

**EAST AFRICAN COMMUNITY
EAST AFRICAN LEGISLATIVE ASSEMBLY**



*Tabled
On 4th June 2013.
[Signature]*



**REPORT OF THE COMMITTEE ON GENERAL PURPOSE ON THE EAC
BUDGET ESTIMATES OF REVENUE AND EXPENDITURE FOR THE
FINANCIAL YEAR 2013/2014**

Clerk's Chambers,
EAC Headquarters,
EALA Wing, 3rd Floor,
Arusha
United Republic of Tanzania

4th June 2013

1.0 INTRODUCTION

Madam Speaker,

Pursuant to the provisions of Article 49 and 132 of the Treaty Establishing the East African Community and in accordance with Rules 72 and 79 Annex 5 (F) (iii) of the Rules of Procedure of the Assembly, I beg to present to the House for consideration and debate the Committee report on the estimates of revenue and expenditure of the East African Community for the Financial Year 2013/2014.

Madam Speaker,

The Estimates of Revenue and Expenditure of the East African Community for the FY 2013/2014 were presented to this August House by Hon. Shem Bageine, Chairperson of the Council of Ministers and Deputy Minister for the East African Community of the Republic of Uganda on Thursday 30th May 2013 and subsequently referred to the Committee on General Purpose.

The Council requests the approval of **USD130,429,394** for the FY 2013/2014 as compared to **USD140,686,620** that was approved for the FY 2012/2013.

The Committee was informed that a retrospective request for approval of funds spent the Kenya Elections Observer Mission comprises the above mentioned amount for the FY 2012/2013. Proposals for the same were presented to different stakeholders including DANIDA and the amount of Four Million Danish Kronas (equivalent to USD655,250) were released. The funding agreement was signed on 14th December 2012 but only part expenditure was made. The Secretariat therefore requests for retrospective budget approval and appropriation of **USD 478,930.94** by the Assembly.

The funds requested are to realize the broad objectives of this year's budget theme.

"Implementation of the Common Market laying foundation for the Monetary Union".

The priority programmes for implementation during the Financial Year 2013/2014 are in line with the EAC Development Strategy. After adoption of the Estimates of IUCEA and LVFO by the Council, the overall budget for the East African Community Financial Year

2013/2014 is shown in Table 1 below. The table also illustrates the expected sources of revenue for the same period.

Table 1: EAC Budget Financial Year 2013/2014

PLANNED EXPENDITURE				
Organ/Institution	FY 2012/2013 (IN USD)	FY 2013/2014 (IN USD)	CHANGE (IN USD)	% CHANGE
EAC Secretariat	70,709,262	69,787,824	(921,438)	(1)
East African Legislative Assembly	12,511,772	13,089,982	578,210	5
East African Court of Justice	4,117,210	4,279,489	162,279	4
Lake Victoria Basin Commission (LVBC)	40,039,716	30,376,272	(9,663,444)	(24)
Inter-University Council for East Africa (IUCEA)	10,105,619	9,692,785	(412,834)	(4.09)
Lake Victoria Fisheries Organisation (LVFO)	3,203,041	3,203,042	1	-
Total	140,686,620	130,429,394	(10,257,226)	(7)
EXPECTED REVENUE				
SOURCE OF REVENUE				
Partner States	35,375,722	37,297,442	1,921,720	5
Other Partner States Funding Agencies	7,218,601	7,249,252	30,651	0.42
Development Partners	94,686,438	85,676,850	(9,009,588)	(10)
General Reserve	3,200,009	-	(3,200,009)	(100)
Other Income	205,850	205,850	-	-
Total	140,686,620	130,429,394	(10,257,226)	(7)

It is in the above context that the priority programmes for the Financial Year 2013/2014 are in line with the Development Strategy (2011/2012- 2015/2016), the outcome of the pre-budget conference as well as responses to Summit Directives and Council Decisions.

The Committee noted that the priority programmes planned for implementations are as follows:

- (i) Attainment of Single Customs Territory;
- (ii) Implementation of the Common Market, including in particular, operationalisation of the free movement of labour provisions, as well as integration of the regional financial markets;
- (iii) Completion of negotiations on the East African Monetary Union Protocol;
- (iv) Cooperation in development of cross border infrastructure (construction of roads, railway lines, and one stop border posts), power generation, construction/rehabilitation of ports; establishment of the upper flight information region; and implementation of the EAC Broadband infrastructure network;
- (v) Implementation of the critical components of the EAC Food Security and Climate Change Master plan;
- (vi) Implementation of water and sanitation project for the 15 towns around Lake Victoria and its catchment area, protection of the fragile Mt. Elgon Ecosystems and development of a harmonized framework for dealing with the water hyacinth.

1.1 Mandate of the East African Legislative Assembly and the Committee on General Purpose

In accordance to provisions of Article 49 (2) and 132 of the Treaty for the Establishment of the East African Community, as well as Rules 73, 74, 75 and 76 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 is presented to the Assembly for consideration and approval. The Committee on General Purpose is mandated by the Assembly Rules of Procedure through its budgetary function to analyse the proposals and make recommendations thereof to the Assembly.

Specifically, the mandate is premised on Rules 79 (g) as well as paragraph (c), (d), (e) (f) and annex 5 (f) (ii) of the Rules of Procedure.

1.2 Methodology

The Committee adopted the following methodology:

1.2.1 Analysing provisions of the Treaty Establishing the East African Community and the Rules of Procedure of the Assembly

1.2.2 Analysing the following documents (Annex I – XVIII)

Annex No.	Description
I	EAC Budget Explanatory Notes
II	EAC MTEF Budget 2013/2014
III	IUCEA MTEF Budget 2013/2014
IV	LVFO MTEF Budget 2013/2014
V	EAC Pre-Budget Conference Report
VI	EAC 26 th Extra- Ordinary Council of Ministers Report
VII	EAC Budget Performance Report for 2011/2012
VIII	EAC Budget Performance Report (July 2012
IX	EAC Draft Annual Report 2011/2013
X	EAC Progress Report (July 2012 – March 2013)
XII	EAC Procurement Plan for 2013/2014
XIV	Election Observer Mission – Supplementary Budget
XV	Inter-University Council for East Africa – Financial Matters
XVI	IUCEA – Consolidated Procurement Plan for the FY 2013/2014
XVII	IUCEA – Work Plan for FY 2013/2014
XVIII	Lake Victoria Basin Commission – Budget Performance

The Committee also made reference to recommendations by the Committee from the Committee Report on the EAC Budget Estimates for FY 2012/2013.

The Committee formed three groups and held meetings with the Secretary General, DSG F & A and Technical Officers of the EAC. The Committee finally held meetings with the Council of Ministers.

2.0 Acknowledgement

The Committee expresses its appreciation to the Rt. Hon. Speaker of EALA for giving the Committee time to consider the EAC Budget Estimates for the FY 2013/2014; the office of the Clerk, EALA for facilitation of work of the Committee from 20th – 25th May 2013. The Committee further expresses appreciation to the Council of Ministers for interacting with the Committee on 30th May and 3rd June 2013, the Secretary General, DSG F & A and technical officers of the EAC Secretariat, the Organs and Institutions of the Community for the insightful deliberations with the Committee for the entire period of consideration of the Budget Estimates. The Committee thanks the following individuals:

1. Dr. Amb. Richard Sezibera, Secretary General
2. Mr. Jean Claude Nsengiyumva, DSG F & A
3. Prof. Dr. John Eudes Ruhangisa, Registrar, EACJ
4. Mr. Dick Nyeko, Executive Director, LVFO
5. Mr. Patrice Niyongabo, Deputy Executive Secretary, LVBC
6. Mr. Alex Obatre, Deputy Clerk, EALA
7. Mr. Pontien Ndabaneze , Deputy Executive Secretary, IUCEA
8. Mr. Joseph Ochwada, Director, Human Resources and Administration
9. Mr. Juvenal Ndimurirwo, Ag. Director Finance, EAC
10. Mr. Philip Wambugu, Director, Infrastructure
11. Mr. Charles Mukiri, Principal Internal Auditor
12. Mr. Owora R. Othieno, Principal Public Relations Officer, EAC
13. Mr. Tareto Salay, Senior Budget Officer
14. Ms. Charity Musiimire, Senior Human Resources Officer
15. Mr. Stephen Mwilolezi, Budget Officer
16. Mr. Maurice Danje, Planning Expert

17. CPA Ana Akot Ojungu, Accountant, IUCEA
18. Mr. Julius Birungi, Senior Monitoring & Evaluation Officer
19. Mr. Richard Karamagi, Procurement Officer, EAC
20. Ms. Florida Henjewe, Governance Officer, EAC
21. Mr. Tom Odak, Assistant Accountant, LVBC

3.0 ACHIEVEMENTS DURING THE FY 2012/2013

BUDGET PERFORMANCE FOR THE FINANCIAL YEAR 2012/2013 AND THE BUDGET ASSUMPTIONS FOR THE FINANCIAL YEAR 2013/2014

Madam Speaker,

The major achievements registered in the first half of the Financial Year 2012/2013 among others include:

- 1) Development and launch of the centralized Customs transit data system, RADDEX, as a step forwards establishment of an inter-connectivity of Customs systems in EAC to enhance exchange of information to facilitate trade. The centralized transit system will enable customs to access information and clear cargo in advance upon its arrival at the initial ports of discharge;
- 2) Elimination of Non- Tariff Barriers (NTBs), of which 46 NTBs had been resolved by the development of a legally binding mechanism on the elimination of NTBs which is ongoing;
- 3) Resumption of negotiations for the EAC/EU Economic Partnership Agreements where substantiated progress has been made in the negotiations under the four EPA clusters. Negotiations have now moved from the technical to the Senior Officials level in preparation for Ministerial talks later;
- 4) Roll out of the framework for monitoring and evaluating the implementation of the EAC Common Market Protocol to the Partner States, Common Market implementation Committees have been set up in all the Partner States;
- 5) Completion and launch of the 240 Km Arusha- Namanga – Athi River Road Project. Achievements on other infrastructure projects include:

- Commencement of construction of the One Stop Border Post (OSBP) facilities at Namanga and Taveta/Holili Border points between the Republic of Kenya and the United Republic of Tanzania;
- Commencement of construction works for the Rusumo OSBP between the Republic of Rwanda and the United Republic of Tanzania; and commencement of the procurement process for the Kagitumba/Mirama Hills border posts on Uganda/Rwanda Border.

Furthermore, feasibility studies for the Malindi-Lunga-Lunga and Tanga Bagamoyo Road were also completed in June 2012 and detailed designs commenced in September 2012, while preparation of the Arusha/Holili/Taveta Road for construction is almost complete.

- 6) Resource mobilization efforts for eleven (11) priority power projects that are critical for ensuring regional inter-connectivity and for enhancing power generation.
- 7) Preparation of a five year Action Plan for implementation of EAC Industrialisation policy and strategy;
- 8) Finalisation of the EAC Climate Change Strategy, the EAC Climate Change Master Plan, and operational modalities for the EAC Climate Change Fund;
- 9) Development of the model of the structure of the EAC Political Federation and the Plan of Action;
- 10) Adoption by the 26th Council of Ministers of the Dialogue Framework for Private Sector and Civil Society participation in the EAC integration process.
- 11) Convening of the 4th EAC Health and Scientific Conference, the Petroleum Conference; Infrastructure Summit and the 1st Jumuiya ya Afrika Mashariki Utamaduni Festival (JAMAFEST);
- 12) Passing of several pieces of legislation by the East African Legislative Assembly and these include:
 - o The EAC One Stop Border Posts Bill, 2013;
 - o The EAC Customs Management (Amendment) Bill, 2013;
 - o The Supplementary Appropriation Bills;
 - o The EAC Vehicle Load Bill, 2013;

The EAC Disaster Reduction and Risk Management Bill, 2013 are awaiting the Second and Third Reading and consideration by relevant Committees of the Assembly.

Protocols undergoing drafting, consideration and conclusion include the protocol on peace and security, information and communications technology, sanitary and phyto-sanitary measures and regulations under the standardization Quality Assurance Meteorology and Testing Act, 2006.

- 13) Completion of construction and handover of the EAC Headquarters which was officially opened by the EAC Heads of States on 28th November 2012;
- 14) Establishment of the EAC Secretary General CEO's Forum;
- 15) Full time residency of the Judge President and Principal Judge;
- 16) Launching of sub-registries in the Partner States as well as development of jurisprudence through determination of 13 cases.

Madam Speaker,

The Committee was informed that the Budget assumptions for the Financial Year 2013/2014 are as follows:

- 1) Continued and consolidated political support for the EAC;
- 2) Availability of adequate financial resources and timely remittances;
- 3) Continued financial support from Development Partners;
- 4) Political stability and good governance;
- 5) Conducive macro-economic and business environment in the region.
- 6) Global Economic Stability.



The Committee took note of the above assumptions and of the fact that key challenges were also met that include both global and regional level challenges that slowed down the process of implementation of EAC programmes, projects and activities. These include among others; the after effects of the financial global crisis of 2011/2012, food shortages within the region, energy and water crises, human and technological capacity and environmental management threats and insecurity.

Within EAC, challenges include inadequate staffing capacity, limited financial resources, long decision making processes as well as delays in remittance of funds from Partner States and Development Partners to Organs and Institutions of the Community.

Strategies taken to mitigate the challenges up to this point in time include:

- 1) A renewed determination to eliminate NTBs, including a growing willingness to innovate in this area through development of a binding legal mechanism, use of cargo tracking systems and single corridor schemes among others;
- 2) Focus on implementation of priority projects in infrastructure (rail transports, energy, ports and harbours, in land water ways as well as the road network. This is in compliance with the Summit on Infrastructure Retreat that set clear priorities on projects and the decision for regular updates on implementation every two year;
- 3) More investment in ICT systems for enhanced efficiency in operations and timely information.
- 4) Finalisation of the Institutional review exercise;
- 5) Intense follow up on financial commitments; and
- 6) Enhanced human resource capacity for effective delivery on the Commitments the EAC owes the people of East Africa.

4.0 CONSIDERATION OF BUDGET ESTIMATES FOR THE FINANCIAL YEAR 2013/2014

The Committee during the period of 20th -25th May 2013 considered and discussed the estimates of the Departments of the Organs and Institutions of the EAC with the DSG F & A and technical Officers of the EAC and makes the following observations and recommendations. The questions and respective explanations provided by the EAC Secretariat are herewith attached as an **Annex**.

4.1 GENERAL OBSERVATIONS AND RECOMMENDATIONS

The Committee commends the Council of Ministers for their dedicated, steady and commendable efforts on the journey toward realization of the integration agenda. The EAC Secretariat is also commended for in general registering and showing improvement

in the budgeting process and presentation of the respective documentation both in form of reports and annexes cited in part 1.2 of this report.

The Committee notes and commends the presentation of EAC progress as well as budget performance reports for 2011/2012 and July 2012 – March 2013. The Committee considered the reports and finds that these ease in assessment of performance levels, of departments as well as gives a reflection of where challenges exist thereby informing the budget analysis exercise.

Additionally, the Committee notes that the procurement plan and other documents still have errors and inconsistencies and while the officials explained that it is still work in progress, there is a mismatch with activities in the budget document and some of the other annexes as will be shown under part 4 of this report.

The Committee, finally, appreciates the significant partnership EAC enjoys with Development Partners and their role in the achievements registered during the last Financial Year that are cited in Part 3.0. of this report.

The Committee however, has the following observations and recommendations;

4.1.1 The need to adhere to the provisions of the EAC Budget Act, 2008, with regard to tabling of the EAC Estimates. The Council of Ministers continues to table the EAC budget estimates before the Assembly in the month of April which is a breach of the EAC Budget Act, 2008. Further, presently the Budget Act is not governed by MTEF principles. The budget process should be aligned to the Budget Act, there is therefore need for amendment. The Committee urged the Council of Ministers that if this proved difficult, to consider tabling amendments to the EAC Budget Act 2008.

In its interaction with the Council of Ministers, the Chairperson of the Council of Ministers undertook to ensure, henceforth, compliance with the EAC Budget Act, 2008.

The Committee recommends that the Council of Ministers table amendments within six months to this effect so that provisions of the EAC Budget Act, 2008 are adhered to.

4.1.2 Budgeting for activities that do not benefit the people of East Africa in the form of many travels for meetings, conferences and workshops as well as

commissioning of studies whose outputs are not very clear. In its interaction with the DSG F & A, the Committee was informed that meetings as well as travel was inevitable and expected to continue and even increase with the rate of expansion of the EAC, the Committee continually wonders when implementation of the decisions and recommendations takes place. The two major aspects herein include re-emergence of excessive travel and high unharmonised project salaries and costly consultancies.

The Committee recommends that meetings, conferences and consultancies, travel be rationalized and project salaries be harmonized across board.

4.1.3 Continued gross neglect of Social and Productive Sectors through lack of budget provisions.

The Committee would like to express deep dissatisfaction at the lack of significant funding for this sector particularly among others, labour, employment, migration, agriculture, industrial development, the Swahili Commission and the development of the Swahili language in general; empowering of cross border communities, gender, youth, civil society and people living with disabilities (PWDs) who have a zero budget provision. The Committee finds this state of affairs distressing and more particularly when the explanation for this is that during rationalization by F & A, the Social Sector is most affected. To illustrate this point, in the Secretary General's statement, one of the achievements in the Social Sector is the approval by the 26th Council of Ministers of the dialogue framework for the private sector and civil society participation in the EAC integration. This activity however has no significant funding to facilitate implementation of the activity. Other specific examples will be pointed out under the specific sectors.

The Committee directs that funds be sought from Development Partners to supplement the Sectors cited and in the meantime, will effect specific conditions to the funding of the sectors cited above as will be shown at the end of this report.

4.1.4 Continued lack of a comprehensive and effective strategy and accompanied facilitation of the sensitization on the EAC of the people of East Africa and their involvement in the activities of the EAC.

The Committee notes that the funding budgeted for sensitization and awareness creation on the EAC is insufficient. It further notes that the Partner States Ministries of East African Community insist that the sensitization on the EAC be left to the Ministries and is not the responsibility of the EAC Secretariat. The Committee would like to remind the Council of Ministers that in the Committee's report on the EAC Budget Estimates for the Financial Year 2012/2013, on pages 22 -23, under the department of Corporate Communications, the Committee recommended that a link be established with Partner States departments and media sectors to allow outreach activities jointly with the Ministries for EAC to create synergies. The Committee insists that although sensitization and awareness creation is primarily the responsibility of the Ministries, this should be done hand in hand with the Secretariat, particularly with regard to harmonization of messages and information disseminated in the Partner States.

Furthermore, the Committee during an on spot assessment on the level of citizens participation in the EAC integration agenda in four Partner States carried out in October 2012, documented findings that showed that awareness campaigns are yet to make a minimum impact on the East African People. It is for this reason that the Committee has often recommended that intensive wide scale awareness campaigns need to be carried out and steadily up scaled for an impact to be made.

The Committee strongly recommends that effective and comprehensive strategies toward sensitization and awareness campaigns on the EAC integration be conceived and widely used with a degree of coordination at the Secretariat level and joint participation by the EAC and Partner States, notwithstanding the primary role of Partner States Ministries. In this regard, therefore the Corporate Communications Department needs to be strengthened through additional permanent staff and regular funding to ensure visibility and adequate branding of the Community.

4.1.5. Continued donor dependence that may divert the EAC from its priorities which should focus on the four pillars of integration. The Committee notes that there is a possibility that planning and budgeting for activities that do not

directly fulfill the mission of the EAC maybe a result of having too many priorities and unrealistic targets. It is recommended that the focus be on few achievable priorities. This is further reinforced by the costly consultancies attached to the projects that could easily divert from the integration agenda.

The Committee recommends as it often has in the past, that this state of affairs be re-examined by the Council of Ministers.

The Committee recommends that the Partner States increase funding to the Community to ensure a degree of self-sufficiency of critical sectors.

4.1.6 The need to improve the quality of documents and reports of the Community.

As pointed out in the general observations, there continues to be an urgent need to improve the quality of documents of the EAC. Some of the annexes to the budget document have unwarranted errors and inconsistencies for example the Annual procurement plan for FY 2013/2014 shows a mismatch in figures with the budget estimates on pages 84, 85, 86, 87, 156, 182,184,185,186,187,200, among others. Several activities are completely omitted.

There is a reflection of hurried and sometimes careless preparation and compilation, no proof reading, cut and paste culture, and apparent lack of skills development and overall supervision. Although during interaction with the DSG F &A and Officers of the Secretariat, it was explained that this was caused by the evolving nature of the documents during the budgeting process, the Committee requests the Council to explain this fundamental and recurrent problem.

The Committee recommends that the Council put in place supervisory and quality assurance mechanisms for all Community Reports and documents.

4.1.7 Weak supervision of the Community by the Council of Ministers. This leads to gaps related to 4.1.1 and 4.1.6 above. The Committee notes that there is need for the Council of Ministers to strictly and adequately supervise the Secretariat and Community projects and programmes to ensure efficiency, effectiveness and quality

service delivery. The Committee while commending the Council of Ministers for continually steering the Community toward notable achievements, notes that it is still possible for more to be done in this area. While the Secretary General and Executives of the Community provide necessary administrative and managerial guidance and maintain the role of overall leadership, the Council of Ministers still take the lead with regard to supervision and strategic guidance while at the same time ensuring representation at Partner States level. The Committee has in the past pointed out the tendency of Partner States officials particularly the F & A Committee micro-managing and giving often misguided advice to the Council of Ministers. For example, there has been an emerging tendency for the F & A to disregard the priorities and justifications of officers of the Community and thus creates mistrust and misguided rationalisation which is unrealistic and leads to perpetual under-funding of the social sectors.

The Committee recommends that the Council of Ministers re-examine the role and relevance of the Finance and Administration Committee which seems to have assumed roles in Article 132 (5) of the Treaty which is the mandate of the Assembly.

The Committee recommends that the Council of Ministers establish and implement supervisory and regular checks and balances to ensure better output and productivity from the Finance & Administration Committee and ensure judicious, fair, discretionary and unbiased decision making as well as rationalization particularly during the budget process. Additionally, it is recommended that the Council of Ministers should consider increased presence in Arusha so as to ensure adequate supervision of the Organs and Institutions of the Community.

In the meantime, the Committee recommends that as per MTEF principles, the Council of Ministers allow the Secretary General flexibility and authority to re-allocate between 7 – 10% with reasonable justifications within sectors of the budget to fill the gaps cited above.

5.0 SPECIFIC SECTORS AND DEPARTMENTS

5.1 Office of the Secretary General

The Committee commends the Office of the Secretary General for providing necessary guidance to the EAC. The following are the observations and recommendations of the Committee:

(i) The perceived misplacement of training of staff and Resource Mobilisation within the Secretary General's Office.

The Committee finds that the placement of specific staff training arrangements and funds as well as Resource Mobilisation (specifically the Partnership Fund) under the Secretary General's Office is inappropriate. During the interaction with the Committee, the DSG F & A explained that this was appropriate since the Secretary General is the Chief Resource Mobiliser for the Community but the Committee does not agree. The Committee considered the fact that due to the nature of his/her roles, which necessitates a lot of travel and out of office work, staff trainings should therefore devolve to the Human Resources Department so that the appropriate supervision and follow up is exercised.

The Committee recommends that the Resource Mobilisation Department revert to the office of the DSG Finance & Administration and trainings under the Secretary General's office revert to the Human Resources Department. This should be aligned throughout the Budget document to the relevant departments to ensure staff development as well.

(ii) The increase in budgetary provisions under the office seems to have led to corresponding cuts under critical offices within the Secretary General's office. The Committee notes that the judicial and legal department under the Secretariat has received inadequate funds and yet it is expected that the department responsible for drafting Bills for the Executive should ideally anticipate considerable work load including Private Members Bills of the Assembly. The impression given here is that the Assembly may not receive any draft bills for consideration.

The Committee recommends that additional funds be sought for drafting and printing of Bills and that the Council of Ministers present to the Assembly a legislative calendar to allow for better planning.

(iii) **A need to curtail the re-emerging trend of excessive travel.**

The Committee notes with concern the re-emerging trend of excessive travel and insists on the need to reduce the sizes of delegations. Instances cited by the Committee under the Secretary General's include 120 staff attending the Assembly sessions in instances where the departments have a similar budget line, 40 staff travelling to conduct donor missions. There also are instances of unharmonised numbers particularly among "other staff" and "temporary staff" who are not defined. Additionally, inter-organ meetings which ordinarily take place during EALA Plenary sessions also have tickets are herein budgeted for. Extravagance is also cited under Global Development activities where there is travel to four continents for Executive and other staff. The Committee has therefore, effected cuts to the said travels.

The Committee recommends that instances of excessive travel be curtailed both under the Secretary General's office as well as in all other departments.

(iv) Under the Internal Audit Office, and association, the Audit Commission, the Committee notes that the placement of this office under the Secretary General's office is inappropriate and consideration should be given to the Audit Commission being attached under another organ of the EAC to allow independence. Additionally, the House has severally recommended against sourcing of external auditors.

During this interaction with the Committee, the DSG F & A informed the Committee that with effect from August last year, the Audit and Risk Committee had been put in place to which the Internal Audit Department reports and no longer reports directly to the Secretary General and further measures were being taken to address this.

The Committee recommends that consideration be given to relocating the Audit Commission to another organ of the Community. The Committee further recommends that the use of external auditors be minimized to the statutory areas such as with donor funds and the auditing of Finances of the EAC be carried out by the Audit Commission. Additionally, the Committee recommends that additional days be provided to the Chairperson of the Commission to facilitate the EALA Committee on Accounts during consideration of Audited Accounts.

The Committee further considered that some consultancies and activities in the office do not facilitate the pillars of integration and funds can be re-allocated.

(v) The Committee notes that the Defence Liaison Office has also not been funded adequately to the level to which security is considered a serious concern in the region.

The Committee requires an explanation in case the DLOs have other sources of funds. The DLOs should comprise teams that carry out activities related to security such as those in Somalia.

(vi) In addition to the general recommendation concerning sensitization and creation of awareness on the EAC, under the Corporate Communications Department, the Committee noted that there is need to reinforce the capacity of the media center both in terms of permanent staff, media equipment and tangible programmes that reach out to the people East Africa including interactions on radio stations with opportunities for interactive call in facilities. While it was explained, that the issue of staff will be dealt with by the Institutional Review, it is recommended that temporary staff be increased in the department in the mean time.

5.2 Office of the Deputy Secretary General, Finance and Administration

The Committee made the following observations and recommendations:

(i) The need to harmonise salaries in the EAC. The Committee noted with concern there is a disparity in salaries between mainstream staff and project staff which was not fair. The Committee while acknowledging the explanation provided about the on-going salary harmonization exercise that is expected to take effect in July 2013, **recommends that notwithstanding different agreements and MOU's, a degree of equity needs to be created in harmony with the established salary scales in the Community.**

(ii) The need to prioritise staff training, and capacity building within the Community. The Community noted that apart from the use of the Consultants which is on a large scale, there was lack of funding for staff development and improvement of Human Resource Capacity including that of Members of EALA. This is also compounded by the under utilization of the Monitoring and Evaluation department in the office of the DSG Planning and Infrastructure. The Committee was of the view that while Monitoring & Evaluation is a necessary component of all activities of the Community, it is largely

not carried out across board apart from the desk work of compilation of facts and figures without the field experience to authenticate the facts and figures.

While the Committee acknowledges that the nature of some of the necessary consultancies is highly technical and requires high technical standards, the Committee insists that areas such as Monitoring & Evaluation, validation and needs assessment and reviews can make use of EAC Desk Officers.

The Committee further reiterates the need for training in Kiswahili language to be funded as a priority.

The Committee recommends that staff training and building technical capacity be prioritized in order to minimize the use of costly Consultants but also to ensure staff skills development and enhancement for increased efficiency. In the same vein, staff retreats also should comprise a form of building technical capacity and should be funded.

(iii) The need for EAC to pass the Fiduciary Risk Assessment.

The Committee took note of the fact that the EAC since inception failed the Fiduciary Risk Assessment carried out by the European Union and is of the considered view that necessary mechanisms should be fast tracked. During the interaction with the DSG F & A, the Committee was informed that there was a high possibility of passing the assessment next financial year due to the fact that several measures including procurement and internal control measures had been put in place which explains the engagement of a consultant in this regard.

The Committee recommends that necessary measures be put in place in the next financial year to facilitate passing of the Assessment which will give even more credibility to the EAC.

The Committee further recommends that building capacity by training local staff should be ensured and the ultimate goal should not be just to pass the assessment.

(iv) A need to finalise the Institutional Review exercise.

Notwithstanding the explanations provided by the DSG F & A that the Institutional Review exercise is expected to be finalized in December 2013, the Committee is of

the view that the Institutional Review exercise is long over-due and the process of subjecting the Consultant reports to further review has become cyclic, and continuous, and its end cannot be predicted. The Committee reiterates that the successful conclusion of a lot of the progressive programmes of the Community will depend on the effectiveness of this exercise and a thorough conclusion should be ensured.

The Committee recommends to the Council of Ministers to appropriately ensure the best possible conclusion to the Institutional Review exercise through implementation and creation of effective measures through and without prejudice to transparency, fairness, inclusiveness, effectiveness and going forward it should be entirely based on the integration agenda of the EAC.

(v) A need to improve management of the Community's Assets

This refers to both movable and immovable Assets of the Community which, throughout the budget document, shows that there is limited purchase of new equipment particularly IT equipment with most of the budgeted funds being for maintenance. The Committee observes that even in the projections for the next financial year, maintenance costs are still provided for. The Committee further notes that there is a policy of replacement of motor vehicles every three years and regards this (if it is the practice) as wasteful because this is a short span of time for reasonable depreciation to cause purchase of new Motor vehicles. The Committee further noted that maintenance costs were budgeted for the new Headquarters.

The Committee also considered the need to maximally make use of the EAC Headquarters building and the necessary remodeling required to House all the staff of the Community. **The Committee recommends, taking into consideration the explanations provided, that necessary measures be taken to completely eliminate the payment of rent by the Community.**

The Committee recommends that effective use, management maintenance and replacement of Community assets be ensured.

(vi) An analysis of the EAC Budget for the previous and current financial year reveals that the Community uses different rates to budget for similar vehicles. A variance of USD 80,000 and 120,000 was reflected across board, an indication that there is no uniformity in the procurement of vehicles. This trend, if not checked, is likely to lead to wastage, procurement of inappropriate vehicles and therefore overall high costs of maintenance. It was also noted that some Organs and Institutions budget for vehicles every financial year, putting to question whether the vehicles reach their maximum life span as per the regulations.

The Committee recommends that Council should urgently develop a vehicle and transport policy to resolve all shortcomings on procurement and maintenance of the vehicles. This should be undertaken in the financial year under consideration.

5.3 Office of the Deputy Secretary General, Planning and Infrastructure

The Committee took note of the infrastructural development and ongoing projects but observes that the critical element of monitoring and evaluation of projects and programmes though necessary, was not consistently funded and only desk compilation was being done by relevant officers as highlighted in the general recommendations. There was therefore a need to mainstream monitoring and evaluation in all projects and programmes where it does not feature.

The Committee recommends that monitoring and evaluation of projects in the field be mainstreamed and comprise an integral part of all EAC activities.

The Committee took note of explanation regarding the large number of consultancies within the sector and while acknowledging the high level of technical knowledge and skills required for the projects within the office, **recommends that efforts be made to initially source for qualified quality consultants from the region before opening up to others from beyond the region.**

5.4 Office of the Deputy Secretary General, Productive and Social Sectors

The Committee has the following observations and recommendations. The Committee noted that the productive and social sector is the office most affected by rationalization

and yet this was the sector that was most people centered and provides the most tangible evidence of the integration. As has been pointed out in the general recommendations, the Committee recommends that funds be sought by the Council of Ministers for allocation to the entire sector notwithstanding the outstanding commitments on funding by the Partner States at the national level. The considered reservations of the Committee will be shown at the end of the report.

5.5 Office of the Deputy Secretary General, Political Federation

The Committee considered the retrospective request for the Kenya Election Observation and points out that after the signing of the agreement for the funds with DANIDA, there had been more than two possibilities to refer the request to the Assembly but this was not done. The Assembly has previously encouraged the Secretariat to refer Supplementary requests to the Assembly for approval any time it is necessary to avoid retrospective requests.

The Committee recommends that supplementary requests for funds be referred to the Assembly for approval within reasonable time and retrospective requests be avoided as much as possible. In the meantime, the Committee did not get adequate explanations on the retrospective supplementary budget request and recommends to the House that the retrospective approval of the supplementary be deferred to the next Assembly Sitting.

With regard to the research carried out by the Nyerere Centre for Peace, the Committee recommends **that research funds be widely circulated and publicized to create value addition and publicity for the centre since its work is very relevant and useful to the region.**

5.6 East African Court of Justice (EACJ)

The Committee noted that no funds were allocated to facilitate the Summit Directive on extended jurisdiction for the Court. **The Committee recommends that Council of Ministers expedite the process and funds be secured for the same.**

5.7 East African Legislative Assembly (EALA)

(i) The EALA Rules provide that the Assembly shall meet for 120 days both in Committee and Plenary sessions. It is expected that during every meeting, Committees meet prior to the plenary session to harmonise reports and recommendations. It was however observed that a total of 80 days were provided for the plenary and Committee Sittings other than other funds for Committee oversight and consideration of Bills. This has therefore placed a lot of pressure on parliamentary Sitting time, thereby leading to accumulation of unfinished business.

The Committee recommends that the Council make a budgetary provision for 120 sitting days for both plenary and Committee sittings on the sidelines of plenary.

(ii) The Committee of Accounts and General Purpose are a creation of the Treaty and have not been granted enough time to carry out effective scrutiny and analysis of the matters referred to the Committees by the Assembly. The Committee while interacting with the Council of Ministers, presented the issue and the Council undertook to consider the matter.

The Committee therefore strongly recommends that the Committee on Accounts and the Committee on General Purpose be allocated not less than fourteen working days to consider the Audited Accounts and the EAC Budget Estimates respectively.

(iii) An analysis of the staffing levels revealed that several posts have not been filled since 2009. This is against a background that attempts have been made on two occasions to advertise, shortlist and interview prospective staff. It was also noted that in these cases, a budgetary provision was made but not utilized since the process is always curtailed by Council decisions.

It was also observed that the EAC is currently bedeviled by a number of resignations or refusal of staff to renew their contracts. This indicates that employment in the Community is either less attractive or the retention policy is faulty. Coupled with this, is that staff are over worked. It had been anticipated that the Institutional Review process and review of terms and conditions of service would resolve any short comings but the exercise is being implemented at a snail's pace.

The Committee therefore recommends that:

- 1. The Council should complete the recruitment process for the ongoing interviews within the Financial Year under consideration;**
- 2. The Council should conclude the review report on the institutional review while improving the terms and conditions of the staff within the year under review and proceed to immediately effect the recommendations;**
- 3. The Council and the Secretary General should immediately identify all existing vacancies and proceed to recruit staff to the critical positions.**

(iv) The success of the representative function of EALA is closely linked to the ability of Members to communicate with citizens of East Africa the majority of who communicate in Kiswahili. However, several Members are not well versed with the language and therefore need to learn it. The Treaty in Article 137, provides an opportunity for this to possible as an official language of the Community. It accordingly places emphasis on the need to develop it as a lingua franca of the Community. It is however, noteworthy, that no budgetary provision has been made for the Assembly to facilitate its Members for such an important training.

The Committee recommends that the Council and Secretary General make adequate budgetary provision for Members and staff of the Community to undertake Kiswahili language courses within the Financial Year under consideration.

5.8 Lake Victoria Basin Commission (LVBC)

The Committee commended the Institutions developmental activities particularly with regard to Lake shore Communities in form of active Community Based Organisations. **The Committee took note and recommends that the sensitization activities be carried out hand in hand with LVFO to avoid overlap and duplication. Furthermore, coordination efforts should be ensured for the Lake shore programmes and projects for equitable benefits.**

5.9 Inter-University Council for East Africa (IUCEA)

The Committee commends the Inter- University Council of East African for diverse and progressive programmes carried out as well as the efforts towards building capacity toward granting regional accreditation as well as ensuring appropriate dissemination of research findings and output. The Committee also noted with appreciation that the IUCEA Headquarters Construction was due to start in the near future.

5.10 Lake Victoria Fisheries Organisations (LVFO)

The Committee observed that the convention establishing the Lake Victoria Fisheries Organisation has not been amended to allow all Partner States to make contributions to the organization.

The Committee urges the Council of Ministers to expedite the amendment of the Convention establishing the Lake Victoria Fisheries Organisation as is necessary.

6.0 CONCLUSION

The Committee in general notes with appreciation the improvements in the overall budgeting process and all the efforts of the Council of Ministers and the Secretariat in this respect.

During the Committees interaction with the Council of Ministers and the Secretary General of the EAC, the Council undertook to re-evaluate its methods of work to include more strict supervision of activities of the EAC. Furthermore, the Council undertook to find funds for the areas not funded including, among others the entire social sector, Monitoring and Evaluation, initiation and printing of Bills, as well as carrying out public hearings, training and capacity building including in the Kiswahili language, sensitization as well as adherence to the EAC Budget Act, 2008, the Rules of Procedure of the House with regard to the plenary and Committee allotted sitting days. The Committee made an attempt to reallocate funds within the budget but was assured by the Council of Ministers that funds would be sought for the areas pointed out and presented to the House for approval within the next six months.

The Committee therefore refers the undertaking and commitment made by the Council of Ministers on the 3rd of June 2013 to source for funds as highlighted and present proposals in the mid-term under supplementary requests to be scrutinized by the Committee and the Assembly. The Committee is persuaded by the commitment by the Council of Ministers and Secretary General and undertakes going forward to bring the Council of Ministers to account in the six month period.

The Committee therefore presents for consideration and debate its report and recommendations to this August House and moves that, except for the retrospective approval request, the House approves the proposals by the Council of Ministers for the budget of East African Community for the Financial Year 2013/2014 taking into consideration the conditions made as well as the proposed amendments by the Committee and adjustments made in the budget speech presented by Chairperson of the Council of Ministers on 30th May 2013.

Madam Speaker, I beg to move.

REPORT OF THE COMMITTEE ON GENERAL PURPOSE ON THE EAC BUDGET ESTIMATES OF REVENUE AND EXPENDITURE FOR THE FINANCIAL YEAR 2013/2014

4TH JUNE 2013: KAMPALA, UGANDA

1. Hon. Dr. Martin Nduwimana


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2. Hon. Dr. James Ndahiro

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3. Hon. Dr. Odette Nyiramilimo

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4. Hon. Valerie Nyirahabineza


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5. Hon. Hafsa Mossi


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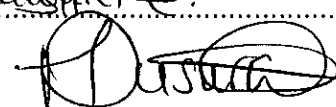
6. Hon. Emerence Bucumi


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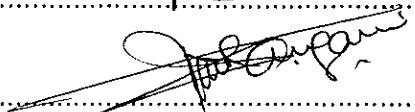
7. Hon. Susan Nakawuki


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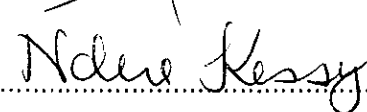
8. Hon. Nusura O. Tiperu


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9. Hon. Bernard Mulengani


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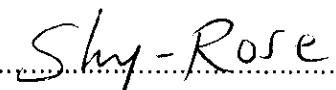
10. Hon. Dr. Nderakindo P. Kessy


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11. Hon. Maryam Ussi Yahya

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12. Hon. Shy Rose S. Bhanji


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13. Hon. Nancy Abisai


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14. Hon. Abubakar Zein Abubakar


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15. Hon. AbuBakr Ogle Abdi

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