shouting “East African Community” and everybody was pointing at me because I come from that area and I am a known Member of Parliament from the East African Community, and yet I was not part of the process that initiated the project in my own community.

Hon. Kwekwe talked about ownership of the Community. If I, Lydia Wanyoto Mutende, a Member of the East African Legislative Assembly from Mbale and Sironko in Uganda, cannot own an East African Community Project in my home area, how would another *mwanainchi* own it? It starts from here! How are we designing these projects? How are we sharing them as stakeholders? How are we campaigning and taking them to the communities? How are we promoting them? And how are we supporting them in terms of financial contributions? From what I have heard and read, this is a purely donor-funded project, and I have a feeling there is very little contribution from the governments, maybe only signatures of our ministers as a

commitment, but I do not know how much from our own Government coffers has gone into this important ecosystem agenda that is meant to promote and boost tourism in that part of the region.

Mr Speaker, we all know that there have been a lot of land clashes in the Mt. Elgon area on the Kenyan side. So, this is a sensitive and hotspot community on both sides, because the people here have been fighting over land, and you want to cultivate a Community for the future and yet you have not sensitized them, you have not promoted them, you have not brought their leaders on board; what did you expect? Even if there were no warders in this part of the country, the *wanainchi* themselves would have either slashed the forest or they would have slashed the people.

Mr Speaker, it is not very uncommon where I come from to find that people have killed each other over what we call an “extra hoe”. If you dig an extra hoe into somebody’s land you can be killed, because we do not take land cases to court. I am not proud of this, but that is how seriously land issues are taken in our community. So, how much was this project owned in that part of the EAC?

So, I think this is a good lesson for us to get back to the drawing board - if we have any, because at times we only assume that we have a drawing board - so that we look at all the projects we have for East Africa, we see how much our governments have committed to the projects and the sustainability that goes with the projects, and then we begin promoting and owning them. Otherwise, if these types of projects are not owned by the people, they will make some of us very unpopular. The only way we get

into leadership is through votes, so if you are going to Mt. Elgon to spoil my votes, I will also have my issue with you as a person. So, we need to make sure that the EAC projects are not only popular but that they are also owned by the people and the stakeholders are on board.

Mr. Speaker, the second issue I wanted to raise is on how much we can go on receiving and having partnerships with development partners on our own core projects for East Africa. I think we must have a ceiling to this. If we have a ceiling for our own taxpayers' money, that the EAC cannot take more than 10 per cent of the recurrent budget, why do we not have a ceiling for money from foreign countries? If we are going to allow every donor to come here and then we sign agreements and contracts...I have worked for donor funded projects before, and it is very laborious. You can spend up to three years to meet their standards other than spending the money, and then they come up and say that you do not have the capacity to absorb their funds when the actual problem is the laborious mechanism on how you can access and implement the project.

So, I think that at the end of the day we also need to sit down and go to the drawing board, if we have any, to see how much we can get from donor funds and for what reason, and whether whatever we are getting fits into or enriches the integration agenda. If what we get from the donor support systems is not built into the integration process, then we should put a question mark and find out how far we are willing to go.

Mr Speaker, if we are going to have officers who are hired here as project experts and at the end of the day they are going to spend two or three years just managing the accounts of the development partners, then first of all we will be auditing them on a wrong premise. Their work here is not supposed to be as accountants or project managers of donor funds, yet the mechanism of implementing donor funded projects is extremely laborious. You need a lot of capacity here to manage those projects.

Mr Speaker, I think this is an opportunity for us as an Assembly and also the Secretariat and other stakeholders at EAC to rethink the projects, to mobilize resources that are easily implementable and can make a difference in the communities, but to also do an assessment of what is critically needed at the Community, which can be owned by the communities to avoid a backlash of you planting six acres of trees only to be cut down in no time.

Mr. Speaker, those are my contributions to this report and I look forward to another opportunity when the Committee on Accounts or any other relevant Committee will be able to share with us information on all the projects which we call EAC related projects that are cross border and are of importance to the Community so that we are able to work together to make them popular, to cause them to be owned by the people and to bring benefits to the -East Africans.

I do not want to go into the issue of the Lake Victoria Basin Commission because my colleagues have already asked for the Bill which is already in this

House. I hope that the Council of Ministers, which is here listening to us, including the Chairman himself, will ensure that that Bill will come back to the House to give an enabling framework and legal tool to allow this institution to do its work. We want the Lake Victoria Basin Commission to perform and do the relevant networking in terms of managing that important resource of the lake that looks after directly over 30 million East Africans. We cannot afford to let these two or three projects fall because we have not been able to do our work. I think it is an important lesson for us to see what contribution we can make to help them work.

Hon. Speaker, I beg to support the motion – *(Applause)*.

Ms. Margaret Zziwa (Uganda): Thank you very much, Mr. Speaker, sir. I also want to take this opportunity to welcome and congratulate our colleagues who have joined us.

Mr Speaker, I am a Member of the Committee, but I want to take this opportunity to appreciate this august House for sharing our frustration in the Committee. I am saying this because when we were in Kampala, reading through the three reports, which we thought were samples of the projects which are being undertaken by the East African Community, we inevitably asked ourselves whether we are really committed to the integration which we think that all the people of East Africa should be aspiring for.

Mr Speaker, I also want to thank the Committee because it was a bit difficult to even come to some of the

recommendations which we have put in this report. I am therefore looking up to the august House to give us even stronger recommendations, if I may use that word, because, as the hon. Mulengani has said, the Committee tried to tone down some of its recommendations, so in this perhaps we may get more guidance on the Floor.

Mr. Speaker, sir, these issues, which run across this report like the issues of monitoring, accountability, lack of seriousness, and lack of information, among others. All these issues pointed to one very important aspect, which is lack of capacity, in terms of both availability and presence.

Last year, when we were looking at the first report, which we considered as the Committee on Accounts, it was observed that at the EAC Secretariat, there was just one person in the Department of Internal Audit, and it was evident that, that one person could not effectively discharge the duties of internal auditor. Perhaps the capacity is there in the person, but the extent of the work definitely may not allow him to address or reach all the operations of the East African Community.

There was a very serious recommendation that, that department should be improved in terms of personnel, and, if possible, additional funds should be committed to that department. It was the same kind of frustration which we saw, for instance, in the Lake Victoria Basin Commission. Actually hon. Sebalu asked whether the withholding of information was maybe because the information was not there or maybe because there was bad record keeping, or there was lack of goodwill

on the part of the institutions of the Community. Definitely, it is very difficult to tell, because the Internal Auditor who would have been there in the first instance to establish all these fundamental aspects was not there. We were told that Lake Victoria Basin Commission has no internal auditor, despite the fact that it is an autonomous body. So, it put us to wonder what kind of autonomy this Commission really got if it was not able to get all the departments that it required.

Mr. Speaker, sir, this brings me to another very important aspect. How do we express our needs as a Community, for instance, at this juncture when we have about three or four years to the Wako Commission recommendation date of 2013 for full integration? If we envisage being a fully integrated political union in five years, what kind of infrastructure do we have in place? What kind of personnel do we have in place? Shall we be able to drive the great East Africa forward with the kind of staff we have? What is required? Do we need to invite the Summit to be able to put our requirements forward? If this crucial department which would give testimony to the performance of the Community is this lean, how can we be vindicated as worth existing?

Mr Speaker, when we ask these questions, we ask them in frustration, and it is good that the Members acknowledge that as we move into the next stage, perhaps now the Customs Union, let us have all the institutions and personnel required in place.

Mr. Speaker, when you look at the aspect of the supervision of these projects, for instance, in some instances

there was no evidence that there was someone responsible for supervision, though in our report we have put responsibility to the Director of Projects. It is true that even the field officers could not supervise these projects. It was very unfortunate where in some of the instances; the projects had to be relegated to district local councils, which local councils were not willing to own them. They only relegated to junior officers to oversee some of these projects, and yet these are important projects that are supposed to vindicate their importance in the eyes of the people of East Africa. I think that is a shame.

I want to conclude by requesting that in the budget for the financial year 2008/2009, may we have the prerequisite personnel, particularly in the respective departments, which deal with the issues of internal audit. We were told by the Deputy Secretary-General in charge of Finance and Administration that in the next two or three months, we shall have an extra one person in the Secretariat. If it has taken about six years to acquire this one extra person, how many more years will we need to get internal auditors in the other projects? If three are only three projects audited, yet we have over 60 projects going on, how many more people would we need? I think this area deserves a lot of seriousness.

In the same breadth, let us also assist the Audit Commission. They were very committed, they looked very willing to do the work but they were very frustrated. I think in this respect, we need to have guidelines - and maybe other requirements - properly laid out from the office of the Secretary-General

for those departments which he directly supervises so that they know what is expected of them, lest we get no response from the Audit Commission.

I want to thank the Members of the Committee, and I want to plead with the House to adopt the recommendations of the Committee, and also to add further recommendations, particularly with regard to the budget for the staffing of the Internal Audit department – *(Applause)*.

Ms. Janet Mmari (Tanzania): Thank you, hon. Speaker, sir, for letting me to add my voice to this very important debate on the Report of the Committee on Accounts. Before I do that, let me also join my colleagues in welcoming the two new Members to the House.

Hon. Speaker, sir, I must confess that I am a Member of this Committee, and I certainly concur with all the recommendations that have been put forward. However, I am rising to elaborate on two issues that have been repeated over and over by Members from the Floor. This relates to the audit process, and, secondly, the various reports that could have been issued by the Audit Commission.

Hon. Speaker, sir, when you look at the audit process, you have an institution, which is the management that has the responsibility of ensuring that the internal procedures and controls are in place. If this was indeed the case, some of the issues that have been raised by the auditors, in this case the Audit Commission would not have been raised. But again, what actually confirms that the procedures have been put in place is the signature by the management, and in

this case I must say that the Secretary-General signed all the reports that were submitted to the auditor, thus confirming that in his opinion and belief, the system of internal controls were in place, and that the money given was spent accordingly. Normally when the Audit Commission receives the report, they then audit it and come up with observations which are usually in a letter to management which has a number of weaknesses that exists in the organization. It is against this background that you see some of these issues that have been raised by the Audit Commission.

It is unfortunate, however - and this is now what I am driving at - that the kind of certificate that could have been issued...the Audit Commission had the ability to issue three reports: It could issue a clean audit report, given the information that was presented to them, whatever that they asked for was provided and that in their opinion the statement that was presented reflected a true and fair view. That is one, and in indeed, in most cases the Audit Commission said that it was a true and fair view. This now leads to the question of whether the Audit Commission really played their role, and whether it was surely able to satisfy itself that the report presented a true and fair view.

The second report that they could have given could have been a qualified audit report, in which case, for example, in areas where they were denied information – and there were indeed many places where they were denied information; there were areas where they were barred from visiting so that they could not confirm what was on the ground. We would have expected the

Audit Commission to say that subject to this qualification, which means they were not given information, they were not happy with what was given and so, they were qualifying the accounts. That could be the second type of report that was supposed to be issued.

The third report would have been a disclaimer. For example, I would have expected that in the places where they could not get information, they should have disclaimed the reports that were submitted. However, I did not see any disclaimer, which now really leads me to ask whether the Audit Commission has exercised its rights as provided for in the Treaty and all the professional bodies.

Hon. Speaker, it is against this background that I am supporting what was raised by the hon. Sebalu and the hon. Kwekwe, that we should get the Audit Commission to play its role. Where they are not satisfied, they should say so, but we should really guard ourselves so that we do not get a disclaimer, particularly where you were looking for funds from the donor community, because the minute you get a disclaimer, then it means that funds will be withheld.

Mr. Speaker, the second point I would not want to labour on is what was raised by the hon. Zziwa. Maybe to put it differently, what is the role of the internal auditor in the audit process? Under normal circumstances, you would expect the internal auditor to be the person who is co-ordinating the audit process. Immediately the papers are said to be ready, the internal auditor takes it up. We were wondering how we could have had reports which had actual expenditure but had no budget if they

had been properly co-ordinated. So, this again leads us to ask ourselves whether the internal audit department lacks capacity in terms of personnel, number or both. And it is against this background that unless this situation is rectified, there is no way the Audit Commission can perform, work or give us information that will be useful to us, because we do not know what is happening on the ground. The internal auditor should have put all these documents together before they were submitted to the external auditors.

Finally, hon. Speaker, when you look at some of the projects that are taking place in our Partner States, we are saying we are a Community, yes, and these projects are supported by the Community, and yet the people whom these projects are intended to benefit do not even know that they are Community projects or that they are of benefit to them. Otherwise, how can you expect something like what happened in Sironko to have happened? *(Laughter)*

The Sironko Prisons Department should have known that there was something a happening that was going to benefit them. The six acres were ploughed and they decided to uproot all the plants. Under normal circumstances, whether land belongs to institution A or B, as long as it is benefiting the people, you would not expect people to be so hostile – *(Interjections)*. So, what are we saying here? Has the Secretary-General sold the Community; has he told the people of East Africa about some of the projects that exist and for whose benefit?

Hon. Speaker, sir, with those few remarks, emphasizing the role of the Internal Auditor and the kind of report

that we would have expected to get from the Audit Commission and definitely insisting on promoting East Africa and making it known to the East Africans but not to the Community members, I beg to support the motion - (*Applause*).

The Minister for East African Cooperation, Kenya (Dr. Wilfred Machage, Ex-Officio): Thank you, Mr. Speaker, sir. On the Floor of the House is a Motion for the discussion on a report that is to be considered and maybe adopted, presented to us by a Committee. Mr Speaker, I believe that in every system of auditing, be it financial or projects, your balance sheet should have the credit column and the debit column. I tend to see that this report is only on the debit column. What happened to the credit column? (*Interjections*)

I could easily make the same conclusion that the honourable Member has made here that there was really nothing positive to report about, which technically might not be true because...not to get even an assessment of the impact of the financial resources in that community, or even an impact of that financial resource to the squanderers of the money - (*Interjections*).

What I am trying to say is, what were the terms of reference that this Committee went out there with? What were you looking for? Was it only financial expenditure? There are situations where due to inability to lay the proper foundation or machinery for financial management, you can actually have no good books, but when you look out you see the projects and you say, alright, although we did not see properly accounted for documents, we saw

something on the ground. So that is another question that is left for the Committee to answer at a later stage, if it is given the opportunity.

Mr. Speaker, I would like to believe that this session is not a session to put the Secretary-General's office on the Floor and dissect it. But it is true - and I am happy the Secretary-General is here with us because for some time he was sick - and I believe he is as disturbed as I am with this report. But we cannot bury our heads in the sand like the proverbial ostrich and refuse to listen to a report that was done and brought to us on the Floor of the House by very able legislators - (*Applause*). That is what I am also auditing in this House. This is the first time that I speak in this House and it is the first time that I have listened to the legislators in this House, and I think my audit report is to that effect - (*Applause*).

Mr Speaker, when we carry out work for the East African Community, more often than not we have to be patriots. We know that the Community is at an infant stage. Do we prop it as legislators or kill it? I am not trying to say that you have to give a blanket acceptance to all the rubbish that goes on out there, but there are many ways of skinning a cat. There are also many ways of saying no...The ladies know that better - (*Interjection*). So, how do we present our report, especially one that is going to go on the *Hansard*, printed in black and white, which is certainly going to land with some of these donor agencies, and in which we categorically ridicule our own system of management?

So who is at fault here; is it the people on the ground or is it you the legislators

in this House? Because, you have failed! What we are saying is that we in the East African Legislative Assembly have failed to lay down machinery for proper utilization of funds and resources. So, who is at fault here? We are accusing ourselves of failure – *(Interjections)* - and that is the truth. We cannot abdicate our duty on this.

Through having machinery that is not checked, and by not recommending proper personnel for employment, or by failing to recommend for an increase of resources from the Partner States so that the Secretary-General can be able to employ personnel, we have failed. He is here, but you tell him we need this and he says, “okay, exchequer, give me the money.” So, what is the complete picture of us in this?

Mr Speaker, this is just a random sample of some of the projects; we have a report of only three projects. And if I were to give marks, it would be far below average in performance. Maybe we as ministers will also take some of the blame in our ministries. How do we co-ordinate our ministries with the mother ministries of the projects? *(Applause)* That is the pertinent issue I am picking out here. Are we in control? Do we really know what is on our right hand and what is on our left hand?

Mr Speaker, I am happy that our presidents saw it pertinent to have Ministers for East African Community who handle nearly nothing else but East African Community issues – *(Applause)*. It was done recently, but I believe that we will address these issues. So, I take note; the attention of the Council of Ministers has been taken. I believe the Chairman will take note because I am

taking his position - *(Laughter)*. I may be preparing myself for that role, I do not know. If I am given the oath a third time, who knows?

Mr Speaker, the seriousness of partnerships and Partner States – the three or five Partner States, depending on what context you are looking at - is important. To me it seems some of these projects were taken out there with an already pre-programmed avenue for loopholes for corruption. That must be stopped – *(Applause)*.

As a Minister from Kenya, I am not be happy, and I will give this report to my Permanent Secretary to scrutinize and especially when some of this is in my own country; Mt. Elgon project. I will not leave it like that. I want to go down and see what really happened. So, the Committee on Accounts’ report cannot be underscored. They have produced a report, and we have to adopt it, because they saw and they wrote. You may have more questions to ask, like someone said, why didn’t you answer this or that question? So ask yourself those questions and look for the answers. Maybe the Secretariat should now fill in the other questions that should have been answered. I am not a lawyer, but a lawyer will tend to focus himself on your faults so that – *(Interjection)* –

Mr. Eriya Kategaya: Not quite - *(Laughter)*.

Dr. Machage: Well, that is how I look at lawyers. They magnify your goodness so that in the eyes of the judge, he can have his own goal. But a good question did arise in the House, which is, who approves these projects for the particular

places? That is the most important question to be answered.

I come from an agro-pastoralist region. I would be more interested if you told me about cows and goats, and I would work very hard to make sure that my goats do not die. But if you told me to go and fish, or to start a fish pond, some of us look at fish as snakes; I would not be interested. So, are these projects well focused for the intended populations? So, again, which Committee looks at the donor funds? You know, some of these donor funds are just neo-colonialist funds which are just poured into a certain area maybe to fund some war crimes; no wonder you have a lot of skirmishes in the Mt. Elgon region. Maybe that is how the funds are reaching the warmongers; through such fictitious projects. I am not personalizing here; we have these problems everywhere.

So, I believe that the Members of this Assembly are doing their job by being hawk-eyed and coming with this kind of report. And I urge them to continue exposing such things whenever they have an opportunity in the House because that is what we are here for – *(Interjection)*.

Ms Wanyoto: Now you are talking! *(Laughter)*

Dr. Machage: But I would say, whether we like it or not, some information has been passed to the Secretariat from the Floor of the House, and so it should carry the importance it deserves.

Mr. Speaker, sir, as I conclude, I thank the Members of this House for having prayed so much for me to come back. I

think on that day everybody was a saint. I can only say that I have enjoyed to be escorted here twice in two months – *(Laughter)*. I beg to support the Motion – *(interjection)*.

Ms. Mmari: On a point of order, Mr. Speaker, with regard to the information that was raised by the last speaker concerning confidential information, which he thinks we have been putting on the Floor, which then can be accessed by the donor community. I was wondering whether there is anything that he wanted to highlight, which was specific with regard to this – *(Interruption)*.

The Speaker: Order, hon. Mmari. I think that will come from the Chairman of the Committee when he responds. In any case, that was the Minister's Maiden Speech.

Maj-Gen. Mugisha Muntu (Uganda): Thank you, Mr. Speaker, let me also take this opportunity to congratulate the two Members of the Council of Ministers who have been sworn in today. I welcome them on board. I would also like to take this opportunity to thank the Committee on Accounts for a job well done.

Mr Speaker, I would like to believe that the happiest Members of this House today would be the Members of the Council of Ministers and the Secretary-General, in the sense that when a Committee makes such a report at this particular moment in time when we are still building systems and putting in place institutions, it is an opportunity early enough to look at the weaknesses within the systems, and more so at a time when we are still handling a small magnitude of funds.

Mr Speaker, when the figures were being read, I heard of US\$20,000, US\$40,000, US\$98,000; we are still operating at a small level. But as more countries join, now we are five countries, the more we will expand, the more the economies will grow, the more interest will grow in the integration process, and the more the possibility of even getting direct funding, like there have been proposals to get a certain percentage of customs collections, the more necessary it becomes to start putting systems of accountability in place early enough. If we cannot manage US\$100,000, you can imagine at a point when we start getting like US\$10 million or US\$100 million being injected into projects when we do not have strong systems of accountability, it could be disastrous.

We do not want to go the way the nation states have been going on in the African continent. We have had 40 to 50 years of independence in quite a number of the African countries, so they have been going through a learning process, although it has taken much longer than it should have. But when we get at the level of regional integration, I do not think we should have any excuses. Because at the level of the nation states, they could use excuses that they took over from the colonial establishments and that they did not have the experiences and that they started from scratch and therefore they had to make mistakes.

Mr Speaker, at times we appreciate the mistakes which are being made, but I do not think that we should follow the same route of experiences that the nation states have gone through when it comes to the regional integration projects. We

have an opportunity to learn from the negative and positive experiences that the nation states have gone through, now when we are on a mission of integrating these nation states into larger entities, I do not think we can afford to repeat the same mistakes – (*Applause*).

Mr Speaker, often I wonder in my mind whether those of us who, by the grace of God, happen to be involved directly in the integration process of East Africa realize how fortunate we are. Those who are in the executive arm of government, starting with the Summit, the Council, the Secretariat, and those of us who are in the legislature, and those who I may call the public servants in the Secretariat. It is not often, if you look historically at the African continent, that we have an opportunity where there is a possibility that these nation states voluntarily move towards a point where they could become one entity. That would be historical, and the fact that we are involved in a process where we are trying to make that possible, is not an opportunity that everybody in the 100 million people has – (*Applause*).

As we speak, we are only 32 here in this Chamber. If the governments act faster – I think they are delaying and I do not know why they are doing that because most of the things they were supposed to do have been done; I do not know what is remaining for the other two countries to send an extra 18 Members and two ministers. So, soon this Chamber is going to have about 52 Members trying to put in place a foundation on the basis of which about 120 million people will be governed.

We know the experiences of some countries in Africa that have such big

populations, but they have also gone through the same processes that the other nation states have gone through, in experience, in the number of problems they have had, ups and downs. But, any way you look at the African continent, in spite of the problems that we still see in some countries, at the same time on the positive side, I think we are moving towards a path of stability, and, I believe, economic development. Now we must avoid mistakes: Most of these mistakes can be avoided. It is just a question of how we address our minds to the challenges that we do face on a day to day basis.

My appeal is that the Council of Ministers and the Secretariat, headed by the Secretary-General, need to look at this report critically. As the saying goes, a stitch in time saves nine. Use this report; look at areas where there weaknesses; build capacity where it is needed and build strength where it is required. Ask for the support of the Assembly because we will be willing and actually falling head over heels to give you support – *(Applause)*.

That is what we did over and over in the first Assembly and even in this second Assembly. Many of us realized the opportunity that we had in our lifetime to get involved in a serious project of this nature. The nation states that we do exist in were not nation states of our own creation; they were not nation states that were a natural development or historical development, or even a process through societal development to a level of a country like Britain or France or Germany or whatever. Never!

We were cut up in some place and at some point when decolonization started

taking place, and some people had the opportunity then to take over. They made their own mistakes, and we can appreciate the mistakes some of them made because they had did not have the experience, some of them, of course, they could have avoided, but we cannot go into that. But this experience is different, and we cannot afford to make any excuses. I thank you, Mr Speaker - *(Applause)*.

Dr. Didas Masaburi (Tanzania):

Thank you, hon. Speaker. First of all I would also like to join hands with my colleagues to congratulate the Members who were sworn in today. Secondly, I would also like to declare that I am a member of the Committee on Accounts, but I have at least two things that I would like to emphasize. I would like to emphasize on the capacity issue.

To me, inadequate capacity means both human resource and infrastructure. But in respect of these projects, I think the infrastructure is not a problem, because we have funds which have been granted by our development partners. Therefore, the problem is with the capacity of the human resource. I believe that project management without management of procurement is meaningless.

In the findings of the Committee, it is obvious that most of the procurement was mishandled, and, therefore, the capacity in respect of procurement is lacking in those entities. Secondly, there is the issue of monitoring capacity. We noted during our sittings in Kampala that there was some money which was sent for weeding purposes. But when the auditors went there, nothing was there. That means the money was “eaten” - *(Laughter)*. That is very obvious because

if you sent some money for weeding purposes and then when the auditors go there and they find bush instead of what was planted, that is misappropriation.

So, to me, monitoring is an issue, but the fundamental issue is in regard to procurement. Actually I would like to reveal that in fact most of the scandals in most governments are connected to procurement...the Richmonds – *(Laughter)*. So, I would like to emphasize that the procurement capacity should be put in place. We saw in the reports that most of the procurement activities were delayed because some of the councils had not been put in place the procurement tender boards, and I believe that in Uganda, those councils have already established the tender boards to implement these projects, but I do not believe they have adequate capacity to implement such complicated projects.

Hon. Speaker, I would also like to comment on the speech made by the hon. Minister Machage in regard to the credit and debit issue. I think the Committee was actually supposed to discuss the audit report on the deficiencies that were noted by the Audit Commission. So how do you expect us to have some credits when we are discussing the problems? And in addition to that, in our report we have indicated that some of the information was not given to the auditors. How could we get information in respect of the credits due to the implementing agencies? *(Interjection)*

Mr. Mulengani: On a point of information, Mr. Speaker, about the only credit present in those audited reports was the achievement of Trans-Nzoia

having opened up an account – *(Laughter)*.

Ms. Byamukama: On a point of further information, Mr. Speaker, I would also like to add that the hon. Dr Masaburi is very right because when you look at the Treaty in Article 49(2)(c), this is one of the cardinal functions of this Assembly. It says that we have a function of auditing reports of the Audit Commission. In addition to that, he had some proposals about us making the Audit Commission functional. One of the things that we did out of our frustration was to continuously propose for punitive action and deadlines...to get information by the end of March. So, this was a way of crediting the whole system.

The Speaker: I think you are just emphasizing the point. He is a member of the Committee, so I do not think he needs the information.

Dr. Masaburi: I thank the hon. Byamukama and the hon. Mulengani for... *(Interjection)* – “emphasising” – *(Laughter)*. And maybe just to add to that, when we are talking of the donor community, which is ready to provide us with some grants like these, I think they will be more than happy if they see that the Assembly is very much concerned with the anomalies – *(Applause)* - and therefore, I think they will pour in more money knowing that there is a certain organ that is performing the oversight function as required by the Treaty. Therefore, I think the hon. Minister should not worry about that – *(Interjection)*.

Dr. Machage: On a point of order, Mr. Speaker, sir, is it in order for the hon.

Member to audit my Maiden Speech?
(*Laughter*)

The Speaker: I think he was only giving the credits - (*Laughter*).

Dr. Masaburi: Mr. Speaker, sir, actually I am not auditing but trying to emphasize what he said.

Hon. Speaker, another credit that we noted was that the average performance of the planned activities for all the projects was rated at a level of 46 per cent. That is what the implementing agencies presented to the auditors, although the auditors noted that it was about 45 per cent.

So, coming back to my point, the low performance of the implementation of the activities was due to the poor management of the procurement processes. So, I would suggest that in future, maybe we should try to have a concrete procurement plan, which goes in tandem with the targeted activities so that we can have a plan before we start implementing the activities. This is supported by the fact that the project could not implement some of the activities because there were no procurement tender boards in place, yet they planned to implement the activities, which needed the procurement function. To this end, maybe I think that is - (*Interruption*) -

The Speaker: Can you declare your interest? (*Laughter*)

Dr. Masaburi: Hon. Speaker, with those remarks, I beg to support the Motion.

The Speaker: Honourable Members, I think the report has raised a lot of issues in view of the issues that were raised by the Members from the Floor of the House. In order to give the Chairman of the Council more time to digest, and as he said dissect the report I think we can adjourn until tomorrow at 2.30 p.m. If there are Members who still want to debate, they can do so tomorrow. So, I adjourn the House until tomorrow at 2.30 p.m.

(The House rose at 5.30 p.m. and adjourned until Wednesday, 20 February 2008 at 2.30 p.m.)

ADJOURNMENT