



**EAST AFRICAN COMMUNITY
EAST AFRICAN LEGISLATIVE ASSEMBLY**

COMMITTEE ON GENERAL PURPOSE

REPORT ON THE CONSIDERATION OF THE EAC ANNUAL REPORT 2015/2016

22ND, 25TH OCTOBER 2018, AND 5TH NOVEMBER 2018

EAC HEADQUARTERS, ARUSHA, TANZANIA

**Clerks Chambers
EAC Headquarters
EALA Wing, 3rd Floor
Arusha, TANZANIA**

8th November 2018

1.0 INTRODUCTION

Hon. Speaker,

In accordance with Article 49(2) of the Treaty for the Establishment of the East African Community, the East African Legislative Assembly (EALA) is among others, mandated to consider the Annual Report on the activities of the Community. Further, Article 59(3)(a) of the Treaty provides that the Council shall publish annually and present to a meeting of the Assembly, a general report on the activities of the Assembly shall consider at its meeting.

Article 48(3) and 49(2)(e) of the Treaty also mandate the Assembly to establish Committees for the effective discharge of its mandate. This is specifically in accordance with Rules 81 (1) (c) and 81 (2) of the Rules of Procedure of the Assembly. The East African (EAC) Annual Reports are considered by the Committee on General Purpose and adopted by the Assembly.

The EAC Annual Report 2015/2016 was tabled before the Assembly by the Hon. Chairperson of the Council of Ministers on 11th June 2018 during the Fifth Meeting of the First Session of the Fourth Assembly in Nairobi, Kenya.

Pursuant to the above Treaty provisions and Rules of Procedure of the Assembly, the Committee on General Purpose convened during the Second Meeting of the Second session of the Fourth Assembly on the 22nd and 25th October and 5th November 2018 at the EAC Headquarters in Arusha, United Republic of Tanzania to consider the Annual Report and present its report to this august House for adoption.

2.0 METHODOLOGY

During the meeting the Committee:

1. Reviewed and analysed the EAC Annual Report for 2015/16; against the Annual Operational Plan for 2015/16;
2. Interacted with the Deputy Secretary General for Planning and Infrastructure (DSG P&I), Engineer Steven Mlote, who was accompanied by Mr. Wilberforce Mariki, Director for Planning, Mr. Aime Uwase, Principle Monitoring and Evaluation Officer and Mr. Samson Manirakiza, the Senior Monitoring and Evaluation Officer on 25th October 2018.
3. Interacted with the Chairperson of the EA Council of Ministers Rt. Hon. Dr. Kirunda Kivejinja, First Deputy Prime Minister and Minister for East African Community Affairs, the Republic of Uganda and Officers from the Directorate of Planning on Monday 5th November 2018.

3.0 FINDINGS AND OBSERVATIONS

The Committee considered the report and made the following observations:

3.1 Timeliness of the EAC Annual Report 2015/16

The Committee observed that notwithstanding the commitment of the Ministers responsible for East African Community Affairs/Cooperation's commitment and efforts at fast-tracking the pending EAC Annual Reports, it was noted that the report was late and the Assembly was considering long overdue reports in a post mortem manner which is not in line with the oversight role that the Assembly is supposed to undertake.

3.2 A significant improvement in the EAC Annual Report 2015/2016

The Committee noted that there was a marked improvement in the 2015/16 report as compared to the 2014/15 report. The Committee commended the improvement in chronology and coherence in narration as well as content layout and presentation. Planned activities/priority activities were consistently outlined; implementation status/activities that were achieved, status of budget execution and lastly, challenges were clearly outlined.

Notwithstanding, the Committee noted the following aspects that still need further improvement:

3.2.1 The need to define, elaborate all acronyms/abbreviations

Notwithstanding the improvements cited above, the Committee observed that acronyms and technical terms were not fully defined or elaborated which made consideration of the report challenging. In the absence of footnotes and definitions, all abbreviations and acronyms need to be elaborated. These include among others, terms under the Directorate of Customs and Trade, Civil Aviation Safety And Security Oversight Agency (CASSOA) and Lake Victoria Basin Commission (LVBC) including trade related acronyms and agreements.

3.2.2. Mismatch between the annual operational plan and implemented Activities

The Committee observed that with the exception of a few departments, most departments, programs, Organs and Institutions of the Community implemented activities which were not planned. In general the uniformity and detail was commendable particularly for the East African Court of Justice (EACJ) and the Civil Aviation Safety And Security Oversight Agency (CASSOA). It was however noted that it was irregular for activities that did not appear in the Annual Operational Plan (AOP) to be registered as achievements.

The Committee further observed that there was also a tendency to report processes such as “awaiting Council Decisions”, “awaiting comments from Partner States” as well as “referring a document to the Sectoral Council” as achievements. There is need to distinguish a process from an achievement in the absence of any progress to report.

3.2.3 Incomplete basic information, inaccurate and outdated statistics

There was still lack of minimum basic information. This is particularly with regard to EAC Projects or Programs that run through more than one year whereby introductory information to give context and status are not given at all to enable one to understand that these are ongoing projects. The Committee further observed that the reference date cited in the report is inaccurate such as land area of the EAC Partner States, population/demographic data and a base year as far back as 2010 was used.

The Committee emphasized the need to use updated, more recent data, statistics and base years.

3.2.4. The need to make relevant reference to EAC Strategic Documents and Policy Decisions

The Committee observed that the report does not make due reference to strategic EAC documents such as the EAC Strategic Plan and EAC Vision of the year under review neither does it refer to the Summit Directives, Council Decisions or resolutions and recommendations of the Assembly. This is necessary specifically, for activities that are reported as achievements and were not planned where the reason advanced is that they are based on the above policy decisions.

The Committee requires that a descriptive introduction that contextualizes the information be provided. The Committee further observed that the narration of activities and achievements does not allow for analysis of information that reflects visible tangible outcomes. Comparative data of a given or the previous report together with attachments, summaries and specific highlights for noting due to significant successes or outcomes need to be used.

3.3 Challenges that are still outstanding and constitute obstacles to the integration process

The Committee noted the following:

3.3.1. Delay in disbursement/remittances of financial contributions by the Partner States

A major challenge reported by all departments is delay in disbursement of remittances by the Partner States and donors which leads to poor budget absorption. There are no concrete measures outlined in the report that show endeavours made to sensitize Partner States on the need to make timely contributions. The Report does not show any specific activities except in the conclusion where it is states that engagement will be up scaled but with no specific details. The Committee is of the view that there should be more tangible, deliberate actions toward urging Partner States to make timely contributions to the Community to ensure implementation of activities.

3.3.2. Significant amounts of money owed to the Community in unrecovered tax refunds

The EAC Financial Statements show that tax deductions owed to the Community were at 74% in 2015/16. The Committee is concerned that this is a particularly large amount of money. During the interaction with Eng. Mlote, the Deputy Secretary General for Finance and Administration, he informed the Committee that the percentage had since increased and it was due to the failure of the Partner States to agree on modalities for making the recoveries.

3.3.3. The excessive use of Consultancies in the EAC

The Committee observed that a persistent practice of use of Consultancies in the context of understaffing was a problem in 2015/2016. The financial statements show an exorbitant expenditure of over \$31 million which is the total expenditure on meetings and administration costs of meetings. This is in the context of the challenge of understaffing which is a contradiction with an institutional review process that is not time bound and that has not ended to date. The Committee observed that this can be interpreted as a measure to promote the use of consultancies and the same time prolonging the duration of the

review. Furthermore, costs on administrative meetings should be costed separately from consultations.

3.3.4. Considerable liabilities that reflect poor credit worthiness and image of the EAC

The Committee observed that during the year under review, liabilities of the Community due to service providers amounted to \$5.6 million and yet it was necessary for funds to be committed and yet it was necessary for funds to be committed from balance in the reserve fund to ensure dues are paid to uphold the credit worthiness, and image of the EAC. During interaction with Eng. Mlote, the Committee was informed that the current situation with liabilities still reflects a status of indebtedness of the Community.

3.3.5. The Failure to adhere to timeframes, schedules and deadlines

The Committee observed that the report reflects inordinately long processes such as “awaiting Partner States comments”, extended deadlines and timeframes on submission of decisions as well as rescheduling and postponement of meetings. Similarly, the Institutional Review process has continually been extended up to date. The Committee was concerned that failure to meet time frames and deadlines leads to need for additional resources that have not been planned for which are implemented at the cost of planned activities.

4.0 Meeting with the Ministers in charge of EAC Affairs – 5th November 2018

The Committee held a meeting with the Hon. Chairperson of the EAC Council of Ministers Dr. Kirunda Kivejinja, First Deputy Prime Minister and Minister for East African Community Affairs, Republic of Uganda. Hon. Dr. Kivejinja expressed appreciation for the opportunity to meet with the Committee. He assured the Members that the EAC Annual Report had in general, improved considerably over the years and further improvements were still being made to date with regard to improvement in collection of data and

statistics, reporting format and general presentation. He informed the Committee that the Secretariat had endeavored to prepare all the pending reports and they would soon to be submitted to the Assembly for consideration.

In response to the observations of the Committee, Hon. Dr. Kirunda Kivejinja provided explanations and clarifications as follows:

With regard to the issue of delays in disbursements, he explained that all efforts were consistently made to remind partner states to honour their obligations and these efforts were still on going. It was expected that when sustainable financing mechanisms for the Community were approved in the near future, the situation would greatly improve.

The Hon Minister explained that the late remittances were related to the significant liabilities owed to service providers since clearing payments was directly affected by late remittances but all efforts were always made to pay the providers whenever funds were remitted.

On the question of significant amounts owed by the Partner States Revenue bodies in tax refunds, the Hon Minister agreed with the Committee that it was a serious challenge but it too, was being addressed and the accumulated amounts were gradually being recovered by the Secretariat.

On the problem of excessive use of consultancies in the EAC, Hon. Dr. Kirunda Kivejinja concurred with the observation particularly because the total amount included administrative meetings. He clarified that the amount for consultancies was not USD 31 million but USD four (4) million while the rest was for meetings.

With specific reference to the institutional review and failure to adhere to time lines, it was explained that often Summit directives and Council decisions that had to be implemented

immediately caused a change in time frames and deadlines for other planned activities and that was why some activities that were not planned are reported as achievements. This, however did not always cause major changes to timeframes and deadlines. On the delay in concluding the institutional review process, the process of job descriptions and work load analysis being undertaken by the EAC Adhoc Service Commission was expected to be concluded by end of November 2018 and a report submitted to the Council of Ministers.

5.0 Recommendations

The Committee recommends to the Assembly to urge the EAC Council of Ministers on the following:

5.1 The EAC Annual Report should be submitted to the Assembly in a timely manner. The Committee recommends that the Council of Ministers table the EAC Annual Report 2017/2018 by February 2019. This implies that the recommendations on improvements that need to be made will be taken on board. The report should provide all necessary accurately researched information, details with analyses as observed to facilitate the Assembly make an informed review of performance of Organs and Institutions of the Community.

5.2 The Committee recommends that specific reference should be made to strategic documents, policy decisions and directives on which planning process, management of financial, human and information resources is based as well as the actual levels of implementation of the pillars of integration and the registered progress.

With reference to explanation provided that instances of divergence/differences between the AOP and the achieved/implemented activities were due to Summit directives and Council decisions especially those that did not have significant financial implications, the

Committee recommends that the policy directives need to be specifically outlined, listed and referred to in the report.

5.3 The Committee recommends that with regard to the factors that constitute challenges to the integration process, the following be considered for implementation:

5.3.1. On late disbursements by the Partner States, the Council of Ministers consider specific deliberate measures and supervision to ensure timely remittances.

5.3.2. With regard to the accumulated unrecovered tax refunds, they need to be collected on time to particularly, ease the liquidity situation in the context of indebtedness to service providers. The Committee expresses concern and regret over the fact that the Community does not appear to be credit worthy running the risk of contributing to bankruptcy of service providers due to the failure of EAC to pay for services.

5.3.3. On the excessive use of consultants, the practice should be curtailed and substantive capacity be built within EAC staff to take on board the assignments that are not exceptionally technical and do not require engagement of consultants.

5.3.4. On the long overdue institutional review process and failure to meet deadlines, to ensure conclusion of the process.

6.0 Conclusion

The Committee registers its appreciation for the improvements in the EAC Annual Report for 2015/2016 and the great strides in the integration process evident by the actualized activities in the departments and offices of the EAC Organs and Institutions. The Committee applauds the progress made, despite funding challenges in among others, areas of regional infrastructure development, digitization and use of information, communications

technology in trade related projects and programs as well as progress in the East African Court of Justice, The East African Development Bank and CASSOA.

The Committee therefore recommends to the House to adopt the Report of the Committee on the EAC Annual Report for 2015/2016.

Rt. Hon. Speaker Sir, I beg to move.