



EAST AFRICAN COMMUNITY

**SUPPLEMENTARY BUDGET SPEECH
BY THE CHAIRPERSON OF THE EAC COUNCIL OF
MINISTERS AND CABINET SECRETARY, EAST
AFRICAN AFFAIRS, COMMERCE AND TOURISM OF
THE REPUBLIC OF KENYA, HON PHYLLIS KANDIE,
TO THE EAST AFRICAN LEGISLATIVE ASSEMBLY
(EALA)**

4TH MEETING – 2ND SESSION – THIRD ASSEMBLY

AT THE NATIONAL ASSEMBLY, KAMPALA, UGANDA

THURSDAY 30TH JANUARY 2014

PART 1: INTRODUCTION

Madam Speaker,

I wish to draw the attention of this august House to the Financial Statement for the a Supplementary Budget for the Financial Year 2013/2014; and the Estimates of Expenditure for the Supplementary Budget for Financial Year 2013/2014, that I laid on the Table on Tuesday 28th January, 2014.

Madam Speaker,

In accordance with Rules 73, 74, 75 and 76 of the Assembly's Rules of Procedure and Articles 49, 132 and 133 of the Treaty for the Establishment of the East African Community, I beg to move that this esteemed Legislative Assembly resolve into a House Committee to debate and approve the proposal by the Council of Ministers for Supplementary Budget of the East African Community for the Financial Year 2013/2014.

Madam Speaker,

You may recall that the theme of this year's budget is *Consolidating the EAC Common Market and moving towards the Monetary Union*. On 30th May 2013 this august House approved the Budget for eth EAC amounting to US\$ 130,429,394, broken down as follows: the Secretariat US\$ 69,787,824; the East African Legislative Assembly US\$ 13,089,982; the East African Court of Justice US\$ 4,279,489; the Lake Victoria Basin Commission US\$ 30,376,272; the Inter-University Council for East Africa; US\$ 9,692,785; and the Lake Victoria Fisheries Organization; US\$ 3,203,042.

The budget was allocated to the following key priority areas over the next three years:

- a) Establishment of a single customs territory;
- b) Progressive implementation of the Common Market Protocol;
- c) Implementation of the EAC Monetary Union Protocol;

- d) Establishment of the Free Trade Area under the Tripartite EAC-COMESA-SADC Initiative;
- e) Development of cross border infrastructure through implementation of on-going programmes and projects in the respective sub-sectors;
- f) Implementation of the EAC Food Security and Climate Change Master Plan, and the EAC Industrialization Strategy; and
- g) Implementation of the critical activities of Lake Victoria Basin Commission.

PART 11: SUPPLEMENTARY BUDGET FY 2013/2014

Madam Speaker,

After the budget for the Financial Year 2013-2014 was appropriated by this august House in May 2013, the EAC Secretariat continued sourcing funds for priority activities, which were not funded due to shortage of resources. Consequently, the East African Community has received additional funds from the Development Partners totalling US\$ **2,143,960** to implement various activities under the following projects:

1.0. Assistance Agreement for Comprehensive Regional Development–USAID Funded Projects worth US\$ 1,142,763

Madam Speaker,

The United States Government has a long history of partnership with the East African Community. The Assistance Agreement between USA and EAC was signed on 23rd September, 2009. The Agreement has been amended six times. The current amendment of the Agreement between the United States Government and EAC is the 6th and was signed on 12th November 2013. The Agreement provides EAC with a total amount of USD 2,206,000. Currently the United States Government through the United States Agency for International Development (USAID) supports the EAC in the implementation of medium term Development Strategy (2011-2016) as well as realization of the mission and vision statements of deepening political and economic integration

while improving the well being of citizens. USA support cuts across six EAC sectors, namely Customs and Trade; Energy; Agriculture; Environment; Health; and EAC Institutions.

Madam Speaker,

The US\$ 1,142,763 Supplementary Budget under USAID support that is being sought includes:

a) Agriculture Sector

Developing strategy for implementing EAC Food Security and Nutrition policy document at US\$74,800 and developing Regional Animal Resources Data Base at EAC at US\$58,900 totaling **US\$133,700**.

b) Trade

Conducting national consultations on the draft study on the EAC Common Trade Policy and Strategy at US\$75,250; developing EAC Competition Authority internal rules of procedure and user guidelines at US\$34,750; conducting a regional assessment study on the EAC implementation of AGOA Framework in all the Partner States and validating the study at US\$100,500; coordinating the implementation of commitments on Trade in Services at US\$62,300; developing EAC AGOA Policy and Strategy at US\$7,400; validation workshops on the EAC AGOA Policy and Strategy at US\$21,950; preparing strategies for promoting exports to European and emerging markets at US\$22,000; and participating in the AGOA Forum at US\$17,000, all to total **US\$341,150**.

c) Customs

Development of a mechanism for the operationalization of a Single Customs Territory for the EAC Customs Union at US\$56,400; Development of a regional policy and implementation strategy on Coordinated Border Management at US\$63,900; Development of a regional framework on Single Window Systems at US\$64,200; Institutionalizing the use of the Revenue Authorities Digital Data Exchange

(RADDEX) at US\$77,550; Rolling out of the Time Release Studies to all major EAC corridors following completion of the pilot on the Northern Corridor at US\$96,675; and and operationalization of the Customs Information Technology (IT) regulations at US\$47,650, totalling **US\$406,325**

d) Institutional Strengthening

Institutional Strengthening (Salaries, Administrative Costs) totaling **US\$261,588**

2.0. EAC/World Bank Public Financial Management Harmonization Project

Madam Speaker,

As the East African Community moves towards the achievement of the 3rd Pillar of Integration, the Monetary Union, there is need for the harmonization of procurement, accounting and oversight functions and practices across the EAC Region while observing the international standards and best practices. In this regard, the Sectoral Council on Finance and Economic Affairs at its 2nd Meeting held in September 2013 directed the Secretariat to explore modalities for supporting Partner States in the following areas –

- i) Implementation of International Public Sector Accounting Standards (IPSAS);
- ii) Compliance with best practices of Institute of Internal Auditors;
- iii) Budgeting systems to harmonize budget classification, budget reporting and the measurement of budget deficits;
- iv) Approximation of legal and institutional requirements, procurement processes and the capacity development requirements;
- v) Application of International Organization of Supreme Audit Institutions (INTOSAI) Auditing Standards by the Auditors General Offices;
- vi) Parliamentary Public Accounts Committees in collaboration with East African Association of Public Accounts Committees; and

3.0. Capacity Building for Public Accountants in Public Administration and Management.

In this regard, the EAC Secretariat has mobilized and received funds amounting to US\$ 1,000,000 from the World Bank through an IDF Grant for the PFM Coordination and Harmonization in East African Community Partner States to support the Coordination and Harmonization Projects in the above areas. The Secretariat has proposed the following use of the funds secure; for the period January - June 2014 for FY 2013/14: US\$ 494,700; and for the period of July 2014 - June 2015 for the FY 2014/15: US\$ 505,300.

The Council of Ministers is therefore seeking approval for a Supplementary Budget amounting to **US\$ 494,700** to be able to utilize the first tranche of funds for the period January to June 2014 towards implementation of the EAC PFM Coordination and Harmonization activities.

4.0. EU- Funded East and Southern Africa-Indian Ocean (ESA-IO) Maritime Security Project US\$506,497

Madam Speaker,

Following the adoption of the East and Southern Africa-Indian Ocean Maritime Security Strategy and Action Plan by regional Ministers at a Ministerial meeting held in Mauritius in October 2010, the European Union offered to facilitate seed funding to support the implementation of the then Strategy and Action plan in light of the then serious problem related to Somali piracy in the Indian Ocean.

A technical team drawn from all East and Southern Africa-Indian Ocean Regional Economic Communities thereafter commenced on a project development exercise which culminated into the signing of a financing agreement for an ESA-IO Maritime Security Project with an overall EU commitment of EURO 37.5 million.

The overall objective of the project is to enhance maritime security in the East and Southern Africa-Indian Ocean region and therefore contribute to global security and create a favorable environment for the development of the ESA-IO Region and beyond. The specific objective of the project is to strengthen the capacity of the ESA-IO region in the implementation of the Regional Strategy and Action Plan Against Piracy and for Maritime Security.

The lead responsibilities were distributed out on the various result areas as follows:

- a) Result Area 1-IGAD-implementation of the Somali Inland Action Plan;
- b) Result Area 2-EAC-develop/Strengthen National/Regional legal, legislative and infrastructural capability for Arrest, Transfer, Detention and Prosecution of Pirates;
- c) Result Area 3-COMESA-strengthen Regional capacity to disrupt the financial networks of pirate leaders and their financiers while also addressing structural vulnerability factors and minimize the economic impact of piracy;
- d) Result Area 4-IOC-enhance national and regional capacity for maritime tasks and support functions; and
- e) Result Area 5-IOC-improve regional coordination and information exchange.

Commitments with respect to these interventions must be concluded not later than 12th June 2016. The project life covers five years.

The EAC Component will focus on the following interventions:

- a) Continuation of existing support to trials of suspected pirates in the region;
- b) Agreement on a harmonized legal framework for maritime law enforcement with the possibility to allow for national adjustment of laws and regulations;
- c) Development training and mentoring programmes as well as provision for equipment for police, prosecutors, and courts staff on a variety of maritime law enforcement angles, including human resource development including support to the Kampala-based the Regional Forensic Referral Centre (EAC/INTERPOL);

- d) Development of training and mentoring for prison staff (including attention for human rights) and development of staff living conditions and human resources; and
- e) Support for the implementation of Prisons Reform Programmes.
- f) Project Management; and
- g) Support for the training of the Judiciaries and Prosecutors.

Intervention (a) above will be undertaken by the UN Office for Drugs and Crime (UNODC). The other interventions will be implemented through program estimates concluded by the EAC and the EU Delegation in Dar-es Salaam guided by the EDF 10 Procedures and Regulations.

The implementation of the EAC Component is set to commence on 1st February 2014 upon approval of supplementary estimates of **US\$506,497** covering February-June 2014 to implement the following activities:

- a) Development of a Strategic Plan for the Regional Forensic Referral Centre US\$ 146,231;
- b) Foundation interventions for Prisons Reforms US\$ 150,950
- c) Validation of training curriculum for Prosecutors and Judicial Officers US\$ 77,460
- d) Recruitment and remuneration of Project Staff US\$ 33,606 ; and
- e) Procurement of Project equipment and vehicle at US\$ 73,000 Training and project running costs at US\$ 46,325 and Consultancies US\$ 14,000.

Madam Speaker,

By considering the additional Funds, the overall budget will now increase from US\$ 130,429,394 to **US\$ 132,573,354** for this financial year.

PART III: CONCLUSION AND COMMENDATION TO DEVELOPMENT PARTNERS

Madam Speaker,

Before concluding my statement, I would like to take this opportunity to thank our Development Partners for the continued support they extend to the Community. In

particular, I would like to recognize the following: the United States of America; the World Bank; the European Union; the Swedish International Development Agency; and Members of the Partnership Fund namely Belgium, Denmark, DfID-UK, France, Finland, Germany, Japan, Norway, Canada, and Sweden.

Madam Speaker, I beg to move.