



## **EAST AFRICAN COMMUNITY**

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

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

#### **86<sup>TH</sup> SITTING - SECOND ASSEMBLY: FOURTH MEETING – THIRD SESSION**

**Wednesday, 2 June 2010**

*The East African Legislative Assembly met at 2.30 p.m. in the Chamber of the Municipal Council of Mombasa, Kenya.*

#### **PRAYER**

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

*(The Assembly was called to order.)*

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#### **BILLS FIRST READING**

The East African Community Service  
Commission Bill, 2010

**The Chairperson, Committee on Legal, Rules and Privileges (Mr Frederic Ngenzebuhoro (Burundi):** Mr Speaker, I beg to move that a Bill entitled the *East African Community Service Commission Bill, 2010*, “A Bill for an Act to provide for the establishment and functions of the East African Community Service Commission, to vest responsibility for the public service of the East African Community, its organs and institutions, in the

*Commission, and to provide for other related matters”* be read for the First Time.

**Dr F. Lwanyantika Masha (Tanzania):** Seconded.

Bill read a First Time.

**The Speaker:** The Bill is referred to the Legal, Rules and Privileges Committee.

#### **BILLS FIRST READING**

The Administration of the East African  
Legislative Assembly Bill, 2010

**Ms Dora Kanabahita Byamukama (Uganda):** Mr Speaker, pursuant to Rule 66 of the Rules of Procedure, I beg to move that a Bill entitled the *Administration of the East African Legislative Assembly Bill, 2010*, “A bill for an Act of the Community to make provision for the establishment of a commission for the Administration of the Assembly and for other related purposes” be read for the First Time. I beg to move.

**Mr Abdullah Mwinyi (Tanzania):** Seconded.

Bill read a First Time.

## BILLS

### FIRST READING

The East African Community  
Appropriation Bill, 2010

**The Minister for East African Cooperation, Tanzania and Chairperson, EAC Council of Ministers (Dr Diodorus Kamala (Tanzania):** Mr Speaker, I beg to move that the Bill entitled the *East African Community Appropriation Bill, 2010*, A Bill for an Act to make appropriation out of the East African Community Budget to the service of the financial year ending 30 June 2011” be read for the First Time.

**The Counsel to the Community (Mr Wilbert Kaahwa) (Ex-Officio):** Seconded.

Bill read a First Time.

## BILLS

### FIRST READING

The East African Community  
Supplementary Appropriation Bill, 2010

**Dr Diodorus Kamala (Tanzania):** Mr Speaker, I beg to move that a Bill entitled the “*East African Community Supplementary Appropriation Bill, 2010*, A Bill for an Act to make supplementary appropriation out of the East African Community Budget to the service of the financial year ending 30 June 2010,” be read for the First Time. I beg to move.

**The Counsel to the Community (Mr Wilbert Kaahwa) (Ex-Officio):** Seconded.

Bill read a First Time.

## MOTION

**TO COMMEND THE CHAIRPERSON OF THE SUMMIT OF THE EAC HEADS OF STATE FOR THE CONCISE EXPOSITION OF THE EAC POLICY CONTAINED IN THE STATE OF THE EAC ADDRESS TO THIS ASSEMBLY ON TUESDAY, 25 MAY 2010.**

**The Minister for East African Cooperation, Tanzania and Chairperson, EAC Council of Ministers (Dr Diodorus Kamala (Tanzania):** Mr Speaker, I beg to move\_

That this House do commend the Chairperson of the Summit of the EAC Heads of State for the concise exposition of EAC policy contained in the State of the EAC Address to this Assembly on Tuesday, 25 May 2010.

**The Counsel to the Community (Mr Wilbert Kaahwa) (Ex-Officio):** Seconded.

**Dr Kamala:** Mr Speaker, I would like to inform this august House that the Chairperson of the Summit of the EAC Heads of State delivered a speech to this House, which clearly and precisely stated the way forward for the EAC integration by pronouncing itself on key issues related with the importance of making sure that the EAC Customs Union is implemented, being fully-fledged. The importance of making sure that we implement the Common Market Protocol as adequately as possible, and the importance of taking deliberate steps towards the Monetary Union and making East Africa a place where we follow and adopt good governance, undertake democratic elections and other important issues for deeper integration. Mr Speaker, I beg to move.

*(Question put and agreed to.)*

**The Speaker:** Honourable Members, the debate is open.

**Mr Gervase Akhaabi (Kenya):** Mr Speaker, the address by the Chairperson of the Summit of the EAC Heads of State comes at a time when the Community is entering a critical phase of deep integration. It forms a critical part of the mandate given by the Treaty to the Summit of the Heads of State, to give direction to the Community.

Mr Speaker, before I commend His Excellency, Jakaya Mrisho Kikwete, may I, on behalf of the Members representing Kenya in the EALA, welcome all of you to the Republic of Kenya. *(Applause)* May I, also, on their behalf, thank His Excellency, Mwai

Kibaki, for his address and the warm welcome that he gave us? *(Applause)* In addition, on behalf of the Members of the EALA, may I also express our profound gratitude to the Municipal Council of Mombasa led by the Mayor of Mombasa, and the people of Mombasa, for the welcome that they have given us, and for the facilities that they have put at our disposal? *(Applause)*

Mr Speaker, the address by His Excellency, President Jakaya Mrisho Kikwete, is a grave reminder to us, and to everyone involved in the implementation of the East African Community policies and programmes, of the need to prioritise the strategies required for the deeper and wider integration of the Community. His Excellency the President and Chairperson of the Summit of the Heads of State clearly identified the need for sensitisation and awareness creation of the East African Community policies, programmes and projects of the people of East Africa. His Excellency, President Mwai Kibaki had earlier also emphasised this need for awareness creation and sensitisation. Both Heads of State emphasised the role that the Assembly is expected to play in the creation of awareness and sensitisation. That is the role of representation, but unfortunately, this primary role of the Assembly is often put on the periphery in the planning and budget allocation throughout.

I say this because in all the budgetary allocations to date there is hardly any fund put aside for the Members of the East African Legislative Assembly to perform this role. It has been left to the Assembly to seek, through the Office of the Speaker, donor support for this

important role. It is my view that this oversight should be addressed urgently, because if the people of East Africa are not made aware of the benefits of the integration of East Africa and do not therefore take advantage of the opportunities presented through this integration, then we will be doing no work.

The other point that His Excellency President Kikwete raised, and which I totally agree with is the need for a central collecting point for duties, that is customs revenue, that come into the single customs territory that is now East Africa. If we continue to overlook the importance of this, what we are going to end up with is a perpetuation of malpractices, including corruption in the revenue collecting authorities in the East African Community.

Related to this issue of centralising revenue collection within the customs territory of East Africa is the issue of an alternative funding mechanism for East Africa. If the collection of revenue is centralised, there will be a very good case for a harmonised and effective method of funding the Community, because there will be a common pool of funds somewhere that the Community can easily budget for, either by levying a charge on that revenue or by some other method. If we have to change the manner in which the Community is to be financed so as to make it effective and beneficial to the people of East Africa, it is important that the Community takes seriously the position that has been taken by President Jakaya Mrisho Kikwete, that we review the method of collecting revenue, and appoint one single point for the collection of revenue within East Africa.

Going together with this, there is a need to establish an institutional framework for the collection of this revenue. If you look at the East African Community Customs Management Act, 2004, a reading of it envisages a single customs revenue authority, and it is time this authority was established to make the collection of this revenue possible and effective.

His Excellency, Mrisho Kikwete further did emphasise the enormous amount of work ahead of us as a legislature. The implementation of the Common Market Protocol from 1 July 2010 is going to call for the enactment of laws and regulatory frameworks, and it is my sincere hope that the Council of Ministers will put in place - and during this budget they will indicate to us a number of legislative measures that they intend to bring before the Assembly for enactment into laws. There is no way we are going to have an effective Common Market without appropriate legislation that will help in the implementation of the Protocol. The people of East Africa, who are going to be the main players, cannot enforce a protocol. Only the states can enforce a protocol, and they are going to play a periphery role after the Common Market comes into effect. Therefore, I would urge the Council of Ministers to bring to this House urgently, bills that will help to implement and put into effect the Protocol on the Common Market.

With those few remarks, I wish to support the motion by the Chairperson of the Council of Ministers that this House do commend the Chairperson of the Summit of the Heads of State on his address. Thank you, Mr Speaker.  
*(Applause)*

**Ms Nusura Tiperu (Uganda):** Mr Speaker, I thank you for the opportunity. Allow me to support the motion as moved by the Chairperson, Council of Ministers, Dr Diodorus Kamala, to consider the State of EAC address by His Excellency Jakaya Mrisho Kikwete, President of the United Republic of Tanzania, to the Fifth Meeting of the Third Session of EALA, which took place in Nairobi.

Mr Speaker, before I contribute to the motion, I wish to take this opportunity to extend our gratitude to our Members of EALA, and to the Speaker of the Kenya Parliament, Speaker Kenneth Marende, for the kind of hospitality that he has given us. We do appreciate it. *(Applause)*

I would also like to thank President Mwai Kibaki for the hospitality he accorded us. The luncheon that we had from Nairobi and the mood in which he put us to be able to enjoy Kenya have seen us through until today. President Kibaki told us to enjoy, and that is what we are doing. *(Applause)*

Mr Speaker, let me also take this opportunity to thank the Mayor of Mombasa, the Members of Parliament of Kenya, not forgetting the Members of Parliament of EALA hailing from Kenya, and in particular, hon. Safina Kwekwe, who has been able to show us the hospitality of Mombasa. I can only speak for the women; I do not know what has happened for the men. Mr Speaker, when you were opening this meeting, you advised us to make good use of hon. Kwekwe, and we have taken full use of hon. Kwekwe. *(Applause)* We got the opportunity to experience the “*tukutuku*” means of transport. It was an enjoyable ride.

I also want to thank hon. Augustine Lotodo in a special way because he was able to introduce us to the facilities that the Kenyan Parliament has. The Parliament of Kenya has excellent gym facilities, unlike all the other Parliaments that I have seen in the region. We have been to Uganda, my country, Burundi, Rwanda and Tanzania, but on reaching Kenya, I was amazed by the kind of gym facilities that the Kenyan Parliament has. *(Applause)* Mr Speaker, considering the kind of work that Members of Parliament do, the pressure that they go through, I think the other parliaments in East Africa should emulate Kenya and have the same equipments at the disposal of the Members of Parliament. *(Applause)*

I wish to thank the rest of the Members of Parliament; hon. Karan Otieno, hon. Catherine Kimura, hon. Christopher Nakuleu, hon. Reuben Oyondi, hon. Augustine Lotodo and anybody else that I have not mentioned, for the hospitality.

Mr Speaker, I congratulate you in a special way because it is not a small achievement to host two Presidents within a week in an Assembly. It is a manifestation of your lobbying ability and a sign of your good working relationship with the Members of the Summit. I commend you for that. *(Applause)*

We want to thank President Kikwete, and as East Africans, we are proud of him. We are proud of him for having honoured your invitation. We are proud of him for the fact that he was able to address East Africans on the state of the Community through EALA. We are proud of him for being able to mobilise

East Africans to understand the fact that the Customs Union is more advantageous than the fears they had. We appreciate him because during the signing of the Common Market Protocol in Arusha, President Kikwete was able to address the people of East Africa, and the Tanzanians in particular, and urged them to support the integration. He told them of the beauty that comes with the Common Market Protocol. We want to thank him for that. *(Applause)*

Mr Speaker, in the recent East African Investment Conference, which was held in Kampala, President Mrisho Jakaya Kikwete assured East Africans that it is time for us to stop talking and start acting. I am sure hon. Kamala took note of that, because as the Chairperson of the EAC Council of Ministers, his President was saying, no more theories but actions on all the master plans that have been kept in the shelves. *(Applause)*

We thank him for maintaining the stability of Tanzania, and for working in collaboration with all the other Heads of State to ensure that the region is stable. We want to thank him in a special way for being a hard working President, and for caring for the women of East Africa, and Tanzania in particular. *(Applause)* President Kikwete has been able to fight malaria and to reduce maternal mortality rate among the women of Tanzania. He is known as one of the presidents who have been able to position Tanzania to be ready to face the global challenges by putting in place stimulus package worth US \$1.7 billion to address the global crisis. *(Applause)*

In his presentation, President Kikwete applauded EALA for introducing this address by the Chairperson of the Summit of Heads of State, which makes

it possible for the Chairperson to come and interface with EALA. The President made a proposal to the effect that perhaps we could have a specific written report on the state of the Community for tabling before this House for discussion. I support that proposal, and propose that we have the address at the beginning so that we get to know what the Chairperson wishes to do for the region during his or her term, and then at the end of the term we can assess the extent to which the Chairperson was able to achieve their vision during that period. Mr Speaker, perhaps at that time we could move a motion to appreciate what they were able achieve during their term of office. As such, EALA would get the opportunity to interface with the Chairperson of the Summit of the Heads of State twice instead of once.

Mr Speaker, the President in his speech took cognisance of the previous years of the East African Community. He hinted on the celebrations that we have had; the transition from a fully-fledged Customs Union to a Common Market, and the anticipation for 1 July 2010, when the Common Market will become operational. He appreciated the fact that some of the Partner States have acted with expedience in matters of ratifying the Common Market Protocol, and he made note that the Secretary-General is in possession of some of the instruments of ratification.

On that matter, please allow me to applaud the Council of Ministers for their hard work to ensure that this process takes a short time. *(Applause)* I also want to thank the Secretary-General, Mr Juma Mwapachu, popularly known as “Jakos” to my neighbour hon. Sebalu for managing to steer the Secretariat and being able to begin

putting in place modalities for a draft Protocol on the Monetary Union. We thank him for that. *(Applause)*

His Excellency Jakaya Mrisho Kikwete made mention of key issues. He talked about the need for us to focus on Rwanda and Burundi. He told us the need to have a single Customs territory where duties are paid at the point of entry, and the removal of infrastructural barriers. I want to appreciate him for that because this is the cry of the people of East Africa. The people of East Africa would wish to have a region with a very good road network, connected with railway lines, with an efficient water transport system. I appreciate him for that because you can clearly see that the President Kikwete in his address is very keen on the question of market access and free movement of goods and services from one destination to another.

President Kikwete noted the significance of having a Common Market within the context of the emerging COMESA-EAC-SADC Tripartite arrangements. The three regional economic blocs working together has always been the dream of President Kikwete, and for that, we look at him as the President who knows where the region should be heading.

The President also took note of the fact that the Secretariats of the three regional blocs are working hard towards the upcoming Tripartite Summit and trade conference. All the arrangements are being made to mobilise resources to fund major transport networks termed as “corridors” namely: the South Corridor, which connects Dar-es-Salaam Port to Durban; the North Corridor, which connects Mombasa Port to Uganda, Burundi, Rwanda to Eastern DRC; the

Central Corridor which connects Dar-es-Salaam, Uganda, Rwanda, Burundi to Eastern DRC and the corridor that is being worked on connecting Lamu to Juba.

Mr Speaker, I am especially happy because he mentioned major roads linking the region into Congo and Sudan. These are two countries with a big population. If East Africa as a region is positioned properly, we will benefit from the market in those two areas. I am glad that already the people from the two countries are looking forward to joining the Community. So, it is only fair that we have arrangements that will make them feel the need to work closely with the East African Community. *(Applause)*

Mr Speaker, I want to caution the EAC Secretariat not to have any fear because when you talk about the secretariats of the three regional economic groupings working together, this could be looked as a transition. With time, the three secretariats must ensure that they come up with a commission to fast track the activities of the Tripartite Commission.

I am passionate about this because I got an opportunity to officiate at a function in one of our towns back home in Uganda, and the border was opened for that day. Mr Speaker if you had seen the influx of the Congolese into Uganda, you would agree that they needed to have access to our region yesterday. So, it is high time we fast tracked and opened the region and moved from a Customs Union to an economic union as proposed by President Kikwete without forgetting the fact we can maintain what we have already achieved as a region.

In the President’s speech, he mentioned the issue of the democratic tendencies

within the region. In that regard, I wish to congratulate the people of Kenya for the ongoing constitutional process that is taking root. I am happy that in their Constitution, areas that touch the women, the youth, and new proposals like having two Chambers have been introduced. There is a lot that Kenya has learnt from other countries, but we as East Africans are also going to learn from some of the proposals within the Constitution that do not feature in the constitutions of our countries. We congratulate them on that initiative, and we wish them a successful process. *(Applause)*

I would like to thank the Government of Burundi for the recently concluded election of Members of Parliament. *(Applause)* However, I am only sad that this time EALA did not send a team of observers. I do not know what went wrong, but I hope that during the presidential elections we will be visible in Burundi. *(Applause)* We were visible in Rwanda during their parliamentary elections, and it would only be fair to do the same in Burundi. *(Applause)*

The President notes in his address that there will be a number of elections in the region. Indeed, I agree because Uganda, where I come from, will be going into the elections soon. We have already concluded the elections within some political parties who have elected their leaders, and come July 2010, we will be electing the structures of one of the mass parties, the NRM Party, and that is very serious. It is our wish that all the elections in the region are conducted successfully. *(Applause)*

President Kikwete talked also talked about financing, and he called upon Members of Parliament to consider

issues of alternative financing in the region. He talked about the EAC Development Strategy and the need for them to focus on priority areas. He talked about political will, and on that, I want to commend the presidents for the political will that they have shown towards the East Africans through their commitment to take this region where the people want it taken. I am glad to note from his tone that as the Chairperson of the Summit of the Heads of State, he is prepared to do his best, and not to let the people of East Africa down. *(Applause)*

From the President's speech, it is clear that we need to develop the capacity of the different organs of this Community. He sounded a message that for us to be able to tackle the challenges that come with the Common Market, it is imperative for the different organs to be developed to the level of being able to handle the challenges that will come ahead. I want to stress that in particular, the East African Court of Justice and the EALA must be given their due positions within this arena.

The President emphasises the need for us to take the Community to the people, but as for as long as this Parliament is not empowered in terms of increasing its' financing such that the Members of Assembly can do their representative work, it will be difficult for the Community to reach the people. I hope Dr Kamala and the Council of Ministers have taken that as a serious note.

In conclusion, the President also called upon the East Africans to safeguard against losing the hard-earned achievements. He called for vigilance among the emerging leaders to avoid the mistakes of the past, and to safeguard the



existing trust and goodwill. He told us to avoid rejoicing when our neighbours are in problems. He urged us to move with the hearts and minds of the people instead of moving with the integration on paper. And on that, I think there has been a cry from the East Africans for some of the concepts within the Community be simplified, otherwise the people of East Africa are already integrated. They are already trading, and if we do not fast track the activities and move faster, they will move faster than we will. *(Applause)*

He called upon us to tame our tongues, and not to use our tongues to say bad and good things at the same time, and not to ridicule fellow leaders. I think with that it is clear that there is need for respect among the different organs of the Community. Respect between the Community, respect between the Members of Parliament, the Secretariat, the Council of Ministers, respect between the Members of Parliament of the Partner States, between Members of the Summit and the way we utter statements about one another.

Mr Speaker, with those remarks, I thank you once again for giving me this opportunity to make it clear that I support the motion as moved by hon. Kamala. I thank you. *(Applause)*

**Ms Kate Kamba (Tanzania):** Mr Speaker, let me use this opportunity to thank the people of Kenya through President Mrisho Jakaya Kikwete of Tanzania. When he was giving the State of the EAC Address, he congratulated the Kenya Government and the people of Kenya for receiving us very well, and at the Parliament of Kenya, by the hon. Kenneth Marende, the Speaker of the Kenya Parliament, who happens to be

with us even today. We really appreciate you, and we look forward to reciprocating this hospitality. *(Applause)*

I stand here to support the motion to commend the Chairperson of the Summit of the EAC Heads of State for a wonderful speech, which gave us a sense of direction and some challenges. I am not going to dwell much on the successes, but I will look into some of these challenges.

On page 5, the President pointed out many challenges that need to be given special attention. The first one is how to integrate Rwanda and Burundi fully into the East African Community Customs Union. He said these two sister countries are late comers, and have relatively smaller economies compared to the three original East African Community countries of Kenya, Tanzania and Uganda, therefore they need to be assisted accordingly.

Mr Speaker, Article 132 of the Treaty for the Establishment of the East African Community says:

- (1) *There shall be a budget for the organs and institutions of the Community, save for the self-accounting institutions.*
- (2) *Subject to this Treaty, a budget for each financial year shall be prepared by the Secretary-General for consideration by the Council of Ministers, and approval by the Assembly.*
- (3) *All the expenditures of the Community in respect of each financial year shall be considered and approved by the*

*Council and shall be met from the budget.*

- (4) *The budget of the Community shall be funded by equal contributions by the partner states and receives from regional and international donations and any other source as may be determined by the Council of Ministers.*

Mr Speaker, as I was looking at one of the presenters' reports in Rwanda, he was looking at the same issue but he went further and talked about operational challenges of funding the Community. The presenter looked at that Article and said that the case for amending the formula is so glaring. Any economic variable will give similar conclusions. For example, if you take GDP, out of \$55 billion for the East African Community, Burundi in that proportion has only eight percent, Rwanda six percent, Uganda 24 percent, Tanzania 29 percent and Kenya 40 percent. This is also reflected in the intra-trade within the region. How do we sort out this problem?

My humble submission is that there is no other way but to change the financial provisions found in Article 132. Instead of looking at equal contributions, we should be talking of proportional contributions according to GDP, and this is how we can really work together. Asking the Same amount from big economies, like Kenya, followed by Tanzania and then Uganda, is unfair. We need to work it out whether it is by GDP or any other means. We need to look at how we can move together in terms of representation and contribution. We can borrow a leaf from ECOWAS. When we visited ECOWAS, we were told how it is

funded, and so we will not be re-inventing the wheel.

President Kikwete called upon us to have a single Customs territory, whereby duties for imported goods are paid at the port of entry. I do not want to labour on this because the previous speakers have said much about it, but I just want to expand the argument. Instead of having one official collecting the duties, at least each country should have an official at the port of entry, for instance at Dar-es-Salaam, at Mombasa, and at Lamu among others. All the Partner States should have people there to make sure that whatever is collected for Uganda goes to Uganda, for Burundi goes to Burundi and so on. Nowadays, we have electronic banking, and so the money will be reflected immediately in the treasuries of the respective Partner States.

President Kikwete talked about the removal of infrastructure related barriers, both physical and non-physical. He was looking at how we can improve the infrastructure. When the Germans came, they used our people to build the railways, and when the British came, they used Africans and Indians to build the railways. I do not think they had all these feasibility studies. I have one example, when Mwalimu Nyerere and Kenneth Kaunda of Zambia wanted to build the railway, all the western countries refused and said it is not viable, but through the wisdom of these two patriotic leaders, they went to China and signed an agreement with China and that is how we had that railway built through bitter trading. That was when we had many goods from China, and at the end of it, we got a railway.

Similarly, I applaud the efforts of the President of Uganda, Yoweri Kaguta Museveni; when he was addressing this Assembly, he promised this House that he is going to use the army to build a railway that is going to be used by all the East Africans. *(Applause)* Therefore, we can also borrow a leaf from this great man of Africa, who has sown the mustard seed and we see things happening in Uganda. *(Applause)*

I just want to echo those examples and urge the leaders of East Africa not to wait for World Bank Missions to come and write proposals, but to ask the Chinese to build the railways. This was also manifested in Kenya. They had problems of traffic jams, and when the Chinese came and saw the problem, they brought engineers from China, did the study and after one year the road to Jomo Kenyatta Airport was ready. We need such practical actions for our projects; not these feasibility studies and consultancies. *(Applause)*

With these few remarks, I beg to support the motion, and to thank you, Mr Speaker, for giving me this opportunity. *(Applause)*

**Mr Mike Sebalu (Uganda):** Mr Speaker, I rise to support the motion moved by the Chairperson, Council of Ministers, to commend the speech by the Chairperson of the Summit of the EAC Heads of State, which he delivered in Nairobi. However, before I embark on registering my support for the motion, Mr Speaker, I would also like to thank you for this unique session, where two Heads of State have addressed us. I think that was unique. It demonstrates goodwill at the level of the Summit, and it gave us a unique blend of serious and deep thoughts from those levels. You

will appreciate that these two great leaders gave us challenges for which I hope by the end of the day we will come up with some answers.

His Excellency, Mwai Kibaki, while opening the Session, gave a moving speech, and in that address, he challenged the House to ask. Some things you can ask for which you do not need laws. We have a challenge, but I think we need to get a way of pronouncing ourselves on such an important presidential statement, which was made in very good faith and in good spirit. Perhaps here in Mombasa, we can come up with a pronouncement in terms of what we want as a Legislature, arising from the high level of commitment and goodwill extended to us by the Heads of State.

I also want to thank His Excellency, Mwai Kibaki, for the courtesy and the hospitality in the subsequent lunch he gave us. I think that was the beginning of the process of “enjoyment”, and we have not looked back since then. *(Laughter)* So, your very wise leadership and good working relations with these people has seen us to this level, and I want to thank you as well, Mr Speaker, for having afforded us that opportunity. *(Applause)*

The address of the Chairperson of the Summit of the Heads of State, His Excellency, Jakaya Mrisho Kikwete, was a very good presentation. It was a well thought out and comprehensive State of the Community Address, which came in time and through it, we got direction and impetus, as clearly stated in the provisions of the Treaty. *(Applause)*

In this very important address, the President addressed himself to a number

of procedural issues, to which I think we need to give some thought. He came up with some challenges on procedure in terms of the manner of delivery and timing of the address. In terms of the manner of delivery, he implored us to look at the possibility of compiling the report and laying it on the Table for purposes of in-depth internalisation by Members, followed by subsequent debate.

This would give the Chairperson of Summit with an opportunity to deliver a State of the Community Address based on the overview of the general political trend and direction, which I find to be a very useful input from the Head of State. *(Applause)* This would also help the technical people to compile a comprehensive technical document, detailing all the different achievements and challenges of the Community in the year. The report is laid on the Table so that it can be used by the House and any other interested party.

The Chairperson of the Summit of the EAC Heads of State addressed himself to the issues of political direction and impetus in terms of the dynamics on the ground, and how best to consolidate the achievements and address the challenges. This is quite healthy, and I think we could give serious thought to this so that we have a meeting of minds as this work is in progress. We are growing our institutions, and when we get input from other stakeholders, we could explore possibilities of improving these processes to ensure that at the end of the day, the outcome adds value to the entire process.

Regarding the timing of this address, His Excellency addressed himself to the fact that maybe it would be better to address

the Community at the end, with a view of detailing the achievements. My own considered view is that this address is about the state of the Community. It is not a review of the performance of the Chairperson, so it is just important for the Chairperson to give us the status as it is.

The previous Chairpersons of Summit may have presided over the process, but the timing to me is excellent. This is because as we open our session, we get the state of the Community as it pertains on the ground, and then get the projections, the directions and impetus from the leader who is the Chairperson of the Summit, and we will be able to proceed. However, if we tag it to the end, it would be as if we are assessing the performance of an individual Chairperson of the Summit of the Heads of State, and yet the work of managing the Affairs of the Community is a collective responsibility.

The Chairperson of the Summit, together with his colleagues, work together to ensure that there is progress. Therefore, I think it is appropriate that we maintain the timing as it is so that we just get the state of affairs. It is not the performance or the achievement but the state of the Community, and, therefore, the Chairperson uses that opportunity to give direction pertaining to what is on the ground, and gives impetus and political involvement at the highest level.

The Chairperson of the Summit of the Heads of State also addressed a very important subject, which is also important for us as Members of the East African Legislative Assembly. The issue of governance in the region is definitely a very important issue. The Treaty

reflects it very well, and it is the basis for admission into this regional body. One of the very important aspects of governance can best be judged during the election time. His Excellency, Jakaya Mrisho Kikwete addressed himself to the issue of electoral processes and the role that the East African Community in general and EALA in particular can play. He acknowledged the role and efforts of EALA in undertaking election observer missions in the different Partner States. (*Applause*)

We have pronounced ourselves on a number of occasions regarding electoral issues. I am even glad to note that some Partner States have adopted some of the pronouncements and recommendations that we have made. For instance, when you look at the proposed Constitution of Kenya, you will find that some aspects of it regarding the electoral processes, the management of the elections and some provisions regarding announcement and all these matters correspond with some of the recommendations made by the EALA observer mission. Therefore, that is already something to write home about. EALA has already made significant impact in this direction, but we are not yet home and dry. We could still do a lot in this direction. (*Applause*)

The Chairperson of the Summit of the EAC Heads of State acknowledged our efforts and encouraged us to do more in this area. He particularly made comments regarding our proposed elections manual, which he acknowledged and appreciated, but went further to say that we could do more by even upgrading that manual to guidelines and principles. I just want to give information to the House that the manual has moved up the ladder. It was

a subject of discussion by the Council of Ministers, who proposed for a meeting to upgrade it to guidelines, and that process is quite advanced. (*Applause*) EALA was involved in that meeting held in Kampala, and what we have now is no longer a manual, but guidelines and principles. Therefore, the President was putting his mind and thoughts in the right direction. I am glad that the focus of the Council of Ministers is in the same direction, and EALA, through the representatives, is a part of the process.

However, this raises some serious issues. The President did also address himself on the issue of the credibility of elections. He said that we should not only look at fairness and freeness, but also matters of credibility. If one looks at the preamble of that document that this House adopted, it principally addresses the concept of credibility, which means looking at the electoral processes as a way of legitimising electoral outcomes. We have had electoral outcomes perceived to be illegitimate just because the processes were not credible enough to guarantee outcomes that all the participants consider legitimate. So that is very critical, and we need to look at it with seriousness.

I would like to applaud the President for having raised this matter. Let us raise the bar in terms of performance in the electoral processes, and let us use homegrown processes and procedures to set standards that we want to see achieved in our region, so that should anyone want to engage the region on matters of electoral processes, then the core competencies are within the region. We should not wait for comments from European Union, ECOWAS, and the Commonwealth in order to know that we are able to do something good.

Mr Speaker, I would like to thank you for your role in ensuring that the Assembly is dictating a leading role in coming up with processes and institutional frameworks for standards and benchmarks that we can use as a region to judge our capacity of managing our affairs in our region. The challenge I would like to raise is with regard to the planning and budgeting aspects. This is a very important undertaking by the Community, but you will find that our planning or budgeting processes do not reflect it.

For instance, how much have we provided for the electoral activities this year and next year in the budget that we are going to pass? Is it not a shame that when a country like Burundi, which is emerging out of conflict and taking a very good route of democratisation, goes through its first electoral process and we are not part of the process? *(Applause)* Is it not a challenge? What signal are we sending? What messages are we giving?

I had the opportunity to look into the media. They have been giving comments about the electoral process in Burundi, and the European Union was commending the process and saying that it met international standards - *(Applause)* - but what took me back was the fact that the media was waiting for comments from the observer mission from the EAC. I was rather ashamed because I knew there was no such a thing. They were waiting for the comments from EAC to benchmark and compare with the outsiders! In my heart I said, what are they talking about, there is no such a thing! Maybe they are speculating. So, that was really a low note for EAC, given that this is a new member of the Community. Burundi is beginning the process of democratising,

regardless of the level of the electoral process, because if you do the local government elections well, then it will give impetus and the experience to the whole process - *(Applause)*.

It is a challenge. If this question came the way of the Chairperson, Council of Ministers to comment about the observer mission from EAC, I do not know what his answer would be, because people want to compare opinions. The outsiders have commended it, what about the owners of the process? Maybe I would benefit from the wise response from the Chairperson, Council of Ministers. *(Applause)*

The process of budgeting is very important; we should not leave it in the hands of the development partners, it is not desirable. Moreover, it cannot give us the sustainability and capacity we need to develop in this area. It is an area of strategic interest, so we must mobilise for it. We must plan and have our own funding for this process. If the other Organs of the EAC, are not interested to do this, at least EALA, as a custodian of governance and a representative body, would like to be part of this democratisation process. We are available and willing to be part of this process. I just want to call upon the Chairperson, Council of Ministers to take this matter seriously so that when it comes to the presidential, parliamentary and the senate elections, we are not found wanting when we should be standing up to be counted as serious stakeholders in the process of democratisation. *(Applause)*

Mr Speaker, I just want to appreciate your wise leadership, because you created an opportunity for EALA to

interact with the Chairperson, Council of Ministers. When you look at the documents we have, they do not provide for this address. You could say that perhaps the framers at some level were very comfortable to create a situation of minimum interaction between the representative body and the Executive, but your wise leadership circumvented that, and we have been doing so for the last two and a half years. *(Applause)* It has created interaction, out of which we have been able to get some mileage.

When we interacted with the Chairperson, Council of Ministers and His Excellency, Paul Kagame, we got the “Kigali Spirit”, which helped a lot to bridge the gap. *(Applause)* This time round we have interacted with the Chairperson of the Summit of the Heads of State, and he has given us some challenges. He exhibited a high level of goodwill and support, and the challenge that we have is to translate this goodwill from through this interaction with the Chairperson of the Summit into concrete programmes and activities that are going to help us in the process of growing the Legislature as a representative organ of the Community. *(Applause)*

The President of Kenya challenged us and that challenge is something on which we need to pronounce ourselves. The President alluded to the issue of upgrading the election manual. He also gave us a number of areas that we could use to enhance our visibility and capacity as a legislature. As we debate this speech by the Chairperson of the Summit, we need to capture those areas that we can use to enhance our role and to grow our institution in terms of the fundamental roles of Parliament, namely, legislation, representation, and

budgeting, so that we can do advocacy, represent the people and take the integration process to the people, thereby making the East Africans part of this great process. *(Applause)*

Mr Speaker, I would like to support the motion, and to thank you for the opportunity you have accorded me to pronounce my thoughts and beliefs on the subject. Thank you. *(Applause)*

**Mr Clarkson Otieno Karan (Kenya):**

Mr Speaker, thank you for giving me this opportunity to support the motion before the House. Before I do that, let me also take this opportunity to thank you for giving us an opportunity to make our contribution in this hot environment of Mombasa. It is a challenge for those of us who cannot operate in a hot climate, but we have also learnt something.

Allow me also to thank the President of the Republic of Kenya, President Mwai Kibaki, for hosting us in Nairobi. He crowned it all with a very good lunch with the two Heads of State present. *(Applause)* I must say we appreciated him. Some of us compare this to the biblical teaching of sitting very far away from where the high table is, and if there were a need, we would all have benefited from that. So, we were called to sit very close to where the Heads of State were. *(Applause)* We must also stick to the teachings of the Bible.

**The Speaker:** Hon. Karan, do you want me to invite you to the front desk here? *(Laughter)*

**Mr Karan Otieno:** Mr Speaker, allow me also to take this opportunity to thank the management of Mombasa Municipal

Council, the Mayor and the Town Clerk, for giving us the opportunity to use these premises - *(Applause)*. I do not want to go on with the thanks because I stand the risk of talking on behalf of Members of EALA, which is not my role. Let me limit myself to the speech of the Chairperson of the Summit.

I thank the Chairperson of the Summit of the EAC Heads of State, President Jakaya Mrisho Kikwete, for the speech he gave us in Nairobi. If you read that, you will find that everything we need is in it. In fact, I think that although the Chairperson of Summit delivers the State of the EAC Address in the Assembly, it is for all the organs and institutions of the EAC to pick up what is relevant to them and be able to work on those sections. *(Applause)* If that is the motive, then I do not see any problem. The Chairperson of Summit has mentioned everything that if we are able to work on, then we will achieve the intended goal of the East African Community.

Mr Speaker, I want to thank you, as the head of EALA for making it possible for us to take some strides in making our position clear in the EAC. We want to continue to see what is ours from the speech and work on it to achieve our goals.

When His Excellency, Jakaya Kikwete, talked about the issue of alternative funding, I got lost. This is an issue, which has been with us for the last two and a half years, and EALA has been addressing itself to it. If the other organs were taking their responsibilities seriously, by now there would be a concrete proposal on how to achieve alternative funding for the Community.

*(Applause)* That is what the Head of State is saying, and that is what EALA has been asking for. The answer that we have is that the proposal is with the Partner States. Now, President Kikwete is the supreme authority in Tanzania, why can he not tell us why Tanzania it is still holding the proposals. Why can we not know why Kenya is still holding it? Why can we not know why the Partner States are still holding the concrete proposal that the Secretariat submitted to them, if there is any truth in it? It is time that we as leaders in various organs changed our ways to make East Africa what it should be.

I was very happy to hear the speech from the President of the Republic of Kenya, His Excellency Mwai Kibaki. Apart from the issues of the constitution, most of the issues that the President talked about were touching the EAC; the plans that the Kenyan government has put in place to ensure that we achieve this intended goal. *(Applause)* I believe all the Partner States are reading from the same script. Therefore, we have to pull up our socks and accept whatever we have not done right so that we start doing things the right way. It is not a weakness. I would like to call upon the Council of Ministers, together with the Secretariat as our technical people, to take these challenges seriously, and I do not think we will have problems.

As a member of the Committee on Agriculture and Natural Resources, I was very delighted when the President talked about the issue of food security. I want to urge our Partner States, when they read their budgets, to vote 15 percent of their total budgets to agriculture. Let us see that the minimum of 15 percent of the total budget of the



Partner States is voted to agriculture. (*Applause*) It is up to us to ensure that the Ministers for Finance and the people involved in the budgeting process consider this as they prepare their budgets because this is a matter of policy. We must ensure that these requirements are taken on board, because it is a shame to be in a region with no food. We want our people to be healthy, but they cannot be healthy if there is not enough food.

The issue of election as has been expounded by hon. Sebalu is important, and if we want to send a serious message, we must be at the centre of things. I have seen a number of cases where funds are required to achieve this. If the Council and the Secretariat believe something is important, there will always be money. When God was creating the world, He said there would be a moon, and there was a moon. Similarly, when it comes to the EAC, I do not see why it does not come to the Council of Ministers and the Secretariat that it is important for us to have a test of the elections within our region and be able to pronounce ourselves on them. We are left with reading the newspapers to know about the European Union recommendations; EAC is quiet. We want to move ahead and be able to challenge other regions. (*Applause*)

I do not want to go and on about these issues because my belief is that every organ of the EAC should check what is within their docket to know what is worth achieving. I am sure that if we do this, after a few years, we will see results.

I also support the suggestion to look at what particular time in our calendar this

address should come. I concur with my colleagues that this address should come at the beginning of the term of the Chairperson of the Summit of the Heads of State, so that at the end of his term, we are able to assess what we have achieved.

With those few remarks, I fully support the motion, and urge our colleagues who feel that change is a weakness to recognise that change is strength, and to do things right for this region. Thank you. (*Applause*)

**Mr Leonce Ndarubagiye (Burundi):**

Thank you very much, Mr Speaker, for giving me the Floor. It is an honour and a privilege for me to express myself like the previous speakers. We are so grateful to the President of Kenya, His Excellency Mwai Kibaki, the Mayor of Mombasa, the people of Kenya and the EALA Members from the Kenya Chapter, for the hospitality. I will be very brief because most of what I wanted to say about the speech of the Chairperson of the Summit of the EAC Heads of State, President Jakaya Mrisho Kikwete has been said by the previous speakers.

I beg to support this motion moved by the Chairperson of the EAC Council of Ministers, Dr Diodorus Kamala, because of the following reasons, and I will focus on specific points that the President cited in his speech.

I do believe that we have had serious problems in Africa, and I remember there was a white man who wrote a book in the 1960s, and he said that if we do not start with agriculture, we are going the wrong way. That was 50 years ago. The man was right. What he wrote about

agriculture and food security is valid today. If we do not produce enough food, we are doomed, because if we cannot feed ourselves, we have no right to any integrity, sovereignty or pride. We must produce food for our people. At least we should start with that. There is no country in the world that has ever developed without starting with agriculture, be it America, Europe, or any others. *(Applause)*

I would also like to mention the point raised by His Excellency, Mrisho Kikwete, about the railways. Wherever you go in Africa, you will find that small towns like Bujumbura, Nairobi and so many others have terrible traffic jams. It is because we have cars all over, and we are not even expanding our roads. Railways and electricity are necessary for any development to happen. If we do not have electricity and railways, how can we move from one place to another? We used to have it, so why did it disappear? We have to revive it as soon as possible. *(Applause)* Somebody was talking of having the modern digital one-point collection of taxes. Now, if we do not have electricity, or when it is cut, the process will still delay. Electricity is necessary to any development. In the five Partner States, Kenya has geothermal sources of energy, and I am sure that in Burundi we have two sites that can produce enough electricity for the whole country. I am sure we can do this. *(Applause)*

The speech that the President Kikwete gave is about being well organised. If you are organised, you will succeed, but if you are not, you will fail.

Thank you, Mr Speaker, and I beg to support the motion. *(Applause)*

**The Speaker:** I now call upon the Minister to respond.

**The Minister for East African Cooperation and Chairperson, EAC Council of Ministers (Dr Diodorus Kamala):** Mr Speaker, first, let me recognise the hon. Members who have contributed to the motion commending the speech delivered by the Chairperson of the Summit of the EAC Heads of State. I would like to start by mentioning them: Hon. Gervase Akhaabi, hon. Nusura Tiperu, hon. Kate Kamba, hon. Mike Sebalu, hon. Otieno Karan, and hon. Leonce Ndarubagiye. *(Applause)*

Before saying a few things, I want to assure this House that I will deliver the deliberations of this August House to the Chairperson of the Summit. *(Applause)* I will not only present to him the written report of what the Members have said, but I will also explain to him the body language of the Members when contributing to this motion, and the mood of the House.. *(Laughter)*

Mr Speaker, allow me to begin by thanking the Government and the people of Kenya; the Rt. Hon. Speaker of the National Assembly of Kenya, the Mayor and Town Clerk of Mombasa, for enabling this august House to meet in this beautiful and historic city of Mombasa. *(Applause)* Let me say that before coming to Mombasa, I never knew that Mombasa is an island. I just learnt of this yesterday after getting somebody close to me who was able to show me everything. *(Laughter)*

Mr Speaker, I also applaud you for continually ensuring that EALA conducts its business in different areas of

the EAC region. This practice enhances the visibility of the Community to all of its 120 million stakeholders. I also thank the press for the wide coverage of the meetings and the activities of this House. *(Applause)*

Hon. Akhaabi appreciated the Chairperson's recognition of the role of this august House and the need to establish a mechanism for central collection of revenue. Hon. Kate Kamba emphasised the same, and the need for appropriate legislation to enforce the Common Market Protocol. The Council of Ministers is committed to continue to strengthen the capacity of the EALA in terms of human and other logistic support. The Council will also expedite the strengthening of the aspects of the Customs Union, including establishing and sustaining a centralised system of revenue collection, as we establish a Common Market, which is the critical aspect of the integration.

Let me assure this august House that the Council of Ministers will initiate Bills to give effect to the freedoms and rights provided in the Common Market Protocol. In addition to this, the Council of Ministers will introduce Bills on related matters, such as anti-counterfeit measures, one-stop border crossings, and protection of cross border investments.

I appreciate the views of hon. Tiperu and hon. Sebalu regarding the systematic follow up on the challenges raised by the Chairperson as we deepen and widen the integration. The Council of Ministers stands to be guided by the analysis of the Chairperson of the Summit of the Heads of State on the need to improve the infrastructure, including the railways and road corridors, and to put policies into

action, as well as putting EAC into a strategic position in the negotiations. The first one is the establishment of a grand COMESA, SADC, and EAC free trade area, which will eventually transform into a Customs Union.

Hon. Tiperu, hon. Sebalu and hon. Karan referred to the Chairperson's emphasis on good governance, which includes the democratic holding of elections, ensuring credibility of electoral processes through monitoring and the use of guidelines. I wish to add my voice to this and say that without political stability, peace and security, our integration process in the social economic spheres for the betterment of our people would be jeopardised.

Also emerging from contributions on the Floor is the need for the EAC leadership of the organs and institutions to embark on the change of the mindsets. I agree with that. There is need to review the source of income for the EAC, including the amendment of the relevant provisions of the Treaty. It is very critical that we establish possibilities of self-sustenance of the integration process, so that the East Africans remain in the shadow and the stewardship of the EAC. *(Applause)*

Hon. Sebalu and hon. Karan have also articulated views on the timing of the delivery of the State of EAC Address. The Council of Ministers will pursue this, and we will continue to seek Summit direction and impetus to the EAC. Maintaining the current timing is more helpful as we set the pace of our EAC activities.

Mr Speaker, I cannot add to hon. Ndarubagiye's appreciation of President

Kikwete's emphasis on agricultural development and self-sustenance as a key aspect of developing economies like ours in the EAC Partner States.

With those few remarks, let me appreciate all the contributions and recommendations of this august House in commending the speech of the Chairperson of the Summit of the EAC Heads of State. On behalf of the Council of Ministers, let me say that we shall do what we can to make sure that we implement what the Chairperson of the Summit has directed, taking into account the deliberations of this august House.

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

*(Question put and agreed to.)*

Resolution adopted.

### MOTION

#### FOR THE CONSIDERATION AND ADOPTION OF THE BUDGET OF THE EAC FOR THE FINANCIAL YEAR 2010/2011

**The Chairperson, General Purpose Committee (Ms Nassor Sebtuu):** Mr Speaker, before I make my presentation, I beg to lay on the Table the Report of the General Purpose Committee on the Budget of the East African Community for the Financial Year 2010/2011. *(Applause)*

*(Ms Sebtuu laid the Report on the Table)*

**Ms. Sebtuu:** Mr Speaker, pursuant to the Provisions of Articles 49 and 132 of the Treaty, and in accordance with Rules 72 and 79, as well as Annex 5 (f) (ii) of the Assembly's Rules of Procedure, I beg to present to the House, for

consideration and adoption, the Report on the Estimates of Revenue and Expenditure of the East African Community for the Financial Year 2010/2011.

The Estimates of Revenue and expenditure of the East African Community for the Financial Year 2010/2011 was presented to this august House by hon. Dr Diodorus Kamala, Chairperson of the Council of Ministers and Minister for East African Community Affairs from the Republic of the United Republic of Tanzania, on Thursday, 27 May 2010, and it was later referred to the General Purpose Committee for consideration. The estimates are as follows: EAC Secretariat, US \$26,836,651; Defence Liaison Unit, US \$910,244; Customs and Trade, US \$3,696,411; East African Legislative Assembly, US \$10,520,361; East African Court of Justice, US \$2,841,777; Lake Victoria Basin Commission, US \$15,157,596, making a total of US \$59,963,040.

As indicated above, the Council of Ministers requests the approval of US \$59,963,040 being the total budget for the Financial Year 2010/2011. This budget is over and above the 2010/2011 approved budget by 11 percent (US \$54,257,291).

The budget is categorised as follows, as per Annex IV and the explanatory notes and assumptions on the EAC Budget for the Financial Year 2010/2011 on page 9:

- a) Personnel emoluments, US \$17,500,729, which is 29 percent of the total budget;
- b) Recurrent budget, US \$19,744,589, which is 33 percent to the total budget; and,

- c) Development budget, US \$22,717,722, which is 38 percent of the total budget.

The budget is financed by contributions from the EAC Partner States (US \$30,748,369), development partners (US \$29,141,051) and other sources of revenue. The funds are required to realise the broad objective of this year's budget theme, "Implementation of the Common Market and making progress on the Monetary Union".

In this context, the expected outcomes and outputs over the medium term are based on Article 5(1) of the Treaty for the Establishment of the East African Community, which states: "...*Develop policies and programmes aimed at widening and deepening cooperation among Partner States in political, economical, social and cultural fields, research and technology, defence, security and legal and judicial affairs, for their mutual benefit.*"

In accordance with the provisions of Article 49(2)(b) and 132 of the Treaty for the Establishment of the East African Community and rules 73, 74, 75 and 76 of the Rules of Procedure of the Assembly, the annual estimates of Revenue and Expenditure of the East African Community in the form of budgetary proposals is presented to this Assembly for consideration and approval.

The Assembly's Rules of Procedure mandate the General Purpose Committee, through its pre-budget function, to analyse the proposals. The mandate is specifically found in Rule 79 (g) as well as paragraphs (c), (d), (e), (f) and Annex 5 (f) (ii) of the Rules of

Procedure. The provisions are further elaborated in Rule 72 of the Assembly's Rules of Procedure.

Mr Speaker, the Committee analysed the provisions of the Treaty, the Rules of the Assembly, and 11 documents submitted by the Secretariat. The Committee also analysed its recommendations on the Budget Speech delivered on 27 May 2010 by the hon. Chairperson of the Council of Ministers, including previous recommendations of the Committee on the EAC Budgets. The Committee met with the Deputy Secretary-General in charge of Finance and Administration and the technical officers of the EAC.

The Committee would like to extend its gratitude to the following individuals who facilitated its work up to the end of the pre-budget exercise: Ambassador Juma V. Mwapachu, Secretary-General of EAC; Dr Julius Rotich, Deputy Secretary-General Finance and Administration; Dr John Ruhangisa, Registrar, EACJ; Mr Stanley Matowo, Deputy Executive Director, LVBC; Mr Alex Obatre, Deputy Clerk, EALA; Ms Flora Musonda, Director for Trade; Mr Philip Wambugu, Director for Infrastructure; Mrs Ghaniya Kaddu, Director for Finance; Mr Joseph Ochwada, Director, Human Resources and Administration; Mr Joseph Birungi, Principal International Relations Officer; Mr Charles Mukiri, Principal Internal Auditor; Mr George Ndira, Principal Industrial Economist; Mr Tareto Salay, Senior Budget Officer; Mr Julius Birungi, Monitoring and Evaluation Officer; Ms Evelyn Odula, Senior Accountant, LVBC; Mr Kamya Kavubu, Auditor LVBC; Mr Othieno Owora, Senior Public Relations Officer; Ms Charity Musiimire, Senior Human Resources Officer; Mr Stephen

Mwilolezi, Budget Officer; Mr Stanley Mono, Accountant, EACJ; Mr Joseph Malesi, Accountant, EALA. (*Applause*)

The Committee would also like to extend its gratitude to the Rt. Hon. Speaker for giving it the opportunity to undertake its pre-budget function, and to the Committee Clerk, Ms Elizabeth Barinda and her secretarial team for facilitating the committee work during the period the committee undertook the pre budget exercise from 16<sup>th</sup> to 22<sup>nd</sup> May 2010. (*Applause*)

On behalf of the General Purpose Committee, permit me to appreciate sincerely, the leadership, hard work and commitment that hon. Lydia Wanyoto Mutende exhibited as the Chairperson of the General Purpose Committee before me and as a member of this Committee, I thank her very much for her continued support. (*Applause*) I would also like to thank all the members of the General Purpose Committee for their hard work and support in ensuring that work is done well. (*Applause*)

Mr Speaker, the total annual expenditure of the Financial Year 2009/2010 was US \$54,257,292. Table (I) shows the approved expenditure by organ. The actual spending as of 31<sup>st</sup> March 2010 is shown in the table labelled (II). This table also shows other funds spent on some of the projects and programmes. The Committee observed that among the organs and institutions of the EAC, the Secretariat and the Lake Victoria Basin Commission have shown low capacity in utilisation of funds.

The total proposed revenue for the Community for the Financial Year 2010/2011 comprises EAC Partner State

contributions amounting to US \$27,966,927; contributions by development partners amounting to US \$26,223,665; and miscellaneous income of US \$66,927.

The Committee notes with appreciation that Partner States have honoured their contributions to the EAC, and to date the contributions stand at over 90 percent. (*Applause*) The Committee wishes to express its gratitude to the Council of Ministers for all their efforts to this end. (*Applause*)

The EAC budget for the Financial Year 2010/2011 is proposed under the following assumptions:

- i. That there will be continued and intensified political commitment and popular support behind the EAC integration efforts;
- ii. That Partner States will maintain stability and enhance convergence of a macro-economic environment, including controlled inflation and stable and predictable exchange rates, and increasingly harmonise their strategic plans and development visions;
- iii. That there will be availability of adequate financial resources and timely remittances of Partner State contributions;
- iv. That the goodwill and confidence of the development partners will be sustained through availability of development partner funds for earmarked financial and technical assistance and the prudent management of the resources;

- v. That the constant development and improvement of human resource capacity would be maintained in tandem with the demands of the expanding mandate of the Community.

Mr Speaker, in the Financial Year 2010/2011, the focus will be on the following priorities as presented by the hon. Chairperson of the Council of Ministers in the Budget Speech presented to this august House. Allow me to highlight the same priorities once again:

- i. Conclusion of EAC Regional Policy, finalisation of the Fourth EAC Development Strategy and Communication Strategy;
- ii. Consolidation of the Customs Union;
- iii. Operationalisation of the EAC Common Market;
- iv. Tabling to the East African Legislative Assembly of Bills required for the implementation of the Common Market;
- v. Tabling to the East African Legislative Assembly Bills on Counterfeits and Piracy, One-Stop Border Posts, HIV and AIDS, and Public Private Funding of Infrastructure Projects;
- vi. Setting the ground for and launching of the negotiations for the EAC Monetary Union;
- vii. Strengthening the integration of Rwanda and Burundi into the Community;

- viii. Launching and implementation of the East African Food Security and Climate Change Policy;
- ix. Providing a forum for consultations between the private sector, civil society organisations, other interest groups and appropriate institutions of the Community
- x. Intensification of programmes on infrastructure development;
- xi. Enhancement of capacities in the productive and social sectors;
- xii. Formulation of a gender policy, youth policy, community development, and a policy on Persons with Disabilities;
- xiii. Preparation of a strategic plan on gender, children, youth and women on social economic development;
- xiv. Operationalisation of Article 122 of the EAC Treaty that seeks to enhance the role of women in business; (*Applause*)
- xv. Formulation of the Civil Society Mobilisation Strategy in regional integration;
- xvi. Completion of the Industrialisation Policy and Strategy; and the Investment Strategy;
- xvii. Deepening co-operation in defence, security and political matters;
- xviii. Promotion of sustainable management and utilisation of the environment and natural resources;

- xix. Enhancing the implementation of the Lake Victoria development programmes;
- xx. Continuation of the construction of the EAC headquarters;
- xxi. Conclusion of the Economic Partnership Agreement (EPA) negotiations;
- xxii. Conclusion of the Tripartite Free Trade Area Arrangements of COMESA, EAC and SADC;
- xxiii. Enhancing the capacity of the Inter-University Council for East Africa towards realisation of a better working East African educational system; and,
- xxiv. Putting in place the EAC Development Fund. *(Applause)*

Mr Speaker, while analysing funding from the different sources, the Committee observed that there is a gap in funding in some areas by the development partners between 2009/2010 and 2010/2011. Overall, there is an increase of \$2,917,336. Table III shows the analysis.

The Committee yet again reiterates that the continued dependence on donors is not yet, to say the least, sustainable, and EAC should develop mechanisms to find alternative means of sustainable financing for the Community's budget. *(Applause)*

Mr Speaker, I will now go straight to the general observations and recommendations. The Committee wishes to express appreciation to the Deputy Secretary General in charge of Finance and Administration for the

improvements made in the preparation of the budget. It was evident that the DSG and his officers had put into consideration some of the recommendations of the Committee over the last few years. *(Applause)* Specifically, the Committee thanks the Secretariat for putting into effect some of the recommendations from the Committee during the pre-budget meeting held on 28<sup>th</sup> and 29<sup>th</sup> October 2009 at the Snow Crest Hotel, in Arusha. It was evident from the inclusion of some of the agreed priorities that the contribution by the Committee on General Purposes had proved useful to the two processes. The Committee anticipates for all the agreed principles and recommendations incorporated progressively. *(Applause)* However, the Committee expresses serious concern over the supplementary budget that was brought to the Assembly for retrospective approval.

The Committee reminds the Secretariat that this is an unapproved budget and passing the budget is the singular prerogative of the Assembly. *(Applause)* It was unacceptable that funds received after the passing of the budget could be spent without due approval. The explanation given by the Secretariat that the budget was not brought to the Assembly because they were not aware they could present it outside of the budget session was flimsy. *(Applause)*

The Committee, therefore, made the following recommendations in this regard:

- i. That the very act of spending an unapproved budget constituted disregard of Article 132 of the



- Treaty, disrespect to the Assembly and its authority. *(Applause)*
- ii. That the Secretariat flouted basic accounting procedures governing supplementary budgets, but since it was the first time, the committee recommends that the House passes the Supplementary Budget and urges the Secretariat to always submit any funds obtained after the approval of the budget to the Assembly before spending any such funds. *(Applause)*

The Committee requested for a breakdown of the expenditure of the supplementary budget in the budget format and the Secretariat promised to present the same to the Assembly in due course.

The Committee notes the explanation given for the failure to implement the directives of the 21<sup>st</sup> Extraordinary Meeting of the Council of Ministers, which was held on the 12<sup>th</sup> of May 2010, and reiterates that the operationalisation of such decisions should take immediate priority. These include the development of annual procurement plans, annual work plans, which the committee recommends should be submitted as annexes during the pre-budget process.

The Committee notes that there is need to mainstream the various pillars of the integration processes, including harmonisation of trade regimes, into the budgets of the various departments. In particular, development objective T37, which is formulating and putting in place East African policies, plans, laws and standards needed for a smooth operation of the East African Common Market. *(Applause)*

It was difficult to see laying of foundation, development and progression on the 2010/2011 theme of the budget: “Implementation of the Common Market and making progress on the Monetary Union”. The Committee notes that despite there being some improvement in streamlining of the priorities, broad objectives, activity codes and targets, there is still a mismatch in codes, objectives and activities, which is misleading. For example, on pages 28-29 in the MTEF Annex IV, Code T15 where under T37, the activities listed are media and communications related. The Committee appreciates the continued efforts being registered to this end, but notes that there is room for improvement.

As per the directives of the Council, the Committee notes that strategies toward the urgent need to reduce expenditures and to utilise funds scrupulously are not clearly articulated in the budget, despite past Council and Summit directives, as well as the Committee’s recommendations. The committee appreciates the Council’s directives of rationalising travels and limiting numbers of professionals and support staff accompanying Executive staff. *(Applause)*

The Committee notes with concern that in most departments in general, but in particular in the productive and social sectors, donors still dictate the terms of funding, which leads to certain sectors being over funded while other crucial ones are under or unfunded. A clear example was the large amount of funds for HIV/AIDS and the Avian Flu. The Committee thinks that funds for HIV/AIDS can be realigned to finance the fight against other fatal diseases

plaguing the region. The Committee therefore urges the Secretariat to always insist on and start the process of institutionalising the application of the Paris Declaration and the Accra Agenda of Action to which Partner States and donors are all signatories, in negotiating what priorities on which to spend the funds. *(Applause)*

The Committee also notes with concern that some ongoing activities approved and had commenced last financial year were not funded this financial year. The Committee requested for the monitoring and evaluation of these projects, and for the reasons for their termination. The DSG, (Finance and Administration) explained to the Committee the recent introduction of quarterly reporting as a monitoring tool for projects and programmes, and the use of the reports to bridge this gap as the projects and programmes are implemented to the end of their project lives.

Mr Speaker, I am now going to look at observations and recommendations on specific sectors and departments, starting with the Office of the Secretary-General.

The average performance of the budget for the last financial year registered a 79 percent utilisation rate by March 2010. The Committee took note of the busy schedule of the Secretary-General, but requests that the work plans and detailed assignments/activity calendar be submitted along with the budget as annexes. This would ease planning and forecasting the delegation the Secretary-General has to effect, the work schedule and time spent doing EAC administrative work, and all other duties including those delegated, with activities and dates.

The Committee notes that for a long time now, procurement plans, schedules and reports have been requested for during budget sessions, but they are not submitted. *(Applause)* The DSG Finance and Administration informed the Committee that the operational work plans for the Secretary General's Office, together with the overall plan of the Community (after the approval of the budget by EALA) and the diary will be developed, based on the work plan. Additionally, as adopted by the Council in March 2010, the quarterly reporting format was adopted and in use in the Secretariat. An annual operational plan format will indicate the planned activities for the year.

The Committee insists that the preparation or presentation of a work plan would not require the passing of the budget first, but that the budget proposals ought to be based on some draft work plans at least. The Committee emphasises that in the absence of a work plan, a draft calendar, as well as an annual report - which the Committee has not received in two years - the budget analysis becomes very challenging for the Committee since it would not have any reference documents for scrutinizing the budget effectively. The Committee once again requests the Secretariat to avail the documents in future for ease of reference of the Committee.

The Committee reminded the DSG that although the relevant departments agreed upon the format for the annual report in October 2009, no report has been submitted to the Assembly to date. The Committee recommends for the submission of the annual report for analysis.

The Committee sought to know the criteria used in assessing, and even selecting consultants and consultancies. In the response provided, the Secretariat pointed out that a Council decision of May 2010 directed the Secretariat to develop new criteria for procurement of consultancy services. The Committee however emphasises that the terms of reference, scope of work and required expertise should always be as transparent as possible, and that the documents, including performance appraisal reports, be presented to the Committee during the budget process as annexes.

The Committee requested for a complete presentation on the activities of this department. The committee needed to understand the whole range of operations of the department, its utilisation of funds, and whether the office had any parallel budgets not brought to the Committee's attention. The Committee noted that the Secretariat did not address nor adequately respond to this question.

The Committee notes that this department, charged with, among other things, the generation of Bills for the Community, should be able to forecast and articulate the number Bills drafted in a given year, and in which sectors. This is particularly important because it aids the Assembly and committees in planning and preparing their activities. Ideally, under broad objective A, which is Legal and Judicial systems harmonised and protocols, policies, regulations, procedures and standards developed, this department should generate clear and precise legal instruments under development objective T37, which aims at

formulating and putting in place East African policies, plans, laws and standards needed for a smooth operation of the East African Common Market.

The Committee recommends that this department start the process of reform towards laying a foundation for the Monetary Union. *(Applause)*

The average performance of the Office of the Deputy Secretary General, Finance and Administration for the Budget of the last financial year registered a 67 percent utilisation rate by March 2010. The Committee is concerned about money allocated for staff training programmes before the completion of the training needs assessment, and cautions the Secretariat against utilising the money before the completion of the training needs assessment exercise. The Committee recommends that training needs assessment should be carried out for each sector, and that quarterly evaluation and review should be undertaken.

The average performance of the office of Deputy Secretary General (Planning and Infrastructure) for the budget of the last financial year registered a 53 percent utilisation rate by March 2010. The Committee noted the efforts to create Aviation schools in all the Partner States under infrastructure Code DO3DO1. At present, Soroti Flying School is already in operation. The Committee recommends that:

- i. More resources should be invested into the already established Soroti Flying School to develop it as a Centre of Excellence. *(Applause)*

- ii. Diversification be considered and more resources and emphasis put into other sectors like ICT and health for the other Partner States. *(Applause)*

The Committee recommends US \$18,200 for re-allocation because of the merging of activities, namely the meetings on e-government and e-commerce services, which is on page 90 of Annex (IV).

On the establishment of an EAC Railways Regulatory Authority, the Committee calls on the Secretariat to expedite negotiations with DFID to start the process of fast tracking the establishment of the Authority. *(Applause)*

The average performance of the Office of the DGS (Productive and Social Sectors) for the budget of the last financial year registered a 51 percent utilisation rate by March 2010. The Committee noted the following on the respective sectors:

#### Agriculture Sector - Food Security:

There is no specific indication of projects for implementation. There is no research or extensive midterm agricultural development strategies in the budget. Animal husbandry only features Avian Flu.

The Committee is disappointed to see that there are no funds for other trans-boundary issues, and wonders why the Secretariat continues to spend resources on an officer and not fund the department. The Committee expresses the need to mainstream into the budget,

any parallel funding in the sectors not indicated in the budget. *(Applause)*

The Committee emphasises that trans-boundary diseases should be given due attention in terms of surveillance, training and joint research, which the EAC can coordinate, instead of leaving it to the Partner States alone. The committee recommends that funds should be found within the budget for trans-boundary issues. *(Applause)*

#### Tourism and Wildlife:

The Committee took note of the explanations provided on the need to develop a specific protocol to govern a common approach to the international Treaties/Agreements on wildlife conservation and management. The Committee insists that the review of the EAC Protocol for the establishment of the EAC Tourism and Wildlife Management Agency, which is now before the Sectoral Council on Legal and Judicial Affairs, should be stopped until the international aspect has been added. The Committee recommends the reallocation of the funds amounting to \$23,000. This is Code D01SO2 on page 104 of Annex IV.

#### Industrial Development:

The Committee regrets that the sector continues to perform below expectation - at 15 percent - despite being an important sector in this stage of the integration process. The Committee recommends for this situation to be looked into, and action taken.

#### Education, Culture and Sports:

The Committee regrets the under funding of this sector, but notes that the department has not shown innovativeness for a long time and proposed the introduction of changes. For example, the one laptop per child project adopted by the Council could be a good innovation to consider. *(Applause)* The Essay Competition, which has been going on for many years, needs to be changed. The committee recommends the introduction of another innovation into the Education Sector. *(Applause)*

Gender, Community Development and Civil Society:

The Committee expresses disappointment over the continued disregard for the importance of this department, and recommends for a reallocation and subsequent operationalisation of Articles 120, 121, 122 of the Treaty for the Establishment of the East African Community. The Committee noted that there is need to convene meetings to, among other things, conduct a gender audit of the EAC policies, to formulate a gender policy by 2011, and to present the draft policy and protocol by 2011. If necessary, EAC should create specific MTEF budget lines for the activities of this department. The Committee also noted the need to target women groups specifically, such as women entrepreneurs in the region. The committee notes the absence of activities for community development.

With regard to the youth, the Committee recommends the allocation of funds to convene meetings, namely for the establishment of a youth policy, and to

disseminate the youth charter by June 2011.

Similarly, the Committee observed that budget is also silent on issues of Persons with Disabilities. Therefore, in line with the recommendations of the Conference on Persons with Disabilities to formulate a policy and law to address challenges facing Persons with Disabilities in the East African region, which took place in Kampala, Uganda on 19<sup>th</sup> to 20<sup>th</sup> February 2010, the Committee recommends the development of a policy to start in the financial year 2010/2011.

The Health Sector:

The Committee notes that the explanation behind the recruitment of one person with the capacity to understand human health, animal health, plant and trans-boundary diseases (TBDS), and to handle issues on all three sectors is not feasible. The Committee recommends the recruitment of one person per sector. *(Applause)*

With regard to the implementation of Code D01S18 on page 118 of Annex IV, which is on the Development of an overall EAC regional health sector strategic development plan of action and implementation framework for 2011-2015, the Committee was of the view that the Draft EAC Regional Protocol on Cooperation on Health should be concluded before the development of the strategy. The Committee therefore recommends the \$60,000 for re-allocation.

### Labour, Migration and Refugees:

The Committee noted the inadequate funds allocated for this sector.

### Environment and Natural Resources:

The committee noted that the Finance and Administration Committee had cut all the ongoing activities in this sector, and observed that this was not rational, unless the activities were not feasible, and in which case they should have documented it well. An example is the harmonisation of mineral laws by 2012, for which funds were provided in the last financial year, but no expenditure was incurred. The Committee recommends that reasons for non-implementation should be given.

### Customs and Trade:

The average performance of the budget of the last financial year registered 64 percent utilisation rate by March 2010. The Committee noted that the activities of the department are particularly skewed towards customs issues and development, while there is no effort whatsoever made towards creating trading regimes for small scale and small enterprise individuals so that all East Africans can enjoy ownership of the Community and its benefits.

The Committee observed that there is an urgent need to motivate traders instead of concentrating on taxation only. *(Applause)* In particular, the Committee insists on the operationalisation of Articles 120, 121 and 122 of the Treaty for the Establishment of the East African Community under broad objective number fifteen with a view to supporting civil society organisations and women to

grow in small and medium scale businesses. *(Applause)*

It is necessary to mainstream gender, not only into budgeting, but also in training and provision of entrepreneurial skills development for beneficiaries and stakeholders. *(Applause)*

The Committee made the following recommendations:

- a) That the Department of Trade should develop indicative indices (based on gender disaggregated data) to help them set up zone collection centres where they can get collective markets for their produce, so that the integration process is seen to change the lives of the people of East Africa.
- b) That the department should engage in the development of trade zones and develop regional financial institutions to assist small and medium scale entrepreneurs such as SACCOS (Savings and Credit Cooperative Schemes), and CIS (Collective Investment Schemes).

These institutions will go a long way in providing a wider catchments area for the ordinary citizens to participate in and benefit from EAC trade regimes. This will in turn mobilise communities to produce for inter and intra trade. Incentives in this regard would also include legal instruments like Trust Laws that the department can generate along with the other Bills.

The Committee recommends that the Council of Ministers should give a status report on the operationalisation of the Joint Trade Negotiations Act, and the policies so far in place for its implementation.

The average performance of the East African Court of Justice for the budget of the last financial year registered 66 percent utilisation rate by March 2010. The Committee notes with appreciation the important development of establishing sub-registries in Partner States, and thanks the Council of Ministers for this development, which will greatly ease access to justice for the people of East Africa. The Committee hopes that the sub-registries will be allowed to develop and grow each year to the required standards. *(Applause)*

The Committee, however, was of the view that residence of the Judge President continues to be necessary since, among others, the operationalisation of the Common Market will result in increased duties and responsibilities. His Lordship the Judge President should be facilitated to be resident in Arusha. The Committee recommends that the Council of Ministers should seriously consider this recommendation.

The committee also recommends that the budget of the Court should not be subjected to cuts during this time when it is expected to have an expanded jurisdiction, as illustrated above but should, but rather it should benefit from increased budgetary allocations.

The East African Legislative Assembly:

Mr Speaker, the average performance for the last financial year's budget registered an 81.8 percent utilisation rate by March 2010 - *(Applause)*. The Committee noted the funding of only one activity per committee for the entire financial year, and observed that undermined the mandate of the Assembly. The DSG

(Finance and Administration) informed the Committee of the intention to source funds from the Partnership Fund for one more committee activity. The committee would like to have the assurance of Council this. *(Applause)*

Lake Victoria Basin Commission:

The average performance for the budget of the last financial year registered a 73 percent utilisation rate by March 2010. The Committee notes the legal status of the Lake Victoria Basin Commission, and recommends that the impasse should be quickly resolved.

The Committee also notes that most of the Commission's budget lines had amounts with annual estimates lumped together without clear inputs. This is short of insight, well thought activities, objectives and targets. The Committee recommends for the detailed illustration of all these areas before the release of funds.

The Committee also noted the substantial amount of funds for meetings and consultancies, as well as for *RV Jumuiya*. We recommend that this institution should follow the Council directive on proper utilisation of funds, and it should have definite criteria for the selection of consultants. The Committee also recommends that the Accounts Committee of EALA should visit the vessel to assess its status and inform the House accordingly.

In conclusion, the Committee, in general, notes with appreciation the improvements in the budgeting process, and the efforts of the EAC Secretariat in this regard. *(Applause)* The Committee also applauds the Council of Ministers

for directing the Secretariat and the Partner States to consider financing options, which will make funding of the EAC sustainable.

The Committee recommends funds amounting to US \$457,200 for reallocation to Gender, the Youth, Persons with Disabilities, and to the social sectors with reduced funding. The proposals for reallocation are found in Annex II of this report.

Mr Speaker, I beg to present, for consideration and adoption to this august House, the report and recommendations of the Committee on General Purpose. I also beg to move that the House debates and approves the proposals by the Council of the Ministers for the Budget of the East African Community for the Financial Year 2010/2011, taking into consideration the adjustments made in the budget speech by the hon. Chairperson of the Council of Ministers on 27 May 2010.

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

**The Speaker:** I think the report is even longer than the Budget Speech - *(Laughter)* – and for honourable Members to digest the report and look at the Budget Speech, I will allow Members to start the debate tomorrow morning at 10.00 a.m.

Before I adjourn, I would like to announce that hon. Jaffah Kingi, the Minister for EAC Affairs from Kenya on behalf of the Ministry, has invited us to a dinner this evening at 7.00 p.m. at White Sands Hotel. I hope you have all received your invitation cards. We hope to see you there.

## ADJOURNMENT

**The Speaker:** I now adjourn the House until tomorrow at 10.00 a.m.

*(The House rose and adjourned until Thursday, 3 June 2010, at 10.00 a.m.)*