

EAST AFRICAN COMMUNITY
EAST AFRICAN LEGISLATIVE ASSEMBLY



COMMITTEE ON GENERAL PURPOSE

REPORT OF THE COMMITTEE ON GENERAL PURPOSE ON THE
SUPPLEMENTARY BUDGET REQUEST AND THE EAC SUPPLEMENTARY
APPROPRIATION BILL, 2024

 THE NATIONAL ASSEMBLY P.O. BOX 55158 NAIROBI KENYA	
DATE: 01 AUG 2024 THURSDAY	
TABLED BY:	DEPUTY MAJORITY WHIP
CLERK-AT THE-TABLE:	A. SHIBUKO



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

June 2024

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1.0 INTRODUCTION

Mr. Speaker Sir,

In accordance with the provisions of Articles 49(2)(b) and 132 of the Treaty for the Establishment of the East African Community, Sections 4 and 7 of the East African Community Budget Act, 2009, and Rules 78 (1) (b) and Annex 5 (f) of the Rules of Procedure of the Assembly, I beg to present to the House the Report of the Committee on General Purpose on the Supplementary Budget requests for the Financial Year 2023/2024 for consideration and adoption.

2.0 BACKGROUND

At its sitting held on 3rd October 2023 in Arusha, Tanzania, the Assembly passed the East African Appropriation Bill 2023 with a total sum of **USD103,882,880** as the budget of the Community for the Financial Year 2023/2024.

At its 53rd Extra - Ordinary Meeting held on 23rd – 25th April 2024 in Arusha, Tanzania, the Council of Ministers reviewed and adopted a supplementary budget amounting to **USD11, 148, 996** (United States Dollar Eleven Million, One Hundred and Forty-Eight Thousand, Nine Hundred and Ninety-Six). According to the Council, these funds arose from additional resources acquired from development partners and other sources during the FY 2023/24.

Subsequent to the above, on 30th April 2024, the Chairperson Council of Ministers tabled before the Assembly a request for the above supplementary budget for the FY 2023/24, and also presented the EAC Supplementary Appropriation Bill, 2024 for the First Reading.

The Rt. Hon. Speaker referred the supplementary budget request and Supplementary Appropriation Bill to the Committee on General Purpose for consideration.

According to the financial statements presented to the Assembly by the Chairperson, Council of Ministers, the source of funding for this supplementary budget will be as follows:

| | | |
|---|---|-------------------|
| (i) EAC General Reserve Fund | - | 377,407 |
| (ii) LVBC Special Fund | - | 1,263,679 |
| (iii) IUCEA - Arrears Fund | - | 3,799,260 |
| (iv) LVFO –General Reserve Fund | - | 88,900 |
| (v) EAHRC – Unutilized Funds | - | 285,122 |
| (vi) Miscellaneous Income | - | 156,440 |
| (vii) Special Contribution from Republic of Kenya | - | 480,000 |
| (viii) Development Partners | - | 6,603,932 |
| Total | - | 11,148,996 |

2.0 METHODOLOGY

During the consideration of the supplementary budget, the Committee:

- (a) Held meetings in Arusha, Tanzania from 6th – 8th June 2024 and interfaced with the Heads of Organs and Institutions, and other relevant staff of the Community.
- (b) Interacted with the Chairperson, Council of Ministers and the Secretary General on 25th June 2024.
- (c) Scrutinized the detailed supplementary budget request, the Financial Statements and the Bill.
- (d) Received and reviewed submissions by the Heads of Organs and Institutions on the supplementary budget.
- (e) Made reference to the Treaty, the EAC Budget Act and other relevant laws of the Community.
- (f) The Committee prepared the report for consideration by the Assembly.

3.0 THE LAW APPLICABLE

- 1. Article 132 of the Treaty provides for the sources of funding, and the process of initiating and approving the budget of the Community. Article 132(5) specifically provides that *"the resources of the Community shall be utilised to finance activities of the Community as shall be determined by the Assembly on the recommendation of the Council"*.
- 2. Section 4 of the EAC Budget Act, 2009 mandates the Committee on General Purpose to consider, discuss and review the budget and submit its report to the House.
- 3. Section 4(5) of the Budget Act further provides that, *"In the exercise of their function under this section, a Committee of the Assembly may call a member of the Council, the Secretary General, any person holding office in the Community, or any person holding a public office in the Partner States and private individuals to submit memorandum or appear before it to give evidence"*.
- 4. Section 7(1) of the EAC Budget Act provides that, *"The total supplementary expenditure that requires resources over and above what is appropriated by the Assembly shall not exceed 5% of the total approved budget for that financial year without prior approval by the Assembly"*.
- 5. Section 7(2) of the same Act further provides that, *"Where funds are expended under sub-section (1), supplementary estimates showing the sums*

spent shall be laid before the Assembly within three months after the money is spent”.

6. Regulation 19(4) of the EAC Financial Rules and Regulations provides that, *“A supplementary budget shall constitute a request submitted by the Secretary General to the Council for additional resources to meet new or existing programmes and activities of the Community within the financial year.*
7. The same Regulation 19(5) provides that, *“A supplementary budget shall be necessitated by the following events: -*
 - a) *Where voting of additional resources is so urgent that the provision cannot be delayed until the next annual budget is approved; or*
 - b) *Where the financial resources required cannot be obtained through the budget reallocation process.*
8. Another guiding principle in budgeting is that, a supplementary budget can be raised upon securing/collecting additional revenues over and above what was initially budgeted for in a given financial year.

4.0 PROJECTS AND PROGRAMS IN THE SUPPLEMENTARY BUDGET

According to the Chair Council, this supplementary budget request of USD 11,148,996 will be used by the relevant Organs and Institutions to implement the projects and programs indicated in the table below.

Table 1: Projects and Programs funded by Supplementary Budget in the Financial Year 2023/2024

| Organ/Institution | Project/Programme | Funding Source | Amount in USD | Page, Council report |
|--------------------------|--|---|----------------------|-----------------------------|
| EAC-Secretariat | Negotiation between EAC and the Federal Republic of Somalia | General Reserve fund | 260,247 | Page 22-23 |
| | to support Political Confederation related activities, | special contribution from Republic of Kenya | 480,000 | Page 74-75 |
| | sub totals | | 740,247 | |
| | Development Partners Funds | | | |
| | to facilitate Connectivity Market Development and Integration activities under the Directorate of Infrastructure | World Bank Regional Digital Integration Project | 323,100 | Page 40-43 |

| Organ/Institution | Project/Programme | Funding Source | Amount in USD | Page, Council report |
|-------------------|---|---|---------------|----------------------|
| | to facilitate Online Market Development and Integration under department of Information Communication and Technology | World Bank Regional Digital Integration Project | 640,200 | Page 43-45 |
| | to facilitate Online Market Development and Integration activities under the Department of International Trade | World Bank Regional Digital Integration Project | 240,550 | Page 45-46 |
| | to facilitate Online Market Development and Integration activities under the department of Fiscal & Monetary Affairs | World Bank Regional Digital Integration Project | 117,000 | Page 46-47 |
| | to facilitate Project Management and Implementation Support under the department of Information Communication and Technology | World Bank Regional Digital Integration Project | 349,000 | Page 47-48 |
| | to facilitate Conducting of Time Release Studies along priority corridors in EAC | AFDB EAC Capacity Building Project | 270,500 | Page 48-49 |
| | to facilitate the provision of consultancy services, in raising the Community's visibility through improved media relations, EAC's Project Coordination Unit and strengthening communication and the flow of information between the Secretariat and Francophone Partner States | GIZ through German Support to East African Market Driven & People Centred Integration | 210,085 | Page 50-51 |
| | to facilitate the activities under the Environment and Natural Resources Management related to Participation to COP28 in Dubai, UAE | GIZ | 103,000 | Page 52-54 |

| Organ/Institution | Project/Programme | Funding Source | Amount in USD | Page, Council report |
|--|---|--|------------------|----------------------|
| | to facilitate the labour and immigration sector for the development of the EAC Decent Work Programme - 2023-2027 | Grant from the International Labour Organisation | 45,700 | Page 54-56 |
| | to facilitate EAC annual heads of organs, executive staff, heads of institutions directors retreat, capacity Building for Executive on engagement on resource mobilization, monitoring and implementation and capacity building trainings for EAC staff | Donation from the Government of the People's Republic of China | 180,000 | Page 76-78 |
| | subtotals- DPs | | 2,479,385 | |
| Total-EAC-Secretariat | | | 3,219,632 | |
| | | | | |
| East African Court of Justice (EACJ) | Development Partners Funds | | | |
| | to facilitate 2nd Regional Media Training for Editors and Journalists on Judicial Reporting in the East African Community | UNESCO | 28,050 | Page 79 |
| Total for EACJ | | | 28,050 | |
| | | | | |
| East African Legislative Assembly (EALA) | For expenses incurred during the General-Purpose Committee Meeting held in Arusha between 26 th September - 3 rd October, 2023 | General Reserve fund | 117,160 | Page 35-38 |
| Total for EALA | | | 117,160 | |
| | | | | |
| Lake Victoria Basin Commission | To facilitate repairs of the Research Vessel (RV) Jumuiya | Miscellaneous income-LVBC | 35,540 | Page 27-29 |

| Organ/Institution | Project/Programme | Funding Source | Amount in USD | Page, Council report |
|---|--|---|------------------|----------------------|
| (LVBC) | To purchase the LVBC Vehicle | Miscellaneous income-LVBC | 55,000 | Page 29 |
| | Construction of the LVBC Headquarters | Special Reserves Fund held at LVBC | 1,263,679 | Page 29-31 |
| | sub totals -LVBC | | 1,354,219 | |
| | to facilitate the implementation of the Adapting to Climate Change activities at LVBC | UNEP | 508,958 | Page 56-61 |
| | funded by the African Development Bank to facilitate implementation of Multinational Lake Victoria Maritime Communications and Transport (MLVMCT) project activities | African Development Bank | 388,450 | Page 61-66 |
| | to support the implementation of the Lake Victoria Basin Commission project activities | German Agency for International Cooperation (GIZ) | 250,550 | Page 66-69 |
| | sub totals -DPs | | 1,147,958 | |
| Total-LVBC | | | 2,502,177 | |
| Inter-University Council for East African (IUCEA) | To undertake construction of phase II Headquarters | Arrears reserve Fund | 3,799,260 | Page 31-34 |
| Total for IUCEA | | | 3,799,260 | |
| | | | | |
| Lake Victoria Fisheries Organization (LVFO) | To eliminate power outage effects on the Data Centres | LVFO-Reserve Fund | 72,600 | Page 39 |
| | To undertake major repairs of cracks in the LVFO Secretariat buildings | LVFO-Reserve Fund | 16,300 | Page 39-40 |
| | to procure a solar powered security light system for the LVFO Secretariat, | Miscellaneous Income-Lake Victoria Fisheries | 10,900 | Page 84-85 |

| Organ/Institution | Project/Programme | Funding Source | Amount in USD | Page, Council report |
|--|---|---|------------------|----------------------|
| | | Organization (LVFO) | | |
| | to procure a new Motor Vehicle for the LVFO Executive Secretary | Miscellaneous Income-interest (LVFO) | 55,000 | Page 85 |
| | subtotal LVFO (Misc. income) | | 154,800 | |
| | to enable implementation of the EEOFISH project activities | European Union through the Indian Ocean Commission (IOC) | 274,329 | Page 70-73 |
| | to implement a project for finalization of Investment Guide in Aquaculture, | Food and Agriculture Organization | 55,000 | Page 85-86 |
| | to implement activities of the Multiple Tipping Points at Lake Victoria (Multi-Tip), the training and piloting of potential of a price subsidy intervention as a policy for the management of the <i>dagaa</i> , collection of data to provide the empirical evidence for potential of a price subsidy intervention | Germany Government through Research Centre for Environmental Economics (RCEE) of the University of Heidelberg Germany | 109,638 | Page 86-88 |
| | to implement the activities of Lake Victoria Small Fish Project | International Fund for Agricultural Development | 561,777 | Page 88-93 |
| | subtotal-DPs | | 1,000,744 | |
| Total-LVFO | | | 1,155,544 | |
| | | | | |
| | | | | |
| East African Science and Technology Commission (EASTEKO) | to facilitate East African Science and Technology Commission to develop the 2nd Report on the State of the Bio economy in Eastern Africa, 2024 | Bio Innovate Africa | 25,000 | Page 69-70 |
| Total EASTEKO | Development Partners | | 25,000 | |
| | | | | |

| Organ/Institution | Project/Programme | Funding Source | Amount in USD | Page, Council report |
|---|---|---|----------------|----------------------|
| East African Health Research Commission | To hold the 9th East African Health & Scientific Conference | unused funds from Partner States contribution held at East African Health Research Commission | 179,177 | Page 23-25 |
| | To hold the 9th EAHSC Post conference meeting to review the recommendations and develop policy briefs | unused funds from Partner States contribution held at East African Health Research Commission | 53,680 | Page 25-27 |
| | Acquisition of EAHRC Assets | " | 52,265 | Page 25-27 |
| | subtotal | | 285,122 | |
| | Development Partners Funds | | | |
| | To facilitate policy brief to be developed from UPTAKE findings & monitoring the adoption and uptake of the findings for East African Health Research Commission, | Busara Centre for Behavioural Economics, Inc | 17,301 | Page 81-83 |
| | Subtotal | | 17,301 | |
| Total EAHRC | | | 302,423 | |
| | | | | |
| Grand Total | | | | 11,148, 996 |

5.0 OBSERVATIONS AND RECOMMENDATIONS

The Committee made the following findings, observations and recommendations:

1. It was noted that the supplementary budget under consideration represents 10.73% of the approved budget of the Community for the financial year 2023/24.

2. During our interaction with the officers responsible for the implementation of this supplementary budget, they informed the committee that some of the programs will not be implemented in FY 2023/24 due to the limitation of time.
3. The Regulation 19(5) of the EAC Financial Rules and Regulations provides that, *"A supplementary budget shall be necessitated by the following events: -*
 - c) *Where voting of additional resources is so urgent that the provision cannot be delayed until the next annual budget is approved; or*
 - d) *Where the financial resources required cannot be obtained through the budget reallocation process.*
4. A review of the programs/activities under the supplementary budget revealed that most of them did not meet the criteria outlined in Regulation 19(5) of the EAC Financial Rules and Regulations. Suffice to note that these activities were not very urgent, and could therefore wait to be implemented in the next financial year. Attached is a list of the activities whose funds had not been committed and cannot therefore be implemented in FY 2023/24 (**Annex 1**). The total cost of these programs/projects is USD 1,441,400.
The Committee recommends that a sum of USD1,441,400 for programs and projects that cannot be implemented in this supplementary budget be include in the budget for financial year 2025/26 through a corrigendum that will be prepared by the Chair Council of Ministers.
5. The supplementary budget was presented to the Assembly barely two months to the closure of the financial year. Owing to liquidity challenges in the Community, the Assembly could not commence the consideration of the same until the second week of June 2024, and the Assembly is expected to approve the same on 28th June 2024. Therefore, it is not possible to implement these activities, especially those whose implementation had not commenced at the time of considering this request.
The Committee recommends to the Assembly to urge the Council of Ministers to ensure timely submission of the supplementary budget to the Assembly, preferably not later than February to afford the Organs and Institutions ample time for program implementation before the closure of the financial year.
6. The Committee noted that there were irregular expenditures made by the Secretariat in respect of the following activities in the supplementary budget.
 - i) Negotiation between EAC and the Federal Republic of Somalia – **USD 260,246**. The EAC Secretariat which spearheaded this exercise had a delegation of 35 staff most of whom did not have the requisite technical

expertise to represent the Community in this high-level engagement. Over 50% of this delegation included general staff such as office attendants, personal assistants, drivers, security staff. The Committee also noted with concern that this delegation did not include representation from Partner States yet the matter under consideration required their input.

The Committee recommends that whenever constituting delegations to represent the Community, the Secretary General should take into account prudent use of the Community finances, expertise in the subject matter under consideration and the role of Partner States.

- ii) To facilitate the provision of consultancy service in raising visibility of the EAC through improved media relations – USD210, 085. The Committee established that six staff were recruited by the EAC Secretariat without following the established procedure that is provided in the Staff Rules and Regulations. These recruited staff did not have any professional background or expertise in the discipline of communication/public relations. The Committee took note that this matter is part of the ongoing investigation by the Committee on Legal Rules and Privileges.

The Committee recommends to the Assembly to direct the Committee on Legal, Rules and Privileges to expedite the investigation into the mismanagement of funds of the community by the former Secretary General.

- 7. Whereas supplementary budgets are permissible under the EAC Budget Act, it is a violation of prudent planning and budgeting principles for the Community to perennially come up with supplementary budgets to cater for capital development expenditure. This is proof of poor planning and a failure by the relevant technical officers to appropriately advise the Council of Ministers.
- 8. The Committee registers its displeasure over the deliberate refusal by the Head of EAHRC and some relevant officers of the EAC Secretariat to appear before the Committee to defend their budgets despite the invitation and numerous reminders extended to them. These officers are Mr. Ssesanga Jonathan, Principal Customs Officer, Mr. Stephen Niyonzima, Principal Labour and Employment Officer, and Mr. Etyang Davids, Chef de Cabinet. The actions of these officers tantamount to contempt of the Assembly.
The Committee urges the Secretary General to interest herself in this matter with the view to instituting disciplinary proceedings against the aforementioned officers.
- 9. Owing to the refusal by the above officers to appear before the Committee, we could not ascertain the status of implementation of programs and projects

whose implementation is directly under their control. The Committee ascertain the amount of money so far spent on the projects and programs under their purview as indicated in Table.1.

10. Section 7(1) of the Budget Act provides that *"The total supplementary expenditure that requires additional resources over and above what is appropriated by the Assembly shall not exceed 5% of the total approved budget for that financial year without prior approval by the Assembly"*. The Committee was informed that a sum of USD 9,707,556 which represents 9.34% of the approved EAC budget for FY 2023/24 had been spent at the time of consideration of this supplementary budget. This is gross violation of Section 7(1) of the Budget Act.

The Committee recommends that the Assembly directs the Secretary General to develop Standard Operating Procedures to ensure that the Organs and Institutions to comply with the requirements of Section 7(2) of the Budget Act.

In view of the above, the Committee recommends that the Assembly adopts this report and passes the East African Community Supplementary Appropriation Bill, 2024 as follows:

| Vote | Organ/Institution of the Community | FY 2023/2024 |
|------|--|----------------------|
| | | Amount in US Dollars |
| 001 | EAC Secretariat | 1,777,942 |
| 002 | East African Court of Justice (EACJ) | 28,050 |
| 003 | East African Legislative Assembly (EALA) | 117,160 |
| 004 | Lake Victoria Basin Commission (LVBC) | 2,502,177 |
| 005 | Inter-University Council of East Africa (IUCEA) | 3,799,260 |
| 006 | Lake Victoria Fisheries Organisation (LVFO) | 1,155,544 |
| 007 | East African Science and Technology Commission (EASTECO) | 25,000 |
| 009 | East African Health Research Commission (EAHRC) | 302,423 |

| | | |
|--|--------------|------------------|
| | TOTAL | 9,707,596 |
|--|--------------|------------------|

Rt. Hon. Speaker, I beg to report.

ANNEX 1: PROJECTS AND PROGRAMS THAT CANNOT BE IMPLEMENTED UNDER THE SUPPLEMENTARY BECAUSE FUNDS HAVE NOT BEEN COMMITTED

| | Activity Description | Estimates (USD) | Amount recommended for appropriation in the supplementary budget | Amount Recommended for appropriation in the FY 2024/25 |
|----|--|-----------------|---|--|
| 1. | To facilitate Connectivity Market Development and Integration activities under the Directorate of Infrastructure | 323,100 | 53,500
Funds have been committed to Convene 1st meeting of Experts Technical for all Ministry responsible for ICT and Network Regulators from each partner state Development | 269,600
Justification
Funds for other activities have not been committed for FY2023/2024. |
| 2. | to facilitate Online Market Development and Integration under department of Information Communication and Technology | 640,200 | 59,360
To convene a Meeting of Experts Technical Working Group on Cross-border data roaming, Digital infrastructure, Cyber Security and Data privacy and protection | 580,840
Justification
Funds have not been committed for FY2023/2024. |
| 3. | To facilitate Online Market Development and Integration activities under the Department of International Trade | 240,550 | 46,250
To Convene a meeting of the Working Group on Digital Trade to consider detailed work plans for Connectivity Market Development and Integration | 194,300
Justification
Funds for the other activities have not been committed for FY2023/2024. |
| 4. | to facilitate Online Market Development and | 117,000 | 69,300 | 47,700
Justification |

| | | | | |
|----|--|------------------|---|--|
| | Integration activities under the department of Fiscal & Monetary Affairs | | To convene a Regional workshop to consider the inception report of the EAC payment systems masterplan | Funds for the other activities have not been committed for FY2023/2024. |
| 5. | to facilitate Project Management and Implementation Support under the department of Information Communication and Technology | 349,000 | NIL | USD349,000
Justification
Funds for the other activities have not been committed for FY2023/2024. |
| | Total | 1,669,850 | 228,410 | 1,441,440 |

**REPORT OF THE COMMITTEE OF GENERAL-PURPOSE ON THE EAC
SUPPLEMENTARY BUDGET FOR FY 2023/2204**

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

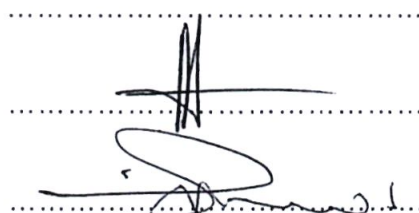
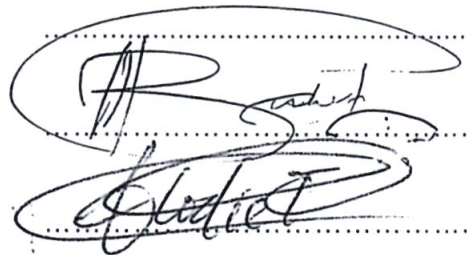
14. Hon. Kanini Kega

15. Hon. Khalfan Ngole Mashaka

16. Hon. Kim Gai

17. Hon. Paul Mwasu Musamali

18. Hon. Rose Akol Okullu



19. Hon. Stella Nyota Mwetaminwa

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20. Hon. Victor Burikukiye



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21. Hon. Winnie I. Odinga

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