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REPUBLIC OF KENYA



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THE NATIONAL ASSEMBLY

TWELFTH PARLIAMENT

(SECOND SESSION)

PARLIAMENT
OF KENYA
LIBRARY

Hon. Ruwaida Oboro MP
Vice-Chairperson, Committee on
Integration
Anne Shubuko

REPORT OF THE SELECT COMMITTEE ON REGIONAL INTEGRATION

ON CONSIDERATION OF:

REPORT OF THE COMMITTEE ON GENERAL PURPOSE ON THE BUDGETARY
PROPOSALS OF THE EAST AFRICAN COMMUNITY FOR THE FINANCIAL
YEAR 2018/2019

REPORT OF THE COMMITTEE ON GENERAL PURPOSE ON THE
SUPPLEMENTARY BUDGET PROPOSALS OF THE EAST AFRICAN
COMMUNITY FOR THE FINANCIAL YEAR 2017/2018

THE EAST AFRICAN COMMUNITY SUPPLEMENTARY APPROPRIATION BILL,
2018

AND

THE EAST AFRICAN COMMUNITY APPROPRIATION BILL, 2018

Clerk's Chambers
Directorate of Committee Services
National Assembly
Parliament Buildings
NAIROBI

November, 2018

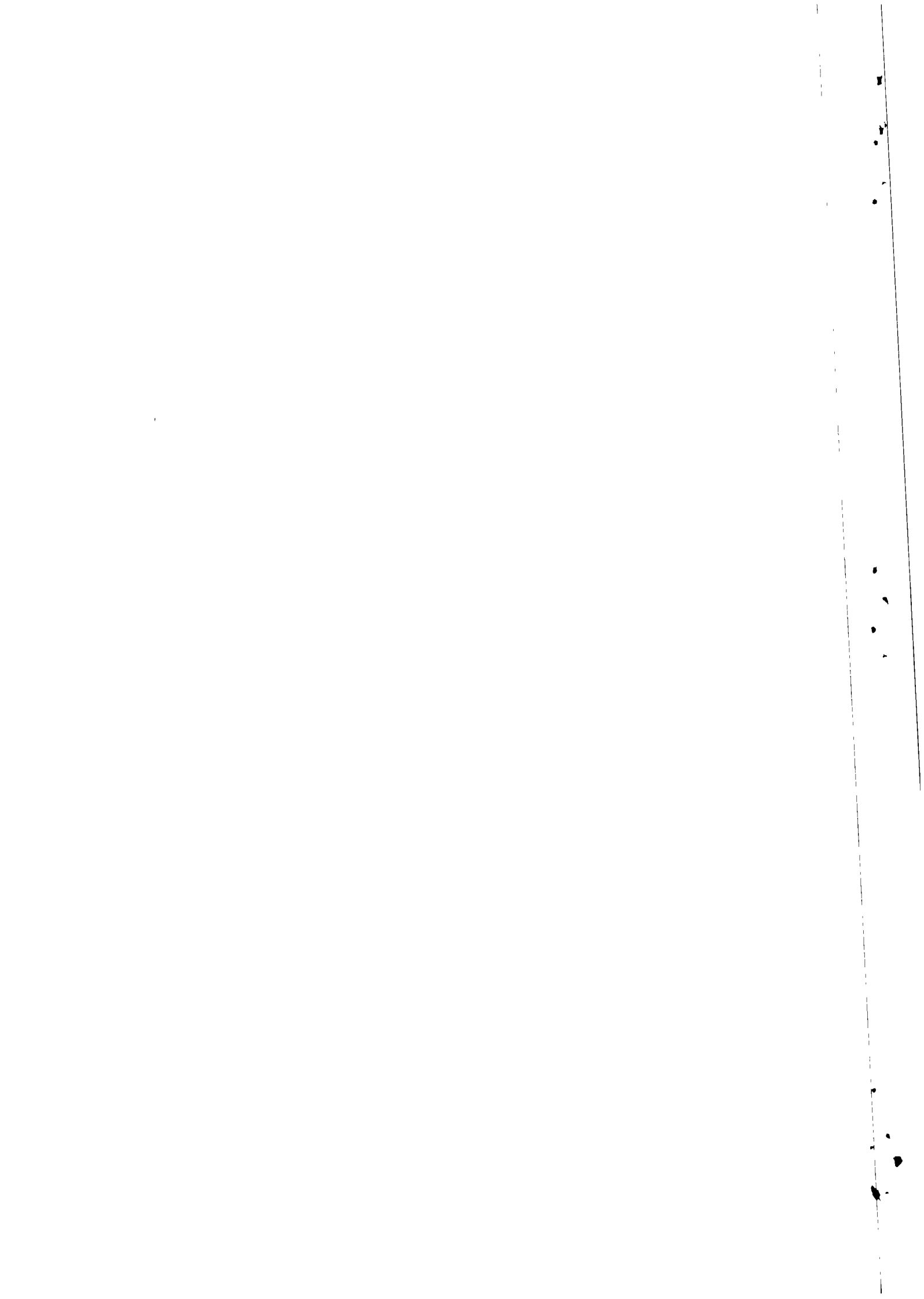
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CHAIRPERSON'S FOREWORD

The annual estimates of revenue and expenditures of the East African Community (EAC) were presented to the East African Legislative Assembly (EALA) for consideration and approval pursuant to the provisions of Articles 49(2) & 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 estimates were tabled before the Assembly by the Council of Ministers on Thursday 4th June 2018 and were subsequently referred to the Assembly's Committee on General Purpose. The EALA's Committee on General Purpose is mandated to analyze the budget proposals and make recommendations to the Assembly. Thereafter, the Assembly enacts the Appropriations Bill to give authority for spending on the voted amounts.

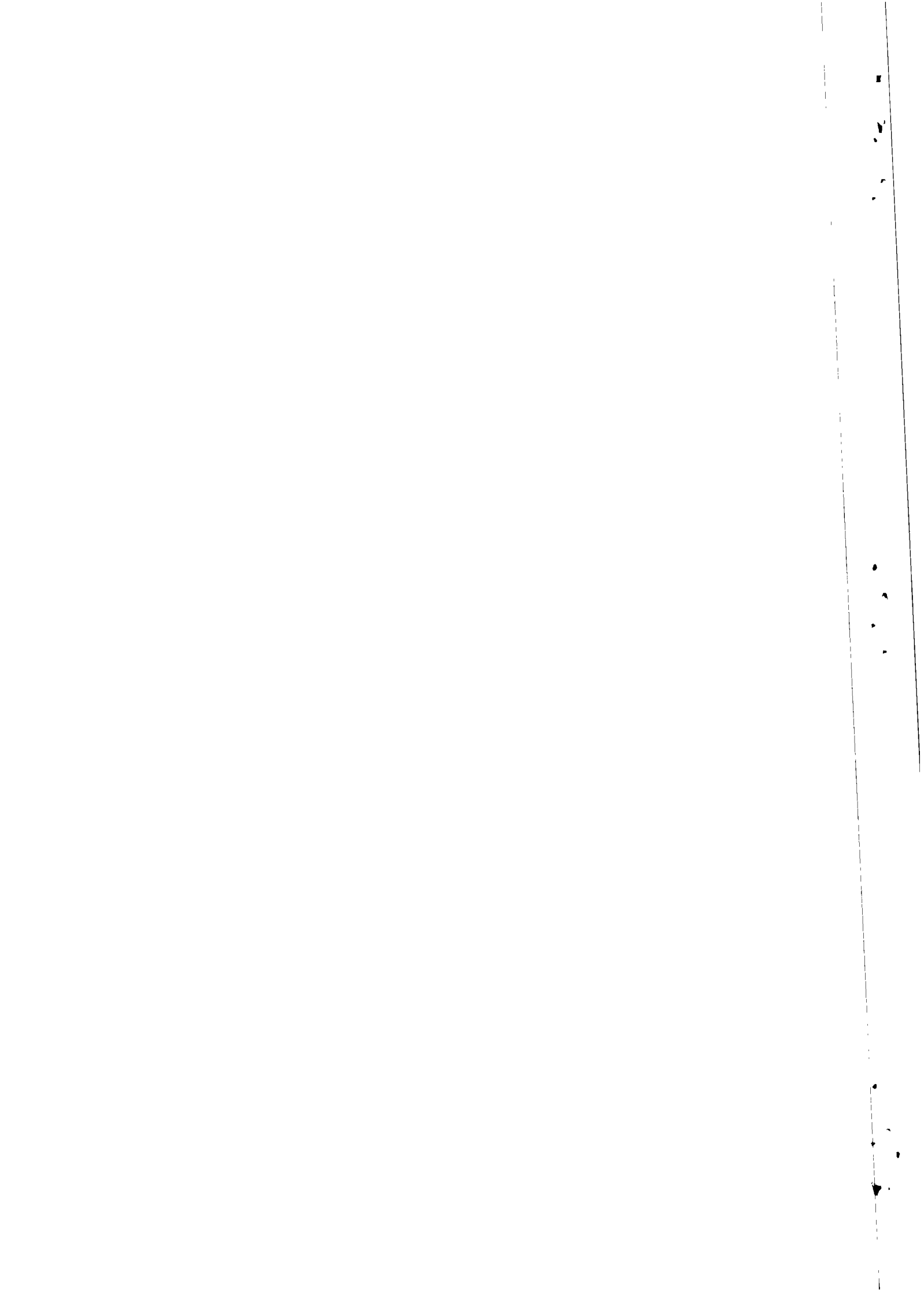
The reports of the Committee on General purpose on the Budgetary Proposals of the East African Community for the Financial Year 2018/2019 and the Supplementary estimates for the Financial year 2017/201 and the East African Community Supplementary Appropriation Bill, 2018 and the East African Community Appropriation Bill 2018 were subsequently considered by the East African Legislative Assembly(EALA) during its 5th meeting of the 1st Session held in Nairobi from 27th May to 15th June 2018 in Nairobi and subsequently forwarded to the Kenya National Assembly on 12th July 2018 for consideration .

The reports were tabled before the House on Thursday July 26th 2018 and committed to the Committee for consideration in line with the provisions of Standing Order 212. In Considering the reports and Bills, the Committee invited and received submissions from the Principal Secretary, Ministry of East African Community and Northern Corridor Development on Wednesday, September 5th 2018 during a joint retreat with the Ministry in Mombasa.

The Committee appreciates the assistance provided by the Office of the Speaker and the Clerk of the National Assembly that enabled it to discharge its mandate efficiently and within the required timelines.

On behalf of the Select Committee on Regional Integration and pursuant to provisions of Standing Order 199 (6), it is my pleasant privilege and honor to present to this House the Report of the Committee on its consideration of the EAC Reports and Bills for noting and any other necessary action.

HON. NAISULA LESUUDA, OGW, MP



EXECUTIVE SUMMARY

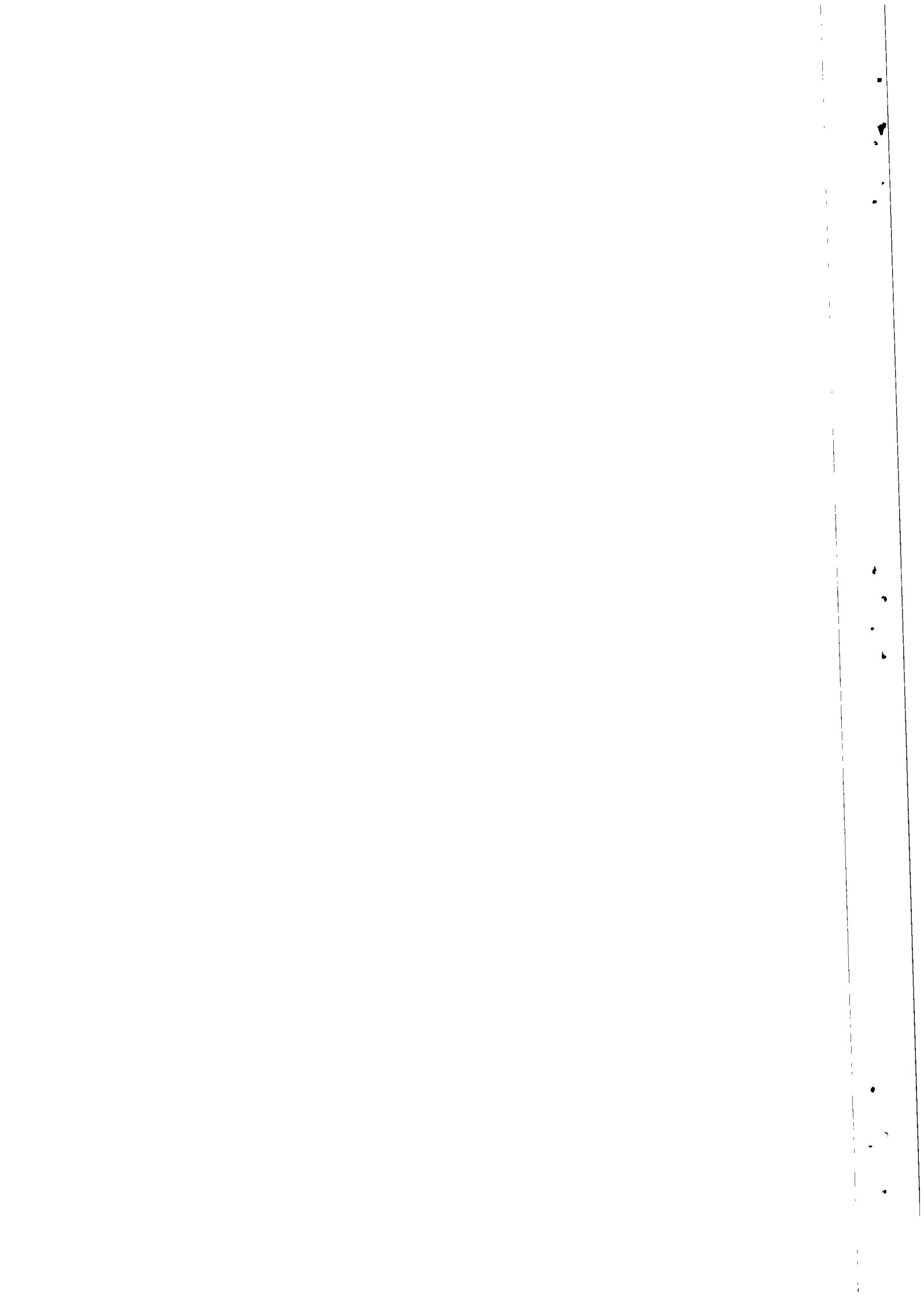
This report contains the Committee's resolution on the consideration of the Report of the Committee on General Purpose on the budgetary proposals for the East African Community for the Financial Year 2018/ 2019, Report of the Committee on General Purpose on the supplementary estimates for the East African Community for the Financial Year 2017/ 2018, East African Community Supplementary Appropriation Bill, 2018 and the East African Community Appropriation Bill, 2018.

In its consideration of the reports and appropriation Bills, the Committee noted that the Development Budget for EAC is largely funded by development partners (84%) and the recurrent budget is largely supported by Member States at 88%. This may present a challenge on the Member State in terms of ownership of the EAC integration process and future funding risks in the event the donor support stops. The Member States need to adequately support the development budget of EAC to mitigate against future funding risks and for ownership purposes. There is therefore a legitimate need for additional resources to implement the EAC Customs Union, Common Market Protocol and the Monetary Union Protocol and Political Federation roadmap.

The Committee also noted the delay in remittance of partner states contributions. This delay relates to significant low budget performance of the EAC Organs and Institutions and irregular use of funds from the reserve fund to fill up operations cash flow gaps instead of being a stop gap measure. The Committee takes note that there are no clear guidelines and procedures for all transactions into and out of the General Reserve Account hence making the Account to be abused by making withdrawals for long term projects.

The Committee recommends that the Council of Ministers should 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 further notes that delayed remittances present a risk in funding the 2018/19 priority areas such as moving towards a monetary union among others where the targets set may not be met. Thus, the issue of partial remittance by the Member States needs to be addressed. Further, there is need to institute sanctions on partner states defaulting on their contributions in line with Article 143 of the treaty. Establishment of new EAC Institutions and additional activities

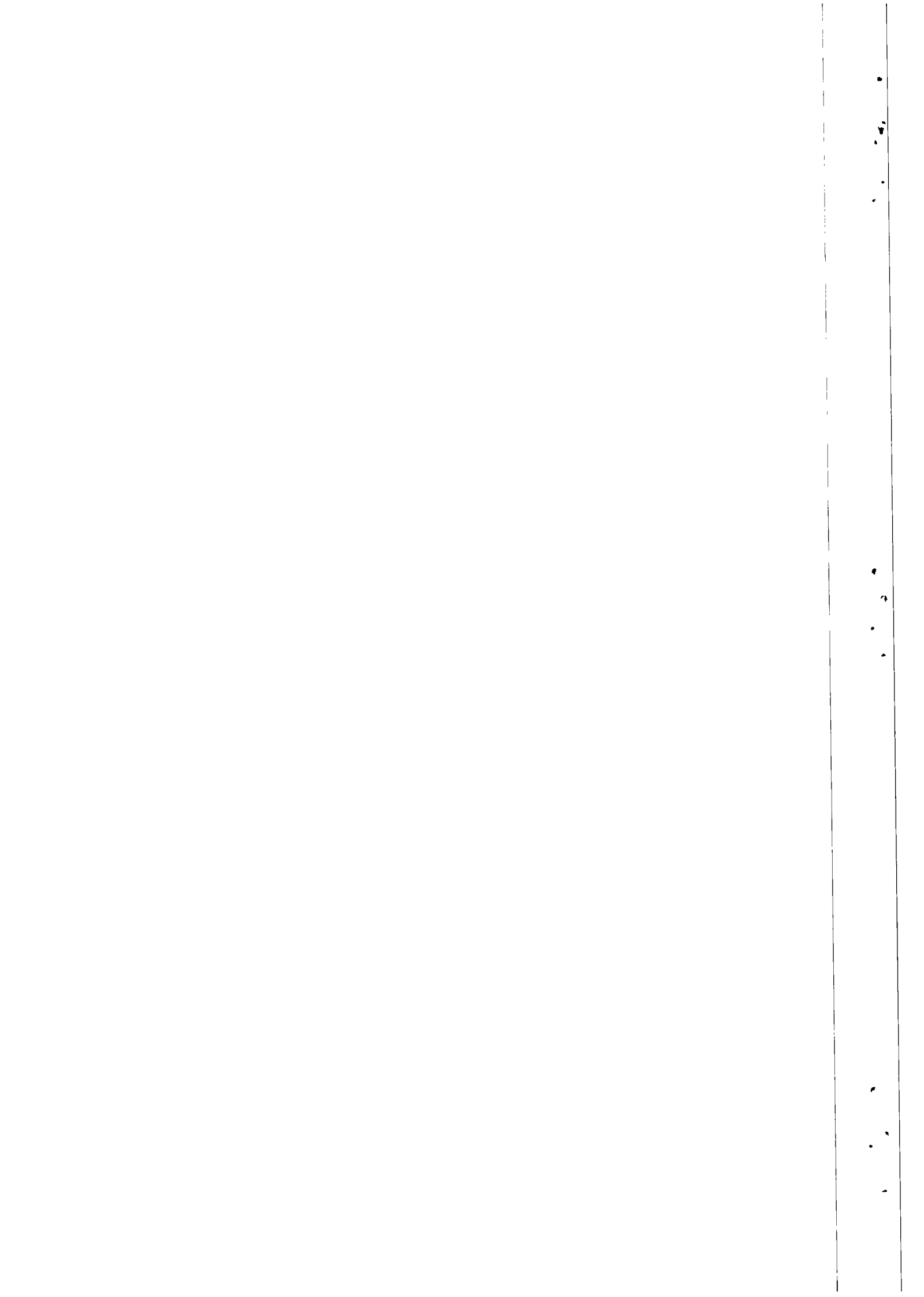


should also be guided and matched by increase in Partner States financial contribution. There is therefore need to institute reforms to align the East African Community's structure, programmes and activities with financial resources available from the EAC Partner States.

The Committee also notes the need for Public Finance and Budgeting reforms within the EAC since vital information regarding the budget is scanty. For instance, the budget for various organs and institutions of EAC are not broken down to recurrent and development, project details is not provided, target setting for various activities and budget performance information seems to be missing among other best budgeting practices. Such reforms require review of EAC budgeting laws. The EALA needs to review the EAC Budget Act 2008, a recommendation which the GPC has also highlighted in its report.

The Committee notes that the current system where the partners contribute equally has not been effective because some states are always in arrears most of the time. There is therefore need to review the current systems of contributions by Partner States taking into consideration parameters such as the Gross Domestic Product of each partner state, Population, percentage of a country's tax on imports, increased equal contribution, weighted voting rights, and Secretariat membership among other variables.

The Committee notes with concern that the report has been submitted to the National Assembly without the records of debates and resolutions of EALA on the report which is contrary to Article 65(a) of the East African Community Treaty.

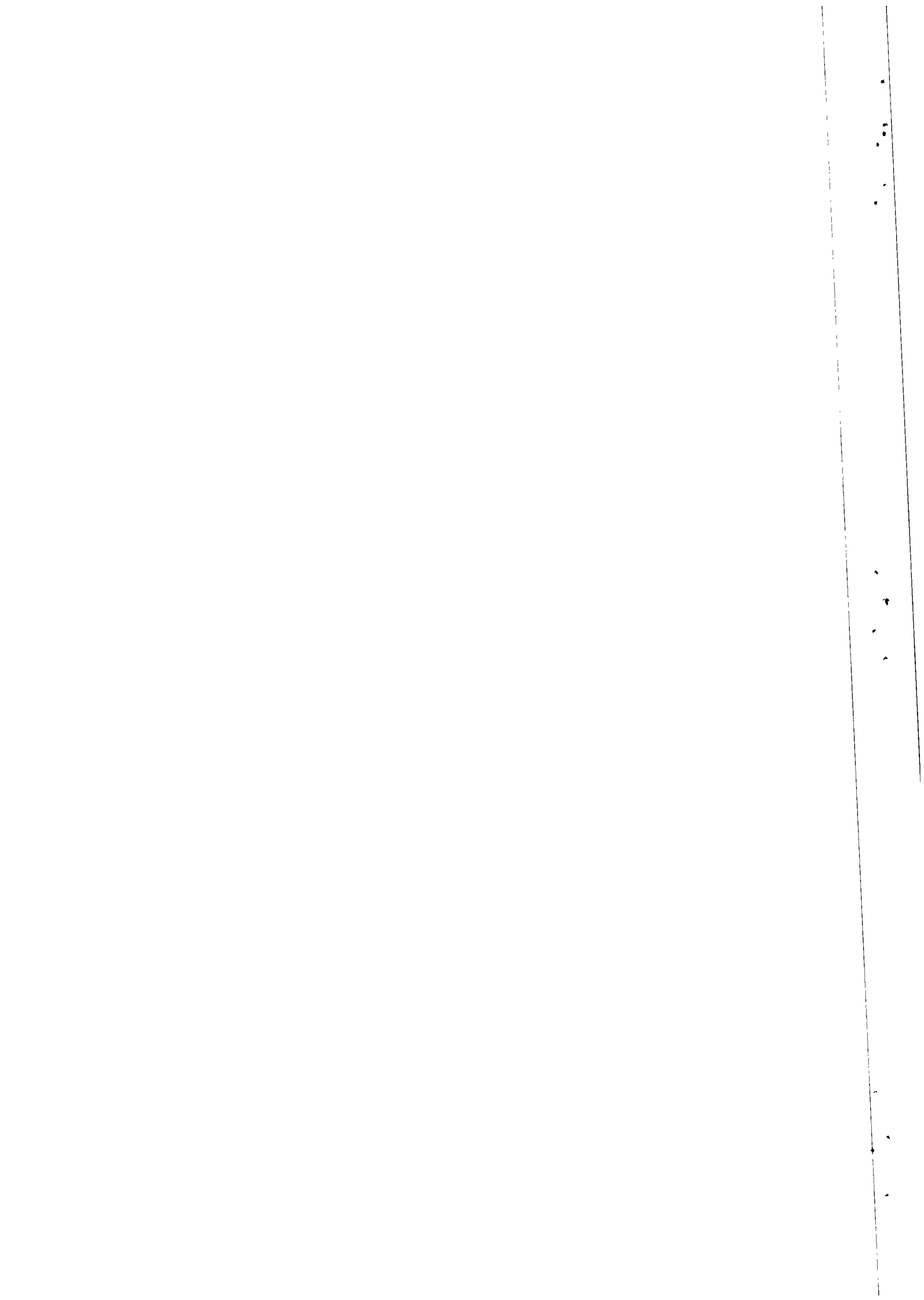


1.0 INTRODUCTION

The Committee on Regional Integration is established pursuant to the provision of Standing Order 212 of the National Assembly which sets out the mandate of the Committee. The Committee was constituted in December 2017 following adoption of a motion on membership of committees by the House. The Committee comprises of 23 members who will serve for the life of the 12th Parliament.

1.1 Committee Membership

1. Hon. Naisula Lesuuda, M.P, OGW - Chairperson
2. Hon. (Capt.) Ruweida Mohamed, M.P – Vice Chairperson
3. Hon. William Kamket, M.P.
4. Hon. Kubai Iringo, M.P
5. Hon. Ndindi Nyoro, M.P.
6. Hon. Abdi Mude Ibrahim, M.P
7. Hon. Nasri Sahal Ibrahim, M.P
8. Hon. Kassim Tandaza, M.P
9. Hon. Ali Wario Guyo, M.P.
10. Hon. Memusi Ole Kanchory, M.P
11. Hon. Janet Ong'era, M.P.
12. Hon. Dr. Gideon Ochanda, M.P.
13. Hon. Mathias Robi, M.P
14. Hon. Janet Teiyaa, M.P
15. Hon. Geoffrey Omuse, M.P
16. Hon. Joyce Emanikor, M.P
17. Hon. Gideon Keter, M.P
18. Hon. Rozaah Buyu, M.P
19. Hon. Ezekiel Ombaki, M.P
20. Hon. Christopher Nakuleu, M.P
21. Hon. Eve Obara, M.P
22. Hon. Malulu Injendi, M.P
23. Hon. Erastus Nzioka, M.P



1.2 Committee Secretariat

- | | |
|---------------------------|----------------------------|
| 1. Mr. Abenayo Wasike | Senior Clerk Assistant |
| 2. Ms. Ruth Mwihaki | Clerk Assistant III |
| 3. Dr. Kefa Omoti | Principal Research Officer |
| 4. Mr. Edison Odhiambo | Fiscal Analyst |
| 5. Ms. Christine Odhiambo | Legal Counsel |
| 6. Mr. Boniface Mugambi | Sergeant at arms |

1.3 Committee's Mandate

Pursuant to the provision of Standing Order 212 (2), the Committee is mandated to ;

1. Enhance the involvement of the National Assembly in intensification and development of the integration process in the East African Community and the greater African region;
2. Examine the records of all the relevant debates and resolutions of the meetings of the East African Legislative Assembly;
3. Examine the Bills introduced in the East African legislative Assembly and Acts of the East African Community;
4. Examine records of relevant debates and resolutions of Pan African Parliament, the African Caribbean and Pacific- European Union Joint Parliamentary Assembly and other regional bodies;
5. Inquire into and examine any other matter relating to regional integration generally requiring action by the House.

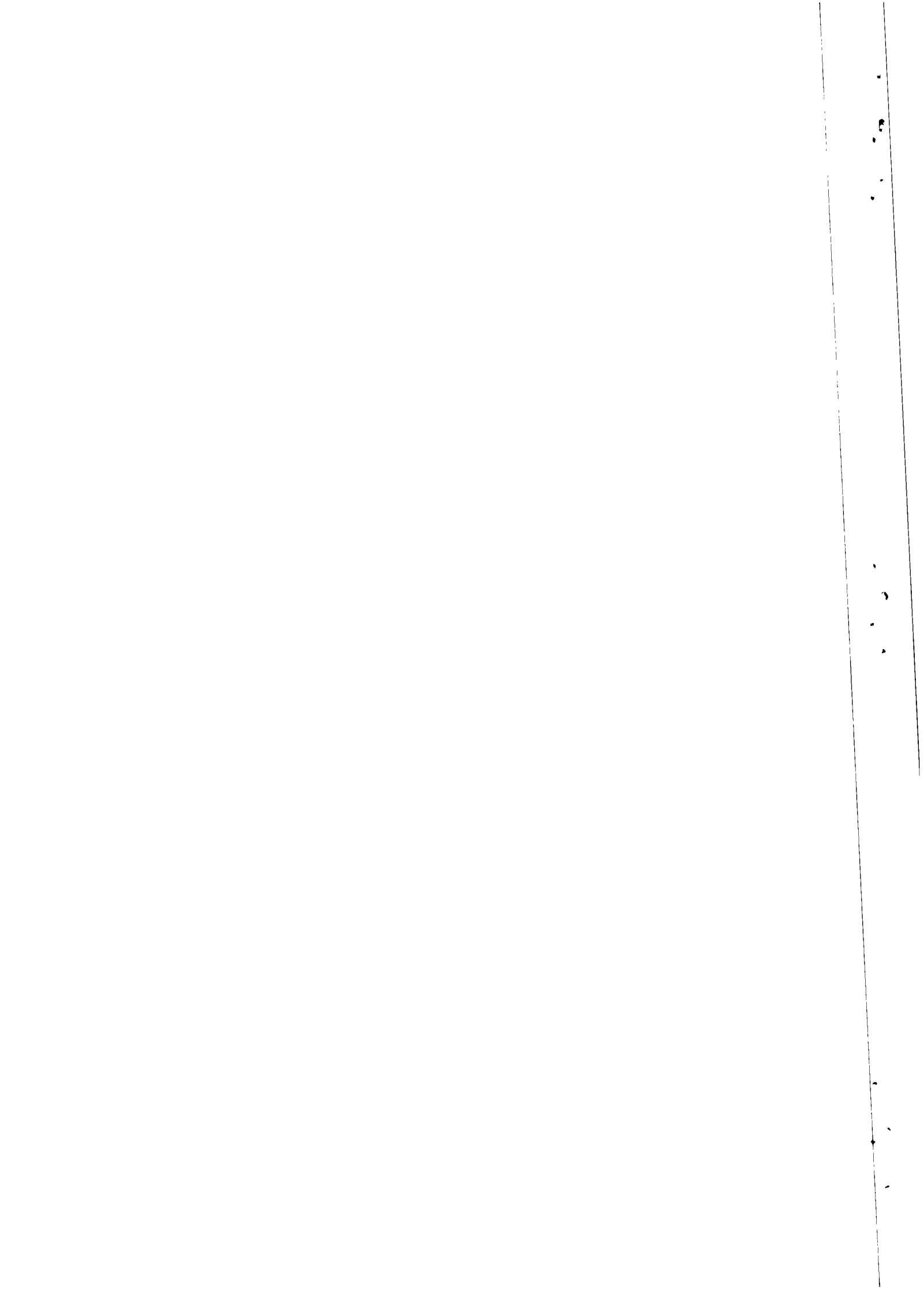
2.0 COMMITTEE'S CONSIDERATION OF THE EALA REPORTS AND BILLS

The Committee held two sittings where it was briefed on the following reports and Bills:

- a. Report of the Committee on General Purpose on the Budgetary Proposals of the East African Community for the Financial Year 2018/2019
- b. Report of the Committee on General Purpose on the Supplementary Budget Proposals of The East African Community for the Financial Year 2017/2018
- c. The East African Community Supplementary Appropriation Bill, 2018 And:
- d. The East African Community Appropriation Bill, 2018

2.1 Report of the Committee on General Purpose Report on EAC 2018/19 Budget Estimates

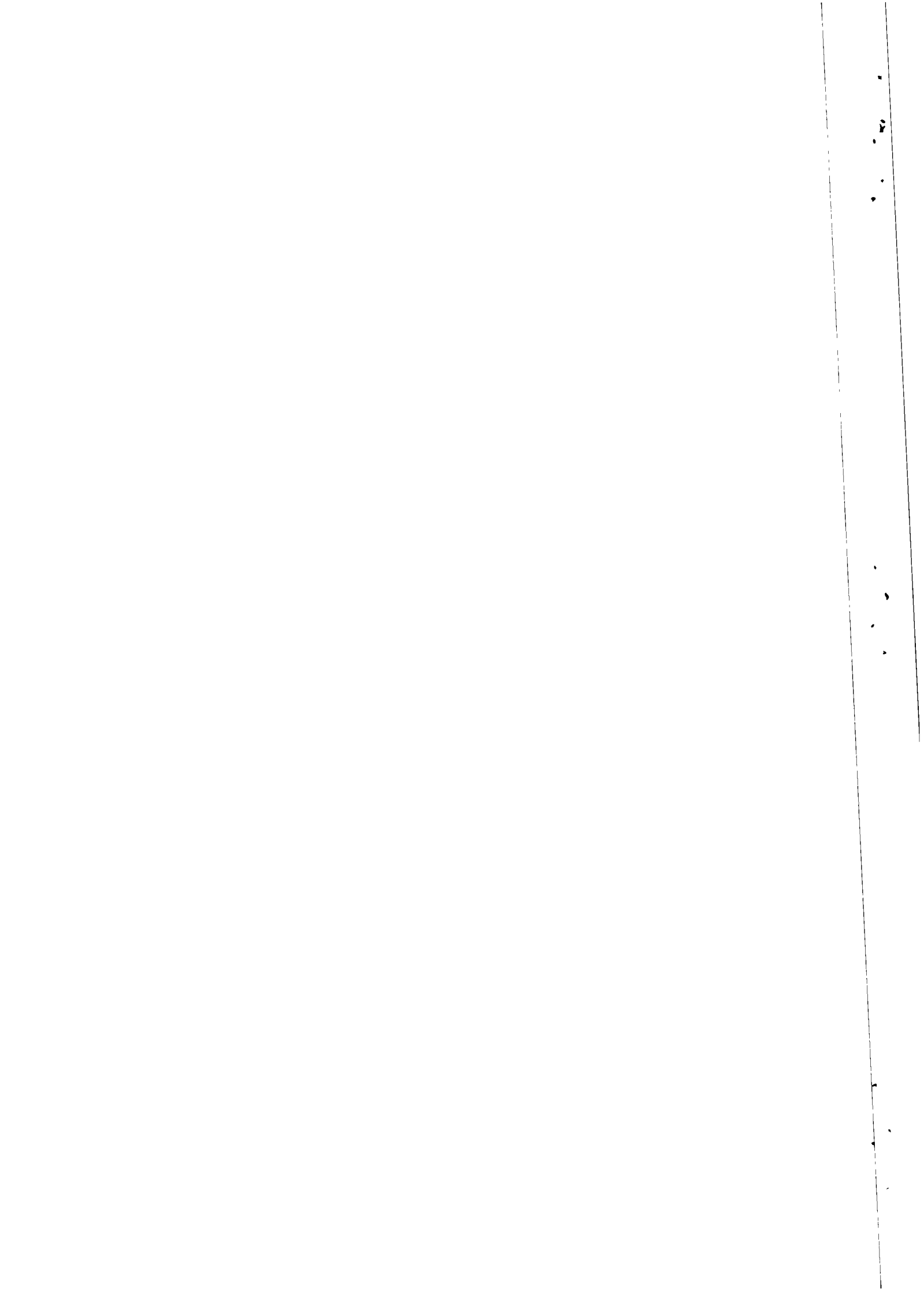
The Committee considered the report and noted that:



1. The approved 2018/19 budget for the EAC is USD 99,770,716 which is approximately Kshs 9.9 Billion. This is a reduction of 9.4% compared to 2017/18 where the budget was USD 110,130,183 (Kshs 11 Billion).
2. The budget has been allocated to various organs and institutions within EAC with key allocations being the following:
 - i. EAC Secretariat - USD 46,693,056 = Kshs 4.6 Billion
 - ii. EALA - USD 17,885,852 = Kshs 1.7 Billion
 - iii. Lake Victoria Basin Commission-USD 13,357,673= Kshs 1.3 Billion
3. The recurrent budget is USD 59,644,796 (Kshs 5.9 Billion) which is equivalent to 60% of the entire approved budget whereas the development budget is USD 40,125,920 (Kshs 4 Billion) which is 40% of the budget. According to the report, the development budget is mainly supported by development partners (84.5%) whereas the recurrent budget is financed through Member States. The huge component of the recurrent budget is personnel emoluments which stand at USD 35,614,171 (60% of the recurrent budget).
4. The priority areas of spending are spread across the various EAC organs as follows:

Table 1: 2018/19 Priority areas Allocation (USD)

Priority Area	Partner States	Development Partners	Total Amount	%
Enhanced free movement of goods in the region and further liberalization of free movement of labor and services	2,113,559	6,551,600	8,665,159	8.7
Enhanced regional agricultural productivity ,industrial development through investment in key priority areas	921,846	13,660,746	14,582,592	14.6
Implementation of the roadmap to the attainment of the EAC monetary union	115,675	2,656,700	2,772,375	2.8
Improved cross border infrastructure to ease doing of business in the region	602,720	1,269,995	1,872,715	1.9
Improved socio cultural welfare of the people in the region	2,079,178	6,562,193	8,641,371	8.7
Institutional Transformation	22,015,488	1,481,069	23,496,557	23.6
Strengthened peace, security and good governance and institutional framework for EAC political federation	1,472,445	4,558,615	6,031,060	6.0
Corporate support services	26,352,173	5,674,398	32,026,571	32.1
Cross cutting priorities	1,163,160	510,655	1,673,815	1.7
Other priority areas	8,500	-	8,500	0.0
Total	56,844,744	42,925,971	99,770,715	100



5. In terms of financing the budget the Partner States will fund the budget by providing USD 56,844,745 which is 57% of the Budget and the Development Partners will provide USD 42,925,971 which is equivalent to 43%. The approved Estimates of revenue is equivalent to the estimates of revenue which means the budget is balanced in terms of revenues and expenditures. Table 2 gives the summary of the various sources of funds to finance the approved 2018/19 budget.

Table 2: Source of 2018/19 EAC budget Financing (USD)

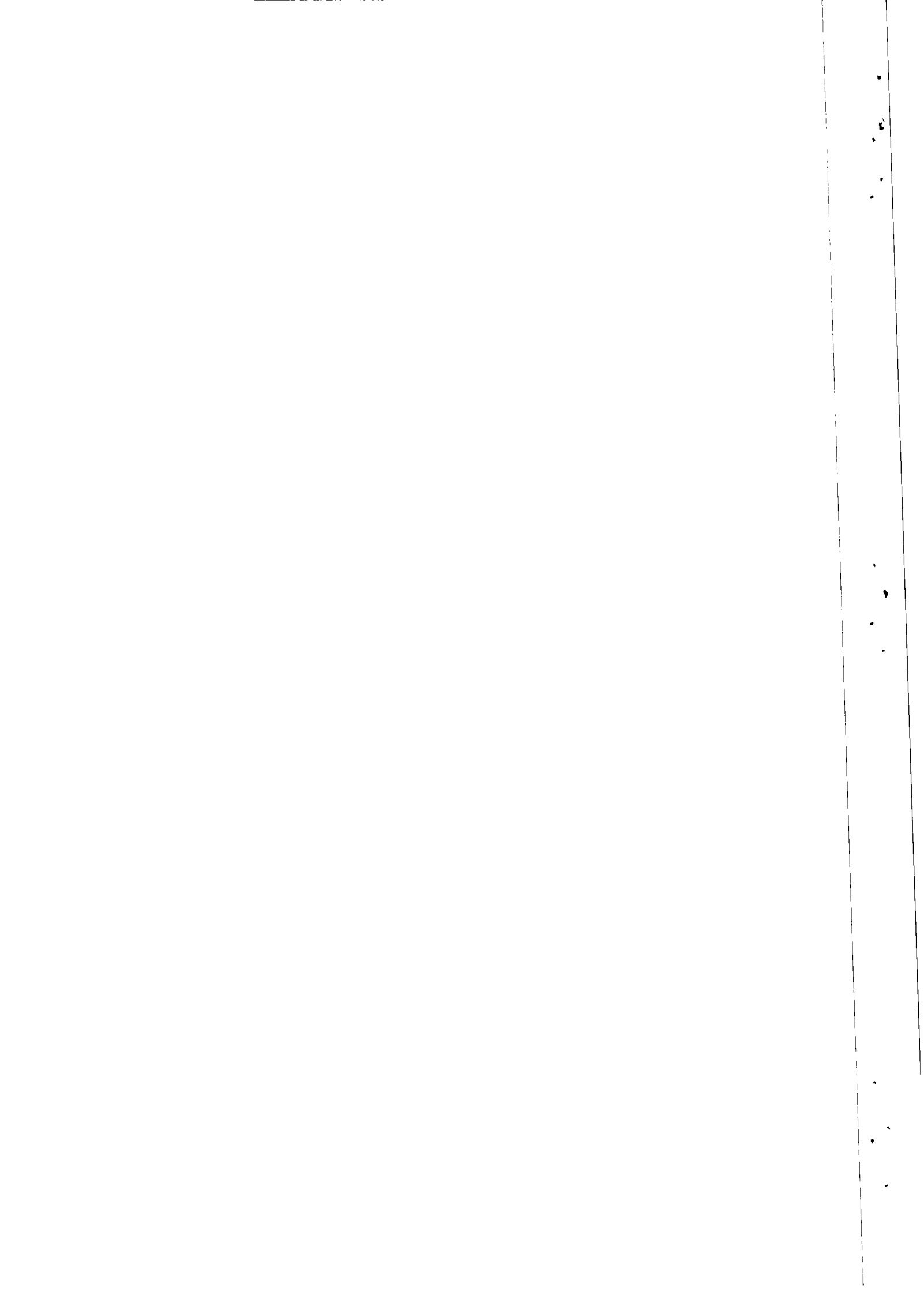
Source	Amount	%
Ministries responsible for EAC Affairs	50,227,920	50
Ministries responsible for Education	4,466,210	4
Ministries responsible for Fisheries	1,551,032	2
Member Universities	333,970	0
Development Partners	42,925,613	43
Miscellaneous Revenue	265,971	0
Total	99,770,716	100

6. In terms of contribution/remittances from Member States, the Committee noted that there are arrears from Member States dating back to financial year 2016/17 and 2018/19, amounts which are due to various organs within EAC to support the activities. The following table provides a summary of arrears which various Member States owe EAC for 2016/17 and 2017/18.

Member State	Outstanding Arrears
Burundi	13,766,325
Kenya	1,077,652
Rwanda	3,867,374
South Sudan	8,179,189
Tanzania	2,257,640
Uganda	5,590,622
Total	34,738,802

The Committee noted that non remittance or partial remittance of funds by the Member State is one of the key challenges which affect budget implementation by the EAC.

2.2 The East African Community Appropriations Act, 2018

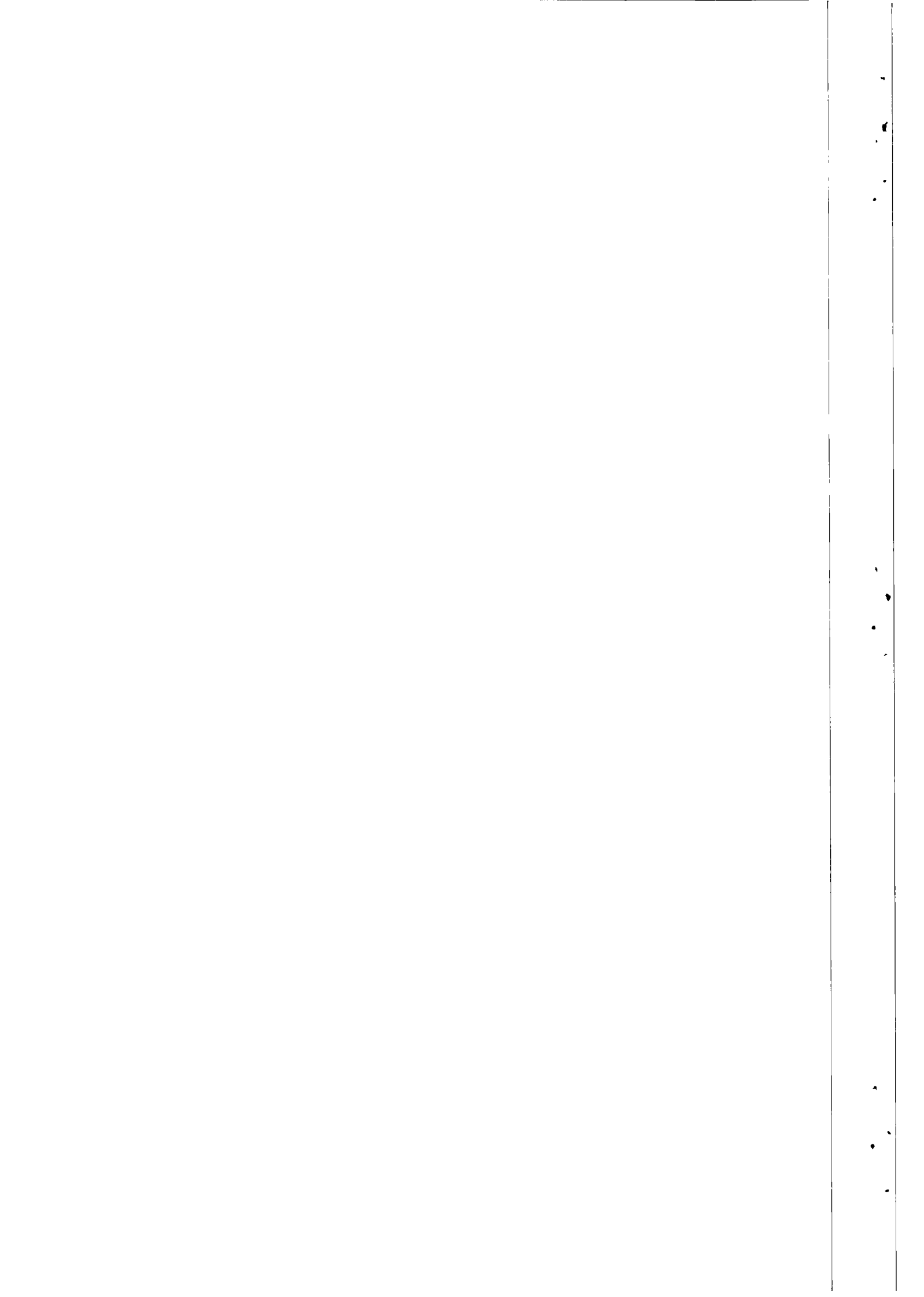


The Committee considered the Act and noted that:-

1. The East African Community Appropriation Bill, 2018 was approved by the Assembly pursuant to the provisions of Articles 49(2) & 132 of the Treaty for establishment of the East African Community as well as Rules 74, 75, 76, 77 and 78 of the Rules of Procedure of the Assembly. Subsequently, the Appropriations Act, 2018 authorized appropriation of funds by the East African Community.
2. The Act authorizes the appropriation of USD 99,770,716 by the EAC organs in 2018/19 financial year based on the 2018/19 approved estimates for the Community. The Act has 4 sections which relate to spending in the 2018/19 financial year. The following is an analysis of various sections of the Act.

Section	Provision	Remarks
1	Commencement of the Act	Gives the timeline within which the Act will become operational and is in line with the Budget calendar
2	Issuance of money out of the Community Budget	Gives authority to the Secretary General of EAC to issue money out of the Community approved Budget.
3	Utilization of funds	Provides for utilization of money only on activities of the various organs based on the approved budget for each organ
4	Payment for goods and services due before end of financial year	This section provides for payment of commitments even after the close of the financial year (30 th June 2019) for a period approved by the Council but not later than 31 st December 2019.
Schedule	Sums appropriated for various organs and institutions of EAC	Indicates the approved sums for the various organs and institutions of EAC for spending in 2018/19 financial year.

2.3 Report of the Committee on General Purpose on EAC 2017/18 Supplementary Budget Estimates for 2017/2018 Financial Year



The Committee considered the report and noted that:

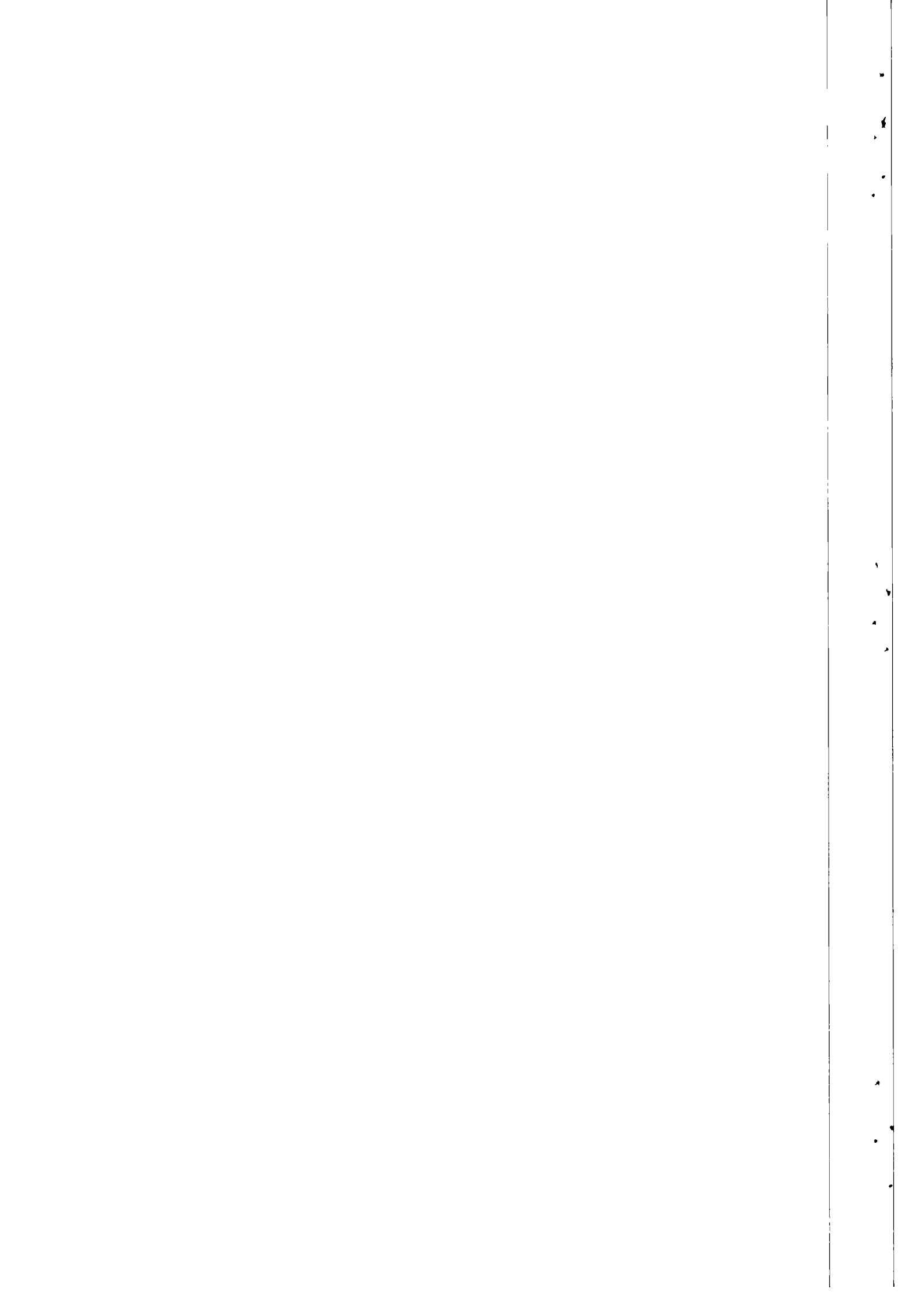
1. The 2017/18 supplementary estimates of revenue and expenditures of the East African Community (EAC) were presented to the East African Legislative Assembly (EALA) for consideration pursuant to the provisions of Articles 49 and 132 of the EAC Treaty, East Africa Budget Act, 2008 and the Assembly rules of procedure.
2. The 2017/18 supplementary estimates were tabled before the Assembly as required and was referred to the Assembly's Committee on General Purpose. Thereafter, the Assembly enacted the Supplementary Appropriations Bill to give authority for spending on the voted amounts.
3. The approved 2017/18 budget for the EAC was USD 110,130,183. The supplementary Budget increased the approved budget to USD 115,098,773 which is an increase of USD 4,968,590 representing a 4.5 % increase.
4. The funds were allocated to various organs and institutions within EAC to fund various activities which had been left out due to budget constraints in the 2017/18 appropriation budget. The various organs and institutions whose budgets were enhanced are as highlighted in the table below:

Organ/Institution	Total Amount	%
EAC Secretariat	2,253,784	45.4
Lake Victoria Basin Commission	2,041,478	41.1
East African Science and Technology	200,000	4.0
East African Health Research Commission	473,328	9.5
Total	4,968,590	100.0

5. In terms of financing the 2017/18 supplementary budget, the resources are mainly from development partners as well as the General Reserve Fund of EAC as indicated in the table below:

Source of Funds	Total Amount
General Reserve Fund	249,000
European Union	1,259,734
USAID	693,878
Africa Development Bank	785,150
Africa Medicines Regulatory Harmonization Programme	186,550
UNEP	300,000
Danish Family Planning Association	80,000
World Bank	1,414,278
Total	4,968,590

2.4 The East Africa Community Supplementary Appropriations Act 2018



The Committee considered the Act and noted that:-

1. The Act authorizes the appropriation of an additional USD 4,968,590 by the EAC organs for 2017/18 financial year based on the 2017/18 approved supplementary estimates for the Community. The Act has 2 sections which relate to 2017/18 financial year spending as shown in the table below:

Section	Provision	Remarks
1	Commencement of the Act and the title of the Act	Gives the timeline within which the Act will become operational and the title of the Act
2	Supplementary Appropriation for 2017/18	Gives authority to spend an additional USD 4,968,590 out of the 2017/18 community budget
Schedule	Sums appropriated for various organs and institutions of EAC	Indicates the additional approved allocations for each of the affected organs and institutions of EAC for spending in 2017/18 financial year.

2. The increase in the 2017/18 budget through the supplementary was USD 4,968,590 which represents an increase of 4.5%. The increase was mainly funded by development partners (95%) as well as General Reserve Fund of EAC (5%).
3. The report has provided the justification for the budget increase for various organs of EAC as well as the various activities to be funded.
4. The GPC report has been submitted to the National Assembly without the records of debates and resolutions of EALA on the report which is contrary to Article 65(a) of the East African Community Treaty.

3.0 SUBMISSIONS FROM THE MINISTRY OF EAST AFRICAN COMMUNITY AND NORTHERN CORRIDOR DEVELOPMENT

The Principal Secretary, Ministry of East African Community and Northern Corridor Development, Dr. Susan Koech briefed the committee on the Budgetary Proposals of the EAC



for the Financial Year 2018/ 2019, The EAC Appropriation Bill, 2018 ,the Supplementary Budgetary Proposals of the EAC for the Financial Year 2017/ 2018 and the the EAC Supplementary Appropriation Bill, 2018 during a retreat held on 5th September 2018.

The Committee was informed as follows:

1. The Sums Appropriated for Organs and Institutions of the EAC for the Financial Year Ending 30th June, 2019 were:

S/No	Organ or Institution	Amount in USD
1.	EAC Secretariat	46,693,056
2.	East African Court of Justice	3,982,446
3.	East African Legislative Assembly	17,885,852
4.	Lake Victoria Basin Commission	13,357,673
5.	East African Science & Technology Commission	1,661,779
6.	East African Kiswahili Commission	1,605,353
7.	East African Health Research Commission	4,204,032
8.	East African Competition Authority	1,014,418
9.	The Inter University Council for East Africa	6,847,969
10.	Lake Victoria Fisheries Organization	2,518,137
	TOTAL	99,770,716

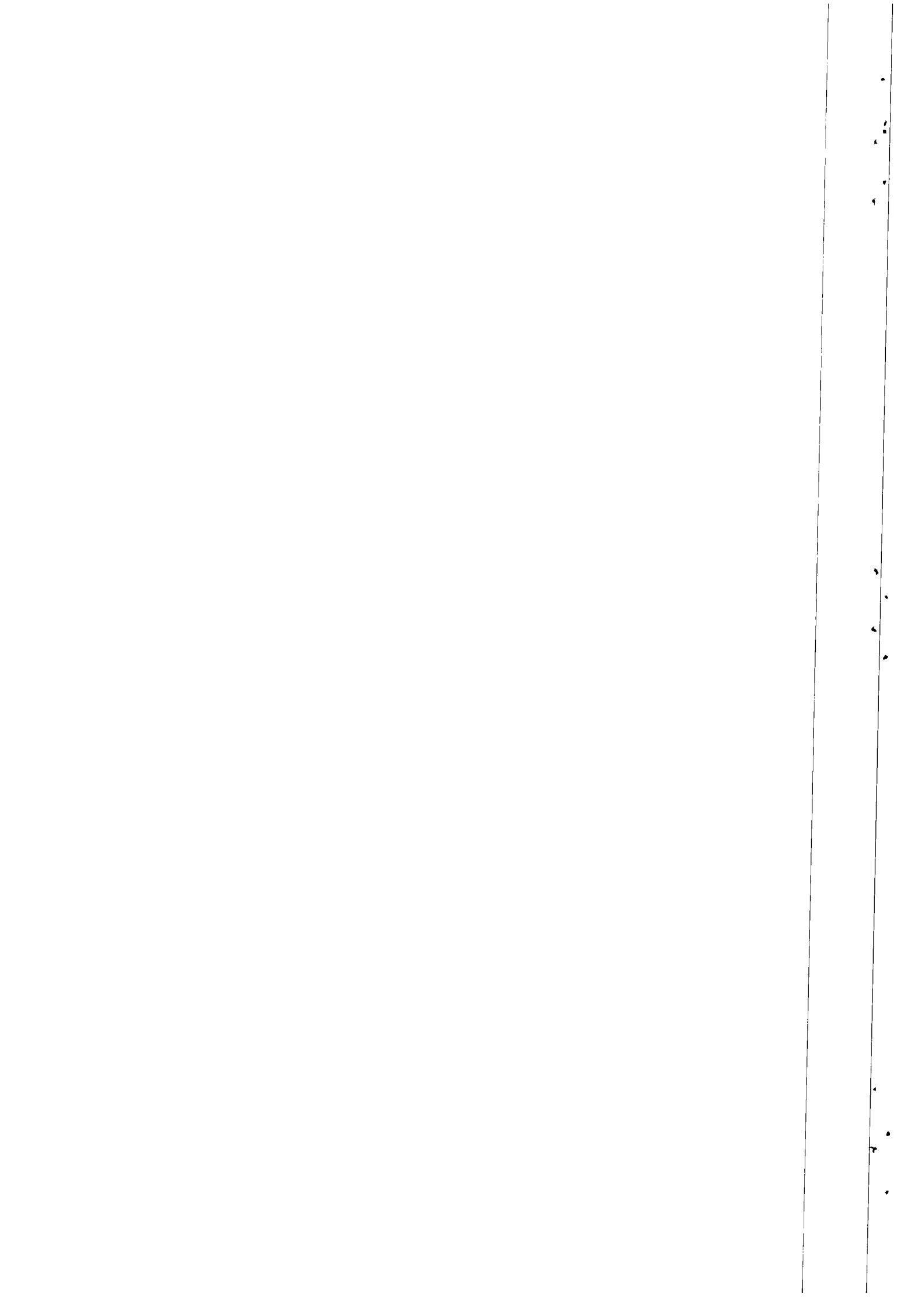
2. The EAC Budget is financed by the Partner States through equal contribution.
3. Kenya, Uganda, the United Republic of Tanzania and Rwanda have over the years been consistent in meeting their financial obligations.
4. The Republic of Burundi and the Republic of South Sudan are not up to date with their contribution. The Republic of Burundi is in three years' arrears while the Republic of South Sudan has not subscribed since joining the Community in October 2016.
5. The expected contribution for each Partner State to the EAC Organs and Institutions in FY 2018/19 is USD 9,632,767.
6. Kenya and Uganda are the only countries that have made partial subscription for FY 2018/19
7. The Appropriation Bill, 2018 & the Supplementary Appropriation Bill, 2018 were passed during the EALA sitting in Nairobi in June, 2018.
8. The 2018/ 2019 Budget is funded 57% (USD 56,844,745) from internal sources (Partner States) and 43% (USD 42,925,971) from Development Partners.
9. The Supplementary Appropriation Bill 2017/2018 relates mainly to key EAC development Partners funded projects, programmes and/ or activities for which the EAC mobilized resources to fill the resource deficit gaps.

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10. As at April, 2018 (2 months to the end of the FY 2017/2018), Partner States remittance stood at 62% which seriously impact on the implementation of EAC Summit Directives, Council Decisions, projects and programmes.
11. The Status of Contribution as at 28th August 2018 by Member States was as follows:-

PARTNER STATE	ARREARS (FY'17/18)	CONTRIBUTION DUE 2018/19	CONTRIBUTION PAID 2018/19	TOTAL OUTSTANDING
Republic of Burundi	7,365,643	8,371,320	- (0%)	15,736,963
Republic of Kenya	0	8,371,320	6,971,514,84 (80%)	1,690,166
Republic of Rwanda	0	8,371,320	1,045,045 (12%)	7,326,275
Republic of South Sudan	7,371,117	8,371,320	-	15,742,437
United Republic of Tanzania	0	8,371,320	23 (0%)	8,371,297
Republic of Uganda(1)	568,201	8,371,320	2,982,902 (36%)	5,956,619
TOTAL	15,304,961	50,227,920	10,709,125 (21%)	54,823,756

12. The delay in Partner States remittance relates to the significant low budget performance of the EAC Organs and Institutions and irregular use of funds from the Reserve Fund to fill up operations cash flow gaps instead of being a stop gap measure.
13. In the recent past, there have been an increase in the number of EAC Institutions (the Kiswahili Commission, Health Research Commission & the Science & Technology Commission (EASTCO) without commensurate increment in Partner States contribution.
14. There is a legitimate need for additional resources to implement the EAC Customs Union, Common Market Protocol and the Monetary Union Protocol and Political Federation roadmap.
15. Establishment of new EAC Institutions and additional activities should be guided and matched by increase in Partner States financial contribution.
16. Debate is currently on -going on how to deal with the persistent Partner States delay in annual contributions remittance or in some cases, accumulated arrears and though a sensitive matter, there is increased pressure to propose a viable solution or sanctions to address the recurrent delay in Partner States annual contributions remittance.
17. The Committee was also informed that key EALA recommendations in the report are:
- Urge Partner States to make timely remittance of contributions to the EAC;
 - Expand resource base in relation to the growth of the Community & its institutions;
 - Remove the zero budget increase ceilings and institute flexibility with regard to Partner States remittances or finalize the alternative financing mechanism;



- (d) The Council to consider Partner States increase in annual contributions;
 - (e) The Council of Ministers to 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.
18. 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 is currently underway (the Supplementary Appropriation Bill, 2018) – part of the institutional review. The study on mechanism for sustainable financing of the EAC once finalized, is expected to address the frequent budgetary challenges to reduce overdependence on Development Partners.
 19. In respect to delay in annual contributions remittance, a draft Schedule of Sanctions to be applied automatically to improve disbursement of contributions by Partner States has been prepared in line with Article 143 of the Treaty.
 20. The level of Partner States contributions is among the many issues that will be clear once the EAC sustainable financing mechanism is concluded. Various proposals, including pegging Partner States contribution to a percentage of a country's tax on imports, increased equal contribution, and weighted voting rights, among others, are under considerations.
 21. The Committee heard that the critical challenge is not just the lack of guidelines on accessing the General Reserve Fund but alternative financing in the absence of or delay in Partner States remittances which excuses the Secretariat has used to irregularly withdraw resources from the Fund to meet recurrent expenditures and/ or fund on-going projects.

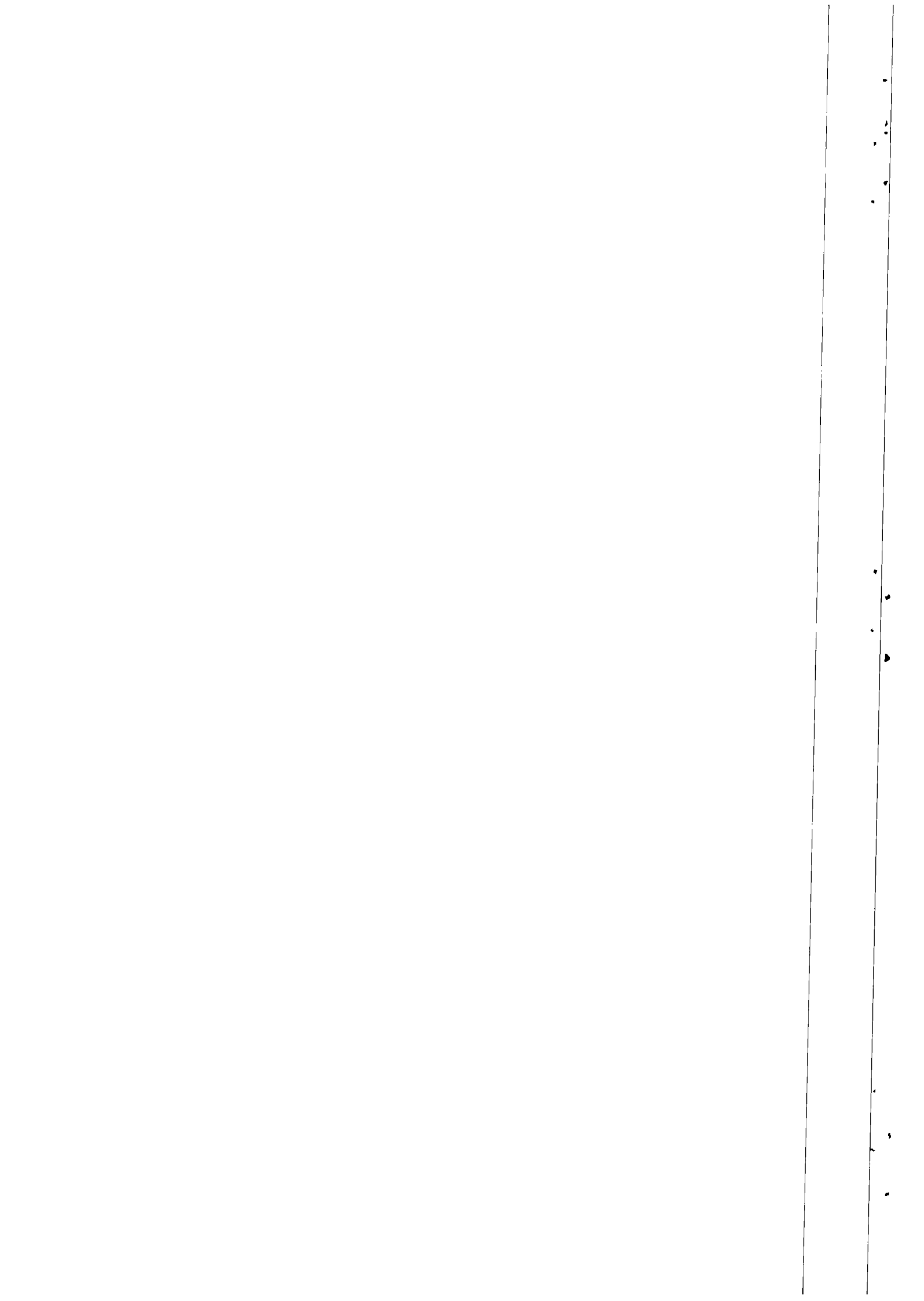
4.0 COMMITTEE'S OBSERVATIONS

The Committee observed that:

1. The Development Budget for EAC is largely funded by development partners and the recurrent budget is largely supported by Member States. In terms of financing, the Partner States will fund the budget by providing USD 56,844,745 which is 57% of the Budget and the Development Partners will provide USD 42,925,971 which is equivalent to 43%.
2. There is need for Public Finance and Budgeting reforms within the EAC since vital information regarding the budget is scanty. For instance, the budget for various organs and institutions of EAC are not broken down to recurrent and development, project details are not provided, target setting for various activities and budget performance information seems to be missing among other best budgeting practices. Such reforms require review of EAC budgeting laws. The EALA needs to review the EAC Budget Act 2008, a recommendation which the GPC has also highlighted in its report.
3. Arrears from Member States contributions amount to USD 34,738,802 and dates back from 2016/17 FY. The said amounts are due to various organs within EAC. This essentially means that the previous budgets for EAC were not fully implemented. It presents a challenge in funding the 2018/19 priority areas including moving towards a monetary union among others where set targets may not be met.
4. There has been a consistent delay in remittance of partner states contributions. This delay has contributed to the significant low budget performance of the EAC Organs and Institutions leading to irregular use of funds from the Reserve Fund to fill up operations cash flow gaps instead of being a stop gap measure.
5. There are no clear guidelines and procedures for all transactions into and out of the General Reserve Account. This has exposed the account to abuse by making withdrawals for long term projects.

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6. There has been an increase in the number of EAC institutions without commensurate increment in Partner States contribution. Such institutions include; the Kiswahili Commission, Health Research Commission & Science & Technology Commission (EASTCO
7. There is legitimate need for additional resources to implement the EAC Customs Union, Common Market Protocol, Monetary Union Protocol and Political Federation roadmap.
8. The EALA Committee report was submitted to the National Assembly without the records of relevant debates and resolutions of the Legislative Assembly on the report contrary to the provisions of article 65(a) of the East African Community Treaty.



5.0 COMMITTEE'S RECOMMENDATIONS

The Committee makes the following recommendations:

1. **The current contribution system where partner states make equal contributions has not been effective and should be reviewed because some states are always in arrears.**
2. **The provisions of Article 143 of the Treaty should be enforced to impose sanctions against partner states which are in default of their financial obligations.**
3. **The Council of Ministers should institute reforms to align the East African Community's programmes and activities with financial resources available from the EAC Partner States.**
4. **Establishment of new EAC Institutions and approval of additional activities should be informed by increased financial contribution by partner states.**
5. **The Council of Ministers to 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.**
6. **There is a need to institute Public Finance and Budgetary reforms within the EAC in line with best budgeting practices that links revenue with expenditure over a three year period.**
7. **The Partner States need to adequately support the development budget of EAC to mitigate against future funding risks and for ownership purposes.**
8. **The Clerk of the Legislative Assembly should transmit to the Clerk of the National Assembly copies of the records of all relevant debates and resolutions of EALA pursuant to the provisions Article 65 of the East African Community Treaty.**

Signed.....*for*..........Date.....*22/11/2018*.....

Hon. Naisula Lesuuda, OGW, MP
Chairperson
Committee on Regional Integration

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KENYA NATIONAL ASSEMBLY
TWELFTH PARLIAMENT

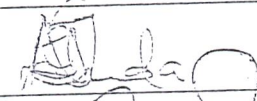

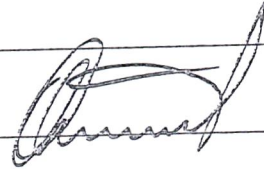
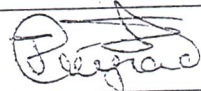

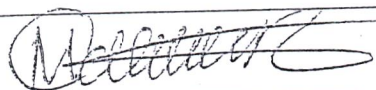
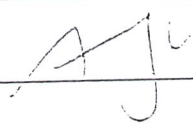
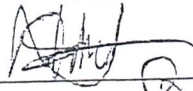
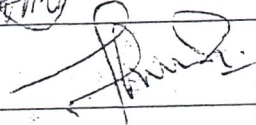
COMMITTEE ON REGIONAL INTEGRATION

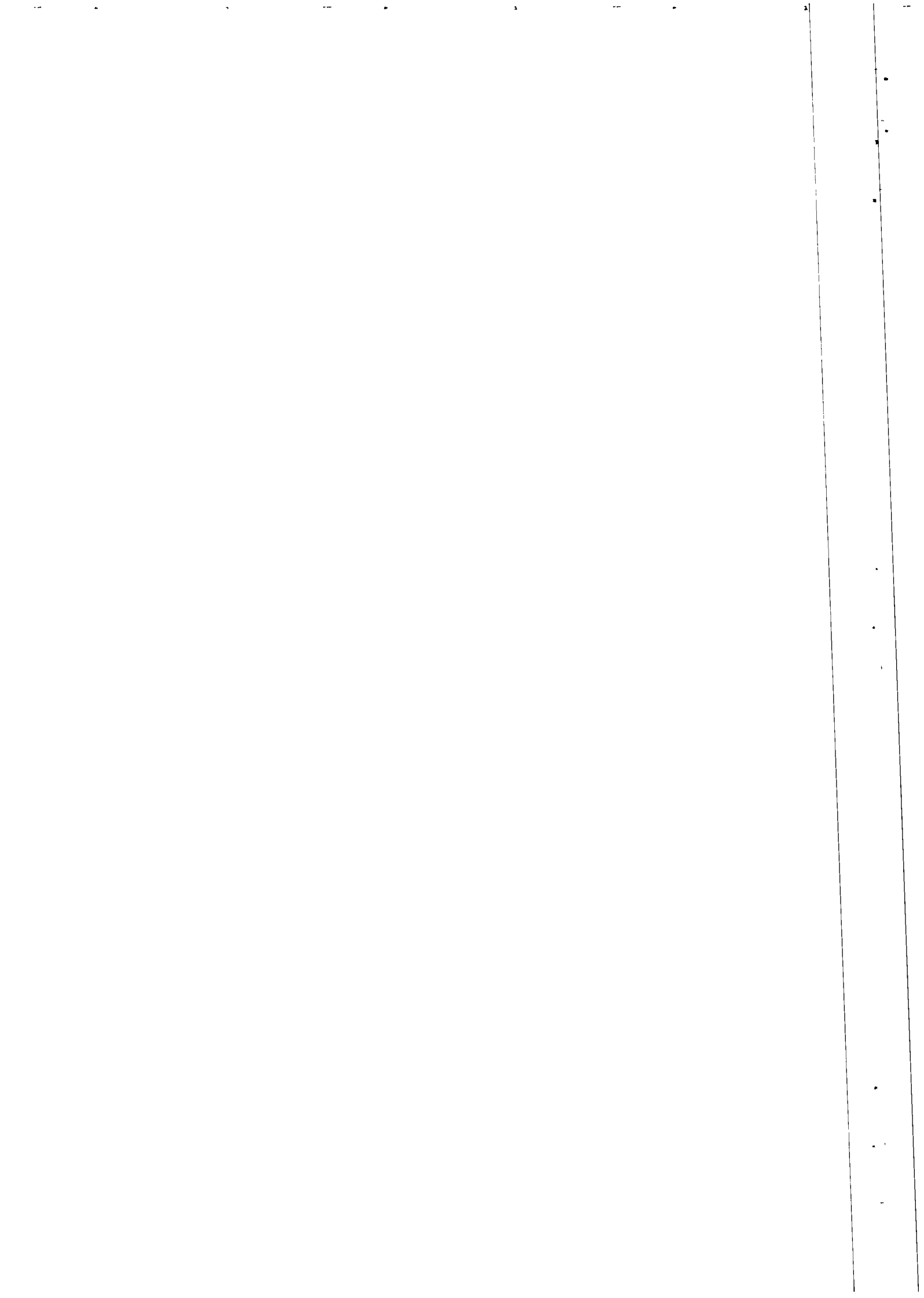
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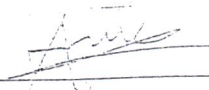
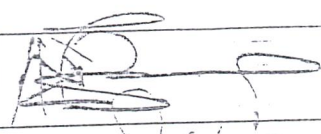

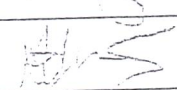
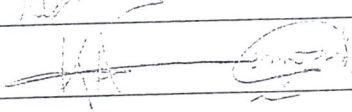

Adoption of the Report on the East African Community Budgetary Proposals for the 2018/2019 FY and the Supplementary Estimates for the 2017/2018 FY

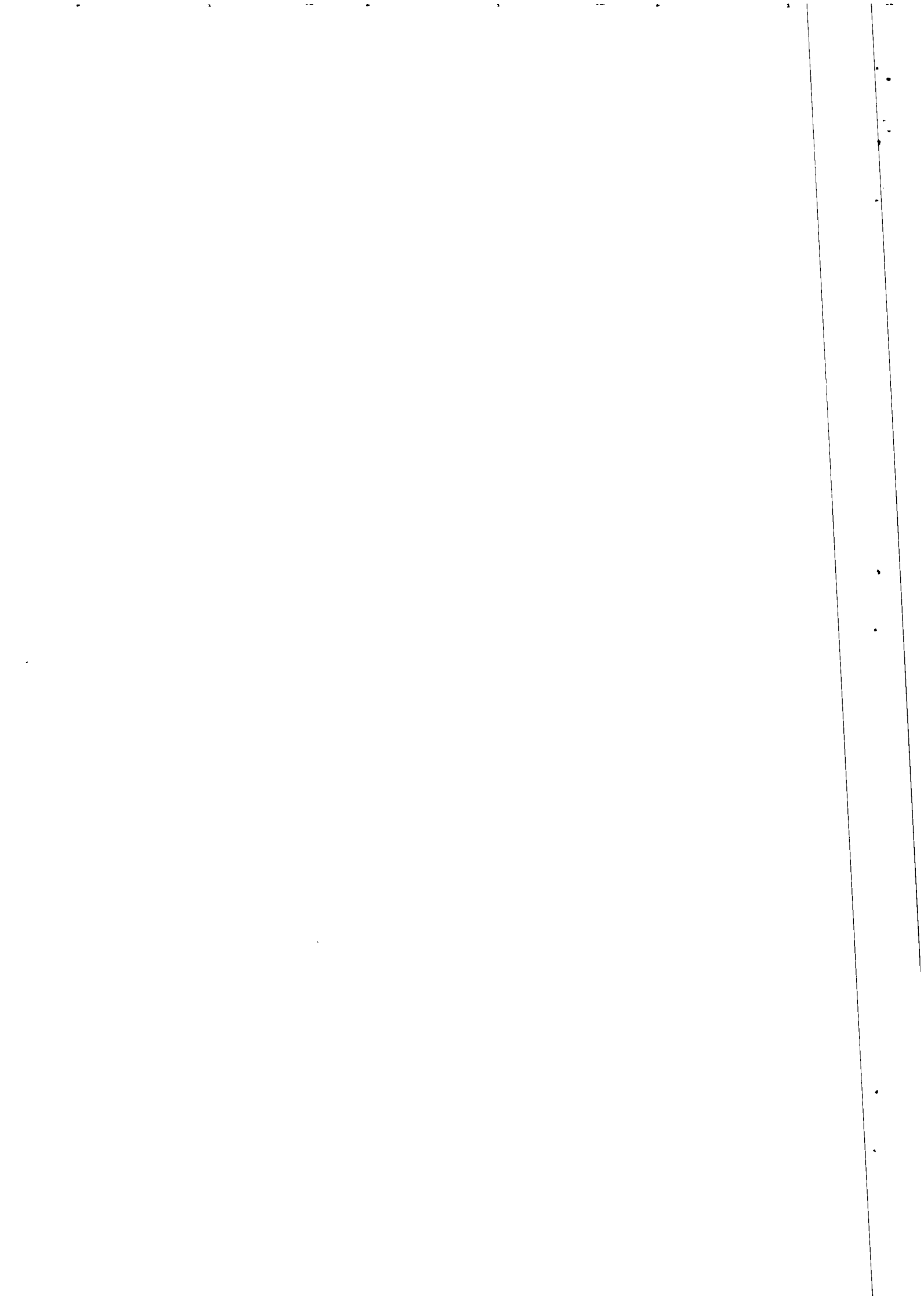
Adoption of the Report on the East African Community Customs Management (Amendment) No. 2 Bill of 2018 and the Administration of the EALA (Amendment) Bill, 2018

DATE 16 Oct 2018 TIME 11.30am VENUE 11th Floor, Protecha Hk

	NAME	SIGNATURE
1.	Hon. Naisula Lesuuda, M.P, OGW (Chairperson)	
2.	Hon. Capt. Ruweida Mohamed, M.P (Vice-Chairperson)	
3.	Hon. Christopher Nakuleu, M.P	
4.	Hon. Kubai Iringo, M.P	
5.	Hon. Memusi Ole Kanchory, M.P	
6.	Hon. Janet Teyiaa, M.P	
7.	Hon. Joyce Emanikor, M.P	
8.	Hon. Eve Obara, M.P	
9.	Hon. Ezekiel Ombaki, M.P	
10.	Hon. Janet Ong'era M.P	
11.	Hon. Mathias Robi, M.P	
12.	Hon. Rozaah Buyu, M.P	
13.	Hon. Malulu Injendi, M.P	
14.	Hon. Nasri Ibrahim, M.P	
15.	Hon. Dr. Gideon Ochanda, M.P	



16.	Hon. Ali Wario, M.P	
17.	Hon. Abdi Mude Ibrahim, M.P	
18.	Hon. Erastus Nzioka, M.P	
19.	Hon. William Kamket, M.P	
20.	Hon. Ndindi Nyoro, M.P	
21.	Hon. Kassim Tandaza, M.P	
22.	Hon. Gideon Keter, M.P	
23.	Hon. Geoffrey Omuse, M.P	



MINUTES OF THE FIFTY SIXTH SITTING OF THE SELECT COMMITTEE ON REGIONAL INTEGRATION HELD ON TUESDAY 16TH OCTOBER, 2018 IN THE BOARD ROOM ON 11TH FLOOR, PROTECTION HOUSE AT 11.30 AM.

PRESENT

1. Hon. Naisula Lesuuda, MP, OGW - Chairperson
2. Hon. Capt. Ruweida Mohamed, M.P – Vice Chairperson
3. Hon. Kassim Tandaza, MP
4. Hon. Kubai Iringo, MP
5. Hon. Nasri Sahal Ibrahim, MP
6. Hon. William Kamket, M.P.
7. Hon. Ndindi Nyoro, M.P.
8. Hon. Dr. Gideon Ochanda, M.P.
9. Hon. Ali Wario Guyo, M.P.
10. Hon. Eve Obara, M.P
11. Hon. Janet Teiyaa, MP
12. Hon. Rozaah Buyu, MP
13. Hon. Geoffrey Omuse, M.P
14. Hon. Erastus Kivasu Nzioka, MP
15. Hon. Mathias Robi, M.P

ABSENT WITH APOLOGIES

1. Hon. Malulu Injendi, M.P
2. Hon. Memusi Ole Kanchory, MP
3. Hon. Joyce Emanikor, MP
4. Hon. Sen. Janet Onge'ra, MP
5. Hon. Abdi Mude Ibrahim, MP
6. Hon. Ezekiel Ombaki, MP

ABSENT

1. Hon. Gideon Keter, M.P
2. Hon. Christopher Nakuleu, MP

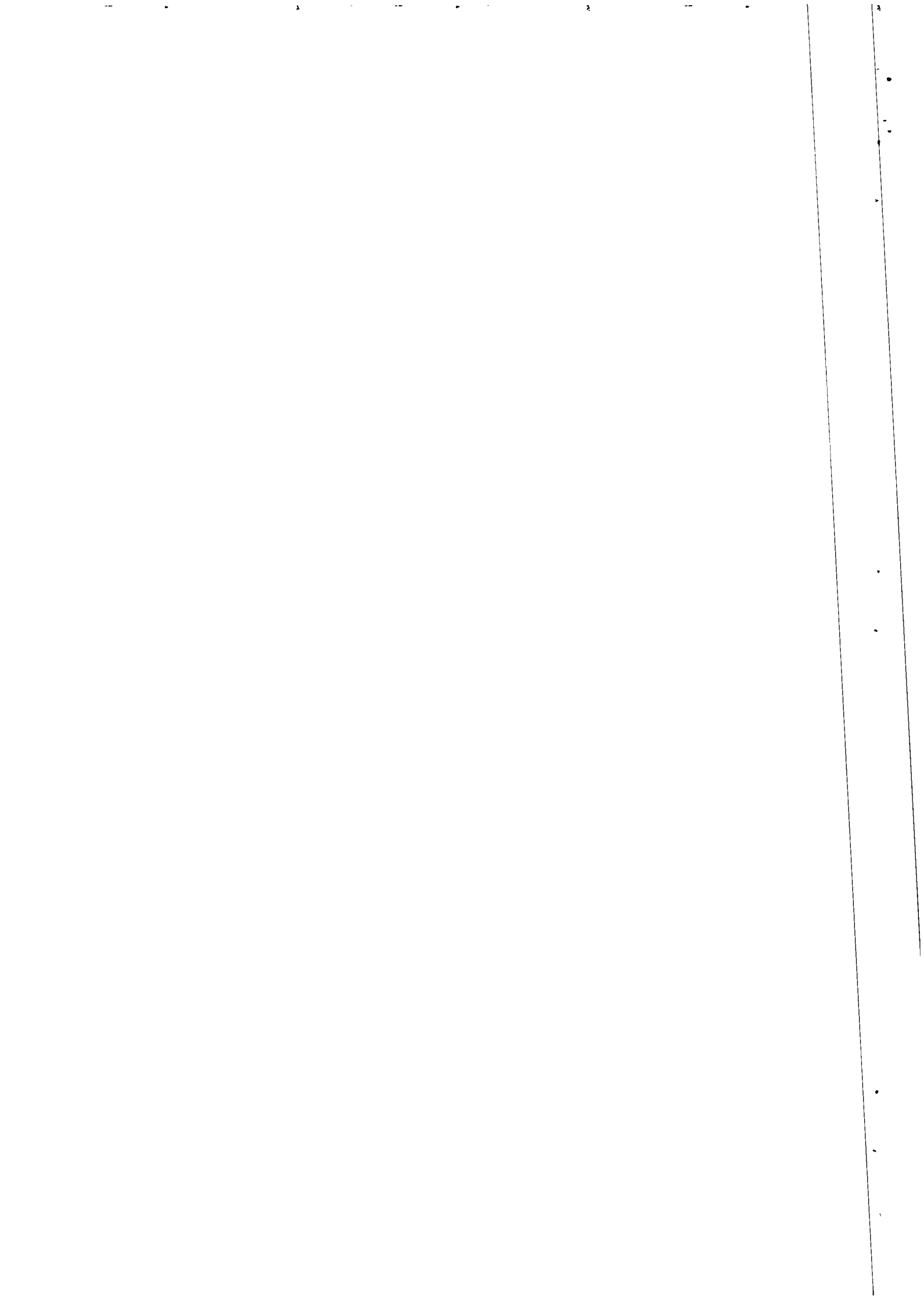
NATIONAL ASSEMBLY SECRETARIAT

1. Mr. Abenayo Wasike - Senior Clerk Assistant
2. Ms. Ruth Mwhaki Gakuya - Third Clerk Assistant
3. Mr. Boniface Mugambi - Sergeant –At- Arms

MIN. NO. NA/RIC/2018/219

PRELIMINARIES

The Chairperson called the meeting to order at fifty minutes past eleven o'clock and a prayer was said.



MIN. NO. NA/RIC/2018/220 CONFIRMATION OF MINUTES

Minutes of the 55th sitting held on Thursday 11th October, 2018 at 11.30am were confirmed as a true record of proceedings of that day and proposed by Hon. Erastus Kivasu Nzioka, M.P and seconded by Hon. Geoffrey Omuse, M.P.

MIN. NO. NA/RIC/2018/221 ADOPTION OF THE REPORT ON EAC BUDGETARY PROPOSALS FOR THE 2018/2019 FY AND SUPPLEMENTARY ESTIMATES FOR THE 2017/2018

The report on the committee consideration of the Report of the committee on General Purpose on the Budgetary proposals of the East African Community for the Financial Year 2018/2019; the Report of the Committee on General Purpose on the Supplementary Budget Proposals of the East African Community for the Financial Year 2017/2018; the East African Community Supplementary Appropriation Bill, 2018; and the East Africa Community Appropriation Bill, 2018, was adopted having been proposed and seconded by the Hon. Hon. William Kamket, M.P. and Hon. Nasri Sahal Ibrahim, MP respectively.

MIN. NO. NA/RIC/2018/222 ADOPTION OF THE REPORT ON THE EAST AFRICAN COMMUNITY CUSTOMS MANAGEMENT (AMENDMENT) NO. 2 BILL OF 2018 AND THE ADMINISTRATION OF THE EALA (AMENDMENT) BILL, 2018

The report on the committee consideration of the East African Community Customs Management (amendment) Bill, 2018 and the Administration of the East African Legislative Assembly (Amendment) Bill, 2018 was adopted having been proposed and seconded by the Hon. Capt. Ruweida Mohamed, M.P. and Hon. Kassim Tandaza, M.P respectively.

MIN. NO. NA/RIC/2018/223 ANY OTHER BUSINESS

1. Public Hearing on EAC Whistle Blowers Bill

The Committee was informed that the EALA Committee on Legal, Rules and Privileges had invited the committee to a public hearing on the EAC Blowers Bill, scheduled for 18th October, 2018 at 9.00 am at the Laico Regency Hotel.

The following Members were nominated to represent the committee in the meeting:

- a. Hon. Capt. Ruweida Mohamed, M.P
- b. Hon. Kassim Tandaza, M.P

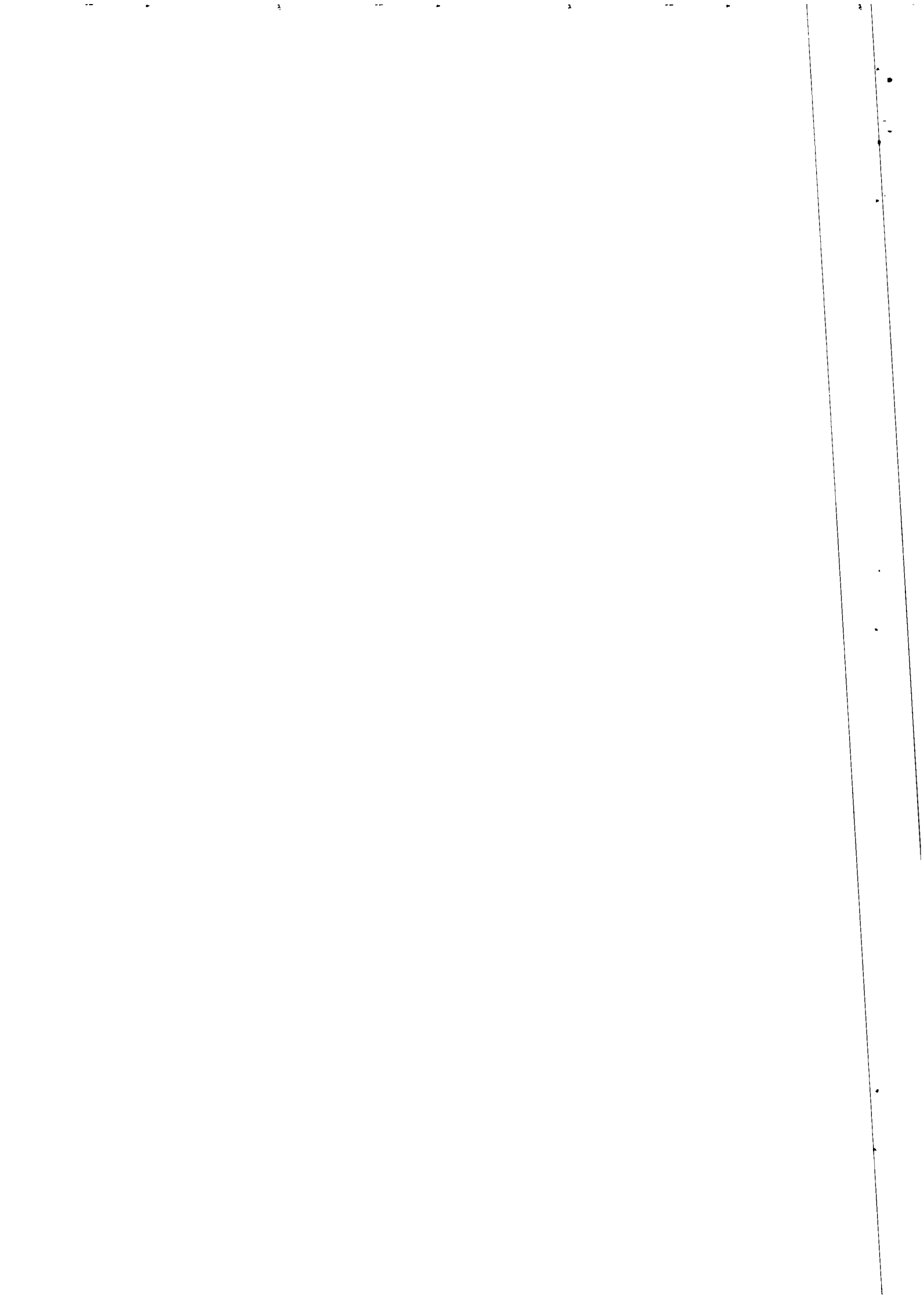
MIN. NO. NA/RIC/2018/224 ADJOURNMENT

The meeting adjourned at five minutes past one o'clock.

SIGNED.....

(Chairperson)

DATE.....



MINUTES OF THE FORTY-NINTH SITTING OF THE SELECT COMMITTEE ON REGIONAL INTEGRATION HELD ON WEDNESDAY 5TH SEPTEMBER, 2018 IN THE TAMARIND VILLAGE CONFERENCE HALL AT 2.30 PM.

PRESENT

1. Hon. Naisula Lesuuda, MP, OGW - **Chairperson**
2. Hon. Capt. Ruweida Mohamed, M.P – **Vice Chairperson**
3. Hon. Kubai Iringo, MP
4. Hon. Memusi Kanchory, MP
5. Hon. Eve Obara, M.P
6. Hon. Sen. Janet Onge'ra, MP
7. Hon. Rozaah Buyu, MP
8. Hon. Nasri Sahal Ibrahim, MP
9. Hon. Dr. Gideon Ochanda, M.P.
10. Hon. Ali Wario Guyo, M.P.
11. Hon. Abdi Mude Ibrahim, MP
12. Hon. Erastus Kivasu Nzioka, MP
13. Hon. William Kamket, M.P.
14. Hon. Kassim Tandaza, MP
15. Hon. Gideon Keter, M.P
16. Hon. Geoffrey Omuse, M.P

ABSENT WITH APOLOGIES

1. Hon. Janet Teiyaa, MP
2. Hon. Joyce Emanikor, MP
3. Hon. Malulu Injendi, M.P
4. Hon. Ndindi Nyoro, M.P.
5. Hon. Ezekiel Ombaki, MP
6. Hon. Mathias Robi, M.P

ABSENT

1. Hon. Christopher Nakuleu, MP

MINISTRY OF EAST AFRICAN COMMUNITY AND NORTHERN CORRIDOR DEVELOPMENT

1. Mr. Adan Mohamed - Cabinet Secretary
2. Dr. Susan Koech - Principal Secretary
3. Mr. Hezron Momanyi - Deputy Chief Economist
4. Mr. Leonard Kwinga - Economist
5. Mr. George Arogo - EALA Liason

6. Mr. John Mwendwa - Principal Secretary

NATIONAL ASSEMBLY SECRETARIAT

1. Mr. James Ginono - Senior Clerk Assistant
2. Ms. Ruth Mwihaki Gakuya - Third Clerk Assistant
3. Dr. Kefa Omoti - Senior Research and Policy Analyst
4. Mr. Edison Odhiambo - Fiscal Analyst
5. Mr. Boniface Mugambi - Sergeant –At- Arms

MIN. NO. NA/RIC/2018/192

PRELIMINARIES

The Chairperson called the meeting to order at thirty five minutes past two o'clock and a prayer was said.

MIN. NO. NA/RIC/2018/193

**BRIEF ON THE REPORT OF THE COMMITTEE
ON GENERAL PURPOSE ON THE
SUPPLEMENTARY BUDGETARY PROPOSALS OF
THE EAST AFRICAN COMMUNITY FOR THE
FINANCIAL YEAR 2017/2018 AND THE EAST
AFRICAN COMMUNITY APPROPRIATION BILL,
2018**


The Principal Secretary, Dr. Susan Koech informed the Committee that;

1. The Supplementary Appropriation Bill 2017/2018 related mainly to key EAC development Partners funded projects, programmes and/ or activities for which the EAC mobilized resources to fill the resource deficit gaps.
2. 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 is currently underway (the Supplementary Appropriation Bill, 2018) was part of the institutional review. The study on mechanism for sustainable financing of the EAC once finalized, is expected to address the frequent budgetary challenges to reduce overdependence on Development Partners;
3. The level of Partner States contributions is among the many issues that will be clear once the EAC sustainable financing mechanism is concluded. Various proposals, including pegging Partner States contribution to a percentage of a country's tax on imports, increased equal contribution, and weighted voting rights, among others, are under considerations.

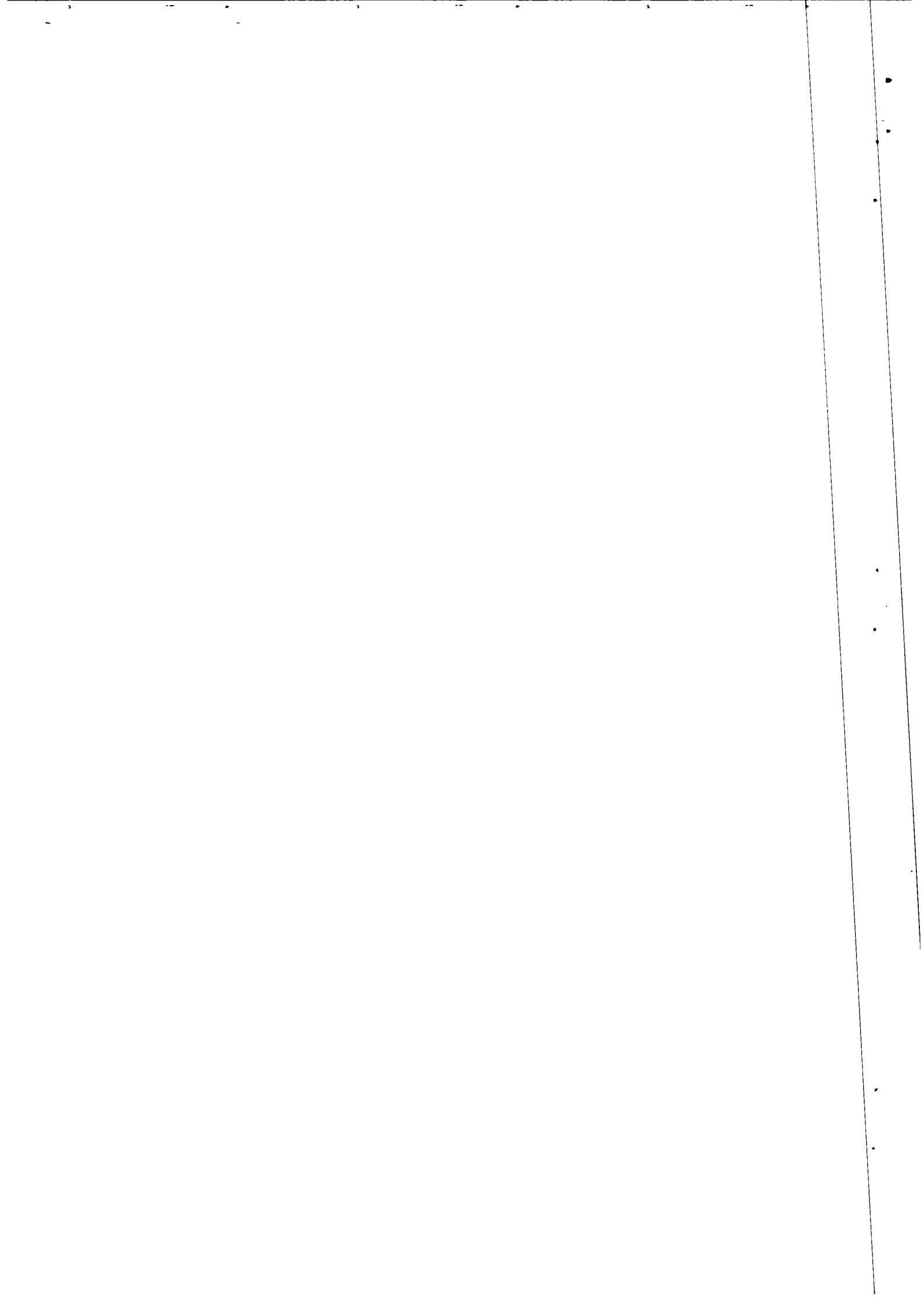
4. There is a legitimate need for additional resources to implement the EAC Customs Union, Common Market Protocol and the Monetary Union Protocol and Political Federation roadmap.
5. Its important that the establishment of new EAC Institutions and additional activities be be guided and matched by increase in Partner States financial contribution to ensure sustainability of funding.

MIN. NO. NA/RIC/2018/194 ADJOURNMENT

The meeting adjourned at thirty minutes past four o'clock.

SIGNED..... .....
(Chairperson)

DATE..... 11/10/2018.....



MINUTES OF THE FORTY-EIGHTH SITTING OF THE SELECT COMMITTEE ON REGIONAL INTEGRATION HELD ON WEDNESDAY 5TH SEPTEMBER, 2018 IN THE TAMARIND VILLAGE CONFERENCE HALL AT 10.00 AM.

PRESENT

1. Hon. Naisula Lesuuda, MP, OGW - **Chairperson**
2. Hon. Capt. Ruweida Mohamed, M.P – **Vice Chairperson**
3. Hon. Kubai Iringo, MP
4. Hon. Memusi Kanchory, MP
5. Hon. Eve Obara, M.P
6. Hon. Sen. Janet Onge'ra, MP
7. Hon. Rozaah Buyu, MP
8. Hon. Nasri Sahal Ibrahim, MP
9. Hon. Dr. Gideon Ochanda, M.P.
10. Hon. Ali Wario Guyo, M.P.
11. Hon. Abdi Mude Ibrahim, MP
12. Hon. Erastus Kivasu Nzioka, MP
13. Hon. William Kamket, M.P.
14. Hon. Kassim Tandaza, MP
15. Hon. Gideon Keter, M.P
16. Hon. Geoffrey Omuse, M.P

ABSENT WITH APOLOGIES

1. Hon. Janet Teiyaa, MP
2. Hon. Joyce Emanikor, MP
3. Hon. Malulu Injendi, M.P
4. Hon. Ndindi Nyoro, M.P.
5. Hon. Ezekiel Ombaki, MP
6. Hon. Mathias Robi, M.P

ABSENT

1. Hon. Christopher Nakuleu, MP

MINISTRY OF EAST AFRICAN COMMUNITY AND NORTHERN CORRIDOR DEVELOPMENT

1. Mr. Adan Mohamed - Cabinet Secretary
2. Dr. Susan Koech - Principal Secretary
3. Mr. Hezron Momanyi - Deputy Chief Economist
4. Mr. Leonard Kwinga - Economist
5. Mr. George Arogo - EALA Liason

6. Mr. John Mwendwa - Principal Secretary

NATIONAL ASSEMBLY SECRETARIAT

1. Mr. James Ginono - Senior Clerk Assistant
2. Ms. Ruth Mwhiki Gakuya - Third Clerk Assistant
3. Dr. Kefa Omoti - Senior Research and Policy Analyst
4. Mr. Edison Odhiambo - Fiscal Analyst
5. Mr. Boniface Mugambi - Sergeant –At- Arms

MIN. NO. NA/RIC/2018/188

PRELIMINARIES

The Chairperson called the meeting to order at five minutes past twelve o'clock and a prayer was said followed by introductions by all present.

MIN. NO. NA/RIC/2018/189

OPENING REMARKS

Remarks from the Chairperson, Hon Naisula Lessuda, M. P

The Chairperson welcomed Members and the Ministry Officials to the retreat and informed that the retreat was aimed at reviewing the progress made by Kenya in fast tracking the EAC Integration process, it also provided suitable opportunity for the Committee to interact with the recently appointed officials of the Ministry including the Cabinet secretary, Mr. Noor Mohamed and the Principal Secretary, Dr. Susan Koech.

During the retreat, it was expected that the Committee would consider EALA reports tabled before the House to enable the Committee table its report upon resumption the House after the long recess.

Remarks from the Cabinet Secretary Ministry of East African Community and Northern Corridor Development

The Cabinet Secretary, Mr. Adan Mohamed thanked the Committee for the invitation and for creating a forum where the Members could interact with the Ministry. He appreciated the critical role the Committee played in furtherance of the integration process, coordination of the Northern Corridor projects and overall regional development. He informed the Committee that there were a lot of development activities in the region that were not well understood in the context of the

EAC, the Committee therefore provided an apt bridge between the general public and the Government.

The Cabinet Secretary observed that although the EAC dream was important for all partner states, not all Countries involved were pulling in the same direction. This informed the formation of the so called the coalition of the willing including Kenya, Uganda, South Sudan and Rwanda with a view to fast tracking the implementation of Northern Corridor development projects.

He noted that there was need to re-cultivate purpose and focus on the original thinking during the formation of the EAC in 1999.

MIN. NO. NA/RIC/2018/190

**CONSIDERATION OF THE REPORT OF THE
COMMITTEE ON GENERAL PURPOSE ON THE
BUDGETARY PROPOSALS OF THE EAST
AFRICAN COMMUNITY FOR THE FINANCIAL
YEAR 2018/2019 AND THE EAST AFRICAN
COMMUNITY SUPPLEMENTARY
APPROPRIATION BILL, 2018**


The Principal Secretary, Dr. Susan Koech informed the Committee that:-

1. The EAC Budget is financed by the Partner States through equal contribution by partner states and that Kenya, Uganda, the United Republic of Tanzania and Rwanda have over the years been consistent in meeting their financial obligations. The expected contribution for each Partner State to the EAC Organs and Institutions in FY 2018/19 is USD 9,632,767 and Only Kenya and Uganda have made partial subscription for FY 2018/19
2. The Republic of Burundi and the Republic of South Sudan are not up to date with their contribution. The Republic of Burundi is in three years' arrears while the Republic of South Sudan has not subscribed since joining the Community in October 2016
3. The Appropriation Bill, 2018 & the Supplementary Appropriation Bill, 2018 were passed during the EALA sitting in Nairobi in June, 2018.
4. The 2018/ 2019 Budget is funded 57% (USD 56,844,745) from internal sources (Partner States) and 43% (USD 42,925,971) from Development Partners.

5. As at April, 2018 (2 months to the end of the FY 2017/2018), Partner States remittance stood at 62% which seriously impact on the implementation of EAC Summit Directives, Council Decisions, projects and programmes;
6. In respect to delay in annual contributions remittance, a draft Schedule of Sanctions to be applied automatically to improve disbursement of contributions by Partner States has been prepared in line with Article 143 of the Treaty;
7. Discussions are currently on -going on how to deal with the persistent Partner States delay in annual contributions remittance or in some cases, accumulated arrears and though a sensitive matter, there is increased pressure to propose a viable solution or sanctions to address the recurrent delay in Partner States annual contributions remittance.

MIN. NO. NA/RIC/2018/191 ADJOURNMENT

The meeting adjourned at ten minutes past one o'clock.

SIGNED..... .....
(Chairperson)

DATE..... 11/16/2018.....

PAPERS LAID	
DATE	18/7/18
TABLED BY	Sen. Mahamud
COMMITTEE	A

CLERK AT THE TABLE
THE EAST AFRICAN COMMUNITY

BILLS SUPPLEMENT

No. 3

4th May, 2018.

to the East African Community Gazette No. 6 of 4th May, 2018.

Printed by the Uganda Printing and Publishing Corporation, Entebbe, by Order of the East African Community.



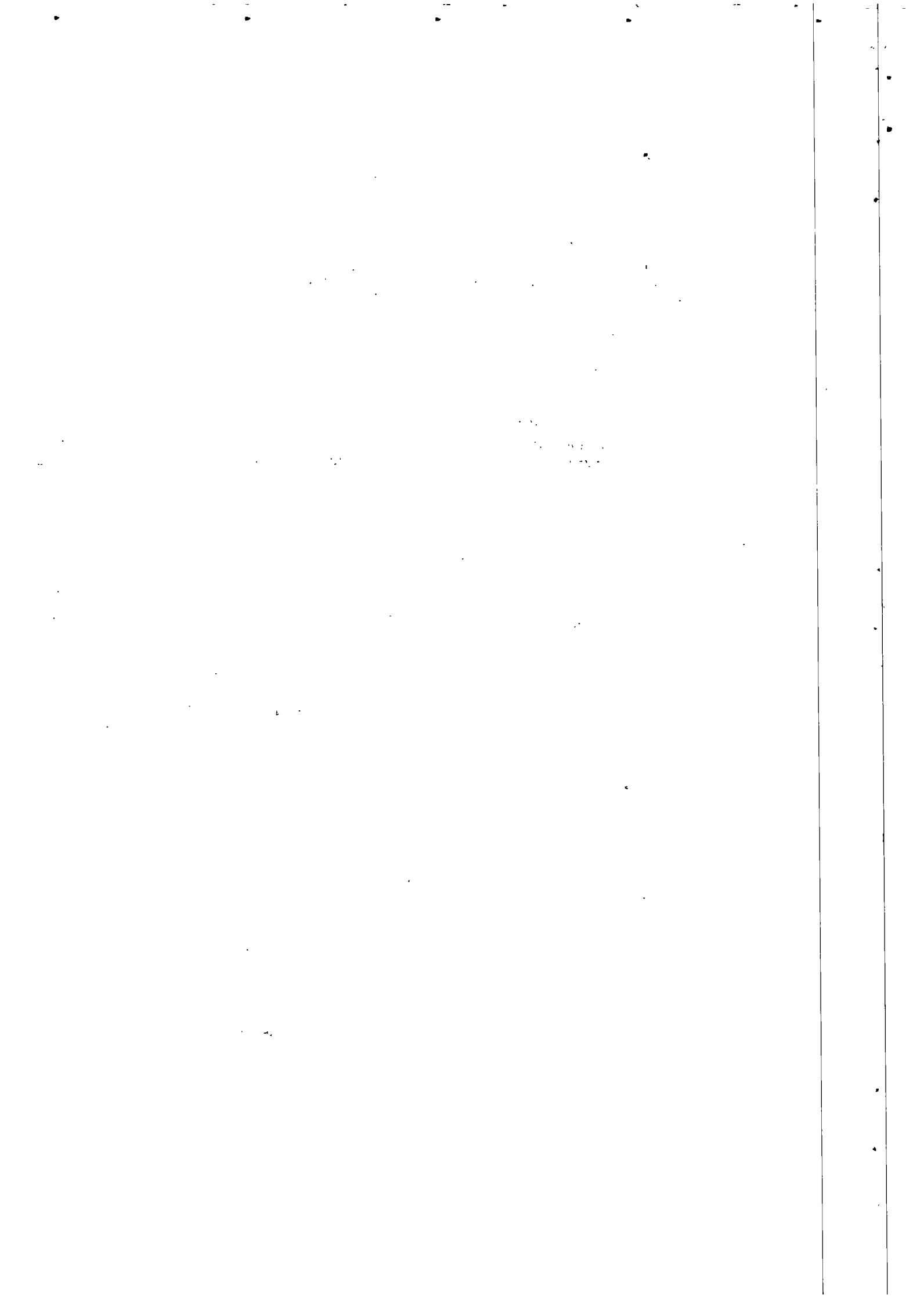
THE EAST AFRICAN COMMUNITY

SUPPLEMENTARY APPROPRIATION BILL, 2018.

MEMORANDUM

The object of this Bill is to appropriate a supplementary sum of United States Dollars four million, nine hundred and sixty eight thousand, five hundred and ninety out of the budget of the Community for additional expenditure of the organs and institutions of the Community for the financial year ending 30th June, 2018.

RT. HON. DR. ALI-HAJI KIRUNDA KIVEJINJA,
Chairperson Council of Ministers.



**THE EAST AFRICAN COMMUNITY
SUPPLEMENTARY APPROPRIATION BILL, 2018**

A Bill for an Act

ENTITLED

**THE EAST AFRICAN COMMUNITY
SUPPLEMENTARY APPROPRIATION ACT, 2018**

An Act of the Community to appropriate a supplementary sum of United States Dollars four million, nine hundred and sixty eight thousand, five hundred and ninety out of the budget of the Community for additional expenditure of the organs and institutions of the Community for the financial year ending 30th June, 2018.

ENACTED by the East African Community and assented to by the Heads of State

1. This Act may be cited as the East African Community Supplementary Appropriation Act, 2018 and shall be deemed to have come into force on the 1st day of July, 2017.

Short title
and
commence-
ment

2. Supplementary appropriation of the sum of United States Dollars four million, nine hundred and sixty-eight thousand, five hundred and ninety is allowed out of the budget of the Community to meet additional expenditure for the organs and institutions of the Community for the financial year ending 30th June, 2018.

Supplement-
ary
appropriation
for the
budget
for the
financial
year ending
30th June,
2017

East African Community Supplementary Appropriation Bill, 2018

SCHEDULE

SUPPLEMENTARY APPROPRIATION FOR FINANCIAL YEAR
ENDING 30TH JUNE, 2018

Organ or Institution	Amount in USD
EAC-Secretariat	2,253,784
Lake Victoria Basin Commission	2,041,478
East African Science and Technology Commission	200,000
East African Health Research Commission	473,328
Total	4,968,590

**THE EAST AFRICAN COMMUNITY
APPROPRIATION BILL, 2018**

A Bill for an Act

ENTITLED

**THE EAST AFRICAN COMMUNITY
APPROPRIATION ACT, 2018**

An Act of the Community to appropriate the sum of United States Dollars ninety nine million, seven hundred and seventy thousand, seven hundred and sixteen out of the budget of the Community for expenditure of the organs and institutions of the Community for the financial year ending 30th June, 2019.

ENACTED by the East African Community and assented to by the Heads of State.

1. This Act may be cited as the East African Community Appropriation Act, 2018 and shall come into force on the 1st day of July, 2018.

Citation and commencement

2. The Secretary General may issue out of the budget of the Community and apply towards the expenditure of the Community for the year ending 30th June, 2019, the sum of United States Dollars Ninety Nine Million, Seven Hundred and Seventy Thousand, Seven Hundred and Sixteen.

Issue of money out of the Community budget

East African Community Appropriation Bill, 2018

Use of sums
appropriated

3. The sums provided for by this Act shall be utilised to finance the activities of the organs and institutions of the Community as specified in the Schedule.

Payment for
goods and
services due
before end
of financial
year

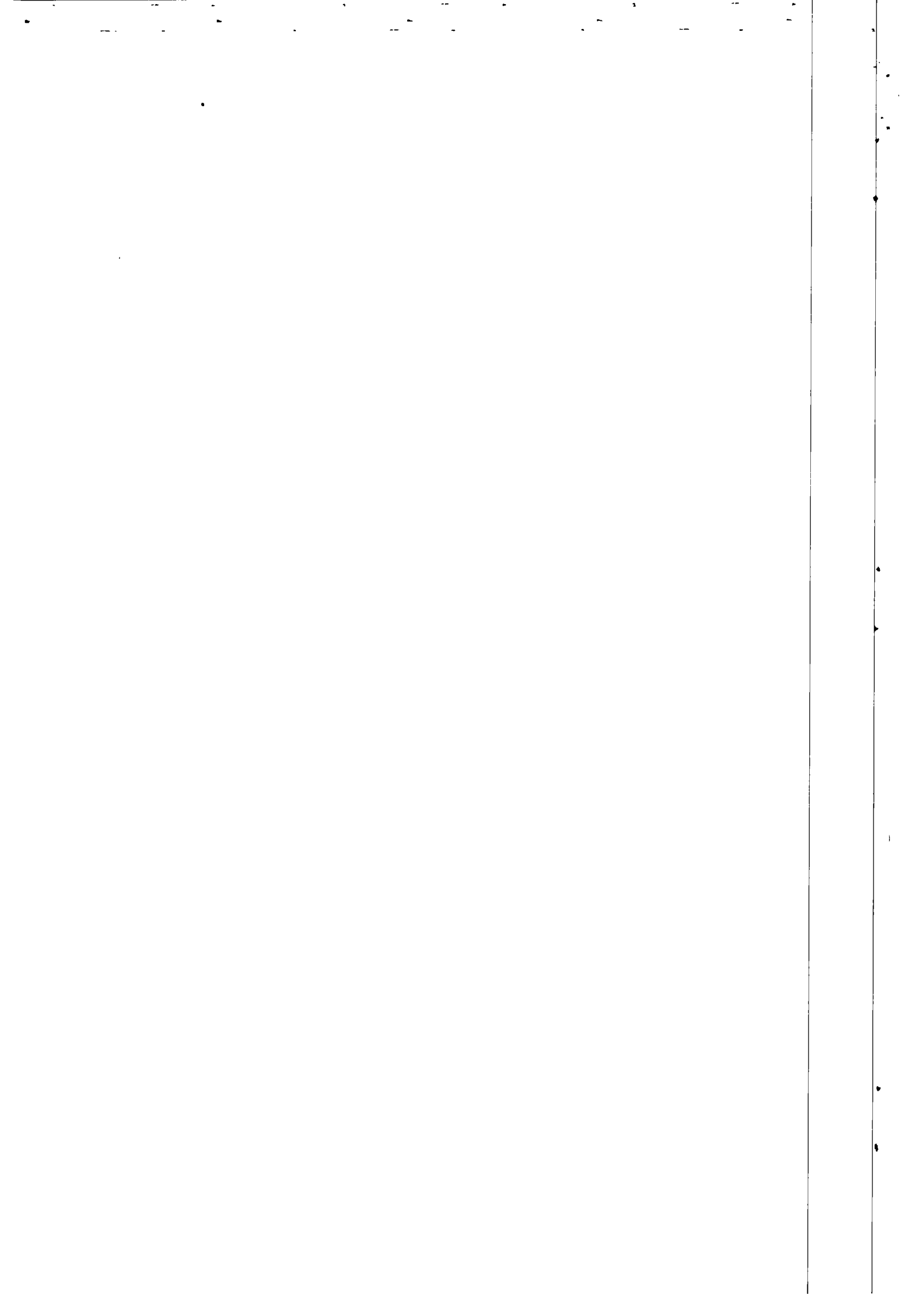
4. Any part of the sums provided by this Act which has been or is issued from the budget of the Community before 30th June, 2019 shall be available until a date determined by the Council, not being later than 31st December, 2019, for making payments which have become due during the year ending 30th June, 2019.

East African Community Appropriation Bill, 2018

SCHEDULE

Sums appropriated for organs and institutions for financial year
ending 30th June, 2019

Organ or Institution	Amount in US Dollars
EAC-Secretariat	46,693,056
East African Court of Justice	3,982,446
East African Legislative Assembly	17,885,852
Lake Victoria Basin Commission	13,357,673
East African Science & Technology Commission	1,661,779
East Africa Kiswahili Commission	1,605,353
East Africa Health Research Commission	4,204,032
East African Competition Authority (EACA)	1,014,418
The Inter University Council for East Africa	6,847,969
Lake Victoria Fisheries Organization	2,518,137
Total	99,770,716



**THE EAST AFRICAN COMMUNITY
SUPPLEMENTARY APPROPRIATION BILL, 2018**

A Bill for an Act

ENTITLED

**THE EAST AFRICAN COMMUNITY
SUPPLEMENTARY APPROPRIATION ACT, 2018**

An Act of the Community to appropriate a supplementary sum of United States Dollars four million, nine hundred and sixty eight thousand, five hundred and ninety out of the budget of the Community for additional expenditure of the organs and institutions of the Community for the financial year ending 30th June, 2018.

ENACTED by the East African Community and assented to by the Heads of State

1. This Act may be cited as the East African Community Supplementary Appropriation Act, 2018 and shall be deemed to have come into force on the 1st day of July, 2017.

Short title
and
commence-
ment

2. Supplementary appropriation of the sum of United States Dollars four million, nine hundred and sixty-eight thousand, five hundred and ninety is allowed out of the budget of the Community to meet additional expenditure for the organs and institutions of the Community for the financial year ending 30th June, 2018.

Supplement-
ary
appropriation
for the
financial
year ending
30th June,
2017

East African Community Supplementary Appropriation Bill, 2018

SCHEDULE

SUPPLEMENTARY APPROPRIATION FOR FINANCIAL YEAR
ENDING 30TH JUNE, 2018

Organ or Institution	Amount in USD
EAC-Secretariat	2,253,784
Lake Victoria Basin Commission	2,041,478
East African Science and Technology Commission	200,000
East African Health Research Commission	473,328
Total	4,968,590

THE EAST AFRICAN COMMUNITY
BILLS SUPPLEMENT

No. 3

4th May, 2018.

to the East African Community Gazette No. 6 of 4th May, 2018.

Printed by the Uganda Printing and Publishing Corporation, Entebbe, by Order of the East African Community.



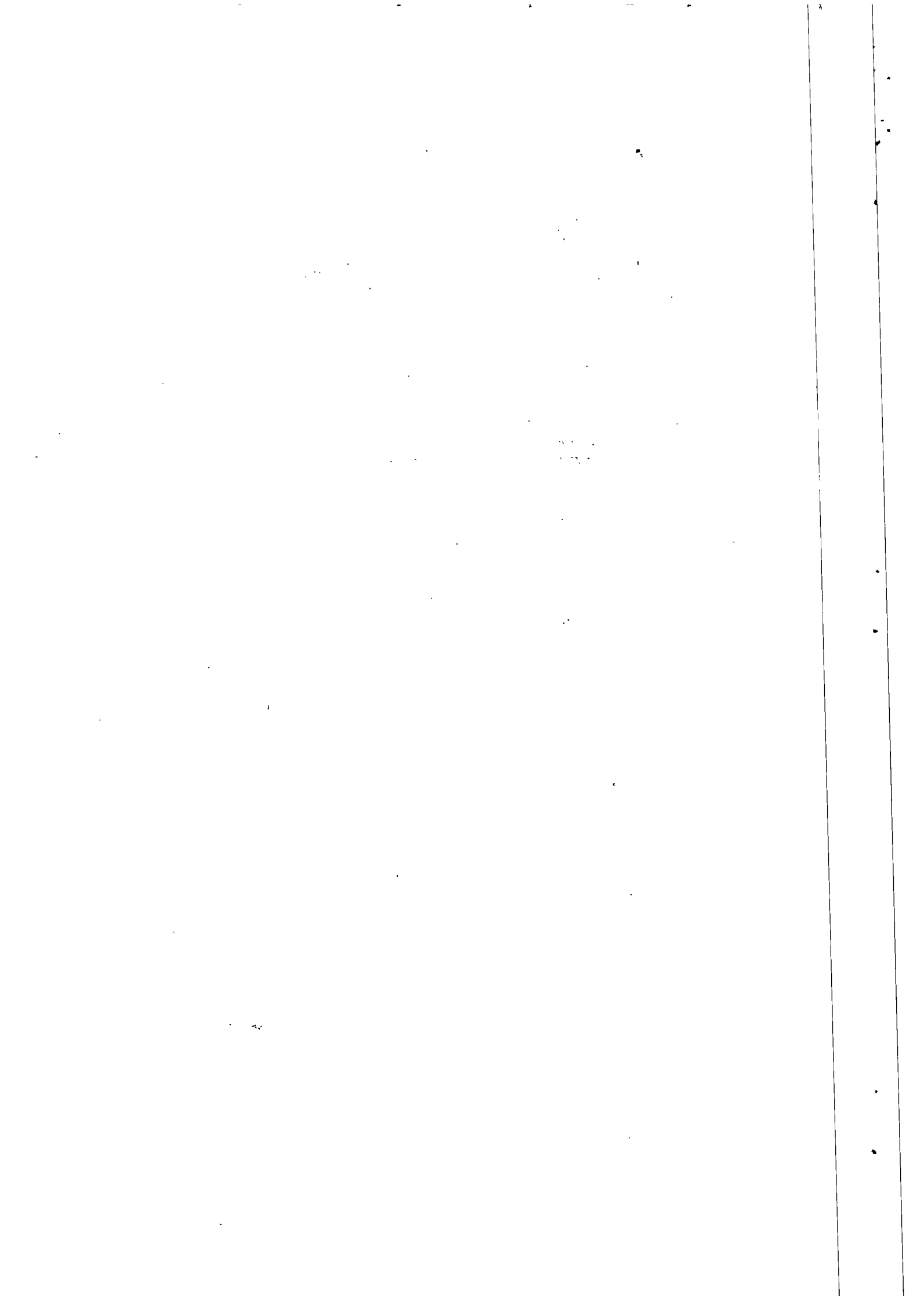
THE EAST AFRICAN COMMUNITY

SUPPLEMENTARY APPROPRIATION BILL, 2018.

MEMORANDUM

The object of this Bill is to appropriate a supplementary sum of United States Dollars four million, nine hundred and sixty eight thousand, five hundred and ninety out of the budget of the Community for additional expenditure of the organs and institutions of the Community for the financial year ending 30th June, 2018.

RT. HON.-DR. ALI-HAJI KIRUNDA KIVEJINJA,
Chairperson Council of Ministers.





**EAST AFRICAN COMMUNITY
EAST AFRICAN LEGISLATIVE ASSEMBLY**

Laid on table
on 6/6/2018
by the Chairperson,
GPC

Aheri
SCA

COMMITTEE ON GENERAL PURPOSE

**REPORT OF THE COMMITTEE ON GENERAL PURPOSE ON THE
EAC BUDGET ESTIMATES OF REVENUE AND EXPENDITURE FOR
THE FY 2018/2019**

14TH – 26TH MAY 2018

NAIROBI-KENYA



Clerk's Chamber
EAC Headquarters
EALA Wing, 3rd Floor
Arusha- TANZANIA

6th June 2018

1.0 INTRODUCTION

Mr. Speaker Sir,

In accordance with the provisions of the 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 of the EAC Budget Estimates of Revenue and Expenditure for the FY 2018/2019.

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 for revenue and expenditure of the East African Community for the FY 2018/2019 were tabled before the Assembly by the Council of Ministers on 4th June 2018.

The Council of Ministers requests approval of (excluding CASSOA) **USD 99,770,716** as compared to **USD 110,130,183** for the FY 2017/2018.

Under the budget theme "**Enhancing prosperity and welfare of EAC Citizen**", the Medium Term Expenditure Framework for 2018/2019 – 2020/2021 has been prepared in line with the Treaty for the Establishment of the East African Community, the EAC Development Strategy (2016-2021), pronouncement by the Summit and Council of Ministers' directives as well as the outcomes of the EAC Pre-Budget Conference that was held in August 2017. Subsequently, the Annual Operational Plan of 2018/2019 was developed by the Organs and Institutions.

For the Community to implement its key projects and programmes, the total amount of **USD 99,770,716**.

2.0 Key priority areas that were planned for implementation during FY 2017/18:

Mr. Speaker,

For the Financial Year 2017/18, the following activities were planned:

- a) Consolidation of the Single Customs Territory (SCT) to cover all imports and Intra EAC traded goods including agricultural and other widely consumed products;
- b) Infrastructural development in the Region;
- c) Further liberalisation of free movement of skilled labour across Partner States;
- d) Enhancement of Regional Industrial Development through investment in key priority sectors, skills development, technological advancement and innovations to stimulate economic development;
- e) Improvement of agricultural productivity, value addition and facilitation of movement of agricultural goods to enhance food security in the region;
- f) Promotion of regional peace, security and good governance; and
- g) Institutional transformation.

2.1 Key achievements during the FY 2017/2018

The Committee was informed that implementation of the Budget along the prioritised areas yielded the following key achievements:

- a) Operationalisation of the ten (10) One Stop Border Posts (OSBPs) out of 12 already completed, with 3 of which were officially launched; the most recent being the official launch of the Mutukula One Stop Border Post (OSBP) located on the Uganda/Tanzania border in November 2017 after Holili-Taveta and Rusumo;

- b) Sourcing of funding amounting to USD 1.5 million from the AfDB for studies for the Masaka-Mutukula/Bugere-Kasulo road (Tanzania/Uganda), in addition to USD 2.2 million which was secured for the ongoing studies for the multi-national road projects: Nyakanazi-Kasulu-Manyovu/Rumonge- Bujumbura Road (Tanzania/Burundi), Lusahunga/Rusumo/Kayonza-Kigali Road (Tanzania/Rwanda) expected to have been completed by March 2018;
- c) Launch of the Tripartite Transit Transport Program amounting to 18 Million Euros in October 2017;
- d) Adoption of the EAC Energy Security Policy Framework, which aims at providing regional guidance to Partner States in the management and mitigation of the challenges in energy security;
- e) Conclusion of negotiations of Mutual Recognition Agreements (MRAs) for Land surveyors. The MRAs are now awaiting signing;
- f) The African Development Bank approved in October 2017 USD 25,014,522 to support the multinational Lake Victoria Maritime Communications and Transport Project. The AfDB signed the loan Agreement with the Partner States of Kenya, United Republic of Tanzania and Uganda has provided land in Mwanza for construction of the EAC Regional Maritime Rescue Coordination Center (RMRCC);
- g) The EAC Multi-Sectoral Aflatoxin Prevention and Control Strategy was adopted by the 10th Meeting of the Sectoral Council on Agriculture and Food Security, alongside nine (9) policy briefs on aflatoxin prevention and control. The strategy is designed to mitigate the impacts and effects of aflatoxin across the health, agriculture, livestock, trade, industry and environmental sectors;
- h) Launch of the East African Community Industrial Competitiveness Report in November 2017. The Report assess EACs Industrial performance vis –a vis other regions and role models in Asia and Africa and sheds light on strategic short and long term industrialisation paths that the EAC should pursue;

- i) The development and adoption of the Republic of South Sudan integration Roadmap; and
- j) The finalisation of the 5th EAC Development Strategy 2016/2017- 2020/2021 that guides the Community's strategic interventions for transforming the region into a stable, competitive and sustainable lower-middle income region by 2021.

2.2 The Financial status of the EAC as of 30th May 2018

The Committee was provided with the up to date financial status of the Community including disbursements to the Organs and Institutions of the EAC as shown in Table 5.

Table 1: STATUS OF PARTNER STATES' CONTRIBUTION AS AT 30TH MAY 2018

A. EAST AFRICAN COMMUNITY MAIN BUDGET (EAC Secretariat, EALA, EACJ, LVBC, EAKC, EASTCO, EAHRC, EACA), amounts in USD

PARTNER STATE	ARREARS (FY'16/17)	CONTRIBUTION DUE 2017/18	CONTRIBUTION PAID 2017/18		TOTAL OUTSTANDING
1. Republic of Burundi	530,934	8,371,087	-	0%	8,902,021
2. Republic of Kenya	-	8,371,087	8,080,737	97%	290,350
3. Republic of Rwanda	-	8,371,087	6,974,766	83%	1,396,321
4. Republic of South Sudan	-	8,371,087	999,970	12%	7,371,117
5. United Republic of Tanzania	-	8,371,087	8,348,962	100%	22,125
6. Republic of Uganda	-	8,371,087	6,611,994	79%	1,759,093
Total	530,934	50,226,522	31,016,428	62%	19,741,027

B. INTER UNIVERSITY COUNCIL OF EAST AFRICA (IUCEA), amounts in USD

PARTNER STATE	ARREARS for FY'16/17 and earlier)	CONTRIBUTION DUE 2017/18	CONTRIBUTION PAID 2017/18		TOTAL OUTSTANDING
1. Republic of Burundi	4,074,340	808,072	18,108	2%	4,864,304
2. Republic of Kenya	773,466	808,072	794,236	98%	787,302
3. Republic of Rwanda	1,662,981	808,072	-	0%	2,471,053
4. Republic of South Sudan	-	808,072	-	0%	808,072
5. United Republic of Tanzania	1,690,373	808,072	808,072	100%	1,690,373
6. Republic of Uganda	3,327,966	808,072	650,108	80%	3,485,930
Total	11,529,126	4,848,432	2,270,524	47%	14,107,034

C. LAKE VICTORIA FISHERIES ORGANISATION (LVFO), amounts in USD

PARTNER STATE	ARREARS for FY'16/17 and earlier)	CONTRIBUTION DUE 2017/18	CONTRIBUTION PAID 2017/18		TOTAL OUTSTANDING
1. Republic of Kenya	-	516,418	516,418	100%	0
2. United Republic of Tanzania	545,142	516,418	516,418	100%	545,142
3. Republic of Uganda	-	516,418	170,819	33%	345,599
Total	545,142	1,549,254	1,203,655	78%	890,741

3.0 BUDGET ESTIMATES FOR THE FINANCIAL YEAR 2018/2019

3.1 Overall Budget Estimates for the FY 2018/2019

The EAC requests the budget amounting to **USD 99,770,716** (excluding CASSOA) for the Financial Year 2018/2019. The budget will be funded by **USD 56,844,745** which is 57% from internal resources (mainly Partner States contributions) and **USD 42,925,971** which is 43% being support from Development Partners. The breakdown of the proposed budget as well as the funding sources for the budget are shown in Table 3. Table 4 shows allocation by expenditure function and Table 5 the allocation of the budget to key priority areas.

The Budget for the Financial Year 2018/2019 has been developed taking into consideration the following assumptions:-

- (i) Continued and consolidated political support for the EAC integration;
- (ii) Availability of adequate financial resources and timely remittances;

- (iii) Continued financial support from Development Partners;
- (iv) Political stability and good governance;
- (v) Safe and stable security across the region;
- (vi) Conducive macro-economic and business environment in the region;
- (vii) Global economic stability.

Table 2: Summary of Proposed budget for FY 2018/2019

PLANNED EXPENDITURE				
Organ/Institution	FY 2017/2018	FY 2018/2019	CHANGE (IN USD)	% CHANGE
Description				
EAC Secretariat	60,183,201	46,693,056	-13,800,524	-25%
East African Court of Justice	4,140,166	3,982,446	-157,720	-4%
East African Legislative Assembly	17,996,959	17,885,852	-111,107	-1%
Lake Victoria Basin Commission	11,960,643	13,357,673	1,397,030	12%
East African Science & Technology Commission	1,500,164	1,661,779	161,615	11%
East Africa Kiswahili Commission	1,553,098	1,605,353	52,255	3%
East Africa Health Research Commission	2,225,324	4,204,032	1,978,708	89%
East African Competition Authority (EACA)	1,337,045	1,014,418	-322,627	-24%
The Inter-University Council for East Africa	6,766,928	6,847,969	81,041	1%

Lake Victoria Fisheries Organisation	2,466,655	2,518,137	51,482	2%
Total	110,130,183	99,770,716	-10,359,467	-9.4%

TABLE 3: FUNDING SOURCE FOR THE BUDGET FY 2018/2019

SOURCE OF REVENUE				
Description	FY 2017/2018	FY 2018/2019	CHANGE (in USD)	% CHANGE
Ministries responsible for EAC Affairs	50,227,922	50,227,920	-2	0%
Ministries responsible for Education	4,995,993	4,466,210	-529,783	-11%
Ministries responsible for Fisheries	1,550,140	1,551,032	892	0%
Member Universities	303,435	333,970	30,535	10%
Development Partners	52,868,638	42,925,613	-9,943,025	-19%
Miscellaneous Revenue	184,056	265,971	81,915	45%
Total	110,130,183	99,770,716	-10,359,467	-9.4%

TABLE 4: OVERALL EAC BUDGET SUMMARY OF THE BUDGET TO CATEGORIES FOR FY 2018/2019

Category	Total Budget 2017/2018			Total Budget 2018/2019			Percentage
	Partner States	Development	Total Budget	Partner States	Development	Total Estimates	
Expenditure Category							% to total budget
Personal Emoluments	31,509,502	7,154,072	38,663,574	31,393,619	4,220,552	35,614,171	36%
Other charges	18,113,910	4,858,483	22,974,393	19,318,029	4,712,596	24,030,625	24%
Development	7,638,133	40,856,083	48,494,216	6,133,097	33,992,823	40,125,920	40%
Total	57,261,545	52,868,638	110,130,183	56,844,745	42,925,971	99,770,716	100%

TABLE 5: ALLOCATION OF PROPOSED BUDGET TO THE KEY PRIORITIES

S/NO	Priority Description	Amount in USD			% to the Total Budget
		Partner States	Development Partners	Total Amount	
1.	Enhanced free movement of goods in the region and further liberalisation of free movement of labour and services	2,113,559	6,551,600	8,665,159	8.7%
2.	Enhanced regional agricultural productivity, industrial development through investment in key priority sectors including leather and textiles, skills development, technological advancement and innovation to stimulate economic development	921,846	13,660,746	14,582,592	14.6%

3.	Implementation of the Roadmap for the attainment of the EAC Monetary Union	115,675	2,656,700	2,772,375	2.8%
4.	Improved cross-border infrastructure to ease doing business in the region	602,720	1,269,995	1,872,715	1.9%
5.	Improved socio-cultural welfare of the people in the region.	2,079,178	6,562,193	8,641,371	8.7%
6.	Institutional Transformation	22,015,488	1,481,069	23,496,557	23.6%
7.	Strengthened peace, security and good governance and Institutional Framework for EAC Political Federation.	1,472,445	4,558,615	6,031,060	6.0%
8.	Corporate Support Services	26,352,173	5,674,398	32,026,571	32.1%
9.	Cross-Cutting priorities	1,163,160	510,655	1,673,815	1.7%
10.	Other Priority Areas	8,500	0	8,500	-
	Contribution to the Priorities to the Budget	57%	43%		

Expected outcomes over the Medium Term (2018/19- 2020/2021)

The Secretary General Amb. Mfumukeko informed the Committee that it was expected that implementation of the priority programs shown in Table 5 will result in the following outcomes:

- (i) Further consolidation of the Single Customs Territory (SCT) will enhance intra-EAC trade and lead to a reduction in the cost of doing business in the region, largely resulting from reduced clearance and transit time, with direct impact on the cost of goods and services, thereby resulting in improved welfare of the EAC citizens;

- (ii) The development of regional infrastructure will reduce transport costs, and cross-border movement of people, goods and services, thereby boosting trade and overall economic growth in the EAC region;
- (iii) Enhanced implementation of the EAC Common Market Protocol with particular emphasis on free movement of skilled labour across the Partner States, will lead to significant improvement in labour productivity, as a prime factor of production will be deployed where it is needed most;
- (iv) Efforts towards enhancing agricultural productivity and regional industrial development, particularly value addition, are aimed at ensuring food security, increase value addition on most of the raw materials produced in the region, notwithstanding increased employment opportunities and sustained economic growth of the region;
- (v) Promotion of peace, democracy and security across the Partner States as well as efforts towards full participation of the Republic of South Sudan (RSS) in the activities of EAC will certainly deepen and widen the EAC regional economic integration, Regional Peace and tranquillity are key prerequisites for East Africa's economic development and improvement of livelihoods among East Africans;
- (vi) The Community has been implementing a number of initiatives towards enhancing operational efficiency and accountability. The major initiatives include institutional review, strengthening of internal controls, performance management, and quality management system. These efforts will be further consolidated to ensure that operational systems are fully streamlined to achieve the desired level of efficiency, accountability and value for money.

The Secretary General informed the Committee that there are challenges faced in the process, which include persistent delays in remittances of funds from the Partner States of the Community. As of April 2018, these remittances amounted to only 62% making it difficult for implementation of planned activities.

There are also delays in implementation of policy decisions which slow the pace of implementation of various protocol provisions and the slow pace of harmonisation of trade related laws which also impact the smooth flow of goods and services. Recurring Non-Tariff Barriers (NTBs) affect movement of goods across borders and realisation of milestones on the Common Market Protocol and finally, understaffing of various departments of the EAC, which negatively affects the effectiveness and efficiency in implementation of projects and programs as well as follow up on implementation of Council and Summit Decisions.

Several strategies have been put in place to mitigate the challenges and these include:

- (i) Close follow up of remittances by Partner States to facilitate timely implementation of alternative financing options for consideration by the Council of Ministers,
- (ii) Enhanced prioritisation of activities to avoid excess wastage of resources, improvement of processes, systems and infrastructure through use of ICT to improve levels of efficiency, quality and cost effectiveness and finally, support the EAC Projects and Programs.

3.0 Methodology

The Committee considered that following documents:

1. Letter from the Secretary General forwarding the budget to the office of the Speaker;
2. Letter from the Secretary General transmitting estimates to the Clerk;
3. Policy statement by the Secretary General;
4. Explanatory notes to the EAC Budget FY 2018/2019;
5. Pre-Budget Conference Report for FY 2018/19;
6. Extracts from the 36th Ordinary/37th Ordinary Meeting of the Council of Ministers Report;

7. EAC Financial Statement and Estimates of Expenditure statement FY 2018/2019;
8. EAC Budget Summaries for 2018/2019; and
9. EAC MTEF Budget 2018/2019.

The Committee also requested for the EAC Annual Operational Plan 2018/2019, the EAC Cumulative Activity Report, and the statements of the Financial Status of the Community as well as that of the EAC Reserve Account as well as Project Financing Agreements with Donors.

The Committee also considered the Budget Speech delivered to the Assembly by the Chairperson of the Council of Ministers on Monday 4th June 2018. The Committee considered and discussed the estimates for revenue and expenditure the departments of the Organs and Institutions of the EAC with the Secretary General, Amb. Liberat Mfumukeko, Acting DSG F & A and Deputy Secretary General for Planning and Infrastructure, Eng. Stephen Mlote and the Technical Officers of the EAC. The Committee finally held a meeting with the Ministers in Charge of EAC Affairs on Wednesday 30th May 2018.

4.0 CONSIDERATION OF THE EAC BUDGET ESTIMATES FOR FY 2018/2019

4.1 General Observations and Recommendations of the Committee

4.1.1 Observations on the EAC Budget Estimates of Revenue and Expenditure for the FY 2018/2019

The Committee received an update on the financial status of the Community, which presented the Community as operating at only 62% of Partner States remittances received up to date (as shown in Table 1). The situation reflects that drastic measures need to be taken with immediate effect given that the ability and commitment to pay salaries is uncertain.

The Budget further reflects a downward trend (a reduction of 9.4%) which affects all sectors and the Committee is concerned that the reduction has been implemented in

the context of growth and expansion in terms of new institutions and programs as implementation of the Monetary Union commences.

Some of the negative effects of the reduction against the background of low remittances are budgets with zero or insignificant allocation, cancellations and/or delays in implementation of programs and which leads to reduced productivity, among others. Above all, the late remittance of funds in the last quarter of the financial year translates into activities implemented in a rushed manner. The Committee **recommends to the Assembly to urge the Council of Ministers to cause the Partner states to make timely remittances to the EAC.**

4.1.2 The need to expand the Resources Base in relation to the growth of the Community

Related to the above point 4.1.1 and in relation to Table 1 in part 2.2 of this report showing the current status of contributions by the Partner States, is the need to increase funds to the Community vis a vis the expansion and growth through establishment of new Institutions such as the EAC Monetary Institute. Institutions and new Commissions of the EAC including among others, the East Africa Science and Technology Commission are operating with minimal funds and not able to gainfully operate with a view to fulfilling their mandate. While on the other hand, existing Institutions are curtailed in expansion of activities and programs, it has to be admitted there is a need to re-evaluate the operations of the Community with a view to rectify any existing negative tendencies and weaknesses in operations, with regard to Audit commission Reports, Council Decisions, Directives, recommendations and resolutions of the Assembly. More obligations also continue to be instituted such as the absorption of ACBF and APSA staff as well as financing of the Burundi peace process by the Partner States.

The Committee recommends to the Assembly to urge the Council of Ministers to remove the zero budget increase ceilings and institute flexibility with regard to Partner States remittances or finalise the Alternative Financing Mechanism.

4.1.3 Significant low budget performance of the Organs and Institutions of the EAC during the Course of FY 2017/18

While the Committee was informed that the reasons for low budget performance was linked to the delayed remittances from the Partner States, the Committee insists that activities have made poor or no returns on resources allocated which should among others, determine the outcome of the subsequent budgeting process.

The Committee observed with concern that there are departments and projects performing at 15% is concerned that of such endeavours are not viable. This was witnessed by the Assembly during its familiarisation tour of projects and programs of the Community where it was observed that many projects had stalled and were unproductive.

The Committee therefore recommends to the Assembly to urge the Council of Ministers to come up with a policy on operations based on performance and funds availability. It is not tenable to have non-performing projects and programs that are running without minimum operating funds.

4.1.4 The need to urgently review the EAC Budget Act, 2008 or introduce substantive Public Finance Management Act

The Committee has continued to call for the review of the Act to provide for among others, the use of the MTEF Budgeting to provide for timeframes for the budgeting cycle, and timelines for laying the budget before the Assembly as well as to remove the serious contradiction between the Act and outdated subordinate regulations in use in the EAC. The specific contradiction that concerns the Committee is that with the EAC Staff Rules and Regulations 2006.

The tabling of the EAC Estimates of Revenue and Expenditure each financial year while the Act clearly stipulates 30th April, the EAC financial rules and regulations stipulate May 30th. The contradiction between the two is not acceptable as an Act of the Community takes precedence over any regulation.

The Committee further recommends that the Assembly urge the Council of Ministers to direct the Secretariat to revise the EAC Financial Rules and Regulations, 2006 because in addition to contradicting a Community Act, it has outdated provisions.

The Committee further recommends to the Assembly to urge a Member to introduce within one year, a comprehensive Public Finance Management Act whose provisions cover the gaps in the Budget Act for consideration by the Assembly so that the budget process is made more effective, transparent and based on a legal framework.

4.1.5 The need to clear the existing backlog and provide the Assembly with up to date reports that inform the budgeting process.

The Committee observes that there is a significant backlog on reports, the Council of Ministers periodically tables before the Assembly namely, the EAC Annual Reports and Reports of the Audit Commission. These reports should ideally inform the budgeting process. It should be noted that the Audit Commission report being considered by the Assembly is the 2015/2016 report. This impedes the work of the Assembly in effectively fulfilling its oversight role.

The Committee therefore recommends to the Assembly to urge the Council of Ministers to clear the backlog of pending Audited Accounts and Annual reports before the Assembly in the near future and subsequently ensure it is done in a timely manner.

4.1.6 The need to review performance of Medical Service Provider

With regard to the Health Insurance provider for the EAC, the Committee is aware of complaints expressed by Members of EALA and staff of the Community with regard to services provided by AAR, the current service provider. The Committee further observes that this is probably caused by the low amount of money offered for the insurance coverage. The Committee recommends that the amount be increased so as to attract more effective providers.

The Committee recommends to the Assembly to urge the Council of Ministers to increase the premium amounts across board for the EAC staff and Members of EALA in the next Financial Year.

4.1.7 The need to Curtail Excessive travel in the EAC

The Committee observed that a big percentage of the budget is allocated to travel in form of air tickets, DSA for delegates and staff as well as conference facilities. While it is true that integration requires travel and there has been a marked reduction over the years, the Committee is of the view that this can still be curtailed further given that there is budget allocated to video-conferencing facilities that will cover all the institutions. This is by increasing the number of meetings held by video-conferencing as well as reducing the number of Partner States delegates funded by the EAC.

The Committee recommends that the Assembly urges the Council of Ministers to undertake further curtailment on travel and DSA expenses on staff and delegates funded by the EAC.

4.1.8 The Need for more strict supervision on utilisation of Donor Funds

The Committee appreciates the significant contribution of Donors to the EAC integration Agenda. The Committee, however, observed that the budget comprises funds from both Donors and Partner States. This denotes duplication particularly, within the Secretariat. While the Committee is aware of the principle of co-funding with donor funds, it is of the view that such funds are in inordinate amounts, which may not be absorbed and may be subject to abuse. Specific examples will be provided under the offices comprising double budgeting, duplication and unclear targets that are not in tandem with described activities. It is necessary to develop policy guidelines on Development Partners funding and project selection criteria.

The Committee recommends to the Assembly to urge the Council of Ministers to ensure more strict supervision over use of donor funds as well as clearly define the linkage between activities that require counterpart funding and their utilisation by implementing departments.

4.1.9 Underfunding of Specific Sectors and Departments

The Committee noted with concern that the Productive and Social Sectors is the most underfunded sector and sub-sectors such as Agriculture, Tourism and Wildlife among others have minimal funding in some cases amounting to one or two activities for the financial year. The Committee cannot reiterate enough the importance of among others, Agriculture, Industrialisation and the development of the Youth as the backbone of economies of the region.

The Committee recommends to the Assembly to urge the Council of Ministers to avail Partner States funding to realise optimal activities and allow growth in these sectors.

4.1.10 Targets and Activities not in tandem with descriptions in the MTEF

The Committee noted that under the Mid-Term Expenditure Framework, the targets and activities and the descriptive details do not match and are misleading in many cases. During the interaction with the Deputy Secretaries General, the Committee was informed that the BMS (**Budget Management Systems**) was to a degree restrictive when it came to descriptions and options for items and this was a systematic default. The Committee observes that it is critical to institute improvements to reduce instances that limit options to description of activities, which is misleading. The Committee further observed that some errors and repetitions are not due to the BMS but due to double budgeting and duplication.

The Committee therefore recommends to the Assembly to urge the Council of Ministers to direct the Secretariat to institute improvements on the BMS to improve the systems further to eliminate any irregularity including those which are deliberately misleading or ambiguous.

4.1.11 Provisions in Protocols on Board Membership of EAC Institutions

The Committee noted with serious concern that some EAC Institutions have Members of up to forty two (42) in number, in the case of the East African Science and Technology Commission, the Kiswahili Commission seventy six (76), the East African Health and Research Commission thirty two (32). The Committee recalled

that the Bill establishing the Commission had been tabled before the Assembly and retracted/recalled by the Council of Ministers in March 2015 because of, among other reasons, the large number of Board Members. The Bill is yet to be reintroduced in the Assembly. The Committee was informed that the numbers were still provided for by the Protocol.

The Committee recommends to the Assembly to urge the Council of Ministers to urgently amend any such provisions with absolutely impracticable provisions to more reasonable and manageable numbers on governing boards of Institutions.

Specific Observations

The Committee further scrutinised and discussed the proposed estimates for revenue and expenditure of the departments of the Organs and Institutions and makes respective observations and recommendations and proposes reallocations that are shown in Annex I as well as the specific activity codes to that effect. The Committee has based its proposals on among others, the current level of budget absorption and productivity, the statement of the reserve fund, the expected fulfilment of commitments by the Partner States as well as the issues pointed out under the general recommendations.

4.2 OFFICE OF SECRETARY GENERAL

(i) The Committee observed that the budget allocated to the Inter Organ and Institutions meeting as well as follow up in EAC Institutions and Partner States coordination was exaggerated and the meeting could be done simultaneously in one visit. The Committee therefore rationalised by **USD 27,300** from activity center **M5K05T0301C09**.

(ii) Office of the Counsel to the Community (CTC)

The Committee rationalised the Office of CTC with regard to providing legal advice and rationalised activity code **M5K01T0201S09** by **USD 13,500** (MTEF Page 18) and **USD 10,000** from **M5S03T0208** from facilitation of statutory meetings.

(iii) Corporate Communications and Public Affairs

The Committee considered the budget performance level and provision in Financial Year 2017/18 which it considered adequately provided for with regard to the sensitisation program activity code **M5W02T04035**. The Committee rationalised it by **USD 70,000** since there was adequate provision that covers the activity.

4.3 OFFICE OF THE DEPUTY SECRETARY GENERAL, FINANCE AND ADMINISTRATION

(i) The Committee considered that the Change Management Strategy and Framework should be adequately guided by the various Institutional Review Reports and do not need to be developed anew. Therefore **USD 27,475** was rationalised from activity code **M5S09T1705S**. With regard to the training for the same activity of contract performance management, **USD 25,400** under **M5S09T1802C02** is also proposed for reallocation.

(ii) The Committee considered the report of the 34th Meeting of the Council of Ministers held on 15th September 2016 and observed that the Council Decision did not clearly grant the Secretariat autonomy to merit the activity on operationalisation of the EAC Commission. The Committee therefore proposes reallocation of **USD 58,250** from activity code **M5S09T0101S**.

(iii) APSA and ACBF Staff

The Committee noted that in its 35th Extra-Ordinary Meeting held on 15th – 20th February 2018 in Kampala, Uganda, the Council of Ministers directed that a transitional plan of the Peace and Security function should include sustainability of the APSA Project in the EAC. The Council approved personnel emoluments for APSA Project Staff within the budget ceiling for the FY 2018/19. Similarly, the Council in its 36th Meeting of the Council of Ministers held on 20th February 2018 in Kampala, Uganda also approved budget reallocation to support sustainability of the EAC Policy Research Unit initially supported by African Capacity Building Foundation (ACBF) and directed the Secretariat "to prioritise key research activities which the Policy Research Unit would undertake from January to June 2018 and disseminate the

findings through channels accessible to all EAC citizens (**EAC/CM/361 Directive 58**). The Council further directed the Secretariat to prepare a proposal for smooth transition and absorption of the Policy Research function into the EAC established structures and submit to the Adhoc Service Commission by December 2017 (**EAC/CM/36/Directives 59**) and finally directed the Adhoc Service Commission to prioritise Research function into the EAC established structures by February 2018 (**EAC/CM/36/Directive 60**).

The Committee while acknowledging all the above is of the view that:

- a) With regard to the APSA staff while the Council Decision is decisive and clear on maintaining the staff under the EAC, it is not reasonable to do so under the same budget ceiling without allocation of extra resources for the purpose;
- b) With regard to the Policy Research function (ACBF) the directive does not specifically maintain the staff but rather directs that the issue be considered by the EAC Adhoc Service Commission. The positions are to be advertised after June 2018 and recruitment is expected to be completed in the second quarter.

The Committee therefore proposes **reallocation of some of the said allocated amounts to other priorities. The Committee proposes a reallocation of USD 90,000 from the activity center M5S09T1902S as will be shown in the attached reallocation schedule.**

The Committee recommends to the Assembly to urge the Council to allocate more resources to any such decisions on absorption of staff into the mainstream. These resources should be over and above the budget ceiling.

(iv) The Committee considered the activity **M5S09T190402** and considered that it had a low absorption rate with regard to coordinating staff welfare and rationalised **USD 30,000** to be reallocated.

(v) The Committee considered the activity under Administration support services to provide fuel, service and maintenance of cars which was duplicated and no

explanation could be provided for the duplication under **M5K05T0501C15** of **USD 211,780** and on page 34 **M5S10T0901S01** of **USD 50,000** with the same activity description.

The Committee **therefore proposed to the Assembly to reallocate the latter to more urgent priorities as will be shown as annexed. The budget line can be covered by the sum of USD 211,780 under M5K05T0501C15.**

(vi) Under Procurement, the Committee considered that funds allocated to attending Audit Risk Committee meetings, to respond to procurement related issues to the tune of **USD 15,200** was already catered for under **M5K05T170S02** on page 12 (MTEF) and was an unnecessary duplication.

The Committee therefore proposed the funds for reallocation.

(vii) The Committee observed that under Store Management, the amount budgeted for office stationery and supplies was exaggerated to the tune of **USD 240,000**. The Committee is of the view that better management can be instituted by means of use of electronic technology towards paperless operations and management as well as more efficient use of supplies.

Therefore, USD 79,000 is proposed for reallocation from activity code M5K05T0501C39.

(viii) Under Estates Management, the Committee observed that the funds allocated to the maintenance of the EAC Headquarters and a better working environment showed a low budget performance 38% in the current financial year up to March 2018.

The Committee proposes for reallocation of USD 100,000 from activity code M5K05T0901S.

(ix) Under the department of ICT, the Committee observed that a low absorption rate reflected by the low budget performance of 38% was allocated a lot of funds. The Committee was informed that while it was true that the ICT Programmes and initiatives were not yet integrated an ICT Strategy was being prepared to facilitate integration of systems that is expected to reduce costs.

The Committee therefore proposes for reallocation a block figure of USD 184,222 to more urgent priorities from the total of USD 984,887 under activity code M5S24T240TS.

The Committee recommends that the process be fast-tracked but in the meantime, funds would be reallocated to other priorities.

4.4 OFFICE OF DEPUTY SECRETARY GENERAL, PLANNING & INFRASTRUCTURE

The Committee received an update on the Projects and Programmes planned under the Office and the Committee appreciated the progress being made in the Infrastructure Sector.

Under Transport and Works, the Committee observed that a meeting to review classification standards at M2C01T0101S was the responsibility of the National Roads Authorities and not the EAC and proposes reallocation of USD 59,225 to other priorities.

Under Civil Aviation and Airports, the Committee considered that the activity under M2H01T0901S02 on integrating CNS/ATM systems was the role of Partner States Civil Aviation Authorities and a sum of USD 20,000 from the USD 103,700 is proposed for reallocation as will be specified in part 7.0 of this Report.

Under Fiscal and Monetary Affairs, a meeting to convene the Sectoral Council on Finance and Economic Affairs is rationalised by USD 26,250 because of over allocation of funds.

4.5 OFFICE OF DEPUTY SECRETARY GENERAL, PRODUCTIVE AND SOCIAL SECTORS

The Committee observed that the Productive and Social Sectors are perpetually underfunded each Financial Year and yet it is considered that sub sectors such agriculture, industrialisation, energy are vital to the sustainable development of the region. The Committee has not received a satisfactory explanation as to why they are grossly neglected except for the reason that the Secretariat is only a

coordinating agency and programs are in Partner States. The Committee does not consider the sub sectors any less important than the other sectors.

The Committee therefore recommends to the Assembly to urge the Council of Ministers to re-evaluate and review the negligible consideration given to the Sub-Sectors under Productive and Social Sectors and increase funding to create positive impact.

4.6 OFFICE OF DEPUTY SECRETARY GENERAL, POLITICAL FEDERATION

The Committee observed that there was significant interest in funding for programs under the DSG Political Federation and commends the efforts applied to funding them.

Under Political Affairs, the Committee observed that under **M4J03T18D1S01**, a meeting was described as convened to plan on the Constitution by Expert Teams. The Committee considers this as duplication of meeting that could be condensed to achieve the same objective. It is proposed that **USD 93,250** be reallocated to other priorities and the remaining funds be maximally utilised to cater for the entire activity code **M4J03T1801S**.

Under International Relations, the activity under **M4J02T12010S0** described as participation in various multi-lateral and other international fora is considered ambiguous and proposed for reallocation (**USD 27,500**). Finally, the retreat for sharing best practices and lessons learnt and experiences under **M4J03T1607C01** is adequately provided for by Donors and the **USD 18,250** is proposed for reallocation.

Under Peace and Security, activity center **M4J03T1402S01** allocated to a 4 day planning retreat for an unnamed/unspecified facilitation team. The activity is not linked to any specific activity and is proposed for reallocation by deduction of **USD 23,925**.

4.7 OFFICE OF DIRECTOR GENERAL, CUSTOMS AND TRADE

The Committee commended the various activities under Customs and Trade. However, the Committee considered that the printing and publishing of Customs and Trade instruments, considering the current **0%** budget performance till March 2018 did not require **USD 32,000** and therefore deducted **USD 12,373** from activity code **M1A01T0201C08** for a reallocation to other priorities.

The Committee is concerned that rather than NTBs being on the decline, they are on the increase and observed that under Internal Trade, the activity on developing new approaches for eliminating NTBs was considered duplication. **USD 28,650** from activity code **MIA02T0301S01** is proposed for reallocation to other priorities.

Under Procedures and Facilitation, the activity to conduct and assess, support the Republic of South Sudan in implementation of the Customs Union **M1A01T0201C03** is not likely to be absorbed in the Financial Year 2018/2019 and **USD 42,000** is rationalised for reallocation.

4.8 EAST AFRICAN COURT OF JUSTICE

The Committee observed with appreciation that the East African Court of Justice was on course with fulfilment of its mandate with prudent budget utilisation. The Committee however, was seriously concerned by the fact that despite the increase caseload of the Court, the budget proposals presented by the Council had been rationalised by Finance and Administration Committee.

The Committee was informed that the caseload that has been received up to date is equal to that received for the entire year between January to December 2017. The budget proposals had been cut from a 30-day session to 25 days in a case where 40 days were needed to handle the caseload. Furthermore, having undertaken a cost benefit analysis, it concluded that Hire of vehicles for Judges was more expensive and gradual purchase of two vehicles per financial year would be more economical. The request for two vehicles made to Council was denied and only one was granted. The Committee considers the rationalisation of the budget of the EACJ unreasonable and their request is considered valid. The Committee would like to

refer to the entitlements of Judges of the EACJ upon taking oath of office (12th Summit of Heads of States held in Arusha, Tanzania on 3rd December 2010) which are, among others, a chauffeur driven vehicle.

The Committee therefore considered the requests and proposes reallocations to the EACJ amounting to **USD 96,600** for the deficit on the 40 days sessions required to carry out work of the Court and an additional **USD 112,000** for the purchase of a second vehicle in the next financial year. The amounts are reallocated to the Activity codes **M5S01T0601S01** and **M5S01T0901S01** respectively as **shown in Annex 2.**

The Committee recommends to the Assembly to urge the Council to effect the reallocation proposed in detail above.

4.9 EAST AFRICAN LEGISLATIVE ASSEMBLY

The Committee observed that there are unfunded as well as underfunded priorities under EALA and these are an obstacle to the fulfilment of the mandate of the Assembly in its statutory roles of legislation, representation and oversight.

The Committee noted the following:

(i) Increase in the activities of the Assembly

The plenary is the key decision making body of the Assembly. It processes and approves a number of key reports that aim at enriching the EAC integration agenda. It requires sufficient time and detailed analysis as well as consultations on such reports and major Bills. This takes a number of days before consensus is secured by all stakeholders.

The Committee further observed that the integration of South Sudan and growth to include new Institutions has exponentially expanded the activities of the Assembly both in terms of scope and volume of work in all aspects of the Assembly's mandate. Therefore there is need to ensure that the increase as shown maintains the quality and high standards of the outputs of the Assembly. Consequently, the planned session for 12 days will deny the Assembly from undertaking quality debates.

It is in this context that the Committee noted that there is need to increase the number of plenary sessions or at least keep the number of sessions with more days. The Committee made proposals and presents these for consideration by the Assembly as shown in the **Annex 3**.

The Committee therefore recommends to the Assembly to reallocate EALA funds for increased plenary days as shown in the annex to 6 sittings running for 21 days each for a financial year which amounts to an additional amount of USD 1,196,780.

(ii) Sensitisation in the EAC Partner States

The Committee has high regard for sensitisation programmes for EAC citizens on matters of the EAC integration process. This is achieved through elected representatives, particularly by, EALA Members as was done effectively during Assembly's sensitisation programmes in April 2016 and June 2016. It is through sensitisation and outreach activities that EAC citizens are able to participate in the integration agenda and have useful contribution to a people-centred organisation such as the EAC. This has been articulated by the EAC Heads of State at various fora, calling on EALA to spearhead sensitisation. It is however noted that the Council of Ministers did not provide sufficient funds for sensitisation save for an amount of **USD 165,500** only for the Republic of South Sudan for one activity. This amount can only cater for a 4-day sensitisation programme with a limited scope of activities. The Assembly sensitisation activity should be organised to cover all Partner States to have meaningful impact.

The Committee recommends that the Assembly urge the Council to source more funds for a sustained and comprehensive sensitisation programme. This could account for a minimum structured activity, implemented over two weeks. In the meantime, the Committee has considered the budget and proposes a reallocation for the Assembly for the year 2018/2019 to cover all Partner States.

The Committee therefore recommends to the Assembly to effect reallocation as proposed in the reallocation schedule attached as Annexes 1 and 3 USD 254,850 for five days in the next financial year for the other five Partner States.

(iii) EALA Committee Activities

The Committee observed that the allocation of funds to Committees is highly disproportional to the activities and travel involved for Committee activities. The Committees have been allocated 5 days for consideration of Bills, 4 days for oversight activities and 4 days for representative function (Public Hearings). Considering the practicability of this, the Committee proposes an addition to seven (7) days for all Committee activities across board.

With regard to the statutory functions of the Committee on Accounts and Committee on General Purpose which are allocated 12 days, the Committee considered that given the bulk and intensive nature of consideration of EAC Audited Accounts and the EAC Estimates of Revenue and Expenditure, the days allocated are insufficient.

The Committee therefore propose that the two Committees be allocated nine (9) additional days.

The Committee, considering the limited resources proposes that the additional days to all Committees be budgeted for the next financial year.

The Committee further recommends to the Assembly to urge the Council of Ministers to fund additional days for all Committees in the next Financial Year.

In the meantime, an amount of USD 57,875 was reallocated from M5L01T0101S22 to be utilised within EALA for the funding gaps a result of effected reallocations.

(iv) The Audit Commission

The Committee is aware that the budget of the Audit Commission was purposely placed under EALA Budget in order to ensure its independence. It is however, of concern to the Committee that inability of the Audit Commission to audit projects and programs effectively is caused by a limited budget being availed to the Commission. Given the volume of work to be done, the Audit Commission requires additional funds for purposes of extending the scope of its work in all Organs and Institutions of the EAC particularly with new emerging institutions.

The Committee considered the Report of the Committee on Accounts on the EAC Audited Accounts for the Financial Year ending 30th June 2016 tabled before the Assembly and the recommendation by the Assembly on a forensic audit on specific activities of the EAC. The Assembly recommended for a Forensic Audit on among others, the service of AVTECH with regard to supply of CCTV Cameras equipment in the EAC and the ten (10) day training on IT Support in France by the current Secretary General of the East African Community.

The Assembly recommended for forensic audit and the Committee proposes a reallocation of **USD 34,916** to facilitate the Commission to start work on the Audit.

The Committee recommends to the Assembly to urge the Council of Ministers additional to source funds to allow a full and conclusive audit to be carried out.

(v) Improved Health Insurance Coverage for Members and Staff of EALA

The Committee observed that gold coverage for a Member of EALA amounted to **USD 2,500** per family which the Committee considered to be insufficient and probably the cause of poor services being given to the beneficiaries. The Committee therefore proposes an increase for Members and for EALA staff with a view of attracting other service providers through a better premiums package. Subsequently, provision of services with a competitive edge would translate into better services for the beneficiaries. The Committee proposes that insurance cover be increased as highlighted in part 4.1.6 of the report.

The Committee recommends to the Assembly to urge the Council of Ministers to cause an increase across board for Members and staff of the EAC so that the beneficiaries receive improved services.

(vi) Nanyuki Series

The Nanyuki Series, the Bi-annual EAC Speakers Conference, the EAC Inter-Parliamentary Liaison Committees are among some of the avenues through which EALA is able to comply with the Inter-Parliamentary Liaison function. It is important to note that Nanyuki Series also enables the National Parliaments to enhance their knowledge of EAC matters, they act as advocates for EAC, take EAC matters on the national agenda.

The Nanyuki series are premised on Article 65 of the Treaty and is an obligation of the EALA to liaise with National Parliaments. The activity was previously funded by AWEPA which as phased out in 2017.

The Committee considers this linkage to National Parliaments fundamental to the planning process of the Assembly in terms of all its core functions.

The Committee therefore recommends to the Assembly to urge the Council of Ministers to source for funds for the Nanyuki Series in the next Financial Year.

Finally, the Committee observed that the budget line for plenary sessions was housed under Office of the Speaker and recommend that it is shifted to the Department of Legislative Procedures and Committees.

5.0 LAKE VICTORIA BASIN COMMISSION

The Committee commends the Lake Victoria Basin Commission for a wide range of Projects and Programmes that reflect benefit to the Communities and stakeholders that partner with the Commission. The Committee urges the Commission to ensure more programmes have impact on beneficiaries in the Community. Under **M2E01T070309 USD 1,000** that was found to be a typo error and was earmarked for reallocation.

The Committee considered the reallocation of **USD 60,000** for installation of a Security System that combines IP based CCTV and an access control under **M5K05T0501C49** as an over allocation for the activity and rationalised by **USD 30,000**.

The activity to recruit staff is considered to be an activity undertaken by the EAC Adhoc Service Commission and not that of LVBC therefore, activity **M5K05T1506C28** is rationalised by **USD 12,400**.

Under activity **M5K08T010S01** to attend eight (8) meetings to consider LVBC Budget is considered unnecessary and the meetings have been reduced to five (5) and **USD 20,000** deducted for the activity.

5.1 LAKE VICTORIA FISHERIES ORGANISATION

The Committee commends the LVFO for enduring through low remittances from Partner States and still being able to carry out its mandate despite all the challenges. It is noted with concern that the Partner States have fallen back in contributions and arrears still feature with LVFO.

The Committee recommends to the Assembly to urge the Council of Ministers to prevail on the Partner States to clear the arrears as the other Partner States begin to contribute as well to facilitate the Organisation fulfill its mandate.

5.2 INTER-UNIVERSITY COUNCIL FOR EAST AFRICA

The Committee observed with concern the serious issue of arrears owed by the Partner States to the IUCEA and urge them to urgently, fulfil their commitments with regard to the remittances to the IUCEA.

The Committee recommends to the Assembly to urge the Council of Ministers to direct the Secretariat to follow up the unfulfilled commitments by the Partner States.

5.3 EAST AFRICA SCIENCE AND TECHNOLOGY COMMISSION

The Committee observed that the Commission has been allocated **USD 1,661,779** for the FY 2018/19 as compared to **USD 1,500,164** from the current Financial Year. The Committee reiterates its observations and recommendations in part 4.1.2 of this report on the inadequacy and lack of sustainability of new Institutions that receive funds to barely operate resulting in failure to fulfil its mandate.

The Committee recommends that the Assembly urge the Council to ensure substantive funding to the new Institutions of the EAC.

The Committee reiterates its observations and recommendations on the problem of a board made up of 42 Members which constitutes an irregularity of high proportion. Management of such a Commission is not expected to be efficient or effective.

5.4 EAST AFRICAN KISWAHILI COMMISSION

The Committee observed that the Commission requested for **USD 1,605,353** as compared to **USD 1,553,098** for FY 2017/18. Despite this small increase, the Committee noted that there appeared to be over-allocation of funds in some areas and a case of duplication.

The Committee considered activity **M206T0103S0** allocated funds to coordinate EAKC Service Support Sectors which was a duplication of a similar activity (**M2006T0103S**) and therefore the Committee rationalised by deducting **USD 42,200**.

A meeting to hold stakeholders consultative meeting to design programs and projects aimed at developing Kiswahili (**M2001T0101S02**) also received an over allocation and was rationalised by deducting **USD 38,000** for reallocation.

The Committee proposes reallocation due to duplication from **M2006T010301** to support the Kiswahili Commission Service Support Sectors. Similarly, there is over-allocation given the activity descriptions on payments for water, maintenance and sanitary products as well as the description on advertising and shortlisting, which is

in the purview of the EAC Adhoc Commission. The Committee proposes **USD 39,000** from activity code **M2006T0103S03** for reallocation.

Additionally, the Committee considered activity **M2005T0202S01** for conducting research on the role of Kiswahili in the integration process and sustainable development an over allocation given the activity description and rationalised it by deduction of **USD 67,000** for reallocation.

Activity **M2006T0103S01** for attendance of EAC Statutory meetings was also rationalised by deduction of **USD 16,000** for reallocation. Activity **M2006T0103S02** to attend stakeholders meetings that contribute to the functioning of the Commission was also rationalised by **USD 27,150** for reallocation due to over allocation on the activity.

5.5 EAST AFRICAN HEALTH RESEARCH COMMISSION

The Committee observed that as is typical of the new Institutions of the Community, the Commission was allocated **USD 4,204,032** as compared to the **USD 2,225,324** for the FY 2017/18. The Committee commends the Commission for reflecting research oriented trainings and strengthening research capacity. The Committee however reiterates its observation with regard to impracticable numbers of Boards Members that constitutes an expensive and impracticable endeavour for EAC Institutions.

The Committee recommends that amendments to the Protocol be introduced and instituted.

5.6 EAST AFRICAN COMPETITION AUTHORITY

The Committee appreciates the efforts of the Council of Ministers in creating new Institutions for the EAC. However, against the background of the general observations and recommendations under part 4.1.1 of this report, the Committee observed that it is not practical for an Authority with one member of staff to perform all the duties and tasks expected, notwithstanding the fact that the Authority has serving Commissioners.

The Committee further rationalised activity **M2P07T0101002** to convene a regional workshop to validate the draft outreach strategy was rationalised by deduction of **USD 15,000** since the activity could be simultaneously carried out with activity **M2P07T0101D01**.

Finally under the entire activity code M5S23T1401C on recruitment of staff, owing to the fact that it is unlikely the exercise will be done, the Committee rationalised as follows:

- (i) **M5S23T1401C02** under staff emoluments **USD 112,451**.
- (ii) **M5S23T1401C03** under payment of other allowances **USD 16,600**.
- (iii) **M5S23T1401C04** under payment directly to suppliers **USD 9,300**.
- (iv) **M5S23T1401C07** under acquiring and maintenance of office furniture etc **USD 16,600**.

The Committee further proposes for reallocation an amount **USD 33,300** from activity code **M1A09T0102S01** to investigate and analyse mergers, acquisitions and other competitive practices since it is inconceivable that the budget will be consumed at a 33% budget performance as at March 2018.

The Committee recommends to the Assembly to urge the Council of Ministers to direct the Adhoc Service Commission to urgently undertake recruitment of staff to support the Authority fulfil its mandate.

6.0 ACKNOWLEDGEMENTS

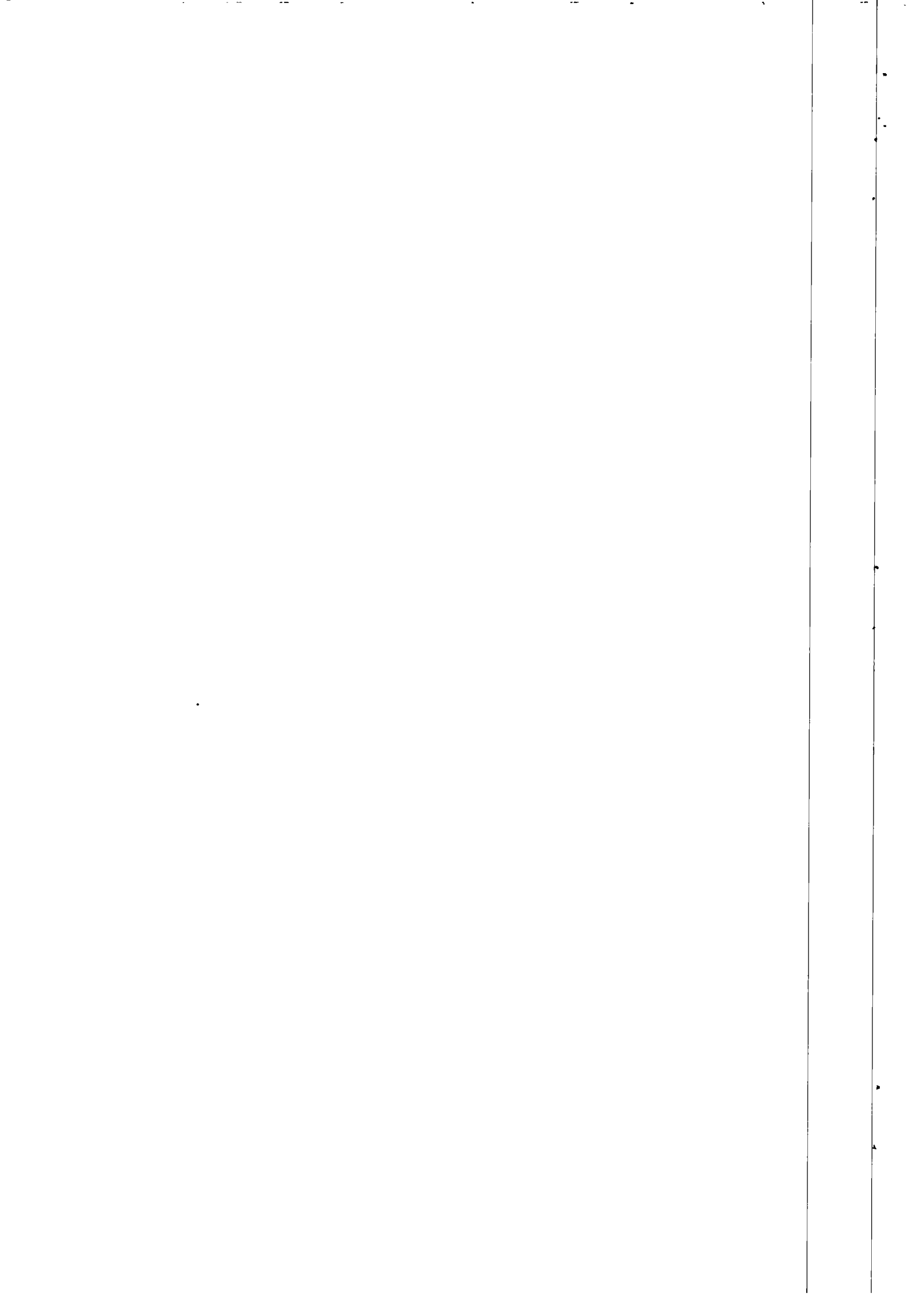
The Committee would like to acknowledge and express its appreciation to the Rt. Hon. Speaker for facilitation to the Committee, the Hon. Secretary General of the EAC, the Office of the Clerk, EALA and all the Executive Staff, and Officers of the Organs and Institutions of the East African Community who interacted with the Committee from 14th to 26th May 2018. The Committee would like to thank the Council of Ministers who also met with the Committee on May 30th 2018.

7.0 CONCLUSION

The Committee appreciates the significant efforts of the Council of Ministers and all the Executives and Staff of the EAC that deserve credit for their efforts and hard work. The Committee further effected reallocation and recommended for allocations as attached.

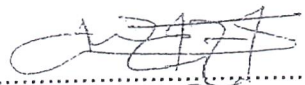
The Committee recommends to the Council of Ministers to reallocate and find funds for the unfunded priorities that are indicated in Annexes 1, 2 and 3. The Committee therefore presents for consideration and debate its report and recommendations to this August House and moves that the House approves the proposals by the Council of Ministers for the Revenue and Expenditure of the EAC FY 2018/19 taking into consideration the amendments by the Committee and the necessary adjustments as a result of the Budget Speech presented to the House by the Chairperson of the EAC Council of Ministers on Monday 4th June 2018.


Mr. Speaker Sir, I beg to move.




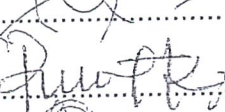
REPORT OF THE COMMITTEE ON GENERAL PURPOSE ON THE EAC BUDGET
ESTIMATES OF REVENUE AND EXPENDITURE FOR THE FY 2018/19

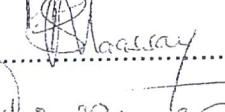
1. Hon. Aden Omar Abdikadir
2. Hon. Ayason Mukulia Kennedy
3. Hon. Dr. Kalinda Francois Xavier
4. Hon. Dr. Makame Abdullah Hasnuu
5. Hon. Duop Kim Gai
6. Hon. Eng. Maassay Pamela Simon
7. Hon. Gasinzigwa Oda
8. Hon. Gatkek Dut Thomas
9. Hon. Karerwa Mo-Mamo
10. Hon. Namara Dennis
11. Hon. Nduwayo Christopher
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

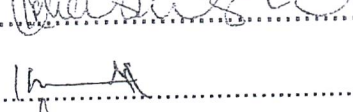

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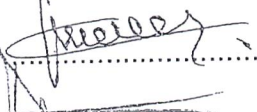

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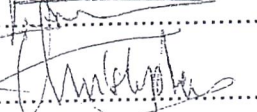

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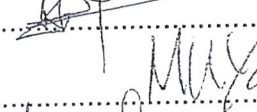

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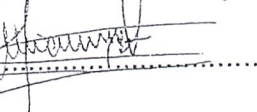

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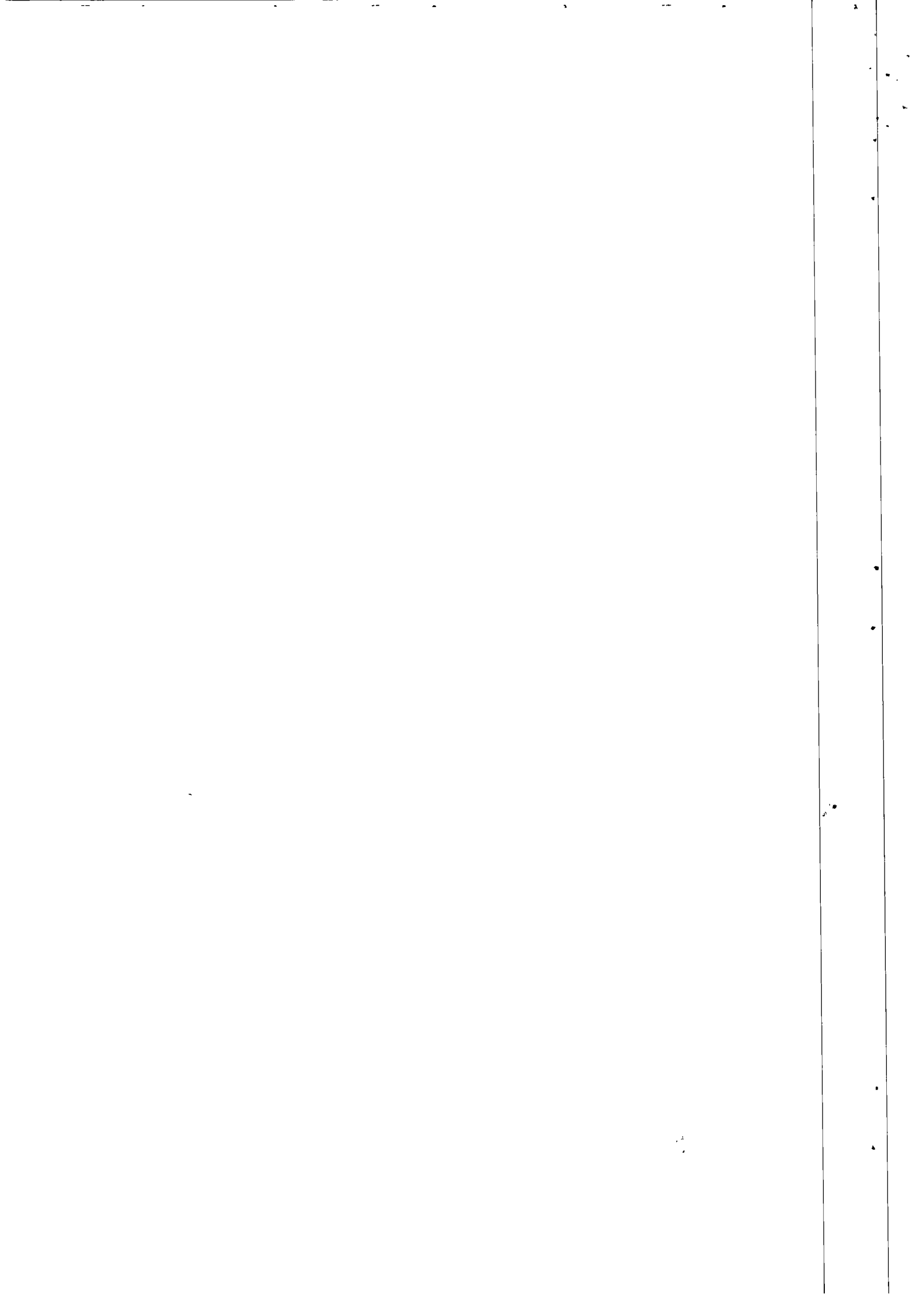

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**EAST AFRICAN COMMUNITY
EAST AFRICAN LEGISLATIVE ASSEMBLY**



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Chairperson, GPC

COMMITTEE ON GENERAL PURPOSE

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



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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-Border 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.

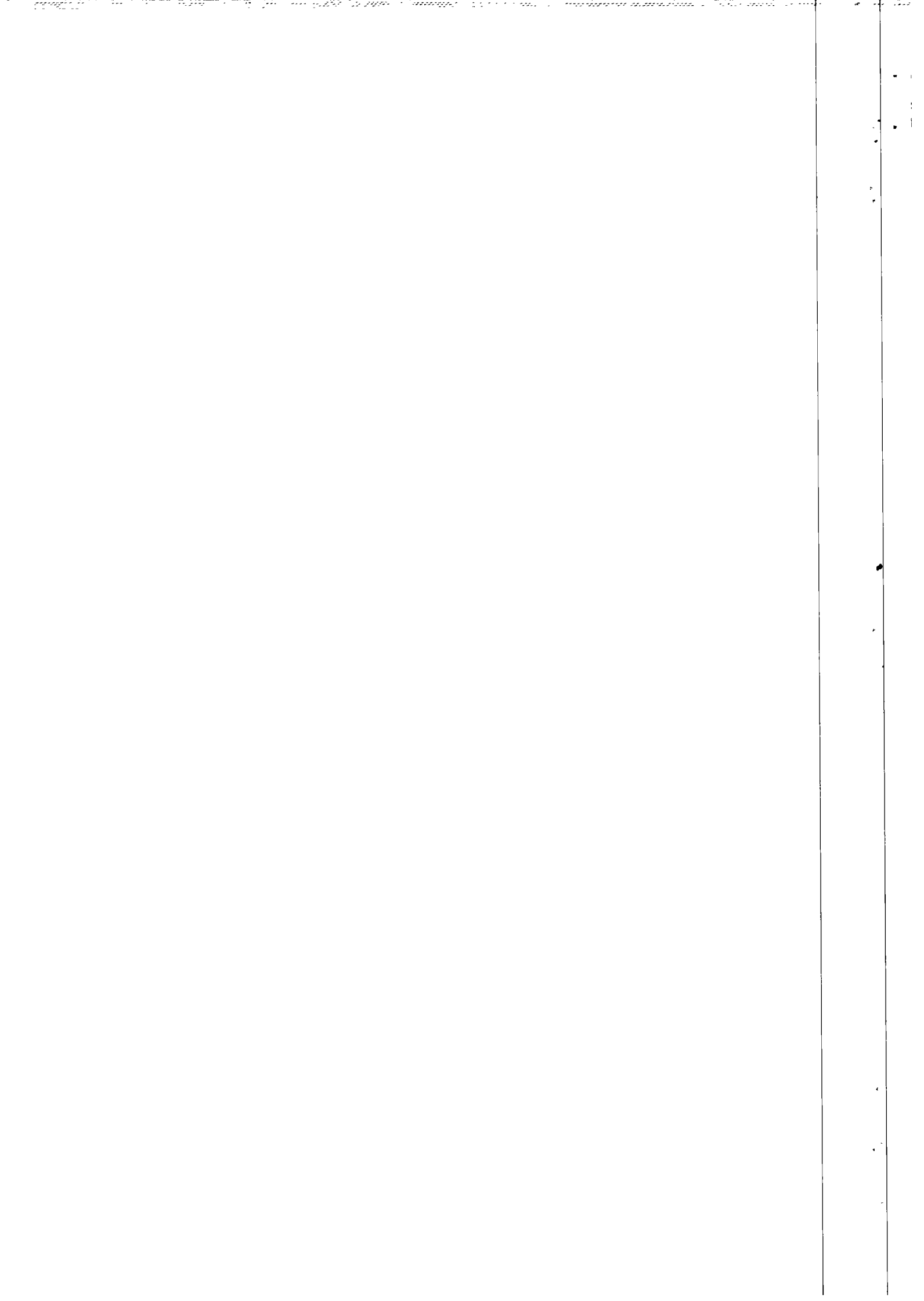
6.0 Acknowledgement

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

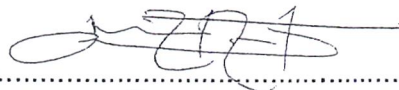
The Committee on General Purpose therefore presents this report on the EAC Supplementary Budget for the FY 2017/2018, to this August House taking into consideration proposed amendments and adjustments presented by the Chairperson of the Council of Ministers for consideration and approval.


Mr. Speaker Sir, I beg to move.

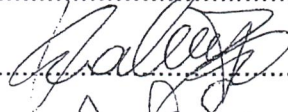


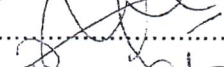
**REPORT OF THE COMMITTEE ON GENERAL PURPOSE ON THE EAC
SUPPLEMENTARY BUDGET FOR FY 2017/18 AND THE EAC SUPPLEMENTARY
APPROPRIATION BILL, 2018**

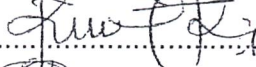
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2. Hon. Ayason Mukulia Kennedy
3. Hon. Dr. Kalinda Francois Xavier
4. Hon. Dr. Makame Abdullah Hasnuu
5. Hon. Duop Kim Gai
6. Hon. Eng. Maassay Pamela Simon
7. Hon. Gasinzigwa Oda
8. Hon. Gatkek Dut Thomas
9. Hon. Karerwa Mo-Mamo
10. Hon. Namara Dennis
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

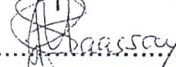

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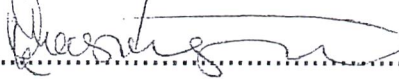

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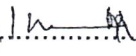

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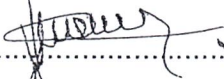

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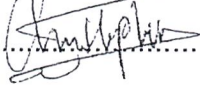

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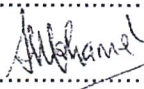

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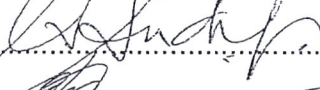

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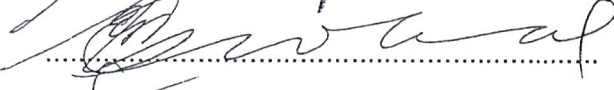

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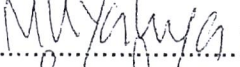

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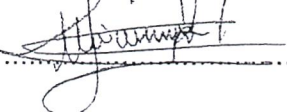

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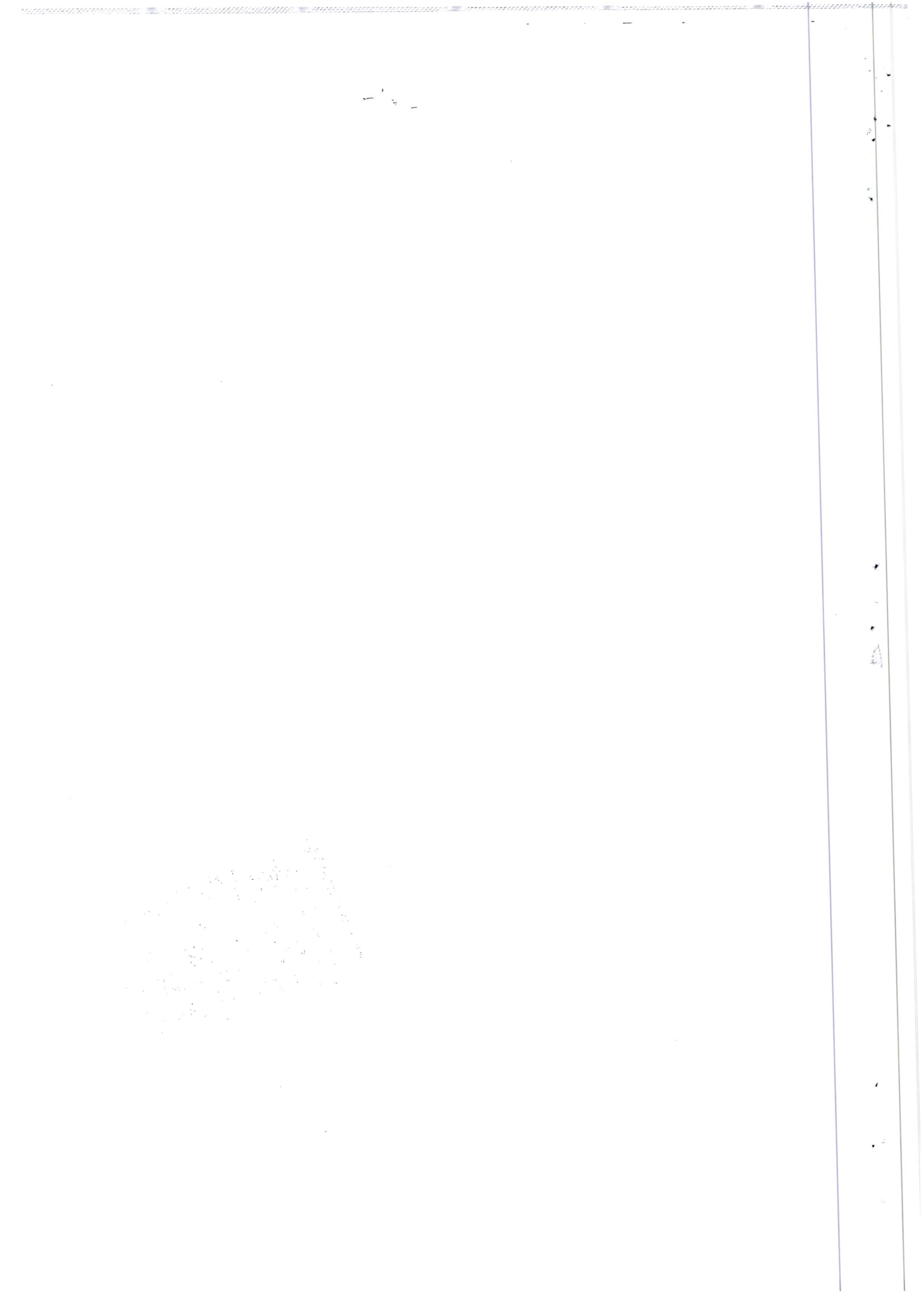

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COMMITTEE ON GENERAL PURPOSE
RATIONALISATION/REALLOCATION SCHEDULE OF THE COMMITTEE ON GENERAL PURPOSE
OFFICE OF SECRETARY GENERAL

Activity Centre	Development Objective	Activity Description	Funding source	Rationalised amount	Justification
1. MSK05T0301C07 MSK05T0301C09	To strengthen the service support sectors.	Inter-Organ and Institutions annual consultation meeting Follow up/official visit to EAC Institutions and Partner States for improved coordination. Page 9 (MTEF)	Partner States	\$27,300	These activities can be done simultaneously and are similar.

OFFICE OF THE CTC

2. MSK01T0201S09	To strengthen the service support sectors	To provide legal advice to all Organs and Institutions Page 18 (MTEF)	Partner States	\$13,500	
3. MSS03T0202S	Developing and strengthening the capacity of	Statutory and other meetings timely and efficiently facilitated	Partner States	\$10,000	Coverage of sensitization in other Organs.

		all EAC Organs and Institutions to effectively execute their mandates.					
CORPORATE COMMUNICATIONS AND PUBLIC RELATIONS							
			Page 20 (MTEF)				

4.	M5W02T0403S01	A	comprehensive program for continuous and in-depth sensitization approved by the Council of Ministers by 2019.	To print and distribute EAC integration publications	Partner States	\$30,000	Has been provided for this Financial Year.
				To design EAC logo and IEC Materials/stationery and launch a campaign Page 22 (MTEF)		\$40,000	

ANNEX 2

EAST AFRICAN COURT OF JUSTICE

BUDGET FOR FIRST INSTANCE AND APPELLATE

MTEF CODE	ACTIVITY DESCRIPTION	ACCOUNT CODE	FOR FIFTEEN DAYS	DAYS	DSA	AMOUNT in \$
M5S01T0601S01	To hold quarterly court sessions involving Judges of appellate	2230116	To hold court session First Instance	75	450	33,750.00
		2230116	To hold court session Appellate	60	450	27,000.00
		2210401	Hiring of Vehicle	135	150	20,250.00
		2240104	Sitting Allowance	77	200	15,400.00
M5S01T0901S01	To provide office supplies, stationery, promotional material and telephone facilities	2900301	One vehicle			112,000.00
	TOTAL					208,400.00

Cost Centre: Speaker's Office

Activity Description: To facilitate Members to sensitize the EAC Citizenry in Partner States (5 days)
(Members conduct the activity in respective Partner States)

Funding Source	Description of Input	unit of Measure	Unit cost of Inputs (\$)	No of Units	Estimates (\$)	
Partner States Statutory Contributions	Air Ticket - Members	Ticket	1,000	-	-	
	DSA Full	Person Night	400	318	127,200	
	DSA Full	Person Night	450	6	2,700	
	DSA Full	Person Night	350	84	29,400	
	DSA Full (MEACAs)	Person Night	350	42	14,700	
	Meals and Refreshments	Person	15	2,850	42,750	
	Hiring of Vehicles	Vehicle	300	36	10,800	
	Administrative expenses	Partner States Journalists, live broadcasting, Security, equipment and national Parliaments	3,050	6	18,300	
	Grand Total					245,850.00

OFFICE OF SECRETARY GENERAL (F&A) HUMAN RESOURCE MANAGEMENT AND DEVELOPMENT

5.	M5S09T0101S	Developing and strengthening the capacity of all EAC Organs and Institutions to effectively execute their mandates.	A functional analysis conducted by 2020 Page 26 (MTEF)	Partner States	\$58,250	Can be provided for in subsequent Financial Years
6.	M5S09T1705S	Developing and strengthening the capacity of all EAC Organs and Institutions to effectively execute their mandates	A change management strategy and framework developed and implemented in 2019. Page 29 (MTEF)	Partner States	\$27,475	The Institutional Review Report for the operationalization and the Framework can give ample guidance. Can be undertaken with the \$67,500 under M5S09T1802S with similar description.
7.	M5S09T1802C	Human Resource	All staff trained in Performance Management	Partner States	\$25,400	Can be performed using the above (number 8)

	Management and Development	by 2021 Page 30 (MTEF)			during the same training session.
8.	M5S09T1902S Human Resource Management and Development	Staff remuneration and other entitlements Page 32 (MTEF)	Partner States	\$90,000	Contracts expire in June and will be advertised. It will take time for recruitment.
9.	M5S09T1904S02 Human Resource Management and Development	To coordinate welfare services Page 33 (MTEF)	Partner States	\$50,000	Slow absorption rate in budget performance of 24% until April 2018.

ADMINISTRATION

10.	M5S10101S09 To strengthen service support sectors	To provide fuel and maintenance of vehicles Page 34 (MTEF)	Partner States	\$50,000	Duplication of allocation as per above M5K05T0501C15
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PROCUREMENT

11.	M5S1T2001S03 To strengthen service support sectors	To attend audit risk Committee meetings to respond to procurement	Partner States	\$15,200	Already covered under M5K05T170S02 Page 12 (MTEF)
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		related issues Page 36 (MTEF)			
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STORES MANAGEMENT

12.	M5K05T0501C39	To strengthen service support sectors	To provide office supplies to the EAC Secretariat Page 38 (MTEF)	Partner States	\$79,000	Budget performance was only 38% by March 2018. Needs to adopt modern practices toward paperless operations.
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ESTATES MANAGEMENT

13.	M5K05T0901S	To strengthen service support sectors	The EAC HQ well maintained Page 39 (MTEF)	Partner States	\$100,000	Too much allocation based on low absorption rate in the FY 2017/18 of 38%.
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ICT

14.	M5S24T2407S	Developing and strengthening the capacity of all EAC Organs and Institutions to effectively	EAC systems in Organs and Institutions integrated as per the ICT Strategy, the EAC Corporate ICT Policy and various studies and proposals.	Partner States	\$384,887	Based on estimated absorption rate
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	execute their mandates.	Page 44 (MTEF)			
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FISCAL AND MONETARY AFFAIRS

15.	M3101T0402S02	Investing in the enhancement of the stock and multi-dimensional strategic infrastructure and related services to support and accelerate sustainable	Hold technical meetings to review classification standards	Partner States	\$26,250	Overalllocation

TRANSPORT AND WORKS

16.	M2C01T0101S	Investing in the enhancement of the stock and multi-dimensional strategic infrastructure and related services to support and accelerate sustainable	Hold technical meetings to review classification standards	Partner States	\$59,225	It is the responsibility of National Roads Authorities.
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	regional integration and competitiveness	Page 74 (MTEF)			
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CIVIL AVIATION AND AIRPORTS

17.	M2H01T0901S02	To maximize benefits of a safe, and efficient, air transport system in the region.	CNS/ATM systems integrated.	Partner States	\$20,000 from the total of \$103,700	Roles of National Aviation Authorities
Page 84 (MTEF)						

POLITICAL AFFAIRS

18.	M4J03T1801S01	Accelerating strategies and mechanisms for establishment of a Political Federation, with emphasis on	To convene a 3 day planning meeting of Constitution Expert Team	Partner States	\$93,250	Duplication of meetings
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19.	M4J03T1801S05	ensuring sustained stability, political commitment, good governance and accountability.	To convene a meeting of Experts from Partner States to review and upgrade the views of the Council of Ministers on the proposed model of the EAC Political Confederation. Page 133 (MTEF)	Partner States	\$69,950	Wasteful non-essential activity. Expenditure not likely to be incurred in this FY 18/19. S02 and S03 can be convened together.
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INTERNATIONAL RELATIONS

20.	M4J02T1201S01	Accelerating strategies and mechanisms for establishment of a Political Federation with emphasis on ensuring sustained stability, political commitment,	Participate in various multilateral and other international fora to promote EAC objectives and integration agenda	Partner States	\$27,500	Ambiguous
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		good governance and accountability.	Page 142 (MTEF)			
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PEACE AND SECURITY

21.	M4J03T1402S01	Accelerating strategies and mechanisms for establishment of a Political Federation, with emphasis on ensuring sustained stability, political commitment, good governance and accountability	4 day planning retreat for the facilitation team	Partner States	\$23,925	Facilitation team not defined. Not linked to any specific activity
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22.	M4J03T1607C01	Accelerating strategies and mechanisms for establishment of a Political Federation, with emphasis on ensuring sustained stability, political commitment, good governance and accountability	Organise a retreat for sharing best practices, lessons learned and experiences in mediation and negotiation. Page 148 (MTEF)	Partner States	\$18,250	Adequately provided for by donors.
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CUSTOMS AND TRADE

23.	M1A01T0201C08	Attaining a fully functioning Customs Union	Printing and Publishing Customs and Trade Instruments/documents Page 157 (MTEF)	Partner States	\$12,373	Absorption in 2017/18 accrued will be sufficient.
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PROCEDURES AND FACILITATION

24.	M1A01T0201C03	Attaining a fully functioning Customs Union	Conduct, assess and support the Republic of South Sudan in implementation of the Customs Union Page 159 (MTEF)	Partner States	\$42,000	Not likely to be absorbed.
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INTERNAL TRADE

25.	M1A02T0301S01	Attaining a fully functioning Customs Union	Develop new approaches for elimination of NTBs Page 164 (MTEF)	Partner States	\$28,650	Duplication
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OFFICE OF THE EXECUTIVE SECRETARY – LAKE VICTORIA BASIN COMMISSION

26.	M2E01T0703C09	To promote sustainable utilization and management of the LVBC	To promote climate change regional resilience Page 207 (MTEF)	DP: World Bank	\$1,000	Typo/error
27.	M5K05T0501C09	To strengthen the service support sectors	To install a security system that combines both IP based CCTV and access control Page 221 (MTEF)	Partner States	\$30,000	Overall location
28.	M5K05T1506C28	To strengthen the service	To recruit LVBC Staff	Partner States	\$12,400	Role of the Adhoc Service Commission

		support sectors				
29.	M5K08T0101S01	To strengthen the service support sectors	To attend 8 meetings to consider LVBC Budget for FY 2018/19	Partner States	\$20,000	8 Meetings reduced to 5

EAST AFRICAN KISWAHILI COMMISSION

30.	M2O06T0103S01	To coordinate and promote the development and use of Kiswahili for regional integration and sustainable development of the EAC.	Coordinate EAKC Service Support Sectors Page 307 (MTEF)	Partner States	\$42,200	Duplication of Page 310.
31.	M2001T0101S02	To coordinate and promote the development and use of Kiswahili for regional	Hold consultative meeting to design programmes and projects aimed at developing Kiswahili Page 308 (MTEF)	Partner States	\$38,000	Overalllocation

		integration and sustainable development of the EAC.				
32.	M2005T0202S01	To coordinate and promote the development and use of Kiswahili for regional integration and sustainable development of the EAC.	Conduct research on the role of Kiswahili integration and sustainable development Page 309 (MTFF)	Partner States	\$67,000	Over-allocation
33.	M2006T0103S01	To coordinate and promote the development and use of Kiswahili for	Attend EAC statutory Meetings Page 310 (MTFF)	Partner States	\$16,000	Over allocation

		regional integration and sustainable development of the EAC.				
34.	M2006T0103S02	To coordinate and promote the development and use of Kiswahili for regional integration and sustainable development of the EAC.	Attend stakeholders meetings that contributes to the functions of the Commission. Page 310 (MTEF)	Partner States	\$27,150	Over allocation
35.	M2006T0103S03	To coordinate and promote the development and use of	Advertise, shortlist and fill 6 positions of the Commission and hold induction workshop	Partner States	\$39,000	Over allocation given the activity on items: - Water - Security

ANNEX 1

	Kiswahili for regional integration and sustainable development of the EAC.	Page 311 (MTEF)				<ul style="list-style-type: none"> - Cleaning - Maintenance of building Advertising and shortlist in the purview of the EAC Adhoc Commission.
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EAST AFRICAN COMPETITION AUTHORITY

36.	M1A09T0102S02	Attaining a fully functioning Customs Union	To convene technical experts meetings to review mergers and restrictive trade framework	Partner States	\$33,300	Duplication with a 11% a budget performance at March 2018
37.	M2P07T0101D02	Attaining a fully functioning Customs Union	Convene regional workshops in Partner States to validate the draft outreach strategy Page 323 (MTEF)	Partner States	\$15,000	Done simultaneously as activity M2P07T0101D04
38.	M5S23T1401C02	Developing and strengthening the Capacity of all EAC Organs	Pay staff emoluments	Partner States	\$112,451	Recruitment not likely to be done.
	M5S23T1401C03		Pay other allowances to established staff	States	\$16,600	
	M5S23T1401C04		To pay other allowances to		\$9,300	

M5S23T1401C07	and Institutions to effectively execute their mandate	suppliers To acquire and maintain office furniture and equipment as general supplies	\$16,600	
TOTAL REALLOCATION				

2. EFFECTED REALLOCATIONS

Activity Centre	Objective	Activity Description	Funding source	Rationalised amount
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EAST AFRICAN COURT OF JUSTICE (Details in Annex 2)

M5S01T0601S01	Developing and strengthening the capacity of all EAC Organs and Institutions to effectively execute their mandates.	Court Session of 40 days	Partner States	\$96,600
M5S01T0901S01		Purchase of Motor Vehicle	Partner States	\$112,000

EAST AFRICAN LEGISLATIVE ASSEMBLY (Details in Annex 3)

1.	M5L01T0101S05	To strengthen and enhance the mandate of EALA	6 sessions of 21 days	Partner States	\$1,196,780
2.	M5L01T0101S01	To strengthen and enhance the mandate of EALA	Committee on General Purpose and Accounts Committee (An additional 9 days per Committee)	Partner States	\$232,740

3.	M5W02T0403S01		5 day sensitization program	Partner States	\$245,850
4.	M5K05T1704S		Carry out a forensic audit	Partner States	\$34,416
	TOTAL				\$1,883,970
	REALLOCATIONS				
	TOTAL				\$1,918,386
	RATIONALISATION				