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COMMITTEE	
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JUMUIYA YA AFRIKA MASHARIKI

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on 6/6/2018  
by the Chair person,  
GPC

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SCA

**EAST AFRICAN COMMUNITY  
EAST AFRICAN LEGISLATIVE ASSEMBLY**

**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**

**14<sup>TH</sup> – 26<sup>TH</sup> MAY 2018**

**NAIROBI-KENYA**

PARLIAMENT  
OF KENYA  
LIBRARY

Clerk's Chamber  
EAC Headquarters  
EALA Wing, 3<sup>rd</sup> Floor  
Arusha- TANZANIA

6<sup>th</sup> 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 4<sup>th</sup> 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 10<sup>th</sup> 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 5<sup>th</sup> 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 30<sup>th</sup> 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
<b>Total</b>	<b>530,934</b>	<b>50,226,522</b>	<b>31,016,428</b>	<b>62%</b>	<b>19,741,027</b>

**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
<b>Total</b>	<b>11,529,126</b>	<b>4,848,432</b>	<b>2,270,524</b>	<b>47%</b>	<b>14,107,034</b>

**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
<b>Total</b>	<b>545,142</b>	<b>1,549,254</b>	<b>1,203,655</b>	<b>78%</b>	<b>890,741</b>

**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**

<b>PLANNED EXPENDITURE</b>				
<b>Organ/Institution</b>	<b>FY 2017/2018</b>	<b>FY 2018/2019</b>	<b>CHANGE (IN USD)</b>	<b>% CHANGE</b>
<b>Description</b>				
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%
<b>Total</b>	<b>110,130,183</b>	<b>99,770,716</b>	<b>-10,359,467</b>	<b>-9.4%</b>

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

<b>SOURCE OF REVENUE</b>				
<b>Description</b>	<b>FY 2017/2018</b>	<b>FY 2018/2019</b>	<b>CHANGE (in USD)</b>	<b>% CHANGE</b>
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%
<b>Total</b>	<b>110,130,183</b>	<b>99,770,716</b>	<b>-10,359,467</b>	<b>-9.4%</b>

**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%
<b>Total</b>	<b>57,261,545</b>	<b>52,868,638</b>	<b>110,130,183</b>	<b>56,844,745</b>	<b>42,925,971</b>	<b>99,770,716</b>	<b>100%</b>

**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 36<sup>th</sup> Ordinary/37<sup>th</sup> 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 4<sup>th</sup> 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 30<sup>th</sup> 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 30<sup>th</sup> April, the EAC financial rules and regulations stipulate May 30<sup>th</sup>. 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 34<sup>th</sup> Meeting of the Council of Ministers held on 15<sup>th</sup> 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 35<sup>th</sup> Extra-Ordinary Meeting held on 15<sup>th</sup> – 20<sup>th</sup> 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 36<sup>th</sup> Meeting of the Council of Ministers held on 20<sup>th</sup> 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 **M4J03TI8D1S01**, 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 (12<sup>th</sup> Summit of Heads of States held in Arusha, Tanzania on 3<sup>rd</sup> 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 30<sup>th</sup> 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**

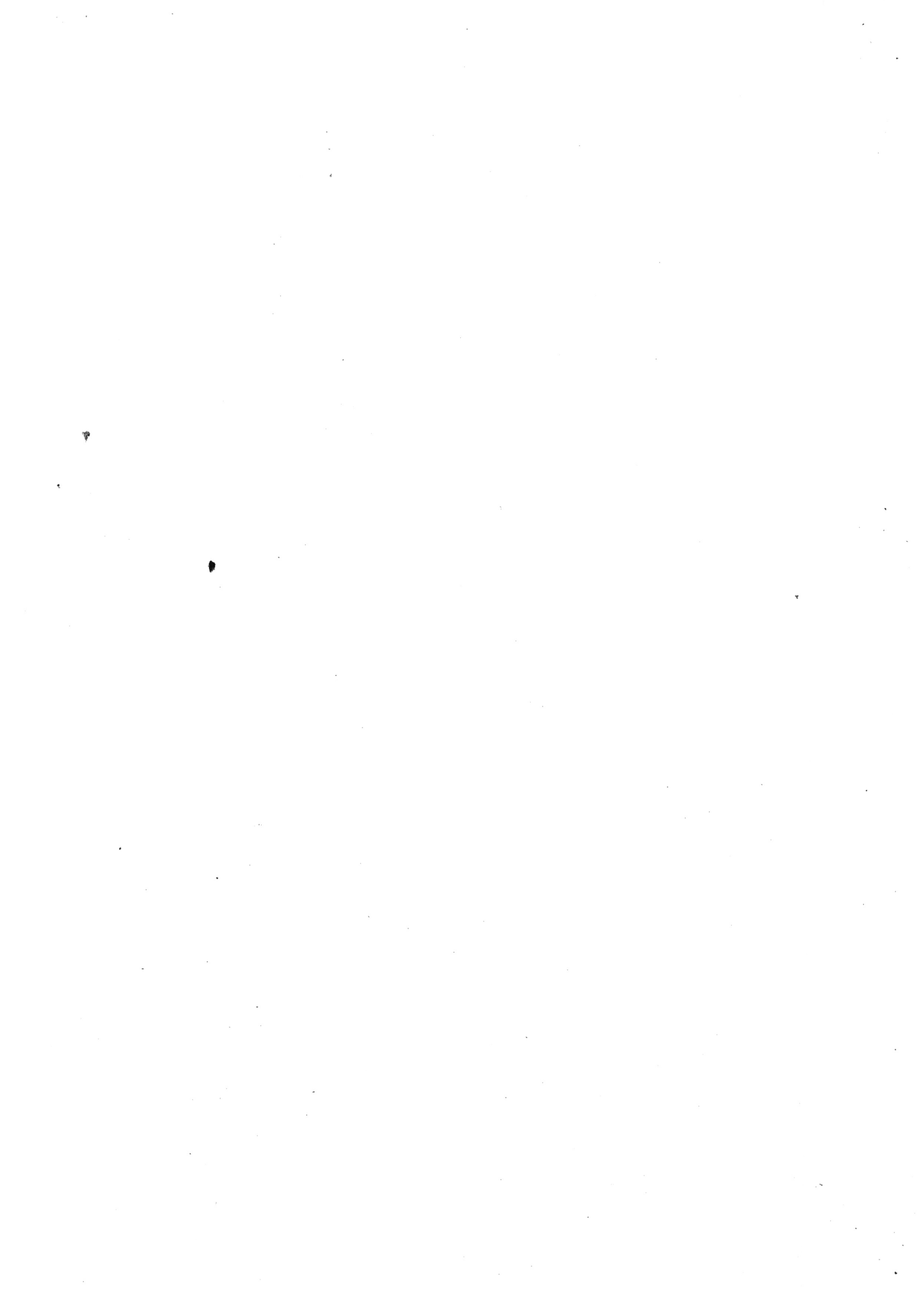
The Committee commends the LVFO for enduring through low remittances from Partner States and still being able to carry out its mandate despite all the challenges. It is noted with concern that the Partner States have fallen back in contributions and arrears still feature with LVFO.

**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.**



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 14<sup>th</sup> to 26<sup>th</sup> May 2018. The Committee would like to thank the Council of Ministers who also met with the Committee on May 30<sup>th</sup> 2018.

## **7.0 CONCLUSION**

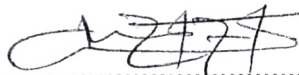
The Committee appreciates the significant efforts of the Council of Ministers and all the Executives and Staff of the EAC that deserve credit for their efforts and hard work. The Committee further effected reallocation and recommended for allocations as attached.

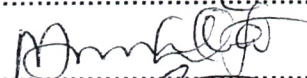
**The Committee recommends to the Council of Ministers to reallocate and find funds for the unfunded priorities that are indicated in Annexes 1, 2 and 3. The Committee therefore presents for consideration and debate its report and recommendations to this August House and moves that the House approves 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 4<sup>th</sup> June 2018.**

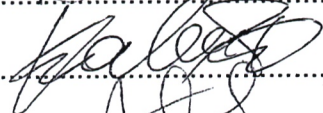
**Mr. Speaker Sir, I beg to move.**

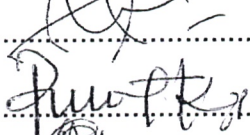
**REPORT OF THE COMMITTEE ON GENERAL PURPOSE ON THE EAC BUDGET ESTIMATES OF REVENUE AND EXPENDITURE FOR THE FY 2018/19**

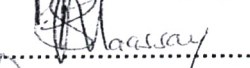
1. Hon. Aden Omar Abdikadir
2. Hon. Ayason Mukulia Kennedy
3. Hon. Dr. Kalinda Francois Xavier
4. Hon. Dr. Makame Abdullah Hasnuu
5. Hon. Duop Kim Gai
6. Hon. Eng. Maassay Pamela Simon
7. Hon. Gasinzigwa Oda
8. Hon. Gatkek Dut Thomas
9. Hon. Karerwa Mo-Mamo
10. Hon. Namara Dennis
11. Hon. Nduwayo Christopher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

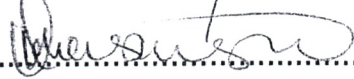
  
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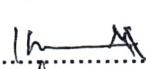
  
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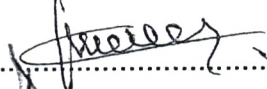
  
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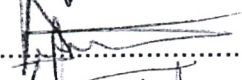
  
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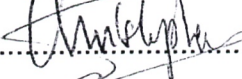
  
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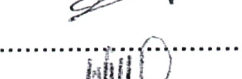
  
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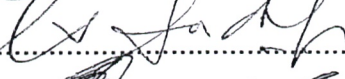
  
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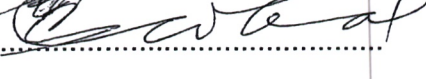
  
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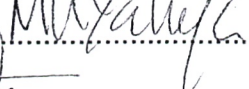
  
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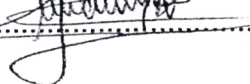
  
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**Cost Centre: Legislative Procedures and Committees**

**Activity Description: To facilitate Members to attend Meeting of Accounts Committee and General Purpose Committee - proposed to 21 days instead of 12 days)**

**Indicative cost for additional nine (9) days to add to the 12 days per Committee making them 21 days and the resultant cost extrapolated to the other**

Funding Source	Description of Input	unit of Measure	Unit cost of Inputs (\$)	No of Units	Estimated (\$) cost to increase each committees activity by 9 days
Partner States Statutory Contributions	Air Ticket - Members	Ticket	1,000		-
	DSA Full	Person Night	400	162	64,800
	Sitting Allowance	Person Day	160	162	25,920
	Meals and Refreshments	Person	25	270	6,750
	Hiring of Vehicles	Vehicle	250	18	4,500
	Administrative expenses	Partner States Journalists, live broadcasting, Security, equipment and national Parliaments	200	9	1,800
	Staff costs		350	36	12,600
	<b>Grand Total</b>				<b>116,370.00</b>

**Total for two Committees**

**232,740.00**

**Cost Centre: Legislative Procedures and Committees**

**Activity Description: To facilitate Members to attend Plenary Sessions**

**Scenario : 6 Plenary Sessions - Extra Plenary Days**

Funding Source	Description of Input	unit of Measure	Unit cost of Inputs (\$)	No of Units	Estimates (\$) One Plenary in Arusha
Partner States Statutory Contributions	Air Ticket - Members	Ticket	1,000	-	-
	DSA Full	Person Night	400	1,537	614,800
	DSA Full	Person Night	450	29	13,050
	Sitting Allowance	Person Day	160	1,537	245,920
	Sitting Allowance	Person Day	200	29	5,800
	Meals and Refreshments	Person	15	2,800	42,000
	Hiring of Vehicles	Vehicle	250	336	84,000
	Administrative expenses	Partner States Journalists, live broadcasting, Security, equipment and national Parliaments	5,404	3	16,212
	Staff costs		25	7,000	175,000
	<b>Grand Total</b>				

## ANNEX 2

### EAST AFRICAN COURT OF JUSTICE

#### BUDGET FOR FIRST INSTANCE AND APPELLATE

			FOR FIFTEEN DAYS	DAYS	DSA	AMOUNT in \$
MTEF CODE	ACTIVITY DESCRIPTION	ACCOUNT CODE				
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
		<b>TOTAL</b>				<b>208,400.00</b>

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

**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	Court Session of 40 days	Partner States	\$96,600
	M5S01T0901S01	all EAC Organs and Institutions to effectively execute their mandates.	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

		and Institutions	suppliers		
	M5S23T1401C07	to effectively	To acquire and maintain		\$16,600
		execute their	office furniture and		
		mandate	equipment as general		
			supplies		
<b>TOTAL REALLOCATION</b>					<b>\$1,918,386</b>

		Kiswahili for regional integration and sustainable development of the EAC.	Page 311 (MTEF)			<ul style="list-style-type: none"> <li>- Cleaning</li> <li>- Maintenance of building</li> </ul> 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 Page 323 (MTEF)	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 324 (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		\$16,600	
	M5S23T1401C04		To pay other allowances to		\$9,300	

		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. <b>Page 310 (MTEF)</b>	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

		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 <b>Page 309 (MTEF)</b>	Partner States	\$67,000	Over-allocation
33.	M2006T0103S01	To coordinate and promote the development and use of Kiswahili for	Attend EAC statutory Meetings <b>Page 310 (MTEF)</b>	Partner States	\$16,000	Over allocation

		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 <b>Page 307 (MTEF)</b>	Partner States	\$42,200	Duplication of Page 310.
31.	M2001T0101S02	To coordinate and promote the development and use of Kiswahili for regional	Hold stakeholders consultative meeting to design programmes and projects aimed at developing Kiswahili <b>Page 308 (MTEF)</b>	Partner States	\$38,000	Overallocation

**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 <b>Page 164 (MTEF)</b>	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 <b>Page 207 (MTEF)</b>	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 <b>Page 221 (MTEF)</b>	Partner States	\$30,000	Overallocation
28.	M5K05T1506C28	To strengthen the service	To recruit LVBC Staff	Partner States	\$12,400	Role of the Adhoc Service Commission

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. <b>Page 148 (MTEF)</b>	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 <b>Page 157 (MTEF)</b>	Partner States	\$12,373	Absorption in 2017/18 accrued will be sufficient.
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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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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. <b>Page 133 (MTEF)</b>	Partner States	<b>\$69,950</b>	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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		regional integration and competitiveness				
			Page 74 (MTEF)			

**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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		execute their mandates.	Page 44 (MTEF)			
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**FISCAL AND MONETARY AFFAIRS**

15.	M3101T0402S02		Convene the meetings of the Sectoral Council of Finance and Economic Affairs  Page 68 (MTEF)	Partner States	\$26,250	Overallocation
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**TRANSPORT AND WORKS**

16.	M2C01T0101S	Investing in enhancement of the stock and quality 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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			related issues <b>Page 36 (MTEF)</b>			
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**STORES MANAGEMENT**

12.	M5K05T0501C39	To strengthen service support sectors	To provide office supplies to the EAC Secretariat <b>Page 38 (MTEF)</b>	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 <b>Page 39 (MTEF)</b>	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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		Management and Development	by 2021 <b>Page 30 (MTEF)</b>			during the same training session.
8.	M5S09T1902S	Human Resource Management and Development	Staff remuneration and other entitlements <b>Page 32 (MTEF)</b>	Partner States	<b>\$90,000</b>	Contracts expire in June and will be advertised. It will take time for recruitment.
9.	M5S09T1904S02	Human Resource Management and Development	To coordinate EAC staff welfare services <b>Page 33 (MTEF)</b>	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 <b>Page 34 (MTEF)</b>	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 <b>Page 12 (MTEF)</b>
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## OFFICE OF SECRETARY GENERAL (F&amp;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  <b>Page 26 (MTEF)</b>	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 in implemented in 2019.  <b>Page 29 (MTEF)</b>	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 M5S09T18025 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)

		all EAC Organs and Institutions to effectively execute their mandates.				
			<b>Page 20 (MTEF)</b>			

**CORPORATE COMMUNICATIONS AND PUBLIC RELATIONS**

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	<b>\$30,000</b>	Has been provided for this Financial Year.
			To design EAC logo and IEC Materials/stationery and launch a campaign		<b>\$40,000</b>	
			<b>Page 22 (MTEF)</b>			

## 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.	M5K05T0301C07  M5K05T0301C09	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.  <b>Page 9 (MTEF)</b>	Partner States	<b>\$27,300</b>	These activities can be done simultaneously and are similar.

#### OFFICE OF THE CTC

2.	M5K01T0201S09	To strengthen the service support sectors	To provide legal advice to all Organs and Institutions  <b>Page 18 (MTEF)</b>	Partner States	<b>\$13,500</b>	
3.	M5S03T0202S	Developing and strengthening the capacity of	Statutory and other meetings timely and efficiently facilitated	Partner States	<b>\$10,000</b>	Coverage of sensitization in other Organs.