



EAST AFRICAN COMMUNITY

Official Report of the Proceedings of the East African Legislative Assembly

7TH SITTING – FIRST ASSEMBLY: THIRD MEETING - FIRST SESSION

Thursday, 2 May 2002

The East African Legislative Assembly met at 9.00 a.m. in Kololo Hall, AICC Complex in Arusha.

PRAYERS

(The Speaker, Hon. Abdulrahman Kinana, in the Chair)

The Assembly was called to order

COMMUNICATION FROM THE CHAIR

The Speaker: Honourable Members, I would like to welcome you all to the Third Meeting of our Assembly. As you all know, this is our official sitting; I hope you all had sufficient time to interact with our electorates. I also believe that you have enjoyed the Seminar and the trip in the United Republic of Tanzania.

As you will recall, during our last session from 21 – 25 January 2002, which was held in Parliament Buildings in Kampala, our sitting then, as now, are in accordance with provisions of both the Treaty and our Rules of Procedures. Indeed, from today and for the next two days, we are at the seat of the Assembly here in Arusha.

Honourable Members, the House Business Committee has scheduled our sittings to be today and Friday and Saturday, that is 2nd, 3rd, and 4th May

2002. However, I would like to draw your attention to provisions of Rules

11(6) and rule 12(1), which respectively state as follows:

Rule 11(6)

“The House shall sit on Tuesdays, Wednesdays and Thursdays.”

Rule 12(1)

“Sittings shall, unless the Speaker otherwise directs, ordinarily commence at 2.00 in the afternoon and conclude at 7.00 in the evening.”

Honourable Members, the combined effect of these two Rules would not only be to preclude us from sitting on Fridays and Saturdays, but also for our sittings to be fewer. I have taken cognizance of the good intentions of the Rules, and yet having regard to all the respect of the nature of business before us in this session, I have, in exercise of the mandate vested in the Speaker by provisions of sub-rule (8) of Rule 11, directed as follows: -

1. That the Assembly shall sit on Thursday, Friday and Saturday. That is, 2nd, 3rd, and 4th, May 2002.
2. That the times of the sittings shall be: -
 - i. Morning Sittings - 9.00 to 12.00 hours
 - ii. Afternoon Sittings - 16.00 to 19.00 hours.

I thank you - *(Applause)*.

Honourable Members, I would like to welcome you again to our First Sitting since we last sat in the Chamber of the Parliament of Uganda in January 2002. You will recall that among various businesses we transacted in Kampala, was the establishment of the Seven Committees of the House. You also elected the Chairpersons of the Committees and I submit their names as follows: -

- Accounts Committee – Hon. Sarah Nanziri Bagalaaliwo
- Legal, Rules and Privileges Committee – Hon. Jared Benson Kangwana.
- Trade, Transport and Investment Committee – Hon. Yonasani Bankobeza Kanyomozi.
- House Business Committee, it is the Speaker.
- Tourism, Wildlife and Natural Resources Committee – Hon. Prof. Margaret Jepkoech Kamar.

- Regional Affairs and Conflicts Resolution Committee – Hon. Kate Kamba; and, finally the
- General Purpose Committee – Hon. Mahfoudha Hamid Alley - *(Applause)*.

NOTICE OF MOTION

Mr Daniel Wandera Ogalo (Uganda): Thank you Mr Speaker. Mr Speaker Sir, the notice I wish to give to this Honourable House is in the following terms:

That, notwithstanding the provisions of Rules 71(3), (5) and 72(3) this House resolves that, the debate on the Financial Statement and the Estimates of Expenditure for the Fiscal Year 2002/2003, shall be limited in the following manner: -

- i. That the financial Statement to an aggregate of two days;
- ii. That the Estimates of Expenditure to half a day;
- iii. That all speeches in the Committee of Ways and Means and the Committee of Supply shall be limited to fifteen minutes, except: -
 - (a) the Chairperson of the Council of Ministers whose speech shall be unlimited in moving and replying;
 - (b) the Secretary General of the East African Community whose speech shall be limited to forty minutes; and
- iv. The provisions of Rule 71(3) shall be suspended.

Mr. Speaker sir, I thank you.

MOTION

Mr Daniel Wandera Ogalo (Uganda): Mr. Speaker Sir, I beg to move the motion in the following terms: -

That notwithstanding the provisions of Rule 71(3), (5) and 72(3) of the Rules of this House, the House resolves that the debate on the Financial Statement and Estimates for Expenditure for the Fiscal Year 2002/2003, shall be limited in the follow manner: -

- i. The Financial Statement to an aggregate of two days;
- ii. The Estimates of Expenditure to half a day;
- iii. All speeches in the Committee of Ways and Means and the Committee of Supply be limited to fifteen minutes except_
 - a. the Chairperson of the Council of Ministers whose speech shall be unlimited; and
 - b. the Secretary General of the East African Community whose speech shall be limited to forty minutes;
- iv. The provisions of Rule 71(3) are suspended.

Mr Speaker Sir, Rule 71(3) reads:

"Upon an order of the day for the Committee of Ways and Means being read, the Speaker shall leave the Chair without the question put and the House shall resolve itself in the

Committee to consider the Financial Statement."

Rule 71(5) Reads:

"The debate on the motion shall be limited to four days, exclusive of the mover's reply."

While 72(3) reads:

"The House shall consider the Annual Estimates in Committee of Supply for a period not exceeding 15 days."

Mr Speaker Sir, our Rules envisage that we shall allot time in our procedures and give them the time costs before the house in which we have to conduct this debate. It is not possible to do so in the time prescribed by the Rules, hence the request that this House agrees to limit the Financial Statement to two days and the Estimates of Expenditure to half a day. This, Mr. Speaker, will enable us to have a disciplined debate and not be repetitive; to be able to debate in a focused way because of the time limit although, Honourable Members, it is not necessary that you use all tile time allotted.

Mr Speaker Sir, I do propose that the time limit be 15 minutes for each honourable member, and I would request honourable members to approve this because, as I have stated, we do not have all the time. If we talk for, let's say 30 minutes each, we would go beyond the time that has been fixed for today, tomorrow and Saturday. I would therefore re quest this honourable House to agree with this motion – (*Applause*).

Mr Speaker Sir, the second is in respect of Rule 71(3), which I have already read to the honourable Members. But before I go to justify it,

I wish to refer to Rule 79. Rule 79 (1), Mr Speaker, provides that:

"Any Member may, with the consent of the Speaker, move that any rule may be suspended in its application to a particular motion before the House, and if the motion is carried, the rule in question shall stand suspended."

Mr Speaker Sir, Rule 71(3) requires that the Speaker moves from the Chair when we go into the Committee of Ways and Means. That is the Rule I am requesting honourable Members that we do suspend to enable this debate on policy, which is the debate on the Financial Statement, to be conducted in the House. The difference, honourable Members, being that if we do not suspend this Rule, then the debate of the Minister's Speech, the Budget Speech, will have to be conducted in committee. That means that the Hon. Speaker will have to move from his Chair and come to where the Clerk is now seated and then the committee will proceed to debate the Statement of the Minister.

Now, Mr. Speaker, the statement of the minister is a policy statement, and the debate arising from it, Mr. Speaker, Sir, will be in respect of policy. In other words, it may contain matters of programmes and policy of how the Community intends to move in the next year to deal with programmes of the Community. Now, honourable members will be required to contribute to that debate, to look at that speech and make their contributions whether agreeing or disagreeing.

Now if we are in committee and the Speaker moves to where the Clerk is now seated, it means that after we finish debate on the policy, then the

Speaker will move back where he is now seated, then the minister will have to report to the whole House because we then now become the whole House, and the minister has again to report what we have been doing.

But the fallacy of the problem with this rule, honourable members, Mr. Speaker, is that, in effect there will actually be nothing to report. Ordinarily what happens is that when you are in committee, the details are discussed, and then you go into the details of that law clause by clause.

The purpose of being in the committee is to enable members to contribute as much as possible because on each clause there may be different views. That can be done in committee but cannot be done when you are sitting as the House. The Rules will require that you may speak only once on any particular matter.

So, honourable members, Mr Speaker, the Chairman of Council would then be required, if you don't suspend this rule, he will simply say, Mr Speaker, Sir, I beg to report that the Committee of Ways and Means considered my speech and made contributions only. So, you can see, honourable members, that all these motion we will be going through will not have any purpose really.

Honourable members, Mr Speaker, the committee does not normally discuss details but discusses principles. Honourable Members when the Chairman of the Council of Ministers presents his speech, it will be on policy; there will be no details in it. You will not be going into the votes of how much money should be given as salary to the Members, of saving the Secretariat; he will not. That the Minister will not go into, so there will

be no need for details at that stage. It is only in the Committee of Supply, but it will be incumbent upon us now to consider the details. And that is when it will be necessary for Mr. Speaker to come down and we become a committee.

Mr. Speaker, Sir, honourable members, I have endeavoured to show that it serves no purpose for us to convene into a committee to discuss principles. We can only convene into a committee to discuss details. But then our Rules require that we go into committee to discuss policy. That is to me, honourable members, Mr. Speaker, a contradiction that policy should be discussed in a committee where there is only details, hence my request to honourable members that we do suspend this rule. The effect of suspending this rule will be to ask honourable members to pass the proposition. But the Honourable Speaker will remain in his Chair when we discuss the policy statement of the Chairman Council of Ministers. But in doing so, like in a committee, you will not be required, or you cannot move an amendment to a member's speech. After hon. Med Kagawa had made his speech, you cannot stand up and say that although Med Kagawa has spoken and said that we should do more on infrastructure, I want to amend his speech! It is not possible. So, it is not necessary to go into committee. And therefore, I request honourable members to agree to suspend this rule so that we do debate policy of the Financial Statement in the full House, not in the Committee.

Honourable members, I urge that the procedure and practice in the region - at least in Uganda and Tanzania the procedure is that policy statements like the one we are going to deal with this afternoon are dealt with by the full

House, not by the committee. And although in Kenya there is a provision for Committee of Ways and Means, in practice the debate on policy is not done in the committee, it is also done by the full House.

I therefore I beg to move that honourable members do agree with this motion and pass as follows that the financial statement to be limited to an aggregate of two days for the reasons of constraints of time and that the estimates of expenditure to half a day, but our speeches should be limited to 15 minutes, and the Rule requiring us to convene at the Committee of Ways and Means for purposes of debating the financial statement be suspended. Mr Speaker, Sir, honourable members, I beg to move - (*Applause*).

Mr Yonasani Bankobeza Kanyomozi (Uganda): Mr Speaker, Sir, thank you very much for giving me the opportunity to support the motion.

I just require honourable members to realise the essence of time, the limitation that we have in part of this being our first budget and in our formal chamber. The fact that we will be looking at the rules which we have in future and maybe our Committee of the House will examine deeply the present structure of these rules and the necessity to take the position the hon. Ogalo has given is to discuss and complete the programme well on time.

Mr. Speaker, in seconding the motion, I am hopeful of the fact that when things like these happen, Members should realise and take a position that is helpful to the proceedings of the House. Equally, it is important that in conducting ourselves, we conduct ourselves in such a manner as the practice is in our region.

The honourable mover of the motion has given us the ingredients for the practice that is followed in Tanzania, in Kenya and in Uganda. These are our comprehensive constituencies. We shouldn't be looking at these things and operate differently. And definitely the nature of the initial debate is such that it is a policy issue. Things of policy which we can not amend, to which we can not do a great deal except contribute, should be done when you, Sir, are in the formal Chair instead of being the Chairman of the Committee.

I am supporting the motion that the House considers this proposition and pass it so as to enable us to go very smoothly. Mr. Speaker, I support the motion - (*Applause*).

The Speaker: Honourable Members, before I put the question, I would like to propose the motion that notwithstanding the provisions of Rule 71(3), (5) and 72(3), this House resolves that the debate on the Financial Statement and Estimates of Expenditure for the Fiscal Year, 2002/2003 shall be limited in the following manner: -

- i. The Financial Statement to an aggregate of two days;
- ii. The Estimates of Expenditure to half a day;
- iii. All Speeches in the Committee of Ways and Means and the Committee of Supply shall be limited to fifteen minutes except: -
 - a) the Chairperson of the Council of Ministers whose speech shall be unlimited in moving and replying;

- b) the Secretary General of the East African Community whose speech shall be limited to forty minutes; and

- iv. the provisions of Rule 71(3) shall be suspended.

Is there any Member willing to contribute? Honourable Kaggwa.

Mr Sozi Kiwanuka Med Kaggwa (Uganda): Mr Speaker, Sir, I thank you. I want to propose that since the reasons given by the mover and the seconder are adequate enough and convincing, the question now be put to this motion without further debate, Mr. Speaker, Sir. Thank you - (*Applause*).

Mr Calist Andrew Mwatela (Kenya): Thank you, Mr Speaker. Honourable Kaggwa has stated that the reasons given are convincing and, Mr Speaker, I beg to differ because the grounds used of time, Mr. Speaker, are not convincing - the grounds given of time next week is there, Mr Speaker - (*Applause*).

The second reason I beg to differ is that I think this House will be setting a dangerous precedence in passing this motion without further debate, without further reasoning. Because, Mr Speaker, we have been asked as a House to make a decision on the amount of time that we are going to discuss the subject matters that we are not aware of. And, Mr. Speaker, I would like the mover to justify the element of time, and also to justify why this House has been asked to curtail itself in terms of time of debate on issues that we really are not aware of. Thank you, Mr. Speaker - (*Applause*).

Dr. Harrison Mwakyembe (Tanzania): Mr Speaker, Sir, although I entirely support the motion as moved by Honourable Ogalo, I just want to be on record, Mr Speaker, Sir, that, this is not the first time this House is meeting, and every time we meet we evoke Article 79 to suspend our own rules. We are becoming experts in suspending our own rules every time we meet, and simply because of time limitations, financial factors! *(Applause)* Mr Speaker, Sir, this is, on my part, the last time I am supporting such a motion. Thank you - *(Applause)*.

Mr Ogalo: Thank you, Mr Speaker. Honourable members, I wish first of all to begin by thanking you for your contributions to this motion. And I will answer this way in respect of the hon. Mwatela's suggestion.

He said that I should justify the element of time. Honourable Members, Mr. Speaker, as you all appreciate, we operate under a budget, and we were not party to the making of the budget. Our being here requires expenditure of money, which we had no part in budgeting. It is therefore not possible for us to take the normal time, which the ordinary Parliaments have taken because of that simple fact.

Let me give an example; if you look at Rule 72 (3) it reads:

"The House shall consider the Annual Estimates in a Committee of Supply for a period not exceeding fifteen days."

And then 71 (5) says:

"The debate on the motion shall be limited to four days exclusive of the mover's reply."

That is the Minister's speech, and that means that if we were to go strictly by

these rules, hon. Speaker, honourable members would require 19 days. Now, the question to be asked ourselves is, do we have the resources to sustain ourselves here for 19 days?

Honourable members, we will be debating the first budget. It is upon the House to make provision for enough resources to be able to debate. But as far as we are operating at a Budget, which we are not party to, it will not be possible for us to be here for 19 days debating the Budget.

The second issue hon. Mwatela, raised was the issue of issues. He said that we don't even know the issues, how then can we start limiting the time when we are not even aware of what issues are going to be. We are operating, honourable members, Mr Speaker, Sir, within the general frame work of 15 days and four days. So we take that into account in determining what we can do here. But on this issue, definitely it will be upon you, honourable members, to make enough provision in the budget we are going to begin debating today, or rather tomorrow - *(Interjection)*.

Mrs Irene Ovonji Odida (Uganda): Mr Speaker, sir, is it in order for the Member who was just speaking on the floor to give the House an interpretation that does not really meet what the Rule provides? The Rules he has referred to, for example Rule 71 (5), says: "The debate on the motion shall be limited to four days exclusive of the mover's reply." And the Rule 72 (3) says: "The House shall consider the Annual Estimates for a period not exceeding 15 days." The 15 days is the maximum, not the minimum. Therefore, we are not required by these Rules to debate this issue for 19 days. Nineteen days is the maximum - *(Applause)*.

Mr Ogalo: Thank you, Mr Speaker, true 19 days is the maximum but then if you do not limit the time, then you will not be able to reduce it. It means you can actually go up to 15. What will you use to limit it to, let's say, twelve or thirteen or eight? You must have the motion to limit it - *(Applause)*.

Mr Speaker, sir, hon. Mwakyembe raised the issue that every time we meet the first thing we do is to suspend the Rules. I agree, Mr Speaker, honourable members, this is not a good practice because these rules are supposed to be respected by us. But we suspend them because there is cause to provide for that suspension because there might be cause for it, like now there is cause for it! *(Laughter)*

Secondly, when we adopted these Rules, honourable members, we did not have occasion to debate them. No, we didn't! We adopted them without debate. So, I hope that the Committee on Rules will have time to go through these Rules and recommend to the House and get the House to debate the Rules and make amendments so that the House has what it really wants to have as rules - *(Applause)*.

Mr Speaker, sir, honourable members, I repeat my prayer to you, as the honourable members to please support the motion. Thank you - *(Applause)*.

The Speaker: I now put the question that notwithstanding the provisions of Rule 71(3)(5) and 72 (3), this House resolves that the debate on the Financial Statement and the Estimates of Expenditure for the Fiscal Year 2002/2003 shall be limited in the following manner: -

1. Financial Statement to an aggregate of two days;

- i. Estimates of Expenditure to half a day;
- ii. All speeches in the Committee of Ways and Means and the Committee of Supply shall be limited to 15 minutes except: -
 - a. The Chairperson of the Council of Ministers, whose speech shall be unlimited in moving and replying.
 - b. The Secretary General of the East African Community, whose speech shall be limited to 40 minutes.
- iii. The provisions of Rule 71 (3) shall be suspended.

(Question on the Motion put and agreed to)

The Speaker: I now adjourn this House until 4.00 p.m. in the afternoon, when the Chairperson of the Council of Ministers will present the Budget of the East African Community to this House. The House stands adjourned.

(The House was adjourned at 9.40 a.m. and resumed at 4.00 p.m.)

(On resumption_)

(The Speaker, Mr Abdulrahman O. Kinana, in the Chair)

The House was called to order

COMMITTEE OF WAYS AND MEANS

THE FINANCIAL STATEMENT AND ESTIMATES OF EXPENDITURE AND REVENUE OF THE EAST AFRICAN COMMUNITY FOR THE FISCAL YEAR 2002/2003

The Speaker: I now call upon the Chairman of the Council of Ministers to table the Budget for the Year 2002/2003.

Chairperson, Council of Ministers of the Community (Mr Jakaya A Mrisho Kikwete) (Ex-Officio, Tanzania): Honourable Speaker, I beg to move that this esteemed Legislative Assembly resolve into a Committee of the whole House to debate and approve the proposals of the Council of Ministers of the East African Community for the budget of East African Community for the Year 2002/2003.

Honourable Speaker, this is an historic moment in the evolution of cooperation and integration in East Africa. It once again demonstrates in practical terms that cooperation has been revived, and that the East African Community is up and running. May I take this opportunity to congratulate you, Hon. Speaker and Honourable Members of this House for being part of this unfolding of history? *(Applause)*

I would like to thank very sincerely the entire peoples of East Africa, and in particular our esteemed leaders for their exemplary leadership. Had it not been for the wise leadership in guidance of His Excellency President Daniel Toroitich arap Moi of Kenya, His Excellency President Yoweri Kaguta Museveni of Uganda and His Excellency President Benjamin William Mkapa of Tanzania, I am not sure if we would have attained so much in so short a time - *(Applause)!*

Honourable Speaker, East Africa is credited with one of the longest experiences in regional cooperation in the world.

The first seeds were sown in 1895 when British colonialists decided to build the Uganda Railway from the port of Mombasa in Kenya. This important infrastructural facility linked not only the two countries, but also the two economies. In the year 1900, another milestone was laid when a customs collection point for Uganda was established at Mombasa Port, thus creating the first Customs Union between Kenya and Uganda. Later in 1922, Tanganyika joined, making it truly an East African Customs Union.

A number of other regional cooperation initiatives were taken after these groundbreaking measures. These included, *inter alia*: the East African Currency Board (1905), the East African Income Tax Board (1940), the East African Railways (1948), the East African Airways (1946) and several others. However, more elaborate regional integration arrangements in East Africa were interwoven under the East African High Commission (1948 - 1961), the East African Common Services Organisation (1961 - 1967) and the former East African Community, which lasted from 1967 to 1977 when it collapsed.

Honourable Speaker, following the demise of the East African Community, the three Partner States agreed to appoint Dr. Victor Umbricht of Switzerland in 1978 to help mediate on the sharing of assets and liabilities of the defunct organisation.

In 1984, a Mediation Agreement was signed between the three Partner States. Upon signing the agreement, the leaders of Kenya, Uganda and Tanzania agreed to explore ways of future cooperation and work out concrete arrangements for such cooperation. Subsequently, in October 1991 in Harare, Zimbabwe, His Excellency President Daniel arap Moi of Kenya, His Excellency President Yoweri Museveni of Uganda and His Excellency Ali Hassan Mwinyi, then President of Tanzania, agreed to revive cooperation in East Africa.

A month later at a special summit held in Nairobi, the three leaders decided to set up a Committee of Foreign Ministers to work out the modalities of cooperation, hence the establishment of the Permanent Tripartite Commission for East African Cooperation in 1993.

In November 1994, at their meeting in Kampala, Uganda, a Protocol Establishing the Secretariat of the Permanent Tripartite Commission for East African Cooperation was signed.

Honourable Speaker, the Secretariat was formally inaugurated on 14 March 1996 at a colourful ceremony held at the Sheikh Amri Abeid Stadium here in Arusha. This date marks the day when work on the revival of cooperation and integration in East Africa actually began in earnest.

Under the able leadership of Ambassador Francis Muthaura, the Executive Secretary and his two deputies, Ambassador Fulgence Kazaura of Tanzania and Dr. Sam Nahamya of Uganda, it did not take long before tangible results began to be registered. Honourable Amana Musega, the Secretary General and his two deputies, Dr. Cheluget and Ambassador Ali Mchumo, are now continuing that good work.

Impressed by the good work and results, the three East African Presidents decided at their Summit held on 29 April 1997 that the co-operation agreement be upgraded to a treaty. Upon receiving that decision, the Tripartite Commission and its Secretariat set out to implement it with speed. A draft was prepared and sent out to East Africans to debate for one whole year. At the conclusion of the popular debate, the three governments sat down to hammer out the final Treaty.

After intense negotiations and consultations, the Treaty Establishing the East African Community was finally agreed and signed on 30 November 1999. By that act, therefore, East Africa had finally retraced its footsteps and embarked once again on the noble course of building integration in our sub-region.

Honourable Speaker, the defunct East African Community was perhaps at the time of its demise the most advanced model of regional integration the world over. I say so not out of a desire for self-aggrandisement on the part of East Africans but that is a statement of fact. When one looks today at what has been achieved or is being done by regional integration organisations that are considered successful, none

compares with what our defunct organisation had actually attained then.

Honourable Speaker, you may wonder why I should invoke the spirits of the dead East African Community. I do so out of legitimate concern to find answers to a legitimate question about why such a successful organisation collapsed so easily as it did in 1977. Also, it is because of the relevance it has to the efforts being expended now by the people of East Africa to revive cooperation and integration. In the first place, the glorious achievements of the former East African Community reminds East Africans that regional cooperation and integration is possible today as it was in the 1920s through to the 1970s. This gives us the requisite confidence that our efforts will ultimately be rewarded positively. Secondly, a discussion on the problems, particularly the causes of collapse enable us to avoid mistakes of the past and, therefore, create a better and sustainable organisation.

Honourable Speaker, a number of factors may have called the death of the former East African Community, but six may stand out to be more significant. These include: -

- i. structural problems of managing the common services;
- ii. lack of adequate compensatory mechanisms to deal with inequities and in sharing the gains and pains of integration;
- iii. serious political differences and animosity between the Partner States in the early 1970s, particularly after the coming into power of Idi Amin in Uganda;
- iv. ideological differences between the Partner States, which was exacerbated by the East-West rivalry at the international level. These had the effect of pulling our countries apart instead of pulling us together;
- v. lack of people's control, ownership and strong voice in the organisation left too much authority in the hands of the government bureaucrats and political leadership within the Partner States;
- vi. the existence in the Partner States of small but powerful elements in the ruling class who were against the existence of the Community and so worked tirelessly using their influence to undermine it to its demise.

Aware of these causes and background, Honourable Speaker, when crafting the new cooperation and integration arrangements great care was taken to ensure that mistakes of the past are avoided and appropriate mechanisms to deal effectively with such problems are put in place. It is in this spirit, therefore, that there are no common services owned jointly by Partner States under the auspices of the Community. The principle here is not to have a Community that is not directly involved in productive, commercial and service provision activities. The idea is to have a Community that plays a facilitation role for the private sector and individual entrepreneurs to perform those functions in a more conducive atmosphere.

Honourable Speaker, it is out of a desire to create a sustainable organisation that the principles of

equity, balance and asymmetry have been underscored and entrenched in the Treaty Establishing the East African Community. There is no way this organisation will be stable or thrive and survive if these principles were ignored.

Honourable Speaker, in our new Community, attempts have been made to give the people of East Africa a voice and greater involvement in the affairs of the organisation from decision making to implementation of regional programmes. The people of East Africa made practical use of that principle during the debate on the draft Treaty establishing the East African Community. Indeed, as a result of that popular participation, the final document was completely different from the original draft.

A place has also formally been carved for people's participation. In this regard, it has been clearly stipulated under Article 127 of the Treaty. According to this provision the Partner States agree to provide an enabling environment for the private sector and the civil society to take full advantage of the Community. To this end, Partner States undertake to formulate a strategy for the development of the private sector and to: -

- i. promote a continuous dialogue with the private sector and civil society at the national level and at the Community to create an improved business environment for the implementation of agreed decisions in all economic sectors; and
- ii. provide opportunities for entrepreneurs to participate actively in improving the policies and activities of the institutions of the Community

that affect them so as to increase their confidence in policy reforms and raise the productivity and lower the costs of the entrepreneurs.

Civil society is encouraged to participate in all organs of the Community, in particular the Coordination Committee and the Council of Ministers. Since the resumption of cooperation and integration in East Africa, a number of civil society organisations, both private and public have been formed. They have been making very useful contribution to the affairs of the Community. Already the East African Business Council has been granted permanent observer status at Council and Summit meetings. Many more will enjoy similar opportunities in future.

Honourable Speaker, the Community strives to reach Civil Society with the relevant information on the basis of which they will define and deepen their positive role in the regional integration process. The Community's information policy aims at involving the public in constant dialogue, reflection and action towards the realization of the mission of regional integration. The raising of awareness about the Community is seen as not only a means to, but also a function of the development objective of the regional organisation, in particular that of empowering the masses of the people in defence of their organisation.

Honourable Speaker, the regional and international political and ideological atmosphere favours the successful regional integration initiative in East Africa. The political and diplomatic relation among the three East African Partner States is excellent. Perhaps there has never been a situation like this before. There are no longer any ideological differences; instead we are

witnessing greater convergence of the economic policies and philosophies in the three states. All are now pursuing policies that favour liberalisation of the economy and greater private sector role in economic management and ownership. All subscribe to the policy of governments playing a facilitative role in economic affairs and concentrating on discharging the traditional functions of the state that is of administration and maintaining law and order. The political and ideological encumbrances of the past are no longer there.

At the international level, the East - West power, economic and ideological rivalry is a phenomenon of the past. The cold war, which tended to divide us and, therefore, pull our countries apart is over. The world today is very supportive of regional cooperation and integration initiatives like ours. So, the world situation is both permissive and supportive of our efforts.

In this case, therefore, from the ideological point of view, there is no hindrance for success. What remains now is how we play our cards in the actual architecture of our organisation so that we have a viable and sustainable organisation.

The responsibility lies squarely in the hands of the people of East Africa, including its leadership among whom the distinguished East African Parliamentarians are an integral part. We should be steadfast and avoid complacency because we have only travelled the shortest distance so far in this long and difficult road towards the ultimate goal. It requires perseverance, forthrightness and selflessness to reach there safely and successfully. I have no doubt that Members of this House will rise to the occasion and live up to the

expectations of the people of East Africa.

Honourable Speaker, despite the problems of infancy and inadequate availability of financial resources, significant progress has been made since the revival of the process of cooperation and integration six years ago. In the political-diplomatic field, for example, a Memorandum of Understanding on Foreign Policy Coordination has been signed and its implementation is well underway. The three countries, in particular the Foreign Ministries and Embassies work together in closer cooperation and coordination in international fora. Our embassies abroad have been directed to work together to promote the political and economic interests of the Community and the three Partner States.

In this regard, some embassies have been doing joint promotion and marketing of East Africa as a destination for trade, tourism and investment. They have been doing a lot to educate and sensitise our international development partners and financial institutions over the East African Community and its programmes and projects.

Indeed, it is through this coordinated effort that the EAC is already a household name in international circles and corridors of political and economic power. Support to the Community is already flowing. We have made considerable progress in cooperation in the areas of defence and security. The security forces of our three Partner States have been coordinating and working together in combating cross-border and international crime. Things are working well to the extent that no criminal from one country can find a safe haven in another. Joint operations

to combat crime along our common borders are being conducted regularly when necessary - *(Applause)*.

Honourable Speaker, perhaps military cooperation is the most significant achievement in security cooperation. A Defence Liaison Office manned by senior officers from the defence forces of our three Partner States has been established at the Community Headquarters. A Memorandum of Understanding on Defence Cooperation signed by our three Presidents is already in place. Its implementation is well on course.

I said a moment ago that one of the essences of cooperation is to enhance our productive capacity. One essential element in this regard is availability of good quality infrastructure facilities like roads, railways, air-transport, energy, telecommunications as well as other economic services. In this regard, our organisation has made infrastructure development a priority matter. A number of programmes and projects have been initiated and implementation is at different stages of development. On the whole, there is good progress on the roads, civil aviation, energy and telecommunications, posts and inland waterways transport.

Honourable Speaker, as we all know, economic cooperation is the overriding essence of cooperation and integration in East Africa. In this area too, steady progress has been made. Commendable progress has been made in the area of harmonisation of fiscal and monetary policies. Finance Ministers' pre and post-budget consultations have been institutionalized. The Finance Ministers of the three Partner States read their budgets on the same day and at same time. They meet before and

after their budget to share information on budget, tax, trade and economic performance. The three countries are now convertible in our respective states, banking rules and regulations have been harmonised. There is good progress in the development of a macro economic frame for the region. There is also harmonisation of policies and trading practices and regulations in three Stock Exchanges under the auspices of the East African Securities Regulatory Authority.

Honourable Speaker, in the area of trade, industry, investment and tourism, cooperation is steadily making progress. There has been significant reduction in tariff and non-tariff barriers for trade in East Africa. Kenya has reduced tariffs for goods from Tanzania and Uganda by 90 per cent, while Uganda and Tanzania have reduced tariff for goods from Kenya by 80 per cent. This is very much in keeping with the principle of asymmetry. There has been good progress in the removal of non-tariff barriers except for a few areas. I am confident the outstanding difficulties will be resolved soon using our traditional wisdom of consultations - *(Applause)*.

Since revival of cooperation six years ago, Honourable Speaker, industrialisation has been underscored as a priority goal of our regional integration. For this reason, a study on an East African Industrial Development Strategy was commissioned. Its completion is being anxiously awaited so that our countries embark on comprehensive industrialisation. Meanwhile, harmonisation of standards and specifications of goods and services has been going on well. So far 207 standards have been harmonised out of which 91 have been adopted and

notified to the World Trade Organization – *(Applause)*.

Honourable Speaker, making East Africa one investment and tourism destination is one of the important objectives of the East African Community. An East African Association of Investment Promotion Agencies has been established to coordinate investment promotion in the region. Our three countries have been doing a lot of joint investment promotion. Work on standardisation and harmonisation of investment policies and incentives is underway. Co-operation in tourism is growing steadily. The East African Tourist Council has already been established. There is close cooperation and coordination in training personnel for the tourism industry. Given the potential for growth and important contribution to national development by tourism, a study in the development of regional tourism in East Africa was commissioned. The first phase of the study has been finalised.

Honourable Speaker, as we all know, agriculture is the backbone of the economies of the three Partner States of the East African Community. The Community considers its improvement and increased productivity as very crucial to the overall development of our region. To properly guide its development, the East African Community has commissioned a study on a comprehensive East African Agricultural and Rural Development Strategy. We expect the study to be concluded soon, and appropriate decision and action to be taken soon thereafter - *(Applause)*.

Honourable Speaker, there has been considerable cooperation in the social sectors as well, such as in education, health, gender, and development of

science and technology. Cooperation continues to widen and deepen. .

In education, the Inter-University Council is being revitalised and positive results are being seen. The Council has already secured from the Ford Foundation a grant of 28 scholarships very year for a period of ten years for East African boys and girls. The Council is also working on harmonisation of student admission into universities, as well as tuition and scholarships. As regards primary, secondary and tertiary education, there is understanding on harmonisation of curricula and examination in East Africa.

As regards health services, our three countries are working very closely together to ensure a healthy East African population. Regional programmes for control of cholera, yellow fever and HIV/AIDS are being developed. There are already mechanisms and fora for exchange of information and experience among the health and medical practitioners in East Africa. Development of a regional Gender and Community Development Strategy and Programme is well underway.

Honourable Speaker, it has already been agreed that the Lake Victoria and its basin is an important East African resource which is worth developing for our mutual benefit. We have already agreed on a need to develop a strategy for sustainable development of the region as well as the coordination of the numerous initiatives and several aspects now ongoing in the area.

I am glad to acknowledge that implementation of the Regional Strategy and Action Plan for the Control of Water Hyacinth and Other Evasive Weeds is going on well. I

would also like to use this opportunity to welcome the ongoing study on the Economic Potentials and Constraints to the Development of Lake Victoria and its Basin as an Economic Growth Zone. There is nothing East African than the Lake Victoria. I thank all the donors for their support - *(Applause)*.

We are trying to establish a Community for the people of East Africa. It is important, therefore, that movement of people across borders is made easy, smooth and quick. To facilitate that, a number of initiatives were taken, including the introduction of common travel documents such as the East African Passport and the Interstate Pass. So far the Interstate Pass has not become operational for bureaucratic reasons that need to be overcome soon. We also agreed to establish counters for East Africans at all entry points. It is encouraging to note that this has been implemented although efficiency in handling travellers needs to be improved.

Honourable Speaker, during the shaping of both the Agreement for the Permanent Tripartite Commission and the Treaty for the East African Community, it was agreed that cooperation and integration will be attained on a phased approach. It was against this background that we started with cooperation arrangements, and later decided to proceed to integration. It was agreed that the entry point to integration in East Africa is going to be the Customs Union. This means two things: In the first place it entails removal of tariffs for all goods originated in the Partner States that meet the agreed rule of origin conditionality and, secondly, it involves the erection of a common external tariff for all goods originating from outside the region.

Honourable Speaker, work on the Draft Protocol on the East African Customs Union is ongoing. A number of areas of consensus have been identified as well as areas of divergence. Partner States are still consulting and, hopefully, if all goes well by June 2002 we may have the final draft - *(Applause)*.

Honourable Speaker, according to the phased approach, after the Customs Union we move on to the Common Market and later the Monetary Union. The political federation is envisaged as the ultimate stage or the ultimate goal. I know, however, that there are strong voices that favour a political federation now; just like what the late Kwame Nkrumah said, "Seek ye the political kingdom first and everything will be added unto it". The feasibility and choice of taking that step is again a matter for East Africans to decide.

Honourable Speaker, We all know very well that the primary aim of regional integration in East Africa is to widen and deepen co-operation amongst the Partner States. Integration is seen as an all-encompassing commitment, involving co-operation in practically all spheres of life. These include political, economic, social and cultural fields, research, technology and skills development, defence, security and legal and judicial affairs for the shared benefit of the inhabitants of the Partner States.

Essentially regional integration is about the Partner States' undertaking to pool their resources together for their mutual benefit. The objectives are threefold: Firstly, to help build and increase capacity to develop together the economies of our three countries, secondly; to build and enhance our capacity to face the challenges of globalisation and international

competitiveness from a position of strength; and thirdly, to build the capacity to deal with internal and regional challenges of a political and security nature.

Honourable Speaker, the purpose of co-operation in this competitive and globalised world is to seek and sustain survival. The critical question of survival necessitates: -

- i. the creation of large markets;
- ii. the creation of a common investment area;
- iii. the forging of clout for an effective voice and influence in regional and international fora such as the World Trade Organisation (WTO) and donors' consultative meetings; and
- iv. the establishment of major building blocks and sustainable nuclei for regional integration under the African Union.

Honourable Speaker, large markets will help us to attract meaningful foreign and domestic investment. We also need to try industrialising in order to regain our identity and get off the beggars' list. As President Benjamin Mkapa said during the Great Lakes Symposium held in Kampala last month, *"The way things are going, we in Africa will soon have no image beyond geography, no identity beyond colour and no sovereignty except flags. Worse still we will end up competing to do the masters' urging in the neighbourhood"*.

In seeking to reinforce its position in the world markets, the Community appreciates the imperative of implementing regional co-operation

programmes, which are consistent with building a strong supply capacity. Achievements already made by the Community are quite encouraging in the confidence building and harmonisation of Partner States' policies in the priority sectors. This is leading to convergence of macroeconomic policies, identification and implementation of regional infrastructure projects as well as co-operation in research, human resource and science and technology development, preparations for the establishment of a customs union and ultimately the Common Market for the East Africa.

The promotion of a common competitive policy for the Community and the current privatization of regional infrastructure projects in roads, railways, telecommunications and energy are among the measures being taken in the context of realizing the region's competitiveness.

Honourable Speaker, it is recognised that regional integration and development in East Africa will require the mobilisation of vast resources both within and outside the region. Despite its enormous potential, initially the region alone cannot raise effective levels of resources to meet the huge and highly capital-intensive investments required. Hence the need to co-operate with the international community for critical output in the regional integration programmes.

Over the years, the Community has laid a strong foundation for strategic partnership with the rest of the world and benefited from the technical and financial assistance from foreign countries such as Finland and France, and from a large number of international aid and development agencies including the World Bank,

European Union, European Investment Bank, African Development Bank, Swedish International Development Co-operation Agency (SIDA), United Nations Economic Commission for Africa, German Agency for Technical Co-operation (GTZ), the International Labour Organisation (ILO), the Austrian Development Co-operation Bureau, East African Development Bank (ADB), United Kingdom Department for International Development (DFID), Norwegian Agency for Development (NORAD), the Commonwealth Secretariat, the Danish International Development Agency (DANIDA), the Association of Western Europe Parliamentarians (AWEPA) and UNIFEM.

Honourable Speaker, the Community aims at establishing a common ground and good relations with the development partners. This is in order to ensure that its engagement with the donors is constructive and builds internal capacity. It also becomes necessary to put in place an independently minded authority within the Community to implement designated regional projects. In this respect, the role of the East African Development Bank in financing regional projects will be strengthened, especially with regard to small and medium scale enterprises.

During the last financial year, the Community enhanced collaboration with the development partners and other interest groups significantly grew. Visiting delegations included those from the International Monetary Fund (IMF), the World Bank, the European Union, COMESA, the African Development Bank, Norway, Finland, Germany, France, India, Pakistan and the United States. There were positive indications of heightened readiness of the development partners

to support the regional integration and development efforts. The Community also facilitated the holding of a preparatory meeting for the Third Mini Golden Spear Symposium on disaster preparedness.

Honourable Speaker, allow me now to devote the rest of my speech to the issues of the Budget of the Community for the Financial Year 2002/2003. The Treaty for the Establishment of the East African Community provides, in Article 132(2), that:

“A Budget for the Community for each financial year shall be prepared by the Secretary General for consideration by the Council and approval by the Assembly”.

The Treaty also provides in its Article 49(2) that the Legislative Assembly shall, among its other functions, "debate and approve the Budget of the Community". Accordingly the Budget of the East African Community for the Financial Year 2002/2003 has been prepared by the Secretary General and considered by the Council of Ministers at its Second Extraordinary Meeting held on 7 April 2002 here at Arusha. It is now being presented before this House for debate and approval.

Honourable Speaker, over the past six years, there was generally a gradual increase, and on two occasions, a decrease in the Budget reflecting the even development of the mandate of the Secretariat in accordance with the First East African Co-operation Development Strategy 1997 –2000. You will further note the big leap in the Budget of the regional organisation reflected in the 108% increase for the Financial Year 2001/ 2002. This was necessitated by the inauguration of the East African Court of Justice and the East African Legislative Assembly in

November 2001, and the consolidation of the Defence Liaison budget into the Secretariat's Budget. But these major developments in the evolution of the East African Community also necessitated the recourse for the first time to supplementary estimates for the Budget of the East African Community, which was well catered for by the Partner States through contributions.

Honourable Speaker, an outstanding feature in the performance of the Budget in Financial Year 2001/2002 was the continued delay in the remittance of funds by Partner States. This has become a problem, which needs to be addressed in order to ensure a smooth implementation of projects and programmes earmarked for completion during the year under consideration.

To date, for example, funds remitted by the Partner States total to US\$ 1,905,954 against the total expected contribution of US\$ 4,961,163 Budgeted for the Financial Year 2001/2002, leaving a balance of US\$ 3,055,209, which has yet to be remitted. In percentage terms, only 38% has been paid to date. The need for timely contribution cannot be over emphasized, especially since the Community has to utilise resources to achieve its goals and objectives as set out in the Treaty for the Establishment of the East African Community.

Honourable Speaker, it is expected that expenditure for Financial Year 2001/2002 will be kept within the budgeted allocations, save for some few votes which are expected to go overboard by the end of the Financial Year 2001/2002. These votes include:

- i. travel and subsistence vote in respect of all the organs of the Community;
- ii. the domestic help and security services vote in the Secretariat's budget;
- iii. settlement of allowance and the office-remodelling vote in the Budgets of the East African Court of Justice and East African Legislative Assembly; and
- iv. the financial expense vote in the Legislative Assembly Budget.

Honourable Speaker, at a later stage the Council of Ministers will present to this House a request to approve a total reallocation of US\$ 249,390 for that purpose.

Honourable Speaker, the Budget of the East African Community for the Financial Year 2002/2003 takes note of the growth and expansion of the mandate of this regional organization over the years to its present posture. This Development has necessitated increase in both qualitative and quantitative terms of the human and other resources for this regional organisation. The need to implement the second East African Community Development Strategy (2001-2005) effectively, and, in particular the launching of the full operations of all the organs of the Community including the Assembly and the Court of Justice.

The study on the organisational structure, terms and conditions of service in the Community is yet to be finalized in relation to the Secretariat, the East African Legislative Assembly and the East African Court of Justice. The conclusion and approval of the

recommendations of the study is expected to raise requirements of additional resources, taking into account the need to improve the terms and conditions of service in the Community in line with those of similar international organizations. At the appropriate time we will again seek the approval of this House for a Supplementary Budget. I hope you will understand and bear with us.

Honourable Speaker, the key areas of focus for implementation during the Financial Year 2002/2003 include the following:

- i. the effective operationalisation of the Legislative Assembly and the Court of Justice;
- ii. the conclusion, signing and coming into force of the Protocol of the Establishment of the Customs Union;
- iii. the conduct of a study on the establishment of a common foreign policy;
- iv. the continued pursuit of programmes in macroeconomic policy harmonisation, trade liberalization and development, enhancement of supply capacities in productive and service areas, development of areas of common economic interest such as the Lake Victoria basin, development of the infrastructure and supportive services, development of human resources, science and technology, and strengthening of political and legal frameworks and other projects and programmes as articulated under the Strategy;

- v. the promotion of private sector and civil society participation in the integration process;
- vi. the strengthening of the capacity of the Secretariat as the principal executing organ of the Community;
- vii. the strengthening of relations with the Community's development partners; and
- viii. the continued interaction with other regional and international organizations for purposes of fostering cooperative arrangements and avoiding unnecessary overlaps in matters of common interest.

It is assumed, Honourable Speaker, that:

- i. Partner States will honour their obligations to pay their respective contributions including their areas;
- ii. The rates of exchange taken into consideration while preparing the budget are as follows:
 - 1 US\$ equivalent to Tshs. 900
 - 1 US\$ equivalent to Kshs. 78
 - 1 US\$ equivalent to Ushs. 1,700
 - 1 US\$ equivalent to EU 1.15
- iii. There will be no major turnover of staff that will attract huge payment of settlement allowance;
- iv. Inflation will not exceed 2 percent (Since the Budget is in US\$), hence no provision for steep inflation;

- v. The Agreement between East African Community and Swedish International Development Agency (SIDA Sweden) that was fully funding the emoluments payable to the Lake Victoria Programme Officer expires in June 2002. This explains the inclusion of the emoluments payable to the Lake Victoria Programme Officer into the Secretariat's Budget:
- vi. The Commonwealth Secretariat will fund the emoluments payable to one Legal Officer to be availed by the Commonwealth Secretariat by 50 percent. Provision has been made for funding the balance from the Secretariat's budget;
- vii. The maximum number of sitting days provided for Assembly's sittings and Committee sittings will be 60 days covering four sessions;
- viii. The maximum number of sitting days provided for four Court sessions will be 30 days;
- ix. The Budget of Special Funds will be based on the expected resources from development partners in support of technical studies, technical know-how and facilitating workshops, seminars on East African Community programmes.

Honourable Speaker, the Budget of East African Community for the Financial Year 2002/2003 incorporates estimates for the various organs/institutions of the Community: the Budget of the East African Community Secretariat; the Budget of the Defence Liaison Office; the Budget

of the East African Court of Justice; the Budget of the East African Legislative Assembly.

Honourable Speaker, on the overall budget for the Financial Year 2002/2003, there is an increase of 5% from that of the Financial year 2001/2003 brought about by a 3% decrease of the Secretariat's Budget (inclusive of the Defence Liaison Office), 17 per cent decrease of the Court of Justice's budget, and an increase of 31 percent on the Legislative Assembly's budget. A 3 percent decrease in the Secretariat's budget is brought about by a decrease of capital expenditure, which has gone down by 56 percent and the consultancy vote by 30 percent. A 17 percent decrease in the Court of Justice's budget is a resultant of a 94 percent reduction in the capital expenditure and an increase of 58 percent on administrative costs. A 31 percent increase in the Legislative Assembly's budget is mostly brought about by an increase in administrative and finance costs by 93 percent and a reduction of capital expenditure by 72 percent.

Honourable Speaker, this policy review and presentation of the budget as considered by the Council, the Council of Ministers recommends to the East African Legislative Assembly to debate and approve the Budget of the East African Community for the Financial Year 2002/2003 of a total amount of US\$ 5,249,301, made up as follows: -

- i. Allocation to the East African Community Secretariat of US\$ 2,879,731 in respect of which each Partner State's contribution will be US\$ 954,030 and the balance of US\$ 17,640 will be financed

through sale of goods and services and miscellaneous income;

- ii. Allocation to the East African Community Defence Liaison Office of US\$ 258,550 of which each Partner State is expected to contribute US\$ 86,183;
- iii. Allocation to the East African Court of Justice of US\$ 364,660 in respect of which each Partner States' contribution will be US\$ 121,553; and
- iv. Allocation to the East African Legislative Assembly of US\$ 1,746,360 in respect of which each Partner State's contribution will be US\$ 582,120.

Honourable Speaker, the approval of the proposed US\$ 5,249,301 Budget for the Financial Year 2002/2003 by the East African Legislative Assembly will be another milestone in the implementation of the Treaty for the Establishment of the East African Community. The Budget takes into account both the source of funding as well as the growth and expansion of the mandate of the East African Community, a regional organisation whose objective is to widen and deepen socio-economic-political co-operation in order to exploit the region's existing potentials for the mutual benefit of the East African Community Partner States.

Developments within the East African Community have necessitated increase both qualitatively and quantitatively in terms of the East African Community organs, human and physical resources requirements. The need, therefore, to

implement the Treaty through the East African Community Second Development Strategy (2001 -2005) is the main objective of the proposed Budget.

Honourable Speaker, before I conclude let me take this opportunity to thank Hon. Nuwe Amanyamba Mushega, Secretary General, his two deputies and all staff of the Community for the good work they have been doing, and also in preparing this Budget - *(Applause)*.

Honourable Speaker, I beg to move - *(Applause)*.

The Speaker: I wish to propose the question, which is that the Financial Statement and the Estimates of Expenditure of the Budget of the East African Community for the fiscal year 2002/2003 be approved.

(Question put and agreed to)

ADJOURNMENT

The Speaker: I now intend to adjourn the House. But before I adjourn I have two announcements to make. One, I wish to recognize the presence of the Members of the East African Court of Justice, there are some Justices who have attended this session - *(Applause)*. I wish to extend our appreciation to you for being able to find time to be present in this important inaugural session.

I also wish to recognize the presence of the Lord Mayor of Arusha - *(Applause)*.

Secondly, I would like to remind the Members of the Assembly that as you have received your cards, you are all invited today to a welcome dinner by

the Regional Commissioner of Arusha,
and I kindly request you to be formal.

I now adjourn the House until
tomorrow morning 9.00 O'clock.

*(The Assembly rose at 5.05 p.m. and
adjourned until Friday, 3 May 2002 at
9.00 a.m.)*