EAST AFRICAN COMMUNITY
EAST AFRICAN LEGISLATIVE ASSEMBLY

JUMUIYA YA AFRIKA MASHARIKI

COMMITTEE ON GENERAL PURPOSE

REPORT OF THE COMMITTEE ON GENERAL PURPOSE ON THE ASSESSEMENT OF THE IMPLEMENTATION OF THE EAST AFRICAN COMMUNITY BUDGET FOR THE FINANCIAL YEAR 2023/24

THE NATIONAL ASSEMBLY

DATE: 01 AUG 2024 THURSDAY

TABLED BY:	DEPUTY MAJORITY WHIP
CLERK-AT THE-TABLE:	A. SHIBUKO

Clerk's Chambers
EALA Headquarters
EAC Headquarters
Arusha – TANZANIA

June 2024

1.0 INTRODUCTION

Mr. Speaker Sir,

Article 49(2)(e) of the Treaty for the Establishment of the East African Community provides that the Assembly may for purposes of carrying out its functions, establish any committee or committees for such purposes as it deems necessary. The Committee on General Purpose is one of the six (6) Standing Committees of the Assembly that is specifically charged with mandate to among others, scrutinize and monitor the implementation of the East African Community budget.

The Assembly is empowered under Rule 74 of its Rules of Procedure to exercise control over the implementation of the Budget. Sub-rule 1 of 74 provides that "***the Assembly shall monitor the implementation of the budget of the Community through the Committee responsible for budgetary control and other relevant Committees***". Sub-rule 4 of 74 further provides that ***"each year the Assembly shall consider, before the presentation of the budget for the following financial year, the problems involved in the implementation of the current budget, where appropriate on the basis of a motion for a resolution tabled by the relevant Committee"***.

In line with the above, the Committee on General Purpose convened in Arusha, Tanzania on 17^{th} – 22^{nd} May 2024 to assess the implementation of the budget of the East African Community for the financial year 2023/24. The Committee received further informati0n on the implementation of the budget during the consideration of the supplementary budget for 2023/24 in June 2024.

2.0 SCOPE OF WORK

At the commencement of this exercise, the Committee set out to review and analyze the following salient aspects of budget implementation:

(i) The programs and projects of the Organs and Institutions in the approved budget for the FY 2023/24;

(ii) The funds received from the Partner States and Development Partners from July 2023 to June 2024;

(iii) The Memoranda of Understanding and Financing Agreements for programs funded by development partners;

(iv) usage and implementation of the budget for the FY 2023/24 as approved by the Assembly;

(v) other funds of the Community utilized during the FY 2023/24 including the EAC Peace facility and all contributions and disbursements from that fund.

3.0 METHODOLOGY

While undertaking the oversight activity, the Committee:

i. Interfaced with the Heads of Organs and Institutions, and other offers responsible for the implementation of the budget

ii. Made reference to the Treaty, the EAC Budget Act, the EALA Rules of Procedure, the EAC Financial Rules.

iii. Prepared this report for consideration by the Assembly.

4.0 STATUS OF CONTRIBUTIONS BY PARTNER STATES AS AT 22ND JUNE 2024

The Committee was informed by the Director Finance and the Heads of Organs, and Institutions that as at 22nd June 2024, the Partner States had made their contributions as indicated in the table below:

Table 1A. EAST AFRICAN COMMUNITY MAIN BUDGET (EAC Secretariat, EALA, EACJ, LVBC, EAKC, EASTCO, EAHRC, EACA), amounts in USD

PARTNER STATE	ARREARS	CONTRIBUTION DUE 2023/2024	CONTRIBUTION PAID 2023/2024		TOTAL OUTSTANDING
1. Republic of Burundi	9,430,352	7,352,124	5,566,310	76%	11,216,166
2. Democratic Republic of Congo	7,352,124	7,352,124	-	0%	14,704,248
3. Republic of Kenya	20	7,352,124	7,352,124	100%	20
4. Republic of Rwanda	-	7,352,124	6,431,255	87%	920,869
5. Republic of South Sudan	7,352,124	7,352,124	6,093,993	83%	8,610,255
6. United Republic of Tanzania	-	7,352,124	7,229,430	98%	122,694
7. Republic of Uganda	-	7,352,124	7,151,921	97%	200,203
Total	**24,134,620**	**51,464,868**	**39,825,033**	**77%**	**35,774,455**

Table 1B. INTER UNIVERSITY COUNCIL OF EAST AFRICA (IUCEA), amounts in USD

PARTNER STATE	ARREARS	CONTRIBUTION DUE 2023/2024	CONTRIBUTION PAID 2023/2024		TOTAL OUTSTANDING
1. Republic of Burundi	5,974,103	644,219	278,076	43%	6,340,246
2. Democratic Republic of Congo	644,219	644,219		0%	1,288,438
3. Republic of Kenya	(1,900)	644,219	644,194	100%	(1,875)
4. Republic of Rwanda	3,395,224	644,219		0%	4,039,443
5. Republic of South Sudan	644,219	644,219	533,977	83%	754,461
6. United Republic of Tanzania	2,035	644,219		0%	646,254
7. Republic of Uganda	-	644,219	562,128	87%	82,091
Total	**10,657,900**	**4,509,533**	**2,018,375**	**45%**	**13,149,058**

Table 1C. LAKE VICTORIA FISHERIES ORGANISATION (LVFO), amounts in USD

PARTNER STATE	ARREARS	CONTRIBUTION DUE 2023/2024	CONTRIBUTION PAID 2023/2024		TOTAL OUTSTANDING
1. Republic of Burundi	741,971	465,500	43,410	9%	1,164,061
2. Republic of Kenya	48	465,500	465,494	100%	54
3. United Republic of Tanzania	574	465,500	0	0%	466,074
4. Republic of Uganda	5,106	465,500	380,751	82%	89,856
Total	**747,698**	**1,862,000**	**889,655**	**48%**	**1,720,045**

Table 1D. CIVIL AVIATION SAFETY AND SECURITY OVERSIGHT AGENCY (CASSOA), amounts in USD

PARTNER STATE	ARREARS	CONTRIBUTION DUE 2023/2024	CONTRIBUTION PAID 2023/2024		TOTAL OUTSTANDING
1. Republic of Burundi	100,061	448,793		0%	548,854
2. Democratic Republic of Congo	-	448,793		0%	448,793
3. Republic of Kenya	-	448,793	448,793	100%	-
4. Republic of Rwanda	-	448,793	448,793	100%	-
5. Republic of South Sudan	448,793	448,793	371,993	83%	525,593
6. United Republic of Tanzania	-	448,793	448,793	100%	-
7. Republic of Uganda	0	448,793	448,793	100%	0
Total	**548,854**	**3,141,551**	**2,167,165**	**69%**	**1,523,240**

i. From the tables above, it is evident that, save for the Democratic Republic of Congo, the rest of the Partner States registered remarkable disbursement of their financial contributions to the EAC Budget in financial year 2023/24. The Committee commends the Republic of Kenya, Republic of Burundi, Republic of Rwanda, Republic of Uganda, Republic of South Sudan and the United Republic of Tanzania for either entirely or substantially honoring their financial contributions during the period under review.

ii. The above notwithstanding, at the time of writing this report, some Partner States still owed the Community arrears for the FY 2022/23, and some outstanding contribution for the current financial year 2023/24.

iii. Given the huge amount in arrears and outstanding contribution for the current financial year, some of the Organs and Institutions of the Community, especially those that entirely depend on Partner States contribution, delayed or failed to implement core programs relate to their mandate. These include the East African Court of Justice, EALA, EACA, and Kiswahili Commission.

5.0 CHALLENGES IN THE IMPLEMENTATION OF THE BUDGET

The Committee was informed by the Heads of Organs and Institutions that during the implementation of the budget, they encountered the following key challenges:

1. Delayed approval of the budget for FY 2023/24. As you may recall, the budget was approved on 3rd October 2023 follow the return of the Appropriation Bill by the Democratic Republic of Congo, and the United Republic of Tanzania. As a result of this, Organs and institutions started budget implementation in October 2023.
2. Delays in disbursement of Partner States contributions to the EAC Budge resulted in delayed implementation of programs and projects.
3. There was reported low absorption rates in some Institutions like the East African Health Research Commission due to low staffing levels. There has been a delay to fill the vacant positions in most Organs and Institutions as well as project staff.
4. Underspending on some programs and projects that are funded by development partners. This was attributed to the overlap in the budget cycles of the EAC and that of development partners.

6.0 OBSERVATIONS AND RECOMMENDATIONS

1. During the approval of the budget for 2023/24, the Assembly made some reallocations within Vote 001 - EAC Secretariat, Vote 002 - EALA and Vote 007 - East African Science and Technology Commission. The Committee found out that the responsible officers in the finance department of the EAC Secretariat did not enter these reallocations in the Budget Management System, save for one reallocation from the Planning Department to the Office of the Secretary General. The Committee takes exception to such actions that are aimed at undermining the mandate of the Assembly. Any expenditure without the approval of the Assembly is illegal since it violates Article 132(5) of the Treaty, and Sections 4(3) and (4) of the Budget Act.

   The Committee recommends that the Assembly urges the Council of Ministers to take disciplinary action against the responsible officers who refused to enter in the Budget Management System the reallocations made by the Assembly during the approval of the EAC Budget for FY 2023/24.

2. Whereas all the other Heads of Organs appeared before the Committee during this exercise, officials from the EAC Secretariat deliberately refused to interface with the Members despite the invitations and reminders extended to them. In his brief interaction with the Committee, the Director Finance blatantly informed the Members that the Assembly has no right to access financial information relating to the

utilization of funds disbursed to the EAC Secretariat. This is absolute contempt of the Assembly.

3. The deliberate refusal to appear before the Assembly by the relevant officers of the EAC Secretariat may be construed as an effort to cover up the mismanagement of funds disbursed to this Organ during the financial under review. The Committee takes exception to the conduct of the concerned officers. Any person in the service of the Community is under obligation to provide accountability for the utilization of Community funds.
   The Committee recommends that the Assembly urges the Council of Ministers to take disciplinary action against the responsible officers of the EAC Secretariat for undermining the work of the Assembly.

4. It was noted that in FY 2023/24, like in the previous years, the Assembly approved the budget for staff salaries and other benefits, yet all the Organs and institutions do have vacant positions in their structures. It was further noted that despite the existing vacant positions in the Organs and Institutions, the Secretariat continues to disburse funds for staff salaries and other benefits. These funds are often diverted to fund other programs in the Organs and institutions.

5. The Committee noted that during the period under review, the EAC Secretariat received Special Funds, including the EAC Peace Facility Fund amounting to USD 6,753,400 from some Partner States to support the peace efforts in the Democratic Republic of the Congo. Without prejudice to the ongoing investigation by the EALA Committee on Rules and Privileges, the Committee found out that this money was expended without the approval of the Assembly as per the requirements of Article 123(5) of the Treaty and the EAC Budget Act, 2009.

6. A review of the expenditure patterns per Cost Centre revealed that most of the Organs and Institutions spent substantial sums of money on travels within and outside the region to attend meetings whose outcomes were not even documented. Suffice to note that the outcome of most of these meetings has no correlation with the four pillars of integration.

7. Some of the Organs and Institutions secured funding from development partners during the period under consideration. However, the Committee was informed that some of the Memoranda of Understanding/Financing Agreements were signed without clearance by the Counsel to the Community. The Committee finds this very irregular.

8. A review of some of the MoU, and Financing Agreements/Grant Agreements revealed that most of the funds are used to pay consultancy fees, Daily Substance Allowance, tickets and hire of conference facilities during meetings. It was further noted that most of the donor funded projects do not have a component for oversight by the Assembly. In the circumstances, the Assembly may not be in a position to keep track of the projects and their impact on the Community. A thorough scrutiny of these projects is important to ensure that they are aligned to our development objectives.

   The Committee recommends that, with effect from FY 2025/26, the Secretary General should ensure that all the Memoranda of Understanding and Financing Agreements for projects funded by development partners should have a component for oversight by the Assembly. Agreements without this component should not be cleared.

9. Section 8 of the Budget Act 2009, read together with Section10 of the same Act place an obligation on the Secretary General to present to the Assembly Reports on grants and loans, and Reports on non-exemption of tax, at any time before the 30th day of June in each financial year. There is no record on the Hansard of the Assembly that shows that the Secretary General has ever complied with this statutory obligation. In the absence of such reports, the Assembly cannot ascertain the level of indebtedness of the Community or the impact of loans and grants on the integration process.

   The Committee recommends to the Assembly to direct the Secretary General to comply with the provisions of Section 8 and 10 of the Budget Act, 2009 and present to the Assembly Reports on grants and loans, and Reports on non-exemption of tax by 30th September 2024.

10. The Committee was informed that Assembly had an outstanding obligation of gratuity amounting to USD 1,375,000. The Committee expressed concern as to why the Clerk did not prioritize did not prioritize the payment of gratuity, which is a mandatory payroll deduction.

11. The Committee was also noted that, owing to liquidity challenges and outstanding obligations to service providers in FY 2023/24, the Assembly borrowed USD 2,034,975 from the General Reserve Fund.

    The Committee recommends that the Secretary General should develop guidelines(Standard Operating Procedures) to streamline budget execution in all the Organs and Institutions of the Community. During budget implementation, priority should be given to statutory obligations like salaries

and the critical programs that relate to the core mandate the respective Organ/Institution.

12. In the approved budget for 2023/24, there was a component of USD 1,055,297 from USAID to support the implementation of critical trans-boundary watersheds and ecosystems/landscape under Sustainable Land Management practices. However, the Committee was informed that the Commission did not receive any contribution because no Financing Agreements have been signed to-date. The Committee faults the Executive Secretary for misleading the Council and the Assembly to approve and appropriate this money well knowing that he had not concluded the requisite procedures.

The Committee recommends that the Assembly urges the Council of Ministers to always stay the approval of budgets for projects funded by development Partners whose Financing Agreements are not yet signed.

The Assembly cautions the Executive Secretary of LVBC against the practice of submitting to the Assembly budgets for projects without the signed Financing Agreements.

Rt. Hon. Speak, I beg to move that the House considers and adopts this report.

REPORT OF THE COMMITTEE ON GENERAL PURPOSE ON THE ASSESSEMENT OF THE IMPLEMENTATION OF THE EAST AFRICAN COMMUNITY BUDGET FOR THE FINANCIAL YEAR 2023/24

1. Hon. Kennedy Mukulia Ayason ……………………………………
2. Hon. Aboubakar A. Kachwamba ……………………………………
3. Hon. Alex Bahati ……………………………………
4. Hon. Alodie Iradukunda ……………………………………
5. Hon. Amb. Fatuma Ndangiza ……………………………………
6. Hon. Anastase Manirambona ……………………………………
7. Hon. Dennis Namara ……………………………………
8. Hon. Dr. Abdullah Makame ……………………………………
9. Hon. Dr. Saidi Kibeya ……………………………………
10. Hon. Francois M. Ngate ……………………………………
11. Hon. Gai Deng Nhial ……………………………………
12. Hon. Godffrey Maina Mwangi ……………………………………
13. Hon. Jeremie Maswama ……………………………………
14. Hon. Kanini Kega ……………………………………
15. Hon. Khalfan Ngole Mashaka ……………………………………
16. Hon. Kim Gai ……………………………………
17. Hon. Paul Mwasa Musamali ……………………………………
18. Hon. Rose Akol Okullu ……………………………………

19. Hon. Stella Nyota Mwetaminwa ....

20. Hon. Victor Burikukiye ....

21. Hon. Winnie I. Odinga ....