



EAST AFRICAN COMMUNITY

EAST AFRICAN LEGISLATIVE ASSEMBLY (EALA)

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

20TH SITTING – FIFTH MEETING – FIRST SESSION - FOURTH ASSEMBLY

Wednesday, 6th June 2018

*The East African Legislative Assembly met at 2:30 p.m. at the Mini Chamber,
County Hall, Parliament of Kenya, Nairobi, Kenya*

PRAYER

*(The Speaker, Mr. Martin K. Ngoga, in the Chair)
(The Assembly was called to order)*

COMMUNICATON FROM THE CHAIR

The Speaker: Good afternoon honourable Members. Welcome back to this sitting. First, I want to thank you all for the work that has been going on. We had said that yesterday would be a resting day. However, I know that most of you were working throughout, particularly those who went to represent us. We did not appoint them. However, they volunteered to go there to participate in the tree planting exercise in observation of the World Environment Day. We know that there are Members who are committed to the course of world environmental protection. We thank you for your timely presence there. We apologise

because we should have appointed Members to represent us.

Honourable Members, I received a petition from one Member of the Parliament of Kenya, Dr Gideon Ochwada, raising certain issues, which he wants the Assembly to be seized with and to deliberate upon. However, before I decide to refer the matter to a particular committee, I will need a bit of time to look into certain important aspects that have been raised. I will need time to look into them and possibly consult a bit before I refer it to a committee.

The final announcement that maybe I could have made at the end is that tomorrow we will sit the whole day. We will start at 9.30 a.m. We shall break at some point and

continue in the afternoon so that we conclude matters on the table. Thank you.

PAPERS LAID

The Deputy Minister for Foreign Affairs, East African, Regional and International Cooperation, Tanzania

(Dr. Suzan Kolimba)(ex-officio): Mr Speaker, I beg to lay on the Table the following Papers:-

- (a) The Financial Statement - Supplementary Budget for the Financial Year 2017/2018;
- (b) The Statement of Estimates of Expenditure for the Supplementary Budget Financial Year 2017/2018;
- (c) The Financial Statement for the East African Community Budget for the Financial Year 2018/2019; and
- (d) The Statement of Estimates of Expenditure for the EAC-Budget for the Financial Year 2018/2019.

(Dr Kolimba laid the documents on the Table)

The Speaker: Thank you. Honourable Members, I should have mentioned that those who represented us yesterday in the tree planting exercise were Hon. Christopher Nduwayo and Hon. Pamela Maasay. *(Applause)*

Hon. Peter Munya, welcome back after a very successful homecoming event. It was our honour and privilege to participate in that event.

The Chairperson, Committee on General Purpose (Mr. Abdidkadir Omar Aden): Mr Speaker, I beg to lay before the House the following Papers:-

- (e) Report of the Committee on General Purpose on the Supplementary Budgetary Proposals of the East African Community for Financial Year 2017/2018 and the EAC Appropriation Bill, 2018.
- (f) Report of the Committee on General Purpose on the EAC Budget Estimates of

Revenue and Expenditure for the Financial Year 2018/2019.

(Mr Aden laid the documents on the Table)

MOTION

CONSIDERATION OF THE
SUPPLEMENTARY BUDGET OF THE
EAC
FOR THE FINANCIAL YEAR 2017/2018

The Deputy Minister for Foreign Affairs, East African, Regional and International Cooperation, Tanzania (Dr. Suzan Kolimba)(ex-officio): Mr Speaker, Sir, I beg to move a Motion:-

“THAT, This Assembly do resolve itself into:

- (a) A Committee of Ways and Means to consider and approve the Financial Statement for the Supplementary Budget for the Financial Year 2017/2018; and,
- (b) A Committee of Supply to consider and approve the Estimates of Expenditure for the Supplementary Budget Financial Year 2017/2018.

(Dr Kirunda Kivejinja on 4.06.2018)

(Resumption of business interrupted on 04.06 2018)

The Speaker: The Seconders are hon. Isabelle Ndahayo and Dr Anthony Kafumbe.

Honourable, Council Chair, please justify.

The Deputy Minister for Foreign Affairs, East African, Regional and International Cooperation, Tanzania (Dr. Suzan Kolimba)(ex-officio): Mr Speaker, the Council approved the Supplementary Budget of US\$4,968,598 for the financial year ending 30th June 2018. It is a requirement of the law that before the

money is spent, this Assembly gives approval.

Mr Speaker, you will recall that in the Budget Speech, the Chair referred extensively to the Supplementary Budget and that this expenditure is for the organs and institutions of the Community for the financial year ending 30th June 2018.

The Speaker: Thank you.

(Question proposed)

The Chair of Committee on General Purpose, you may now present the Report.

The Chairperson, Committee on General Purpose (Mr Abdikadir Omar Aden) (Kenya): Mr Speaker, in accordance with the provisions of Articles 49 and 132 of the Treaty of the Establishment of the East African Community and Rule 78(1)(b) and Annex 5(f), I beg to present to the House the Report of the Committee on General

Purpose on the EAC Supplementary Budget for the Financial Year 2017/2018 for consideration and adoption.

In June 2017, the Assembly approved for the EAC a total budget of US\$110,130,183 for the FY 2017/2018 and during the budgetary process, some key activities were left out due to the budgetary constraints. The EAC has been able to mobilise resources to fill the gaps. The Council of Ministers is therefore requesting a Supplementary Budget amounting to US\$4,968,590 to finance the activities under the EAC organs and institutions as shown in Table I herein attached. The table is self-explanatory showing the figures and the numbers. I would like hon. Members to have a look at it. The amount totals to US\$4,968,590

Table I: Break down of the requested Supplementary Budget for the FY 2017/2018

Organ/Institution	Activity	Funding	Amount in US\$
EAC Secretariat	To facilitate the undertaking of a study on the required reforms to align the East African Community's Structure, programmes and activities.	General Reserve Fund	120,000
	To facilitate the completion of the workload analysis exercise	General Reserve Fund	129,000

	To facilitate the deployment of Missions in the Presidential Election in Republic of Rwanda, General Election and repeat Election in the Republic of Kenya (2017)	Support from European Union.	1,259,734
	To recruit Energy Expert and a Consultancy firm to prepare at least two projects from the Power Master under Energy Projects under	United States of America International Development Agency (USAID) Support.	220,550
	50 Million African Women Speak Networking Platform Project.	Africa Development Bank	337,950
	East African Community Medicines Regulatory Harmonisation Programme.	The African Medicines Regulatory Harmonisation (AMRH) Programme Partners.	186,550
TOTAL EAC SECRETARIAT			2,253,784
Lake Victoria Basin Commission (LVBC)	Climate Change Adaptation Project for adaption to Climate Change.	United Nations Environment Programme (UNEP).	300,000
	Population, Health and Environment (PHE) Programme to address multifaceted Health and Environmental conservation.	Danish Family Planning Association (DFPA).	80,000
	Project Preparation Advance (PPA) for Lake Victoria Environmental Management Project Phase Three (LVEMP III)	World Bank Support	584,278
	To procurement of equipment under	African Development Bank	247,200

	LVWATSAN Project		
	To facilitate the execution of the activities for the Green Growth in the Lake Victoria Basin Programme under LVEMP II Project.	World Bank Support	830,000
TOTAL – LVBC			2,041,478
East African Science and Technology (EASTEKO)	Development of an EAC Forum for Science, Technology and Innovation (STI) to facilitate the STI Policy harmonisation, funded by	African Development Bank	200,000
SUB TOTAL – EASTEKO			200,00
East African Health Research Commission (EAHRC)	East African Cross-Border Health Services (EA-CBHS)	United States of America International Development Agency (USAID)	473,328
SUB TOTAL – EAHRC			473,328
Total – Supplementary Budget Financial Year 2017/2018			4,968,590

I will now move to the Methodology. In considering the above request, the Committee held a meeting with the Secretary General and officials from the EAC Secretariat from relevant departments on 14 May 2018 and analysed the request for supplementary budget for the FY 2017/2018. The following documents were considered:

- (1) Background paper to the Supplementary Budget;
- (2) MTEF for the Supplementary Budget 2017/2018;
- (3) Financial Statement for the Supplementary Budget for the Financial Year 2017/2018;
- (4) An extract from the 34th Meeting of the Council of Ministers held in November Dar es Salaam, Tanzania;
- (5) An extract from the 35th Extra-Ordinary Meeting of the Council of Ministers held on

15th to 20th February 2018, in Kampala, Uganda;

- (6) Annual Operational Plan; and finally,
- (7) Status of the EAC Secretariat Budget Performance the FY 2017/2018.

The Committee finally prepared a report for consideration by the Assembly. The Committee was informed that the supplementary request arose out of key activities that were left out due to budgetary constraints and the EAC has been able to mobilise resources to fill the gaps. The request comprises the following:

First, to facilitate the undertaking of a study on the required reforms to align the EAC's structure, programmes and activities to the limited resources and US\$120,000 was set aside for that purpose. This was a request from the Ministers of Finance to facilitate the implementation of a Summit Directive

to seek an alternative financing mechanism. In view of the above, the Council directed the EAC Secretariat to prepare the terms of reference for consultancy services for undertaking the study on the required reforms to align the EAC structure, programmes and activities within the financial resources available from EAC Partner States in order to ensure sustainability of the Community. This exercise will be completed in a maximum of two years. A report will be prepared and submitted to the Ministers of Finance for validation, then to the Council who will then make recommendations to the Summit. The request for reallocation of funds up to US\$120,000 is to facilitate the consultancy service for undertaking a study.

Second, to facilitate the completion of the workload analysis exercise and they requested US\$129,000 to be set aside. The 35th Extra Ordinary Meeting of the Council of Ministers approved the budget reallocation of funds within Secretariat budget to complete the workload analysis. This would also help in the implementation of the institutional review. The EAC Secretariat convened a meeting of experts to undertake the Workload Analysis and Job Evaluation from 5 to 22 March 2018. After analysing the workload analysis draft report, the *Ad hoc* EAC Service Commission observed that there is need for further analysis and consultations with the key stakeholders for the completion of the Workload Analysis. The Commission therefore requests for a supplementary budget of US\$129,000 to facilitate the completion of the workload analysis. These funds will be drawn from the General Reserve Fund.

Third, to facilitate the deployment of missions in the presidential election in the Republic of Rwanda, the general election and repeat election in the Republic of Kenya, we sought support from the European Union (EU) an amount of

€1,259,734. The Committee was informed that following the presidential elections in Rwanda and the announcement of the fresh presidential elections in Kenya, the Secretariat requested the EU for support to deploy fresh Observer Mission to the Country. The EU granted €361,276.50 and disbursed €517,239.33 on 25 October 2017, which amount included 30 per cent balance on imprest. The total Election Observation Budget for Kenya and Rwanda amounted €1,134,895.50. This translates to €773,619 for first round of Mission and €361,276.50 for fresh presidential election in Kenya, which is equivalent to US\$1,259,734.01 at an exchange rate of 1.11.

Fourth, to recruit an energy expert and a consultancy firm to prepare at least two projects from power masterplan under the EAC energy projects under United States of America International Development Agency (USAID) Support and an amount of US\$220,550 was sought. The EAC in joint collaboration with USAID with the help of a consultancy firm will jointly carry out the procurement process to prepare at least two projects from power master under EAC – Energy. An energy expert would be identified to supervise the procured firm and provide general support to the Energy Department and play the bridging role between the firm and the EAC.

Fifth is the Million African Women Speak Networking Platform Project funded by Africa Development Bank (AfDB) and US\$337,950 was sought. The Committee was informed that the objective of this project is to establish a platform to improve the ability of women entrepreneurs to network and share information and to access financial services. This project is expected to create a dynamic and networking platform among women entrepreneurs, connecting them with one another in ways that will foster peer-to-peer learning, mentoring and the sharing of information and knowledge within communities, and access to trade finance

and market opportunities between urban and rural areas and across borders and between countries.

The main Project Implementation Unit (PIU) at the Common Market for East and Southern Africa (COMESA) Secretariat will be established and sub-PIUs will be established at EAC and Economic Community of West Africa States (ECOWAS) for the implementation of the project. The project was approved by the 34th Council of Ministers and the EAC Secretariat and the AfDB have initiated the project as well as a work plan.

The EAC Secretariat has further recruited the staff to compose the PIU constituting of a project coordinator; procurement specialist; accountant of finance administrator; and content manager. A supplementary budget amounting to US\$337,950 is being sought to cater for the implementation of initial six months' planned activities under the 50 Million AWSNP Project supported by the ADB for Financial Year 2017/2018.

The sixth is the East African Community Medicines Regulatory Harmonization Programme funded by African Medicines Regulatory Harmonization (AMRH) Programme Partners and they sought US\$186,550. The Committee was informed that with the closure of current funding arrangements through the World Bank Trust Fund (WBTF) for the East African Community Medicines Regulatory Harmonization (EAC-MRH) Programme on 29th December, 2017; the EAC Secretariat and the EAC Partner States' National Medicines Regulatory Authorities (NMRAs) were directed to continue with resource mobilization efforts to implement the remaining activities and sustain the EAC-MRH Programme. The resource mobilization efforts have been mounted and currently a total of US\$337, 700 has been pledged and approved as a grant by Bill and Melinda Gates Foundation to support

implementation of some of the activities for the period of January to June 2018.

It is this regard that an amount of US\$186,550 is being sought to implement activities between a period of January to June 2018 and all these activities will be implemented in the EAC Partner States.

The seventh is Climate Change Adaptation Project of US\$300,000 funded by UNEP. The LVBC Secretariat and UNEP prepared LVB Climate Change Adaptation Project Proposal, which was submitted, to Adaptation Fund in 2016. The Climate Change Adaptation Fund Board approved the LVB Climate Change Adaptation Project of US\$5 million and funds were transferred to the UNEP, Nairobi in January 2018.

The Lake Victoria Basin Climate Change Project Fund was approved in November 2017 and transferred to the UNEP in January 2018 and it was to be utilised from April 2018 for three years as per signed agreement. Due to this condition, the LVBC presented a supplementary budget for consideration and approval to enable smooth start of the project.

The eighth is the Population, Health and Environment (PHE) Programme to address multifaceted health and environmental conservation funded by the Danish Family Planning Association (DFPA) at an amount of US\$80,000. The LVBC was assigned to coordinate the PHE Programme in the Basin with the goal of ensuring sustainable development of the Lake Victoria Basin. The programme therefore adds value to the LVBC environmental conservation projects by addressing population and health challenges that tend to erode the gains made through environmental conservation efforts. The PHE programme is funded by the US Government through USAID Kenya/EA and DANIDA through the DFPA.

The DFPA has accepted to continue strengthening the LVBC's institutional capacity in integrated multi-sectoral programming for another four years (2018-2021) to the tune of US\$320,000. Consequently, the planned and donor approved activities for implementation between April and June 2018 can only be implemented using a supplementary budget of US\$80,000 as indicated per activity below. These activities are in the Report on presentation by the Council before yesterday on the Supplementary Budget. In that report, there is an attachment with details which is the annexure that I am referring to.

The ninth is Project Preparation Advance (PPA) for Lake Victoria Environmental Management Project Phase Three (LVEMP-III) funded by World Bank Support and US\$584,278 is being sought. The LVBC with funding from the World Bank (WB) has been implementing regional activities under the Lake Victoria Environmental Management Project Phase Two (LVEMP-II) since 2009 and it came to an end in December 2017. However, based on the success of LVEMP II, the EAC Partner States of Burundi, Kenya, Rwanda, Tanzania and Uganda as well as the LVBC expressed their commitment to continue with the implementation of LVEMP-III.

To facilitate the preparation of the 3rd phase of LVEMP, the LVBC applied for and got approval for this facility amounting to US\$1.48 million to cover the entire duration of project preparatory period from January 2018 to December 2019. These funds will be used to specifically facilitate:

- (a) finalisation and orderly closure and synthesis of LVEMP-II project completion documents and lessons learnt;
- (b) stakeholders' consultations and engagement for broad-based buy-in and ownership of LVEMP-II;
- (c) preparatory studies and consultancies;
- (d) preparation of LVEMP-III project documents including project appraisal

document, project implementation manual or plan, project results framework, financial and procurement guidelines among others; and,

- (e) project management and implementation support services.

The tenth is to procurement of equipment under LVWATSAN project funded by ADB and US\$247,200 is being sought. This project aims at contributing to improved water supply and sanitation in the Lake Victoria Basin with the objective to support pro-poor water and sanitation investments in selected secondary urban centres in the Lake Victoria Basin;

Under the second objective highlighted above, a Memorandum of Understanding (MoU) between UN-Habitat and the EAC was signed on 8th December 2011 to implement the training and capacity building component of the Lake Victoria Water Supply and Sanitation (LVWATSAN) Phase II in 15 secondary towns of the EAC Partner States. Out of US\$110 million grant provided by the ADB, UN-Habitat was allocated US\$4,244,445 for the Training Capacity Building (TCB).

While UN-Habitat has substantially implemented all the tasks under this component, procurement of equipment and software is still pending posing the risk of non-delivering of this key output before programme closure.

The eleventh one is to facilitate the execution of the activities for the Green Growth in the Lake Victoria Basin Programme under LVEMP-II Project funded by World Bank Support and they are seeking US\$830,000. The LVBC with the support of World Bank developed the Green Growth Programme to support the Cleaner Production Centres (CPCs) with an objective of supporting the transition of private sector consumption and production

practices towards green and resilient growth within the Basin.

The programme aims at expanding and leveraging successful partnerships to bring in new elements, such as sustainable supply chain and industrial symbiosis, which are expected to play a major role in the scale-up of sustainable land management.

The programme is currently funded by the Grant from the Nordic Development Fund (NDF) and implemented by the LVBC. The total funding is US\$3.77 million and will be implemented for a period of two years initially from July 2017 to June 2019. The Financing Agreement for the Programme was signed in October 2017 by the World Bank and the EAC. It is upon this background that the LVBC requests for supplementary budget of US\$830,000 to implement this programme in the five Partner States national CPCs in Burundi, Kenya, Tanzania, Uganda and Rwanda.

Another is development of an EAC Forum for Science, Technology and Innovation (STI) to facilitate the STI policy harmonization funded by ADB and a total of US\$200,000 is being sought. The EASTECO and the IUCEA developed a proposal for the development of an EAC Forum for Science, Technology and Innovation with a special focus on STI for ADB funding.

The purpose of this forum is to provide information sharing and reference on knowledge and technology development processes for selected themes and sectors of the regional economies. It will provide a platform for academics and industrialists in the EAC region and beyond, to share knowledge, experiences and insights within the challenges and opportunities in generation, translation and realization of knowledge and technology. This will be through scientific publication of their research work, development of an administrative and facilitation protocol or

mechanism to enable academics and industrialists in the EAC region and beyond to showcase the results of their research and innovation work through conference presentations, exhibition of products, industrial and business prototypes and related incubators. The EASTECO through ADB secured a fund of US\$200,000 for which approval is being sought.

The final one is the East African Cross-Border Health Services (EA-CBHS) funded by USAID and US\$473,328 is being sought. The East African Health Research Commission (EAHRC) developed a three-year plan to implement the EA-CBHS Programme with the aim of addressing the key challenges associated with provision of quality health services for mobile populations and communities residing along strategic border areas of east Africa. This programme builds upon the Cross-Border Health Integrated Partnership Programme (CB-HIPP) that was implemented in east Africa, by a consortium led by FHI 360 since 2014. This programme employs an innovative technology-driven strategy to strengthen the cross border HIV and TB services in strategic border areas of east Africa.

The EAHRC had received US\$2,300,000 from USAID for the first year of implementation of the programme, which will commence in March 2017. Therefore, it requests for a supplementary budget amounting to US\$473,328 to cater for activities between March and June 2018.

I now want to move to Consideration of the EAC Supplementary Budget for the FY 2017/2018. The Committee was informed by the Council of Ministers that the basis of the request is as detailed in Part 3.1.1 to 3.1.13 of this Report.

The Committee made the following observations: First, the Committee expressed appreciation to the Summit and Sectoral Council on Finance and Economic Affairs for the efforts in carrying out a study

on the required reforms to align the EAC's(iv) structure, programmes and activities with financial resources available from the EAC Partner States. The mechanisms for sustainable financing of the East African Community will go a long way in alleviating the challenges faced by the Community. This is important because the Community will be able to raise the adequate resources required to implement its activities and programmes.

Second, the Committee expressed regret over the late submission of the Supplementary Budget. The late submission is a violation of Section 7(2) of the EAC Budget Act 2008, which provides for the laying before the Assembly of funds that have been expended within three months after the money is spent. The Committee acknowledged that at that time, this House was not in session. Nonetheless, it has been five months since the House was in session but the Committee was of the view that this Report should have been here earlier than this.

Third, the Committee observed that the use of funds from the Reserve Fund to fill up operation cash flow gaps as well as to finance running programmes was irregular since the funds from the Reserve Fund is meant to be a stop-gap measure.

The Committee recommends the following:

- (i) That all supplementary requests should be tabled before the Assembly in a timely manner and in accordance with Clause 7(2) of the EAC Budget Act, 2008.
- (ii) That since funding gaps are a serious problem, there is need to increase contributions to the Community, which is a solution the Council of Ministers should consider.
- (iii) That the Council of Ministers establish clear guidelines and procedures for all transactions into and out of the General Reserve Account and refrain from using Reserve Account Funds for long term running projects.

Having considered the supplementary request, the Committee recommends to the Assembly that a Supplementary Budget amounting to US\$4,968,590 be approved for implementation of the planned activities for the FY 2017/2018.

The Committee would like to express appreciation to the Rt. Hon. Speaker and the Office of the Clerk for facilitating the Committee, the Hon. Chairperson of the Council of Ministers and all the Members of the Council of Ministers, the Secretary General of the EAC, officers and staff of the EAC for the informative discussions held with the Committee in its meeting of the 14th May, 2018 and on 30th May, 2018 when the Council of Ministers met with the Committee.

In conclusion, the Committee on General Purpose therefore presents this report on the EAC Supplementary Budget for the FY 2017/2018, to this August House taking into consideration proposed amendments and adjustments presented by the Chairperson of the Council of Ministers for consideration and approval.

Mr Speaker, I beg to move.

The Speaker: Thank you Chair of Committee on General Purpose.

(Question proposed)

Debate is open. Hon. Rose Akol.

Ms Rose Akol (Uganda): Thank you, Rt. hon. Speaker. First, I commend the Committee for the work it has done by critically looking at the Supplementary Budget and coming up with this Report. I would like to make a comment regarding what the Committee has recommended here; the lateness in presenting the Supplementary Budget. Ordinarily before the Budget Speech for the next financial year that is 2018/2019 is read, we should have concluded all issues to do with the expenditure for the previous year. That

means that even by the time the Chairperson read the Budget, we should have passed the supplementary appropriations in order to conclude the previous year. Therefore, there is a concern about lateness when handling reports procedurally and I hope this will be the last time for such a thing to happen.

Secondly, the issue to do with the consultancy which is meant to conclude on issues to do with staffing and harmonising the required finances to put it in line with the number of staffing that we need as the EAC has been long overdue. We are made to understand that this exercise started in 2006 and up to now we are still allocating resources towards the review of the staffing of the EAC and the purpose is to align it to our funding. This is very unfortunate because the exercise is taking too long. I am wondering whether there was an approved plan when this exercise was being set and whether we have a schedule for which it should be done because 2006 is a long way back. We are in 2018. In the meantime, we have audit queries as the Chairperson of the Committee on Accounts presented them. There are many queries to do with temporary staffs that are now being recruited to fill the gap because a report is not forthcoming. The review is not being concluded and we are spending funds irregularly. Therefore, we are doing the wrong things.

I request the Council of Ministers to take immediate action on this. I think a sub-committee has been put in place by the Council of Ministers. The work should be concluded to avoid more audit queries on temporary staff, unplanned recruitments, and issues of conflict of interest because in some departments, an accountant doubles up as the procurement officer and the auditor. That is not the way we should run the institutions. I am speaking lengthily on this one because it is a serious matter when it comes to issues of accountability and utilisation of funds of the Community.

I have also noted that the EAC projects are heavily funded by development partners. That is not sustainable. We have noted that in some cases, development partners have withdrawn half way the projects. When that happens, EAC Secretariat has to absorb the staff despite its limited financing to ensure those projects are concluded. This is a serious matter. We need to look into ownership of the projects by funding them ourselves and ensuring sustainability in terms of funding and concluding the projects as planned.

I commend the Committee for the work it has done and the recommendations it has made for future action.

I would like to conclude by saying this; the funding for the Review Committee has been an on-going process since 2006. I would like to request the Council of Ministers, just for the benefit of this Assembly, to inform us the total amount of funding that has been allocated for the activity so far with regard to the review and alignment of funding and positions in the EAC. Could we have a report on what has been done so far because it seems it is an activity that does not seem to end? This Assembly should also be informed of what has been done so far. We should also know what is remaining to conclude the process of reviewing the staffing levels and aligning funding to the staffing of the Assembly. When we do budgeting as an Assembly, we should know and perhaps understand the challenges they face and be aware of the timelines within which this activity should be concluded.

Rt. hon. Speaker, I beg to submit.

The Speaker: Thank you very much hon. Rose. I will give a chance to Amb. Fatuma and I request that we be brief because the agenda is very long.

(Mr Aburi Mpuru walked into the Chamber)

Hon. Aburi Mpuru, we are glad to see you here for the reason that everybody knows. *(Applause)*

Amb. Fatuma Ndangiza (Rwanda): Thank you very much Mr Speaker. I would like to start by thanking the Committee on General Purpose for its report on the EAC Supplementary Budget for Financial Year 2017/2018 and the EAC Supplementary Appropriation Bill, 2018, under the able leadership of hon. Abdikadir. They did a brilliant job despite the short time and we are very proud of them. *(Applause)*

Having said that, I have two comments to make regarding this Report. I support most of the proposals in the Report. However, I would also like to talk about what hon. Rose talked about; which is the implementation of the institutional review. The Council of Ministers should clarify what is in the institutional review and the rationale. The first time I heard about institutional review was during the time of Amb. Mwapachu, when he was the Secretary General.

I know many institutional reviews have been done and they are very costly. When you look at the challenges we saw in the audit reports especially on filling gaps, you wonder why it is taking that long. Therefore, before they proceed with this, we need to have proper briefing on what is in the institutional review. Why it is not kicking off and what have they done with the previous reviews because if we have limited funding yet we are concerned about value for money, we cannot have consultants doing the same thing every year. That is wastage of resources. Until they explain what it is, I will be hesitant on this one. Secondly, he talked about two years. I think we need a proper timeframe for the institutional review. Why do we do it every quarter and what are the expected results?

The second issue I would like to talk about is the alternative financing. I commend the

Committee and the Council for coming up with the proposal by the Ministers of Finance. As a Community, we cannot attain our goals of integration if we continue relying on donor dependency and the meagre annual contributions from our member states. That makes us a vulnerable Community. As an Assembly, we know that especially when it comes to attending some of our meetings because of the challenges of contributions from member states.

Therefore, self-reliance and self-financing is the way to go and alternative financing mechanism is of paramount importance. We do not have to re-invent the wheel because the African Union (AU) has come up with the model where it gets 0.2 per cent of imports levy from member states and has started working. If the AU, with its bureaucracy, has kick-started that, why are we not taking off and yet the EAC is a pillar to the AU integration? We do not have to re-invent the wheel. There are so many models but this is an important initiative that we have to support.

Again, we need to be clear on the issue of timeframe. We should not just have it as a maximum of two years but it should be specified from when to when, outcomes expected every month, who does what, who is accountable and the reporting framework. We should have a sense of urgency.

When I look at most of the issues that have been raised here, especially on the Lake Victoria Basin Commission (LVBC), there are very many proposals that will be donor funded. Sometimes it can be problematic to manage donors because you have to come up with different formats of reports for different donors. I would like to know whether the EAC Secretariat has a harmonised report format for donor funding.

Finally is the issue of monitoring and evaluation. Recently when we undertook the central and northern corridor tours, we visited many Community projects. What is still vivid in my mind is the Rusumo Hydroelectric Power Energy Project that is comprised of three member countries, which are the Republic of Tanzania, Rwanda and Burundi.

Each country has contributed about US\$1.3 million. That is the initial fund and the gap was filled by the World Bank. However, we were informed that the project is not operational. It has delayed for almost three years simply because of bureaucracies and Ministers of Infrastructure not meeting. You can imagine if the project was operational, 80 megawatts could be generated and there would be creation of employment. However, that is not the case simply because of bureaucracies. Where is the Council when it comes to monitoring of projects? What guarantee are they giving us that there will be smooth monitoring and evaluation because of the proposal that has been tabled before us?

Otherwise, I support the Report. Thank you very much. (*Applause*)

The Speaker: I have asked the Clerk to alert me the time he thinks we should stop this. Hon. Josephine.

Ms Josephine Lemoyan (Tanzania): Thank you Mr Speaker. Let me also add my voice to congratulate the Chairperson as well as Members of the Committee on General Purpose for this Report. From the outset, I support the Report very much but I would like to raise a few concerns briefly. The first one concerns the 50 million African Women Speak Network Platform, which is a project that is envisaged to take place through the funding of the Association of Women in Finance (AWF). The second one is on Lake Victoria Water and Sanitation Initiative (LVWATSAN). I am very much interested in the African

Women Entrepreneurship Programme (AWEP) because for a long time, women across the Partner States have been waiting for this kind of initiative so that they are linked, speak to each other, network, integrate, and do business.

In Tanzania, for example, we have the Tanzania Women Chamber of Commerce (TWCC) which was established in 2005. The women in this group have been waiting all this time to network. They have been longing to go to Kenya, Uganda and Rwanda to network with women elsewhere so that they create wealth and improve their livelihoods. I urge the PIU which was recently established under the EAC Secretariat to link up with the existing initiatives so that women can benefit from what was started a long time ago. The TWCC is part of the Tanzania Chamber of Commerce, Industry and Agriculture (TCCIA) in Tanzania and they helped us during the campaigns we had back home so that we come and raise our voices that women are ready for wide and deep integration across Partner States.

I want to talk about the LVWATSAN but before I do that, let me declare that I am a Member of the Water and Sanitation Network in Tanzania. We stakeholders in water consider the LVWATSAN as one of key stakeholders contributing to Water Sector Development Programme (WSDP) in Tanzania. However, the performance, as we saw during our spot-check initiative, indicated that the LVWATSAN has been performing poorly.

One of the issues raised in this Report that our Chairman talked about is that the funds that are sought here will implement some of the tasks including procurement of equipment and software. This was task No.9 which was pending and posing the risk of non-delivery of this key output before the programme closure. It is quite interesting that such an important item was not implemented.

The LVWATSAN team should also ensure that they learn lessons from other similar implemented projects across the East African countries. The WSDP in Tanzania has a robust monitoring and evaluation framework including water mapping. They are now implementing what we call Payment by Results (PbR). This is an interesting instrument that ensures that all facilities which are put in place are functional. What we see and what we have seen is non-functionality of water point facilities. Water point facilities are being established but in the long run water does not come out of pipes. Therefore, in order to ensure that this happens and our people get water to drink, we have to come up with mechanisms that will ensure that those who put structures in place deliver water. We should not wait for water for so long to the extent that our communities start breaking the pipes looking for water.

Thank you Mr Speaker. I support this Report.

The Speaker: Thank you very much hon. Josephine. Let us now have hon. Musamali.

Mr Paul Musamali Mwasia (Uganda): Thank you, Rt. hon. Speaker, for giving me this opportunity. First, I have no alternative but to support the Report because the money is already spent. However, as I support this Report – (*interruption*)

The Speaker: You can decide not to support but you have decided to support it. That is fine.

Mr Musamali: I have chosen to support it. Allow me to bring one or two points to the attention of the Council of Ministers in as far as the funding of this Committee is concerned.

We were colonised by Europeans specifically and all of us know the reasons. I do not want to go back to that. However, I

am worried that we will be colonised again even if we are trying to struggle to come together as a united EAC through other methods. When we rely on donations throughout, I am worried that East Africa specifically and Africa as a whole may be colonised again.

I would like the Council of Ministers to seriously consider the issue of sustainable funding for the EAC. Much as the member states contribute, the contributions are remitted late and sometimes they are not remitted. That poses a serious challenge.

Right hon. Speaker, I would like to bring to your attention the fact that I had an informal discussion with the Chairperson, Council of Ministers on a matter, which has not been clarified. I asked him how far they have gone in as far as coming up with a sustainable funding mechanism for the EAC is concerned. He said that we are in very advanced stages. That statement to me was technical. I do not know whether he used it for purposes of sustaining my anxiety or whether he was serious about it.

I am using this opportunity to ask the Chairperson, Council of Ministers to assure this Assembly and the people of East Africa that we have a timeline on when we shall have a sustainable funding mechanism for the EAC. If I may add to what hon. Ndagiza said about the funding mechanism by the AU, the little information that I have is that the EAC came up with that proposal before the AU. I should not be mistaken when I say that the AU snatched our idea and they are now implementing it. The Council should tell us how far we have gone.

I thank you, Rt. hon. Speaker.

The Speaker: Thank you very much hon. Musamali. (*Applause*)

Next is hon. Peter Munya.

The Minister for EAC and Northern Corridor Development, Kenya (Mr Peter Munya (ex officio): Thank you Mr Speaker. I support the Supplementary Budget Report not on behalf of the Council because the Chairperson, Council will respond appropriately. Supplementary Budgets arise because when you pass budgetary allocations at the beginning of the year, you project what you are likely to do within that year. Some of the things that you may not have foreseen could come within the year. Some emergencies like an election observation may come up and you are required to observe it, which may require extra funding or force you to align or review the budget to provide the budget for unforeseen circumstances. So, even though Assemblies frown upon Supplementary Budgets across the world, they become necessary because of the imperfect nature of the society we live in. That is why we have a Supplementary Budget.

I just wanted to comment on the issue of sustainable funding mechanism. As it has been said, this proposal has been there for a long time and I think we are almost reaching the final stages of that proposal, so that we come up with a mechanism that will sustainably support the Community without running around with a begging bowl. Therefore funding that kind of a proposal is welcome and it is closely linked with the workload analysis. Therefore, when they run together and they are concluded at the same time, it will help us solve some of the challenges that the Community has been going through for a long time. They also need to look at our structure to see what kind of an efficient we can come up with which is affordable.

Sometimes things delay because issues come up late in the year or the day and you have to fund them. Emergencies come and decisions can be made especially by the Summit at a time when you do not expect them and you are obligated to fund them because they are important. Looking at the

circumstances, therefore, this Supplementary Budget is timely and I support the work that has been done by the Committee.

Without becoming irrelevant, Mr Speaker, allow me to also thank the Members for coming to support me during the homecoming party. In doing so, the people of Meru where I come from had an opportunity to interact with Hon. Member of the EALA from across the region for the second time, given that hon. Mpuru Aburi used to be my MP when I was a governor. He also had a homecoming party. That was a double blessing for the people of Meru and the people of Tigania where both of us come from.

I also thank all of you for attending the Madaraka Day Celebrations, which again we were lucky that they happened in the same region. I apologise that we did not put in elaborate protocol measures to take care of Members but that was not deliberate. If you were keen, you could see that even me, a Minister, was searching for a seat. It is sometimes the tendency of our people to sit wherever they want even when specific positions have been reserved for specific dignitaries. Being citizens of East Africa and they have a rightful place in national celebrations, sometimes it becomes very difficult, especially when it is in rural areas, to maintain the normal sitting order.

Mr Speaker, on behalf of the Government of Kenya, I thank you profusely for finding time to be with us during the Madaraka Day Celebrations. (*Applause*)

I apologise for that unintended situation where protocols were not well observed and we had challenges of sitting positions. It could have been because of excitement for a rural county to host national celebrations in their area. Therefore, everybody flocked the stadium and sat wherever they wanted. You could see that people were even seated in the middle of the field. Therefore, it was

not intended. Despite all that, the Government of Kenya is very happy and appreciative of that gesture that enabled the message of integration to go deep into the countryside.

Thank you, Mr Speaker.

The Speaker: Thank you hon. Minister. The House was properly briefed about the two events, the circumstances were properly explained and these Members are very understanding. Therefore, there was no offence whichever inconvenience any of us experienced. Thank you very much.

I will allow two final interventions and I request that they be brief so that we conclude this subject. I said two final interventions but I had not indicated from which side. I will allow hon. Mnyaa and hon. Jean Marie but if there will be time, I will allow more.

Mr Habib Mohamed Mnyaa (Tanzania): Mr Speaker, I will take a short time because I only have issue for your attention. Before that, let me also commend the Committee on General Purpose for this Supplementary Budget Report which has been presented well.

Mr Speaker, there is only one thing which I would like to be rectified for future purposes. We are dealing with the Supplementary Budget, which involves money. Unfortunately, even a decimal point matters a lot. I am concerned about consistency. The figures were in dollars but when you look at section 3.3, the figures are in Euros with an equivalent exchange rate of 1.1. The amount requested was US\$1,259,734.

When you talk of about exchange rate, it is normal practice to mention the exchange rate of a particular day. Today is 6th June and the exchange rate of the Dollar against the Euro is not 1.1 but 1.17. That makes a difference of US\$75,436. I just wanted you

to note that because consistency is very important because the exchange rate is not constant.

The Speaker: Thank you very much. I am told that we can take more interventions. Let us have hon. Jean Marie.

Mr Jean Marie Muhirwa (Burundi): Thank you very much Rt. hon. Speaker. I stand to raise an issue about the funding of the EAC activities. Much has been said but before I proceed, let me join others to congratulate Members of the Committee on General Purpose for the good work they did.

The idea of integration means a lot for the EAC citizens. When the fathers of integration came up with the idea of being together, it was not about having financial support from outside. They had a simple idea of bringing together the citizens of the EAC and have a bigger market for our Community.

The integration is natural and it has been there for a long time because Burundians have been going to Tanzania and Tanzanians have been going to Burundi, Rwanda and elsewhere in this region. That means that our citizens have been together for a long time. Since integration is ours, if we want our citizens to enjoy it, we should have our own mechanisms of financing it.

I am raising this because I can relate it to decolonisation. If we are not prudent enough, there is a risk of being colonised again. I have been informed that there are some activities, which are organised at the EAC level, but need to have support from outside the EAC. For example, funds from USAID. When the activities were being planned and some senior Burundians invited, the people working for USAID said that they were not going to finance the people from Burundi who had been invited. There is a risk that such behaviour may divide our dear and beloved Community.

That was the case of Burundi but tomorrow it may be another country. You need to remember that our integration is people-centred. When we talk about integration, it is not about Burundi, Tanzania or Rwanda but the EAC, which comprises Burundi, Rwanda, Uganda, Tanzania and other countries.

It is high time that we, Members, had a common and single language of urging the Council of Ministers to develop mechanism to finance the activities of the EAC. Otherwise, there is a high risk because the people from outside are not happy when we are united.

The Speaker: Thank you. We will have hon. Oda, hon. Susan and then hon. Aher. Please be brief because when you are brief you are generous to others, so that they can also have time.

Ms Oda Gasinzigwa (Rwanda): Mr Speaker, I will be brief because I am a Member of the Committee. I have an issue, which I would like to put on the Floor. I just want to address the Secretariat especially on the point, which was raised by hon. Josephine. This is on a new project of about US\$ 50 million, the African Women Speak Networking Platform project. As far as I know, we have a platform called East African Women in Business, which has been in place for quite some time. Trademark East Africa also supports it. I know very well that our countries have been in partnership with the platform and a lot of work has been done.

I have been wondering why the Secretariat and the Council of Ministers did not guide the new initiative to concentrate on empowering existing platforms and see where we still have gaps. I know we still have many gaps especially in areas of market negotiations, capacity building and coming up with quality products to have a competitive position in the market. Sometimes when you do not guide

development donors, they bring new projects with different names but with the same objective. I wish this came into force to support the existing platforms so that we move to another step without starting a new project.

From what I have read here, we will put in place a secretariat and new staff and I know in our Secretariat, we have the department that is working on gender issues. This money should have been into the programme to empower women entrepreneurs than coming up with new projects when we have existing platform and a department within the Secretariat, which could cater for coordination and monitoring of the activities.

I urge the Secretariat to find out how to come up with a link between the existing programmes so that we benefit more from donor funds.

The Speaker: Thank you. As we continue, I want to remind Members that we are debating a Supplementary Budget, which has already been explained. Some of the items will appear in the new budget. This is where we should spend more time. We should propose how things should be done in future than debate something in the past.

For those who have not spoken yet, consider your intervention. You need to tell us whether it is better placed here or in the coming debate where we would like to assign more time.

Ms Susan Nakawuki Nsambu (Uganda): Thank you very much Rt. hon. Speaker. Allow me to also add my voice to commend the Committee on General Purpose for the job well done. They are experts in handling post-mortems and they have handled this particular one very well.

When I look at the Committee Report, it is evident that we are showing off our serious donor dependence and I do not how long

this is going to happen. I am not going to dwell so much on the issue of funding but I am glad many of my colleagues have raised it. However, allow me to note that every time we had talked about this issue, the Council has deliberately ignored it. They always downplay it. Members have consistently asked for timeframes. Of course, every year we are told that at the end of the financial year, they will come up with an alternative funding mechanism. However, that never materialises into anything. I would like us to get a final timeline from the Council, the one we will hold them up to, to ensure that the alternative funding mechanism takes off. Otherwise, the rest will be fallacy.

Rt. hon. Speaker, as we talk about a Supplementary Budget, I personally assumed that it is brought after we have exhausted the entire budget for the financial year to cater for other things that come up. However, to my dismay, as we talk right now, we are seeking a Supplementary Budget for the current Financial Year 2017/2018 whose utilisation is at 62 per cent. The Council has taken the initiative to bring a supplementary but they have not told us how far we are with the Partner States' contributions. The Council has not taken any initiative to give us any explanation why just three weeks to the end of the financial year the budget performance stands at 62 per cent.

Hon. Speaker, I am not the type that applies Vaseline before showering. However, allow me to read to you where we stand. For example, for this financial year, the balance for the Republic of Burundi is at US\$8.9 million. That means the budget performance for the financial year is at zero per cent. At least I expect an explanation from the Minister on why the remittance is at zero per cent.

Looking at the Republic of Kenya, the contribution (*Interruption*)

Mr Muhirwa: Point of information, Mr Speaker.

The Speaker: Are you taking point of information?

Ms Nakawuki: I will take it later because I want to put this clearly. For your information, I am a very learned friend. Therefore, I know what I am talking about.

Looking at the Republic of Kenya, the contribution is 97 per cent. There is a balance of US\$290,350, which is 3 per cent. I also expect an explanation from the Minister from Kenya why the balance has not been settled. Then also the Republic of Rwanda – (*Interruption*)

The Minister for EAC and Northern Corridor Development, Kenya (Mr Peter Munya (ex officio): Point of order. Explanations do not come from specific Ministers of countries. I do not know why she requires this particular one from Kenya when the rest she requires from the Council.

The Speaker: Yes, explanations come from the Council. How the Ministers organise themselves in the Council is an internal business. Therefore, it is not in order to ask a particular Minister from a particular Partner State to explain the circumstances, unless the Minister volunteers to do that. You may continue along the line that is in order.

Ms Nakawuki: Thank you Rt. hon. Speaker for the guidance. I ought to have asked why the Ministers have not informed the Chairperson, Council of Ministers, about the reasons but instead I concentrated on why the Chair of the Council is not giving us a reason or why he has not found out from the Minister from Kenya why the money has not been remitted.

Looking at the Republic of Rwanda, the contribution is at 83 per cent, leaving a balance of US\$1,396,321. I am wondering

why the Chair of the Council is not telling me the reason why the Republic of Rwanda has not remitted the balance. When I look at the Republic of South Sudan, the contribution is at 12 per cent leaving a balance of US\$7,371,117. Could the Chair of the Council inform me or the entire House when the money will come forth?

Looking at the United Republic of Tanzania, the contribution is at 100 per cent. However, there is also a balance of US\$22,125. I am still wondering when US\$22,125 will be remitted to the coffers of the Community. Looking at the Republic of Uganda, the contribution is at 79 per cent, leaving a balance of US\$1,759,093. I am wondering why the Chairperson, Council, himself has not taken trouble to ensure that his Partner State remits the amount to the EAC.

The total balance to the Community is US\$19,741,027. Therefore, the average is at 62 per cent. This is a lot of money. Up to today, the EALA has only received 65 per cent of our budget, making a deficit of US\$6,369,780.10.

Rt. hon. Speaker, I will not shy away from stating that Members are seated here but on credit. They have not received full facilitation in terms of their entitlements. *(Applause)*

In fact, I will not also shy away to say that even as we talk, salaries of Members have not hit their accounts. When I look at the Supplementary Budget, I cannot see anything to do with the EALA. I can see that some money will come from the Reserve Fund but I have not seen any amount that will go to the EALA.

Even if this is a post-mortem, I still reserve my rights to oppose the Supplementary Budget because I personally feel the Council is not doing its job in ensuring that the Partner States remit their monies. Many times I get disappointed when the Council

comes here and tell us that the Ministers for Finance have refused the idea of alternative funding. I do not know whether the Council is using them as scapegoats so that we blame Ministers for Finance who do not sit here with us instead of the Council of Ministers. I personally feel they have failed us when it comes to this.

I request the Chairperson of the Council, before we go to the Committee of Ways and Means on the Supplementary Budget, to inform the House when the money will hit the accounts of the EAC.

As I finish, I want to expressly say that I oppose this Supplementary Budget with all my heart. Thank you.

The Speaker: Hon. Mary Mugenyi.

Ms Mary Mugenyi (Uganda): Mr Speaker, I stand to add my voice to what many Members have said. I thank both the Council of Ministers and the Committee on General Purpose and the Chairperson in particular.

I would like to underscore what one of the Ministers has just said; that supplementary budgets come because there are issues and activities that come unplanned. We will be underrating our capacity as Members of this House to assume that we do not understand what supplementary budgets are for and why they come. We know that very well. Members who spoke on the issue of the Supplementary Budget coming at this time is to do with the timing. We are in June and this is the last month of the financial year yet we are being asked to pass this budget.

We should be clear and loud that rules must be followed. The only way to protect the Community is to be guided by the law. We are lawmakers and therefore we have to hold the Executive accountable until the rules are followed as per the Treaty and the Rules of Procedure of this House.

I would like to add my voice to what hon. Oda said about the 50 million African Women Speak Networking Platform Project. There are two issues here. First, let us not always be reinventing the wheel by starting new things because that is where we fail. That is why I do not like the idea of projects. I would rather we have programmes that are part of our Strategic Plan which we should implement within a certain period of time. If donors come in, we make ourselves vulnerable by not planning. When we do, because I know we do plan, we do not follow through our plans properly.

There are many on-going projects for women like hon. Oda has said. There is no need of starting new ones. Instead, we should support the existing ones and institutions of women that are in place in the different member states and strengthen them.

I also have an issue with donor money. I happened to have been part of government at one time. Therefore, I understand that many governments are not happy to seek donor support. It is because our economies are still small that we seek donor support. Sometimes we do things the way we do them either because we are lazy or we are not up to it by not thinking outside the box. That is why we continue to be vulnerable even if our continent is rich.

Donors should put money into projects according to our Strategic Plans instead of coming up with projects in areas they are interested in. Sometimes we dance to their tune rather than them supporting us on the on-going programmes.

Lastly, I would like to speak to the issue of the East African Cross-Board Health Services (EA-CBHS) which again is donor funded by USAID. This good programme targets vital diseases that kill our populations on the continent. However, there is one disease that clearly stands out,

which is Hepatitis B, a virus that is killing East Africans.

If you look at the statistics of how many people and particularly young people that get the disease, you will be amazed. My request to the Council is that Hepatitis B should be added to the list so that it also becomes one of the cross-border diseases being addressed by allocating money in our budget.

The Speaker: Thank you. We will now have Dr Woda and then the Committee Chair will reply.

Dr Jeremiah Woda Odok (South Sudan): Thank you very much, Rt. hon. Speaker. I have a short input. First, I would like to commend the Chair of the Committee on General Purpose and the entire Committee.

I have a concern with Climate Change Adaptation Project which is sponsored by the UNEP. All of us know that yesterday was the World Environment Day and the theme was *Beat Plastic Pollution*. For me, this is a good project, which I think will be running for the next three years. I would like the donors to address the real causes of climate change and not just adapting the effects of climate change. They need to also address it by sensitising people on programmes and let our people know the effects of climate change and how they can minimise it. That is my request to the Secretariat because we should not just take what the donors want without our input. We need to address the root cause first, something which is not good for us as citizens of east Africa.

Generally, I support the Report. I thank you.

The Speaker: Let us now have the Committee Chair.

Mr Aden: Mr Speaker, let me take this opportunity to thank hon. Members for very

detailed contributions and particularly the following Members; hon. Rose Akol, hon. Fatuma Ndagiza, hon. Josephine, hon. Paul Musamali, hon. Mnyaa, hon. Peter Munya of the Council of Ministers, hon. Jean Marie, hon. Oda, hon. Susan, hon. Mary and finally hon. Oda. I appreciate their contributions because they have elaborated valid points. Most of the issues they have brought up were issues of serious debate with the Secretariat and the Council during this particular Supplementary Budget process. I thank them very much for the adoption of the Report. Hon. Susan declined and it is her right to do so.

I just want to inform the House that in terms of relevance to the particular issue raised by hon. Susan, you will see in the main substantive budget the issue of delay in membership contribution is a concern. However, out of the entire US\$4.9 million which is being sought for, only US\$249,000 is membership contribution.

I just want to tell you that this Supplementary Budget is largely dependent on donor funds, which have been received and meant for implementation of programmes. While your arguments stand, what you have mentioned will be key for debates in the next report. Having said that, I thank everyone for expressing their democratic right by stating their point.

Finally, hon. Mnyaa, the exchange rate given was as at 24th and 25th May, 2017. The Committee has confirmed that, indeed, the rate of Euro to Dollar on those particular days was 1.12, which was rounded up to 1.1. If you want further details, I will refer honourable Members to the document on Background Paper for the Supplementary Budget for the Financial Year 2017/2018 which was provided to you in the pack of information that you got. All that information about the dates and when the remittances were received is all detailed there.

With all these remarks, I thank you.
(*Applause*)

The Speaker: Thank you very much. Let us now have the Chairperson, Council of Ministers to reply.

The Minister of State for EAC Affairs, Uganda (Mr Julius Maganda Wandera)(*ex officio*): Thank you Mr Speaker. I thank the Chairperson of the Committee on General Purpose for the Report and Members who have made their contributions. There were a few issues that have been raised by Members for clarification by Council. Members want to be informed on what the Council is doing.

First, I want to put to the attention of the House that this Supplementary Budget is entirely dependent on donor funding and it has been running. We anticipate it to be completed by 2018. Therefore, we still have a few months for this Supplementary Budget because a few projects are still on going.

The call by Members for the EAC to be independent and have its own funding mechanism so that all the projects of the Community are owned by the Community and not donor-funded is good. I just want to remind Members that we cannot do away with donor funding because sometimes we believe that as region, we do not have the full support from our Partner States especially based on how we make our contributions. Sometimes we even run a deficit budget, which makes the institution not to run entirely according to the provisions that come with the estimates of the budget.

Partner States also subscribe to several international protocols that sometimes generate money and send to Partner States. For example, we have protocols that we have signed with the World Health Organisation (WHO). Therefore, if there is money that targets improvement in the

health sector that comes as a grant and targets the EAC region, we cannot reject that funding. We also subscribe to the AU, which is our mother. The AU may return money to the EAC to do other activities.

We subscribe to agriculture protocols and all those monies may come in form of grants. When money comes as a grant to the EAC, we put in our budget. When it comes after passing our budget, we still have to come back to the House. I just want to remind the House that we cannot do away with donations. We will continue coming back here as much as we identify a need and when the Secretariat generates projects and activities to seek for your support to make them part of the activities of the EAC.

A Member alluded to the fact that if we continue with external funding, we will appear to be recolonized. All activities that emerge from external funding fall within the programmes that are approved by the Council. I do not think we accept to receive funding that entirely targets recolonizing the EAC. I think we have outgrown that kind of thinking. We are planning to look at how we can reduce dependency on donor funding and establish our own alternative funding which will not entirely be looking at the EAC but even the budgets of Partner States. Therefore, this is a good call from the Member. However, I just want to tell them that I do not think that the EAC can get to the level of being recolonized in whichever way because we have outgrown that kind of fear.

We are working on the alternative financing mechanism. We began the process in May 2018. The Council released some money to the Committee and part of the money is also in this Supplementary Budget that you are going to pass. It will come together with the institutional review and the Council has given the Committee two years to have the whole process concluded.

We believe that if the institutional review and alternative financing mechanism come into force, that will widen the dynamics that have come with the number of institutions that we have created because year in year out, we come with Bills which create institutions but we do not look into increasing the financing. Therefore, we are looking into alternative financing mechanism as we create and widen the size of the EAC. We are also concerned with how to sustain funding for those institutions. We have institutions, which have been established, but they are not operational and we all know this because they lack money.

On the contributions from Partner States, the Chairperson, Council held a meeting yesterday with the Ministers of the EAC and we also looked at this as a problem that hinders the running of activities of the EAC smoothly. The Ministers committed to ensure that the contributions are remitted within this month. Most of the Partner States have contributed more than 75 per cent and other countries have cleared. All the East African Partner States' budgets have been passed and we will read the Budget on 14th June. I believe immediately after that, other Partner States will remit money.

For the case of Burundi, I would like Members to appreciate that Burundi held a referendum where money was used. That made them not to give their contribution in time. The basis of the referendum was also to harmonise their fiscal year to match with the rest of the EAC Partner States. Therefore, their contribution for the Fiscal Year 2017/2018 is still running. By this time of June when the budgets are closing, Burundi's budget is still running and for them it is the budget for 2018. Since they have concluded the referendum, I expect that very soon their contribution will be forthcoming. We believe the commitment that was made by the Minister and

yesterday's meeting will go a long way to resolve all these issues.

Through you, Mr Speaker, I assure the House that alternative financing is the way to go. The more Members of this House remind Ministers of Finance to appreciate and take on the mechanisms already existing in other regional blocs which more or less the EAC has adopted, the more we will resolve all issues of coming here and claiming that this or that Partner State has not remitted its contribution.

Otherwise, I thank you, Members and the Committee for this Report. We as a Council support the amendments and resolutions that have come from the Report. I believe we shall have the money disbursed and be part of the Supplementary Budget for Financial Year 2017/2018.

I thank you Mr Speaker. *(Applause)*

The Speaker: Thank you Council Chair.

(Question put and agreed to)

(The Report was adopted)

COMMITTEE OF WAYS AND MEANS AND COMMITTEE OF SUPPLY

(Order for Committee read)

*[The Speaker (Mr Martin Ngoga) left the
Chair]*

IN THE COMMITTEE

*[The Chairperson (Mr Martin Ngoga) took
the Chair]*

The Chairperson: Let us have the Chairperson, Council of Ministers.

MOTION

APPROVAL OF THE FINANCIAL STATEMENT FOR THE SUPPLEMENTARY BUDGET FOR THE FY 2017/2018

**The Minister of State for EAC Affairs,
Uganda** (Mr Julius Maganda Wandera)(ex
officio): Mr Speaker, I beg to move:-

THAT, this Assembly approves the
Financial Statement for the Supplementary
Budget for the Financial Year 2017/2018.

(Question proposed)

(Question put and agreed to)

APPROVAL OF THE REVISED ESTIMATES OF EXPENDITURE FOR THE FY 2017/2018

VOTE 001 – SECRETARIAT

*(Question, that US\$2,253,784 be provided
as Supplementary
Budget to the Secretariat for FY
2017/2018 proposed)*

*(Question, that US\$2,253,784 be provided
as Supplementary
Budget to the Secretariat for FY
2017/2018 Put and agreed to)
(Vote 001 agreed to)*

VOTE 004 – LAKE VICTORIA BASIN COMMISSION

*(Question, that US\$2,041,478 be provided
as Supplementary Budget
to the LVBC for FY 2017/2018 proposed)*

*(Question, that US\$2,041,478 be provided
as Supplementary Budget
to the LVBC for FY 2017/2018 put and
agreed to)
(Vote 004 agreed to)*

VOTE 007 – EAST AFRICAN SCIENCE AND TECHNOLOGY COMMISSION

*(Question, that US\$200,000 be provided
as Supplementary Budget
to the EASTEC for FY 2017/2018
proposed)*

*(Question, that US\$200,000 be provided
as Supplementary Budget
to the EASTEC for FY 2017/2018 put and
agreed to)*

(Vote 007 agreed to)

**VOTE 009 – EAST AFRICAN HEALTH
RESEARCH COMMISSION**

*((Question, that US\$473,328 be provided
as Supplementary Budget to the EAHRC
for FY 2017/2018 proposed)*

*(Question, that US\$473,328 be provided
as
Supplementary Budget to the EAHRC
for FY 2017/2018 put and agreed to)*

(Vote 009 agreed to)

**MOTION FOR THE HOUSE TO
RESUME**

**The Minister of State for EAC Affairs,
Uganda** (Mr Julius Maganda Wandera)(ex
officio): Mr Speaker, I beg to move:-

THAT, this House do resume and
the Committee of Ways and Means and the
Committee of Supply reports thereto.

(Question proposed)

(Question put and agreed to)

(The House Resumed)

*(The Speaker (Mr Martin Ngoga in the
Chair)*

REPORT

**The Minister of State for EAC Affairs,
Uganda** (Mr Julius Maganda Wandera)(ex
officio): Mr Speaker, I beg to report that a
Committee of the Whole House has
considered and approved the Financial
Statement for Supplementary Budget for
the Financial Year 2017/2018 and the
Revised Estimates of the Expenditure for
the Financial Year 2017/2018 amounting to
US\$4,968,590. I beg to move.

The Speaker: Honourable Members, we
have to be very patient with the procedures.

(Question proposed)

(Question put and agreed to)

*(The Report of the Committee of the Whole
House
was adopted)*

Second Reading

BILL

**THE EAC SUPPLEMENTARY
APPROPRIATION BILL, 2018**

**The Minister of State for EAC Affairs,
Uganda** (Mr Julius Maganda Wandera)(ex
officio): Mr Speaker, I beg to move:-

THAT, the East Africa Community
Supplementary Appropriation Bill, 2018,
be read for the Second Time.

*(Dr Susan Kolimba and Ms Isabelle
Ndahayo seconded)*

The Speaker: Hon. Minister, you need to justify.

The Minister of State for EAC Affairs, Uganda (Mr Julius Maganda Wandera)(ex officio): Mr Speaker, the purpose of this Bill is to appropriate the supplementary sum of US\$4,968,590 out of the budget of the EAC for additional expenditure of the Organs and Institutions of the Community for the Financial Year ending 30th June, 2018.

I beg to move.

(Question proposed)

The Speaker: Chairperson, Council of Ministers, do you have a report to present? I do not think there is any report to present. Debate is open. Is there any Member who wants to debate?

The Minister of State for EAC Affairs, Uganda (Mr Julius Maganda Wandera)(ex officio): Mr Speaker, we do not have any debate because we already made a presentation. The basis is that this Bill will give us a legal framework on how we will spend the money.

(Question proposed)

(Question put and agreed to)

COMMITTEE OF THE WHOLE HOUSE

(Order for Committee read)

IN THE COMMITTEE

*[The Chairperson (Mr Martin K. Ngoga)
in the Chair]*

THE EAC SUPPLEMENTARY APPROPRIATION BILL, 2018

Clause 1

(Question proposed)

(Question put and agreed to)

Clause 2

(Question proposed)

(Question put and agreed to)

The Schedule

(Question proposed)

(Question put and agreed to)

The Preamble

(Question proposed)

(Question put and agreed to)

The Title

(Question proposed)

(Question put and agreed to)

The Minister of State for EAC Affairs, Uganda (Mr Julius Maganda Wandera)(ex officio): Mr Chairman, I beg to move:-

THAT, the House do resume and the Committee of the Whole House reports thereto. I beg to move.

(Question proposed)

(Question put and agreed to)

(The House resumed)

*[The Speaker (Mr Martin K. Ngoga) in the
Chair]*

REPORT

THE EAC SUPPLEMENTARY APPROPRIATION BILL, 2018

The Minister of State for EAC Affairs, Uganda (Mr Julius Maganda Wandera)(ex officio): Mr Speaker, I beg to report that the House has passed the Supplementary Appropriation Bill of US\$4,968,590 without amendments.

MOTION

ADOPTION OF REPORT OF THE COMMITTEE OF THE WHOLE HOUSE

The Minister of State for EAC Affairs, Uganda (Mr Julius Maganda Wandera)(ex officio): Mr Speaker, I beg to move that the House adopts the Report of the Committee of the Whole House.

(Question proposed)

(Question put and agreed to)

Third Reading

BILL

THE EAC SUPPLEMENTARY APPROPRIATION BILL, 2018

The Minister of State for EAC Affairs, Uganda (Mr Julius Maganda Wandera)(ex officio): Mr Speaker, I beg to move the Motion that the EAC Supplementary Appropriation Bill, 2018, be read for the Third Time and do pass.

(Ms Isabelle Ndahayo and Dr Susan Kolimba seconded)

(Question proposed)

(Question put and agreed to)

(The Bill was accordingly read the Third Time and passed)

The Speaker: Thank you very much honourable Members. We are done with this exercise. I thank you Clerk for taking me through the Motions. It is a very interesting experience.

We will now proceed to another business.

MOTION

CONSIDERATION OF THE BUDGET OF THE EAC FOR THE FINANCIAL YEAR 2018/2019

(Dr Kirunda Kivejinja on 4.06.2018)

(Resumption of Debate interrupted on 4.06.2018)

The Speaker: Honourable Members, I want to remind you that the Chairperson of the Council of Ministers had already moved the Motion for the House to constitute itself into a Committee of Ways and Means, to consider and approve the Financial Statement for 2018/2019 and the Committee of Supply to consider and approve the Estimates of Expenditure for the Financial Year 2018/2019.

I also want to remind the House that at that point, I had directed you to go and read the Speech and the Report. I also requested the Chair of the Committee on General Purpose and all Members to analyse the budget.

It is now at this point that I request the Chairperson of the Committee on General Purpose to present the Committee Report before we debate the budget.

The Chairperson of the General Purpose Committee (Mr Abdikadir Omar Aden) (Kenya): Mr Speaker, in accordance with the provisions of the Articles 49 and 132 of the Treaty for the Establishment of the East African Community, Rules 74, 75 and

Annex 5(f)(2) of the Rules of Procedure of the Assembly, I beg to present to the Assembly for consideration and debate, the Report of the Committee on General Purpose of the EAC Budget Estimates of Revenue and Expenditure for the FY 2018/2019. – (*Interruption*)

The Speaker: Excuse me hon. Chair. Hon. Members, do you have this Report?

Hon. Members: Yes.

The Speaker: Thank you. Hon. Aden, continue.

Mr Aden: Thank you Mr Speaker.

In accordance with specifically Articles 49(2) and 132 of the Treaty for the Establishment of the East African Community as well as Rules 74, 75, 76, 77 and 78 of the Rules of Procedure of the Assembly, the Annual Estimates of Revenue and Expenditure of the East African Community in form of budgetary proposals are presented to the Assembly for consideration, debate and approval.

The Committee on General Purpose mandated by the Rules of Procedure through its pre-budgetary function analyses the proposals and makes recommendations thereof to the Assembly. This mandate is specifically premised on Rules 81(c), (d), (e) and (g) as well as Annex 5(f)(2)(c). The estimates for revenue and expenditure of the EAC for the FY 2018/2019 were tabled before the Assembly by the Council of Ministers 4th June 2018. The Council of Ministers requests approval of (excluding CASSOA) US\$ 99,770,716 as compared to US\$110,130,183 for the FY 2017/2018.

Under the budget theme “Enhancing Prosperity and Welfare of EAC Citizen”, the Medium Term Expenditure Framework for 2018/2019 – 2020/2021 has been prepared in line with the Treaty for the Establishment of the East African

Community, the EAC Development Strategy (2016-2021), pronouncement by the Summit and Council of Ministers’ directives as well as the outcomes of the EAC Pre-Budget Conference that was held in August 2017. Subsequently, the Annual Operational Plan of 2018/2019 was developed by the Organs and Institutions. For the Community to implement its key projects and programmes, the total amount of US\$99,770,716 was appropriated.

Key priority areas that were planned for implementation during the FY 2017/2018 included the following:

- (a) Consolidation of the Single Customs Territory (SCT) to cover all imports and intra EAC traded goods including agricultural and other widely consumed products;
- (b) infrastructural development in the Region;
- (c) further liberalisation of free movement of skilled labour across Partner States;
- (d) enhancement of regional industrial development through investment in key priority sectors, skills development, technological advancement and innovations to stimulate economic development;
- (e) improvement of agricultural productivity, value addition and facilitation of movement of agricultural goods to enhance food security in the region;
- (f) promotion of regional peace, security and good governance; and,
- (g) institutional transformation.

Concerning the key achievements during the FY 2017/2018, the Committee was informed that implementation of the Budget along the prioritised areas yielded the following key achievements:

- (a) Operationalisation of the ten (10) One Stop Border Posts (OSBPs) out of 12 already completed, with 3 of which were officially launched; the most recent being the official launch of the

- Mutukula OSBP located on the Uganda/Tanzania border in November 2017 after Holili-Taveta and Rusumo;
- (b) Sourcing of funding amounting to US\$1.5 million from the AfDB for studies for the Masaka-Mutukula/Bugere-Kasulo Road (Tanzania/Uganda), in addition to US\$2.2 million which was secured for the ongoing studies for the multi-national road projects which include Nyakanazi-Kasulu-Manyovu/Rumonge-Bujumbura Road (Tanzania/Burundi), Lusahunga/Rusumo/Kayanza-Kigali Road (Tanzania/Rwanda) expected to have been completed by March 2018;
 - (c) Launch of the Tripartite Transit Transport Programme amounting to 18 million euros in October 2017;
 - (d) Adoption of the EAC Energy Security Policy Framework, which aims at providing regional guidance to Partner States in the management and mitigation of the challenges in energy security;
 - (e) Conclusion of negotiations of Mutual Recognition Agreements (MRAs) for land surveyors. The MRAs are now awaiting signing;
 - (f) The African Development Bank (AfDB) approved in October, 2017, US\$25,014,522 to support the multinational Lake Victoria Maritime Communications and Transport Project. The AfDB signed the loan agreement with the Partner States of Kenya, United Republic of Tanzania and Uganda has provided land in Mwanza for construction of the EAC Regional Maritime Rescue Coordination Center (RMRCC);
 - (g) The EAC Multi-Sectoral Aflatoxin Prevention and Control Strategy was adopted by the 10th Meeting of the Sectoral Council on Agriculture and Food Security, alongside nine policy briefs on aflatoxin prevention and control. The strategy is designed to mitigate the impact and effects of aflatoxin across the health, agriculture, livestock, trade, industry and environmental sectors;
 - (h) Launch of the East African Community Industrial Competitiveness Report in November 2017. The Report assess the EACs Industrial performance vis-à-vis other regions and role models in Asia and Africa and sheds light on strategic short and long term industrialisation paths that the EAC should pursue;
 - (i) The development and adoption of the Republic of South Sudan integration Roadmap; and finally,
 - (j) The finalisation of the 5th EAC Development Strategy 2016/2017-2020/2021 that guides the Community's strategic interventions for transforming the region into a stable, competitive and sustainable lower-middle income region by 2021.
- Regarding the financial status of the EAC as of 30th May, 2018, the Committee was provided with the up to date financial status of the Community including disbursements to the organs and institutions of the EAC as shown in Table 1.

Table 1: STATUS OF PARTNER STATES' CONTRIBUTION AS AT 30TH MAY 2018
A. EAST AFRICAN COMMUNITY MAIN BUDGET (EAC Secretariat, EALA, EACJ, LVBC, EAKC, EASTCO, EAHRC, EACA), (Amounts in US\$)

Partner State	Arrears FY 2016/2017	Contribution Due 2017/2018	Contribution Paid 2017/2018		Total Outstanding
Republic of Burundi	530,934	8,371,087	-	0%	8,902,021

Republic of Kenya	-	8,371,087	8,080,737	97%	290,350
Republic of Rwanda	-	8,371,087	6,974,766	83%	1,396,321
Republic of South Sudan	-	8,371,087	999,970	12%	7,371,117
United Republic of Tanzania	-	8,371,087	8,348,962	100%	22,125
Republic of Uganda	-	8,371,087	6,611,994	79%	1,759,093
Total	530,934	50,226,522	31,016,428	62%	19,741,027

These are figures that hon. Susan was opposed to although in Parliamentary Procedures, you have to table substantially the source of your information before you inform the House. Now, the House is officially informed about the numbers as

per the contributions. In the interest of time, I will not refer to the table but I urge you to look at it. Burundi has contributed zero per cent and I think the Council Member eloquently explained the reasons why.

As you know, Partner States are also required to contribute to the Inter-University Council of East Africa (IUCEA) and the percentages are as shown.

B. INTER-UNIVERSITY COUNCIL OF EAST AFRICA (IUCEA), (Amounts in US\$)

Partner State	Arrears for FY 2016/2017 and earlier	Contribution Due 2017/2018	Contribution Paid 2017/2018		Total Outstanding
Republic of Burundi	4,074,340	808,072	18,108	2%	4,864,304
Republic of Kenya	773,466	808,072	794,236	98%	787,302
Republic of Rwanda	1,662,981	808,072	-	0%	2,471,053
Republic of South Sudan	-	808,072	-	0%	808,072
United Republic of Tanzania	1,690,373	808,072	808,072	100%	1,690,373
Republic of Uganda	3,327,966	808,072	650,108	80%	3,485,930
Total	11,529,126	4,848,432	2,270,524	47%	14,107,034

There are other countries that are required to finance Lake Victoria Fisheries Organisation and the amounts are as shown.

C. LAKE VICTORIA FISHERIES ORGANISATION (LVFO), (Amounts in US\$)

Partner State	Arrears for FY 2016/2017 and Earlier	Contribution Due 2017/2018	Contribution Paid 2017/2018		Total Outstanding
Republic of Kenya	-	516,418	516,418	100%	0
United Republic of Tanzania	545,142	516,418	516,418	100%	545,142
Republic of Uganda	-	516,418	170,819	33%	345,599
Total	545,142	1,549,254	1,203,655	78%	890,741

I now want to move to the Budget Estimates for the Financial Year 2018/2019 and I will begin with the Overall Budget Estimates for the FY 2018/2019. The EAC requests the budget amounting to US\$99,770,716 (excluding CASSOA) for the Financial Year 2018/2019. I just want to inform the Members that why we say “excluding CASSOA” is because the budget for CASSOA as an institution does not usually come for approval of the House. CASSOA stands for Civil Aviation Safety and Security Oversight Agency. These are contributions made by member state aviation authorities and they go straight to the CASSOA. We oversight the expenditure but the appropriation of the same does not come for approval to this House and I want to refer you to Article 132 of the Treaty which allows that certain organs be permitted to have budgets. So, when you hear me say “excluding CASSOA”, that is exactly what it means.

The budget will be funded by US\$56,844,745, which is 57 per cent from internal resources (mainly Partner States

Table 2 shows the summary of the proposed budget for the FY 2018/2019

contributions) and US\$42,925,971 which is 43 per cent being support from development partners. The breakdown of the proposed budget as well as the funding sources for the budget are shown in Table 3. Table 4 shows allocation by expenditure function and Table 5 the allocation of the budget to key priority areas.

The Budget for the Financial Year 2018/2019 has been developed taking into consideration the following assumptions:-

- (i) Continued and consolidated political support for the EAC integration;
- (ii) Availability of adequate financial resources and timely remittances;
- (iii) Continued financial support from development partners;
- (iv) Political stability and good governance;
- (v) Safe and stable security across the region;
- (vi) Conducive macro-economic and business environment in the region;
- (vii) Global economic stability.

Table 2: Summary of Proposed Budget for FY 2018/2019

PLANNED EXPENDITURE				
Organ/Institution	FY 2017/2018	FY 2018/2019	CHANGE (IN US\$)	% CHANGE
Description				
EAC Secretariat	60,183,201	46,693,056	-13,800,524	-25%
East African Court of Justice	4,140,166	3,982,446	-157,720	-4%
East African Legislative Assembly	17,996,959	17,885,852	-111,107	-1%
Lake Victoria Basin Commission	11,960,643	13,357,673	1,397,030	12%
East African Science & Technology Commission	1,500,164	1,661,779	161,615	11%
East Africa Kiswahili Commission	1,553,098	1,605,353	52,255	3%
East Africa Health Research Commission	2,225,324	4,204,032	1,978,708	89%
East African Competition Authority (EACA)	1,337,045	1,014,418	-322,627	-24%
The Inter-University Council for East Africa	6,766,928	6,847,969	81,041	1%
Lake Victoria Fisheries Organisation	2,466,655	2,518,137	51,482	2%
Total	110,130,183	99,770,716	-10,359,467	-9.4%

TABLE 3: FUNDING SOURCE FOR THE BUDGET FY 2018/2019

SOURCE OF REVENUE				
Description	FY 2017/2018	FY 2018/2019	CHANGE (in US\$)	% CHANGE
Ministries responsible for EAC Affairs	50,227,922	50,227,920	-2	0%
Ministries responsible for Education	4,995,993	4,466,210	-529,783	-11%
Ministries responsible for Fisheries	1,550,140	1,551,032	892	0%
Member Universities	303,435	333,970	30,535	10%

Development Partners	52,868,638	42,925,613	-9,943,025	-19%
Miscellaneous Revenue	184,056	265,971	81,915	45%
Total	110,130,183	99,770,716	-10,359,467	-9.4%

This is what we had referred to earlier, which is money from the Partner States. You can see that and I do not need to go to the specifics because the Table is self-explanatory.

Table 4 which I had also referred you to earlier is about the overall EAC budget summary of the budget to categories for FY 2018/2019

TABLE 4: OVERALL EAC BUDGET SUMMARY OF THE BUDGET TO CATEGORIES FOR FY 2018/2019

Category	Total Budget 2017/2018			Total Budget 2018/2019			Per % to
	Partner States	Development	Total Budget	Partner States	Development	Total Estimates	
Personal Emoluments	31,509,502	7,154,072	38,663,574	31,393,619	4,220,552	35,614,171	
Other Charges	18,113,910	4,858,483	22,974,393	19,318,029	4,712,596	24,030,625	
Development	7,638,133	40,856,083	48,494,216	6,133,097	33,992,823	40,125,920	
Total	57,261,545	52,868,638	110,130,183	56,844,745	42,925,971	99,770,716	

The Table is self-explanatory and in the interest of time, I do not think I should go through it.

Table 5 is on allocation of the proposed budget to the key priority areas

TABLE 5: ALLOCATION OF PROPOSED BUDGET TO THE KEY PRIORITIES

S/NO	Priority Description	Amount in US\$			% to the Total Budget
		Partner States	Development Partners	Total Amount	
1.	Enhanced free movement of goods in the region and further liberalisation of free movement of labour and services	2,113,559	6,551,600	8,665,159	8.7%
2.	Enhanced regional agricultural productivity, industrial development through investment in key priority sectors				

	including leather and textiles, skills development, technological advancement and innovation to stimulate economic development	921,846	13,660,746	14,582,592	14.6%
3.	Implementation of the Roadmap for the attainment of the EAC Monetary Union	115,675	2,656,700	2,772,375	2.8%
4.	Improved cross-border infrastructure to ease doing business in the region	602,720	1,269,995	1,872,715	1.9%
5.	Improved socio-cultural welfare of the people in the region.	2,079,178	6,562,193	8,641,371	8.7%
6.	Institutional Transformation	22,015,488	1,481,069	23,496,557	23.6%
7.	Strengthened peace, security and good governance and Institutional Framework for EAC Political Federation.	1,472,445	4,558,615	6,031,060	6.0%
8.	Corporate Support Services	26,352,173	5,674,398	32,026,571	32.1%
9.	Cross-Cutting priorities	1,163,160	510,655	1,673,815	1.7%
10.	Other Priority Areas	8,500	0	8,500	-
	Contribution to the Priorities to the Budget	57%	43%		

You can see the amounts in figures and percentages that have been allocated.

Moving to the Expected Outcomes over the Medium Term (2018/2019) – 2020/2021), the Secretary General Amb. Mfumukeko informed the Committee that it was expected that implementation of the priority programmes shown in Table 5 will result in the following outcomes:

- (i) Further consolidation of the Single Customs Territory (SCT) will enhance intra-EAC trade and lead to a reduction in the cost of doing business in the region, largely

- (ii) resulting from reduced clearance and transit time, with direct impact on the cost of goods and services, thereby resulting in improved welfare of the EAC citizens;
The development of regional infrastructure will reduce transport costs, and cross-border movement of people, goods and services, thereby boosting trade and overall economic growth in the EAC region;

- (iii) Enhanced implementation of the EAC Common Market Protocol with particular emphasis on free movement of skilled labour across the Partner States, will lead to significant improvement in labour productivity, as a prime factor of production will be deployed where it is needed most;
- (iv) Efforts towards enhancing agricultural productivity and regional industrial development, particularly value addition, are aimed at ensuring food security, increase value addition on most of the raw materials produced in the region, notwithstanding increased employment opportunities and sustained economic growth of the region;
- (v) Promotion of peace, democracy and security across the Partner States as well as efforts towards full participation of the Republic of South Sudan (RSS) in the activities of EAC will certainly deepen and widen the EAC regional economic integration. Regional peace and tranquility are key prerequisites for East Africa's economic development and improvement of livelihoods among East Africans;
- (vi) The Community has been implementing a number of initiatives towards enhancing operational efficiency and accountability. The major initiatives include institutional review, strengthening of internal controls, performance management, and quality management systems. These efforts will be further consolidated to ensure that (i) operational systems are fully streamlined to achieve the desired level of efficiency, accountability (ii) and value for money.

(iii)

The Secretary General informed the Committee that there are challenges faced

in the process, which include persistent delays in remittances of funds from the Partner States of the Community. As of April 2018, these remittances amounted to only 62 per cent, making it difficult for implementation of planned activities.

There are also delays in implementation of policy decisions, which slow the pace of implementation of various protocol provisions and the slow pace of harmonisation of trade related laws, which also impact the smooth flow of goods and services. Recurring Non-Tariff Barriers (NTBs) affect movement of goods across borders and realisation of milestones on the Common Market Protocol and finally, understaffing of various departments of the EAC, which negatively affects the effectiveness and efficiency in implementation of projects and programmes as well as follow up on implementation of Council and Summit decisions.

Several strategies have been put in place to mitigate the challenges and these include: Close follow up of remittances by Partner States to facilitate timely implementation of alternative financing options for consideration by the Council of Ministers and enhanced prioritisation of activities to avoid excess wastage of resources, improvement of processes, systems and infrastructure through use of ICT to improve levels of efficiency, quality and cost effectiveness and finally, support the EAC projects and programmes.

The following methodology was used. The Committee considered that following documents:

Letter from the Secretary General forwarding the Budget to the Office of the Speaker;

Letter from the Secretary General transmitting estimates to the Clerk;

Policy Statement by the Secretary General;

Explanatory notes to the EAC Budget for FY 2018/2019;

- (v) Pre-Budget Conference Report for FY 2018/2019;
- (vi) Extracts from the 36th and 37th Ordinary Meetings of the Council of Ministers Report;
- (vii) EAC Financial Statement and Estimates of Expenditure Statement for FY 2018/2019;
- (viii) EAC Budget summaries for 2018/2019; and,
- (ix) EAC MTEF Budget 2018/2019.

The Committee also requested for the EAC Annual Operational Plan 2018/2019, the EAC Cumulative Activity Report, and the statements of the Financial Status of the Community as well as that of the EAC Reserve Account as well as Project Financing Agreements with Donors.

The Committee also considered the Budget Speech delivered to the Assembly by the Chairperson of the Council of Ministers on Monday, 4th June, 2018. The Committee considered and discussed the estimates for revenue and expenditure of the departments, organs and institutions of the EAC with the Secretary General, Amb. Liberat Mfumukeko, Acting DSG F & A, Deputy Secretary General for Planning and Infrastructure, Eng. Stephen Mlote and the technical officers of the EAC. The Committee finally held a meeting with the Ministers in charge of EAC Affairs on Wednesday, 30th May, 2018.

Let us now look at the considerations of the EAC Budget Estimates for FY 2018/2019 which has two parts. The first one is General Observations and Recommendations of the Committee and the second part is on Observations on the EAC Budget Estimates of Revenue and Expenditure for the FY 2018/2019

The Committee received an update on the financial status of the Community, which presented the Community as operating at only 62 per cent of Partner States remittances received up to date (as shown in Table 1). The situation reflects that

drastic measures need to be taken with immediate effect given that the ability and commitment to pay salaries is uncertain.

The Budget further reflects a downward trend (a reduction of 9.4 per cent which affects all sectors and the Committee is concerned that the reduction has been implemented in the context of growth and expansion in terms of new institutions and programmes as implementation of the Monetary Union commences.

Some of the negative effects of the reduction against the background of low remittances are budgets with zero or insignificant allocation, cancellations and/or delays in implementation of programmes which leads to reduced productivity, among others. Above all, the late remittance of funds in the last quarter of the financial year translates into activities implemented in a rushed manner. The Committee recommends to the Assembly to urge the Council of Ministers to cause the Partner States to make timely remittances to the EAC. This was highly emphasised by the Committee during the deliberations.

Members recommended the need to expand the resource base in relation to the growth of the Community. Related to the above point 4.1.1 which I have read, and in relation to Table 1 in part 2.2 of this report showing the current status of contributions by the Partner States, there is need to increase funds to the Community vis-à-vis the expansion and growth through establishment of new institutions such as the EAC Monetary Institute. Institutions and new commissions of the EAC including among others, the East Africa Science and Technology Commission are operating with minimal funds and not able to gainfully operate with a view to fulfilling their mandate. While on the other hand, existing institutions are curtailed in expansion of activities and programmes, it has to be admitted there is a need to re-

evaluate the operations of the Community with a view to rectify any existing negative tendencies and weaknesses in operations, with regard to Audit Commission Reports, Council Decisions, directives, recommendations and resolutions of the Assembly. More obligations also should continue to be instituted such as the absorption of ACBF and APSA staff as well as financing of the Burundi peace process by the Partner States.

The Committee recommends to the Assembly to urge the Council of Ministers to remove the zero budget increase ceilings and institute flexibility with regard to Partner States remittances or finalise the Alternative Financing Mechanism.

There was a challenge of significant low budget performance of the organs and institutions of the EAC during the course of the FY 2017/2018. While the Committee was informed that the reasons for low budget performance was linked to the delayed remittances from the Partner States, the Committee insists that activities have made poor or no returns on resources allocated, which should among others, determine the outcome of the subsequent budgeting process.

The Committee observed with concern that there are departments and projects performing at 15 per cent and it is concerned that of such endeavours are not viable. This was witnessed by the Assembly during its familiarisation tour of projects and programmes of the Community where it was observed that many projects had stalled and were unproductive.

The Committee therefore recommends to the Assembly to urge the Council of Ministers to come up with a policy on operations based on performance and funds availability. It is not tenable to have non-performing projects and programmes that

are running without minimum operating funds.

The Committee also proposed the need to urgently review the EAC Budget Act, 2008, or introduce substantive Public Finance Management Act. The Committee has continued to call for the review of the Act to provide for among others, the use of the MTEF budgeting to provide for timeframes for the budgeting cycle, and timelines for laying the budget before the Assembly as well as to remove the serious contradiction between the Act and outdated subordinate regulations in use in the EAC. The specific contradiction that concerns the Committee is that with the EAC Staff Rules and Regulations, 2006.

The tabling of the EAC estimates of revenue and expenditure each financial year while the Act clearly stipulates 30th April, the EAC Financial Rules and Regulations stipulate May 30th. The contradiction between the two is not acceptable as an Act of the Community takes precedence over any regulation. This is a very important observation by the Committee.

The Committee further recommends that the Assembly urge the Council of Ministers to direct the Secretariat to revise the EAC Financial Rules and Regulations, 2006 because in addition to contradicting a Community Act, it has outdated provisions.

The Committee further recommends to the Assembly to urge a Member to introduce, within one year, a comprehensive Public Finance Management Act whose provisions cover the gaps in the Budget Act for consideration by the Assembly so that the budget process is made more effective, transparent and based on a legal framework.

There is need to clear the existing backlog and provide the Assembly with up to date reports that inform the budgeting process. The Committee observes that there is a significant backlog on reports that the

Council of Ministers periodically tables before the Assembly namely, the EAC annual reports and reports of the Audit Commission. These reports should ideally inform the budgeting process. It should be noted that the Audit Commission report being considered by the Assembly is the 2015/2016 Report, which is the one we concluded a day before yesterday. This impedes the work of the Assembly in effectively fulfilling its oversight role.

The Committee therefore recommends to the Assembly to urge the Council of Ministers to clear the backlog of pending audited accounts and annual reports before the Assembly in the near future and subsequently ensure it is done in a timely manner.

There is need to review the performance of medical service provider. With regard to the health insurance provider for the EAC, the Committee is aware of complaints expressed by Members of EALA and staff of the Community with regard to services provided by AAR, the current service provider. The Committee further observes that this is probably caused by the low amount of money offered for the insurance coverage. The Committee recommends that the amount be increased so as to attract more effective providers. The Committee further recommends to the Assembly to urge the Council of Ministers to increase the premium amounts across board for the EAC staff and Members of EALA in the next Financial Year.

On the need to curtail excessive travel in the EAC, The Committee observed that a big percentage of the budget is allocated to travel in form of air tickets, Daily Subsistence Allowances (DSA) for delegates and staff as well as conference facilities. While it is true that integration requires travel and there has been a marked reduction over the years, the Committee is of the view that this can still be curtailed further, given that there is budget allocated

to video-conferencing facilities that will cover all the institutions. This can be achieved by increasing the number of meetings held by video-conferencing as well as reducing the number of Partner States delegates funded by the EAC.

In this regard, the Committee recommends that the Assembly urges the Council of Ministers to undertake further curtailment on travel and DSA expenses on staff and delegates funded by the EAC.

Regarding the need for more strict supervision on utilisation of donor funds, the Committee appreciates the significant contribution of donors to the EAC integration agenda. The Committee, however, observed that the budget comprises funds from both donors and Partner States. This denotes duplication particularly, within the Secretariat. While the Committee is aware of the principle of co-funding with donor funds, it is of the view that such funds are in inordinate amounts, which may not be absorbed and may be subject to abuse. Specific examples will be provided under the offices comprising double budgeting, duplication and unclear targets that are not in tandem with described activities. It is necessary to develop policy guidelines on development partners funding and project selection criteria.

The Committee therefore recommends to the Assembly to urge the Council of Ministers to ensure more strict supervision over use of donor funds as well as clearly define the linkage between activities that require counterpart funding and their utilisation by implementing departments.

On the underfunding of specific sectors and departments, the Committee noted with concern that the Productive and Social Sectors is the most underfunded sector and sub-sectors such as Agriculture, Tourism and Wildlife among others have minimal funding in some cases amounting to one or

two activities for the financial year. The Committee cannot reiterate enough the importance of among others, agriculture, industrialisation and the development of the youth as the backbone of economies of the region.

The Committee recommends to the Assembly to urge the Council of Ministers to avail Partner States funding to realise optimal activities and allow growth in these sectors.

On the targets and activities not in tandem with descriptions in the Mid-Term Expenditure Framework (MTEF), the Committee noted that under the MTEF, the targets and activities and the descriptive details do not match and are misleading in many cases. During the interaction with the deputy secretaries general, the Committee was informed that the Budget Management Systems (BMS) was to a degree restrictive when it came to descriptions and options for items and this was a systematic default. The Committee observes that it is critical to institute improvements to reduce instances that limit options to description of activities, which is misleading. The Committee further observed that some errors and repetitions are not due to the BMS but due to double budgeting and duplication.

The Committee therefore recommends to the Assembly to urge the Council of Ministers to direct the Secretariat to institute improvements on the BMS to improve the systems further to eliminate any irregularity including those which are deliberately misleading or ambiguous.

Concerning provisions in protocols on board membership of the EAC institutions, the Committee noted with serious concern that some EAC institutions have board Members up to 42 in number. For example, the East African Science and Technology Commission and the Kiswahili Commission have 76 while the East African

Health and Research Commission has 32. The Committee recalled that a Bill establishing the Commission had been tabled before the Assembly and retracted or recalled by the Council of Ministers in March, 2015 because of, among other reasons, the large number of board members. The Bill is yet to be reintroduced in the Assembly. The Committee was informed that the numbers were still provided for by the Protocol.

The Committee recommends to the Assembly to urge the Council of Ministers to urgently amend any such provisions with absolutely impracticable provisions to more reasonable and manageable numbers on governing boards of institutions. You will find an institution with 42 board members but with only 10 members of staff or even less. For example, the Kiswahili Commission has 67 commissioners but only six members of staff. We thought this is ridiculous and not acceptable at all.

Moving to specific observations, the Committee further scrutinised and discussed the proposed estimates for revenue and expenditure of the departments of the organs and institutions and makes respective observations and recommends and proposes reallocations that are shown in Annex I as well as the specific activity codes to that effect. The Committee has based its proposals on among others, the current level of budget absorption and productivity, the statement of the Reserve Fund, the expected fulfilment of commitments by the Partner States as well as the issues pointed out under the general recommendations.

In the Office of the Secretary General, the Committee observed that the budget allocated to the inter-organ and institutions meeting as well as follow up in the EAC institutions and Partner States coordination was exaggerated and the meeting could be done simultaneously in one visit. The Committee therefore rationalised by

US\$27,300 from activity centre M5K05T0301C09.

The Committee rationalised the Office of the Counsel to the Community (CTC) with regard to providing legal advice and rationalised activity code M5K01T0201S09 by US\$13,500 (MTEF Page 18) and US\$10,000 from M5S03T0208 from facilitation of statutory meetings.

Regarding Corporate Communications and Public Affairs, the Committee considered the budget performance level and provision in Financial Year 2017/2018 which it considered adequately provided for with regard to the sensitisation programme activity code M5W02T04035. The Committee rationalised it by US\$70,000 since there was adequate provision that covers the activity.

In the office of the Deputy Secretary General, Finance and Administration, the Committee considered that the Change Management Strategy and Framework should be adequately guided by the various institutional review reports and do not need to be developed anew. Therefore US\$27,475 was rationalised from activity code M5S09T1705S. With regard to the training for the same activity of contract performance management, US\$25,400 under M5S09T1802C02 is also proposed for reallocation.

The Committee considered the report of the 34th Meeting of the Council of Ministers held on 15th September, 2016, and observed that the Council decision did not clearly grant the Secretariat autonomy to merit the activity on operationalisation of the EAC Commission. The Committee therefore proposes reallocation of US\$58,250 from activity code M5S09T0101S.

Regarding the African Peace and Security Architecture (APSA) and the African Capacity Building Foundation (ACBF)

staff, the Committee noted that in its 35th Extra-Ordinary Meeting held from 15th – 20th February, 2018 in Kampala, Uganda, the Council of Ministers directed that a transitional plan of the Peace and Security function should include sustainability of the APSA Project in the EAC. The Council approved personnel emoluments for APSA Project Staff within the budget ceiling for the FY 2018/2019. Similarly, the Council in its 36th Meeting of the Council of Ministers held on 20th February, 2018 in Kampala, Uganda also approved budget reallocation to support sustainability of the EAC Policy Research Unit initially supported by the ACBF and directed the Secretariat to prioritise key research activities which the Policy Research Unit would undertake from January to June 2018 and disseminate the findings through channels accessible to all EAC citizens (EAC/CM/361 Directive 58). The Council further directed the Secretariat to prepare a proposal for smooth transition and absorption of the policy research function into the EAC established structures and submit to the *Ad hoc* Service Commission by December 2017 (EAC/CM/36/Directives 59) and finally directed the *Ad hoc* Service Commission to prioritise research function into the EAC established structures by February 2018 (EAC/CM/36/Directive 60).

The Committee while acknowledging all the above is of the view that with regard to the APSA staff, while the Council Decision is decisive and clear on maintaining the staff under the EAC, it is not reasonable to do so under the same budget ceiling without allocation of extra resources for the purpose. With regard to the Policy Research Function, the directive does not specifically maintain the staff but rather directs that the issue be considered by the EAC *Ad hoc* Service Commission. The positions are to be advertised after June 2018 and recruitment is expected to be completed in the second quarter.

The Committee therefore proposes reallocation of some of the said allocated amounts to other priorities. The Committee proposes a reallocation of US\$90,000 from the activity centre M5S09T1902S as will be shown in the attached reallocation schedule. The Committee recommends to the Assembly to urge the Council to allocate more resources to any such decisions on absorption of staff into the mainstream. These resources should be over and above the budget ceiling.

Mr Speaker, the above two activities alone took about US\$1 million. That was a directive for the Secretariat to take over donor funded projects to the tune of US\$840 million without any further increase to the current budget ceiling. The Committee's position is that in future, such decisions where responsibilities of donor funded projects are shifted to the Community, it is only common sense that we also seek for extra funding to finance the same.

The Committee considered the activity M5S09T190402 and considered that it had a low absorption rate with regard to coordinating staff welfare and rationalised US\$50,000 to be reallocated. The Committee considered the activity under administration support services to provide fuel, service and maintenance of cars which was duplicated and no explanation could be provided for the duplication under M5K05T0501C15 of US\$211,780 and on Page 34 of M5S10T0901S01 of US\$50,000 with the same activity description.

The Committee therefore proposed to the Assembly to reallocate the latter to more urgent priorities as will be shown as annexed. The budget line can be covered by the sum of US\$211,780 under M5K05T0501C15.

Under Procurement, the Committee considered that funds allocated to attending Audit Risk Committee meetings, to respond

to procurement related issues to the tune of US\$15,200 was already catered for under M5K05T170S02 on Page 12 of MTEF and was an unnecessary duplication. The Committee therefore proposed reallocation of the funds.

The Committee observed that under Store Management, the amount budgeted for office stationery and supplies was exaggerated to the tune of US\$240,000. The Committee is of the view that better management can be instituted by means of use of electronic technology towards paperless operations and management as well as more efficient use of supplies. Therefore, US\$ 79,000 is proposed for reallocation from activity code M5K05T0501C39.

Under Estates Management, the Committee observed that the funds allocated to the maintenance of the EAC Headquarters and a better working environment showed a low budget performance 38 per cent in the current financial year up to March 2018. The Committee proposes for reallocation of US\$100,000 from activity code M5K05T0901S. This was an activity that was funded to a tune of about US\$500,000

Under the department of ICT, the Committee observed that a low absorption rate reflected by the low budget performance of 38 per cent was allocated a lot of funds. The Committee was informed that while it was true that the ICT programmes and initiatives were not yet integrated, an ICT strategy was being prepared to facilitate integration of systems that is expected to reduce costs. The Committee therefore proposes reallocation a block figure of US\$384,887 to more urgent priorities from the total of US\$984,887 under activity code M5S24T240TS. For this kind of activity funded to the tune of US\$500,000, the Committee looked at the history of this particular activity in the previous financial year. What we realised up to May, only 38

per cent of the allocation had been absorbed. The Committee was of the view that it is unlikely that whatever amount left will be spent adequately given the current absorption rates.

The Committee recommends that the process be fast-tracked but in the meantime, funds would be reallocated to other priorities.

Moving to the Office of the Deputy Secretary General, Planning and Infrastructure, the Committee received an update on the projects and programmes planned under the Office and the Committee appreciated the progress being made in the infrastructure sector. Under Transport and Works, the Committee observed that a meeting to review classification standards at M2C01T0101S was the responsibility of the National Roads Authorities and not the EAC and proposes reallocation of US\$59,225 to other priorities.

Under Civil Aviation and Airports, the Committee considered that the activity under M2H01T0901S02 on integrating CNS/ATM systems was the role of Partner States Civil Aviation Authorities and a sum of US\$20,000 from the US\$103,700 is proposed for reallocation as will be specified in Part 7 of this Report. Under Fiscal and Monetary Affairs, a meeting to convene the Sectoral Council on Finance and Economic Affairs is rationalised by US\$26,250 because of over allocation of funds.

Concerning the Office of the Deputy Secretary General, Productive and Social Sectors, the Committee observed that the Productive and Social Sectors are perpetually underfunded each financial year and yet it is considered that sub sectors such agriculture, industrialisation and energy are vital to the sustainable development of the region. The Committee has not received a satisfactory explanation

as to why they are grossly neglected except for the reason that the Secretariat is only a coordinating agency and programmes are in Partner States. The Committee does not consider the sub sectors any less important than the other sectors. The Committee therefore recommends to the Assembly to urge the Council of Ministers to re-evaluate and review the negligible consideration given to the sub-sectors under Productive and Social Sectors and increase funding to create positive impact.

Under the Office of Deputy Secretary General, Political Federation, the Committee observed that there was significant interest in funding for programmes under the DSG Political Federation and commends the efforts applied to funding them.

Under Political Affairs, the Committee observed that under M4J03TI8D1S01, a meeting was described as convened to plan on the Constitution by Expert Teams. The Committee considers this as duplication of meeting that could be condensed to achieve the same objective. It is proposed that US\$93,250 be reallocated to other priorities and the remaining funds be maximally utilised to cater for the entire activity code M4J03T1801S. A total of US\$69,950 under activity code M4J03TISI1S05 is also considered a wasteful non-essential activity and unlikely to be utilised in the FY 2018/2019. The meeting can be convened with the other meetings under the activity. In this case, an amount of US\$93,250 was allocated but a similar activity was also allocated US\$69,950 which is duplication of resources and that is what the Committee is addressing in this regard.

Under International Relations, the activity under M4J02T12010S0 described as participation in various multi-lateral and other international fora is considered ambiguous and proposed for reallocation of US\$27,500. Finally, the retreat for sharing best practices and lessons learnt and

experiences under M4J03T1607C01 is adequately provided for by donors and US\$18,250 is proposed for reallocation. When you look at the detailed MTEF, you will realise that donors funded the project to the tune of US\$132,000 but again there was another allocation by Partner States funding and that is what is being addressed here. I urge Hon. Members to take keen interest in looking at the specific activities under the MTEF details.

Under Peace and Security, activity centre M4J03T1402S01 allocated to a four-day planning retreat for an unnamed or unspecified facilitation team. The activity is not linked to any specific activity and is proposed for reallocation by deduction of US\$23,925. This is an example of one of the activities where something that you do not know is written and an amount given but when you go to the detailed MTEF, you will not see any supporting activity to that particular budget line.

Now moving to the Office of Director General, Customs and Trade, the Committee commended the various activities under Customs and Trade. However, the Committee considered that the printing and publishing of customs and trade instruments, considering the current zero per cent budget performance until March 2018 did not require US\$32,000 and therefore deducted US\$12,373 from activity code M1A01T0201C08 for a reallocation to other priorities. In this current Financial Year 2017/2018, this particular activity has US\$32,000 unspent until now and this June. However we were explained to ably by a young lady called Flavia and therefore the Committee was considerate that an extra amount of US\$12,373 be considered in addition to what is provided for this year.

The Committee is concerned that rather than NTBs being on the decline, they are on the increase and observed that under Internal Trade, the activity on developing

new approaches for eliminating NTBs was considered duplication. A sum of US\$28,650 from activity code MIA02TO301S01 is proposed for reallocation to other priorities.

Under Procedures and Facilitation, the activity to conduct and assess, support the Republic of South Sudan in implementation of the Customs Union M1A01T0201C03 is not likely to be absorbed in the Financial Year 2018/2019 and US\$42,000 is rationalised for reallocation. This is one area that was allocated just under US\$300,000 to oversee the integration of South Sudan. The Committee was of the view that in terms of priority, what is important for South Sudan at this point in time is funding of peace initiatives and not any other activity because without peace, you cannot undertake any work or it is unlikely that you will undertake other activities.

Regarding the EACJ, the Committee observed with appreciation that the East African Court of Justice was on course with fulfilment of its mandate with prudent budget utilisation. The Committee however, was seriously concerned by the fact that despite the increase caseload of the Court, the budget proposals presented by the Council had been rationalised by Finance and Administration Committee.

The Committee was informed that the caseload up to date is equal to that for the entire year between January to December 2017. The budget proposals had been cut from a 30-day session to 25 days in a case where 40 days were needed to handle the caseload. Furthermore, having undertaken a cost benefit analysis, it concluded that hire of vehicles for Judges was more expensive and gradual purchase of two vehicles per financial year would be more economical. The request for two vehicles made to Council was denied and only one was granted. The Committee considers the rationalisation of the budget of the EACJ

unreasonable and their request is considered valid. The Committee would like to refer to the entitlements of Judges of the EACJ upon taking oath of office (12th Summit of Heads of States held in Arusha, Tanzania on 3rd December, 2010) which are, among others, a chauffeur driven vehicle.

The Committee therefore considered the requests and proposes reallocations to the EACJ amounting to US\$96,600 for the deficit on the 40 days sessions required to carry out work of the Court and an additional US\$112,000 for the purchase of a second vehicle in the next financial year. The amounts are reallocated to the activity codes M5S01T0601S01 and M5S01T0901S01 respectively as shown in Annex 2. The Committee recommends to the Assembly to urge the Council to effect the reallocation proposed in detail above.

Moving to the East African Legislative Assembly (EALA), the Committee observed that--- (*interruption of Debate*)

MOTION

TO EXTEND SITTING TIME UNDER RULE 30

Ms Fancy Nkuhi (Tanzania): On a point of procedure, Hon. Speaker. I would like to move a Motion under Rule 30 to suspend the Rule on hours of meeting. Our meetings start at 2.30 p.m. to 6.30 p.m. However, owing to the importance of what is on the Floor, I would like the time be extended.

The Speaker: Thank you but I do not know how much more time the Chair will need. I think your point is that in the event it reaches 6.30 p.m. before he has concluded, then we will need to extend time for him to conclude reading his report.

Hon. Members, the Motion before the House is that time be extended and that we suspend Rule 11 to allow the Chair of the

Committee on General Purpose to conclude reading his report.

(Question proposed)

(Question put and agreed to)

(Resumption of Debate on Budget Speech)

Chair, you may continue.

Mr Aden: Thank you Mr Speaker. Concerning the EALA, the Committee observed that there are unfunded as well as underfunded priorities under the EALA and these are an obstacle to the fulfilment of the mandate of the Assembly in its statutory roles of legislation, representation and oversight.

The Committee noted the following. First, that there is an increase in the activities of the Assembly. The Plenary is the key decision making body of the Assembly. It processes and approves a number of key reports that aim at enriching the EAC integration agenda. It requires sufficient time and detailed analysis as well as consultations on such reports and major Bills. This takes a number of days before consensus is secured by all stakeholders.

The Committee further observed that the integration of South Sudan and growth to include new institutions has exponentially expanded the activities of the Assembly both in terms of scope and volume of work in all aspects of the Assembly's mandate. Therefore there is need to ensure that the increase as shown maintains the quality and high standards of the outputs of the Assembly. Consequently, the planned session for 12 days will deny the Assembly from undertaking quality debates.

It is in this context that the Committee noted that there is need to increase the number of plenary sessions or at least keep the number of sessions with more days. The Committee made proposals and

presents them for consideration by the Assembly as shown in the Annex 3. The Committee therefore recommends to the Assembly to reallocate EALA funds for increased plenary days as shown in the Annex to six sittings running for 21 days each for a financial year which amounts to an additional amount of US\$1,196,780. The reason why my colleague hon. Fancy moved a Motion to extend time is because this House does not have the comfort, like other Assemblies, to conclude the activities of the day and begin with other scheduled activities of the following day. We do not have the comfort of tomorrow and that is what this Assembly is asking for. *(Applause)*

Secondly, on sensitisation in the EAC Partner States, the Committee has high regard for sensitisation programmes for EAC citizens on matters of the EAC integration process. This is achieved through elected representatives, particularly by the EALA Members as was done effectively during Assembly's sensitisation programmes in April 2016 and June 2016. It is through sensitisation and outreach activities that the EAC citizens are able to participate in the integration agenda and have useful contribution to a people-centred organisation such as the EAC. This has been articulated by the EAC Heads of State at various fora calling on EALA to spearhead sensitisation. It is however noted that the Council of Ministers did not provide sufficient funds for sensitisation save for an amount of US\$165,500 only for the Republic of South Sudan for one activity. This amount can only cater for a four-day sensitisation programme with a limited scope of activities. The Assembly sensitisation activity should be organised to cover all Partner States to have meaningful impact.

The Committee recommends that the Assembly urges the Council to source more funds for a sustained and comprehensive sensitisation programme. This could

account for a minimum structured activity implemented over two weeks. In the meantime, the Committee has considered the budget and proposes a reallocation for the Assembly for the year 2018/2019 to cover all Partner States. The Committee therefore recommends to the Assembly to effect reallocation as proposed in the reallocation schedule attached as Annexes 1 and 3 US\$254,850 for five days in the next financial year for the other five Partner States.

Thirdly is with regard to the EALA Committee Activities. The Committee observed that the allocation of funds to committees is highly disproportional to the activities and travel involved for committee activities. The committees have been allocated five days for consideration of Bills, four days for oversight activities and four days for representative function which is public hearings. Considering the practicability of this, the Committee proposes an addition of seven days for all committee activities across board.

With regard to the statutory functions of the Committee on Accounts and Committee on General Purpose which are allocated 12 days, the Committee considered that given the bulk and intensive nature of consideration of the EAC Audited Accounts and the EAC Estimates of Revenue and Expenditure, the days allocated are insufficient. The Committee therefore propose that the two Committees be allocated nine additional days.

Considering the limited resources, the Committee proposes that the additional days to all Committees be budgeted for the next financial year. The Committee therefore recommends a reallocation of US\$232,740 between the two activity codes M5L0T01S01 and M5L01T0101S05 respectively for the Committee on Accounts and the Committee on General Purpose for the additional nine days each. The Committee further recommends to the

Assembly to urge the Council of Ministers to fund additional days for all Committees in the next financial year.

Fourth is the Audit Commission. The Committee is aware that the budget of the Audit Commission was purposely placed under the EALA Budget in order to ensure its independence. It is however of concern to the Committee that inability of the Audit Commission to audit projects and programmes effectively is caused by a limited budget being availed to the Commission. Given the volume of work to be done, the Audit Commission requires additional funds for purposes of extending the scope of its work in all organs and institutions of the EAC particularly with new emerging institutions.

The Committee considered the Report of the Committee on Accounts on the EAC Audited Accounts for the Financial Year ending 30th June, 2016, tabled before the Assembly and the recommendation by the Assembly on a forensic audit on specific activities of the EAC. The Assembly recommended for a forensic audit among others, the service of AVTECH with regard to supply of CCTV cameras equipment in the EAC and the 10-day training on IT support in France by the current Secretary General of the East African Community.

The Assembly recommended for forensic audit and the Committee proposes a reallocation of US\$34,916 to facilitate the Commission to start work on the audit. The Committee recommends to the Assembly to urge the Council of Ministers to source additional funds to allow a full and conclusive audit to be carried out.

Fifth is improved health insurance coverage for Members and staff of the EALA. The Committee observed that gold coverage for a Member of the EALA amounted to US\$2,500 per family which the Committee considered to be insufficient and probably the cause of poor services being given to the

beneficiaries. The Committee therefore proposes an increase for Members and for the EALA staff with a view of attracting other service providers through a better premiums package. Subsequently, provision of services with a competitive edge would translate into better services for the beneficiaries. The Committee proposes that insurance cover be increased as highlighted in Part 4.1.6 of the Report. The Committee recommends to the Assembly to urge the Council of Ministers to cause an increase across board for Members and staff of the EAC so that the beneficiaries receive improved services.

The sixth recommendation is on the Nanyuki Series. The Nanyuki Series, the Bi-annual EAC Speakers Conference, the EAC Inter-Parliamentary Liaison Committees are among some of the avenues through which the EALA is able to comply with the Inter-Parliamentary Liaison function. It is important to note that Nanyuki Series also enables the national parliaments to enhance their knowledge of the EAC matters. They act as advocates for the EAC and take the EAC matters on the national agenda.

The Nanyuki Series are premised on Article 65 of the Treaty and it is an obligation of the EALA to liaise with national parliaments. The activity was previously funded by the Association of European Parliamentarians for Africa (AWEPA) which was phased out in 2017. The Committee considers this linkage to national parliaments fundamental to the planning process of the Assembly in terms of all its core functions. The Committee therefore recommends to the Assembly to urge the Council of Ministers to source for funds for the Nanyuki Series in the next financial year.

Finally, the Committee observed that the budget line for plenary sessions was housed under the Office of the Speaker and recommend that it is shifted to the

Department of Legislative Procedures and Committees.

I now want to move to the Lake Victoria Basin Commission (LVBC). The LVBC for a wide range of projects and programmes that reflect benefit to the Community and stakeholders that partner with the Commission. The Committee urges the Commission to ensure more programmes have impact on beneficiaries in the Community. Under M2E01T070309, US\$1,000 was found to be a typo and was earmarked for reallocation.

The Committee considered the reallocation of US\$60,000 for installation of a security system that combines IP-based CCTV and an access control under M5K05T0501C49 as an over allocation for the activity and rationalised by US\$30,000.

The activity to recruit staff is considered to be an activity undertaken by the EAC *Ad hoc* Service Commission and not that of the LVBC. Therefore, activity M5K05T1506C28 is rationalised by US\$12,400. Activity M5K08T010S01 to attend 8 meetings to consider the LVBC Budget is considered unnecessary and the meetings have been reduced to 5 and US\$20,000 deducted for the activity.

Moving to the Lake Victoria Fisheries Organisation (LVFO), the Committee commends the LVFO for enduring through low remittances from Partner States and still being able to carry out its mandate despite all the challenges. It is noted with concern that the Partner States have fallen back in contributions and arrears still feature with LVFO. The Committee recommends to the Assembly to urge the Council of Ministers to prevail on the Partner States to clear the arrears as the other Partner States begin to contribute as well to facilitate the Organisation fulfil its mandate.

On the Inter-University Council for East Africa (IUCEA), the Committee observed with concern the serious issue of arrears owed by the Partner States to the IUCEA and urge them to urgently fulfil their commitments with regard to the remittances to the IUCEA. The Committee recommends to the Assembly to urge the Council of Ministers to direct the Secretariat to follow up the unfulfilled commitments by the Partner States.

Regarding the East African Science and Technology Commission (EASTECO), the Committee observed that the Commission has been allocated US\$1,661,779 for the FY 2018/2019 as compared to US\$1,500,164 for the current Financial Year. The Committee reiterates its observations and recommendations in Part 4.1.2 of this Report on the inadequacy and lack of sustainability of new institutions that receive funds to barely operate resulting in failure to fulfil its mandate.

The Committee recommends that the Assembly urges the Council to ensure substantive funding to the new institutions of the EAC. The Committee reiterates its observations and recommendations on the problem of a board made up of 42 Members which constitutes an irregularity of high proportion. Management of such a Commission is not expected to be efficient or effective.

Concerning the East African Kiswahili Commission, the Committee observed that the Commission requested for US\$1,605,353 as compared to US\$1,553,098 for FY 2017/2018. Despite this small increase, the Committee noted that there appeared to be over-allocation of funds in some areas and a case of duplication. The Committee considered activity M206T0103S0 allocated funds to coordinate EAKC Service Support Sectors which was a duplication of a similar activity M2006T0103S and therefore the

Committee rationalised by deducting US\$42,200.

A stakeholders' consultative meeting to design programmes and projects aimed at developing Kiswahili under activity M2001T0101S02 also received an over-allocation and was rationalised by deducting US\$38,000 for reallocation. The Committee proposes reallocation due to duplication from M2006T010301 to support the Kiswahili Commission Service Support Sectors. Similarly, there is over-allocation given the activity descriptions on payments for water, maintenance and sanitary products as well as the description on advertising and shortlisting, which is in the purview of the EAC *Ad hoc* Commission. The Committee proposes reallocation of US\$39,000 from activity code M2006T0103S03.

Additionally, the Committee considered activity M2005T0202S01 for conducting research on the Role of Kiswahili in the Integration Process and Sustainable Development an over-allocation given the activity description and rationalised it by deduction of US\$67,000 for reallocation. Activity M2006T0103S01 for attendance of EAC statutory meetings was also rationalised by deduction of US\$16,000 for reallocation. Activity M2006T0103S02 to attend stakeholders meetings that contribute to the functioning of the Commission was also rationalised by US\$27,150 for reallocation due to over-allocation on the activity.

Moving to the East African Health Research Commission (EAHRC), the Committee observed that as is typical of the new institutions of the Community, the Commission was allocated US\$4,204,032 as compared to the US\$2,225,324 for the FY 2017/2018. The Committee commends the Commission for reflecting research oriented trainings and strengthening research capacity. The Committee however reiterates its observation with regard to

impracticable numbers of board members that constitutes an expensive and impracticable endeavour for the EAC institutions. The Committee recommends that amendments to the Protocol be introduced and instituted.

Regarding the East African Community Competition Authority (EACCA), the Committee appreciates the efforts of the Council of Ministers in creating new institutions for the EAC. However, against the background of the general observations and recommendations under Part 4.1.1 of this Report, the Committee observed that it is not practical for an authority with one member of staff to perform all the duties and tasks expected, notwithstanding the fact that the Authority has serving Commissioners.

The Committee further rationalised activity M2P07T0101002 to convene a regional workshop to validate the draft outreach strategy by deducting US\$15,000 since the activity could be simultaneously carried out with activity M2P07T0101D01. When you look at the MTEF, you will see that.

Finally, under the entire activity code M5S23T1401C on recruitment of staff, owing to the fact that it is unlikely the exercise will be done, the Committee rationalised as follows:

- (i) M5S23T1401C02 under staff emoluments – US\$112,451.
- (ii) M5S23T1401C03 under payment of other allowances – US\$16,600.
- (iii) M5S23T1401C04 under payment directly to suppliers – US\$9,300.
- (iv) M5S23T1401C07 under acquiring and maintenance of office furniture – US\$16,600.

The Committee further proposes for reallocation an amount US\$33,300 from activity code M1A09T0102S01 to investigate and analyse mergers, acquisitions and other competitive practices since it is inconceivable that the budget will be consumed at a 33 per cent budget

performance as at March 2018. The Committee recommends to the Assembly to urge the Council of Ministers to direct the *Ad hoc* Service Commission to urgently undertake recruitment of staff to support the Authority fulfil its mandate.

The Committee would like to acknowledge and express its appreciation to the Rt. Hon. Speaker for facilitation to the Committee, the Hon. Secretary General of the EAC, the Office of the Clerk, the EALA and all the Executive Staff, and officers of the organs and institutions of the EAC who interacted with the Committee from 14th to 26th May, 2018. The Committee would like to thank the Council of Ministers who also met with the Committee on 30th May, 2018.

In conclusion, the Committee appreciates the significant efforts of the Council of Ministers and all the executives and staff of the EAC that deserve credit for their efforts and hard work. The Committee further effected reallocation and recommended for allocations as attached. I must say that we got good recommendations as the Committee from the Council of Ministers and the Secretariat with regards to arriving at the decisions that the Committee is currently hereby presenting and we thank our colleagues and the other organs for the commitment of working together.

The Committee recommends to the Council of Ministers to reallocate and find funds for the unfunded priorities that are indicated in Annexes 1, 2 and 3. The Committee therefore presents for consideration and debate its report and recommendations to this august House and moves that the House approves the proposals by the Council of Ministers for the Revenue and Expenditure of the EAC FY 2018/2019 taking into consideration the amendments by the Committee and the necessary adjustments as a result of the Budget Speech presented to the House by the Chairperson of the EAC Council of Ministers on Monday 4th June, 2018.

Hon. Speaker, I want to stop at this juncture. I thank you and beg to move.
(*Applause*)

The Speaker: Thank you very much Hon. Chair, Committee on General Purpose, Hon. Abdikadir. Although we had extended time, the Chair is on the mark.

Hon. Members, the Motion before the House is that this Assembly do resolve itself into:

(a) A Committee of Ways and Means to consider and approve the Financial Statement for the Supplementary Budget for the Financial Year 2017/2018; and

(b) A Committee of Supply to consider and approve the Estimates of Expenditure for the Supplementary Budget Financial Year 2017/2018.

Debate is open.

(*Question Proposed*)

ANNOUNCEMENT

The Speaker: Hon. Members, we will interrupt business at this time and we will resume tomorrow. However, before I adjourn the House, I request those of you who have been requested to participate in some media engagement to be on time. Most of the media engagements happen very early in the morning. Members should plan to attend and proceed to join the Assembly as soon as they finish the media engagements.

ADJOURNMENT

The Speaker: The House stands adjourned until tomorrow morning at 9.30 a.m.

(*The House rose at 6.30 p.m. to resume on Thursday, 7th June 2018 at 9.00 a.m*)

