



EAST AFRICAN COMMUNITY

IN THE EAST AFRICAN LEGISLATIVE ASSEMBLY (EALA)

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Tuesday, 29th October 2013

*(The East African Legislative Assembly met at 2.30 p.m. in the Burundi National Assembly,
Bujumbura, Burundi.)*

PRAYER

(The Speaker, Ms Margaret Nantongo Zziwa, in the Chair)

(The Assembly was called to order)

COMMUNICATION FROM THE CHAIR

The Speaker: Hon. Members, I wish to welcome you to today's sitting.

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Ms Bhanji... delay for transportation. Madam Speaker, if the threat of the water hyacinth keeps on spreading then it will frustrate the economic welfare of our society.

The management must adhere to the financial discipline in the budget because I have taken note in this report that accounting codes have been changing without seeking approval. Therefore, Madam Speaker when necessary, they have to seek permission to change their account codes other than taking that decision on their own.

Madam Speaker, one example I would like to give is using gratuity funds for operational issues. This is a big abnormality.

In conclusion, I can only expect the malpractices that appear in the findings to be managed by the Secretary General because he is the accounting officer.

I once again commend all the efforts undertaken by the Accounts Committee through their chair for the very good work done. These are just a few of the shortfalls that I have noted in this report but there so many, Madam Speaker. If time would allow, maybe, it would take an hour so for one Member to contribute. Having said that, I support the report. Thank you, Madam Speaker.

(Applause)

Ms Susan Nakawuki (Uganda): Thank you, Madam Speaker for giving me this opportunity to contribute towards this motion.

Ms Bhanji: Madam Speaker, since we are used to just standing and saying, "I support the report," so, by mistake I supported it but in fact, what I meant to say, I don't support the report.

The Speaker: I think you need to be a little clearer. The report has pointed out many of the points you have also highlighted.

Secondly, I think considering that you have also lauded these very omissions and commissions, I would have imagined that then you support the report. I just want to understand it.

Ms Bhanji: You are very right, Madam Speaker. Thank you for your elaboration. But what I mean is I fully support the report but at the same time I don't support this report because I want all these institutions to come up with very good answers which have to once again be presented to this committee and then be brought to this House. That is when I will accept the report. Thank you, Madam Speaker.

Ms Nakawuki: Thank you very much, Madam Speaker. I would like to first of all thank the chair of the committee for ably presenting the report and I would also like to appreciate the clerk to the committee.

I would also want to commend the Audit Commission for fulfilling their Treaty obligation very well and for pointing out all these irregularities.

Madam Speaker, allow me also to appreciate the Council of Ministers for complying with Article 134(2) of the Treaty which requires Council to lay the audit report before the Assembly within six months for debate. So, I appreciate them for that.

Madam Speaker, I will on the onset declare that I am a member of this committee and I would also like to declare that I entirely agree with the recommendations in this report.

Madam Speaker, I rise to elaborate and emphasize on a few issues which are entailed in this report. Some of which have been skipped by the chair. I would like to allude to pages 38 to 46 which are on the Lake Victoria Fisheries Organization.

Looking at page 41 regarding lack of the internal audit function in the Lake Victoria Fisheries Organization, when we were considering the internal audit report, it was clearly observed that the internal audit department does not exist at the Lake Victoria Fisheries Organization.

Madam Speaker, Lake Victoria Fisheries Organization does not even have an audit committee which can at least review the internal control systems of the institution. This is an issue that must be taken seriously by the Council and corrected as per Regulation 12 (1) (d) of the Lake Victoria Fisheries Financial Rules and Regulations.

Madam Speaker, I would love this august House to note that in February, 2009, the Council of Ministers approved the recruitment of an internal auditor for the Lake Victoria Fisheries Organization. However, since then the same Council has not been able to approve a budget for recruitment in this position. So, 4^{1/2} years down the road, Lake Victoria Fisheries Organization still doesn't have an internal auditor. This has been an issue raised by the audit commission every other year and up to today there is no internal auditor. I think this should be given priority otherwise we shall not be able to manage the funds of the Community.

I would also like to bring to the attention of the House that we had the opportunity to meet the former Executive Secretary of the Lake Victoria Fisheries Organization in May in Kampala. He put it to us that apparently recruiting an internal auditor was not one of their priorities. It took me aback because I thought this is the only way we can hold our institutions accountable and ensure that funds are not mismanaged. But up to today, Council has not reacted.

I would like to request the Council of Ministers to take this seriously and recruit an internal auditor for Lake Victoria Fisheries Organization.

Madam Speaker, also when you look at page 43 of the report of the committee, under paragraph 4.3.2, it talks about unsanctioned internal borrowing. I would like to draw the attention of this House to Rule 1 (8) (f) on Lake Victoria Fisheries Organization Financial Rules and Regulations to the effect that: *“The executive committee shall propose to the Council of Ministers for approval conditions under which funds from the gratuity account can be used.”*

Madam Speaker, Lake Victoria Fisheries management has deliberately bypassed this. They have continued to borrow money from the Gratuity Fund of the projects under it like LVEM II and the Operation Save the Nile Perch. They have been using this money without consultation or approval by the Council of Ministers.

Madam Speaker, I know very well previously this used to be a self-accounting institution and they are still doing things as if they are still a self-accounting institution.

In the management response that we got all they had to say was that repayment will be made when Partner States fulfill their obligations. But the question that remains is, when will the Partner States fulfill their obligations of contributing towards the budget of the institution?

Madam Speaker, Lake Victoria Fisheries Organization is among the institutions of the EAC which are almost collapsing because of lack of funding. Partner States have never been able to fulfill their obligations when it comes to funding. And in fact we were told that despite persistent reminders and demands, they have not been able to get these monies. For instance, Madam Speaker in the operation of saving the Nile Perch, every Partner State was required to contribute US \$ 600,000 towards this project but for the year under review, out of US \$ 1.8 million, they were only able to receive about US \$500,000. This would imply that actually they were not able to carry out the activity due to the fact that they were not able to get the money.

Madam Speaker, these unpaid contributions keep on accumulating year in year out. For that matter, I would like to request the Secretary General and the Council of Ministers to invoke Article 29 of the Treaty which establishes the EAC. Let me read it verbatim: *“(1) Where the Secretary General considers that the Partner State has failed to fulfill an obligation under this Treaty or has infringed a provision of this Treaty, the Secretary General shall submit his or her findings to the Partner States concerned for the Partner State to submit its observation on the findings.*

(2) If the Partner State concerned does not submit its observations to the Secretary General within four months or if the observations submitted are unsatisfactory, the Secretary General shall refer the matter to the Council which shall decide whether the matter should be referred by the Secretary General to the court immediately or resolved by the Council.

Where the matter has been referred to the Council under the provisions under paragraph 2 of this Article and the Council fails to resolve the matter, the Council shall direct the Secretary General to refer the matter to court.”

Madam Speaker, I believe Council has failed in this matter. (*Applause*) also believe that the pending solution now is to resort to courts of law otherwise we are not going to see the institutions of the EAC collapsing when we can do something. I hope Counsel for the Community is ready to take that case to the East African Court of Justice.

Madam Speaker, also when you look at page 40 of the report, it talks about weaknesses in the internal control environment. The Audit Commission noted that Lake Victoria Fisheries Organization has no disaster recovery plan in case of a disaster such as fire or floods among others. And in case of any disaster occurring, the Lake Victoria Fisheries Organization is likely to incur huge losses.

Madam Speaker, when it came to this, the management was very confident and actually informed us that they have a fire proof safe which can secure data for a maximum of four hours and to a maximum of 400 degree Centigrade implying that in case the fire persisted for more than four hours as it has been on many occasions, they are likely to lose the data. They were not even about to implement the Audit Commission report. So, I would request the Chair, Council of Ministers to help us in this regard.

Secondly, I would like to also submit about the Inter University Council of East Africa. The audit report has pointed out very serious issues regarding the Inter University Council of East Africa. When you look at pages 57 to 59, it appears that there is a lot of filth in the Inter University Council of East Africa and the executive secretary of this institution has failed to do his job or fulfill his roles.

Every single year, at least for last and this year, the accounts of the Inter University Council of East Africa have been qualified. And the reason is that there appears to be some bit of incompetence therein.

What is happening in the Inter University Council of East Africa is very embarrassing to the Community, at least, when you look at the report. These issues which have been raised about the Inter University Council of East Africa have been raised almost every financial year. But it seems even the Secretariat has given up on the Inter University Council of East Africa because these issues keep recurring every year and in every audit report. We bring them to the floor of Parliament and nothing is done about them. So, the trend has always continued.

Madam Speaker, we noted when we had an interaction with some of the staff from the Inter University Council of East Africa, for example, the internal auditor. She actually said that she has been making a lot of recommendations to the executive secretary but he has never been able to implement them. That shows that there is a pending calamity in that institution.

Madam Speaker, also regarding segregation of duties, we learned, and it is included in the audit report, that the principal accountant of the Inter University Council of East Africa who is also in

charge of posting transactions in the books of accounts for the Council is the principal signatory to all the accounts of the institution.

The same principal accountant ensured that she took leave just a few days before she was supposed to appear in Arusha to brief the committee on the irregularities in their accounts. And in fact this has persisted because even last year when she was meant to appear before the committee, she came to Arusha but opted for staying in her hotel than appearing before the committee. In fact we had to summon her and we almost employed the services of the sergeant-at-arms to arrest her.

As a lawyer, when you look at the principle of subsequent conduct of an accused person, you get worried because she is so scared of appearing before the committee. And from the way she does the work, it appears she is even not qualified for this job or otherwise there is conspiracy in there. So, Madam Speaker as recommended by the committee, there is need for a forensic audit in the Inter University Council of East Africa.

Madam Speaker thirdly is an issue of staffing. If there is anything that is going to kill the EAC is the issue of staffing. So many years ago- more than five- they started this animal called institutional review. It has gone on and on - in fact it is making me doubt the intentions of Council because on several occasions a consultant has been hired, they come up with a report, it is shelved and they hire another consultant who comes up with another report, which is also shelved and they hire another consultant again. Really, we don't understand what is going on.

Even this time when the report was produced, Council looked at it and is gain saying they are still consulting with the Partner States. People are so over loaded with work that they can no longer be effective, Madam Speaker. I need Council to give a concrete answer as to when they will be able to recruit staff in the EAC because the Audit Commission has always raised issues of staffing.

Still under that, we have an issue of professional staff. Madam Speaker, I don't know what the intentions of EAC are because we either want everyone to be employed by EAC or we want EAC to be effective. If you are keen, when you look at all the clerks of EALA, their contracts started at almost the same time.

Ms Byamukama: Thank you, hon. Nakawuki for giving way. I am enjoying your submission because you are talking the language that we talked in the Second Assembly and I am glad that we have been better understood this time around. But I also hope that action this time will be taken. I am as well confident that under the chairmanship of hon. Shem Bageine, we shall see action.

On the issue of institutional review, I would like to give information that we had observed that when this institutional review is being done, there are staff who are hired and that these are professionals who are hired come in and are paid better – the project staff are actually paid much

better than the EAC staff. This has caused a lot of disparity and disgruntlement and obviously this kind of project staff are not very anxious to conclude their work. Therefore, the EAC staff are demoralized and most of them move away.

(Applause)

This is a very critical point in that we should recognize and remunerate our staff adequately and also take into account the fact that the longer we take without concluding on the institutional review the more we shall be relegating the EAC to a less status in that way.

I would also like to say, very quickly, that this institutional review should be embarked on as EALA because you will find that you will have EALA Members or EALA staff being categorized differently. For example, we have been asking over and over again that our clerk should be categorized at the same level with other staff who are at his level but it has not been taken into account.

Even Members of EALA should be categorized at a higher level so that they are entitled to a higher pay. All these issues impact on us and I am glad that the committee is still with these issues. I hope that all this will be taken into account and be given the urgency that they deserve. Thank you.

Ms Nakawuki: Thank you very much, hon. Byamukama. Madam Speaker, to begin where I ended about the professional staff, we should all be aware that the contracts of all clerks almost, both EALA clerks like Mr Madette, Mr Obatre and committee clerks are almost going to ends at the same time. And for these whose contracts are to be staggered, we realize that they will have to go for just an extra six months and it keeps me wondering, what happens to the institutional memory?

Madam Speaker, you realize that when people have contracts that are not renewable, they cannot even be effective because when someone joins the Community, the first two years they are trying to learn how the Community works and get to know about all these jargons that we use and all the institutions. The third year is when they begin to effectively work. The fourth and fifth year they are planning their exit, where are they going next? In the end we end up not benefitting much.

(Applause)

So, Madam Speaker really, why should we put our priority on everyone working for the Community including those ones who have no academic papers who are just going to forge? Other than minding the quality of people we have – personally I believe that we should have performance based contracts so that we retain the people who are able to deliver.

Madam Speaker, I will need an assurance on this – I will need Council to fulfill this report because this has been recommended even by the Audit Commission. We would like them to

give us a timeline as to when they will be able to implement this. Otherwise we are constantly promised air and nothing actually is resolved.

Madam Speaker, as I descent towards my conclusion, it was noted that some people within the Community are actually earning different currencies. We have people earning in pounds, we have people earning in euros, very soon we are going to have people earning in yens or even the Uganda shilling and yet the Treaty under Article 132 (6) provides that the budget and accounts of the EAC should be in Unites States of America dollars. This is a Treaty requirement and the Treaty is the supreme law of the region. This has not been implemented and yet we have Council, the Secretary General and the CTC present. But nothing is being done. So, I would also like to know from the Chair, Council what he is planning to do about this.

Madam Speaker, also allow me to appreciate the East African Court of Justice because they act very quickly. Last year we were complaining about the very high fees they were charging for filing cases and we were informed this time during the audit that the East African Court of Justice has scrapped all the filing fees. So every East African is free to go and file a case without being bothered with a filing fee of \$ 500 that was initially being charged.

Madam Speaker, before I conclude I also want to note something about the East African Development Bank. When we met the Secretary General, he tried to convince us about the East African Development Bank but when I looked at everything that he told us, it didn't make a lot of sense to me because under Article 9 of the Treaty, East African Development Bank is an institution of EAC. But it is an institution of EAC which is given privileged treatment against other institutions.

It is only the East African Development Bank which is not audited by the Audit Commission and yet Article 134 is very clear that it is the Audit Commission that is to audit all institutions of EAC and all we are told- (*Interruption*)

Dr. Ndahiro: Thank you, Madam Speaker and thank you, hon. Nakawuki for giving way. I want to give my colleague information that yes indeed a bank can be audited but it is a different kind of enterprise. When you start a bank, you immediately lose control because then you are subjected to other institutional guidelines. A bank unlike other forms of organizations requires fulfilling guidelines under the credentials or under the charter. Which means even if you are 100 percent the owner, you cannot even pretend to give it a direction is that direction is contrary to what is in the charter.

Therefore, hon. Members, I think issues of supervising and controlling the bank are different. We should instead find a way of going through a charter or those credential guidelines and provide a mechanism whereby the Audit Commission can interrogate the external auditors. They cannot go to the bank and audit it. That is the information I had.

Ms Nakawuki: Thank you very much, Dr Ndahiro. I really appreciate your information but at the same time think maybe this is one reason we should amend the Treaty to include that fact that we are to give the bank special treatment.

Madam Speaker, also about the bank, you know I still get perturbed because the bank makes profit and I expect that since it is an institution of EAC, at least, we also enjoy some of the dividends from the bank but we get nothing. So, what is the essence of having this bank under EAC? Why don't we just leave it continue operating the way it has operated before and then we know that it is not part of EAC. Otherwise, we need some of the dividends from the bank.

Madam Speaker, if you note, even the mere fact that we don't get anything from the bank, they can't do any courtesies for EAC because the Inter University Council of East Africa is renting from the East African Development Bank and they have to pay rent. At least that money should be coming to EAC or they do them a courtesy of just giving them free housing until when they get their headquarters.

Finally, I would like also to – when I read from the records of the Second Assembly, it was very concerned about the amounting travels of the Secretary General. Is this one of the reasons as to why we are seeing that many of these institutions of EAC are not being supervised by the Secretary General? For example, the Inter University Council of East Africa and Lake Victoria Fisheries seem to be doing their own thing. So, I need the Chair, Council to enlighten me on this.

I would also like to know how EALA is ensuring on performance because this is one of the functions that is obvious or you seem to have forgotten about all this. Otherwise a lot of things are going wrong and we are looking on while the Secretary General is also very busy because I wanted to fire him some questions but I can't even see him. So, I am forced to reserve some of them.

The Speaker: He is represented by the DSG, Finance and Administration, I suppose. He had mentioned that he would be away though I had hoped that he would be back this week. Proceed.

Ms Nakawuki: Thank you, Madam Speaker. I hope he will really be able to give me these answers because many times I have asked him questions and he has not given me answers.

The Speaker: He is not in the House.

Ms Nakawuki: Madam Speaker, as I conclude, I would like Council to regularly update us on the implementation of the recommendations of both the Accounts Committee and the Assembly itself and how far the previous year's audit recommendations have been fulfilled. I beg to support the report. Thank you.

(Applause)

The Speaker: I will take hon. Christophe Bazivamo and then hon. Sebalu.

Mr. Christophe Bazivamo (Rwanda): Thank you, Rt hon. Speaker. I rise to support the report but I have some observations leading to a recommendation.

Rt hon. Speaker, we all know that good financial management and value for money is the most important pillar of success in each institution, country and everywhere. We also know that bad management especially bad financial management discourages financial support being whether from Partner States or from donors.

Rt hon. Speaker, in many cases, this report highlights a lot of lacuna in almost all institutions which seems to be of fundamental and institutional problem, which can be approached, as many speakers have already said it, via institutional review which we don't know when it will be finalized. It is the reason why I wanted to lay on table a recommendation in addition to those which have been highlighted by the committee.

I wish the Council of Ministers to present in the Nairobi sitting a road map and a time frame for the institutional review so that it is clear and we know when it will be finalized.

(Applause)

I have formulated the recommendation in this direction. If agreed, I wish it to be adopted by the House and be included in the report.

The other thing, Madam Speaker – I think it is also important to consider measures to fight against the corruption mindset which appears to be present in the institutions and organs of the EAC. I beg to support. Thank you.

The Speaker: Hon. Bazivamo, you should send your amendment to the clerk and the chair of the committee.

Mr. Mike Sebalu (Uganda): Thank you very much, Madam Speaker. I stand to support the report as presented by the chair of the committee. From the onset, I want to declare that I am supporting it because it is bringing out what we must hear and not what we want to hear. There is a difference, we may want to hear very good things but the situation on the ground is such that we must and need to hear what is pertaining on the ground. And in that case, you don't condemn the messenger but just receive the message and act upon it appropriately.

So, I just want to support the findings of the committee. They may be bad findings but in bringing them out the committee has done what it is supposed to do. So, I support the report very aggressively.

Madam Speaker, the report has been very well presented. It was professionally written; it was deep in scope and analysis and raised critical issues that need immediate attention from the relevant stakeholders including EALA.

Madam Speaker, the report clearly identified the gaps and also proposed institutional interventions at various levels and what we need to put emphasis on in this regard is to ensure that those institutions and offices that are supposed to make interventions do so in a timely manner in order to avert the negative effects of these kind of gaps that have been identified. In this regard, the committee did a very good job by highlighting these findings.

Madam Speaker, there were good reasons why the EAC created these institutions. My view is that these institutions were meant to add value to the Community in their areas of specialization. When you look at the: Inter University Council of East Africa, Lake Victoria Commission and all the other institutions, they were meant to bring specialized expertise, attention and focus as a way of adding value. But what is coming out is far from the objectives for which those institutions were created and, therefore, we need to redefine their role by offering them closer supervision than before to ensure that we get a good return on the investment.

Madam Speaker, when you look at the report- it is very detailed and it is raising a number of issues across the board. I just want to focus on the cross cutting issues that have been raised across the institutions that were audited.

You find that largely there is a problem of improper accounting systems within the majority of these institutions. There is evidence of underfunding and remittances that are not timely. There is poor financial management as it is well illustrated in this report across a number of these institutions. There are issues of staffing where understaffing has been raised and lack of training.

When you look at all those inadequacies as highlighted, you definitely find out that you would be expecting too much to get good results with such gaps that have been very ably identified.

What is even more disturbing, Madam Speaker is the issue of contributions by Partner States. When we create these institutions and we don't give them the tools to deliver, we stand a risk of being part of the blame when at the end of the day they don't deliver on their expectations. So, I am really disturbed to find that Partner States are not meeting their financial obligations to some of these institutions. That is very disturbing and I would like the Chair, Council to through more light on this.

My considered view is that the Partner States do remit their total financial obligations to the Secretariat and then it is apportioned to the relevant institutions and organs of the Community. But to find that some institutions have continuously suffered late remittances is something we need to find good solutions to. The Chair, Council has to come clean on this on behalf of the Partner States because it has been highlighted as a reason as to why some of the institutions are not delivering on their mandate.

Madam Speaker, the biggest problem that comes out of all this is clear lack of supervision, guidance and direction in a timely manner. The Chair, Council has been talking about a paradigm shift in terms of how Council is going to manage the affairs of the Community. He has

on a number of occasions indicated that quarterly meetings are going to be held where Council goes to Arusha for reasonable amount of time to engage and offer political supervision to the different organs and institutions of the Community. He has also indicated that within Council they will be able to share responsibilities by members of Council for closer supervisions and focus. I am just wondering when that is going to be actualized.

It is a good concept he has come up with but given these kind of findings, I believe that this approach needs to be implemented immediately so that we then get an indication of who among the Council of Ministers is in charge of what institutions in terms of focus, in terms of supervision and in terms of offering guidance. Otherwise, when we leave it in an arrangement of general happiness, we are not likely to get far in terms of results.

So, I just want to request the Chair, Council of Ministers when he is making responses to also give an indicative time frame within which this very new approach will be implemented. Because right from the Second Assembly we have always pointed out the issue of lack of political supervision which is responsible for the careless mistakes that are being made by the CEOs of these institutions. They know that they are not closely supervised, they are not monitored and their activities are not closely followed.

I just want to end by thanking the committee for raising these very important issues. I hope that the Council and the Secretariat as we close debate on this matter will come out and give us an indication on how they are going to implement these very many recommendations that have been raised by the committee so that next year, we don't go through the same lamentations of issues that have been raised and have not been attended to. If anything, next year we should just get a checklist of what has been done and what has not been done and why it has not been done so that at the end of the day we live to the mandate that we hold- representing the people of East Africa and ensuring that they get value for their money.

The tax payers pay a lot of money to fund these institutions and the best we can do is to ensure that these institutions do deliver on their mandates and they bring with them a good return on the investment from our Partner States.

Madam Speaker, I beg to support this report and hope that the recommendations will be implemented in earnest. Thank you.

Mr. Bernard Mulengani (Uganda): Thank you very much, Madam Speaker. I want to join my colleagues to say that I support the report but also to declare that I am a member of this committee.

Madam Speaker, I want to categorically highlight a few areas in the report and then I will give my general comments on the audited accounts of the Community. First of all, on page 18 where the committee is noting that the East African Community building was not planned very well to the extent that we still have staff sitting in AICC.

The auditors observed that there was poor planning to the extent that even our fore fathers who planned the current AICC had better vision in terms of construction of the EAC Building than the current people managing the EAC. Why am I saying this? Because at that time people were able to see that the Community would grow and, therefore, planned effectively to the magnitude of the building that we see – AICC- as compared to current EAC home.

These people during the opening of the building- we were present and we saw them award themselves certificates that they had done a good job. I am actually recommending to tis House that these certificates be withdrawn- (*Laughter*) - because if things raise audit queries and people have awarded themselves certificates, it doesn't add up.

Madam Speaker, on page 19, we are talking about outstanding VAT. This again cuts across all institutions of the Community. We are requesting the Council to really give attention to issues of VAT. Let us see the work of Council through these mandated roles because if we are to assess Council as well, we shall start assessing them on the attainments of some of these obligations that are in their docket. It is not only making policies but they should be able to ensure that recovery is done in this area.

I want to echo what my colleague, hon. Nakawuki is saying. Maybe be the frequency of travels of the supervisors of the Community are leading to some of these inconsistencies. Because to us as an Assembly, we may eventually go to a level where we need to know how many times are the executives that are mandated to oversee the functioning of the Community out of station and how much does it affect the operations of the Community.

I want to urge Council to put the issue of VAT to rest. We wouldn't want to see it in the coming budgets. Just help us have it out of the way.

On page 21, the committee and the auditors raised the issue of temporary staff and project staff. Many people have raised this issue but I just want to say what the Audit Commission raised: *"The committee further concurs with the Audit Commission that the existing recruitment practice promotes favoritism and unequal representation of Partner States."* This was mentioned by the Audit Commission, Madam Speaker and the committee has carried it.

In the situation that we don't have a recruitment policy and a human resource policy in the EAC- we are all human beings - we are subjecting ourselves to abuse of some of these things that are enshrined in the Treaty. I would like to urge Council to categorically look into this particular area before we come up with serious questions and motions because it looks like the recruitment of temporary staff and project staff is being abused.

On page 24 and 25 there is the issue of vacant positions. As a committee, we observed that true let there be institutional review but there are positions that have been in place before the backing of the term, "institutional review," and these positions have been there. We are saying that why would we wait to suffocate the operations of the Community because we are waiting for

institutional review? You look at a position like Director of Finance falling vacant and I am in Council and I look at it falling vacant because of institutional review? I think this is a shame because at the end of the day, if all staff leave, then what shall we say? Shall we listen to Council that we are waiting for institutional review? Are we looking for a dying Community?

I think to us as an Assembly, we should advise Council to go on and replace the positions that have been in place. Even if it means according them to the member States that have been holding them, let it be, as we wait for the institutional review because as some colleagues have mentioned, very many people will be retiring or will be leaving and we shall wait for institutional review. What will happen to the Community?

Madam Speaker, in the same breath, the principal auditor will soon be retiring and now these are key areas to do with issues of systems and procedures of institutions of the Community. Are we going to say; now we wait for institutional review? I think there is need for some decisions to be taken by Council in this area.

On page 34, we recognize issues to do with deferred income. Deferred income, Madam Speaker where Lake Victoria Basin Commission was unable to explain the variance of \$ 1,043, 631.53. These are serious issues and if supervision was there, I don't see how such things could arise that a full organ can fail to explain for such amounts of money. And auditors are saying that there is a likelihood of fraud.

You know, Madam Speaker the House needs to know that auditors are polite people. They don't mention what they want to say but they tell you Members to eventually mention it. They have polite language in their way of describing things. But in essence when you read the details, the auditors are saying there is a likelihood of fraud. We are urging Council to carry our recommendation and kindly implement it.

Madam Speaker, on page 47 Lake Victoria Fisheries, the auditors could not form an opinion and they issued a disclaimer. Under this disclaimer, again the committee has requested Council to ensure that we do a forensic audit so that we are able to apportion challenges for both Lake Victoria Fisheries Organization and Inter University Council of East Africa. There are very serious problems and I wouldn't want to go into details because my colleague, hon. Nakawuki ably described the challenges.

On CASSOA, page 55 they awarded a contract but the auditors are saying there is a likelihood of fraud. The committee has proposed to the House that this particular procurement of the contractor be relooked into by the Audit Commission and they report to the House. I would like to urge Council that they should take it up expeditiously.

It now brings me to the general observations of the accounts and financial statements to the Community. Madam Speaker, it has come to the attention of the committee that procurements

are a problem in the Community and they need serious address in the area of tickets, consumables like IT systems and accounting systems.

We are here proudly walking that we are integrating Member States but here is the Community giving birth to institutions of the Community which are unable to harmonize systems; are unable to harmonize procurement of tickets- every organ is moving left and right. I think we are doing the contrary to what we are preaching. We need to walk the talk. If we are preaching integration, as we give birth to institutions and organs of the Community, we need to ensure that we can engage from the economies of scale if we procure together.

I want to once again urge Council and task them because we shall raise questions at an appropriate moment as to how you have been able to implement some of the recommendations we are giving.

Madam Speaker, on the issue of EADB, we would like to appreciate that it is an institution of the Community but we are requesting for tabling the headquarters agreement of the EADB by the Council of Ministers and then we shall know where we belong.

There is a problem with LVFO – I have mentioned it and I wouldn't like to go into it again but one thing I want to say is, we are saying as a committee that it is important for the Secretary General or the Council for any new organization or institution that we are taking over or we are putting in place to do due diligence so that we are able to know the liabilities and assets that we are taking over because in the area of LVFO and Inter University Council of East Africa, they have a lot of challenges.

Specifically on IUCA, they have a problem of land. Some people have encroached on their land. They also have problems of property somewhere in Kololo though I don't know how much of this, Council has addressed in their meetings. I also don't know how they are approaching it.

The other thing is that they have a problem of management internally. To us as a committee, we had decided to apportion blame but we said, let us wait for the forensic audit so that we exactly know squarely where the challenge is. But from information gathered, it seems there is a very big problem that needs Council's attention.

This now brings me to the funding of institutions of the Community. I think we are putting institutions in place but we are not serious with the method of funding and this goes specifically to CASSOA and LVFO. LVFO funding is still coming through Member States – Ministries of Fisheries and specifically a department in charge of fisheries. It is a shame because ever since we took over LVFO by now the Secretary General should have streamlined at least the funding through the system that other institutions are getting. Maybe these things are not getting addressed again because the Secretary General is very busy flying outside and doing Community work elsewhere.

I want to say this, and maybe, we may need to propose in the institutional review the amendment of the Treaty so that the DSG you are referring to, Madam Speaker is able to sit in the Chamber because he is seated in the strangers' gallery. He can't respond to anything and yet it is a very serious thing. *(Applause)* Council should wake up and put their hands on the management of the Community. Otherwise the Community is collapsing.

Madam Speaker, on the issue of linkages, we have observed that there is so poor inter departmental linkages in the institutions and organs of the Community that the accountant can submit financial statements to the chief executive without the auditors looking at them. This was the case in Lake Victoria Basin Commission, it was the case in CASSOA, it was the case in LVFO and maybe in the Secretariat and other organs, I don't know because I didn't raise that question. But at least in the other institutions we raised that and got clarity. This shows lack of interdepartmental linkages. They are moving like they are enemies. They are not moving like institutions.

There is a problem that the internal audit is not strengthened. This explains why the Community has continuously failed the fiduciary assessment. And this explains why the Trade Mark is in position to do the work the Resource Mobilization officer of the Community should be doing. The reason Trade Mark was born, we know all of us. We failed the fiduciary risk assessment and donors thought that we shouldn't lose this money and they thought Trade Mark would have better systems to manage our funds than ourselves. Madam Speaker, this is a very worrying situation and Council needs to address it.

We observed that there is lack of total disclosure to the Audit Commission.

How do you go to negotiate when you have a Treaty and you overlook the issues of harmonizing currencies like hon. Nakawuki was saying; issues of harmonizing salary scales in the Community; issues of harmonizing auditing where we have external auditors and where they are being sourced by the committees not even using the Audit Commission?

We had concluded on this matter in the previous year and we had accepted that whenever they are procuring external auditors, they should involve the Audit Commission. This would create some bit of independence but the system has gone back. They have gone back to their normal practice they feel is better. We are recognizing this as a committee and we would like to urge our colleagues in the House to support that these things be reversed.

The funding channels; I have talked about LVFO and the Inter University Council of East Africa. Let Council help the Inter University Council of East Africa. We are giving it a lot of responsibilities but their funds through the Ministries of Education of the Partner States and the permanent secretaries determine whether they should receive it now or never to receive it at all. This explains the outstanding deficits they have because Members States have not complied. We are requesting Council to streamline most of these things. We have observed that one as well.

The other issues is submission of financial statements to the auditors and then eventually being tabled before the House. Madam Speaker, there is need to do a lot in the area of accurate financial statements. It talks a lot about the human resource we have in the Community. Most institutions are bringing poor financial statements to the auditors. They keep on tracking them wherever they are running. This was in the case of the Inter University Council of East Africa. They were followed in Nairobi; they were followed in Arusha; they were followed in Kampala; and everywhere to try to comply with what they were requesting them to do. But still they failed to the extent that the principal accountant conferred to them and said, "Yes, I have failed to stabilize these finances," and that is why they gave a disclaimer.

So, we are saying that let there be proper supervision, timely submission and accurate accounts to the management so that it is timely as well to be tabled in the House.

Madam Speaker, I wouldn't like to put on the *Hansard* the practice, the way we handle the audited accounts. But it is not a welcome idea because assuming we consider these reports, then on tabling they table a different report; it will be a challenge to the committee. Madam Speaker, you know what I am talking about.

Lastly, Madam Speaker is the issue of funding of the Audit Commission and the Audit and Risk Committee which was formed but specifically the Audit Commission. It was the idea and view of the committee, even in the previous year that let the Audit Commission be housed in the East African Legislative Assembly. The reasons for this were very clear.

One may ask that you are also audited by the Audit Commission, no we are entrusted to do oversight; we even audit our own East African Legislative Assembly as a committee. So, by the fact that they work technically for the committee, they are better housed there.

I want to give some information to this House that the Audit Commission had been given only one day to appear before the committee because someone was paying their per diem to stay in Arusha. We told the clerk, no we want the Audit Commission here forever until we finish interacting with the executive to avoid - this brings me to another thing. Let me jump a bit.

We need to start recording our sittings and our committee work. Several times people have skipped what they have said, or have omitted, if I am to use parliamentary language. They have skipped or omitted what they say in the committee and when they come here in the House they change words. (*Laughter*) So, if we had recordings in committees, it would be very clear that we are able to take on people even if they changed things on the floor.

Madam Speaker, with those few remarks, I want to support the report and request Council to pull up their socks. I thank you very much.

Mr. Jeremie Ngendakumana (Burundi): Thank you, Rt hon. Speaker. If you want to have all the necessary information about a company or an organization, just have a look into its accounts. That is the case for the Accounts Committee, which was supposed to give to the House and the Council of Ministers all the necessary information so that we can improve on the way we are doing things in the Community.

Madam Speaker, through the financial statement of the IUCEA, it has been observed, I say observed because if it is a recommendation, I make sure that it is a recommendation if things will have improved next year. So, it has been observed that there is a weakness in management and also a weakness in the accounting system of IUCEA. There is also lack of quality of staff in IUCEA.

This is to inform the Council of Ministers that this institution needs help. There is need to take the necessary action to make sure that next year things have improved. And if things are improved we shall have worked on the recommendations and if not so, we shall say that it was just an observation.

Madam Speaker, through the financial statement of the Community, we have come up with this conclusion that there is need for information technology which can be organized through a network shared by all the organs and institutions of the Community. This will enable the Secretariat to harmonize and supervise all the organs and institutions just from the office and then after which they can go and visit the organs and institutions. They can have all the necessary information right from the office.

Madam Speaker, according to the provisions of Article 9 (1) (3) of the Treaty, I have a concern and this has been also highlighted in the report about EADB. I wonder how the EADB is an EAC institution when EAC hasn't even one coin in that institution. I would like to say that maybe the Council who is the head of the CTC must try to understand what is said in this Article and what it really means so that we get know whether we have no shares in that bank or it is an EAC institution. From my understanding, there is something which is not clear. How can we say that it is our institution when we don't have even a single coin?

Secondly, Madam Speaker it is about LVFO. This Lake Victoria Fisheries Organization is also provided for in Article 9 (1) (3) as an EAC institution but all its activities are done in Kenya, Tanzania and Uganda. It has also been highlighted in the report that the activities of LVFO should be extended to the whole Community, that is, to Rwanda and Burundi (*Applause*) and then it could also change the name and become the East African Fisheries Organization. This is just a proposal.

So, those are the concerns that I raise about EADB and LVFO to the Council of Ministers because I think that Article 9 (1) (3) has not been implemented properly. With this, Madam Speaker I support the report.

The Speaker: Thank you very much, hon. Jeremie. I invite hon. Kaahwa.

The Counsel to the Community (Mr. Wilbert Kaahwa): Thank you very much, Madam Speaker for availing me an opportunity to contribute to the motion on the floor and highlight a few matters as I support the motion.

Madam Speaker, let me first of all appreciate the role of the Committee on Accounts and especially with regards to the motion on the floor which clearly indicates in the report that the committee has lived to its role of carrying out a post audit review and scrutiny of the expenditure incurred by the Secretariat and other organs and institutions of the Community.

My intervention, Madam Speaker relates to what has emerged in the debate through the contributions especially of hon. Yves Nsabimana, hon. Ambassador Ngendakumana, hon. Nakawuki and hon. Mike Sebalu.

In their contributions, a lot of emphasis was put, and appropriately so, on the need to address the outstanding issues regarding the need to audit the EADB as an institution of the Community. Madam Speaker, I will not repeat the observations ably made by the committee on this matter as reflected in paragraph 2.1.8 of the report together with the recommendation, which has been made on page 12 of the report.

Hon. Nsabimana asked why pursuant to Article 9 (3) of the Treaty the EADB cannot be declared a full institution of the Community with shareholdings including those of the EAC. Madam Speaker, let me inform this House that pursuant to Article 9 (3) read together with Article 135 (2) of the Treaty, the EADB is an institution of the EAC. What is outstanding is to streamline it within the mainstream East African Community because Article 9 (3) of the Treaty provides that: *“... the East African Development Bank established by the Treaty Amending and Re-enacting the Charter of the East African Development Bank, 1980 and the Lake Victoria Fisheries Organisation established by the Convention (Final Act) for the Establishment of the Lake Victoria Fisheries Organisation, 1994 and surviving institutions of the former East African Community shall be deemed to be institutions of the Community and shall be designated and function as such.”*

Now, what is lacking is pushing that deeming to its logical conclusion. Ensuring that the legal instruments setting up this bank are not just annexures to the Treaty but are streamed within the Treaty so that these institutions are handled as far as accounting and management is concerned as all other institutions of the Community. That is what is outstanding.

Handling that, Madam Speaker cannot be by a simple declaration. It requires a policy purposely restructuring of the bank to look at matters like mergers and acquisitions, buy outs, corporation liquidation and capitalization, etcetera. You may find that there is something to save in the bank as it is. You may find that you need to maintain shareholding at Partner States level, all that requires a careful study and policy decisions. After which there would be an appropriate

amendment of the Treaty, an abrogation of the Charter or an amendment of the Charter in line with the Treaty requirements.

Madam Speaker, I, therefore, while agreeing with the committee in its observations suggest that the recommendation taking all this into account should be amended slightly to read as follows - it is now readings as follows: *“The committee recommends to the Assembly to urge the East African Council of Ministers to establish the status of the bank in relation to EAC and thereafter implement Article 9 (3),”* what is required is not implementing but what is required is streamlining.

Mr. Mulengani: Madam Speaker, I would like to give information to hon. Kaahwa that the report he is referring to is a draft report before we interacted with Council and the Secretary General and CTC himself. Since we met, there have been changes in our report. And that one again was a challenge in our committee because we wondered why we had to distribute our report before the final input.

The committee recommended as follows: *“The committee recommends to the Assembly to urge the East African Council of Ministers to streamline the legal framework of the bank in relation to the EAC and thereafter implement Article 9 (3) of the Treaty.”* You can propose amendments on that one but what you are reading is a draft.

Mr. Kaahwa: Madam Speaker, I would like to thank hon. Mulengani for that useful information, which indicates the newly re-crafted recommendation. But I would still suggest that the last part- *“... thereafter implement Article 9 (3) of the Treaty,”* be deleted for this reason; what is required is streamlining. In Article 9 when you talk about implementing, you give an impression, which is not necessary, that the bank is not an institution. The bank is an institution subject to being streamlined into the mainstream EAC.

Madam Speaker, having said that, I am of the humble view that the Audit Commission should legally be able to audit the EADB accounts taking into account the current peculiarities of the bank as a financial institution.

The Speaker: Just to inquire, does that mean that you can give this legal view to the Audit Commission to proceed and audit the EADB? I am just saying it because I think it is important to go record considering that earlier on there were views like the ones hon. Dr Ndahiro was holding. That is why I would like you to re-emphasize it so that we are advised from the legal point of view and maybe later on take a recommendation further.

Mr. Kaahwa: Madam Speaker, the way I understood hon. Dr Ndahiro’s able contribution was with regard to taking over the bank and its shareholdings and that is why I was talking of the need to study the bank’s peculiarities and even here when I am making an observation on the ability of the Audit Commission to audit, I am also saying, taking into account the peculiarities of the bank as a financial institution.

Madam Speaker, let me come to the eloquent contribution by hon. Sebalu – I don't want to say he lamented but who pointed out the need to support institutions and organs when they are created who among others ensuring timely remittances from their Partner States.

Mr. Nsabimana: I request to learn from the CTC how EAC can be a shareholder in EADB because we have shares, which we may give to Partner States. These shares from Partner States must, according to the Treaty, be transferred to the Community and be shareholders in that institution. And if you have shares in that institution, you take your seat in the meeting. Now, I want to know, can the EAC become a shareholder in the bank? Thank you.

Mr. Kaahwa: Madam Speaker, maybe because of time constraints I need to elaborate this to my honorable friends to satisfaction. The EAC at this point in time doesn't have shares in the EADB. The level of shareholdings by the A shareholders on one side and the B shareholders who include the Partner States on the other hand was brought to the attention of the Committee on Accounts.

The EAC doesn't have shares in the EADB. The relationship is that the bank is deemed because it is a surviving institution of the previous Community and so it is deemed to be an institution of the Community. And that is where there is a missing link. If it is deemed to be an institution, how come the Community doesn't have shareholdings? What is the effect of this deeming?

In earlier contribution, I indicated that those are matters to be studied, which will show among other things how the Community shall own shares separate from the Partner States in the EADB.

Madam Speaker, I had come to the contribution of hon. Sebalu. It is really a very serious matter. When the Community, through the Treaty, legislation and other instruments establishes institutions and then the Partner States who according to Article 152 of the Treaty are expected to make contributions to support these institutions with the advancement of their programs do not do so in time, leading to their suffocation, as one Member alluded to these institutions.

Let me say at this point in time that it is high time some of the relevant provisions of the Treaty in this regard are used. And I have in mind Article 143 of the Treaty which provides that: *“A Partner State which defaults in meeting its financial and other obligations under the Treaty shall be subject to such action as the Summit may on the recommendation of the Council determine.”*

In the past I have suggested that we put this provision to use. Of course there are arguments that if it is the Council that is going to make recommendations to the Summit, and in the Council a defaulting Partner State will be sitting, then it becomes very difficult to enforce sanctions.

But there is another provision in Article 146 which provides that the Partner State in default may be excluded from the decision despite Article 148. The short point I am making, Madam Speaker is that given what is happening, and of course we are getting to the problems experienced by some institutions, which are even illegally using the gratuity to make payments - at this point time, it is high time we made a stand and see how Article 143 can be used rather than waiting for

amendment of the Treaty – rather than coming, can I use that word again - “lamenting” in the House? On a light note. Let us put Article 143 together with Article 146 of the Treaty in use.

Madam Speaker, hon. Nakawuki referred the House to the provisions of Article 29 of the Treaty and she challenged me in person that I have had what she has said and maybe I take up action. I entirely agree with her that Article 29 of the Treaty is very useful. Much as I have suggested an amendment to address other matters - you know the Secretary General who would be going to court cannot instrument his Counsel to the Community to do so other than going through the Council of Ministers. There is a bit of a problem.

I have suggested that amendment of Article 29 but for the benefit of hon. Nakawuki, should I be instructed by the Secretary General that a matter has been above all the other provisions of paragraph one and toe of that Article and there is need to go to court, I will readily do so.

The Speaker: the Secretary General will sound himself. He can even sound himself in the House and then we see what next.

Mr. Kaahwa: No, on a matter like this which is of a legal nature and without even his permission I can speak without fear. And I know the position on which I am standing. I am not blaming the Secretary General because even he himself has to go through the partner States and then the Council and that is an area where I have suggested amendments. But even before he does that, if he gets through and instructs me, I will file your deference tomorrow.

Madam Speaker, let me slightly come back to the EADB. There are two matters I forgot to address the House on. First of all the simple one, I undertake, through the Secretary General, to avail the headquarters agreement which exists between the EADB and the Partner State in which its headquarters is based.

The other one is with regards to hon. Ambassador Ngendakumana’s request to me to understand Article 9 (3) of the Treaty. I want to assure the House and in particular hon. Ngendakumana that I understand the provisions of Article 9 (3) of the Treaty. Article 9 (3) provides that: *“Upon the entry into force of this Treaty, the East African Development Bank established by the Treaty Amending and Re-enacting the Charter of the East African Development Bank, 1980 and the Lake Victoria Fisheries Organisation established by the Convention (Final Act) for the Establishment of the Lake Victoria Fisheries Organisation, 1994 and surviving institutions of the former East African Community shall be deemed to be institutions of the Community and shall be designated and function as such.”* I want to say that there is need to drive that to its logic al conclusion; to mainstream those institutions in the mainstream East African Community framework of organs and institutions.

Madam Speaker, with those few words, I support the motion. Thank you.

The Speaker: Thank you very much, CTC. I wish now to invite the Chair, Council to respond to this very serious report. Perhaps like one Member mentioned, I think it was hon. Ngendakumana that the financial audit report or accounts of an institution is actually the mirror of that institution. And with is now looking at this very challenging report, we need really, to put it lightly, to pull up our socks because we are all the family of the EAC.

The Chairperson, Council of Ministers (Mr. Shem Bageine): Thank you very much, Madam Speaker. I had an opportunity to look through the report of the Committee on Accounts and jotted out some comments from various recommendations and I beg the indulgence that I go through these first and then I will make specific comments on some of the issues that Members have raised during the debate.

Madam Speaker, I would like to commend the Committee on Accounts under the able chairmanship of Hon. Straton Ndikuryayo.

The improvement of EAC governance, risk management and internal controls.

Madam Speaker, the committee in its report has raised a number of observations and recommendations. The Council would wish to update this august House on the progress made and its commitment towards the implementation of the outstanding issues.

I wish to retaliate our firm commitment in improvement of the governance, risk management and controls. The Council will spare no effort to make the Community more effective and efficient and the Secretary General will also ensure that specific recommendations and directives by tis Assembly are implemented expeditiously.

Rt hon. Speaker, my responses are grouped around the following thematic areas:

- 1) The supervisory role of the Secretary General over EAC institutions.

The Secretary General is the accounting officer of the Community. The Secretary General held a meeting with the heads of institutions and resolved that the legal instruments would be amended and harmonized with the Treaty as an interim measure.

The Secretary General signs off strategic and annual plans of the institutions and performance contracts of the respective heads of the EAC institutions with effect from this financial year, 2013/ 2014.

The institutions will also furnish the Secretary General with periodic reports.

- 2) The appointment and composition of EAC Audit and Risk Committee

Rt hon. Speaker, the Council welcomes the recommendations that the Partner States should consult with the Auditors- General while nominating members of the Audit and Risk Committee especially to ensure that the provisions of the Charter are fully complied with.

3) The finding of EAC activities and over reliance on development partners funding

Rt hon. Speaker, the budget of the Community is funded by equal contributions from Partner States. Some institutions such the Inter University Council of East Africa, Lake Victoria Fisheries Organisation have substantial amounts of arrears owing from the Partner States.

The council decided that Partner States must remit all their contributions to the budget by the 31st of December of the financial year and we have already observed improvement in this area.

In order to solve this problem, the Council has initiated a study on the alternative sustainable financing options and the study is at its final stage waiting consensus by Partner States. The proposal put forward is a percentage of the value of imports from outside the EAC region. The Council will expedite the finalization of the study by June 2014.

4) The filling of vacant positions

Rt hon. Speaker, the Council is aware the mandate and activities of the Community have been increased significantly since 2006 when the structure of EAC was reviewed by the Council. A number of positions have remained vacant for a long period of time.

Madam Speaker, under Article 70 of the Treaty, the Council is empowered to determine terms and conditions of employment of staff under the Community employment. In this regard, Madam Speaker the Council is going to ensure that all vacancies are filled as quickly as possible and that these vacancies which are already established do not have to wait for institutional review. I will come back later on how this is going to be done.

5) The audit of EAC organs and institutions

Rt hon. Speaker, Article 134 of the Treaty for the establishment of the EAC provides that *“There shall be an Audit Commission made up of Auditors General of the Partner States whose function will be to audit the accounts of the Community.”* In accordance with the above provision, the Audit Commission undertook the audit of all the institutions and organs of the Community save for the EADB, which the Counsel to the Community has clearly explained.

Madam Speaker, it is the duty of the Audit Commission to verify that any contribution received or revenue collected by the Community is being allocated and being distributed in accordance with the Treaty and to include a certificate to that effect in its report. The Audit Commission can perform any type of audit of the Community’s resources.

Indeed Rt hon. Speaker, during the 22nd Extra Ordinary Meeting of the Council of Ministers, the Council has requested the Audit Commission to carry out the value for money audit.

The Audit Commission is facilitated by the Community in terms of payment of the travel tickets and daily subsistence allowances. The current arrangement’s budget was under the Secretariat but during its budget for the next financial year, 2014/2015 will be under EALA.

Madam Speaker, the Council supports the idea of recreation of a secretariat for the Audit Commission. This will not only ease the keeping of the documentation of the Audit Commission but also on the communication and visibility of the Commission.

6) The EAC tax exemption system- VAT refunds

Rt hon. Speaker, the Council is equally concerned with the growing amount of VAT recoverables in all institutions since those funds could be used to fund Community activities. The Council has directed all organs and institutions to liaise with ministries of EAC Affairs in the Partner States to get the tax exemption certificates.

The process has started and the Council is going to link up with relevant ministries and tax authorities to ensure that this is resolved.

7) The integrated ICT and accounting system

Rt hon. Speaker, the Council Supports use of uniform accounting software among all organs and institutions. The integrated technology system is very important for information sharing and compatibility and, therefore, we support this recommendation of the House.

Indeed the process of harmonization of the accounting system has already started and is expected to be completed by March 2015.

8) The construction of EAC Headquarters

Madam Speaker, the assessment of office accommodation needs was adequately done in 2006, however, the available funds could not cover beyond what has been planned. The Council concurs with the Audit Commission recommendation that further assessment and expansion of the building be carried out to meet the growth of the Community.

Rt hon. Speaker, the design was done in such a way that there is still a possibility for expansion upwards to accommodate the remaining staff and future expansion of the Community's needs. Madam Speaker, this has to be, however, checked thoroughly to ensure that the plans can support an extra or two floors above the existing building. The consultant should be able to do these works.

Regarding the unsatisfactory finishes noted by the Audit Commission, I wish to report that certification of the whole works and payment certificate were done with strict reference to the contract and especially the bills of quantities, drawings and specifications. The contractor was categorically instructed and rectified all defects mentioned and of the defects liability period within the period up to 4th October, 2013.

9) The internal controls over management of accountants, imprest, advances and segregation of duties

Rt hon. Speaker, in the area of controls, significant improvements have been registered. EAC Secretariat, EACJ and EALA have adopted the government financial statistic code charge of accounts and the budget is currently applauded into the sound system for budget checks and controls. The same exercise is being undertaken in all institutions and is expected to be completed soon.

Madam Speaker, the Community is in the process of automating all processes including the travel requests, meeting requests, store requisitions and the front end module has been procured and all officers have been trained in the use of the automated system. Currently the automated system is being used together with the manual system to allow staff to get used but the manual system and paper work will be phased out soon.

10) Institutions of EAC dealing with departments under the ministries of Partner States

According to Article 15 of the Convention establishing the organization each contracting party undertakes to contribute each share of the budget as approved by the Lake Victoria Fisheries Council of Governors.

Currently the organization receives its funding through the ministry responsible for Fisheries in the three Partner States and includes under the department of fisheries. This arrangement has resulted to less remittance or failure to remit the funding as the departments have been experiencing budget cuts at national levels.

The Lake Victoria Fisheries Organization Convention Article 15 doesn't specify how the contracting parties should remit their contributions to the organization and thus the EAC Council can issue a directive to allow for the ministries responsible for EAC Affairs to take over the Partner States contributions to LVFO.

Madam Speaker, having said that, let me once again thank the chair of the committee and its members and also the Members who have contributed to this debate. I wish to point out that in the past- and certainly I joined the Council of Ministers- it is true that there has been laxity in terms of management of the Community affairs by the Council of Ministers.

Madam Speaker, I have previously stated, here, that the Council has now decided to change the modality of management of the Community affairs. (*Applause*) You will note that many of the issues raised in this report are actually administrative. The way the Council has been operating has been such that no time has been given to deal with issues of management of Community affairs.

Members will appreciate that the way Council has been meeting- when you hear of the Council Ministers meeting, what happens is that the meeting starts with senior officials, they deal with issues and then they report to the Coordination Committee, which also looks at what has been

discussed and then finally reports to the Council of Ministers. The Council sits barely for three hours and the Council is over and we disperse.

Now, obviously in that kind of situation, there is no way that the Council can diligently address issues of the Community.

Further to that, the Coordination Committee reports to the Council that we have agreed on everything except this and that. The Council doesn't know what has been agreed upon, how it has been agreed upon and we are not given an opportunity to say whether actually we agree with what has been reported to us.

With this in mind, Madam Speaker, the Council has decided to change the modus operandi – (*Applause*) - and if I may answer hon. Sebalu's question, we have meetings on 6th, 7th and 8th of next month whose primary purpose is to determine the frequency of meetings of the Council of Ministers which will then give us an opportunity to interface with all organs and institutions and departments of the Secretariat- (*Applause*) – so that we are able to address some of these issues which shouldn't really be coming here again.

We are also going to distribute responsibilities amongst the ministers - (*Applause*) - so that it will not be the Chair of the Council standing up all the time to answer. It will be the Ministers responsible for certain sectors to answer on those areas. (*Applause*) And this will mean that the ministers must attend the EALA meetings more than they have been. It is obviously necessary that the Council of Ministers has a hands on approach to managing the affairs of the Community.

I want to believe and agree with the Member who said that there was a lacuna. Yes indeed, there was a lacuna but from now on, that lacuna is going to be a thing of the past.

(*Applause*)

We intend to have sufficient time to meet every organ and institution of the Community and department of the Secretariat to go through all these various recommendations that have been produced in this report. And indeed, to address glaring areas where obvious weaknesses have come out and specifically in areas where there is suspicion of fraud. We will investigate this and come up with answers.

(*Applause*)

I want to on behalf of the Council of Ministers to give an undertaking that this is not just talk, as hon. Sebalu observed that it is something to do with leisure or something, it is serious that we will address all these issues. And I have the support of the Council of Ministers in this regard.

(*Applause*)

We shall come up with better management of the Community affairs that will ultimately give us a study from which we can, as a Community, also source funding without necessarily having to

depend on third parties because in so doing, our risk assessment is going to improve and we can deal with our development partners.

Madam Speaker, once again, I thank the committee and the Members of this House for the very constructive recommendations that they have made; for the constructive debate and ideas which we have noted. I want to assure this august House that we will work towards alleviating the problems that the Community has been facing. Thank you very much.

(Applause)

The Speaker: Thank you very much, Chair, Council. I think you have heard the clapping from the hon. Members for those emphatic responses that you have given. We are looking forward to the implementation of some of those stands that you have taken. May I invite hon. Straton to wind up debate?

Mr. Ndikuryayo: Thank you, Madam Speaker. First of all I would like to thank the Members who have supported this motion and the report. I would like to acknowledge them one by one; hon. Yves Nsabimana, hon. Rwigema, hon. Nakawuki, hon. Bazivamo, hon. Sebalu, hon. Mulengani, hon. Jeremie, hon. CTC and the hon. Chairperson, Council of Ministers and also hon. Dora and hon. Ndahiro on the information given.

(Applause)

Madam Speaker, I would also like to acknowledge hon. Shy-Rose Bhanji who supported the report from the beginning and then came back to say that she doesn't support it. I raise this because during her submission, she was supporting committee recommendations. But the only thing she raised were anomalies in the report which actually do not belong to the committee. They belong to the EAC organs but have been raised by the committee. And like hon. Sebalu said, she should not condemn the messenger. As a committee we did what we were supposed to do.

(Applause)

Madam Speaker, before I go to the conclusion, I would like to comment on a few issues. The first is the issue of understaffing in EAC. Hon. Mulengani has mentioned key the sectors which now don't have leaders including the Principal Internal Auditor who is retiring soon, the Director of Finance and Administration who has already retired and I would also like to mention that the Directorate of Trade is lacking a director. This is just to bring it to the notice of the Council to decide on this urgent crisis in the Community.

Madam Speaker, on the issue of ICUEA, I want to inform the august House that we had a meeting with the Audit Commission and as the committee we asked the Audit Commission to tell us, leaving aside the technical opinion like auditors, why they were giving a disclaimer. So, they gave us a hint about the IUCEA as follows: one, the issue of the principal accountant as a

person in the institution, the second was an issue of lack of commitment from IUCEA as an institution, third was lack of team work among the staff.

Also as hon. Members mentioned, there was lack of proper management. The Executive Secretary of IUCEA said that he doesn't do anything to any member of staff until he gets the board's approval.

Thirdly, is the issue of EADB. According to the information got from the auditors, Secretary General and CTC – actually the committee got the CTC's opinion on EADB and the information from hon. Nadhiro but as a committee, we have a concern, the EADB is being audited by two external firms. One is KPMG though I don't remember the other but as the committee; we suggest that there is need for those external firms to be giving the committee reports so that we can ably follow what is going on in our institution.

Lastly, Madam Speaker, is also information that we got from the Secretary General on the issue of Audit Commission budget to be under the East African Legislative Assembly, that the Secretary General in the meeting you had last Tuesday supported this idea. So, hon. Members, it is just ensuring that in the next budget exercise under your guidance, Madam Speaker, their budget is included- and the CTC was there; he is turning to look at me.

Madam Speaker, before I conclude, there are some proposed amendments. The CTC has proposed amendments on EADB on page 12 of the big report- he proposed to delete the last part starting from “end...,” so that it will read: *“The committee recommends to the Assembly to urge the EAC Council of Ministers to streamline the legal framework of the bank in relation to the EAC.”*

Also hon. Bazivamo has proposed the ... *(Inaudible)*

... to urge the EAC Council of Ministers to finalize institutional review and fill the positions indicated in the management response.”

In the general observations, observation No. 10, the committee mentioned that there is a delay of institutional review process leading to decline of human resource capital.

Hon. Members proposed a recommendation that the committee recommends to the Assembly to urge the Council of Ministers to present to the House a roadmap and timeframe for the institutional review in the Nairobi session scheduled for from 17th November 2013.

Madam Speaker, I don't know whether this is to complete the previous recommendation, or if we can take it as a general recommendation in the last part. But we can pick it out of the general recommendations and then amend on page 60 of the report. We make the recommendation be one and make this the second recommendation.

Madam Speaker, I would like to suggest that the Chairperson of the Council of Ministers should give us that detailed submission on this particular report for our future information as the House before we finish this session here.

Lastly, I would like to thank you, Madam Speaker.

The Speaker: Before you wind up, hon. Chair of the Committee on Accounts, I didn't hear you comment on the Audit and Risk Committee. I think hon. Sebalu or was it hon. Nakawuki who was suggesting that maybe it needs an overhaul so that a new one is appointed according to the Audit Commission? I don't know - I didn't pick it but I wanted to hear what you are recommending.

Mr. Ndikuryayo: Maybe they can repeat it. I didn't quite get it.

Ms Nakawuki: Madam Speaker, the Audit Commission had actually expressed concern that the members of the Audit and Risk Committee that had been appointed were not qualified in that specific field. So, there was a recommendation that they reappoint members who are qualified and can ably perform this particular task. Thank you.

Mr. Ndikuryayo: Thank you, Madam Speaker. I got the response from the submission from the Chair, Council on the particular matter. That is why I was suggesting that we get that in his written response so that we can use it in the near future.

The Speaker: Okay, thank you.

Mr. Ndikuryayo: Lastly, Madam Speaker I would like to strongly thank the Chair, Council of Ministers on how he acknowledges the working conditions they are working in and how he is personally committed to changing their method of work. He has said that that lacuna will be a thing of the past and they are going to address all issues raised in this report.

Madam Speaker, with these few comments, I beg that the report be adopted. Thank you.

(Applause)

The Speaker: Thank you very much hon. Ndikuryayo for winding up this debate. Hon. Members, the motion on the floor is that the report of the Committee on Accounts on the audited accounts for the EAC for the year ended 30th June, 2012 be adopted.

(Question put and agreed to.)

The Speaker: Thank you Members for executing that very important role as Members of EALA.

SEEKING LEAVE TO INTRODUCE A PRIVATE MEMBERS BILL BY WAY OF MOTION

MOTION

Mr. Mike Sebalu (Uganda): Thank you very much, Rt hon. Speaker. I beg to move that this Assembly pursuant to provisions of Article 59 (1) of the Treaty and rule 64 of the Rules of Procedure of the Assembly do grant me leave to introduce a Private Member's Bill entitled: "The East African Community Cooperative Societies Bill, 2013." I beg to move.

The Speaker: Seconded by hon. Leonce, hon. Bazivamo, hon. Odette, hon. Kidega, hon. Nancy, hon. Kiangoi; proceed.

Mr. Sebalu: Thank you very much, Rt hon. Speaker. As I proceed to justify this motion, I would like to begin by thanking your office and your honorable person for having granted time and space in this Order Paper to allow me the opportunity of presenting this Bill.

Madam Speaker and hon. Members, this Bill is a very important Bill, it is timely and necessary at this point in time. It seeks to provide a legal framework at the regional level that will facilitate cooperative societies in the region, to exploit the regional integration process and at the same time abide by internationally agreed cooperative principles and values.

Madam Speaker, we are proceeding on the understanding like we have committed ourselves as the Third Assembly to put emphasis on the people centeredness. We must begin to walk the talk of ensuring that we respond to the needs of our people in terms of the legislations that we make and the policy directions that we take in the Community.

Madam Speaker, this Bill is demand driven. Actually the people out there have spoken in no uncertain terms. We have had an interaction with the East African Farmers Federation at different levels - I have had the opportunity to interact with them at a personal level but we have also interacted with them as a Committee of Agriculture. And in the interactions we identified some legislative gaps which they feel that their Parliament- EALA- as a people's representative is best placed to fill those gaps.

Madam Speaker, in that regard, this is a grassroots based piece of legislation that we are proposing to respond to the needs, the demands and the aspirations of the people. Many of our people out there engage in primary produce activities that would demand that they get organized in a manner that will give them leverage and enable them to maximize the return on their investments.

Madam Speaker and hon. Members, this Bill is a response to the people's needs as they want to optimize their potential through integration and more so under a Common Market. We do have a functioning Common Market but there are those ingredients within the Common Market which would make it relevant to the people especially the ordinary people in our rural economies.

Madam Speaker, this Bill is intended to create an easy connection with the people. We want to empower the people by organizing them or having them organized at their levels of production and add value in the value chain.

Madam Speaker, we are not operating on the basis of isolation because a similar piece of legislation has already been enacted in organisations that are similar to ours. And I want to quote the European Union Council of Regulation EC No. 1435 of 2013 that was passed in July, 2003 on the Statute for European Cooperative Society ACCE. So, basically if you can see the people out there in those developed economies creating a legal framework that allows their producers to maximize interaction and, therefore, be able to do better organization in terms of their production, then it becomes very necessary for those of us who are still struggling to ensure that we also equally put in place a regulatory framework that allows our people - the primary producers in our rural economies to be able to organize themselves and maximize their synergies.

Madam Speaker, it is good that the procedure of seeking leave for the introduction of this Bill is in Bujumbura and I want to say that the farmers under their umbrella of the East African Farmers Federation held their conference in Bujumbura a couple of months ago. And among the resolutions that they passed in this meeting was to ensure that they get organized at a regional level using the cooperative principles and be able to build the synergies across the Partner States so that they are able to interlink, cooperate and network and be able to maximize their potential.

Finally, Madam Speaker, I would like to call upon Members to support the Bill from the beginning to the end as a tool of empowering our people especially the primary producers in our rural economies to be able to enhance their welfare through increased competitiveness and those benefits that come together with working across borders so that they take benefit of the integration.

Madam Speaker, I beg to move and I call upon all Members to use these reasons and those that they have to support the Bill and not oppose it. I beg to move.

(Applause)

The Speaker: Thank you, hon. Sebalu. You were overwhelmingly supported. Hon. Members, the motion on the floor is that pursuant to the provisions of Article 59 (1) of the Treaty and rule 64 of Rules of Procedure of the Assembly, hon. Sebalu Mike Kennedy is granted leave to introduce a Private Member's Bill entitled: "The East African Community Cooperative Societies Bill, 2013." Debate is open.

Mr. Leonce Ndarubagiye (Burundi): Thank you, Madam Speaker for giving me the floor. Actually the mover of the motion has said it all and I don't wish to waste much time saying a lot of words because it is so obvious.

Recently we were celebrating 50 years of independence and actually we can see that there are very many things that went wrong. Among those things that went really wrong was food production. Why? Because we had no hope.

In our region I can give a very simple example in Rugarama, 36 kilometers from here, is where there is the only cooperative society organized to help farmers produce flowers and vegetables. They set up that cooperative about 60 years ago, in 1953. And today they are still producing, eating and having their salaries. They are very organized.

I shouldn't look only here close to us. Development of agriculture at that time maybe the people who were living in towns were few and yet those who were producing were very many. But today many are coming to town and there are very few producing. It is time instead of seeing people earning a livelihood by riding bicycles and motorcycles in towns that we saw them in cooperative societies producing food.

Rt hon. Speaker, the most important thing that a human being can be able to achieve is organization and discipline. Production of course, but with production without discipline and organization is not very productive. So, when you look at the socialist system, people had a lot of food. It was not because of lack of food that people revolted. It is because they thought it was a wasted system.

When you look at the very clever Jews in Israel, they started their agriculture through cooperatives. I do believe that if we start organizing our agriculture through cooperatives, and even trade through cooperatives, definitely we shall have plenty of goods and many income generating cooperatives all over the country and the region. I support the motion.

The Speaker: I will take hon. Odette.

Dr. Odette Nyiramilimo (Rwanda): Thank you, Madam Speaker. I would like to support the motion. The reason why I am supporting this motion is that I think that our producers cannot develop unless they are in cooperatives, and cooperatives, which are well structured and which can protect them.

I have ever tried to be an agriculturalist so as to know what the producers are facing and I grew maize. I invested 2 million Rwanda Francs and when I have harvested, I realized only 600 Rwanda Francs.

I reared chicken and when I wanted to sell them in the shops, they were giving me 2,000 Rwanda Francs per chicken and yet they were selling at 4,000 Rwanda Francs. I then understood and even stopped doing those things. I only wanted to understand why producers were not growing and I indeed understood why.

I think if in developed countries you see that the farmers are developed and well off, it is because the cooperatives they are in can sit together, fix the prices and accordingly the buyers can get a good price.

Now, Madam Speaker, if we had an East African Community Cooperative Societies Bill, this will help the region to organize our producers and ensure that they are better protected and they get what they deserve.

I thank hon. Mike Sebalu for bringing this Bill and I think we shall work together tirelessly to ensure that it is a good Bill that can serve the East Africans. Thank you.

The Speaker: We shall end with hon. Ussi since I can see that all of us are supporting.

Ms Maryam Ussi Yahya (Tanzania): Thank you very much, Madam Speaker. I stand here for the first time unfortunately to oppose the Bill. I would like to be clear as to what I am opposing so that I am not misjudged. I am not opposing the concept of the Bill but the content unless it is amended when it comes for the Second Reading because I believe this is the First Reading, and then I will maybe support it. So, I need to be very clear that I am opposing it with some reasons.

First of all, Madam Speaker, there is what I believe is a typo on the objectives of the society, which is: *“To improve the living standard by reducing production and save us costs.”* I don’t believe that this is correct or it is a typo because you cannot improve the living standard by reducing of any production.

Mr. Kaahwa: Madam Speaker, I am standing here to seek your guidance and how we proceed on this matter. When you granted leave to hon. Sebalu, it was short leave to introduce a Bill and the Bill is not yet before the House. How can we now proceed to debate the Bill which is not before the House? I thought that once leave has been granted, the Bill will be before the House during the First Reading and then we shall debate its merits and demerits.

But at this point in time it is very difficult for the Assembly once you granted leave to proceed and debate the Bill. I thank you, Madam Speaker.

(Applause)

The Speaker: I think hon. Ussi just a second - that has been a very important clarification. I want just to add that it is very important that if this Bill is acceptable, then you have the opportunity to carry the arguments you are forwarding. Otherwise at this juncture you cannot forward them because there is no Bill at the moment. At this juncture we are just looking at the principle, whether this Bill can be brought to this House or not.

I think it would be good that the principle is supported so that you are then able to look at the content other than the concept or both the concept and the content.

Ms Yahya: I stand to be corrected, Madam Speaker because I thought debate was open and I was just debating it. But I am ready to accept the Bill to be given in for consideration.

The Speaker: Hon. Ussi, the debate is open whether we can go ahead and grant hon. Sebalu permission to bring the Bill.

Ms Yahya: Yeah, I support him to be granted permission to bring the Bill in the House.

The Speaker: Thank you. I think the last one on this will be hon. Bazivamo.

Mr. Bazivamo: Thank you, Rt hon. Speaker. Our Community is people centered and market driven. When one speaks about cooperatives, one will find two things; people and the market. Cooperatives are organisations of citizens who pull together their resources and energies to get more strength to play competitively on the East African or the global market.

This Bill comes to put in place a framework to help people in this market as market players to benefit better from the open competition in which a single players cannot survive. By accepting this Bill and as well enacting it, this will be in the spirit of contributing to the rationalization of the Common Market Protocol in strengthening our citizens.

This will help in streamlining and harmonizing different approaches which are used in establishing cooperatives in our Community and it will also help them to complement each other while gaining from different experiences which we have in our Partner States. And for this reason, Rt hon. Speaker, I think it is important to have such a Bill. Therefore, I support it. Thank you.

Mr. Sebalu: Thank you very much, Rt hon. Speaker. First of all, I would like to thank you for the guidance regarding the procedure we are following and also the CTC for his intervention and guidance.

As you rightly put it, we are now debating the principle of having this law and definitely I call upon all members with ideas that they want to be incorporated in this law to bring them forward because at the end of the day, this is not a personal law. It is a law that is going to be passed by this Assembly and, therefore, all Members are at liberty to bring those ideas that they think will enrich this law so that it comes out as a people's law that promotes our rural people and ordinary East Africans.

So, I just want to assure my sister, Maryam – she is not usually in the habit of opposing things and I knew she was not going to oppose this. I am happy that she finally came out to support.

I would like to thank hon. Odette, who put very good ideas in support; hon. Maryam who assured me that she is on board; and hon. Bazivamo plus all the rest of the Assembly because I have not got any indication of objection to this law; most importantly, the seconder, hon. Leonce who put very good arguments for this Bill. I thank everybody and I call upon all of you to work together so that we get a truly people's law that answers the needs, demands and aspirations of the East African people in response to the people centered approach that we have taken to use as an Assembly in our strategic plan. Thank you very much, Madam Speaker for offering me the opportunity to move the Bill.

The Speaker: Thank you very much, hon. Sebalu. Hon. Members, the motion on the floor is that this Assembly pursuant to the provisions of Article 59 (1) of the Treaty and rule 64 of Rules of Procedure of the Assembly, do grant hon. Mike Sebalu permission to introduce a Private Member's Bill entitled: "The East African Community Cooperative Societies Bill, 2013."

(Question put and agreed to.)

ADJOURNMENT

The Speaker: Permission has been granted by this House. You can seek the services of the office of the Clerk and perhaps that of the CTC so that you are able to proceed to prepare this Bill for perhaps First Reading.

Hon. Members, we have come to the end of today's business but before we adjourn, I have two brief announcements to make. The Chair, Council, the Clerk, the CTC and the Minister of EAC of Burundi kindly let us have a brief meeting in the office of the Speaker.

Secondly, this evening we have had an invitation from the Minister of EAC of the Republic of Burundi, hon. Leontine Nzeyimana who has invited us for sumptuous dinner and I want to ask hon. Members considering the weather and the other aforementioned arrangements, perhaps when we adjourn, we prepare ourselves to go for the dinner because the time for dinner is 6.30p.m. We would want to really be in time. I stand to be advised.

Ms Nzeyimana: Thank you, Madam Speaker. It is a cocktail and not a dinner.

The Speaker: Oh! It is a cocktail. At what time?

Ms Nzeyimana: Same time you have said.

The Speaker: So, hon. members you are advised and invited. And all of you should attend, please.

Secondly, I want also to remind you that tomorrow, 30th November we have an invitation from the Rt hon. Speaker of the National Assembly of Burundi. The House stands adjourned to tomorrow 2:30 p.m.

(The Assembly rose at ... p.m. and adjourned until Wednesday, 30th October at 2.30 p.m.)