



## **EAST AFRICAN COMMUNITY**

---

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

Official Report of the Proceedings of the East African Legislative Assembly

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

**Wednesday, 3 December 2008**

*The East African Legislative Assembly met at 2.30 p.m. in the Chamber of the Parliament of the Republic of Uganda*

#### **PRAYER**

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

*The Assembly was called to order.*

---

#### **MOTION**

**FOR THE CONSIDERATION AND ADOPTION OF THE REPORT OF THE ACCOUNTS COMMITTEE ON THE AUDITED ACCOUNTS OF THE EAST AFRICAN COMMUNITY FOR THE YEAR ENDED 30<sup>TH</sup> JUNE 2007**

*(Motion moved by the Chairperson of the Accounts Committee (Mr Christopher Nakuleu) on Tuesday, 2 December 2008)*

*(Debate interrupted on 2 December 2008, resumed)*

**Mr. Augustine Lotodo (Kenya):** Thank you, Mr. Speaker. First and foremost, I want to thank the Committee on Accounts for a job well done. However, before the Committee laid its report on the Table, we heard the address of the Speaker of the Parliament of Uganda, who made very good news when he said that EALA had been accorded an observer status in the Inter-Parliamentary Union. I believe that is a very good move because the Inter-Parliamentary Union discusses current world issues whereby all Parliamentarians get to understand the situations happening all over the world. Since we

are also legislators, it is important that we are part and parcel of what is happening world-wide. So, I want to thank the Speaker for the efforts in that direction.

**The Speaker:** Honourable Lotodo, I would like to correct you that it is actually the African Parliamentary Union (APU) that Mr. Speaker referred to.

**Mr. Lotodo:** Indeed, it is the African Parliamentary Union; I stand corrected, Mr. Speaker, sir. I thank you.

Mr. Speaker, the European Union tends to negotiate with the African Union on several issues concerning Africa, but what I do not know is whether there is a clear linkage between what we are doing at the EAC and what the African Union does. It is my concern that such a linkage is necessary. As Parliamentarians we now have a linkage, but I do not know whether the East African Community has a proper linkage with the African Union. We know that the African Union deals with individual countries, but since the EALA exists, we need to have that linkage, not only with the AU, but also with other regional groups like ECOWAS, SADC and others.

On the report of the Committee on Accounts, I have noted that in its recommendations on page 10, the Committee proposes that each organ of the Community should have an internal audit unit. Basically, I think this is good, however, I would like to suggest that we should have a centralised auditing authority, which can audit, not only the Secretariat but also the Legislative Assembly and the Court. This is because having several internal audit committees might not be effective. It is good for us to have an institution that runs it. If you look at the European Union, for example, it has the European Court of Auditors that audits all the organs. So, it is good for it to be centralised.

Mr. Speaker, sir, on page 21, the Committee notes that there is “none opening of specific accounts for MERCEP by IUCN.” I remember some time back we were told that the Secretariat had over 26 accounts, and that they were thinking of reducing the number of the accounts. But now, if the Committee is proposing the creation of more accounts, I don’t know how manageable it will be for the finances of the Community: On the one hand, we are trying to reduce the number of accounts run by the Secretariat for the sake of transparency and yet on the other hand the Committee is thinking of opening more accounts! So, I am confused as to which direction we are going to take because we want to make it leaner and easier to understand.

Mr. Speaker, sir, there is a typing error on page 35 where the Committee is talking about motor vehicle running expenses. It reads: “The Audit Commission reported that motor vehicle running expenses increased from US\$10,643 for the Financial Year 2005/2006 to US\$6012 for the Financial Year 2006/2007, an increase of US\$5369. But basically, that is not an increase. So, I noted that error.

Otherwise, I want to say that the report was well written and well intentioned. The point that comes out in the recommendations is that we need to utilise the funds because we have realised that the funds that are given to the Secretariat are not utilised fully, and at

the end of the financial year, some of it ends up being returned. We need to see how the funds that are given to the Secretariat are utilised. We also have to appreciate the fact that there is delay by the Partner States in remitting the money. I thank you. (*Applause*)

**Ms. Margaret Zziwa (Uganda):** Thank you very much, Mr. Speaker, sir. I am a Member of this Committee, but allow me to raise one or two very important concerns to the House.

I want to express my concern- and I think the distinguished concern of this House- over the continued absence of the Secretary-General from the House. I will note, again, that the Secretary-General was also absent during our last meeting in Rwanda. We adopted very important resolutions in that meeting, Mr Speaker, and considering that the Secretary-General heads the implementing arm of the East African Community, his absence is therefore a very big disservice to this august House – (*Applause*).

If you take the importance of this report, considering that these are the audited accounts of the East African Community, it would even have been more important for the Secretary-General to be here. I don't know who should mobilise him – I can see the Counsel to the Community looking at me; I don't know whether he is suggesting that he wants to represent the Secretary-General, but I know that he is here in his own right as the Counsel to the Community. So, I want to humbly request the Secretary-General to, at least, make an explanation for his continued absence from this august House – (*Applause*).

Mr. Speaker, this report has raised very serious observations on, among other things, un-retired imprest. We lamented about this matter in the Committee, and it has been expressed in the report. I think it would have been good for the Secretary-General to note. Usually, issues of un-retired imprest concern people who may not have any management skills, so we would not expect such mischief to exist at the level of the Secretariat, where we have highly professional people. Then there is also the issue of unaccounted funds, which we would also not expect in such an organ of a regional body.

Mr Speaker, there is also the issue of the float: The Committee found this issue very embarrassing, because it looked as though we had surplus funds, yet it was not case. What we found to be very important was the fact that when there are needs which the Secretariat feels are dear to it, other than to any other organ of the EAC, this float can be accessed. So, how are the priorities of accessing the float determined? Who determines them? This shows that there is some discrimination of some degree in the Secretariat!

When the EALA requires more funds for Committee work, we are told that there is no money, but when in the middle of the financial year there are improvements in the emoluments of the staff of the EAC, money is found. We are concerned; we feel that there is very unfair treatment and high discrimination in the Secretariat with regard to the other organs of the Community.

Mr. Speaker, sir, it has been observed in the report that there is poor planning. What has happened to the Strategic Development Plan 2006-10? If it is in place and operational, why do we have poor planning, such that we end up undertaking only 68 per cent of our intended activities? What does that show? Doesn't it show lack of capacity? I don't want to append it to individuals, but I think the Secretary-General has to sit with his team to find out what exactly is the problem.

Mr. Speaker, other revelations in the report require an appropriate time. If you look at the issue of accounts being mixed up, for instance the ACBF accounts being mixed up with the EAC accounts, some of those are grave challenges. There was a recommendation in the previous report, but in the current report the same error has been repeated. It shows that some of the recommendations we make are not taken seriously. That is why I would have loved for His Excellency, Ambassador Juma Mwapachu to be here to hear our concerns. It will be very embarrassing to find in the next audited accounts that these corrections have not been made.

Mr. Speaker, when the Audit Commission observes that the way the accounts are done in the EAC Secretariat does not conform to the international standards of accounting, I think that is very worrying. I deliberately extracted these points to highlight them. And since the Secretary-General is not here, I think the technical members of staff who are here should take serious note of them. I hope we will not see these very mistakes repeated, come the next report on the audited accounts.

Mr Speaker, when we are told that there is over-expenditure; of course that is the biggest crime in the management of public accounts. An over-expenditure of 6.2 per cent; what does that show? Where did the money come from? That is a very important question. We would like answers to some of these questions.

Mr. Speaker, when the Deputy Secretary-General in charge of Finance and Administration appeared before the Committee, and he was able to answer some of these questions, but still, the mischief remains. So, it is in that breath that I continue to implore the Secretary-General, because he is in charge, to make sure that all his departments are brought to book and some of these very glaring mistakes are addressed. Otherwise, a regional body should not commit mistakes which even CSOs cannot commit. So, we need to reflect on and portray who we are. I thank you, Mr Speaker – (*Applause*).

**Mr. Clarkson Karan (Kenya):** Thank you, Mr. Speaker, for giving me this opportunity to add my voice to the debate. I want to declare that I am a Member of this Committee, and I fully support the recommendations of the Committee. But before I raise one or two issues, let me also take this opportunity to thank the Parliament of Uganda for enabling us to meet in their Chambers. For us Members of the Committee on Accounts, we have been here for the last two weeks, and I must say that we have been well treated by the Parliament of Uganda.

Mr. Speaker, I also take this early opportunity to commend the Secretariat for their effort to comment on the questions raised by the Audit Commission. There is an improvement

from what we saw the last time. If there is an improvement, we must commend them for it, however small, but is it an improvement enough for the institution of the EAC? So they must do much more.

Mr Speaker, there are issues, which I must raise, that concern the manner in which the Secretariat is managing the affairs of the East African Community. The Lake Victoria Basin Commission is an institution of the EAC, and when it was planned that it should move to Kisumu, there was an impression that they were fully prepared for this move. But what transpired indicates that this institution moved to Kisumu without any preparation at all. This is an institution where one member of staff is the cashier, the accounts clerk, the accountant, and literally does everything to do with money. You need to be angel to work in the LVBC without running into any problems – (*Laughter*) - because if I am the one passing the voucher, paying the voucher, having the change, writing the books and I write the books for other institutions...I don't expect that an institution of the EAC should operate in that manner! It was a clear indication that this institution moved to Kisumu without any preparation.

We also learnt that this is the only institution with only three members in the tender committee; they handle all the things to do with the tenders. So, the members report to each other in every committee. I have never heard of any institution that operates like that and, moreover, it is embarrassing to say that an institution of the EAC operates in such a manner. The reason being advanced for this state of affairs is lack of staff, but you will remember that there was a period when the Secretariat put a halt on recruitment of staff. How do you start an institution, and you do not give it staff? Now, they will want to operate, they will want to interact with the donors, but they do not have staff! I don't know if there is any donor who would touch an institution where one staff operates from accounts clerk, to the cabin to pay as a cashier, then she sits down to write the books; and this is an institution of the EAC? It is quite embarrassing, and that is something that should not come up. If there was a way of sealing that type of revelation, they should have done it because this report will really highlight serious weaknesses on the management of the affairs of the EAC.

Mr. Speaker, let me also comment on the EAC headquarters. The EAC headquarters was supposed to have been in place one year ago, but the reason being assigned for the delay is that Rwanda and Burundi joined the Community. I have never known an institution that puts up a building where if two people decide to enter that building, then they must go back to do the planning because the two people will not have anywhere to sit. It is ridiculous!

Mr. Speaker, let me also take this opportunity to thank His Excellency the President of the Republic of Kenya, the hon. Mwai Kibaki, because he knew and underscored the importance of this organ of the Community. When we had our Session in Kenya, he got time to meet the Members of the EALA. Let me further say that when we went to Rwanda, His Excellency President Paul Kagame saw the importance of this organ and arranged to meet us. Let me also thank His Excellency, President Yoweri Museveni who, in our last Session in this country, found it fit to host us at the State House. Even in this

Session, we are going to his real home. He understands the importance of this organ of the Community. Why do we have to build the headquarters of the Community in a country where we have sat for two years and we have never even seen the head of State? (*Applause*) This is an indication that there is no serious attachment to the organs of the EAC! We had expected that by now, the President of the United Republic of Tanzania would have had time to meet the Members of EALA, because this is the host country. It may look a small matter, but it is a sense of acceptance to the Members.

The Assembly wishes to have an opportunity to interact with the Heads of State of the Partner States because those are the people who form the Summit, which is the highest decision-making organ in the Community. Now, we are building our headquarters in Tanzania, we have been there for two years and we have never got an opportunity to meet the Head of that State. I think it looks small but it sends some message.

Mr. Speaker, let me talk on the issue of the float. When you check on the accounts of the EAC this thing called the “float” is not being reflected as a vote line. The Audit Commission commented that it had not been operationalised, but the Secretariat has a way of reaching it when they want to reach the funds which are there. If you are given the books of accounts of the EAC, you will never come across a vote head that is known as the “float”. I have never known accounting of that nature. If they want they should create a vote line on that particular fund so that we know there exists a fund that we can resort to when there are problems. Let it be on the table. If the Audit Commission has commented that this float has not been operationalised, it means that they do not know what it is and therefore they cannot audit it. Perhaps it is money which is somewhere, which only the Secretariat can reach when they want. And we saw how they reached it one time when the Secretariat wanted to increase the salary of the staff.

I remember a time when the legislators were talking about issues to do with money for the Assembly, and they were told that there was no money, but the Secretariat quietly reached that money to be able to satisfy the need of the staff of EAC! And you know this thing come out when we found that the LVBC did not adjust its budget; it was shown as over-expenditure. So when explanation was being given, we were told that that was money removed from the float to be able to pay the salaries, but that LVBC did not adjust its budget. If you want to steal quietly...in the Bible it is said that a thief has only 40 days, and one time it will come out that there is somewhere where you are dipping your hands to get money. We want a decision to be made by the Secretariat to see how they can treat this money which they call the float funds, which is money received late from the Partner States, so that it can be used by all organs when there is need for money with the knowledge of the entire East African Community.

Mr. Speaker, let me conclude by saying this: it is important that the programmes planned for EAC are implemented, but there is a serious disease that is going to affect the Community, and that is late remittances from Partner States. When this money is received towards the end of the year, it creates the impression of an institution that is not capable of utilising the funds available, yet it is because these funds cannot be used because they are received late. We would request the Partner States, because we believe they are

committed to the cause of the EAC, to try to send funds to the Community within reasonable time so that the programmes can be implemented. Programmes planned for each particular year that are not implemented for the simple fact that funds were received late affects the operations of the EAC, and we cannot assess the activities of the Community to be able to determine value for money in terms of those programmes which have not been implemented.

The other issue which should be sorted out, because when it comes up for discussion it brings bad blood between the Members, is the effective date Rwanda and Burundi joined the EAC; the effective date for their remittances. The explanation we get is not very clear, and when we now want to discuss this subject, the Members of those Partner States feel slighted perhaps because they don't have the information. So, we want this declaration; when did Rwanda and Burundi join the EAC? When is their effective date for remittances, so that we don't blame those Partner States unfairly?

With those remarks, I fully support the Motion, and congratulate my Chairman for the manner in which he conducted the meetings. He is a very able Chairman. (*Applause*)

**Dr. Didas Masaburi (Tanzania):** Hon. Speaker, I would like to first declare that I am a Member of the Committee on Accounts, but I have a certain concern, which I would like to share with my colleagues here. It is in regard to the utilisation of the funds allocated from the Partner States.

According to the Audit Commission's report, the money received was about 68 per cent, and the utilisation was also around that figure, but the statement of purpose indicates that the EAC Secretariat achieved most of the activities which they planned and there were no shortfalls. That, to me, implies that the budget was inflated; that the money which was estimated was on the higher side, and that is why they managed to implement most of the programmes without being affected by the money which was received. To this end, it implies -and because we are now in the process of preparing the budget- that those people at the cost centres are planning on having more money, thereby implying an artificial shortage of cash. That is why even the Committees of this House cannot sit, because they have money which is tied up within the inflated budget and cannot be utilised. It seems, according to this report, that even the money that was received from the Partner States was not used 100 per cent. That also supports my argument.

Therefore, I have a proposal here that based on these facts, we should amend this report on page 18 where we are directing the Secretariat that: *"The Committee should recommend to the Assembly to recommend that in order to get a comprehensive picture of where the problem exists."* I recommend that the Secretariat should prepare a supplementary report on the utilisation of the budget so that we can see effectively which activities were left out, and if all the activities were implemented, then that would give us a clear picture whether there was over-estimation or inflation of the budget figures, which would assist us in planning for this year to ensure that there is no over-budgeting and that

the money is well-balanced so that the all the organs get access the Community resources equitably. That is my proposal. I thank you, Mr Speaker. (*Applause*)

**Ms. Lydia Wanyoto-Mutende (Uganda):** Hon. Speaker, I would like, from the onset, to say I support the Motion moved by my brother, hon. Nakuleu, the Chairperson of the Committee on Accounts. I would like to commend the work of the Committee. I have read the report, probably not in detail as the Committee did, but at least I have an idea of their detailed work, and I would like to congratulate them for a job well done. (*Applause*)

Mr. Speaker, before I raise three critical issues that I would like to contribute on, on this particular Motion, I would like to welcome you, hon. Speaker, the Council of Ministers led by the Chairperson, and all the Members to Uganda. It is always a very big pleasure for us who come from Uganda to have you here, even if it were for one day. (*Applause*) It is very exciting to have you here for two weeks and the excitement is not only shared by those of us who come from Uganda, but also by the Members of Parliament of Uganda, as the Speaker of the Parliament of Uganda did tell you yesterday, and also by the entire community and people of Uganda. So, *karibuni sana*.

In the same breath, I would like to apologise for any shortcomings that you may have experienced since your arrival on Sunday, and for those of you who have been here for the last two weeks. If there are any hitches or issues that you have not been able to settle, I know that most of you are too modest to complain or raise your voices, so I would like to say that we are available to make your stay here not only memorable but also very exciting. I say this in a shared spirit with my other colleagues from Uganda. On that one, we are a very strong group on an agreed position.

Hon. Speaker, this is a very important report, specifically among others, to the budget process. I think it is also a very useful report that can guide as an input in the budget process, but my concern, as I stand here, is that it can only be useful if it is timely to feed into the budget process. The budget process begins in October in all our Partner States and therefore if this report or a draft of it were able to inform that process, it would be useful. I think we should make a very strong recommendation to ensure that the audit report informs the budget process so that we are able to know where the money is going, whether there was value for money in the previous budget, and also to see how the linkages are going to help us in terms of allocations and representation. So, I hope that it is not too late for us, as an Assembly, to utilise this important report to enrich the on-going budget process and consultations so that we have a better budget for the Community for the next financial year, by plugging in the gaps that this Committee has been able to highlight.

Mr. Speaker, I am very passionate about annual reports: This Assembly has not been able to access annual reports of the EAC since the year 2006, and we are now coming to the end of the year 2008. What that means is that we have been grappling in the dark; we don't know what happened in the financial years 2006/07 and 2007/08, and we are going to get to 2008/09 without an annual report. So what are we auditing if we don't know what activities were undertaken, what challenges were encountered, what future



prospects were put in place and what aspirations we are looking at? This is a very clear recommendation that I have read in this report.

While on the same issue, when we were in Kigali, the Council of Ministers and the Secretariat promised to table, during this Session, the annual reports since 2006. The annual report for 2007 is an old report; it might not be useful for purposes of informing us to do better, but it is important to help us get the records right, and to have our history straight. So, as I take the recommendation of the Committee on annual reports, I would like to urge the Council of Ministers to make good their promise and bring annual reports to this House in good time.

Mr Speaker, we need to see the annual reports so that we are able to reconcile the audit reports, annual reports and the budget. This is very critical. At the moment, we don't know whether what we undertook in the strategic plan is flowing through the audit reports and also through the budget process. We need to have timely annual reports so that we are able to be informed and be able to analyse the relevant documents, otherwise this becomes a ritual or a song or business as usual or just a formality. But we are here to do business. If you listen carefully to the Speaker's Prayer, we invoke a lot of commitment. We represent the interests of people. It is God that gave us this responsibility and so we cannot be here to invoke such a powerful prayer and not live to its expectations. I am not usually a very prayerful person, but when the Speaker prays, I get committed to it.

Mr. Speaker, I would like to make a comment on what one of my colleagues said about the Secretary-General. I think it is time all of us -the key actors in the Community- reviewed the position of the Secretary-General in this House. Do we need the Secretary-General to sit in the Assembly? I am beginning to think that actually we do not need the Secretary-General to sit in the House. The Secretary-General, by and large, is a technocrat, although he has a political arm to take decisions of the Council of Ministers. But now that we have our nine Ministers, we do not need to cry over the Secretary-General. Maybe we should delete that from the Treaty.

I am beginning to think we do not need the Secretary-General in the Assembly, considering the growth of the Community. This is my personal feeling, Mr Speaker. The Ministers are here; if there is something I want addressed passionately, hon. Mukaruliza, the Chairperson of the Council of Ministers is here. Why should I cry over a Secretary-General who is not here when the Ministers are here? They will call him to order, give him assignments and he implements them.

In my opinion, what this Assembly needed most was the Council of Ministers. And I would like to thank our Heads of State for hearing our cry and availing us Ministers who are able to fill half of the front bench here. We never had this opportunity in the First Assembly. So, I think we have moved a long way, and we should actually review whether we need the Secretary-General as a Member of the House, so that we don't dilute our House with everybody listening to us. This is a political forum, and I think we need to interface with Ministers.

We need to decide whether we still need the Secretary-General anyway in this Assembly. Maybe he is better needed in the office to implement resolutions of the House, which will be directed to him by the Council of Ministers. That is my own thinking, and I would like to persuade my colleagues to begin thinking towards that line because the Community must grow and it must have its political arm firmly anchored into that level beyond technocrats so that we engage at a political level and at a decision-making level.

Hon. Speaker, as I conclude, I would also like to say that we have a lot of recommendations that come from reports and they are important. My own plea to the Council of Ministers present here is to take our recommendations and resolutions seriously. We would like to see them reflected in future minutes of Council meetings so that we are able to move the Community forward. If you look at our past resolutions as an Assembly and our reports that keep recurring, there are a lot of repeated recommendations. So we get discouraged because it looks like our business ends here. Can you have an officer who analyses recommendations, resolutions and reports of the Assembly so that they become part and parcel of Council agenda, and we get feed back? I am saying it is possible to get feedback because we have a law that can help us evoke our powers under the Powers and Privileges Act. So, we can even summon the Secretary General as a committee. He can be summoned through that Act -or the minister- to explain the progress of implementing such important recommendations and resolutions.

Hon Speaker, I would like to thank the Committee, once again, and I hope that every committee will be able to utilize this report to enrich the future budget process, and also to ensure that recommendations of this nature do not remain on paper. I thank you, hon. Speaker, and I beg to support the Motion.

**Mr. Abdul Karim Harelimana (Rwanda):** Mr. Speaker, taking into account the minister's decision and the quick calculation that the committee made to show that the losses which were encountered could not only be attributed to the Kenya shilling, which kept changing during that period, they showed that there is a big difference between the amount used and the amount given. Here, I want to suggest that we add a recommendation, which will be (c), to allow the Audit Commission to look into the matter more deeply, so as to find out whether there was misuse of money or it was just a simple mistake which was made, or really it was a loss caused by the Kenya shilling which was changing up and down sometimes.

On page 36 the Committee recommends to the Assembly to direct that the relevant documents regarding the money accounted for are submitted to the Audit Commission for verification. I think that one is not enough. We should propose a time frame as we did in other recommendations. We agreed on February 2009 for most of our recommendations, so I would like to propose that we should give them a time frame of up to February 2009 to submit those documents to the Audit Commission for verification. With that, I think we will be able to give enough power to the Audit Commission and also to give way for the East African Community Secretariat to do its job properly, because we are talking

about money which is most of the time scarce. So, we should not give any way for that money to get lost.

Mr. Speaker, I support the motion because it was very well researched. *(Applause)*

**Mr. Gervase Akhaabi (Kenya):** Mr. Speaker, I wish to thank the Committee on Accounts for this report. The Committee has highlighted seven shortcomings in the operations of the Community as a whole. This is an important oversight function that is being exercised by this Assembly through this committee, and I wish to commend the members of the Committee for properly and effectively discharging this mandate on behalf of the Assembly. *(Applause)*

Mr. Speaker, the shortcomings that have been identified by the Committee tell us something about what ought to be happening that probably is not happening now. And probably in this regard, I wish to associate myself with and fully support the views expressed by my sister, the hon. Wanyoto, in proposing or in thinking that it is probably time for the membership of the Secretary General of the Community in the Assembly to be looked at afresh.

Mr Speaker, the provisions of Article 14 (2) of the Treaty for the Establishment of the East African Community with regard to the functions of the Council of Ministers states: *"The Council shall promote, monitor and keep under constant review, the implementation of the programmes of the Community and ensure the proper functioning and development of the Community in accordance with this Treaty."*

My reading of this Article suggests that the responsibility for ensuring that the Secretary General does what he is mandated to do under the Treaty rests squarely with the Council of Ministers. Probably the Council of Ministers has been sleeping on its job, but it is time now for the Council of Ministers to take up its responsibility and promote, monitor and keep under constant review, the implementation of the programmes of the Community. *(Applause)* If this is not done, we are going to have the bureaucrats at the Secretariat frustrating, not only the organs of the Community, but even the Council of Ministers. I am aware that the Council of Ministers will call a meeting, and the Council of Ministers asks the Chief Executive Officer of the Secretariat to send out notices and for some strange reason the Chief Executive Officer says no, I am not going to be available, therefore, I will not summon a meeting! That kind of attitude is a display of arrogance that the Council of Ministers should not countenance at all. And it is time now for the Council of Ministers to take up the challenge and ensure that this Community is functioning. *(Applause)*

Mr. Speaker, we should probably not look at the delay in the construction of the EAC headquarters as something negative; it should probably help us to rethink. Do we really need the headquarters as planned in the place where it is planned? We probably need to review this. If we are not sure as a Community what kind of arrangement we want to have -whether we want to have a political federation, a common market- do we really need the kind of planned architectural structure in Arusha for a customs union? Probably

not! (*Loud Consultation*) - Don't take Customs Union but ...what do you call it? We are now in which stage? (*Laughter*) Do we need that kind of structure for the functioning of the Customs Union? Probably not! We may need it for the Common Market, but if we don't want a common market, or we are reluctant, probably we should revise our thinking and construct something smaller that befits a customs union instead.

Mr. Speaker, it is important to review these matters – (*Interjection*)-

**Ms Mmari:** Hon. Speaker, I am rising to just elaborate one thing. Yesterday, we had a press conference - (*Interjection*)-

**The Speaker:** Is it a point of order or...?

**Ms Mmari:** It is a point of order, sir, related to what the hon. Member is saying about the construction of the EAC headquarters, that maybe we are not sure whether the headquarters is going to be there. I want to assure the honourable Members here that when you look at the Treaty, it was signed by the three Partner States and we are quite sure that we are following the stages. We are now implementing the Customs Union and we are going into the Common Market. I believe yesterday we were given the revised programme and we really want the headquarters where it is – (*Interruption*) -

**The Speaker:** Hon. Member, I think you are debating now, where is the point?

**Ms Mmari:** I am raising the point that we need the headquarters where it is because we have been given the programme, and we know it is continuing.

**Mr. Akhaabi:** I don't believe that was a point of order but ....Mr. Speaker, sir, these are very important matters that we are considering, and if we plan without a proper perspective of what we want to achieve then we may just be flushing the resources down the drain, which shouldn't be the case.

The report has touched on the issue of Information Technology policy in this region. If we agree that we are moving together from the Customs Union to the Common Market, Mr. Speaker, we should have a Common IT policy, and this is important. The Common IT policy is not important simply for the purposes of running our offices but also for education and training in this region. Many people are learning on the internet; they get e-degrees on the internet. Some of them, of course, are very suspect, but people get them - (*Laughter*). So, it is important that we have an IT policy that will take into account all the important factors that have to be considered in terms of education and training, in terms of the quality of education, and training that is imparted on the internet. So, it is important that an IT policy is put in place as quickly as possible, and quickly followed with a legal framework for the purpose of actualizing the policy.

Mr. Speaker, coming to the problems at the headquarters, which I again urge the Council of Ministers to seriously look into, the problem that we have at the headquarters is that we seem to operate ad hoc; we do not seem to plan anything.

The Treaty for the Establishment of the EAC is the guiding document, which the Germans would call the *'grynd norm'* of the Community. Article 132 provides that the resources of the Community shall be utilized only for the activities of the Community that are determined by the Assembly, but the Assembly is presented with the budget two days before the budget speech is read, and then within one day or two we are asked to approve that budget. The Assembly has no opportunity whatsoever to examine the activities that are being sought to be financed by the resources of the Community.

This is a very unusual provision in the Treaty, and it cannot have been put there blindly. There must have been a reason for the framers of this Treaty to put this provision there that it is the Assembly that shall determine the activities to be financed! It is important, therefore, for the Council of Ministers to bring these activities that are planned for the following financial year to the Assembly for us to interrogate those activities and determine which ones should be financed and which ones shouldn't be financed, and in what order and in what priority.

Mr. Speaker, I am pleased that the Chairperson of the Council of Ministers is present here, and that we are all represented here by the Members of the Council from all the Partner States except the Republic of Uganda. What we are saying is that the Council of Ministers should bring those activities -please comply with the Treaty, and bring those activities so that we can look at them and see whether to sanction them or not. Otherwise, we are going to have so many seminars and workshops in the Democratic Republic of Congo in Kisangani, in Windhoek or wherever, about how to take tea or things like that; things that do not help promote the integration process, things that are planned without the Community's progress in mind at all. So, Mr. Speaker, I urge for Article 132 to be implemented to the full, and I would like to urge the Members of this Assembly that if the annual plan is not presented to us well in advance for us to be able to look at those activities and to contra-distinguish them to the strategic plan, which is the development plan of the Community, we should not pass the budget at all.

If you look at Rule 60 of our Rules of Procedure, which provides for our annual legislative programme - and I see that many members do not have their copies of the Rules, with your permission, Mr Speaker, I will read it for the benefit of the Members.

Rule 60(1), reads as follows:

*"Before the end of each year, and following a debate and vote in the House on the annual programme of the Community -which the Council never gives us - the House Business Committee shall draw up the legislative programme for the following year."*

We cannot draw up a legislative programme for the following year without an annual programme of the Community. The Council of Ministers has consistently failed to provide an annual programme of the Community in conformity with Article 132, so please do it.

Mr. Speaker, Lake Victoria is the most important natural shared asset in the Community, and the Lake Victoria Basin Commission was established specifically to provide a focal point for the development of the Community. Now, what has happened? It is understaffed, it is under funded, and it is everything. As a consequence, the Lake Victoria Basin Commission cannot function in the manner that it was intended. The result is that the people of East Africa who live around Lake Victoria do not see the benefit of this Community. It's a sad-thing!

Mr Speaker, it should be the flagship project of the Council of Ministers to ensure that the Lake Victoria Basin Commission is functioning properly and effectively, and that it is achieving results otherwise, what is there for the Council and the East African Community to show the people of East Africa? Nothing! Absolutely nothing!! There is nothing! You are not going to tell the people of East Africa that we have a customs union; what is that to my Auntie in Busia, Uganda or the other one in Teso, Kenya or a lady down here in Entebbe or Kabaale,? There is absolutely nothing! So, you must make sure that Lake Victoria Basin Commission is functioning effectively. Do it! Why are you shy? And the problems there are because we are not taking our responsibilities seriously. The same goes for this MERCOP.

I come from near Mt Elgon, but this is something that we people in that area have not heard about. The people are there, they are purporting to do certain things but nobody knows about them, or what they are doing. For heaven's sake, monitor, review, and for us as members of this Assembly, we must devise a mechanism that will provide enforcement for non-compliance with the resolutions and decisions of this Assembly. If for so many years - including this, my second one at EALA - resolutions have been made and the Secretariat in Arusha is more contented with going to Mweya in western Uganda in a hotel to take teas and breakfasts, if for so many years nothing has been going on and decisions have been made, we must find a way to enforce the decisions of this Assembly. This is such a challenge to me that I would urge my Committee on Legal, Rules and Privileges to take up this matter so that we examine the existing provisions and see whether we cannot strengthen them with a view to enforcing the decisions of the Assembly.

Mr. Speaker, with those very many remarks, I support the motion. (*Applause*)

**Ms Dora Kanabahita-Byamukama (Uganda):** Mr. Speaker, let me add my voice to those who have spoken before me, and since it is my maiden speech in this Chambers, I would like to welcome my colleagues to the "Pearl of Africa", to implore them to feel at home, and to let them know that we are available. (*Applause*)

I would like to extend my appreciation to the Government of Uganda, and the Speaker of the Parliament of Uganda for allowing us to meet here. I would also like to use this opportunity to congratulate the Republic of Rwanda for electing a female Speaker for the Chamber of Deputies. (*Applause*) This is a trend that we hope will be emulated in the region and beyond.

I am a member of this Committee on Accounts, I seconded the motion and, therefore, I support it fully. I would like to pay tribute to the Chairperson of the Committee who lead the proceedings in an excellent manner for the Committee to come up with this report.

Mr. Speaker, we are glad to note, as a Committee, that the Members of this Assembly have appreciated our predicament, because towards the end of the report we were convinced that we were in a car, which is in a dangerous mechanical condition: it has no license plates, as it were, the driver doesn't know where he is coming from and where he is going. The lights are not working; he doesn't even have a driving permit. These are very critical things which we discovered. Therefore, I am glad that you can appreciate our predicament.

In law we say '*res ipsa loquitur*' - the fact speaks for itself. This report is a very serious report, and I implore the Council of Ministers, especially, to take it very seriously because it is talking about monies which have been taken from our Partner States, which monies should be put to good use to enable us market the East African Community in a way that will enable the citizens, whom the hon. Akhaabi was referring to, appreciate the need for integration.

I would like to quickly note some few points; the first one is on the issue of time. As you will note, the Committee had only eleven days within which to consider five reports, to draft our report, look through the report and finally append our signatures, and here we are talking about a report for the Financial Year of 2006-2007. We have not yet considered the report of 2007-2008. So, when we as an Assembly request for time, especially committee work time to deliberate on these issues, we are very serious because considering five reports in eleven days is really like a miracle. Perhaps we could have done more and maybe we didn't. I am glad to note that this report is in good shape, and the proposals are excellent, but I would like to say that when we ask for more time, please appreciate this point. (*Applause*) On this note, I would like to call upon the Council of Ministers to live up to its promise.

When were debating the last budget, I stood on the Floor of the House and said that since the only honourable Minister is honourable, I will respect his pledge. It was the hon. Kamala that time, and I do not know whether he has lived to this pledge of increasing the time for us to review the budget, taking in to account the issues that were raised, especially in respect to the time allotted to our work.

Mr. Speaker, sir, allow me to also highlight a few issues pertaining to the issue of the Secretary General. Several people before me have alluded to this particular issue. We as a committee are very concerned because the Secretary General didn't attend the meetings of the Accounts Committee and yet when you look at the Interpretation Act of the East African Community, he cannot be deputized. So, in essence, we had an option, for example, of rejecting the presence of the Deputy Secretary General in charge of Finance and Administration as a legal or viable replacement because the Interpretation Act says that where it says the "Secretary General", then it should be the Secretary General in person.

I am saying this because when also look at Article 67(3) of the Treaty which talks about the Secretary General, it states that:

*“The Secretary General shall be the principal executive officer of the Community, and shall:*

*(a) be the head of the Secretariat;*

*(b) the Accounting Officer; of the Community;*

*(c) the Secretary of the Summit...”*

So, in his respect, as the accounting officer of the Community, he was missing.

Permit me, Mr Speaker, to also make reference to some aspects of the Treaty, which may be confusing the Secretary General, especially when it comes to his prioritisation of work. When you look at this Article 67(3), it says that the Secretary General shall be the principal executive officer of the Community, but when you look at the definition of “Community” under Article 1, it is says: *“Community” means the East African Community established by Article 2 of the Treaty.* When you go to Article (2) of the Treaty, it says *“By this Treaty, the contracting parties establish among themselves an East African Community herein referred to as “the Community”.* So, in essence the Secretary General may have used this interpretation to mean that he is the principal executive officer of the Partner States.

This is an absurdity, which makes it very difficult for us to appreciate what the Treaty intended and, therefore, for me, I am not very surprised that he is not here. Maybe he feels that he is too big to be here since he is the principal executive officer of the Partner States. I think this is an absurdity, which should be addressed in the amendment of the Treaty. I would like to stop there on this point.

Mr. Speaker, I would like to move on to the issue of remittances. The issue of remittances is a very serious issue, and I remember when we had just been joined by our sisters and brothers from Rwanda and Burundi, I stood up to talk about these remittances with respect to the issue of sanctions and penalties. At that time I think we had not clearly understood the matter. But when you look at this particular report, one of the reasons why we are having this kind of mismanagement of funds is because of late remittances, which has persisted. We are looking at the Financial Year 2006-2007, but I would like to say that when we were given an update, up to now all the Partner States have not adhered to the Council directive for all Partner States to have made their remittances to the East African Community within six months.

When you look at Article 143 of the Treaty, which talks about sanctions, it states that: *“A Partner State which defaults in meeting its financial and other obligations under this Treaty shall be subject to such action as the Summit, on the recommendation of the Council, determine.”* I would like to ask: why hasn't the Council determined? Why do we still have this Article in the Treaty if it is a dead latter? We all know the constraints that the Community faces! Mr Speaker, when we are looking at the amendments to the



Treaty we may need to review the operationalisation of this Article and determine how to operationalise it better or perhaps scrap it so that we look for other mechanisms of enforcing adherence, especially in respect to the issue of remittances.

I would now like to refer to the point which was raised by hon. Abdul Karim on the issue of Lake Victoria Basin Commission. I think it concerned some payments that had been made to the members of staff, which wanted the Audit Commission to look into. When you look at this issue in the report on page 34 going on to page 35, the title should have been “over expenditure”.

Mr Speaker, this “over expenditure” was brought about by the fact that because remittances from the Partner States were received late by the Secretariat, this money was held on an account, and this is the money which is referred to as the “float”. And because somebody somewhere in the Secretariat knew that there was money in this float, they went ahead and made proposals for increasing their own emoluments - just their own - knowing that there was money somewhere. And maybe the Lake Victoria Commission did not get this message or did not make the changes in its books, so this is captured as over expenditure. In effect, you could categorise it as “over expenditure” because if it wasn’t envisaged at the time of planning and somewhere in between because there was this money floating around they decided to use it to increase their pay, then this should have been reflected as such.

So, really, this is no mystery; you do not even need to do any research on it because in our statement on page 17, we are very clear. Page 17 captures it very well. In paragraph 3 it is stated that: *“Late remittances and underutilisation of funds leads to accumulation of what is called the ‘float’. The utilisation of this float is not governed by any policy but expended as and when Council authorises the Secretary General to do so, albeit selectively.”* So, they determine when the float should float and when it should sink. So, when we ask for more days, the float disappears; when they want more money, the float reappears.

The Committee report states: *“It is our considered view that the issue of the float fund should be stopped forthwith pending a clear policy on its governance.”* Actually, we were of the opinion that there should be no float. If there is money needed for contingency, it should be stated as such. If it is late remittances, they should be appended to particular activities. That is why the hon. Dr. Masaburi was asking for this report.

If in a year you have activities to be implemented, you have a status report of whether you implemented it or not, then you go ahead and say why, and then maybe you carry over that which was not implemented. So, when you have this money coming in late, it is shelved somewhere and then, lo and behold, when you want to increase your salary or emoluments, it is operationalised, but when Members of Parliament want to consider the reports on your accounts, it disappears! This is how absurd this is.

Finally, I would like to talk about the issue of underutilisation. Mr Speaker, this is really ridiculous! In the first instance, we are crying that we do not have enough money, and then in the second instance, we are talking about underutilisation. So, which is which?

This is the confusion you get into. You say you do not have enough money and then you have underutilised what you have! But of course this can be explained. As you can see, it is not very clear on the planned activities. Let me just give you an example that we came across.

When they were reporting on activities for the Assembly for the Financial Year 2006/07, they forgot to capture that we debated and passed the budget; that activity was not captured in the report. Now, if the activity of debating and passing the budget was not captured in the report, what else could have gone missing? They don't even cover all the organs like the report says. They only cover themselves, the Assembly, the Court and nobody else, yet we know that under the Treaty the organs of the Community are many more. So, this is how absurd the whole issue is.

I am not prone to lamentations, and I would not like to go on lamenting. I would like to ask, kindly, that the Council of Ministers convenes an inter-organ meeting urgently so that we can talk about these issues in a candid manner and so that we do not talk behind the Secretary General's back. He needs to hear what we have to say and he needs to take these considerations into account. It would be very difficult for us as Members of the Assembly to go and ask our people to support integration if the money which, for example, could be used for health facilities or roads, is not being properly utilised. I beg to support the Motion. (*Applause*)

**Ms. Sarah Talaso Bonaya (Kenya):** Mr. Speaker, first and foremost I would like to thank the Speaker of the Parliament of Uganda for the hospitality he has extended to us. (*Applause*)

Mr. Speaker, the issue at hand is very crucial. When our countries sent us here as representatives, they had very clear objectives, which had to be met, which was to ensure that at the end of it all we have a secure, prosperous and federal state of East Africa. We can only do this through promotion and protection of the interests of the citizens of the region and their assets and resources entrusted to the Community. This report has come up with glaring gaps and loopholes and weaknesses, which could be deliberate or accidental in terms of processes and structures. This is very dangerous, considering the objectives of why we are here and what we are supposed to achieve. The countries we represent have suffered, and they want to forge ahead by pulling their energies together to make a difference in the way they manage the lives and resources of their citizens. They want to come up as a united force to be able to bargain as a block and benefit from their resources as a region.

With this kind of performance that the audit report has brought forth, I am sadly convinced that we are not leading the region in the direction which it was intended to take. As the hon. Byamukama has clearly stated, we are in a vehicle that is leading us nowhere, because it lacks the right documentation and direction. So, it is a very sad affair. As we sit here, being housed at the Imperial Royal Hotel, I don't feel proud, because the citizens who painstakingly pay taxes, and the donors who still bring their taxpayers'

money to fund such an important activity with very serious objectives might not be able to attain their objectives.

I am a Member of the Budget Committee, and this report, as my Chairman indicated earlier, would have been very important in the initial part of the budget process. It is sad that this is a stale document. So much of the information provided is stale, yet it should have served in streamlining the budget for the previous year. So, the stale information is very saddening.

The fact that previous recommendations have been over-stepped is dangerous. We need to have reinforcement mechanisms for ensuring that useful recommendations are taken up. The fact that we lack clear guidelines and policies in crucial sectors such as transport, procurement, financial management, information management systems and so on actually tells us that we have serious problems. So, we need to work on these. We are told the Sun Accounting System they are using for financial information management might not be appropriate.

Mr. Speaker, the role of the Council of Ministers has been over-emphasised. I think the buck stops with us as politicians. We are the people who will be named and shamed when things fail. This Community has failed before, and it is actually on the verge of failing again if we allow this to continue. I beg to support the motion. (*Applause*)

**Ms. Janet Deo Mmari (Tanzania):** Hon. Speaker, let me add my voice to join those who have spoken before me in thanking the Parliament of Uganda for the very good time and facilitation that they have extended to us for all the time that we have been here. I thank the people and Government of Uganda.

Hon. Speaker, from the outset, let me say that I am a Member of the Accounts Committee, and I support the observations and recommendations that appear in this report. I am only rising to underscore some of the issues that have been put forward and also to highlight some of the issues that may not have come out clearly during debate.

Hon. Speaker, I want to join the hon. Karan in commending the EAC Secretariat for some of the things that appear in the accounts. I know a number of people will be surprised when I say I am commending them notwithstanding what has been said, but we looked at five sets of accounts, out of which four had clean audit reports, and the auditors were satisfied that the records had been well kept, and that the information they looked for was availed to them, and that they were able to carry out their audit work. It is only one set, and that is the MERCEP account with which they had a qualification. So, for me, when I compare what we saw before and what has happened this year, there is some improvement. (*Applause*)

Hon. Speaker, notwithstanding what I have said, I wish now to come to the real issues. If you look at the report, you will notice that this Committee has said 16 times that “*the Committee was concerned*” or that “*the Committee was not happy*”. This is said 16 times in the report. They said that they “*noted with dissatisfaction*” on page 6 when they were talking about the delayed project implementation. I do not have to go to that now because

some hon. Members, especially hon. Akhaabi, spoke quite eloquently on that, in fact mistaking it for a project that people might not want to implement.

The Committee was also “*concerned*” on page 7 with the Sun Accounting System. This is a system that has been in place for the last four or five years, and yet it has not been performing, although contractors have been changed a number of times. So, we were quite concerned whether this is really a system that we need. So, that is my second concern.

If you go to page 9, it is reported that there are weaknesses in the internal audit department in respect to capacity and so forth. Also on page 9, lack of accounting manuals is pointed out. This institution has been in place for 10 years now, and yet there are no accounting manuals? They have procured a consultant but the manuals are not yet ready.

On page 10, lack of a depreciation policy is reported. This should be an easy thing; it is a matter of people debating on the issues and coming up with rates, but it is not there. The Committee was “*concerned by the lack of motor vehicle policy...*” When you talk of policy, every policy that we expected the EAC to have, was not in place, ranging from a motor vehicle policy, an ICT policy, transport policy...every policy we talked of was lacking. The auditors said they were given some information, but when you look at the management audit report, you will find that there are things missing in the report.

I also want to underscore the concern that we had over somebody having to pay taxes to the tune of Tshs.500 million. You ask yourself, if it is so easy to invoke provisions of Article 138 of the Treaty, on “Status, Privileges and Immunities” which states that: “*The Secretary General shall conclude with the Governments of the Partner State in whose territory the headquarters or offices of the Community shall be situated, agreements relating to privileges and immunities to be recognised and granted in connection with the Community*”, the question here is, this is only one case where we saw that the Article has not been invoked, but just because we were reviewing accounts, it came up, how many other Articles in the Treaty have not been invoked? This means that somebody is not doing what they are supposed to do. Would it cost Tshs.500 million to commence the process and ensure that it is invoked? Certainly not!

The Committee was equally concerned about the retirement of imprest. This is something that has kept on recurring. On page 16, there is the matter of budget performance, and Members have commented on it.

On page 21, there is the matter of the IUCN, which is an implementing agent. This is an agent that EAC entered into contract with, but because EAC has abdicated its responsibility completely, IUCN can now decide to go and look for a sub-contract, or to go and negotiate other positions which they were not even party to originally and they continue unabated. These are some of the problems that we are seeing. Then, there is the issue of accountability of funds. This is something very simple and we don’t need to start looking at it again. We hope that when we come to look at the 2007/08 accounts, it is not

something that we expect to repeat itself. On pages 23, 27, 30 and 31, there are issues that we have talked about before, and they should have already been dealt with.

I want now to come to an issue that was raised by the hon. Wanyoto concerning the late compilation of accounts. I will go a step further on the issue of late compilation of accounts. You will see that the accounts that were audited were for the Financial Year 2006/2007. The accounts for the Financial Year 2007/2008 are supposed to have been audited so that at least we know the status of the EAC accounts. We are talking about historical accounts, and in real terms, even the recommendations we are making are of no value. They are so historical that a person who had committed an offence might have left the institution already; maybe he is dead and we cannot even get him. So what is the use of looking at accounts that are one and half years behind? If we have a computerised accounting system, then we need to have accounts that are updated.

Mr. Speaker, I now want to come to the statement of purpose that was submitted by the Secretary General. Under normal circumstances, this is what you would call the Directors' Report. A directors' report should be something that can tell you what the institution is, what its objectives were, what it did, what challenges it faced or meet, what it accomplished, and, of course, it should be able to give you a picture of what is expected in the coming year. Now, if you look at the statement that was given to us, it was not like a statement at all. So, I would urge the Council, when it is writing next time, to ensure that the Secretariat writes the statement well in advance so that it is submitted to the auditors along with the accounts so that the auditors can compare what is being said and what has actually happened. It is of no use to prepare that statement after the accounts have been audited. The Council should bring a statement that can sell the Community. We would want this document to be like a prospectus; a document that can be used to sell the Community.

Hon. Speaker, with those few comments of dissatisfaction, it would appear like I am really taking away the commendations that I had earlier given by telling the Secretariat that they need to ensure that they work harder so that people can at least be happy and be satisfied that the money that has been put forward has been properly spent. I beg to support motion. *(Applause)*

**Ms. Catherine Ngima Kimura (Kenya):** Hon. Speaker, let me join my colleagues in thanking the Parliament of Uganda for enabling us to meet here during this Session. I also thank our Ugandan colleagues for their hospitality. Let me also take this opportunity to thank my Chairman. I happen to be a Member of this Committee, and it was a difficult task. We had a lot of issues but he did a starring job as Chairman, and we were able to finish our work in time and do the report that you see here in good time.

Mr Speaker, some of the issues that I had have already been articulated by hon. Mmari but I want to take this opportunity and address the Council on one or two issues that are very critical.

If you look at the report, it says that out of the ten recommendations that were made in the previous year, five remained unattended to. Out of the five, two are very critical. One is on the preparation of manuals; the procurement manual and accounting manual. Those are two critical manuals for any organisation. I want to use the analogy of a car as it has been used before.

It is like driving your car at night without lights, so you have absolutely no idea when you will land in a ditch or when you will hit a tree. It is no wonder that some of the issues we are seeing here are like hitting trees and getting into ditches. If there were procurement manuals and accounting manuals, the kind of scenario we have at the Lake Victoria Basin Commission, where one person decides to procure, he is the person who constitutes the tender committee, decides how to adjudicate that tender, goes ahead to write the cheque and accounts for the money, would not be arising if those manuals were in place. In the absence of those manuals, and for a Community of this size, there can only be muddling through when it comes to issues of finance.

I would like to urge the Council of Ministers to emphasise to the Secretariat that some of these documents cannot afford to wait. Last year we were told a consultant was hired, and this year the same thing; how long does a consultant take to produce an accounts or a procurement manual? I have absolutely no doubt that in this Chamber if you put maybe four or five people together they would produce a manual within a month. So, this issue of one year, I don't know how this can be.

Mr Speaker, the Secretariat is playing around with substantial amounts of money. Our countries are not rich; we are struggling to fund our social sectors and everything else, and to have money of the Community not being used and accounted for in the manner in which it should be is serious. I therefore ask the Council to urge the Secretariat to work on these manuals without further delay. I know the Committee has given them a deadline of March, 2009; I would have given them one month. I am unhappy that they are getting two months. This is something that should have been done yesterday, not tomorrow.

Hon. Speaker, the other issue in this report is that of having an internal audit committee in place. This is the committee that would, indeed, interrogate and guide the Secretariat in the way funds are disbursed. We know that in our various institutions, we have the internal auditor. Yes, the internal auditor is there, but the internal auditor can benefit by working with an audit committee within the institution, which ordinarily would include the various spending units. This was recommended by the Audit Commission more than a year ago, it is not in place and as we talked with the Deputy Secretary General, he had no timeline or even an indication as to whether they intend to put it in place. There was no explanation as to why and how they intend to continue muddling through the financial aspect of the institution.

Hon. Speaker, I want to turn to the issue of the float. I would like to urge the Council to pronounce itself and give guidance on how this float should be used. It was explained to the Committee that this is money they use if and when they need it. But let us be very clear. This is money that is usually apparently remitted late by the Partner States, so it is

part and parcel of the budget that has been passed by this Assembly. It cannot, therefore, be outside the monies that are voted by this Assembly. Therefore, the issue of the float needs to be addressed. They could turn it into a revolving fund such that it continues to be used in the normal manner as the Partner States remit their contributions. It should not in any way be treated as if it is money outside the budget, which appears to be the case now.

So, Hon. Speaker, my plea is that the Council should pronounce itself on this float, and come next year, the float should be treated as any other money that comes from the Partner States. It is my plea, because this is a substantial amount of money. If you look at the figures, the money brought forward was over US\$6 million. That is not small change in our particular circumstances. So, I would urge that this issue be addressed urgently by the Council.

Hon. Speaker, I want to associate myself with the Article that has been quoted in regard to privileges accorded to the staff of the Community. One would dare say that one of the reasons that they do not get VAT refunds in a timely manner is because this issue has been outstanding. Nine years since the Treaty came into being and that agreement has not been concluded? It is very clearly stated that the Secretary General shall conclude an agreement with the host country where the headquarters of the EAC is. This has not been done, and we could not get an explanation as to why this has not been done. Then, they complain that they are not getting refunds on VAT. Now, if you have not concluded any agreement, which tax authority is going to agree to give you money just like that? It is an issue that is affecting even some of us. I would imagine that is why every time I cross with my car either way, I have to pay. It is because this has not been concluded to enable even Members of the Assembly to enjoy some of these privileges!

We would like to urge the Council to look into this issue as to why so many years down the line these agreements have not been concluded as envisaged in Article 138. Hon. Speaker, even as I make those comments, I want to support this report as a Member of the Committee. I also want to commend the Secretary General's staff this time that they were more prepared to address some of the issues that we raised than they were last year. *(Applause)*

As I conclude, on the issue of the internal audit office of the Community, we are asking the Council to make sure it is properly staffed. For a long time, it has been a one-man show. We understand a second person has been added, but these are the people who see whether the money this Assembly passes and the money that the Council has asked for is properly utilised. So, the least you can do as Council is to support that office by making sure that it is properly staffed. I beg to support the Motion. *(Applause)*

**Mr. Lotodo:** On a point of order, Mr. Speaker, regarding the rules of the House whereby when somebody leaves or enters the House, one has to bow to the Chair, is it in order for the hon. Minister from Kenya to just walk out and come back in without bowing to the Chair?

**The Speaker:** You should have got him then, not now.

**Dr. Odette Nyiramilimo (Rwanda):** Mr. Speaker, I wish to also thank the Speaker of the Parliament of Uganda for giving us this very beautiful Chamber to work in. I also want to thank the people of Uganda for the very warm welcome.

I wish to add my voice in support of this Motion on the Report of the Committee on Accounts. We have seen that many things have been done by the Secretariat and the Community in general in an improper manner, but reading this report, I have been wondering whether some of the recommendations made by the Committee are proper.

On page 28, for example, there is the issue of a member of staff who misplaced or lost a camera, and the Committee has proposed a way of punishing the member of staff, if that camera is not recovered. In some other paragraphs, the Committee gives proposals on the way to do things. Now, I have been wondering, considering that we are an Assembly and that our role is oversight, can we propose the manner in which things should be done in another organ of the EAC? I think that can be dangerous. I think this matter has also been raised by somebody else, talking of the accounting manual that has been proposed. They can propose the manual that they wish to be used to have the best performance, but as Parliament, I think we can just show things that did not work well and say in general that this has not worked the way it should have been working. But prescribing the way it has to work, I think, is going too far in our recommendations. (*Interjection*)

**Ms. Byamukama:** On a point of order, Mr. Speaker, the work of Parliament is clearly articulated under Article 49 of the Treaty. If you look at Article 49(2)(c), it says: “*The Assembly shall consider annual reports of the activities of the Community, annual audit reports of the Audit Commission and any other reports referred to it by the Council.*” We also have the mandate to discuss all matters pertaining to the Community and we have the mandate to make recommendations under (d) to the Council as we may deem necessary for the implementation of the Treaty. This is in respect of the Treaty, but of course the implementation of the Treaty goes hand in hand with the issue of auditing.

When you look at page 28, the third paragraph states: “*IUCN admitted that there was laxity on the part of the responsible officer and management has asked the officer to replace the same model of the camera by 1<sup>st</sup> December, 2008, failure of which further steps would be taken to recover the camera.*” We did not get the status report as to what had happened as of 1<sup>st</sup> December, 2008. Mark you we were considering the financial year 2006/07. So, it took them almost two years to come with this deadline. What do we do in those circumstances? If we tie our legs and we merely, in a superfluous fashion, make a general recommendation, would we be assisting the Community? These are the questions we need to put to ourselves.

So, as far as I am concerned, the work of a Member of Parliament, especially the oversight function, also includes making proposals and recommendations that action be taken.

**The Speaker:** Hon. Byamukama, I don't think you have to lament or say anything else. Article 134(3) helps you out. It says: “*The Audit Commission shall submit its reports*



*under paragraph (2) of this Article to the Council who shall cause the same to be laid before the Assembly within six months of receipt for debate and for such other consultation and action as the Assembly may deem necessary.” So, I think that Article will help you.*

**Ms. Byamukama:** Thank you, Mr. Speaker, for that addition; I was actually coming to it.

**Dr. Nyiramilimo:** Mr. Speaker, I thank hon. Byamukama for that information. I had actually been thinking about that, and I had concluded that if that person brings back the camera that will be all. I think that should not be all; I think there are some issues that we cannot go far into because they must be in the rules and regulations of managing staff, like how to punish a person who mismanages the assets of the Community. That is why it can be misleading if we go too far into details.

When we talk of the vehicles on page 12, I think, as hon. Byamukama has said, we need to give recommendations to the Council of Ministers on the problem of the vehicles, which has also been mentioned under the LVBC. I think they should try to limit the number of official vehicles and give opportunity for members of staff to have their own vehicles and give them the possibility to use them. It has been proved in some other places that managing official vehicles is very difficult, but when one manages his own vehicle, it is much easier. Control also becomes much easier for the Community assets.

Mr. Speaker, I want to support this motion with the corrections that I have proposed in every recommendation. I think we should be a bit limited and then give separate recommendations to the Council of Ministers so that they see how to make these corrections themselves. I thank you, Mr. Speaker. *(Applause)*

**Ms Jacqueline Muhongayire (Rwanda):** Mr. Speaker, first of all I would like also to thank the people of Uganda, the Parliament of Uganda and the Members of the Uganda Chapter of EALA for the hospitality they have extended to us since our arrival to this beautiful city of Kampala. *(Applause)*

Mr Speaker, I have had enough time to work on this report because I am a member of the Committee on Accounts, but I would like to emphasize on the following issues: During the Committee meeting, the Auditors explained that this report is more of a financial report than a performance report. The Committee was expecting to have a performance report based on objectives and activities that were planned as indicated here, more than a financial report. Apparently the discussions were frank, and the Auditors and the Secretariat staff who were there agreed that they will make a very a big improvement the next report.

Mr Speaker, as many of my colleagues who spoke before me have said, many problems were identified, like lack of an accounting system, lack of procurement procedures, and lack of financial rules and regulations, so I would like to take this opportunity to remind the Council of Ministers about the financial rules and regulations, according to Article 135 of the Treaty that:

- 135(1) *“The Council shall make financial rules and regulations of the Community*  
(2) *Self accounting institutions of the Community shall make their own financial rules and regulations in line with the provisions of their respective enabling legislation.”*

Until now this manual is still under review, and it is still a draft. Many other manuals are also in the process of preparation, so you can understand the urgency to make all these different manuals available.

Mr. Speaker, like my colleague hon. Wanyoto has said, this report and also the annual report are very important reports. These two reports are very important, especially for our development partners. This audit report is a selling document before our development partners. It is indicating our direction as a community; it is indicating our mission and our vision. So, this audit report is very important for giving credibility to our vision and our mission. I don't know why the auditors are not here, it should have been good for them to be here to follow the debate from the Members of the Assembly who are not necessarily Members of the Accounts Committee in order to make improvement and to follow up these recommendations.

Mr Speaker, a clear internal monitoring and evaluation mechanism needed and this is very important. There is a proposal for the establishment of an Audit Committee, but I think more consultations may need to be done, especially by the Council of Ministers in collaboration with the auditors from our Partners States in order to establish a clear mechanism of internal monitoring and evaluation before an external audit, to monitor the day-to-day management of the East African Community activities in the different organs and institutions of this Community, not only in the Secretariat.

Mr. Speaker, in the next report, I would like to have a clear explanation about the execution of the budget because, like hon. Masaburi said, with a report on the utilisation of the budget, we can have a clear picture of activities which have been planned for the indicated year in order to review, correct and adjust for the next year. It does not make sense to hear that there is low absorption capacity and on the other hand not have enough money for this Community. It is a little bit confusing.

Mr. Speaker, through this report we now recognize that there is a little improvement, but we still have a long way to go for the benefit of the people of the East African Community, because this budget is coming from the taxes of the people of East Africa. We represent the people of the five Partner States and we will be accountable at the end of our mandate.

Mr. Speaker, I would also like, as agreed in the Committee, to have a supplementary report from the auditors. It would be helpful for this Assembly, but in particular for the Accounts Committee to improve its report for the next year.

With these few comments, I support the motion. *(Applause)*

**Ms Safina Tsungu Kwekwe (Kenya):** *Mheshimiwa Spika*, thank you very much for allowing me to add my voice to support the motion on the Floor, but first of all, I would like to thank the people of Uganda and the Parliament of Uganda for their warm welcome and hospitality in this beautiful city of Kampala, which yesterday I learnt is ‘the city of God’.

I would like to speak on two issues, but before I do that, I would like to make a general comment that audited accounts are always a post-mortem. They are a post-mortem of what happened and how it happened, *vis-à-vis* what was planned. It is usually a very sad job to do a post mortem, but it is even sadder to do a post-mortem of the East African Community, because every year you are met with shocks. If one year gives you the shock of somebody deciding to slash down hectares of trees belonging to the Community, the next year you are met with the shock of people refusing to surrender imprest, somebody walking a way with a camera...and it is just like there is so much impunity that this post-mortem, and every post-mortem, gives a sad story. And then we wonder, surely, is this Community going to survive?

*Mheshimiwa Spika*, I want to talk about one thing that was also highlighted in the last post-mortem, and this is the issue of *RV Jumuiya*. As we speak, *RV Jumuiya* is the only thing that the Community has that can be seen with the naked eye. Just before the collapse of the first Community, the Community almost prided itself with having a complex in the city of Arusha, the AICC complex. But of course we didn’t have that pride actualized because the Community collapsed, and now we are tenants in our own house. We have some vehicles that are limping around, but *RV Jumuiya* is the only thing that we really have, and this is a case of strangers wailing louder than the bereaved.

Mr Speaker, DFID gave us a vessel, and the French Government offered to equip it, but we as the Community, what have we done ourselves? This vehicle has no certificate of seaworthiness, so it cannot be registered. Furthermore, it can not be insured because we do not have permanent staff on board. *Mheshimiwa Spika*, in September of last year, this Assembly passed a law that requires all vessels on Lake Victoria to comply with specific requirements so that we can have safety and security on that lake. We said that all vessels must meet certain standards so that we are safe on them while plying on that lake, yet we as the Community, our own vessel does not meet those standards, and we come to this Assembly, make other vessel owners and users adhere to our rules. *Mheshimiwa Spika, aibu gain hii!* Are we saying to East Africans “do as I say but not as I do?”

Now to the second item, and this is the headquarters of the Community, Mr Speaker. It is becoming one of the pet subjects of this Assembly. But as other Members have already said, we may probably not even need it because at this rate, we may not live to have even one night; just one night, or is it a day in it. This is because it seems that there is absolute no regard for assets of this Community. Someone can wake up one day and disappear with a camera, another one wakes up one day and says “I am not surrendering imprest”, and another one wakes up one day and says “hmm, we should even go away with the

mace"! It has happened before somewhere in a Parliament within the EAC, so this is not too alien or remote!

Mr. Speaker, this kind of disregard for the things that we fight for as a Community, things that belong to us, is alarming. If we cannot value what is our own, why do we have to put even more things, big things like an entire headquarters of the Community in a city where we have to plead to meet the Head of State, and where we had headquarters before which we never even had the pleasure to own? (*Applause*)

In conclusion, I want to say this, that, if this is the kind of post-mortems we are going to be having every time, the pathologists will collapse, because they will be so shocked that one day they will just die themselves, and there will be no one to do a post-mortem on them.

Mr. Speaker, I hope that the next time we are sitting in any other chamber in this Community; we shall be able to have the pride to be saying "we have done well; we are happy with what we said we will do and done, we are proud of ourselves". I wish to see that day Mr. Speaker, and I hope it will be very soon. (*Applause*)

**Mr. Said Gharib Bilal (Tanzania):** *Mheshimiwa Spika*, I thank you for affording me this opportunity to make a few remarks in this August House in Kampala. First of all, since this is my first time to speak here on the Floor of this House, let me say how happy and grateful I am to be in Uganda, and to be in Kampala. (*Applause*)

Mr. Speaker, we have been here for the past two or three weeks, and I have come of age in Kampala. Let me say that first of all my utmost gratitude goes to the Almighty for my being here, and let me seek your indulgence to say that my being in Kampala for the first time was kind of an ordeal. I had a scare, and I wasn't able to make any statement on this Floor. When we went to Kigali, there was another scare, and I couldn't also make any statement on the Floor. But I must say that I should take this opportunity to express my utmost, heartfelt gratitude to my colleagues for the support and empathy that was expressed to me during my ordeal in Kigali, and to you personally, Mr. Speaker, and others, for coming to the hospital to wish me the best. I must say that I am now fine, not because I am fine, but I am fine because of the well wishes expressed by you. Even when I went home to Zanzibar, some of you telephoned me, and I must say that I am very grateful for that show of camaraderie, which, as people of East Africa, we must show as an example. Thank you. (*Applause*)

Mr. Speaker, I will address myself to only two remarks. I am a member of the Accounts Committee, but first of all, let me express my sincere appreciation to the hon. Nakuleu, the Chairperson of the Committee - (*Applause*) - for making, what at the beginning appeared to be an arduous work to the Committee, comfortably manageable. We were able to do our work very comfortably in Kampala. Thank you. (*Applause*)

As I said, let me address myself very briefly to only two remarks. First of all, is the issue of *RV Jumuiya*...was it *MV* or *RV Jumuiya*? (*Interjection*) It's *RV Jumuiya*; thank you. We are told in the last but one paragraph on page 33 of this report that the delay affected

planning and programme implementation. Some income was expected mainly from the *RV Jumuiya*, but since it wasn't yet operational, the income was not realized.

In our recommendation, we urge that there should be a realistic budget estimate. I think for lack of a better word, we use "realistic", but to have estimates based on unlawful, unethical earnings from something that is not commissioned, I think, is not lawful. Why should you plan on using something that is not lawful? For lack of a better word, I think we can use "unrealistic", but I think we should also be careful. And as members of the East African Legislative Assembly, we should be sitting on high moral ground. So, I am urging that we should be aware of the fact that we need to have a realistic and also ethically sound estimates.

Hon Speaker, the other brief remark is on the issue of the float funds. Many people have talked about the issue of the float funds. I think that was a misnomer, and as a misnomer, it leads to a very...it affected the mindsets of the people. Something floating can go anywhere; that is the meaning of floating. We suggested that there should be a policy to address the way this money should be spent, and I think the word "float" should be obsolete when we address this issue.

With those few remarks, I support the Motion. (*Applause*)

**Dr James Ndahiro (Rwanda):** Hon. Speaker, I would also like to take this opportunity to thank the Government, the people and the Parliament of Uganda for this occasion. Thank you; *mwebale nyo mwebalire ddala*.

Hon Speaker, the Accounts Committee report we have in front of us is a language in itself. It is a language which requires interpretation, but which clearly tells us what is happening to our Community. The Accounts Committee Report is a snapshot, or a mirror image of what we are involved in. It is a mess; our Community is in a mess.

If you consider that we have a Treaty which we interpret differently, the Secretariat will interpret it and use its articles, the Assembly will interpret it and use its articles, and you will find that the two do not come together; the two are not reading the same situation and interpreting it in the same way. There must be a problem. What we are seeing is just a manifestation or a symptom of a bigger problem somewhere, which we need to uncover.

Hon Byamukama talked of a vehicle; I think I would add that, that vehicle is at a crossroads. Its better we take this opportunity to direct it, because if we do not, we shall meet several times, lament, lament and lament! Why don't we put a stop on this? Hon Speaker, I will need your indulgence and your support if what I am going to say is not in line or parliamentary in nature.

If you look at the Treaty, it is being taken like the Bible, and as you know, even criminals will find phrases and chapters to cite in the Bible. So, if the Treaty is being taken in the same way, is it proper then, for this House to resolve that for those articles that we interpret differently, we subject them to a third party interpretation, and in this case, we

can use the East African Court of Justice to really explain to us the relationship between the Secretariat, the Secretary General, and the Assembly, so that after getting the legal interpretation of those and such relationships, instead of allowing hon. Byamukama's vehicle to turn left or right, we can now ask the Summit, which is the highest organ of the Community, to help us to define the way forward? In defining the way forward, we shall then get to know the role of the Assembly and the nature of the parliament they envisaged when they were setting up this Community. After proper interpretation of the articles of the Treaty, we shall be able to say that these articles are not in line with the vision and the mission that we are pursuing as a Community, and then these same articles could be changed to reflect where we are going.

Hon Speaker, if you consider what has been said here, everybody is tired and frustrated, and yet I think that we should instead be here rejoicing and also celebrating that where we are going and where we are making the East Africans move is a place where we all want to be, a situation which is better than the situation we have been living in. I thought we were here looking for solutions to our historical problems of divisions, of divide and rule and others of similar nature that have really affected our communities and our countries for centuries! If we are standing here to demonstrate the frustrations that we have, I think it is time to stop and re-think. Instead of pursuing things we can see are not helping us to achieve the objectives we set out to achieve, why don't we sit and rethink and say ok, how do we arrive at point A and B?

Mr Speaker, we have different organs, we have people, and we can't stand here, hon. Speaker, and pretend to be the best East Africans, or more concerned East Africans than others! No! We are all pursuing a similar goal; we should get everybody involved. We should get everybody to understand the situation: to understand that the reports we are receiving today and the reports that reflect inconsistencies, that reflect poor management, that have got wider implications - probably it is not just human error or shortage of skills, probably there is even lack of will to work, perform and deliver - and we can address the situation.

I would, then, therefore, call upon the Council of Ministers to really use the Treaty and exert its power. We are frustrated; we do not want to come again in the next session to repeat similar frustrations. I know for sure that in the different committees - today is the Accounts Committee, if you meet the Budget Committee tomorrow or any other committee - they will echo similar frustrations about the relationship the Assembly and the Secretariat. We have seen that, we are reading that and what next?

Hon. Speaker if we are going to make a difference, if we are going to realise what we set ourselves to do, then I think we need to do something. I would therefore propose that we ask for the intervention of the East African Court of Justice in the interpretation of those articles that we think are hindering our progress. Probably they are misleading some people. As we have noted, the status of the Secretary General in the Community is not very clear. He might think that he is the head of the Community, on top of the Summit even.

If he is the principal executive officer and the Community is a company, then what? He has the power. But if that interpretation is not right, he should be told that, that interpretation is wrong, and then he should go back to where he belongs because, if we continue like this, it will be this meeting, next meeting, the other meeting and then what? We can't afford to have one person frustrate our efforts. He is an individual, probably he is mislead, probably he has other intentions, probably he is both right and wrong, so we need to be supported, hon. Speaker, by a third party to give us that interpretation.

Finally, hon. Speaker, I would like to support the motion and point out two things that I think might also mislead or influence our judgment. When you look at the way the report is written, there are two different things that are considered simultaneously, which might not reflect a true picture of the Community's accounting system. One, it seems, according to my reading, that we have some reports that are based on the cash accounting system and then we have other reports that are based on the accrual accounting system. When you mix the two in one report, you are likely to confuse them.

I am not sure whether it is a deliberate move or deliberate way of presenting the information by the Community, but if we have different funds in our basket, which are accounted for differently, I think there must be a note somewhere to explain that. Otherwise, if we just leave it like that you will meet a lot of problems. That is why you will find that you can fail to know even where the money came from. You are in deficit, now you are in surplus, and there is a total confusion. So, perhaps we could add, at least in the recommendation - if we have two different accounting systems in our Community - to separate the reports so that they can complement each other instead of confusing each other.

If you look at the recommendations given, hon. Speaker, I think we can only say that they all add up to one thing: The Community lacks a proper accounting system. That is it. The recommendations given add to that. We don't have a system in place, so we need to have control systems. Even if you had about 50 or each organ of the Community had five auditors, it would not help us at all. You can have internal auditors, but without a control system they can as well misuse the whole system and we will get similar reports.

So my contribution, hon. Speaker, is that we need to ask the Council of Ministers to appoint people to conduct a systems and processes audit of the Community. What was then was the accounting figures but we have not got a systems and a processes audit so that as a parliament we can base on that and say listen, this is wrong, we must change. If, from the way we interpret things from the audited reports, asked the Secretariat to change this or that, we would probably be talking as people who understand but not basing on information. We need to be sure that what we are saying is backed by a professional report. I don't think that we would be asking too much if we asked the Council of Ministers to conduct systems and processes audit and then give us the report, and then from there we can shape the destiny of our Community. If we have that one and you have the proper interpretation of those articles of the Treaty, those two things, will pave the way for the Community. (*Applause*)

## **ADJOURNMENT**

**The Speaker:** Honourable Members, I now adjourn the House until tomorrow at 2.30 pm.

*(The Assembly rose at 5.05 p.m. and adjourned until 2.30 p.m. on Thursday, 4 December 2008)*