

**EAST AFRICAN COMMUNITY
EAST AFRICAN LEGISLATIVE ASSEMBLY**



*Laid on Table on
6/6/18 by The
Chairperson, GPC*

COMMITTEE ON GENERAL PURPOSE

*After
SCA*

**REPORT OF THE COMMITTEE ON GENERAL PURPOSE ON THE
EAC SUPPLEMENTARY BUDGET FOR THE FY 2017/2018 AND
THE EAC SUPPLEMENTARY APPROPRIATION BILL, 2018**



Clerk's Chambers
EAC Headquarters
EALA Wing, 3rd Floor
Arusha – TANZANIA

6th June 2018

1.0 Introduction

Rt. Hon. Speaker,

In accordance with the provisions of Articles 49 and 132 of the Treaty for the Establishment of the East African Community and Rules 78 (1) (b) and Annex 5 (f), I beg to present to the House the Report of the Committee on General Purpose on the EAC Supplementary Budget for the Financial Year 2017/2018 for consideration and adoption.

Hon. Speaker,

In June 2017, the Assembly approved for the East African Community a total budget of **USD 110,130,183** for the FY 2017/2018 and during the budgetary process, some key activities were left out due to the budgetary constraints and the East African Community (EAC) has been able to mobilise resources to fill the gaps. The Council of Ministers is therefore requesting a Supplementary Budget amounting to **USD 4,968,590** to finance the activities under the EAC Organs and Institutions as shown in Table I.

Table I: Break down of the requested Supplementary Budget for the FY 2017/2018

Organ/Institution	Activity	Funding	Amount in USD
EAC Secretariat	To facilitate the undertaking of a study on the required reforms to align the East African Community's Structure, programs and activities.	General Reserve Fund	120,000

	To facilitate the completion of the workload analysis exercise	General Reserve Fund	129,000
	To facilitate the deployment of Missions in the Presidential Election in Republic of Rwanda, General Election and repeat Election in the Republic of Kenya (2017)	Support from European Union.	1,259,734
	To recruit Energy Expert and a Consultancy firm to prepare at least two projects from the Power Master under Energy Projects under	United States of America International Development Agency (USAID) Support.	220,550
	50 million African Women Speak Networking Platform Project.	Africa Development Bank	337,950
	East African Community Medicines Regulatory Harmonisation Programme.	The African Medicines Regulatory Harmonisation (AMRH) Programme Partners.	186,550



TOTAL EAC SECRETARIAT			2,253,784
Lake Victoria Basin Commission (LVBC)	Climate Change Adaptation Project for adaption to Climate Change.	United Nations Environment Programme (UNEP).	300,000
	Population, Health and Environment (PHE) Program to address multifaceted Health and Environmental conservation.	Danish Family Planning Association (DFPA).	80,000
	Project Preparation Advance (PPA) for Lake Victoria Environmental Management Project Phase Three (LVEMP III)	World Bank Support	584,278
	To procurement of equipment under LVWATSAN Project	African Development Bank	247,200
	To facilitate the execution of the activities for the Green Growth in the Lake Victoria Basin Programme under LVEMP II Project.	World Bank Support	830,000

TOTAL – LAKE VICTORIA BASIN COMMISSION				2,041,478
East African Science and Technology (EASTEKO)	Development of an EAC Forum for Science, Technology and Innovation (STI) to facilitate the STI Policy harmonisation, funded by	African Development Bank		200,000
SUB TOTAL - EAST AFRICAN SCIENCE AND TECHNOLOGY COMMISSION (EASTEKO)				200,00
East African Health Research Commission (EAHRC)	East African Cross-Board Health Services (EA-CBHS)	United States of America International Development Agency (USAID)		473,328
SUB TOTAL - EAST AFRICAN HEALTH RESEARCH COMMISSION (EAHRC)				473,328
Total – Supplementary Budget Financial Year 2017/2018				4,968,590

2.0 Methodology

In considering the above request, the Committee held a meeting with the Secretary General and officials from the EAC Secretariat from relevant departments on 14th May 2018 and analysed the request for supplementary budget for the FY 2017/2018. The following documents were considered:

- 1) Background paper to the Supplementary Budget;
- 2) MTEF for the Supplementary Budget 2017/2018;
- 3) Financial statement for the Supplementary Budget for the Financial Year 2017/2018;

- 4) An extract from the 34th Meeting of the Council of Ministers held in November Dar es salaam, Tanzania;
- 5) An extract from the 35th Extra-Ordinary Meeting of the Council of Ministers held on 15th – 20th February 2018 in Kampala, Uganda;
- 6) Annual Operational Plan
- 7) Status of the EAC Secretariat Budget Performance the FY 2017/2018

The Committee finally prepared a report for consideration by the Assembly.

3.0 The Committee was informed that the supplementary request arose out of key activities that were left out due to budgetary constraints and the EAC has been able to mobilise resources to fill the gaps. The request comprises the following:

3.1 To facilitate the undertaking of a study on the required reforms to align the East African Community's structure, programs and activities to the limited resource : USD 120,000

This was a request from the Ministers of Finance to facilitate the implementation of a Summit Directive to seek an alternative financing mechanism. In view of the above, the Council directed EAC Secretariat to prepare the Terms of Reference for consultancy services for undertaking the study on the required reforms to align the EAC structure, programmes and activities within the financial resources available from EAC Partner States in order to ensure sustainability of the Community. This exercise will be completed in a maximum of two years. A report will be prepared and submitted to the Ministers of Finance for validation, then to Council who would then make recommendations to the Summit. The request for reallocation of funds up to **USD 120,000** is to facilitate the consultancy service for undertaking a study.

3.2 To facilitate the completion of the workload analysis exercise – USD 129,000

The 35th Extra Ordinary Meeting of the Council of Ministers approved the budget reallocation of funds within Secretariat budget to complete the workload analysis. This would also help in the implementation of the institutional review. The EAC Secretariat convened a meeting of experts to undertake the Workload Analysis and Job Evaluation from 5th to 22nd March, 2018. After analysing the workload analysis draft report, the Ad hoc EAC Service Commission observed that there is need for further analysis and consultations with the key stakeholders for the completion of the Workload Analysis. The Commission therefore requests for a supplementary budget of **USD 129,000** to facilitate the completion of the workload analysis. These funds will be drawn from the General Reserve fund.

3.3 To facilitate the deployment of missions in the Presidential Election in Republic of Rwanda, General Election and repeat election in the Republic of Kenya (2017) support from European Union – Euros 1,259,734

The Committee was informed that following the presidential elections in Rwanda and the announcement of the Fresh Presidential Elections in Kenya, the Secretariat requested the EU for support to deploy fresh Observer Mission in the Country. EU granted Euro 361,276.50 and disbursed Euro 517,239.33 on 25th October 2017 which amount included 30% balance on imprest.

The total Election Observation Budget for Kenya and Rwanda amounts to **Euro 1,134,895.50 (Euro 773,619** for first round of Mission and **Euro 361,276.50** for Fresh Presidential Election in Kenya) equivalent to **USD 1,259,734.01** at an exchange rate of 1.11.



3.4 To Recruit an Energy expert and a consultancy firm to prepare at least two projects from power masterplan under EAC-Energy projects under United States of America International Development Agency (USAID) support – USD 220,550

EAC in joint collaboration with USAID with the help of a consultancy firm will jointly carry out the procurement process to prepare at least two projects from power master under EAC – Energy. An energy expert would be identified to supervise the procured firm and provide general support to the Energy department and play the bridging role between the firm and the EAC.

3.5 Million African Women Speak Networking Platform Project funded by Africa Development Bank – USD 337,950

The Committee was informed that the objective of this project is to establish a platform to improve the ability of women entrepreneurs to network and share information and to access financial services. This project is expected to create a dynamic and networking platform among women entrepreneurs, connecting them with one another in ways that will foster peer-to-peer learning, mentoring and the sharing of information and knowledge within communities, and access to trade finance and market opportunities between urban and rural areas, and across borders and between countries.

The main Project Implementation Unit (PIU) at Common Market for East and Southern Africa (COMESA) Secretariat will be established and sub-PIUs will be established at EAC and Economic Community of West Africa States (ECOWAS) for the implementation of the project.

The project was approved by the 34th Council of Ministers and the EAC Secretariat and the African Development Bank have initiated the project as well as a work plan.

The EAC Secretariat has further recruited the staff to compose the Project Implementing Unit (PIU) constituting of a Project Coordinator; Procurement specialist; Accountant/Finance administrator; and Content Manager.

A supplementary budget amounting to **USD 337,950** is being sought to cater for the implementation of initial six months' planned activities under the 50m AWSNP Project African Development Bank (ADB) support for Financial Year 2017/2018.

3.6 East African Community Medicines Regulatory Harmonization programme funded by African Medicines Regulatory Harmonization (AMRH) Programme Partners – USD 186,550

The Committee was informed that with the closure of current funding arrangements through the "World Bank Trust Fund (WBTF)" for the "East African Community Medicines Regulatory Harmonization (EAC MRH) Programme" on 29th December 2017; the EAC Secretariat and the EAC Partner States' National Medicines Regulatory Authorities (NMRAs) were directed to continue with resource mobilization efforts to implement the remaining activities and sustain the EAC-MRH programme. The Resource mobilization efforts have been mounted, and currently a total of **USD 337, 700** has been pledged and approved as a grant by Bill and Melinda Gates Foundation to support implementation of some of the activities for the period January to June 2018.

It is this regard that an amount of **USD 186,550** is being sought to implement activities between a period of January – June 2018 and all these activities will be implemented in the EAC Partner States.

3.7 Climate Change Adaptation Project -USD 300,000 funded by UNEP

The LVBC Secretariat and United Nations Environmental Program (UNEP) prepared LVB Climate Change Adaptation Project Proposal which was submitted to Adaptation Fund in 2016. The Climate Change Adaptation Fund Board approved the LVB Climate Change Adaptation Project of 5 millions USD and funds were transferred to UNEP Nairobi in January 2018.

The Lake Victoria Basin Climate Change project fund was approved in November 2017 and transferred to UNEP in January 2018; has to be utilised from April 2018 for three years as per signed agreement. Due to this condition, the LVBC presented a supplementary budget for consideration and approval to enable smooth start of the project.

3.8 Population, Health and Environment (PHE) Program to address multifaceted Health and Environmental conservation funded by Danish Family Planning Association (DFPA) USD 80,000

The Lake Victoria Basin Commission (LVBC) was assigned to coordinate the Population, Health and Environment (PHE) Program in the basin with the goal of ensuring sustainable development of the Lake Victoria Basin. The program therefore adds value to the LVBC environmental conservation projects by addressing population and health challenges that tend to erode the gains made through environmental conservation efforts. The PHE program is funded by the US Government through USAID Kenya/EA and DANIDA through the Danish Family Planning Association.

DFPA has accepted to continue strengthening LVBC's institutional capacity in integrated multi-sectoral programming for another four years (2018-2021) to the tune of **USD 320,000**. Consequently, the planned and donor approved activities for implementation between April and June 2018 can only be implemented using a supplementary budget of **USD 80,000** as indicated per activity below:

3.9 Project Preparation Advance (PPA) for Lake Victoria Environmental Management Project Phase Three (LVEMP III) funded by World Bank Support – USD 584,278

The Lake Victoria Basin Commission with funding from the World Bank (WB) has been implementing regional activities under the Lake Victoria Environmental Management Project Phase Two (LVEMP II) since 2009 and it came to an end in

December 2017. However, based on the success of LVEMP II EAC Partner States of Burundi, Kenya, Rwanda, Tanzania and Uganda as well as LVBC expressed their commitment to continue with the implementation of LVEMP-III. To facilitate the preparation of the 3rd phase of LVEMP, LVBC applied for and got approval for this facility amounting to USD 1.48 Million to cover the entire duration of project preparatory period from January 2018 to December 2019. These funds will be used to specifically facilitate: (a) Finalization and orderly closure and synthesis of LVEMP II Project completion documents and lessons learnt; (b) stakeholders' consultations and engagement for broad-based buy-in and ownership of LVEMP II; (c) preparatory studies & consultancies; (d) preparation of LVEMP-III project documents including Project Appraisal Document, Project Implementation Manual /Plan, project results framework, financial and procurement guidelines among others; and (e.) project management & implementation support Services.

3.10 To procurement of equipment under LVWATSAN project funded by African Development Bank USD 247,200

This project aims at contributing to improved water supply and sanitation in the Lake Victoria Basin with the objective to support pro-poor water and sanitation investments in selected secondary urban centres in the Lake Victoria Basin;

Under the second objective highlighted above, a Memorandum of Understanding (MoU) between UN-Habitat and East African Community (EAC) was signed on 8th December 2011 to implement the training and capacity building component of the Lake Victoria Water Supply and Sanitation (LVWATSAN) phase II in fifteen (15) secondary towns of the EAC Partner States. Out of US 110 million grant provided by the African Development Bank, UN-Habitat was allocated **USD 4,244,445** for the Training Capacity Building (TCB).

While UN-Habitat has substantially implemented all the tasks under this component, procurement of equipment and software (Task 9) is still pending posing the risk of non-delivering of this key output before programme closure.

3.11 To facilitate the execution of the activities for the Green Growth in the Lake Victoria Basin programme under LVEMP II Project funded by World Bank Support – USD 830,000

The LVBC with the support of World Bank developed the Green Growth programme to support the Cleaner Production Centres (CPC's) with an objective of supporting the transition of private sector consumption and production practices towards green and resilient growth within the Basin.

The programme aims at expanding and leveraging successful partnerships to bring in new elements, such as sustainable supply chain and industrial symbiosis which are expected to play a major role in the scale-up of sustainable land management.

The programme is currently funded by the Grant from the Nordic Development Fund (NDF) and implemented by LVBC. The total funding is **USD 3.77 Million** and will be implemented for a period of 2 years initially from July, 2017 to June, 2019. The Financing Agreement for the Programme was signed in October 2017 by the World Bank and the EAC. It is upon this background that LVBC requests for supplementary budget of **USD 830,000** to implement this programme in the five Partner States National Cleaner Production Centres in Burundi, Kenya, Tanzania, Uganda and Rwanda.

3.12 Development of an EAC Forum for Science, Technology and innovation to facilitate the STI policy harmonization funded by African Development Bank – USD 200,000

The EASTECO and IUCEA developed a proposal for the Development of an EAC Forum for Science, Technology and Innovation with a special focus on the Science, Technology and Innovation for ADB funding.

The purpose of this forum is to provide information sharing and reference on knowledge and technology development processes for selected themes and sectors of the regional (EAC) economies. It will provide a platform for academics and industrialists in the EAC region and beyond, to share knowledge, experiences and insights within the challenges and opportunities in generation, translation

and realization of knowledge and technology. This will be through scientific publication of their research work, development of an administrative and facilitation protocol/mechanism to enable academics and industrialists in the EAC region and beyond, to showcase the results of their Research and Innovation work through Conference Presentations, exhibition of products, industrial and business prototypes and related incubators. EASTECO through ADB secured a fund of **USD 200,000** for which approval is being sought.

3.13 East African Cross-Board Health Services (EA-CBHS) funded by USAID – USD 473,328

The East African Health Research Commission developed a three year plan to implement the East Africa Cross Border Health Services Programme with the aim of addressing the key challenges associated with provision of quality health services for mobile populations and communities residing along strategic border areas of East Africa. This program builds upon the Cross-Border Health Integrated Partnership Program (CB-HIPP) that was implemented in East Africa, by a consortium led by FHI 360 since 2014. This programme employs an innovative technology-driven strategy to strengthen the cross border HIV and TB Services in strategic border areas of East Africa.

EAHRC had received **USD 2,300,000** from USAID for the first year of implementation of the programme, which will commence in March 2017 therefore requests for a supplementary budget amounting to **USD 473,328** to cater for activities between March and June 2018.



4.0 Consideration of the EAC Supplementary Budget for the FY 2017/2018

The Committee was informed by the Council of Ministers that the basis of the request is as detailed in part 3.1.1 – 3.1.13 of this Report.

Observations of the Committee

1. The Committee expressed appreciation to the Summit and Sectoral Council on Finance and Economic Affairs for the efforts in carrying out a study on the required reforms to align the East African Community's structure, programmes and activities with financial resources available from the EAC Partner States. The mechanisms for sustainable financing of the East African Community will go a long way in alleviating the challenges faced by the Community. This is important because the Community will be able to raise the adequate resources required to implement its activities and programmes.
2. The Committee expressed regret over the late submission of the Supplementary Budget. The late submission is a violation of Section 7 (2) of the EAC Budget Act 2008, which provides for the laying before the Assembly of funds that have been expended within three months after the money is spent.
3. The Committee observed that the use of funds from the Reserve Fund to fill up operation cash flow gaps as well as to finance running programmes was irregular since the funds from the Reserve Fund is meant to be a stop-gap measure.

5.0 Recommendation of the Committee

The Committee recommends that **all supplementary requests should be tabled before the Assembly in a timely manner and in accordance with Clause 7(2) of the EAC Budget Act 2008.**

The Committee recommends that since funding gaps are a serious problem, there is need to increase contributions to the Community, which is a solution the Council of Ministers should consider.

The Committee recommends that the Council of Ministers establish clear guidelines and procedures for all transactions into and out of the General Reserve Account and refrain from using Reserve Account funds for long term running projects.

The Committee, having considered the Supplementary request recommends to the Assembly that a Supplementary Budget amounting to **USD 4,968,590** be approved for implementation of the planned activities for the FY 2017/2018.

6.0 Acknowledgement

The Committee would like to express appreciation to the Rt. Hon. Speaker and the Office of the Clerk for facilitating the Committee, the Hon. Chairperson of the Council of Ministers and all the Members of the Council of Ministers, the Secretary General of the EAC, Officers and Staff of the EAC for the informative discussions held with the Committee in its meeting of the 14th May 2018 and on 30th May 2018 when the Council of Ministers met with the Committee.

7.0 Conclusion

The Committee on General Purpose therefore presents this report on the EAC Supplementary Budget for the FY 2017/2018, to this August House taking into consideration proposed amendments and adjustments presented by the Chairperson of the Council of Ministers for consideration and approval.

Mr. Speaker Sir, I beg to move.



**REPORT OF THE COMMITTEE ON GENERAL PURPOSE ON THE EAC
SUPPLEMENTARY BUDGET FOR FY 2017/18 AND THE EAC SUPPLEMENTARY
APPROPRIATION BILL, 2018**

1. Hon. Aden Omar Abdikadir
2. Hon. Ayason Mukulia Kennedy
3. Hon. Dr. Kalinda Francois Xavier
4. Hon. Dr. Makame Abdullah Hasnuu
5. Hon. Duop Kim Gai
6. Hon. Eng. Maassay Pamela Simon
7. Hon. Gasinzigwa Oda
8. Hon. Gatkek Dut Thomas
9. Hon. Karerwa Mo-Mamo
10. Hon. Namara Dennis
11. Hon. Nduwayo Christopher
12. Hon. Nooru Adan Mohamed
13. Hon. Nzeyimana Leontine
14. Hon. Odongo George Stephen
15. Hon. Opoka-Okumu Christopher
16. Hon. Sergon Jematiah Florence
17. Hon. Maryam Ussi Yahya
18. Hon. Uwumukiza Francoise

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