

**EAST AFRICAN COMMUNITY
EAST AFRICAN LEGISLATIVE ASSEMBLY**



**REPORT OF THE COMMITTEE ON GENERAL PURPOSE ON THE EAC
BUDGET ESTIMATES FOR REVENUE AND EXPENDITURE FOR THE FY
2016/2017**

**EAC HEADQUARTERS, ARUSHA, UNITED REPUBLIC OF TANZANIA
10TH-21ST MAY 2016**

**CLERK'S CHAMBERS
EAC HEADQUARTERS
EALA WING, 3RD FLOOR
ARUSHA – TANZANIA**

1st June 2016

1.0 INTRODUCTION

Mr. Speaker Sir,

In accordance with the provisions of Articles 49 and 132 of the Treaty for the Establishment of the East African Community, Rules 74, 75 and Annex 5 (f) (2) of the rules of procedure of the Assembly, I beg to present to the Assembly for consideration and debate, the report of the Committee on General Purpose on the estimates of Revenue and Expenditure of the East African Community for the financial year 2016/17.

In accordance with specifically, Articles 49 (2) and 132 of the Treaty for the Establishment of the East African Community, as well as Rules 74, 75, 76, 77 and 78 of the Rules of Procedure of the Assembly, the Annual Estimates of Revenue and Expenditure of the East African Community in form of budgetary proposals are presented to the Assembly for consideration, debate and approval. The Committee on General Purpose, mandated by the Rules of Procedure through its pre-budgetary function analyses the proposals and makes recommendations thereof to the Assembly. This mandate is specifically premised on Rules 81 (c), (d), (e), and (g) as well as Annex 5 (f) (2) (c).

The estimates for revenue and expenditure of the East African Community for the FY 2016/17 were tabled before the Assembly by the Council of Ministers on Thursday 26th May 2016 and referred to the Committee on General Purpose.

The Council of Ministers requests approval of **USD 101,374,589** as compared **USD 110,660,698** for FY 2015/16 as shown in the Table I.

Table I: SUMMARY OF THE PROPOSED BUDGET FOR 2016/17

Planned Expenditure				
Organisation/Institution	FY 2015/16	FY 2016/17		
	(US \$)	US \$	Change	% Change
			(US\$)	
EAC Secretariat	69,636,849	57,872,785	-11,764,064	-17%
East African Legislative Assembly	15,865,646	16,034,324	168,678	1%
East African Court of Justice	4,301,551	4,286,477	-15,074	0%
Lake Victoria Basin Commission	10,137,163	11,214,708	1,077,545	11%
Lake Victoria Fisheries Organisation	3,091,097	2,131,422	-959,675	-31%
The Inter-University Council for East Africa	4,507,648	4,553,890	46,242	1%
East African Science and Technology Commission	726,755	1,161,438	434,683	60%
East African Kiswahili Commission	756,361	1,134,542	378,181	50%
East African Health Research Commission	935,498	1,397,438	461,940	49%
East African Competition Authority	701,530	1,587,565	886,035	126%
TOTAL	110,660,098	101,374,589	-9,285,509	-8%
EXPECTED REVENUE				
SOURCE OF REVENUE	FY 2015/16	FY 2016/7	CHANGE	
	(US \$)	(US\$)	(US\$)	% CHANGE
Ministries of EAC Affairs	41,890,538	41,890,538	0	0%
Ministries responsible for Education	4,122,228	4,121,967	-261	0%
Ministries responsible for Fisheries	1,554,207	1,552,872	-1,335	0%
Member Universities	385,420	431,923	46,503	12%
Development Partners	58,555,635	46,717,601	-11,838,034	-20%
Miscellaneous Revenue	232,540	305,440	72,900	31%
General Reserve	3,919,530	6,354,248	2,434,718	62%
TOTAL	110,660,098	101,374,589	-9,285,509	-8%

2.0 ACHIEVEMENTS DURING FY 2015/2016

2.1 Priority programmes planned for implementation during the FY 2015/16

In line with the 4th EAC Development Strategy 2011/12 – 2015/16, the following were the major programmes planned for FY 2015/16:

- a) Establishment of the East African Monetary Institution and the East African Statistics Bureau to support the transition to a single currency;
- b) Consolidating the Single Customs Territory by developing and implementing the requisite systems and administrative mechanisms as outlined in the road map for the implementation of the Single Customs Territory;
- c) Enhanced implementation of the EAC Common Market Protocol particularly focusing on the implementation of the road map for the new generation East African Internationalized e-passport; and development of the EAC trading payments and settlement systems;
- d) Implementation of the road map on Constitution making process for the East African Political Federation;
- e) Development of Cross-Border infrastructure in the respective sub-sectors including:
 - (i) Roads – the Arusha- Holili/Taveta- Voi (Reconstruction works); the Malindi- Lunga Lunga/Horohoro – Bagamoyo (reconstruction works); Nyakanazi- Lusahunga – Rusumo/Kayonza- Kigali Road (Study completion); and Nyakanazi – Kasulu- Manyovu- Rumonge –Rutunga-Bujumbura (study completion);
 - (ii) Implementation of the Vehicle Load Control Law (sensitization, coordination of the Recalibration and Recertification of weigh scales and weigh stations and development of a training

- curriculum for weigh scales and weigh stations and development of a training curriculum for weigh bridge operators);
- (iii) Implementation of the Heads of State directives on prioritized projects in the railways, ports, inland waterways and energy;
 - (iv) Preparation of the implementation framework of a liberalized EAC airspace (preparation of a road map) and implementation of the EAC Upper Flight Information Region and operationalize the EAC Agreements on Search and Rescue (SAR); and
 - (v) Preparation of a policy and regulatory framework for international mobile communications roaming services.
- (f) Implementation of the EAC Industrialisation Policy and Strategy with specific focus on upgrading of SMEs, competitiveness; strengthening the collection and compilation of Industrial Statistics for production reports; and strengthening regional collaboration in industrial research technology and innovation;
- (g) Implementation of the EAC Food Security Action Plan and Climate Change Strategy with particular focus on the SPS Protocol and establishment of a regional agricultural marketing information and early warning system;
- (h) Harmonisation of higher education systems and developing a harmonized EAC curriculum for pre-primary, secondary Teacher Education and Training;
- (i) Conclusion of the negotiation of the Tripartite Free Trade Area Agreement encompassing EAC –COMESA- SADC; and
- (j) Implementation of the EAC Peace and Security initiatives.

2.2 Key Achievements during the FY 2015/2016

The Committee was informed that the achievements so far realized during the first half of the FY 2015/16 were among others:

- a) The draft Bill for the establishment of the East African Monetary Institute has been developed, negotiated by the Partner States, and reviewed by Legislative Drafters. The draft Bills for the establishment of the East African Statistics Bureau and the East African Surveillance, compliance and enforcement Commission have been developed and are awaiting negotiation by Partner States;
- b) Implementation of Single Customs Territory which initially commenced on pilot basis on the Northern and Central Corridors in 2014, was consolidated in 2015 through finalization of key operational instruments entailing revision of SCT business manuals, development of SCT monitoring and evaluation tool, framework for deployment of staff in other Partner States and revision of the enforcement and compliance framework. The instruments have been adopted and are being applied by the Partner States;
- c) To facilitate free movement of persons under the EAC Common Market Protocol, the 32nd Meeting of the Council of Ministers adopted the East African Regional e-immigration strategic framework. The Community is implementing the project on installation of the Capital Markets Infrastructure CMI for the EAC Capital Markets. Four Partner States: Burundi, Rwanda, Uganda and Tanzania have been proceeded with the implementation of the CMI infrastructure project;
- d) The EAC Time Bound Programme (TBI) on Elimination of Non-Tariff Barriers was updated. The TBP shows that as of September 2015

eighteen (18) NTBs were reported as new and eighty seven (87) NTBs were resolved;

- e) As of October, 2015, 35 Kilometers of bitumen had been laid out on the 85 Kilometers section of the Taveta- Mwatate Road; and as of October 2015, site clearance over the entire 14.2 Kilometers of the Sakina-Tengeru Dual Carriageway had been completed. Preliminary survey findings on design review of the Tengeru- USA- Moshi Road have been submitted by consultants. The purpose of the design review is to determine the requirements to bridge the funding gap for this section.
- f) The One Stop Border Post Bill and Vehicle Load Control Bill, which were enacted by the East African Legislative Assembly (EALA) in April 2013, and May 2013 respectively, were forwarded to the Republic of Rwanda in September 2015 for final assent. Meanwhile, the Secretariat was developed regulations to support implementation of both Acts when fully assented. The regulations have been approved by stakeholders and experts.
- g) The Technical Team on the establishment of the EAC UFIR has completed the key projects' deliverables including the inclusion of Rwanda and Burundi into the study on detailed analysis of the sustainability of the lower airspace (below flight level) 24,500 feet above sea level, the project is risk analysis, safety analysis and preparation of a detailed implementation plan. The team is finalizing the documentation of the road map towards the establishment of the EAC UFIR.
- h) Out of 15 borders earmarked to operate as OSBP, seven (7) have been completed and three (3) are operating as OSBPs using Bilateral Agreements. The seven OSBPs are:

Gasenyi/Nemba; Ruhwa; Lunga Lunga/Horohoro; Holili/Taveta; Isebania/Sirari; Kagitumba/Mirama; and Rusumo OSBPs. The three (3) that are operational are: Gasenyi/Nemba; Ruhwa; and Holili/Taveta. Five (5) borders stations which are almost completed are: Namanga, Busia, Malaba, Mutukula and Kobero/Kabanga. Work has also commenced on Katuna/Gatuna.

- i) A feasibility study on the establishment of a regional Centre for adaptation and transfer of manufacturing and industrial technologies (CATMIT) has been prepared. The center will serve as a regional reservoir for cutting edge manufacturing and industrial technologies and processes, knowledge management platform on regionally available technologies, and capacity building on technology management, selection, prospecting (foresight) and road mapping. The Center will also provide support towards technological upgrading of SMEs and selected manufacturing value chains.
- j) In order to facilitate effective implementation and enforcement of the SPS Protocol, the EAC Secretariat has finalized the development of Phyto-sanitary and sanitary measures and procedures for plants and sanitary measures for fishery and fish products.
- k) Towards elimination of import duties, under COMESA-EAC-SADC Tripartite Free Trade Area, EAC and Southern African Customs Union (SACU) have agreed on a road map to negotiate various tariff offers.
- l) The Community has continued with deliberation and consultations on the establishment of the EAC Peace and Security Council. Through a consultative process, an EAC Inter-Religion Council (EAC-IRC) has been established to serve as a platform for collaboration on peace, security and stability in the region.

KEY CHALLENGES FOR FY 2015/2016

During the interaction with the DSG F & A, the Committee was informed that the key challenges affecting implementation of the Community programmes and projects include:

- a) Slow pace in harmonization of domestic taxes to facilitate the functioning of a Single Customs Territory;
- b) Inadequate political mobilization for the full implementation of the Common Market Protocol;
- c) Maintenance of the key macro-economic criteria essential for the Monetary Union;
- d) Inadequate staffing, particularly in the run-up to exit of several staff in early 2017;
- e) Delays in remittance of funds from Partner States and Development Partners to Organs and Institutions of the Community;
- f) Limited financial resources, occasioned especially from non-remittance from Development Partners; and
- g) Long decision making and budget approval processes.

KEY PRIORITY PROGRAMMES FOR THE FY 2016/17 - 2018/9

The Committee was informed that the Community will focus on the following key priority programmes:

- (i) Full implementation of the EAC Single Customs Territory;
- (ii) Enhanced implementation of the EAC Common Market Protocol especially in regard to: negotiating additional commitments and interconnectivity of border immigration systems and procedures across the Partner States;
- (iii) Development of cross-border infrastructure and harmonization of

laws, policies and standards in the respective sub-sectors; implementation of a liberalized EAC Air Space; enhanced implementation of computerized weather prediction models; implementation of a One Network areas in Telecommunications; and convene 4th Head of State Retreat on Infrastructure, Development and Financing;

(iv) Enhancement of productivity value addition in key productive sectors including regional agricultural and industrial value chains, and strengthen capacity for food security, natural resources, tourism and wildlife management;

(v) Institutional strengthening;

(vi) Development and harmonization of policies, legislation, regulations and standards to establish an EAC Energy, Common Market, including work on an EAC Energy Exchange and finalise remaining energy interconnectors across borders; and

(vii) Implementation of EAC Peace and Security initiatives.

Proposed EAC Medium Term Expenditure Framework 2016/2017 to 2018/2019

The Medium Term Expenditure Framework (MTEF) for 2016/17 – 2018/19 has been prepared in line with the Treaty for the establishment of the East African Community, the outcomes of the Pre-Budget Conference that was held in August 2015, decisions of the Council and directives from the Summit of Heads of State.

The Committee was informed that to achieve the above key priority programmes for the financial year 2016/2017, the Community has developed annual targets on the basis of key and sector priorities for the FY 2016/2017.

(i) To consolidate the benefits of a fully-fledged Customs Union;

(ii) To fully implement the EAC Common Market Protocol;

(iii) To establish the East African Monetary Union;

- (iv) To lay foundation for a Political Federation;
- (v) To develop regional infrastructure to support the integration process sustainable productive sectors to support regional and global integration process;
- (vi) To develop and strengthen the Regional Competitive and sustainable productive sectors to support regional and global integration process;
- (vii) To strengthen the Service Support Sectors;
- (viii) To strengthen and enhance the mandate of EALA;
- (ix) To enhance the design of the Court under the Treaty, its appreciation and visibility and develop its human and material capacity;
- (x) To promote sustainable utilization and management of the Lake Victoria Basin resources;
- (xi) To promote sustainable utilization and management of the living resources of Lake Victoria for maximum socio-economic benefits;
- (xii) To strengthen coordination and operational capacity of Inter-University Council and develop human resources capacity in all disciplines of higher education in East Africa;
- (xiii) To maximize benefits of a safe, secure and efficient air transport system in the region.

2.3 Expected Outcomes over the Medium Term (2016/2017–2018/2019)

It is expected that the implementation of the above priority programmes will result into the following outcomes:

- a) Increased trade and economic prosperity in the region as a result of implementation of programmes and projects towards attainment of a Single Customs Territory, and removal of non-tariff barriers;

- b) Implementation of the Regional e-immigration framework is expected to offer excellent e-immigration services for a secure, developed and integrated region;
- c) Increased cooperation in monetary and fiscal matters among Partner States, specifically on: - harmonization of monetary fiscal and exchange rate policies; currency convertibility in the region; coordination of budget processes; harmonization of public debt analysis and management frameworks procurements, accounting and oversight practices in the EAC; and coordination and development of a framework for fiscal regime and management of natural resources;
- d) Improved infrastructure for expansion of cross-border trade, further reduction in the turn-around time for trucks from the ports to land-linked countries; reduction in transport costs, reduced cross border Telecommunication tariffs, and reduced road traffic accidents;
- e) Enhanced industrial competitiveness of the EAC region, increased productive and supply capacity for manufactured products within EAC and improved attraction of investors in EAC priority regional industries in line with implementation of the EAC Industrialization Policy and Strategy, thereby resulting into improved welfare;
- f) Enhanced competitiveness of agricultural value chains and improved value addition in EAC Partner States, particularly to benefit SMEs and small hold farmers; and
- g) Increased deployment of renewable energy technologies and their contribution to the energy mix, resulting into reduced cost of energy in the region.

2.4 The Financial Status of the EAC as of 18th May 2016

The Committee was informed by the Secretary General that remittances from the Partner States had been a serious challenge while donor funds had drastically reduced. In summary, EAC has received 65.09% of the contributions due for FY 2015/2016 for the Secretariat, EALA, EACJ, LVBC, EASTECO and EAKC.

The IUCEA has received 34% of contributions due for 2015/2016 and USD 9,206,762 for previous year, 1980-June 2015 is still outstanding from Partner States;

LVFO has received 53.6% of the due contributions due for FY 2015/2016 and USD 701,683 is still outstanding for FY 2014/15.

The detailed analysis of the financial status per Organ and Institution is shown in **Annex I** (from pages 2 to 5). A detailed analysis is also provided.

3.0 METHODOLOGY

The Committee considered the following documents:

1. Statement by the Secretary General on the EAC Budget FY 2016/2017
2. EAC MTEF Budget 2016/17: Volume 1 and 2
3. EAC Budget Summaries for 2016/2017
4. EAC Annex to the Budget 2016/17 (Detailed MTEF at inputs level)
5. EAC Annual Operational Plan 2016/2017
6. EAC Procurement Plan for 2016/2017
7. EAC Budget Performance For 2015/2016 (July 2015 – March 2016)
8. 33rd Ordinary Meeting of Council of Ministers Report
9. EAC-Explanatory Notes to the EAC Budget for Financial Year 2016/2017
10. Financial Statements and Statement of Estimates of Expenditure for

2016/2017

The Committee requested for the following additional documents:

- (i) Detailed conference and travel budget.
- (ii) EAC Financial Rules and Regulations Handbook.
- (iii) The Report of the 33rd Ordinary Meeting of the Council of Ministers meeting.
- (iv) The Report of the Sixth Meeting of the Sectoral Council on Finance and Economic Affairs (SCFEA) held in Arusha, Tanzania from 2nd to 7th May 2016.

The Committee further considered previous recommendations adopted by the Assembly from previous budget consideration reports and debates for previous financial years as well as personnel salaries by Organ, Institution, Projects and Programs.

Personnel salaries by Organ, Institution, Projects and Programs.

- The EAC Human Resources Policies and Procedures Manual.
- The bank statement/status of the EAC Reserve Fund.

The Committee also considered the Budget Speech delivered to the Assembly by the Chairperson of Council on Thursday 26th May 2016.

The Committee interacted with the Secretary General of the EAC, the Acting DSG F & A also DSG P & I and Officers from all EAC Organs and Institutions. The Committee then met with the Council of Ministers and the Secretary General of the EAC on Tuesday 31st May 2016.

The Committee finally considered and discussed the estimates for revenue and expenditure of the departments of the Organs and Institutions of the EAC with the Acting DSG F & A and the DSG P & I and the Technical Officers of the EAC and makes the following observations and respective recommendations.

The questions, issues raised, comments and respective recommendations by the Members and respective responses and explanations provided are herewith annexed as **Annex I**.

4.0 CONSIDERATION OF THE EAC BUDGET ESTIMATES FOR FY 2015/2016

The Committee appreciates and commends the continued efforts by the EAC Council of Ministers in maintaining notable achievement in the integration agenda in terms of progress, achievements and registered successes. This has impacted on visibility, recognition and has continued to attract consolidated useful partnerships and that EAC has developed. The Committee however made the following general and specific observations and respective recommendations:

4.1.1 Previous recommendations on the EAC Budget, particularly from the report on the EAC Budget Estimates for FY 2015/2016

The Committee has previously made recommendations to the Assembly and these were adopted by the House in the Report of the Committee for FY 2015/16. The following are still pertinent and are again emphasized:

- **Proper and effective use of Community resources.**
- **Effectiveness of resources from development partners.**
- **Proper delimitation of the role and responsibilities of the finance and administration advisory committee.**
- **Need to align the budget with the EAC objectives and strategic objectives.**
- **Curtailment of unnecessary travel from work stations.**
- **Development of a sustainable funding mechanism.**

- **Harmonization of unit costs on inputs and the use of official EAC rates particularly amongst the Institutions of the Community.**
- **Adherence to the existing financial rules and regulations.**
- **Need to strengthen the ethical standards and integrity instruments and their enforcement in the Community.**
- **Need to address the perpetual underfunding of the Social and Productive sectors.**
- **Inherent lack of capacity in the Community to provide risk mitigation including emergencies and unforeseen circumstances.**
- **Ability to review performance of EAC service providers.**

4.1.2 Observations on the EAC Budget Estimates of Revenue and Expenditure for the FY 2016/17

The Committee received an updated briefing on the financial status of the Community which presented the Community as being in an alarming financial situation as shown in Annex I of this report mainly due to partial fulfillment of commitments by the Partner States (65%) and low and irregular disbursement by donors (30%). This situation reflects that serious drastic measures need to be taken with immediate effect given that the ability and commitment to pay June 2016 salaries is uncertain with a current deficit of 14 million dollars. The Secretary General informed the Committee that the Executives had already put in place cost cutting measures to reduce on expenditure and to ensure optimum output given the very limited resources the Community has. The Committee appreciates and commends the measures put in place which among others include:

- A review of the calendar of activities to reduce meetings, conferences;
- The requirement for officers to spend no less than 50% of their work program/schedule at the work station in Arusha at the Headquarters;
- Setting up of an interdisciplinary Committee to rationalize and validate use of Consultancies;
- Reduction and restriction on number of days for meetings;
- Drastic reduction in number of delegates travelling for meetings outside the Headquarters by permitting travel of only essential staff who are adequately and appropriately briefed to facilitate satisfactory representation at the meetings;
- Requiring Partner States to likewise reduce the number of delegates to EAC meetings given that 42% of travel budget of the Community is spent on facilitation of Partner States delegates as will be elaborated in part 4.3 of this report;
- Clear communication to the Partner States that the contribution up to date can neither cover activities nor sustain operations of the Community. This, as explained by the Secretary General to the Committee, appears so because year after year Partner States contributions at the end of the year have not been fully paid and disbursements are less and less each year. Last financial year, the contributions were paid up to 87%. Although a slight increase of 3.6 million USD is reflected in the estimates for 2016/17 this is drawn from the General Reserve and not a result of increase in contributions.

This notwithstanding, the EAC still has faith in the commitment of the Partner States to the integration agenda and acknowledges and appreciates the commitment of the Partner States.

- The Committee reiterates its appreciation and commendation to the Partner States for continued efforts towards sustaining the Community projects, programs and agenda.

The Committee **recommends to the Assembly to urge the Council of Ministers to set up a strategic inter-organ session with Ministers to discuss and harmonise positions on remittances, financial and administrative reforms and best practices to adopt as well as review commitments in all the above including for Partner States to pay remittances at least by 31st December of each year.** The latter would also eliminate the ineffective implementation of activities in a rushed manner due to late remittances (60%) in the last quarter of the financial year.

4.1.3 On the size of the EAC Budget

The Committee observes that for the past three years the EAC budget has been on a downward trend. The reduction of the budgetary allocation has affected almost all sectors.

The Committee is concerned that the budget reduction has been implemented in the context of growth and expansion of the integration process. This growth and expansion is driven by the consolidation of Customs Union and Common Market Protocol stages and the adoption of Monetary Union. Further, the growth and expansion is characterized by an increased institutional base that has seen the establishment of new EAC Institutions including the EAC Science and Technology Commission, EAC Health and Research Commission, EAC Kiswahili Commission and the EAC Competition Authority. Furthermore, it is expected that in the

coming financial year preparations for setting up of other institutions such as the East African Parliamentary Institute and those related to the implementation of the Monetary Union will also commence.

Some of the negative effects of this reduction include budget lines with zero allocation, cancellations and or delays in implementation of programmes and activities, reduced productivity, misallocation of resources etc. As an illustration of the above, the Committee notes with concern, that the new Commissions were funded in the last financial year to cover only their re-current expenditure. It is the considered view of the Committee that this was not and is still not optimal and proper use of resources of the Community.

The Committee further observes that the EAC Parliamentary Budgeting process does not have linkage with the Partner States parliamentary budgetary process.

The Committee also observes that, unlike the pillar of the Custom Union, the Common Market Protocol and Monetary Union do not have strong legislative and institutional support.

During the Committee's interaction with the Acting DSG F & A, the Committee was informed that the Sixth Meeting of the Sectoral Council on Finance and Economic Affairs (SCFEA) that met in Arusha, from 2nd-7th May, 2016, the Committee on Fiscal Affairs (CFA) while reporting on consideration of sustainable financing mechanisms for the EAC made several observations and recommendations as follows:

On page 22, 23 and 24 of the Report of the Sixth Meeting of the Sectoral Council on Finance and Economic Affairs (SCFEA), Ref: EAC/SCFEA/06/01/2016:

“There is need to operationalize the provisions of the sanctions in the EAC Treaty in order to overcome the challenge of timely disbursement of Partner States contributions. ¹

The Committee on Fiscal Affairs (CFA)

First Year of Default¹: From the very first year of default of its contributions to the Budget of the Secretariat, the Minister Responsible for East African Community Affairs of the Country concerned shall be regularly notified of this state of Affairs by the Secretariat. This action is not considered to be a sanction, but as a necessary and indispensable pre-condition which must be resorted to before any penalties can be considered.

All sums in default shall attract the appropriate interest charges equivalent to the rate of interest chargeable on an overdraft by the Central Banks of the respective Partner States.

Second Year of Default: In addition to earlier sanctions, the Country concerned shall be subject to; the non-receipt of documents; not participating in decision making on Community Affairs; and illegibility for Chairmanship at level of the Summit, Council, Sectoral Council, Coordination Committee or any of its Sub-Committees.

Third Year of Default: During the third year of default, in addition to earlier sanctions, no new nationals of that country can be employed within the Community Organs and Institutions.

Over Third year of Default: where a country is in arrears of over three years, its representatives shall, in addition to the earlier sanctions, be excluded from participating in all EAC meetings including those of Summit.

¹ A Country is considered to be in default when all or part of its contributions on the Budget of the Community is outstanding after the last day of the Budgetary year to which it relates.

Exception

The above sanctions shall not apply in cases of “force majeure” that have a significant impact on the economy of the Partner State.

The Secretary General of the East African Community shall be charged with the responsibility of implementing these sanctions.

The Committee associates itself with the deliberations and recommendations of the Sectoral Council on Finance and Economic Affairs (SCFEA) **and recommends that the Assembly urge the Council of Ministers to consider them for Partner States for non-compliance with the commitments on contributions to the East African Community.**

The Committee recommends to the Assembly to

- i) Engage with the Council of Ministers on the serious matter of lack of adequate funding of the Community.**
- ii) Make presentations and prayers to the Summit on the budgetary needs of the Community.**
- iii) Allow the General Purpose Committee to hold consultations on sustainable funding of the Community.**
- iv) Urge the Council of Ministers to propose strong legislative and institutional support for the Common Market and Monetary Union stages.**
- v) Allow the General Purpose Committee to explore ways and means of creating linkages between the EAC and Partner States parliamentary budget making processes.**

4.1.4 On EAC Planning

The Committee observes that the Summit Heads of State has approved the EAC Vision 2050. This long-term vision has planning implications both at the

Community and Partner State levels. Further, the EAC 4th development plan is coming to an end this year.

The Committee is concerned that the Council has not allocated adequate resources to disseminate and sensitize necessary actors on the implementation of the Vision 2050 and the development of the 5th Development plan.

The Committee recommends that the Assembly urge the Council to find resources for the proper sensitization and implementation of Vision 2050 and to adequately fund the consultative development of the 5th Development plan.

4.1.5 Use of the EAC General Reserve

The Committee was informed that the EAC Financial Rules and Regulations, Regulation 32 governs the use and management of the EAC General Reserve which is a bridging mechanism for funding in cases of financial difficulties. The Committee however notes that while that may be the case, it has taken note of the following four instances of irregular use of the General Reserve:

- a) The fact that interest on gratuity of staff, Members of Parliament and Judges of the EACJ is maintained as a revenue to the Community in the General Reserve;
- b) The fact that rather than being used as an occasional source of funds as a bridging measure, the General Reserve is now used as a source of funds by Partner States to the extent of being used to fund the entire budgets of new Institutions of the Community;
- c) The fact that Partner States through the Council of Ministers are now drawing funds from the Reserve Fund to the extent that it is depleted and in deficit;

d) During the interaction with the Secretary General, the Committee was informed that several staff are retiring or have contracts ending beginning early 2017 as well as Members of Parliament who leave at the end of their tenure and the Committee now is seriously concerned that there may be no gratuity since the General Reserve is depleted. Furthermore, while funds are drawn from the General Reserve, refund of funds or replenishment appears not to be done. There is, therefore, no assurance that the individuals exiting will receive their gratuity on time.

e) The fact that miscellaneous revenue and interest on gratuity and gratuity are all synonymous with the General Reserve. The Committee is of the view that miscellaneous revenue and gratuity accounts should be separate.

Given the above, the Committee **recommends to the Assembly to urge the Council of Ministers as follows:**

(i) That interest on gratuity should be earned for the benefit of the contributing individual/and not a benefit to the employer and the financials and regulations should be reviewed in that direction.

(ii) That Partner States desist from using the General Reserve as a source of funds to substitute remittances as this creates a high risk in terms of liquidity and the Community at risk of being sued in Court. The General Reserve should only be used as a bridging mechanism and for emergencies with a constant book and cash value balance at hand.

(iii) That assurance be given to the Assembly on the security of gratuity of all exiting staff and Members of EALA.

(iv) The General Reserve be replenished as should be in a timely manner if used to fund activities of the Community.

(v) That the Council of Ministers consider reviewing the financial rules and regulations to separate miscellaneous revenue gratuity and interest on gratuity.

4.1.6 Adjustments in the presentation and layout of the MTEF that renders it less user friendly

The Committee appreciates the improvements that are apparent in the budgeting process and presentation of the EAC Budget particularly the MTEF. However, the presentation of the budget estimates of Expenditure and Revenue for FY 2016/17 made the consideration of the budget challenging for the Committee with the re-emergence of lump sums, cumulative unit measures of different items that made it difficult to internalize and make proper references/inferences.

The Committee **recommends to the Assembly to urge the Council of Ministers and the Secretariat to revert back to the presentation in the MTEF that has been used in the last three financial years or improve the same to avoid confusion during budget analysis.**

4.1.7 Use of BMS System that is inflexible and needs a decentralized format

The Committee appreciates that technological developments are necessary particularly to keep up with global knowledge advancement, exchange and security but observes that the BMS (Budget Management System) in use by the Budget Office has instead of creating clarity and transparency, created challenges. These include among others; inflexible activity descriptions and objectives that are not aligned to the departments; failure to harmonise the templates after rationalization, lumping of units and sums. This creates confusion and is evident for example, in the budget Kiswahili Commission where the adoption of French language appears in the outputs of the Commission. The

Committee noted that this could also be a problem by the individuals that key into the framework which framework however does not allow reformulation of parameters after changes are made. The systems is also subject to centralised use without the knowledge of the user departments and this centralization renders it vulnerable to misuse/erroneous input and use. There is, therefore need for a centralized format whereby a few individuals have access to and can make changes giving limited/optimum usage with possibility of tracking and ability to identify the few authorized users. Furthermore, the system should allow for reformulation of descriptions of activities as new figures are keyed in with changes.

The Committee **recommends to the Assembly to urge the Council of Ministers to carry out an IT systems Audit and determine the strength and full proof status of the BMS system. Follow up actions need to be instituted as described above to limit access and ensure tracking of users using a more flexible format.**

4.1.8 Significant low budget performance of the Organs and Institutions of the EAC during the Course of FY 2015/2016

While the Committee was informed that the reasons for low budget performance was linked to the slow remittances and low and delayed disbursements by donors, the Committee continues to insist that activities that do not reflect value for money, are not based on identified priorities, have made poor or no returns on resources allocated to in among other others, should determine the outcomes of the subsequent budgeting process.

The Committee observed with concern that there were many departments and projects performing at 14% and wonders at the viability of such endeavors. This

is aggravated by the fact that Partner States remittances are made in the last quarter leading to hurried and ineffectual implementation.

The Committee therefore **recommends to the Assembly to urge the Council of Ministers to come up with a policy on operations of projects and programs based on performance funds availability. It is not tenable for non-performing projects that only have funds or borrow and run on funds that comprise staff salaries to be maintained.** Specific examples will be provided under the office of the DSG F & A.

4.1.9 Need to review the EAC Budget Act, 2008

The Committee has continued to call for the review of the Act to provide for among others the use of MTEF budgeting, to provide for timeframes for the budgeting cycle and timelines for tabling of the budget estimates before the Assembly. The Council of Ministers has not yet implemented previous recommendations of the Assembly on this matter. During interaction with Ag. DSG F & A, the Committee was informed that the issue would be tabled and discussed in the Permanent Secretaries retreat due in June 2016. The Committee was also informed that there was an intention voiced by Ministers of Finance of increasing their executive oversight over the EAC Budget in the event of adoption of the sustainable financing mechanisms for the EAC and the Committee notes that this too can only be possible with the said review of the Act.

The Committee **therefore recommends to the Assembly to urge the Council of Ministers to fast track and fund the activity and introduce proposed amendments to the Act for consideration by the Assembly so that the budget process is made more effective, transparent and based on a legal framework.**

4.1.10 Need to review the rules on quorum and consensus for EAC Meetings

The Committee observes that there is continued wastage of resources when a Partner State fails to attend a meeting thus denying quorum to meetings and consequently the meeting is cancelled or adjourned after being convened. The Committee is concerned that in a number of cases this occurs after all Partner States have confirmed attendance.

The Committee recommends to the Assembly to urge the Council of Ministers to review the rules on quorum and decision-making to ensure effectiveness and optimum use of scarce resources.

4.2 OFFICE OF THE SECRETARY GENERAL

The Committee observes that the functioning and effectiveness of the Community depends on the supervisory and leadership functions by the Office of the Secretary General which if properly and clearly followed will ensure cost cutting. Further, the extent to which the measures implemented will alleviate the financial pressures will depend on proper supervision of the implementation of measures proposed elaborated under 4.1.1 of this Report.

The Committee acknowledges the measures already under implementation but reiterates the need for the following:

- a) In view of the financial status of the Community, to further review travel and conference/meetings of the Community and further reduce the number of meeting a delegates and days of meetings.

The Committee was informed that 42% of the travel and conferences/meetings budget is consumed by facilitating Partner States delegates in EAC meetings. The

Committee finds this contributes to wastage of resources on travel and conferences.

The Committee recommends to the Assembly to urge the Council of Ministers to restrict the number of delegates to EAC meetings facilitated by the EAC to only one delegate.

- b) To institute a review of non-performing projects in the EAC which the Committee notices are several with large wage bills and no tangible activities as will be further elaborated under Office of the Secretary General and DSG F & A. Projects including ASPA, MASE, UNFPA, USAID, ACBF, FRSP and AU are examples.
- c) To review the operations of the Community in view of the withdrawal of donor funding and the finalization of the sustainable financing mechanisms as well as all other pending reforms/reviews that were approved by the Summit of Heads of State in March 2016;
- d) A need to reflect the emergency nature of the financial status of the Community through necessary reviews of expansion through increase of institutions of the Community that are critically underfunded and cannot achieve any significant objectives with just salaries paid to highly qualified individuals who are not facilitated to fulfill their mandate. A clear example is the budget estimates in three institutions with few staff and very little funding budget, namely the Kiswahili Commission, EASTECO as well as the East African Health Research Commission and the EAC Competition Authority. The Committee finds it untenable to create new institutions that are unfunded. In addition, core sectors still remain underfunded particularly with the decrease in donor funding.

The Committee therefore **recommends to the Assembly to urge the Council of Ministers and the Secretariat to pursue the above mentioned measures to both redeem the EAC but more importantly start a path toward efficient and optimum use of resources irrespective of the financial status to create a culture of efficiency, effectiveness and optimal output in the EAC.**

Under Internal Audit: the Committee observed that there is need to strengthen the functioning of the Audit process by recruitment of staff of the department and ensuring independence.

The Committee appreciated the fact that the EAC now has a Risk Management Unit. The Committee **recommends that the Assembly urge the Council of Ministers to ensure more independence of Internal Audit and recruit the Risk Management Coordinator.**

Under **Corporate Communications and Public Affairs**, the Committee expressed concern over the fact that the department that is the face of EAC is charged with the image of the Community is largely donor funded and as a result of low disbursements had performed at 8% until March 2016.

The Committee therefore recommends to the Assembly to urge the Council of Ministers to increase allocation of Partner States funds to the department to facilitate fulfillment of its objectives.

Under Legal and Judicial Affairs the Committee appreciates the fact that the gazettelement of Council Decisions and Summit Directives is on track and suffers no back-log to date.

(i) Under **Resource Mobilisation**, the Committee observes that there is a drastic downward trend in disbursement by donors. During the interaction with

the Secretary General, the Committee was informed that there are countries that no longer contribute to the EAC including France, and others whose focus has changed toward the refugee crisis in Europe. The other Partners whose contributions have reduced are Germany, Denmark, Sweden, USAID, the World Bank and European Union.

The Committee is concerned about the downward trend and observes that the Community should reflect operations in the context of reduced funding and in addition to re-energise partnerships by renewing interest in the Community. This, among others, requires serious self-examination with regard to performance, management and administrative operations that can still be re-evaluated in a positive manner with specific reference to implementation of recommendations of the Audit Commission, the Assembly and the Council directives on improved efficiency, transparency and other corrective measures.

The Committee **recommends to the Assembly to urge the Council of Ministers and the Secretariat to carry out the above mentioned process.**

The Committee observes that the meeting convening the Attorneys General and the Chairpersons of the Law Reform Commissions had been combined in the MTEF and yet these two meetings had different agendas. The Committee **recommends that the two meetings be separated for clear output and fulfillment of objectives.**

The Committee observed that the Office of the Council does not provide a legislative calendar to the Assembly as should be and this does not facilitate the planning process for the Assembly.

The Committee therefore **recommends to the Assembly to urge the Council of Ministers to provide a legislative calendar to the Assembly to facilitate proper planning.**

4.3 OFFICE OF THE DSG F & A

The Committee observes that the same measures referred to under general observations 4.1.2, 4.1.3 and under the Office of the Secretary General are practically approved in the Office of the DSG F & A and urges that the corrective measures be applied across board and supervised.

(i) The Committee refers to the performance that is low as 6% on particular budget lines to retain project staff with wage bills that are larger than project activities and reiterates the general recommendation under part 4.1.8 of this report for a review and assessment to be carried out across all projects in the Community.

(ii) The Committee observes that an amount of USD 249,125 is to be used in the recruitment process for a consultant to come up with a shortlist for EAC Adhoc Public Service Committee for recruitment. The Committee is of the view that the amount should be revised downward. **The Committee recommends that this budget line be reduced and funds reallocated as will be shown in the** reallocations annex to this report.

(iii) The Committee further observes that it has previously called for a salary increase for drivers of the EAC and this was not implemented. The Committee is of the view that this is within the powers of the Council of Ministers to grant in the next Financial Year without awaiting the Institutional Review.

The Committee recommends to the Assembly to urge the Council of Ministers to increase salary for drivers in the EAC.

4.4 OFFICE OF DSG PLANNING AND INFRASTRUCTURE

The Committee notes that there is need to adequately fund the operationalization of the Monetary Union Protocol particularly for establishment of the East African Monetary Institute (EAMI) precursor to the East African Central Bank as well as the other three core institutions. The Committee was informed that two Bills have been developed and reviewed by legislative drafters and are ready for submission to the Sectoral Council for Finance and Economic Affairs (SCFEA) for consideration. The Bills are for the establishment of the East African Monetary Institute and the East African Statistics Bureau. The Committee **recommends to the Assembly to urge the Council to fast-track the process of considering the Bills.**

The Committee further observes that an amount of USD 10,000 has been budgeted for the coordination of the implementation of the Common Market Protocol and notes that is not sufficient. The explanation given is that the Common Market Protocol cuts across all key departments in line with the four Freedoms and Rights and the department submits bi-annual progress reports by December and June. This process is done as the Secretariat facilitates the National Implementation Committees to validate national data, discuss challenges and propose policy interventions.

The Committee **recommends to the Assembly to urge the Council of Ministers to establish a legal framework and adequate regulations implementation of the entire Common Market Protocol.**

The Committee observes that the Monitoring and Evaluation function in the EAC still remains unfunded and yet it is expected to carry out the function across the EAC. The Committee was informed that M & E is a function of coordination as opposed to Partner States that implement and entails mainly office work.

The Committee noting that the M & E function includes among others monitoring physical projects including infrastructure requires more funding and **recommends to the Assembly to urge the Council provide adequate financial and human resources to M & E.**

The Committee expresses concern over the reduction in the funding for the pre-budget conference which is a consultative process of identifying and proposing priority areas for budgeting. Further, the influence of the Conference in the actual budgeting process needs to be made more involving and innovative as opposed to becoming ritualistic.

The Committee **recommends to the Assembly to urge the Council to reinstate the funding rationalized for the pre-budget meeting of the EAC and ensure that the Secretariat revamps the conference including by more innovative planning with regard to activities and their expected outputs. This will facilitate an improvement from the conference being ritualistic with regard to activities and priorities and to ensure consistency with priorities of the Community for the financial year under review.**

4.5 OFFICE OF THE DSG PRODUCTIVE AND SOCIAL SECTORS

As pointed out under point 4.0 of this report, the Committee continues to note that the Productive and Social Sectors are unfunded. The Committee noted with concern that subsectors are unfunded to the extent that Tourism and Wildlife Management has a budget of USD 1,800 for the entire Financial Year and this cuts across the sector. There are no funds for establishment of a Youth Council, PWDs Council, the Second Child Conference and empowering Border Communities through modernisation of locally shared markets among many other activities within the subsector.

The Committee **recommends to the Assembly to urge the Council of Ministers to increase Partner States funding to the entire social and productive sectors and the subsectors therein given that it previously benefited largely from donor funds which are now drastically reduced.**

4.6 OFFICE OF THE DSG POLITICAL FEDERATION

The Committee observed that the Treaty in accordance with **Article 59 (3) (c)** of the Treaty for the Establishment of the East African Community, the Council is required to table before the Assembly a report on the progress by the Community in the development of common foreign and security policies and this has not been done.

The Committee **recommends that the report be prepared and tabled before the Assembly on a regular and timely basis.**

The Committee appreciates the progress made by the Community in the areas of cooperation in peace and security with activities particularly those with cross-border dimensions but notes that the protocol on peace and security is still not fully ratified by the Partner States.

The Committee **recommends to the Assembly to urge the Council of Ministers to call upon Partner States to fully ratify the protocol on peace and security.**

4.7 EAST AFRICAN COURT OF JUSTICE

The Committee observes that the Court performed at 71% by March 2016 and the Committee commends the prudent use of funds by the Court. The Committee **recommends to the Council to urge the Secretariat, and all other Organs and Institutions to follow the example of the Court.**

4.8 EAST AFRICAN LEGISLATIVE ASSEMBLY

(i) Convening the 4th Assembly

The Committee was informed that the expiry of the term of the 3rd Assembly coincides with the commencement of the term of the 4th Assembly on 5th June 2016. This will therefore create an overlap with both Assembly's being present at the same time, the 4th Assembly having commenced their preparatory meetings on or by 2nd June 2017. The Committee, however observed that no budgetary provision has been set aside to facilitate the inaugural meetings of the 4th Assembly. The indicative budget for this as follows:

It is the considered opinion that the total sum be secured either through a re-allocation or by way of a supplementary budget.

The Committee therefore **recommends that the total sum of USD 377,465 be secured for the 4th Assembly within the budget for the financial year 2016/2017 to cater for its 1st inaugural meeting. (The breakdown is annexed to the report)**

(ii) Audit Commission

The Committee was informed that the budget of the Audit Commission was purposely placed under the EALA Budget in order to ensure its independence. It is however, of concern to the Committee that reductions from the proposed budget of the Audit Commission, in effect interferes with its independence. The Audit Commission therefore requires additional budget for purposes of extending the scope of its work in the four new EAC Institutions.

The Committee therefore **recommends a reallocation of USD 57,600 from the Secretariat to the budget of the Audit Commission in order to**

enhance its independence, scope of work and to promote accountability.

(iii) The East African Parliamentary Institute

The Committee was informed that the Institute was established through an Act of the Assembly and therefore is an Institution of the Community. The Committee was further informed that the EAC Speakers at their 11th Meeting received confirmation from EALA that, the Council had acceded to its operationalization, but did not approve a budget for its operationalization. The Committee is aware that all Parliaments in the EAC region agreed to contribute a total sum of USD 200,000 each for its inaugural operations in its first year. In the financial year 2014/15, EALA could not utilise its contribution since the Act was inoperable, thus returning the funds to the EAC Reserves. The Committee however, takes note that the Council has requested EALA to include the same in its budget for the next financial year except that the Council did not provide the accompanying funds in the same budget it had already passed.

It is therefore **recommended that the Assembly urge the Council of Ministers that funds be sourced to facilitate the work of the Institute.** Its operations will enhance the development and streamlining Parliamentary practices and procedures in the EAC region while at the same time, causing substantial reduction in the high cost of training parliamentary officials.

(iv) The Select Committee against Genocide Ideology and Genocide Denial

Parliaments world over operate through Committees. As part of its procedures it appoints select committees. For purposes of addressing problems of genocide ideology in our region, the Assembly established a Select Committee. The Select Committee can only operate and deliver its report through a comprehensive

methodology which requires funds for research and experts to meet on matters related to the work.

For the Select Committee to be informed, the Commission prepared and adopted a supplementary budget of USD 448,998 which it referred to the Council for approval. It was however, noted that the 33rd Council approved the principle for the select Committee and urged EALA to incorporate this in its budget for next financial year 2016/2017 but did not make a budgetary allocation to effect its decision.

The Committee **recommends that the funds be sourced within the EAC Budget for the FY 2016/2017.**

(v) Sensitisation in EAC Partner States

The Committee has high regard for sensitisation programmes for EAC citizens on matters of the EAC integration process. This is achieved through elected representatives, particularly by EALA Members as was done during EALA's sensitisation programmes in April 2016 and another scheduled for June 2016. It is through sensitisation and outreach activities that EAC citizens are able to be involved the integration agenda and after useful contribution to a people-centered organisation such as is the EAC, – as has been articulated by all our EAC Heads of States at various fora, calling on EALA to spearhead this. It is however, noted that the Council did not provide sufficient funds for EALA's proposed sensitisation programmes. The USD 180,000 can only cater for a six-day sensitisation programme with a limited scope of activities.

The Committee **recommends that the Assembly urge the Council to source more funds for a sustained and comprehensive sensitisation**

programme in the EAC Partner States. This could account for a minimum of two structured activities each, implemented over a two weeks programme.

(vi) Administrative and Financial Autonomy

The Committee was informed that the Summit had granted EALA and the EACJ administrative and financial autonomy. The Committee notes that such autonomy needs further clarity in respect of what was developed and how this is to be implemented in line with the Treaty and existing EAC Rules and Regulations.

The Committee **recommends to the Assembly to urge the Council to cause to be developed the necessary instruments that will allow for the proper implementation of the administrative and financial autonomy.**

(vii) Integration of South Sudan Parliament

The Committee noted that at its 17th Ordinary Meeting, the Summit admitted the Republic of South Sudan into the EAC. This therefore calls upon EALA to execute a number of activities that will prepare South Sudan to join EALA. Similar activities were undertaken for the Republic of Burundi and Republic of Rwanda. It is however, noted that the budget for FY 2016/2017 has not made provisions for the range of activities envisaged.

The Committee commends Members of the Summit for admitting South Sudan and **recommends that the Assembly urge the Council to avail EALA additional funds to undertake representation missions to the Parliament of South Sudan to prepare them well in advance for their role in EALA.**

4.9 LAKE VICTORIA BASIN COMMISSION (LVBC)

The Committee notes that the budget increased by 1% as a result of one new project on integrated water management for up-scaling Lake Victoria water supply and sanitation. Lake Victoria Basin Commission has also successfully cumulatively trained 296 persons in the Community livelihood project and increased activities in gender mainstreaming in up to 600 communities around the lake. Additionally, industries and hotels were trained in clearer production techniques to fight pollution.

4.10 LAKE VICTORIA FISHERIES ORGANISATION (LVFO)

The Committee noted with appreciation that the convention of LVFO had been amended and approved in January 2016 to admit the Republic of Rwanda and Burundi and expand to all EAC water bodies and cover fisheries, aquaculture, and fish trade and fish statistics in EAC. The Partner States were expected to submit instruments of accession in the near future. The Committee expresses regret over the fact that funds budgeted for, cover very minimal operations and contributions were still awaited; performance was at 45% and in the meantime some aspects such as monitoring and carrying out of fish surveys were being carried out under collaborative efforts with the Partner States. The Committee regrets that yet again, LVFO despite expanded mandate still remains with low budgetary provisions and considers this a contradiction. The Committee expresses the hope that negotiations with donors that are underway including an EDF 85 Million USD project for food security and increasing fish production in natural bodies as well as promoting fish farming will be fast-tracked and finalised as soon as possible.

The Committee **recommends to the Assembly to urge the Council of Ministers to sensitise the Partner States to pay all arrears due to LVFO to allow it fulfil its mandate.**

4.11 INTER-UNIVERSITY COUNCIL FOR EAST AFRICA

The Committee notes with appreciation and commends the fact that IUCEA is steadily venturing into support for research with bio-medical centres and has been able to do internal validation by stakeholders to produce a draft strategic plan despite challenges in funding. The IUCEA has also managed, through a competitive process by the World Bank, to be able to host a centre of excellence for countries even beyond the EAC.

However, the Committee observes, yet again that there is departure from using established EAC rates on unit costs for per diem/daily subsistence allowance, unit costs and this featured throughout the budget.

The Committee therefore required that the budget be redone in accordance to established EAC rates and the balances on the over-costed items complement the lean budget line on development of the strategic plan 2016-2021. This was done and presented to the Committee.

The Committee acknowledges that some costs are determined by the governing board and **recommends to the Assembly to urge the Council to direct the Secretariat to facilitate the budgeting process for the IUCEA to stop these recurring budgeting practices.**

4.12 EAST AFRICAN SCIENCE AND TECHNOLOGY COMMISSION, EAST AFRICAN HEALTH AND RESEARCH COMMISSION, EAST AFRICAN KISWAHILI COUNCIL AND EAST AFRICAN COMPETITION AUTHORITY

The Committee observes that the two new Commissions and the Kiswahili Council were yet again underfunded in the Financial Year 2016/2017. The Committee notes with concern that it is highly inappropriate not to provide for newly established institutions of the Community and only fund salaries for highly qualified East Africans and very minimum operations in two successive financial years.

The Committee commends the East Africa Health Commission and Science Commission for making progress on revising the Protocol requirements that were too heavy requiring 42 Members to comprise its Board and embarking through being proactive and having initiative, on rolling out its web portal that comprises among others, a comprehensive compendium on Health facilities in the Region.

The East Africa Science and Technology Commission has also made progress towards strengthening Institutional framework to constitute the governing board although there is still a challenge of rationalising the governance structures.

EASTECO is also attempting to mobilise toward partnership with existing research institutions among others.

The Committee observes that due to the long period of time that it took the East African Health and Research Commission to be established, the EAC Health Department has been carrying out some of the functions and activities of the Commission. The Committee therefore **recommends that a smooth handover and transition be facilitated for the Health Commission to take up all such activities.**

The Committee appreciates the fact that appointments of a Board has initiated as well as setting up of structural and operational structures of the East African Competition Authority but notes that the budgeted funds are still inadequate and should be increased.

The new Commissions, the Kiswahili Council and the EAC Competition Authority face similar challenges and the Committee **recommends to the Assembly to urge the Council of Ministers ensure adequate funds for new Institutions to ensure operations are enhanced to depart from minimal activities that do not optimally utilise the staff recruited to build up the structures and operations of the Institutions.**

5.0 ACKNOWLEDGEMENTS

The Committee would like to acknowledge and express its appreciation to the Rt. Hon. Speaker for facilitation to the Committee; the Hon. Secretary General of the EAC, the Office of the Clerk, EALA and all the Executive Staff, and Officers of the Organs and Institutions of the East African Community who interacted with the Committee from 11th to 31st May 2016. The Committee would like to thank the Council of Ministers who also met with the Committee on 31st May 2016.

6.0 CONCLUSION

The Committee appreciates and recognises the significant efforts of the Council of Ministers and all the Executives and Staff of the EAC that deserve credit for their efforts and hard work. The Committee further effected reallocations and recommended for allocations in some sectors as attached.

The Committee recommends to the Council of Ministers to reallocate and find funds for the unfunded priorities that are indicated in the Annexes.

The Committee therefore presents for consideration and debate its report and recommendations to this August House and moves that the House

approves the proposals by the Council of Ministers for the revenue and expenditure of the EAC for the FY 2016/2017 taking into consideration the amendments by the Committee and the necessary adjustments as a result of the budget speech presented to the House by the Chairperson of the Council of Ministers on 26th May 2016.

Mr. Speaker Sir, I beg to move.