

**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 2017/18**

**EAC HEADQUARTERS, ARUSHA, TANZANIA  
9<sup>TH</sup> TO 20<sup>TH</sup> MAY 2017**

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

**31<sup>st</sup> May 2017**

## **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 2017/18.

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 of Revenue and Expenditure of the East African Community for the FY 2017/18 were tabled before the Assembly by the Chair, Council of Ministers on Thursday 25<sup>th</sup> May 2017 and referred to the Committee on General Purpose for consideration.

## **2.0 METHODOGY**

The Committee held meetings in Arusha, and

- a) Considered the Estimates of Revenue and Expenditure of the EAC for the FY 2017/2018, and EAC Budget Speech;
- b) Interacted with the Council of Ministers, Secretary General, Deputy Secretaries General, Heads of Organs and Institutions;
- c) Reviewed, among others, the following documents:

- i. Policy Statement by the Secretary General on the EAC Budget FY 2017/2018
- ii. EAC MTEF Budget 2016/17: 2017-2018
- iii. EAC Budget Summaries for 2017/2018
- iv. EAC Annex to the Budget 2017/18 (Detailed MTEF at inputs level)
- v. EAC Annual Operational Plan 2017/2018
- vi. EAC Procurement Plan for 2017/2018
- vii. EAC Pre-Budget Conference Report
- viii. 33<sup>rd</sup> Ordinary Meeting of Council of Ministers Report
- ix. EAC-Explanatory Notes to the EAC Budget for Financial Year 2017/2018
- x. Financial Statements and Statement of Estimates of Expenditure for 2017/2018

### 3.0 BUDGET ESTIMATES FOR THE FINANCIAL YEAR 2017/2018

The Council of Ministers requests approval of **USD 110,130,184** (excluding CASSOA) for FY 2017/18 as compared **USD 101,374,589** for FY 2016/17 as shown in the Table I.

**TABLE 1. Summary of the Proposed Budget for FY2017/2018**

PLANNED EXPENDITURE								
Organ/ Institution	FY 2016/2017			FY 2017/2018			Change	
	Internal Resource s	External Support	Total	Partner States	External Support	Total	USD	%
EAC- Secretariat	21,036,328	36,704,857	57,741,185	20,208,376	40,099,625	60,183,201	2,442,016	4%
East African Court of Justice	4,107,977	178,500	4,286,477	3,997,366	142,800	4,140,166	-146,311	-3%
East African Legislative Assembly	15,837,624	248,600	16,086,224	17,783,559	213,400	17,996,959	1,910,735	12%
Lake Victoria Basin Commission	2,953,814	8,260,894	11,214,708	2,900,247	9,060,396	11,960,643	745,935	7%

<b>PLANNED EXPENDITURE</b>								
<b>Organ/ Institution</b>	<b>FY 2016/2017</b>			<b>FY 2017/2018</b>			<b>Change</b>	
Description	<b>Internal Resource s</b>	<b>External Support</b>	<b>Total</b>	<b>Partner States</b>	<b>External Support</b>	<b>Total</b>	<b>USD</b>	<b>%</b>
East African Science & Technology Commission	1,196,138	0	1,196,138	1,500,164	0	1,500,164	304,026	25%
East Africa Kiswahili Commission	1,179,542	0	1,179,542	1,553,098	0	1,553,098	373,556	32%
East Africa Health Research Commission	1,397,438	0	1,397,438	1,871,922	353,402	2,225,324	827,886	59%
East African Competition Authority (EACA)	841,365	746,200	1,587,565	817,995	519,050	1,337,045	-250,520	-16%
The Inter University Council for EA	4,553,890	0	4,553,890	5,203,478	1,563,450	6,766,928	2,213,038	49%
Lake Victoria Fisheries Organization	1,552,872	578,550	2,131,422	1,550,140	916,515	2,466,655	335,233	16%
<b>Total</b>	<b>54,656,988</b>	<b>46,717,601</b>	<b>101,374,589</b>	<b>57,261,545</b>	<b>52,868,638</b>	<b>110,130,183</b>	<b>8,755,594</b>	<b>9%</b>
<b>EXPECTED REVENUE</b>								
<b>SOURCE OF REVENUE</b>	<b>FY 2016/2017</b>			<b>FY 2017/2018</b>			<b>CHANGE</b>	
Description	<b>Internal Resource s</b>	<b>External Support</b>	<b>Total</b>	<b>Internal Resource s</b>	<b>External Support</b>	<b>Total</b>	<b>USD</b>	<b>%</b>
Ministries for EAC Affairs	41,890,538		41,890,538	50,226,522		50,226,522	8,335,984	20%
Ministries Responsible for Education	4,121,968		4,121,968	4,848,432		4,848,432	726,464	18%
Ministries Responsible for Fisheries	1,552,872		1,552,872	1,549,254	-	1,549,254	-3,619	0%
Member Universities	431,923		431,923	323,755		323,755	-108,168	-26%

<b>PLANNED EXPENDITURE</b>								
<b>Organ/ Institution</b>	<b>FY 2016/2017</b>			<b>FY 2017/2018</b>			<b>Change</b>	
<b>Description</b>	<b>Internal Resource s</b>	<b>External Support</b>	<b>Total</b>	<b>Partner States</b>	<b>External Support</b>	<b>Total</b>	<b>USD</b>	<b>%</b>
Development Partners	0	46,717,601	46,717,601	0	52,868,638	52,868,638	6,151,037	13%
Miscellaneous Revenue	305,440		305,440	313,583	-	313,583	8,143	3%
General Reserve	6,354,247		6,354,247	-	-	0	-6,354,247	100%
<b>Total</b>	<b>54,656,988</b>	<b>46,717,601</b>	<b>101,374,589</b>	<b>57,261,545</b>	<b>52,868,638</b>	<b>110,130,183</b>	<b>8,755,594</b>	<b>9%</b>

**Summary for the Budget Performance per Organ/Institution**

<b>Vote</b>	<b>Organ/ Institution</b>	<b>Annual Approved Budget in USD (A)</b>	<b>Budget July 2016 to March 2017 in USD (B)</b>	<b>Total Spending in USD (C)</b>	<b>Budget remaining by March 2017 (B-C)</b>	<b>%- Utilization- Budget to March 2017 (C/B)</b>
<b>001</b>	EAC-Secretariat	57,741,185	49,620,469	21,271,739	28,348,730	43%
<b>002</b>	East African Legislative Assembly	16,086,224	11,885,995	11,594,397	291,598	98%
<b>003</b>	East African Court of Justice	4,286,477	3,268,383	2,533,979	734,403	78%
<b>005</b>	Lake Victoria Fisheries Organization	2,131,422	1,128,147	1,079,859	48,288	96%
<b>006</b>	Inter-University Council for East Africa	4,553,890	3,415,418	2,568,795	846,623	75%
<b>007</b>	East African Science and Technology Commission	1,196,138	888,971	570,171	318,800	64%
<b>008</b>	East African Kiswahili Commission	1,179,542	972,839	782,480	190,359	80%
<b>0009</b>	East African Health and Research Commission	1,397,438	1,092,530	605,417	487,114	55%
<b>010</b>	East African Competition Authority	1,587,565,	685,400	123,382	562,018	18%

**Table 02B: Summary for the Budget Performance as of 31<sup>st</sup> December 2016**

<b>Vote</b>	<b>Organ/ Institution</b>	<b>Annual Approved Budget in USD (A)</b>	<b>Budget July 2016 to March 2017 in USD (B)</b>	<b>Total Spending in USD (C)</b>	<b>Budget remaining by March 2017 (B-C)</b>	<b>%- Utilization- Budget to March 2017 (C/B)</b>
<b>004</b>	Lake Victoria Basin Commission	11,214,708	6,119,316	2,791,704	3,327,612	46%

*This status of expenditure is low, meaning slow implementation of activities, and this is due to liquidity challenges faced by the Community.*

#### **4.0 ACHIEVEMENTS DURING FY 2016/2017**

##### **1.1 Priority programmes in FY 2016/2017**

The following were the priority programs/activities planned for the Financial Year 2016/17:

- i. Full implementation of the EAC Single Customs Territory;
- ii. Enhanced implementation of the EAC Common Market Protocol especially with 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 Area in telecommunications; and convene 4th Heads of State Retreat on Infrastructure Development and Financing;
- iv. Enhancement of productivity and 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 finalize remaining energy interconnectors across borders; and
- vii. Implementation of EAC Peace and Security Initiatives.



## **1.2 Key achievements during Financial Year 2016/2017**

The Committee was informed that the following were the key achievements during the Financial Year 2016/17, in line with the priority areas outlined above:-

- i. Under the Customs Union Pillar, implementation of the Single Customs Territory has continued very well and coverage of goods cleared has been expanded to include all intra-regional trade within the region. With the establishment of the Single Customs Territory (SCT), coupled with the launch of fifteen (15) One Stop Border Posts (OSBP), 11 of which operational, there has been substantial reduction in turn-around period of clearing of selected imported goods;
- ii. Movement of cargo from Mombasa to Kampala and Kigali is reported to have reduced from 18 and 21 days to 4 and 6 days respectively;
- iii. Cargo movement from Dar es Salaam to Kigali and Bujumbura has also registered substantial reduction from 18 days to 3-4 days.
- iv. In view of these achievements, it is imperative that all efforts are accorded to ensure fully-fledged operations to maximize the benefits from the Single Custom Territory, especially reduction in the cost of doing business in the region.
- v. Implementation of the EAC Common Market Protocol gained significant achievements over the year. The EAC Partner States have enacted new laws to conform to the Common Market Protocol aimed largely at ensuring free movement of persons, labour, and services.
- vi. Currently, Kenya, Rwanda and Uganda allow their respective citizens to enter and exit their territories using National IDs;
- vii. The Republics of Kenya, Rwanda and Uganda have further harmonized to zero the Entry/Work and Residence Permit fees, and are according preferential treatment to Citizens of the EAC Partner States. Likewise, the United Republic of Tanzania (URT) has amended her Immigration Regulations, leading to reduced Residence permit fees by 50% from US\$3,000 to US\$1,500 effective 1st October 2016;
- viii. Four Mutual Recognition Agreements (MRAs) have already been negotiated and signed among professional Associations (Accountants, Engineers, Architects and the Veterinary

Services, while negotiations among Surveyors, Lawyers and Advocates in East Africa were finalized between August and October 2016. All the MRAs are awaiting signature by the respective authorities. Negotiation of MRA for Pharmacists has commenced;

- ix. The International East African Electronic Passport was launched during the 17th Summit of the Heads of State, held in March 2016. All EAC Partner States are expected to commence issuance of the EA e–Passport effective 3rd April 2017.
- x. Under infrastructure development, the Community has witnessed several milestones. These include, among others;
- xi. Commencement of construction of sections of the Arusha – Holili/Taveta - Voi road;
- xii. Enactment of the EAC Vehicle Load Control Act, 2016, and respective regulations aimed to reduce the destruction of roads by overloaded vehicles and ease the movement of persons and goods across the EAC borders respectively;
- xiii. Construction of the Standard Gauge Railway (SGR) from Mombasa to Nairobi which is underway and completion of studies on the EAC Railway Sector Enhancement Project;
- xiv. Development of the EAC Regulations for liberalization of Air Transport and completion of the feasibility study and the roadmap for the establishment of the EAC Unified Flight Information Region (UFIR).
- xv. In the Energy sector, the Community has implemented a number of initiatives that aim at providing East Africans with adequate, reliable, and cost effective energy. Among the initiatives are:-
- xvi. Launch of the East African Centre for Renewable Energy;
- xvii. Implementation of various inter-connection projects between the EAC Partner States;
- xviii. Feasibility studies for more than 2000 km on oil pipeline projects across the EAC Partner States.
- xix. Development of the EAC Aflatoxin Control and Prevention Strategy at the national and regional levels was finalized in June 2016. The multi-sectoral Strategy is designed to mitigate the impacts and effects of aflatoxin across the health, agriculture, livestock, trade, industry and environmental sectors;
- xx. On the political front, the Community has intensified efforts towards promotion of peace, security and democracy; This is evidenced by the Community's active



participation in the election observer missions in the Republics of Burundi, United Republic of Tanzania and Uganda in 2016, as well as, facilitations of the Inter-Burundi Dialogue.

## 5.0 BUDGET PERFORMANCE DURING FY 2016/2017

The total budget approved for the Fiscal Year 2016/2017 was USD **101,374,589**. The total spending up to March 2017 (except LVBC) against the planned budget for same period was as follows:

### Summary of the Budget Performance per Organ/Institution as of 30<sup>th</sup> March 2017

Vote	Organ/ Institution	Annual Approved Budget in USD (A)	Budget July 2016 to March 2017 in USD (B)	Total Spending in USD (C)	Budget remaining by March 2017 (B-C)	%- Utilization- Budget to March 2017 (C/B)
001	EAC-Secretariat	57,741,185	49,620,469	21,271,739	28,348,730	43%
002	East African Legislative Assembly	16,086,224	11,885,995	11,594,397	291,598	98%
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005	Lake Victoria Fisheries Organization	2,131,422	1,128,147	1,079,859	48,288	96%
006	Inter-University Council for East Africa	4,553,890	3,415,418	2,568,795	846,623	75%
007	East African Science and Technology Commission	1,196,138	888,971	570,171	318,800	64%
008	East African Kiswahili Commission	1,179,542	972,839	782,480	190,359	80%
0009	East African Health and Research Commission	1,397,438	1,092,530	605,417	487,114	55%
010	East African Competition Authority	1,587,565,	685,400	123,382	562,018	18%

### Summary of the Budget Performance as of 31<sup>st</sup> December 2016

Vote	Organ/ Institution	Annual Approved Budget in USD (A)	Budget July 2016 to March 2017 in USD (B)	Total Spending in USD (C)	Budget remaining by March 2017 (B-C)	%- Utilization- Budget to March 2017 (C/B)
004	Lake Victoria Basin Commission	11,214,708	6,119,316	2,791,704	3,327,612	46%

*This status of expenditure is low, meaning slow implementation of activities, and this is due to liquidity challenges faced by the Community.*

### KEY CHALLENGES DURING FY 2016/2017

The Committee was informed by the Secretary General that during FY 2016/2017, the Community faced the challenges indicated below, which affected the implementation of the Community programmes and projects:

- 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.

## **6.0 PROPOSED BUDGET ALLOCATION AND PLANNED ACTIVITIES/OUTPUTS IN FY 2017/18**

### **6.1 EAC-SECRETARIAT**

The EAC-Secretariat requests the approval of **USD 60,183,201** for FY 2017/2018 compared to **USD 57,741,185** of FY 2016/17. This amount has been allocated to the Offices as indicated below:

#### **6.1.1 Office of the Secretary General**

The office requests the approval USD **3,208,800** to implement the key activities and achieve the following at the end of Financial Year 2017/2018:

- (i) The EAC-Business image promoted through participation in the regional and international fora;
- (ii) Leadership and guidance for integration process provided by the Summit of Heads State;
- (iii) EAC-Image enhanced and understood and supported regionally and internationally;
- (iv) An interaction between the EAC Secretariat and Organs/Institutions strengthened;
- (v) EAC-Secretariat facilitated to participate in legislation process;
- (vi) Assurance services provided to the Organs and Institutions;
- (vii) EAC-Organs and Institutions Risk Register maintained ;
- (viii) Defence corporation strengthened to promote Peace and Security in the region;
- (ix) Five Laws touching on the Common Market harmonised;
- (x) Legal advice provided to Organs and Institutions;
- (xi) Enhanced popular participation of the Citizenry in the EAC- Integration process;
- (xii) Resource mobilization capacity strengthened.

### **6.1.2 Office of the Deputy Secretary General - Finance and Administration**

The office requests the approval of **USD 21,341,195** cater for the personnel emoluments and administrative costs and to implement the key activities to achieve the following at the end of Financial Year 2017/2018:

- (i) Phase (I) of the Institution Review Recommendations implemented;
- (ii) Terms and conditions of the EAC-Secretariat executed;
- (iii) Systems supported and policies strengthened;
- (iv) Performance evaluation system rolled out to other Organs and Institutions;
- (v) Internal Communication strategies in place and implemented;
- (vi) EAC- Institutional Framework strengthened;
- (vii) Statutory Meetings coordinated;
- (viii) EAC-Headquarter, Information Technology, security and safety systems maintained;
- (ix) Information sharing and networking among EAC organs and institutions and coordination Ministries enhanced;
- (x) Financial discipline and accountability effected across organs and institutions;

### **6.1.3 Office of the Deputy Secretary General - Planning and Infrastructure**

The office requests the approval of **USD 12,985,886** to implement the key activities and achieve the following at the end of Financial Year 2017/2018:

- (i) Common Market implementation monitored;
- (ii) Pre-Budget conference convened to harmonize and ensure proper planning;
- (iii) EAC-Policy Research Unit maintained;
- (iv) EAC- Secretariat Quality Management System maintained;
- (v) Outcome indicators of the 5<sup>th</sup> EAC-Development Strategy developed;
- (vi) Statistics necessary for operationalization of the Common Market and EAMU in place;
- (vii) Single Financial markets and systems created;
- (viii) Fiscal and Monetary policies for Monetary Union harmonised;

- (ix) Payment and settlement system structured and coordinated;
- (x) Regional road fatalities reduced by at least 20%;
- (xi) At least five regional projects prepared and presented to development partners for investment;
- (xii) TORs and Regional Funded Projects developed for preliminary engineering design of bankable links;
- (xiii) Multilateral Air Services Agreement prepared;
- (xiv) The roaming framework implemented;

#### **6.1.4 Office of the Deputy Secretary General - Productive and Social Sectors**

The office requests the approval of **USD 14,801,047** to implement the key activities and achieve the following among others by the end of Financial Year 2017/2018:

- (i) Best practices mechanisms in post-harvest market information capturing and sharing introduced;
- (ii) Training workshop on management of maize Lethal Necrosis Disease and other trans-boundary diseases conducted;
- (iii) EAC-Agriculture Week to share experiences and best practices and scaling up successful innovation organised;
- (iv) Sub-Regional strategy and country action plans for promoting decent employment for youth in agricultural sector developed;
- (v) Show case and demonstration of best practices in post-harvest management storage supported;
- (vi) EAC-Seed Regulatory Framework developed;
- (vii) Sanitary and Phyto-Sanitary regulations developed;
- (viii) Technical field trips for pipelines Project held;
- (ix) Feasibility Study Report for Kigali-Bujumbura Oil Pipeline approved;
- (x) EAC's – Institutional and Financial Capacities for Environment and Climate Change Adaption and Mitigation strengthened;
- (xi) Climate change key activities undertaken;

- (xii) Best practices and sustainable biodiversity management for park rangers , managers and biodiversity practitioners organised;
- (xiii) EAC-Water Vision finalised;
- (xiv) Integrated Water Resources Management Strategy developed;
- (xv) Tourism activities promoted as a Single Tourist Destination;
- (xvi) A regional regulatory framework/guidelines for trade and production of quality hide and skins developed;
- (xvii) Trade and distribution of textiles and cotton through public and private partnerships feasibility study conducted;
- (xviii) A regional brand strategy for Buy-East Africa Build East Africa scheme and hold Trade and Investment roundtable held for textiles and leather actors;
- (xix) Mutual Recognition Agreement negotiated;
- (xx) National Examination Bodies aligned with new structured curricula and EAC-Examinations Rules and Guidelines;
- (xxi) National Teacher training curriculum harmonised with approved EAC-Teachers Training curriculum;
- (xxii) EAC Students Essay Competition conducted;
- (xxiii) Comprehensive Report on Gender, Youth, Children, Social Protection and Community Development consolidated and considered by Sectoral Council;
- (xxiv) EAC Regional pharmaceutical Manufacturing plan implemented; and
- (xxv) Eight(8) Vehicles mounted mobile medical laboratories procured;
- (xxvi) Deployed in the Partner States;
- (xxvii) EAC-Labour Migration Policy validated; and
- (xxviii) EAC-Refugees Management Policy validated

#### **6.1.5 Office of the Deputy Secretary General - Political Federation**

The office requests the approval of **USD 4,793,474** to implement the key activities and achieve the following among others by the end of Financial Year 2017/2018:

- (i) Capacities of Electoral Management and observation and EAC enhanced;
- (ii) 7<sup>th</sup> Annual Conference on Good Governance dialogue convened;



- (iii) Good Governance Conference convened to strengthen Democracy in Elections;
- (iv) Capacities of EALA and EAC Staff enhanced in Electoral Monitoring , data collection, analysis and evaluation;
- (v) Key peace and security interventions undertaken.

#### **6.1.6 Office of the Director General (Customs and Trade)**

The office requests the approval of **USD 3,053,600** to implement the key activities and achieve the following among others by the end of Financial Year 2017/2018:

- (i) Customs and Trade Instruments printed and published;
- (ii) Pre-Budget meeting for consideration for proposals for inclusion to the National budget held;
- (iii) Implementation of the EAC-Common External Tariff review;
- (iv) Product identification bullets developed;
- (v) Selected products studies and research conducted to inform policy review;
- (vi) Single Customs Territory business processes developed'
- (vii) Single Customs Territory operationalization monitored and evaluated;
- (viii) Customs Officials trained on One Stop Border Post procedures;
- (ix) Capacity building to Customs Experts undertaken on Valuation, Rules of Origin, and Single Customs Territory;
- (x) Training programme for Customs Instruments developed;
- (xi) Customs interconnectivity system to support Single Customs Territory processes in the region enhanced;
- (xii) The duty remission and exemption regime review;
- (xiii) EAC-Trade Report in place;
- (xiv) EAC-Time Bound Programme on elimination of the identifies NTB deliberated;
- (xv) Study on Impact of the Jua kali Nguvu Kazi Exhibition undertaken;
- (xvi) Implementation of the WTO assessed;
- (xvii) EAC- Export Promotion Strategy developed;

(xviii) Liberalization of Trade in Service negotiated.

## **6.2 EAST AFRICAN LEGISLATIVE ASSEMBLY (EALA)**

The Assembly requests the approval of **USD 17,996,959** to implement the key activities and achieve the following among others by the end of Financial Year 2017/2018:

- (i) Retreat for the Commission to review terms and conditions of services for EALA;
- (ii) EALA Strategic Plan and Monitoring and Evaluation Framework for oversight reviewed;
- (iii) Bi-Annual sensitization in Partner States undertaken;
- (iv) EAC- Annual Inter-Parliamentary Games organised;
- (v) Bills debated and approved through Plenary Sessions, preparatory and Committee meetings;
- (vi) EALA's corporate image and visibility enhanced;
- (vii) Rules of Procedure and code of conduct for 4th Assembly reviewed;
- (viii) EAC-Financial Statements audited, examined and tabled to the house;
- (ix) Committee Reports and other documents published;
- (x) Chamber fixtures and security gadget for Assembly procured and installed;

## **6.3 EAST AFRICAN COURT OF JUSTICE (EACJ)**

The organ requests the approval of **USD 4,140,166** for FY 2017/2018 to implement the key activities and achieve the following among others by the end of Financial Year 2017/2018:

- (i) Court plenary Sessions held and committee activities undertaken;
- (ii) Role and place of the Court sensitized to stakeholders.

#### **6.4 LAKE VICTORIA BASIN COMMISSION**

The organ requests the approval of **USD 11,960,643** for FY 2017/18 to implement the key activities and achieve the following among others;

- (i) LVBC Annual work plans produced;
- (ii) Monitoring and Evaluation at LVBC Secretariat strengthened;
- (iii) LVBC Laws, policies and regulations harmonised;
- (iv) EAC Instruments customised to accommodate LVBC requirements;
- (v) LVBC Risk Registers established;
- (vi) Climate change adaptation within the region strengthened;
- (vii) Human and Infrastructure Resources Capacity of the Commission strengthened;
- (viii) Trans-boundary Freshwater Ecosystem in the EAC Strengthened;
- (ix) Safety and security of navigation in the lake improved;
- (x) Population, Health and Environment coordinated and managed;
- (xi) Integrated Water resources management plan implemented;
- (xii) LVBC Institutional capacity strengthened;

#### **6.5 INTER- UNIVERSITY COUNCIL FOR EAST AFRICA (IUCEA)**

The institution requests the approval of **USD 6,766,928** for the FY 2017/18 to implement the key activities and achieve the following among others;

- (i) Establishment and facilitation of Centres of Excellence in key areas of Higher Education;
- (ii) Human Resources and Professional Capacity of the Internal Audit Unit Enhanced;
- (iii) Governance Principles and Compliance ensured;
- (iv) Laws, Rules and Regulations governing IUCEA management are abided with;
- (v) IUCEA Corporate Image among stakeholders enhanced;
- (vi) Communication strategy is elaborated, approved and implemented;

- (vii) Facilitate MOUs and collaboration between Universities in the region and with stakeholders outside the region;
- (viii) Organize forums and mediums for knowledge sharing, exhibition of innovations and for recognition of innovators;
- (ix) Regional Recognition of programs and Mutual recognition of Qualification across EAC;
- (x) Additional benchmarks for academic programs developed;
- (xi) Establishment of Quality Assurance Units and training of Quality experts Promoted;
- (xii) Academic Center for Digital Innovation in East Africa.

## **6.6 LAKE VICTORIA FISHERIES ORGANIZATION (LVFO)**

The organisation requests the approval of **USD 2,466,655** to implement the key activities and achieve the following among others; by the end of Financial Year 2017/2018:

- (i) Access to Information Systems Services on fisheries and aquaculture;
- (ii) Use of new technologies for management and development;
- (iii) Financial Management Information Systems in place;
- (iv) Capacity Building to facilitate the expanded mandate;
- (v) Preparation of annual performance contracts and Annual report;
- (vi) Status of Implementation of Lake Victoria Fisheries Management Plan;
- (vii) Harmonized regional aquaculture policies and legal framework;
- (viii) Regional guidelines on fisheries licensing developed;
- (ix) Increased catches and income as a result of enhanced protection of critical habitats;
- (x) Update indicators on status of fish stocks, exploitation levels and aquaculture
- (xi) Standard Operating Procedures and databases are reviewed and updated;
- (xii) Statistical Bulletin for Fisheries and Aquaculture produced annually;
- (xiii) Increased accessibility of fish and fishery products to international and regional markets;

- (xiv) Guidelines for fish traceability.

## **6.7 EAST AFRICA SCIENCE AND TECHNOLOGY COMMISSION (EASTEKO)**

The Commission requests the approval of **USD 1,500,164** for the FY 2017/2018. The implementation of budget will result into the following:

- (i) Research and Development (R&D) Institutions in EAC region assessed & supported with Centres of Excellence according to priority areas;
- (ii) Forum for R&D institutions and Private sector established;
- (iii) Regional Journal on Innovative research and technologies launched;
- (iv) Regional Network of STI Parks established;
- (v) Cooperation and coordination arrangements with organizations with Science, Technology and Innovation objectives developed;
- (vi) Regional Arrangements & Programs for collaborative research developed;
- (vii) EASTECO Protocol, 2007, amended by December 2017;
- (viii) EASTECO Bill Enacted;
- (ix) STI Working groups/think tanks on Research, Technological Development and Innovation established;
- (x) A regional data base on Science, Technology and Innovation, with STI indicators established.

## **6.8 EAST AFRICA KISWAHILI COMMISSION (EAKC)**

The Commission requests the approval of **USD 1,553,098** for the FY 2017/2018 against **USD 1,179,542** for 2016/2017. The implementation of budget will result into the following:

- (i) Preparation and harmonisation of EAC positions on Kiswahili;
- (ii) Partnerships and collaborations with the media in Partner States on the development and use of Kiswahili;
- (iii) EAKC Board of Management Established;

- (iv) Promotion of the development and use of Kiswahili as a language of wider communication in EAC Partner States;
- (v) A database of Kiswahili research publications and findings established.

## **6.9 EAST AFRICAN HEALTH RESEARCH COMMISSION (EAHRC)**

The Commission requests the approval of **USD 2,225,324** for the FY 2017/2018. The implementation of budget will result into the following:

- (i) The East African Health Research Commission Operational;
- (ii) Infrastructure and logistics for capturing, accessing, sharing and utilisation of knowledge established;
- (iii) Baseline Research Capacity of Institutions in the region assessed;
- (iv) Clinical Trials Baseline Research Capacity of Institutions in the region assessed;

### **6.9.1 EAST AFRICAN COMPETITION AUTHORITY (EACA)**

The Authority requests the approval of **USD 1,337,045** for the Financial Year 2017/2018.

The implementation of this budget will enable the Authority to achieve the following:

- (i) Competition and protection of consumers enforced;
- (ii) Advocacy and awareness campaigns implemented;
- (iii) Subsidiary legislations, development of user manuals, guidelines and threshold notification requirements enacted;

## **7.0 SPECIFIC OBSERVATIONS AND RECOMMENDATIONS**

### **1. OFFICE OF THE SECRETARY GENERAL**

#### **a) "Savings from Travels"**

It was noted that the Secretary General has, on many occasions, in the course of FY 2016/17 informed the Assembly, that since he assumed office, he has made substantial savings (**amounting to USD 3 Million**) through his deliberate intervention of scaling down on travel expenses of the Community. No evidence of such savings was adduced



during our review and analysis of the budget performance. On the contrary, the Committee noted that the said cash savings were never proved since there was a low budget performance due to delayed or none remittance of funds by Partner States and Development Partners.

#### **b) Budget line for Attending EALA Sessions**

The Office of the Secretary General intends to facilitate the SG to attend fifty six (56) EALA Sittings in FY 2017/18. EALA holds 6 sittings in each financial year which is equivalent to seventy two (72) sitting days. However, out of the 72 days, two (2) sessions are held in Arusha which reduces it by 24 days. The SG is seeking per diem for 56 days instead of 48.

In the same vein, it was noted that this docket had budgeted for the officers accompanying the Secretary General (Chef d’Cabinet and the Secretary) to attend 168 sittings of EALA. However, the actual number of sittings they will attend is 96. The Counsel to the Community (CTC) will also attend 48 sittings of EALA instead of the proposed 84. In light of this, the Committee noted that an excess of **USD34, 700** had been budgeted for as per diem for the above officers to attend EALA sittings.

***The Committee recommends that a total sum of USD.34,700 that was budgeted for as per diem for officers under the SG’s Office to attend EALA Sessions be reallocated to the East African Parliamentary Institute.***

#### **c) Resource Mobilisation**

According to the budget estimates (Page 53), a total of **USD. 47,850** has been earmarked to fund a Donor Conference in FY 2017/18 as part of the resource mobilization drive. According to the written response from the Secretary General, the Donor Conference will be held “*after completion of the 5<sup>th</sup> EAC Development Strategy*”.

While the Committee commends the Secretariat for this initiative, it is not possible to hold the conference in FY 2017/18 since the 5<sup>th</sup> EAC Development Strategy is not yet in place.

Realistically, the Secretariat cannot develop the 5<sup>th</sup> EAC Development Strategy, have it approved by Council, and then hold a Donor Conference in the FY 2017/18.

***The Committee recommends that the Assembly reallocates USD. 47,850 that was meant for the Donor Conference to the East African Parliamentary Institute.***

## **2. OFFICE OF THE DEPUTY SECRETARY GENERAL – FINANCE AND ADMINISTRATION**

### **a) The EAC Adhoc Service Commission**

It was noted that the Adhoc Service Commission was appointed, and commenced work in September 2016. The Commission has since conducted interviews for over thirty (30) professional staff of the Community, majority of whom were appointed during the 35<sup>th</sup> Council Meeting held in April 2017.

It was further noted that the Adhoc Service Commission does not have an established Secretariat to give it the requisite administrative, technical and professional support. Currently, the Commission relies on the Secretary General and the Director Human Resources and Administration for technical and administrative support.

The absence of an established Secretariat appointed specifically as a unit of the Adhoc Service Commission mandated to provide administrative and technical support to the Commission has exposed this institution to the risk of continued reliance on the Officers/employees of other Organs and Institutions of the Community who may have conflict of interest, especially during the recruitment exercise.

It was further noted that since the Adhoc Service Commission is not a full time body of the Community, and with no established Secretariat, Members of the Commission carry with them vital records of the Community to their respective Partner States. This practice exposes such confidential records to possible leakage.

Relatedly, while the Community may be optimistic that the Adhoc Service Commission will diligently execute its mandate, we should take cognizance of the fact that it does not have technical expertise especially in highly specialized professions such as medical/health,

engineering. Such professional expertise may have to be outsourced during the time of interviews.

The independence and integrity of the Adhoc Service Commission needs to be put on the priority agenda of the EAC. This is so because the Commission plays a critical role in determining the recruitment of technically competent and astute staff in the Service of the Community. Therefore, there is need for the establishment of a Secretariat for the Adhoc Service Commission in the short run, and transforming the Commission into a full time EAC Public Service Commission in the long term.

It was noted that all recruitments for professional and project staff are being done by the EAC Adhoc Service Commission except for General Staff, which as per the Staff Rules and Regulations the appointing authority is the Secretary General. It the considered view of the Committee that the EAC Adhoc Service Commission assumes full responsibility for the recruitment of all categories of staff in the EAC.

***The Committee recommends that the Council of Ministers prioritises the amendment of the EAC Staff Rules and Regulations to accommodate the mandate of the EAC Adhoc Service Commission.***

#### **b) Recruitment of Staff**

It was noted that eighteen (18) professional staff will be recruited in FY 2017/18, six (6) of whom will be replacing the exiting EALA staff. In light of the recently concluded recruitment exercise which witnessed delays that led to serious manpower gaps in the Community, the Committee was concerned that if similar delays occurred, it would cripple the operations of the Assembly.

***The Committee recommends to the Assembly to urge the Adhoc Service Commission to expeditiously conduct and conclude interviews for the said positions, particularly the EALA positions at least three months before the end of term of the exiting staff.***

### **c) Follow-up for IPSAS/GFS Framework for new EAC Institutions**

A budget line of **USD. 27,750** has been earmarked to facilitate the Office of DSG (F&A) to follow-up the implementation of IPSA/GFS Framework in new EAC Institutions of EASTECO, EAKC, and EAHRC. This activity relates to implementation and operationalization of the financial accounting systems and standards (the International Public Sector Accounting Standards/Government Financial Statistics Financial Reporting Framework) in the three (3) new institutions.

It is the considered view of the Committee that, it is the mandate of the Internal Audit Unit and the Audit Commission, not the Office of the DSG-F&A (Accountant) to ascertain whether or not the established EAC Institutions (EASTECO, EAKC, EAHRC) adhere to the International Public Sector Accounting Standards. Suffice to say, this is done through routine auditing.

***The Committee recommends to the Assembly to reallocate USD. 27,750 to the East African Parliamentary Institute.***

### **3. OFFICE OF THE DEPUTY SECRETARY GENERAL, PLANNING AND INFRASTRUCTURE**

#### **a) The Financial Sector Development and Regionalisation Project (FSDRP)**

It was noted that the implementation of the first phase of the Project (FSDRP) amounting to US\$16 million (effective April 2011) was closed in September 2016 and the EAC was granted an Additional Financing (AF) of US\$10.5 million. The additional funds will support the project activities for the next three years (October 2016- 30th September 2019).

It was noted that the project has faced a number of challenges such as lack of cooperation of some Partner States/ Stakeholder in the execution of the project activities. The Republic of Kenya pulled out of the Project due to failure by the World Bank and the EAC Secretariat to address the concerns raised about the procurement process. Suffice to note, Kenya had requested that a site visit be conducted to ascertain the competence of the vendor, but was ignored.

The current volume of trade between/across boarder is still very minimal to sustain the infrastructure. When the World Bank pulls out at the end of the Project (FSRP), the infrastructure may not be sustained without the full participation of all the EAC Partner States. Therefore, there is need to bring on board all the EAC Partner States.

***The Committee recommends that, to guarantee the sustainability of the EAC Financial Sector Development and Regionalisation Project, deliberate efforts should be made by the EAC Secretariat in liaison with the Council of Ministers to bring all the EAC Partner States on board. The need to integrate together cannot be overemphasised.***

***The Committee also recommends that the EAC Financial Sector Development and Regionalisation Project be mainstreamed into the EAC Framework. There is also need to follow up on the implementation of the provisions of the Financing Agreement.***

#### **b) Operationalisation of the Common Market**

While the Committee appreciates the efforts being made to operationalize the Common Market Protocol, apparently, there are some legal and institutional bottlenecks that need to be addressed if the Community is to realize tangible benefits. There is an outstanding recommendation of the Assembly to the Council of Ministers to initiate and bring a Bill in the House to better operationalize the Common Market Protocol.

***The Committee reiterates the Assembly recommendation to the Council of Ministers to expedite the finalisation of the Bill to operationalize the Common Market Protocol and have presented to the House in FY 2017/2018.***

#### **c) Railway Infrastructure**

It was noted that at the regional level, EAC has just concluded a study known as the EAC Railways Sector Enhancement Project, which was follow-on to the EAC Railways Master Plan done in 2009. The study has proposed new priority links and strategies for harmonizing



railways standards. The Secretariat will prepare a road map on the implementation of the recommendations of the study. The Committee recognizes the importance of railway infrastructure in the development of the EAC. However, currently, each Partner State is separately implementing her own railway infrastructure. As for Railways infrastructure development, Kenya has completed Phase I of the Standard Gauge Railways, Tanzania has commenced construction and Uganda is in the procurement stages for its SGR

***The Committees to the Assembly to urge the Council of Ministers to prioritize the establishment of the EAC Railways Regulatory Authority.***

#### **d) Hire of a Consultant to review Summit and Council Decisions**

It was noted that this office has earmarked **USD 68,000** to engage a consultant to review outstanding Summit and Council decisions and directives. The Committee wonders whether the officers in this office do not have the technical expertise to carry out this assignment to the extent of hiring a consultant. The Committee takes exception to the increasing habit of the EAC Secretariat to rely on consultants to do work for the Community, even in basic areas where the officers of the Community are deemed to have the requisite technical expertise.

***The Committee recommends that the Assembly reallocates USD 68,000 to the Audit Commission.***

#### **e) EAC Roaming Framework**

While the Committee commends the Republics of Kenya, Rwanda and Uganda for making strides in the implementation of the EAC Framework on One-Network-Area (i.e the EAC Roaming Framework), the Republic of Burundi and United Republic of Tanzania are yet to implement the provisions of this framework. As a result, roaming charges remain high in the two Partner States, which escalates the cost of doing business in the region.

***The Committee recommends that the EAC Secretariat in conjunction with the Council of Ministers continually engage with the Republic of Burundi and the***



***United Republic of Tanzania to implement the Framework, facilitate the adoption of key statistical indicators for monitoring the implementation of the Framework.***

#### **4. OFFICE OF THE DEPUTY SECRETARY GENERAL – POLITICAL FEDERATION**

##### **a) Confederation**

It was noted that the Summit of Heads of State resolved that the EAC will adopt a Confederation as a system of governance before transiting into a fully-fledged federal system. At the 35th Meeting of the Council of Ministers, the Republic of Kenya requested for additional time to study the implications, which was granted. Against this development no further recommendations for action could be submitted to the EAC Summit of Heads of State for consideration.

##### **b) Mainstreaming APSA Staff into the Community**

It was noted that the 34th Meeting of the EAC Council of Ministers was explicit on the need for continuity in the Peace and Security Department. A clear road map inclusive of recommendations of the EAC Service Commission on implementation of the Institutional Review will be considered by the 36th Meeting of the Council of Ministers and will provide a clear way forward with respect to integration of the APSA components upon end of EU funding in 2018.

##### **c) The EAC Panel of Eminent Persons**

It was noted that the EAC Summit of Heads of States guided that the Panel will be appointed on need basis. The planned interventions include establishing and building capacity of a critical mass of experts who will be available to support the work of the Panel whenever called upon.

##### **d) Promotion of friendly relations between states and addressing Intra-State tensions**

The Treaty underscores the need for good neighborliness further elaborated in the Peace and Security Protocol which also identifies intra state conflicts as an area of intervention. However, such interventions can only be undertaken within an environment where the

Protocol has been fully ratified and is operational, a task that is far from conclusion with only two Partner States having concluded the ratification process.

## **5. OFFICE OF THE DEPUTY SECRETARY GENERAL – PRODUCTIVE AND SOCIAL SECTORS**

### **a) Underfunding and understaffing**

It was noted that, besides being understaffed, the programmes and activities of this docket continue to be the most underfunded at the EAC Secretariat. For example, the education sector has only one activity (Essay Competition) which is funded by Partner States. The rest of activities depend on funding from Development Partners. Currently, there is one officer who handles issues of Gender, Youth, Children and Persons with disabilities, Social Protection, Civil Society Mobilization and Community Development.

### **b) Regional Councils for Youth, Women, Children and PWDs**

The Committee noted that there has not been any action taken on the Action Plans of the Youth and PWDs which were adopted by the Council of Ministers in 2016. The Community is yet to operationalize regional Councils for Youth, Women, Children and PWDs, yet these regional Councils are stated as the oversight institutional bodies to monitor and coordinate the implementation of these action plans.

## **6. OFFICE OF THE DIRECTOR GENERAL CUSTOMS AND TRADE**

### **Full Implementation of the Single Customs Territory**

It was noted that an incremental roll out of products has been adopted on both the Northern and Central corridors, and full roll out to be achieved in July 2017. However some of the products still face NTBs arising from Partner States standards and regulatory requirements on agricultural products. There has been no complaint of late on trade in agricultural products. What is being witnessed is where some Partner States, for food security reasons are restricting on trade in agricultural products. This contravenes the Customs Union principles and laws.

## **7. EAST AFRICAN COURT OF JUSTICE (EACJ)**

### **a) Extended Jurisdiction**

The Committee was informed that the Jurisdiction of the EACJ was extended to include matters of trade and arbitration. The Judges will undertake appropriate training to acquire the necessary knowledge and skills in regards to the expanded mandate.

### **b) Financial and Administrative Autonomy**

It was noted that while the EAC Adhoc Service Commission was given the mandate to review and unpackage the scope of the financial and administrative autonomy to be granted to EACJ and EALA, the Commission does not have the professional and technical expertise to make appropriate recommendations on this matter.

It was further noted that uniqueness and peculiarities of the EACJ and EALA require due attention and consideration during this exercise. Therefore, extensive engagement of the leadership of these two organs cannot be overemphasized.

***The Committee recommends that the EAC Adhoc Service Commission engages comprehensively with the leaderships of EACJ and EALA on the Financial and Administrative Autonomy of these Organs to ensure that this matter is concluded in FY 2017/18.***

## **8. EAST AFRICAN LEGISLATIVE ASSEMBLY (EALA)**

### **a) Increased Membership of the 4<sup>th</sup> Assembly**

Upon the attainment of full membership of the EAC, the Republic of South Sudan will be fully represented in the Assembly effective June 2017. This will increase the Membership of EALA from the current fifty two (52) to sixty two (62).

The Committee was also informed that as a result of the inclusion of the Republic of South Sudan and the impending recruitment of a Deputy Clerk in-charge of Finance and Administration that the budget of the Assembly attracted a 12.5% growth in FY 2017/18.

### **b) Unfunded/Underfunded Priorities**

The Committee was informed that the Assembly made an initial proposal of a 32% increase to cater for:

- i. Lifting of committee activities from 4 to 7 days
- ii. Operations of EAPI
- iii. Installation of the Speaker
- iv. Review of the Rules of Procedure of the 4<sup>th</sup> Assembly
- v. Training of Members of General Purpose and Accounts Committees on auditing and MTEF
- vi. Audit Commission

Save for the Audit Commission whose budget was significantly reduced, the other activities were out and therefore, remain unfunded in FY 2017/18.

In view of the fact that the membership of EALA will increase effective FY 2017/18, and considering that the 4<sup>th</sup> Assembly will have its expanded territorial jurisdiction with the Republic of South Sudan coming on board, and therefore, increasing its volume of work in regards to her oversight, legislative and representative mandate, a more realistic or corresponding budget should have been provided.

It is important to note that the above critical activities need to be funded since they have a significant bearing on the effectiveness of the Assembly. Parliaments, like other modern corporate bodies invest substantial resources in training and retooling their Members in a bid to strengthen their capacity to effectively discharge their legislative, oversight and representative mandate.

Relatedly, it is inconceivable that at a time when the Community is facing increased allegations of financial mismanagement, and the need to strengthen the capacity and independence of the Audit Commission, a decision was taken to reduce its budget from **\$ 570,000 to \$ 385,000**. Besides, the creation and establishment of more EAC institutions translates to increase in volume of work for the Audit Commission, which calls for an enhanced budget of the Audit Commission for the effective discharge of its mandate.

### **c) Financial and Administrative Autonomy**

It was noted that while the Summit and Council of Ministers took a decision to grant financial and administrative autonomy to the EALA and EACJ, the scope of this autonomy

are yet to be concretized and approved by the Council. Therefore, no specific budget has been provided for the operationalization of the autonomy of EALA and EACJ, save for a budget line for the recruitment of the Deputy Clerk F&A.

The Committee was informed that Council directed the Secretariat to develop a paper which the Council will adopt detailing which areas will be affected by the autonomy of EALA and EACJ and this will inform the basis for proper budgeting.

***The Committee recommends that the Secretariat expedites the development of a paper on the autonomy of EALA and EACJ for consideration by the Council of Ministers in FY 2017/18.***

***The Committee further recommends to the Assembly to urge the Council of Ministers ensure that the relevant instruments for the operationalization of the EALA and EACJ financial and administrative autonomy are put in place before the end of FY 2017/18.***

#### **d) East African Parliamentary Institute(EAPI)**

The Committee was informed that the 35th Meeting of the Council of Ministers approved 1st October 2017 as the commencement date for the operationalization of the EAPI. The budget is not factored in the current budget estimates.

***The Committee recommends that the Council sources for the requisite funds to operationalise of EAPI in FY 2017/2018.***

### **9. LAKE VICTORIA BASIN COMMISSION (LVBC)**

#### **a) Safety and Security of Navigation**

It was noted that LVBC under the LVEMP project commissioned and handed over the Aids to Navigation Installations to the riparian countries in the Lake basin. The installations have reportedly enhanced navigation safety and reduced maritime accidents. LVBC has also negotiated with the African Development Bank to undertake a Multinational Maritime Communication and Transport Project. This will involve the establishment of Regional Maritime Rescue Communication Centre (MRCC) in Mwanza with additional sub-centers at



Entebbe (Uganda) and Kisumu (Kenya); Establishment of 22 emergency search and rescue stations around the lake; development of the East African Maritime transport strategy among others.

### **b) Sustainability of Projects**

The LVBC continues to depend on Donor Funding to the tune of 76% of the budget while the Partner State contributions to LVBC have substantially decreased to the tune of 2%. This trend is a cause for concern since there are no concrete strategies to address the sustainability of the Commission.

It was noted that there is a serious deficit from Partner States contribution to the budget on resource mobilisation. In the long term, LVBC interventions may be hampered with the lack of resources mobilisation. While LVBC initiated a trust fund mechanism whereby the different donors might contribute, the efforts to engage Donors on this matter have been hampered by the budgetary constraints under resource mobilisation.

***The Committee recommends to the Assembly to urge the Council of Ministers to direct Partner States to contribute towards the development budget of LVBC. Efforts should also be made by the Partners to mainstream LVBC projects upon completion into their national plans and budgets to guarantee sustainability.***

### **10. LAKE VICTORIA FISHERIES ORGANISATION (LVFO)**

It was noted that the budget outturn for LVFO in FY 2016/2017 stood at 44% as at 15<sup>th</sup> May 2017. The Organisation receives funding directly from Partner States. The Committee was informed that the United Republic of Tanzania has not honoured its financial contribution to LVFO for the last two Financial Years – 2015/2016 and 2016/2017. The underfunding of LVFO coupled by low or none remittance of funds by Partner States significantly affects the effective and efficient functioning of the organization.

### **11. EAST AFRICAN SCIENCE AND TECHNOLOGY COMMISSION (EASTEKO)**

Unlike Other Organs and Institutions of the Community which witnessed a reduction or zero increase in their budget ceilings for FY 2017/18, the budget of EASTEKO was increased by



25%. The Committee commends the Council of Ministers for this intervention given the critical programs/activities the institution needs to undertake in its infancy.

#### **a) Constitution of the Board**

The Committee was informed that since its inception in July 2016, the Commission's staff establishment stands at four (4). The Commission is also yet to receive the names of members from the Republic of Rwanda to have a duly constituted board. This explains why the Commission is yet to hold the first meeting inception.

It was noted that, upon the Republic of South Sudan becoming a member of the EAC, in FY 2017/2018 the membership of the board is expected to increase from the current thirty five (35) as provided in the Protocol to forty two (42). However, if no effort is made to expeditiously and dully constitute the board, the operations of the Commission will be affected since this is an important policy making body of the Commission.

#### **b) Review of the EAC Science, Technology and Innovation Policy**

It was further noted that in the proposed budget of EASTECO there is a provision of \$ 63,000 to finance a meeting to review the report of the consultant on the Regional Science, Technology and Innovation Policy while a paltry \$ 400 is provided for the hire of a consultant to develop the said policy. The Committee considers the money proposed for hire of a consultant too little and therefore unrealistic. Besides, it is not possible to procure a consultant for this activity who will accomplish the work to enable the Commission review the said report in the same Fiscal Year 2017/2018.

***The Committee recommends that the Assembly reallocates \$ 63,000 that was meant for the review meeting to enable EASTECO procure a consultant to develop the EAC Science, Technology and Innovation Policy.***

### **12. INTER-UNIVERSITY COUNCIL OF EAST AFRICA (IUCEA)**

It was noted that IUCEA is developing and implementing strategies for alternative sources of funding either by directly having Development Partners fund its activities or through proposals for funding, which has seen the following partnership:

- i) For the next five years, IUCEA activities will be supported by the World Bank (8 million USD), GIZ (4 million USD), German Bank KfW (scholarships to students: total amount not yet declared) and SIDA through bilateral partnerships with Universities in the region and DAAD for quality improvement of graduate studies.
- ii) Conducting activities on a cost sharing basis with IUCEA member institutions,
- iii) Enhanced follow up of financial promises from Partner States and member institutions,
- iv) Aggressive follow upon VAT refunds, to date IUCEA has recovered USD235,000,
- v) Increased cost cutting measures such as conducting of meetings at IUCEA Headquarters or in Kampala where number of participants cannot be accommodated at IUCEA Board Room.

The Committee was informed that IUCEA in collaboration with the Office of the Counsel to the Community, and that of the Secretary General, has made proposals for the amendment of the IUCEA Protocol as directed by the Sectoral COUNCIL ON Legal and Judicial Affairs. They are waiting input from Partner States.

It was further noted there is growing demand by non-degree awarding institutions such as technical and vocational training Institutions to have them under the purview of IUCEA. However, the current IUCEA Protocol and Act limit its interventions to Universities and other Higher Learning Institutions that are accredited and award tertiary education degrees. The Committee recognizes the need for coordination of non-degree awarding institutions that include most of technical and vocational training Institutions.

***The Committee recommends that the Council of Ministers explores, among others, the possibility of establishing another regional body or the option expanding the mandate of IUCEA to include those institutions. Any of the two options requires in depth assessment prior to a final decision.***

### **13. EAST AFRICAN HEALTH RESEARCH COMMISSION (EAHRC)**

The Committee was informed that the Commission Secretariat will relocate to Bujumbura by end of June 2017 as directed by the 14<sup>th</sup> Sectoral Council of Ministers of 28<sup>th</sup> March 2017. A building for office accommodation as already been procured, but was awaiting contract signing. The Commission was also talking to the MEACA Burundi to acquire the land that the Government has accepted to give.

### **14. EAST AFRICAN KISWAHILI COMMISSION(EAKC)**

It was noted that following the Assembly Resolution to adopt Kiswahili Language as one of the official languages in the EAC Partner States, in April, 2017, the Council of Ministers welcomed and adopted this resolution, and accordingly directed that efforts to operationalize this commence forthwith. Among others, Council directed that National Kiswahili Policies be developed, and a process for establishing Kiswahili institutions be initiated.

The Committee observed that the above initiative will consequently call for the amendment of the EAC treaty and National Constitutions of Partner States, establishment of Kiswahili councils, and national associations of Kiswahili among others.

## **8.0 SUPPLEMENTARY BUDGET FOR FINANCIAL YEAR 2016/2017**

On 25<sup>th</sup> May 2017, the Chairperson, Council of Ministers presented to the Assembly a Supplementary Budget request for the Financial Year 2016/2017, and the Rt. Hon. Speaker referred it to the Committee on General Purpose for consideration. The request is meant to finance the following activities:

<b>Vote No.</b>	<b>ACTIVITY</b>	<b>AMOUNT IN USD</b>
001	Regional network of Public Health Laboratories for communicable diseases	79,367

	The EAC Regional Center for Excellence on vaccines, immunization and health supply chain management	68,630
	The EAC-SIDA integrated Health Program	1,259,744
	Control and prevention of maize lethal necrosis disease and development of EAC harmonized seed regulatory framework project	358,480
004	Control and Prevention of Maize Lethal Necrosis Disease and Development of EAC Harmonised Seed Regulatory Framework Project	123,840
009	Preparation for the EA Health and Scientific Conference, International Health Exhibition and Trade Fair; and the establishment of the East African Journal of Health Research	250,000
	The Developing Countries Clinical Trials Partnership Programme	6,452
	<b>TOTAL</b>	<b>2,146,513</b>

The Committee considered the Supplementary Budget request and finds it appropriate since the activities to be funded are in line with the EAC integration agenda.

***The Committee recommends that the Assembly approves the Supplementary Budget amounting to USD 2,146,513 to finance the above mentioned activities.***

## **9.0 GENERAL OBSERVATIONS AND RECOMMENDATIONS**

1. It was noted that the EAC Budget has continued to either stagnate or decrease for some Organs and Institutions. While the resource envelope has not increased for the last four (4) years, the EAC has witnessed remarkable growth both in terms of

territorial jurisdiction and the volume of activities in respect of the pillars of integration. However, this growth has not attracted an increase in the budget to address the growing needs of the Community. In the 2017/2018 budget, save for about three institutions, the rest of the Organs and Institutions witnessed a zero increase or decrease in their respective budgets.

2. It was further noted that the EAC Budget for FY 2016/2017 witnessed an unprecedented low outturn due to delayed or none remittance of funds from Partner States and Development Partners. In particular, remittance of funds from Partner States stood at 43% as of 15<sup>th</sup> May 2017. As a result, most planned programmes/activities were not implemented.

It is likely that delays in disbursement of contributions by Partner States will re-occur during the financial year 2017/2018, and therefore, there is need for a new and alternative sustainable funding mechanism to be adopted by the Community. The Ministers of Finance are yet to meet and finalize work on the modalities required to establish a sustainable financing mechanism for the Community and report to the Summit.

***The Committee recommends to the Assembly to urge the Council of Ministers to finalize the modalities on Alternative Sustainable Funding Mechanism for the Community.***

***The Committee further recommends that, in the meantime, it is important for Institutions to streamline priorities so that available resources are spent on the most important activities with higher positive impact for the Community.***

***The Committee urges the Council of Ministers to put in place a mechanism to control unnecessary meetings and conferences. This should include the criteria for determining which meetings should be held via video conferencing or face to face.***

3. The Committee noted that there are no clear guidelines on the operations of the General Reserve Account. The Committee could not ascertain evidence of existing Accounting procedures for the Reserve Account. It is not clear how the money is requisitioned, approved and repaid. For example, the Committee was informed that most of the funds reflected in the name of EALA are eventually retained by the Secretariat as recoveries into the General Reserve and EALA is expected to refund the said borrowed funds.

In the Rt. Hon. Speaker's letter to the Secretary General dated 30<sup>th</sup> May 2017, it was noted that, in the most recent allocation of Tuesday 30<sup>th</sup> May 2017, another deduction of **USD 500,000** out of **USD 700,000** was taken away from EALA stating that it constituted funds borrowed in 2015 – the previous financial year. This followed another deduction at the beginning of May 2017 when **USD 700,000 + USD 164,000** was deducted from EALA in the midst of a very busy schedule.

It is the considered view of the Committee that all General Reserve Account transactions, including inter-Organ borrowings and refunds should be backed by the requisite supporting documents, repayment vouchers and cheques for ease of follow up.

***The Committee recommends that the Council of Ministers establishes clear guidelines and procedures for all transactions into the General Reserve Account.***

***The Committee further recommends that a complete inventory and portfolio of funds from the General Reserve Account to EALA against the recoveries for the period 1<sup>st</sup> July 2015 and May 2017 be availed to the Assembly by the Secretary General.***

4. The effective and efficient execution of the budget calls for, among others, financial discipline and prudent management practices on the part of the Heads of EAC Organs and Institutions. In FY 2016/17, the Assembly, in particular, carried out investigations into the Procurement of Group Life Insurance, and the irregular



dismissal of staff of the APSA Project. Despite the critical findings and recommendations of the Assembly, the Chairperson, Council of Ministers, in his budget speech did not demonstrate any concrete interventions and commitment to enforcing financial discipline and prudent management practices in the EAC.

5. It was also noted that in addition to the Resource Mobilisation Unit at the EAC Secretariat, other Institutions of the EAC, notably, the East African Health Research Commission, and the Lake Victoria Basin Commission have established a similar office. While the Committee commends the said institutions for this intervention, a well thought out and coordinated approach to resource mobilization should be adopted by these institutions in collaboration with the EAC Secretariat.

***The Committee recommends that the Council of Ministers comes up with an interim measure to fund the Lake Victoria Basin Commission Resource Mobilisation Activity planned for 2017 since the budget allocated to this activity is unrealistic.***

***The Committee further recommends to the Assembly to urge the Council of Ministers to develop policy guidelines on Development Partners funding and Project selection criteria.***

6. The Committee noted overlaps and duplications in the programmes/activities of Organs/Institutions. This is common with the newly established institutions namely the East Africa Science and Technology Commission (EASTEKO), East Africa Health Research Commission and the East Africa Kiswahili Commission, particularly in the area of research and innovation.

While IUCEA is mandated to coordinate research and innovation activities that are undertaken by Universities alone or in collaboration with other partners since it is part of training activities for graduate studies, EASTECO, LVBC, LVFO, EAKC and EAHRC have the responsibility to coordinate research activities of research Institutions that are not academic.

***The Committee recommends that at the time of developing Protocols that establish new institutions due consideration be taken to minimise overlaps, and provide for a legal framework that facilitates collaboration among the EAC Organs and Institutions in the execution of their respective mandates.***

## **10. CONCLUSION**

The Committee underscores the need for commitment and timely remittance of funds by the Partner States and Development Partners to guarantee effective implementation of the set priorities in the EAC Budget for FY 2017/2018. Financial discipline and prudent management practices in the execution of this Budget cannot be overemphasized. The Assembly, the Council of Ministers and the Audit Commission need to step up their oversight credentials to counter any attempt or form of financial mismanagement in the Community.


The Committee hereby recommends that the Assembly considers and approves the proposed EAC Estimates of Revenue and Expenditure for FY 2017/2018, and the programmes/activities therein.

## **11. ACKNOWLEDGEMENT**

The Committee would like to acknowledge and express its appreciation to the Rt. Hon. Speaker, 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 it interacted with from 9<sup>th</sup> to 20<sup>th</sup> May 2017. The Committee would like to thank the Council of Ministers who also met with the Committee.

**REPORT OF THE COMMITTEE ON GENERAL PURPOSE ON THE EAC BUDGET ESTIMATES FOR REVENUE AND EXPENDITURE FOR THE FINANCIAL YEAR 2017/2018**

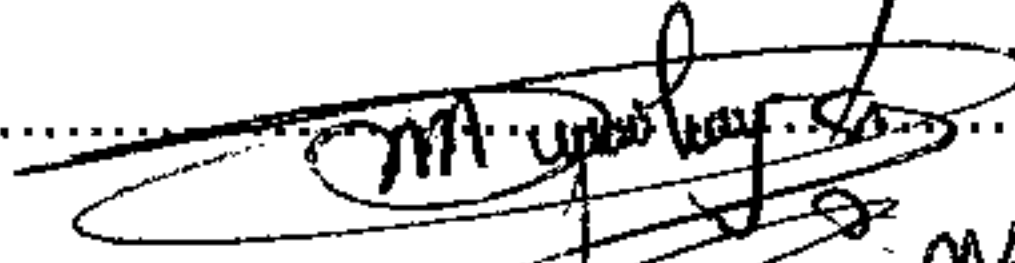
1. Hon. Dr. Odette Nyiramilimo



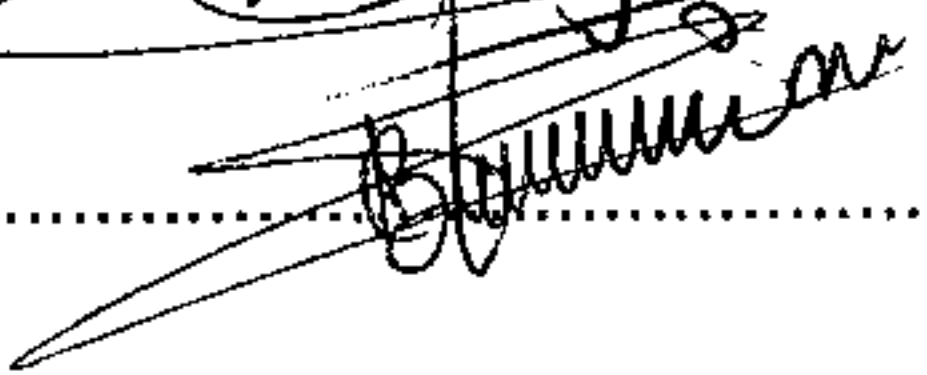
2. Hon. Dr. Martin Nduwimana



3. Hon. Jean-Marie Muhirwa




4. Hon. Emerence Bucumi



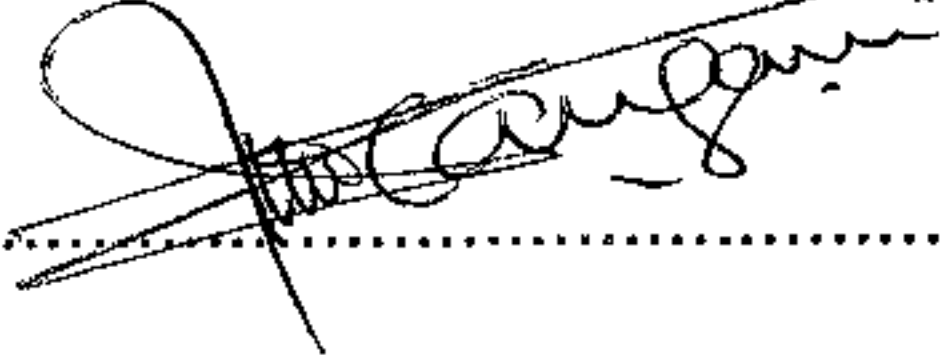
5. Rt. Hon. Dr. Margaret N. Zziwa

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6. Hon. Susan Nakawuki



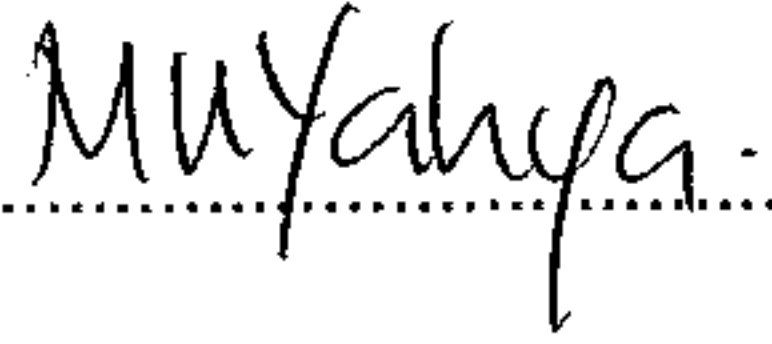
7. Hon. Bernard Mulengani



8. Hon. Angela C. Kizigha

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9. Hon. Maryam Ussi Yahya




10. Hon. Charles M. Nyerere

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11. Hon. Dr. James Ndahiro



12. Hon. Valerie Nyirahabineza



13. Hon. Amb. AbuBakr Ogle Abdi

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14. Hon. Abubakar Zein Abubakar

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15. Hon. Nancy Abisai

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