



REPORT OF THE COMMITTEE ON EAST AFRICAN COMMUNITY AFFAIRS
ON THE MINISTERIAL POLICY STATEMENT FOR FY 2022/23 FOR THE
MINISTRY OF EAST AFRICAN COMMUNITY AFFAIRS, VOTE-021

OFFICE OF THE CLERK TO PARLIAMENT
PARLIAMENTARY BUILDINGS
KAMPALA APRIL,

APRIL 2022

Handwritten mark

Table of Contents

EXECUTIVE SUMMARY.....iii

1 INTRODUCTION.....1

 1.1 Scope 1

 1.2 Methodology..... 1

2 MINISTRY OF EAST AFRICAN COMMUNITY AFFAIRS.....2

 2.1 Compliance of the MPS FY 2022/23 to the PFM Act (2015) 2

3 CERTIFICATE OF COMPLIANCE WITH GENDER AND EQUITY REQUIREMENTS.....3

4 MEACA BUDGET PERFORMANCE.....3

 4.1 Half Year Budget Performance, FY 2021/22..... 3

 4.3 MEACA Physical Performance by Half-year FY 2020/21..... 5

 4.4 Challenges experienced by the Vote..... 7

5 MEACA’S BUDGET OUTLOOK FOR FY 2022/23.....8

 5.1 MEACA’S Budget for FY 2022/23 8

 5.2 Budget Allocation by Program, FY 2022/23 8

 5.3 MEDIUM-TERM OBJECTIVES, OUTCOMES AND PERFORMANCE INDICATORS..... 9

 5.3.1 Private Sector Development. 9

 5.3.2 Governance and Security..... 9

 5.3.3 Agro-Industrialization..... 9

6 UNDER-FUNDED/ UNFUNDED PRIORITIES.....10

7 COMMITTEE OBSERVATIONS AND RECOMMENDATIONS.....12

 7.1 Critical under funding of Vote 021: Ministry of East Africa Community Affairs (MEACA)..... 12

 7.2 Hosting of the 22nd EAC Micro Small and Medium Enterprise (MSME) Trade Fair in December 2022. 13

 7.3 Sensitization of the Ugandan citizens to appreciate the East African agenda. 14

 7.4 Regional engagements. 15

 7.4.1 To identify and consolidate market opportunities for the Ugandan private sector in the EAC market.15

 7.4.2 Elimination of Non-Tariff Barriers (NTBs).....15

Handwritten mark

Handwritten mark

Handwritten mark

Handwritten mark

Handwritten mark

Handwritten signature

Handwritten signature

**7.5 Compliance and harmonization of domestic laws to conform to the
Community laws, directives and decisions. 17**

8 CONCLUSION.....19

LIST OF TABLES

Table 1: Appropriation Bill**Error! Bookmark not defined.**

Table 2: Contents of the MPS of MEACA as per the PFMA, 2015..... 2

Table 3: Semi-Annual Budget Performance for MEACA FY 2021/22..... 3

Table 4: Performance by MEACA’s Sub-programmes..... 4

Table 5: MEACA’s performance by targets set for the FY 2021/22..... 4

Table 6: MEACA Budget Projection for FY 2022/23..... 8

Table 7: MEACA Budget by Program FY 2022/23 9

Table 8: Under-funded/unfunded priorities 11

Table 9: Summary of Vote Estimates by item 12

Table 10:Declining trend in the total budgets of MEACA over the past years 13

Table 11: Pending Non-Tariff Barriers to Trade..... 16

Table 12: Appropriation Bill Provisions for FY2022/23..... 19

EXECUTIVE SUMMARY

The Committee on East African Community Affairs in accordance with Article 155 (4) of the Constitution of the Republic of Uganda, Section 12 of the Public Finance Management Act, 2015 and Rule 189 and 149 (1) of the Rules of Procedure has reviewed the part relating to Vote 021, Ministry of East African Community Affairs (MEACA) and now reports.

VOTE 021 - MINISTRY OF EAST AFRICAN COMMUNITY AFFAIRS

Compliance of the MPS FY 2022/23 to the PFM Act (2015)

The Ministry's MPS complied with the Section 13(15) of the Public Finance Management Act, 2015. Based on the assessment for Gender and Equity requirements, the compliance score of Vote 021 was 63.90%.

Half Year Budget Performance, FY 2021/22

By the close of Quarter 2 of Financial Year (FY) 2021/22, out of the approved budget of Ushs 31.833Bn, 56.3% translating into Ushs 17.933Bn, had been released to the Ministry. The funds released included a supplementary budget approved for purchasing the minister's vehicle. The Ministry, however, managed to absorb only 53.9% of the total funds released to them, owing to procurement delays and the bouncing of funds made towards the EAC contributions. Important to note, however, is that the funds budgeted to cater for Arrears were received and absorbed to 100%.

Further analysis of the Ministry's budget by sub-programmes reveals that Administration, Policy and Planning sub-programme received the most funds up to a tune of 56.77% but utilized them the least and registered an absorption of only 53.09%, while the Regional Integration sub-programme received only 37.59% of its funding and absorbed up to 73.58%.

Challenges experienced by the Vote.

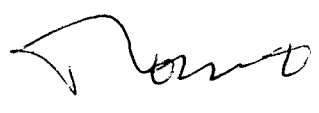
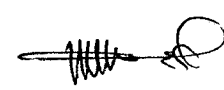
- i. Inadequate funding to effectively meet the obligations and the mandate of the Ministry.

[Handwritten signatures and initials are present at the bottom of the page, including a large signature on the left and several smaller ones on the right.]

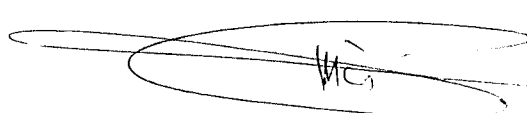
- ii. Inadequate funds (releases) for Uganda's annual contribution to the EAC Organs and Institutions.
- iii. Inadequate resources to undertake effective public awareness on EAC programmes, opportunities, market requirements, quality and standards, among others.
- iv. Slow pace by which MDAs are amending their respective national laws to align them to the EAC Common Market Protocol and remove all the non-conforming measures in the respective laws.

MEACA'S Budget for FY 2022/23

The Ministry has been allocated Ushs. 31.75bn for FY 2022/23 indicating a slight increment to their budget equal to Ushs 0.21 Billion (0.66%) attributed to the increase in the recurrent budget of the Ministry from the current financial year. Of this, 4% (USHS. 1.24bn) is Wage, 95% (USHS. 30.09bn) Non-wage, 1% (USHS. 0.43bn) Development. While there's a 53.8% reduction in the GoU development funds allocated to the Ministry, Members should note that a total of 9.282 Bn has been provided to cater for pension and gratuity arrears in the FY2022/23.

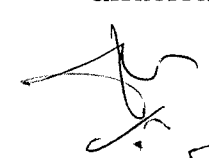

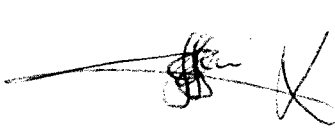

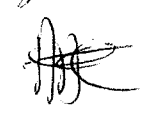

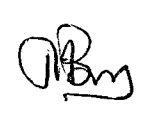



The Budget Strategy and resource allocations for FY 2022/23 have been done along with the programme approach, premised on the twenty (20) development programmes identified in the Third National Development Plan. MEACA will contribute to only three (3) NDP III development programmes. At the Ministry level, MEACA will operate two sub-programmes to achieve the objectives of the NDP III development programmes.



UNDER-FUNDED/ UNFUNDED PRIORITIES

The Ministry has several under-funded/unfunded priorities totaling to Ushs 7.5 Billion. The Committee observes that MEACA is keen on ensuring that the EAC integration in Uganda deepens and works meaningfully to deliver a competitive environment for business. However, MEACA remains critically underfunded.

The Committee therefore recommends that a reconsideration be made to increase the budget of MEACA-Vote 021 of FY2022/23 to Ushs. 39.25 Bn commensurate to the expanding mandate and increasing activities of the Community. This would cover the current funding gap of Ushs. 7.5 Bn.

Hosting of the 22nd EAC Micro Small and Medium Enterprise (MSME) Trade Fair in December 2022.

The exhibition brings together small and medium enterprises from the EAC Partner States, commonly known as the Jua Kali/Nguvu Kazi, representing the informal sector. This sector has the most entrepreneurs and is vital in the region's development process. Uganda has committed to host the 22nd EAC MSME trade fair in December 2022 but it remains unfunded.

The Committee recommends that Ushs. 1.2 Bn required for hosting the 22nd EAC Micro Small and Medium Enterprise (MSME) trade fair in December 2022 be provided for the Ministry to facilitate preparations to host the activity.

Sensitization of the Ugandan citizens to appreciate the East African agenda.

Despite its earlier recommendation, the Committee observes that Ugandans still had low public awareness and sensitization on EAC integration. The lack of understanding continues to disadvantage Ugandans from accessing the gains of the EAC integration. The involvement of the political leadership, youths and the business sector are critical in strengthening the integration process, considering that the EAC is private sector-led and market-driven

The Committee recommends;

- i. That additional Ushs. 1.8 Bn required for sensitization and public awareness activities be provided for the Ministry to create awareness of the expanding EAC integration agenda and developments among citizens.***

- ii. **MEACA should be innovative to utilize the available media channels to popularize the EAC agenda using the free to air avenues at Uganda Media Center, Uganda Broadcasting Cooperation (UBC) and other government media houses.**

Regional engagements.

In the wake of the EAC integration and the accession of the Democratic Republic of Congo (DRC) to the Community, there's a need for more efforts to support the private sector players to access market opportunities in the DRC. The involvement of the political leadership of MEACA to participate in EAC Sectoral council meetings and coordinate the identification and resolution of Non-Tariff Barriers (NTBs) and bilateral engagements on trade issues related to agro trade and private sector development is critical. The non-tariff barriers increase transaction time and costs of doing business, affecting Uganda's intra-regional trade volumes with partner states. Ugandan goods have continued to be restricted or rejected in the Tanzanian and Kenyan markets. More than nine million Ugandans have made losses arising from milk, poultry, and maize restrictions¹, hence the continued trade disputes and disharmony between Uganda and the EAC member states.

The Committee recommends that additional Ushs. 2.5 Bn required for be provided for the Ministry to facilitate the engagements

Compliance and harmonization of domestic laws to conform to the Community laws, directives and decisions.

- i. The private sector continues to decry the lack of enforcement mechanisms on the EAC's laws/policies/decisions, which hamper trade facilitation. The traders have reported challenges related to non-mutual recognition of Ugandan products. This has been mainly occasioned by the failure or slow pace of harmonizing our

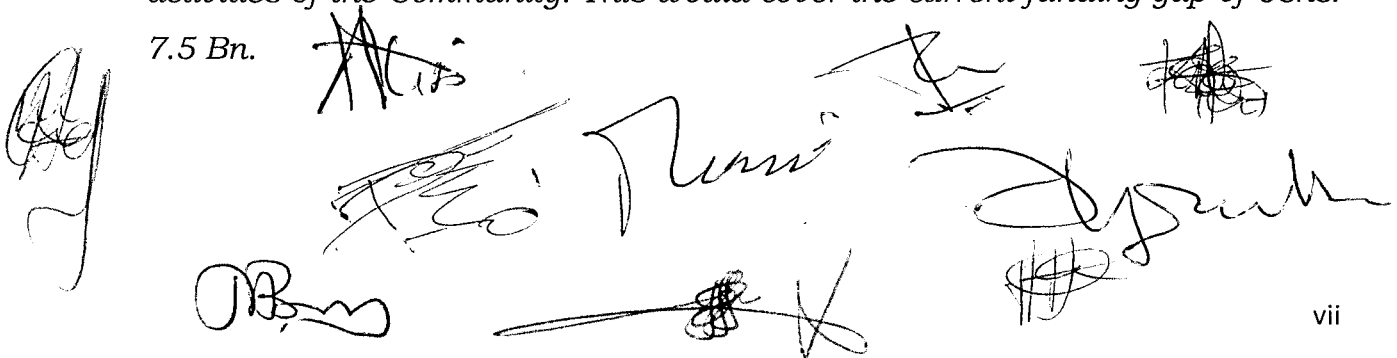
¹ Submissions from Private Sector Foundation

domestic laws and standards in conformity with regional laws and standards. The result is costly and time-consuming re-testing processes imposed by similar or equivalent agencies or denial of market access for Ugandan products in other partner states. Additionally, the lack of a legal framework mandating MEACA to compel implementation by respective MDAs has slowed the process. EAC activities that require direct intervention and implementation by the affected MDAs are not prioritized because of the different mandates. The funding earmarked for implementing these activities is often subject to diversions by the respective MDAs.

The Committee recommends:

- i. That additional Ushs. 0.849 Bn required for compliance with implementation of EAC decisions and directives be provided,**
- ii. The Minister of Finance, Planning and Economic Development to table a bill for amendment of the Public Finance Management Act to provide for a certificate of EAC resolutions compliance of the Ministerial Policy Statement. This will compel all affected MDAs to incorporate EAC resolutions and decisions (as and when passed) in their policies and budget frameworks, without which, budgetary appropriations would be affected.**
- iii. The Summit gets more involved in supervising the implementation process (See coalition of the willing member states working methods).**

Subject to the above observations and recommendations, the Committee recommends that Parliament approves the Vote budget estimates to a tune of Ushs. 39.25 Bn commensurate to the expanding mandate and increasing activities of the Community. This would cover the current funding gap of Ushs. 7.5 Bn.



The bottom of the page contains several handwritten signatures and scribbles. On the left, there is a large, stylized signature. In the center, there are several smaller signatures, some of which appear to be initials or names. On the right, there is a large, circular scribble that partially overlaps the text of the previous paragraph. The overall appearance is that of a document that has been signed and possibly annotated by multiple individuals.

1 INTRODUCTION

In accordance with Article 155 (4) of the Constitution of the Republic of Uganda, Section 12 of the Public Finance Management Act, 2015 and Rule 189 of the Rules of Procedure, Sectoral Committees are mandated, among other things, to;

- i. Examine and comment on policy matters affecting Ministries and Departments under their purview and;
- ii. Examine critically government recurrent and capital budget estimates and make recommendations on them for general debate in the House.

Under Rule 149 (1) of the Rules of Procedure, the Committee on East African Community Affairs has reviewed the part relating to Vote 021, Ministry of East African Community Affairs (MEACA) and now reports.

1.1 Scope

The Committee considered the Ministerial Policy Statement and examined the budget estimates for FY2022/23 of the Ministry of East African Community Affairs (MEACA) Vote - 021.

1.2 Methodology

The Committee held meetings with the political and technical leadership of MEACA - Vote 021 and the Ministry of Finance, Planning and Economic Development (MoFPED). The Committee further examined the following documents:

- The Constitution of the Republic of Uganda
- The Public Finance Management Act (2015)
- The Parliament Rules of Procedure
- The approved National Budget Framework Paper of 2022/23-2027/28
- The 3rd National Development Plan (NDP III)

- Semi-Annual Budget Performance Report FY 2021/22
- The alternative Ministerial Policy Statement, MEACA.
- Report of the Equal Opportunities Commission on Gender and Equity Compliance of Ministerial Policy Statements for FY2022/23
- Submissions from the Private Sector Foundation Uganda (PSFU)

2 MINISTRY OF EAST AFRICAN COMMUNITY AFFAIRS

2.1 Compliance of the MPS FY 2022/23 to the PFM Act (2015)

According to Section 13(15) of the Public Finance Management Act, 2015, a policy statement should contain the items listed in table 1 below. The Committee assessed compliance of the MPS for the Ministry, and the status is as provided in Table 1.

Table 1: Contents of the MPS of MEACA as per the PFMA, 2015

	PFMA requirements	MPS Status	Remarks
1	The achievements of the vote for the previous financial year	Provided	Pg. 5 of the MPS
2	Certificate of gender and equity	Provided	Attained 63.9%
3	Recruitment plan	Provided	Pg. 26 of the MPS
4	Procurement plan	Provided	Pg. 51 of the MPS
5	Motor vehicle utilization report	Provided	Pg. 119 of the MPS
6	Asset register	Provided	Pg. 69 of the MPS
7	Cash flow projections	Provided	Pg. 27 of the MPS
8	A statement of the actions taken by the vote to implement the recommendations of Parliament in respect to the report of the Auditor General of the preceding financial year.	Provided	Pg. 123 of the MPS
	b) A statement of actions taken as regards Parliament's recommendations	Not Provided	
9	The annual and three months work plans and outcomes, the objectives, outputs, targets and performance indicators of the work plans and outcomes	Provided	Pg. 38 and 43 of the MPS

Source: PARLIAMENTARY BUDGET OFFICE

The Committee observed that the Ministry's MPS complied with the Public Finance Management Act requirements save for 8 (b).

3 CERTIFICATE OF COMPLIANCE WITH GENDER AND EQUITY REQUIREMENTS

Based on the assessment findings for compliance of the Ministerial Policy Statements for the FY2022/23 with Gender and Equity requirements, the compliance score of Vote 021 – Ministry of East African Community Affairs was 63.90%.

The assessment revealed the following concerns:

- i. The apparent lack of awareness of the regional integration process among citizens creates a deficiency in articulating the benefits that Ugandans can draw from the EAC integration.
- ii. The lack of work plans in the Ministry's budget for the ensuing year on how it will engage the East African Community Membership to put a permanent end to trade barriers that restrict or reject Ugandan products in the wake of the EAC integration.
- iii. The inadequate and poor infrastructure among the EAC member states.

4 MEACA BUDGET PERFORMANCE

4.1 Half Year Budget Performance, FY 2021/22

Table 2: Semi-Annual Budget Performance for MEACA FY 2021/22

In Bn Ushs	Approved Budget	Budget Released	Expenditure	Release Perf.	Absorption
Wage	1.235	0.617	0.475	50.0%	77.0%
Non-Wage	29.378	15.816	8.885	53.8%	56.2%
GoU Devt	0.920	1.200	-	130.4%	0.0%
Arrears	0.300	0.300	0.300	100.0%	100.0%
Ext. Fin.	-	-	-	-	-
Total	31.833	17.933	9.660	56.3%	53.9%

Source: PBO computations Based on Semi-Annual Budget Performance Report FY 2021/22

By the close of Quarter 2 of Financial Year (FY) 2021/22, out of the approved budget of Ushs 31.833Bn, 56.3% translating into Ushs 17.933Bn, had been released to the Ministry, as observed from the table above. The funds released included a supplementary budget approved for purchasing the minister's vehicle.

The Ministry, however, managed to absorb only 53.9% of the total funds released to them, owing to procurement delays and the bouncing of funds made towards the EAC contributions. Important to note, however, is that the funds budgeted to cater for Arrears were received and absorbed to 100%.

Further analysis of the Ministry's budget by sub-programmes reveals that Administration, Policy and Planning sub-programme received the most funds up to a tune of 56.77% but utilized them the least and registered an absorption of only 53.09%, while the Regional Integration sub-programme received only 37.59% of its funding and absorbed up to 73.58%. (Refer to table 3 below.)

Table 3: Performance by MEACA's Sub-programmes

In Bn Ushs	Approved Budget shs(bn)	Released shs(bn)	Spent by Dec 2021	Release Perf (%)	Absorption (%)
Regional Integration	1.41	0.53	0.39	37.59%	73.58%
Administration, Policy and Planning	30.12	17.1	8.97	56.77%	52.46%
Total	31.53	17.63	9.36	55.92%	53.09%

Source: PBO computations Based on Semi-Annual Budget Performance Report FY 2021/22

3.2 PERFORMANCE OF MEACA AS PER THE OUTCOME INDICATORS FOR FY 2021/22

Table 4: MEACA's performance by targets set for the FY 2021/22

Sub-Programmes	Outcome Indicators	Planned FY 2021/22	Actual by the end of Q2
Regional Integration	Value (in US Dollars) of Uganda's exports to the EAC that are accorded preferential tariff treatment	1105	821
	Number of Ugandans employed in the other EAC Partner States	3200	4222
Political Affairs	No. of EAC Regional Policy Frameworks on political affairs domesticated	2	0
	Number of action areas in the ratified EAC Protocols implemented by MDAs	5	1
	Number of awareness campaigns carried out	1	0
	Number of EAC regional policy frameworks on economic affairs domesticated	2	2

Economic Affairs	The number of MDAs and LGs supported to align their plans to decisions and directives on EAC economic affairs	4	2
	Number of action areas in the ratified EAC Protocols implemented by MDAs	10	4
	Number of action areas in the East African Monetary Union (EAMU) coordinated and reported by MDAs	2	2
Social Affairs	Number of EAC regional policy frameworks in the social sectors domesticated	2	1
	Number of MDAs and LGs supported to align their plans to decisions and directives on EAC economic affairs	20	5
	Number of action areas in the ratified EAC Protocols implemented by MDAs	4	0
	Number of awareness campaigns carried out	1	1
Production and Infrastructure	No. of EAC regional policy frameworks in the production and infrastructure	2	1
	Infrastructure sectors domesticated		
	No. of MDAs and LGs supported to align their plans to decisions and directives on EAC production and infrastructure affairs	4	2
	Number of action areas in the ratified EAC Protocols implemented by MDAs	8	2
Finance and Administration	% of Uganda's contributions to the EAC Secretariat and other institutions fully remitted	100%	43.50%

Source: Semi-Annual Budget Performance Report FY 2021/22

The Ministry's performance, as indicated above, show almost 50% achievement of the set targets for the Ministry by the end of December 2021.

Members should note that zero awareness campaigns were carried out by the Ministry and zero per cent performance in the number of action areas ratified EAC protocols implemented by MDAs and the number of EAC Regional Policy Frameworks on political affairs domesticated was noted.

4.3 MEACA Physical Performance by Half-year FY 2020/21

The following are some of the interventions undertaken during the period under review;

- a) Spearheaded bilateral engagements with Kenya on denial of market access for Uganda's products like Milk, Sugar and Sugarcane, among others and addressed trade-related conflicts on the South Sudan borders.

- b) Spearheaded Uganda's participation in the negotiations for market access tariff offer and rules of origin under the African Continental Free Trade Area (ACFTA)
- c) Mobilized 130 Ugandan Medium and Small-Medium Enterprises to participate in the annual EAC Trade Exhibition for MSMEs products JUA KALI NGUVU KAZI Exhibition in Mwanza from 2nd to 12th December 2021.
- d) Coordinated the preparations for Uganda's bid to host the EAC Monetary Union Institute.
- e) MEACA coordinated Uganda's participation in various technical and policy level meetings under the 17 areas of cooperation under the EAC Treaty, including mobilization of participants at all levels mapping country positions, preparing policy briefs to inform some of the negotiations and press briefings on the outcomes of the Council of Ministers' meetings
- f) The Ministry continued to engage and receive input from various stakeholders on the proposed Political Confederation following countrywide consultations from 23rd April to 4th May 2021. The key areas of consultation included cooperation under the confederation arrangement, the governing structure mode of decision-making body, the principle governance relationship between states and the confederate authority financing mechanism and the mode of adopting the confederate constitution.
- g) Conducted an assessment at the Elegu border of Uganda and Southern Sudan on Governance issues like immigration, refugee management and security and engaged the Youth and women in promoting peace and security in the region.
- h) Coordinated regional and national initiatives that led to the reciprocal waiver of visa fees for Uganda and South Sudan citizens.
- i) Coordinated and Participated in assessing the Performance of EAC Mobile laboratories in Tororo and Adjumani Districts and accredited testing points in Nakasongola, Ishaka and Soroti.