

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,

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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 22 nd 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

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.

- 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.***

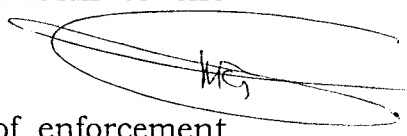
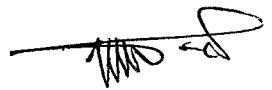
- ii. ***MEACA should be innovative to utilize the available media channels to popularize the EAC agenda using the free to air avenues at Uganda Media Center, Uganda Broadcasting Cooperation (UBC) and other government media houses.***

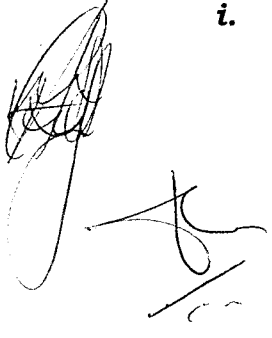
Regional engagements.

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
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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.

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;

- 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 JUAkali 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.

- j) Undertook a fact-finding mission on how the Covid 19 Pandemic has affected Border Communities at Mirama Hills, Katuna, Kyanika and Bunagana.
- k) Rolled out of the Quality Management System and consolidated the functions, including the capacity building of staff, process review and System audit by external Auditors.
- l) Validation of defunct EAC Pensioners and their payments.
- m) Planning and budgeting, processes including performance reporting Planning Retreat and BFP Preparations Reviewed and Implementation of MEACAs strategic Plans National Policy on EAC Integration and other EAC Policies and frameworks.
- n) Coordinated a country consultative meeting to address barriers to implementing the Mutual Recognition Agreement for the Engineering Profession.

4.4 Challenges experienced by the Vote.

The Committee noted the following Vote challenges:

- a) Inadequate funding to effectively meet the obligations and the mandate of the Ministry.
- b) Inadequate funds (releases) for Uganda's annual contribution to the EAC Organs and Institutions.
- c) Inadequate resources to undertake effective public awareness on EAC programmes, opportunities, market requirements, quality and standards, among others.
- d) 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.

The bottom of the page contains several handwritten signatures and initials in black ink. On the left, there is a large, stylized signature that appears to be 'N. N. N.'. To its right are several smaller, more compact signatures and initials, including one that looks like 'J. R.' and another that is a simple 'Z'. There are also some scribbled-out marks and a signature that is partially obscured by a horizontal line.

5 MEACA'S BUDGET OUTLOOK FOR FY 2022/23

5.1 MEACA'S Budget for FY 2022/23

Table 5: MEACA Budget Projection for FY 2022/23

MEACA Budget (in Ushs Bn)	Approved FY 21/22	Proposed FY 2022/23	Absolute diff.	% Change	% Allocation
Wage	1.23	1.24	0.01	0.41%	4%
Non-wage	29.39	30.09	0.7	2.37%	95%
GoU Dev't	0.92	0.425	-0.495	-53.80%	1%
External Fin.	0		0		0%
Total	31.54	31.75	0.21	0.66%	100%

Source: PBO computations Based on MEACA MPS 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.

5.2 Budget Allocation by Program, FY 2022/23

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. The rationale of this programme approach is to improve prioritization and eliminate the silo approach to budget implementation and the associated duplication, inefficiencies and wastage.

Starting with FY 2022/23, MEACA will contribute to only three programs of NDP III development programme. At the Ministry level, MEACA will operate two sub-programmes to achieve the objectives of the NDP III development programmes. The linkage between the NDP III programmes, MEACA's sub-programmes and budget allocations are demonstrated in table 6 below.

Table 6: MEACA Budget by Program FY 2022/23

SN	NDP III Programme	MEACA Sub Programme	Proposed Budget FY 22/23 USHS. Bn	% share
1	Agro-Industrialization	Regional Integration	0.251	0.84%
2	Private Sector Development	Regional Integration	0.351	1.18%
3	Governance And Security	Policy, Planning and Support Services	28.738	96.55%
	Governance And Security	Regional Integration	0.425	1.43%
	TOTAL		29.765	100.00%

Source: PBO computations Based on MEACA MPS FY 2022/23

5.3 MEDIUM-TERM OBJECTIVES, OUTCOMES AND PERFORMANCE INDICATORS

The following are the planned interventions for the FY2022/23 under the different Programmes:

5.3.1 Private Sector Development.

- Coordinate the identification and resolution of Non-Tariff Barriers (NTBs)
- Work with Partner States to introduce a framework for regional sanctions
- Coordinate the harmonization of EAC standards, joint exhibition/trade missions by the government and the private sector to seek business contracts
- Participation in regional meetings of Sectoral Committee on Trade Industry Finance and Investment (SCTIFI)

5.3.2 Governance and Security

- Studies on Political confederation produced and disseminated
- Sensitization on Political confederation conducted
- Reports on the status of the EAC Political Confederation
- Reports on the progress of implementation of EAC initiatives on good governance

5.3.3 Agro-Industrialization

- Higher volumes of agricultural commodities traded;
- Increased access to agricultural financing

6 UNDER-FUNDED/ UNFUNDED PRIORITIES

The Ministry has several under-funded/unfunded priorities totaling to Ushs 7.5 Billion, as elaborated in the table below.

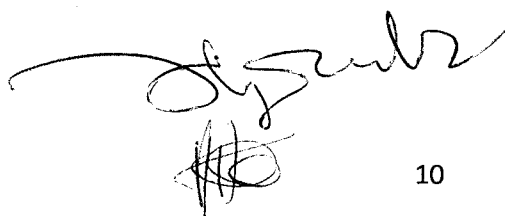
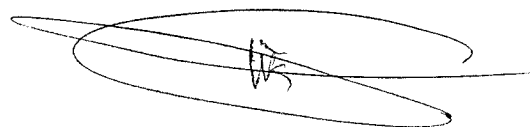
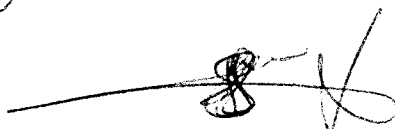
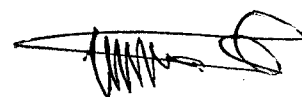

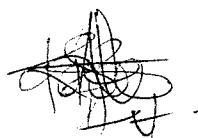


Table 7: Under-funded/unfunded priorities

ACTIVITY	REQUIRED FUNDING (Ushs Bn)	AVAILABLE FUNDING (Ushs Bn)	FUNDING GAP (Ushs Bn)	JUSTIFICATION
Underfunded Activities/ operational expenses	36.15	28.66	7.5	USHS. 21.4 Bn of our Non Wage is EAC contribution funds. Only 4.29Bn is available for the Ministry's operations, facilitation of the Ministers, activity implementations, and other key operational issues.
BREAK DOWN OF THE FUNDING GAP				
UNDERFUNDED PRIORITIES				
ACTIVITY	REQUIRED FUNDING (Ushs Bn)	AVAILABLE FUNDING (Ushs Bn)	FUNDING GAP (Ushs Bn)	JUSTIFICATION
Sensitization and public awareness	1.856	0.056	1.8	Many Ugandans hardly know the importance of the EAC Integration and how to benefit from the EAC
Compliance with implementation of EAC Decisions and Directives monitored and evaluated	1.1	0.251	0.849	The EAC council requires Uganda to implement all council, summit, sectoral councils decisions and directives.
EAC Mandatory and statutory meetings	3.69	1.19	2.5	MEACA has failed to participate in key regional meetings due to a lack of funding. On a number of incidents
TOTAL UNDERFUNDED GAP			5.149	
UN FUNDED PRIORITIES				
ACTIVITY	REQUIRED FUNDING (Ushs Bn)	AVAILABLE FUNDING (Ushs Bn)	FUNDING GAP (Ushs Bn)	JUSTIFICATION
Hosting of the 22 ND EAC Micro small-medium enterprise (MSME) Trade fair	1.2	0	1.2	The EAC MSMEs Trade Fair is an EAC activity that is held on an annual and rotational basis, and it is now Uganda's turn to host.
EAC Common Market Implementation Plan (CMIP) evaluation	0.179	0	0.179	There is an urgent need for Uganda to monitor the performance of the CM implementation
EAC Political Confederation	0.35	0	0.35	1 The 17 th Summit adopted the political confederation as a transitional model to the Political federation.
East African Community Monetary Union	0.38	0	0.38	Uganda is in the final stages of negotiating to host the East African community central bank.
Policy-oriented research and dissemination	0.25	0	0.25	The urgent need to identify opportunities for Ugandan's and facilitate informed decision making
TOTAL UN FUNDED GAP			2.359	

Source: MEACA Vote-021 MPS FY2022/23

7 COMMITTEE OBSERVATIONS AND RECOMMENDATIONS

The observations and recommendations below articulate the declining trend in the budgetary allocations to MEACA and the critical unfunded areas requiring funding.

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

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. Of the proposed total budget of Ushs. 29.711 Bn in the Appropriation Bill for FY2022/23, Ushs. 21.4 Bn of the Non-wage is Uganda's contribution to the EAC, which translates to 72% of the total budget. This leaves a meagre Ushs. 8.311 Bn for the Ministry's operations and implementation of all other key activities. Of this, only Ushs. 4.29 Bn (14%) is left for the operations across departments and implementation of the core regional activities of the Ministry as demonstrated in Table 8 below.

Table 8: Summary of Vote Estimates by item

ITEM	Proposed 2022/23
EAC Membership dues and subscription fees	21.4
Wage Bill	1.235
Office space rent	1.86
Light Vehicles acquisition	0.425
System recurrent costs	0.429
Utilities	0.072
Other operational costs to include core activities of the Ministry	4.29
TOTAL PROPOSED APPROPRIATION FY2022/23	29.711

Source: Propose Vote 021 estimates-MPS FY2022/23

The Committee also observes a declining trend in the funds allocated to the Ministry over the past years. As elaborated in the table above, the Ministry has suffered budget cuts to a tune of Ushs 23.49 Billion since FY 2019/20 despite its mandate and the expansion of the East African Community.

Table 9: Declining trend in the total budgets of MEACA over the past years

Ushs Billion	Approved 2019/20	Approved 2020/21	Approved 2021/22	Proposed 2022/23
Wage;	1.135	1.135	1.235	1.24
Non-wage	51.026	37.108	29.378	30.087
GoU	0.08	0.92	0.92	0.425
Ext				
Arrears	20.225	6.008	0.300	0.000
Grand total (Inclusive of Arrears)	72.466	45.171	31.833	31.747
Total Budget (Excl. Arrears)	52.241	39.163	31.533	31.747

Source: Approved Budget Estimates 2019/20-20

Given the observation above, the Committee is constrained to make any re-allocations within the budget.

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.

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

The EAC MSMEs Trade Fair is an EAC activity held on an annual and rotational basis and was first launched in 1999. 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. If handled properly, this sector can be a driver toward achieving middle-income status by 2050, as envisioned by the EAC Development Strategy. 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.

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

Despite of the Committee's earlier recommendation in the BFP report for FY2022/23 and MPS report for FY2022/23, the Committee observes that Ugandans still had low public awareness and sensitization on EAC integration agenda. 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. There is a need for enhanced visibility of the EAC integration agenda among the citizens. MEACA would achieve this through dialogue on emerging issues on the EAC with the political leadership, the business community, public lectures and sensitization workshops, and regular meetings at the borders between customs departments, revenue authorities and border security personnel.

The Ministry requires Ushs. 1.856 Bn to undertake the activities of sensitisation above. Only Ushs. 0.056 Bn has been provided leaving a funding gap of Ushs. 1.8 Bn.

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.

7.4 Regional engagements.

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

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. This requires 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. The Committee further observed that the closure of the border between Uganda and Rwanda adversely affected trade relations. However, this was resolved at the highest level of government between the two partner.

It's important to note that by the nature of activities of MEACA, foreign/regional travel, which the government has not given priority in the wake of COVID 19, is a core activity of the Ministry, dictated by the statutory meetings and engagements carried out across the EAC member states. For instance, the finalization of the comprehensive review of the EAC Common External Tariff (CET) after every five years, as provided by Article 12 (2) of the EAC customs Union Protocol has faced challenges because of insufficient funding on the part of Uganda. The delay in review and finalization of the EAC CET has caused trade distortions due to various stays of application of the CET regime by partner states. The Ministry requires funding to coordinate the engagements in the negotiations and review of the EAC CET.

7.4.2 Elimination of Non-Tariff Barriers (NTBs)

The Committee notes that 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. The Private Sector Foundation has revealed that more than nine million Ugandans have made losses arising from milk, poultry, and maize restrictions, hence the continued trade disputes and disharmony between Uganda and the EAC member states. Table 10 below enumerates some of the pending Non-Tariff Barriers to trade.

Table 10: Pending Non-Tariff Barriers to Trade

Sn	Non-Tariff Barrier	Implication
1.	Sugar Exports- Uganda to Kenya and Tanzania: <ul style="list-style-type: none"> Kenya subjects sugar imports from Uganda to limited permits through numerous bilateral meetings. It was agreed that Uganda would export 90,000MT annually to Kenya. only 37,000MT were exported instead of 5,000MT between January and October 2021, Tanzania allows Uganda to export her sugar only in April /May every year and gives limited Quarters. only 20,000MT and 35,000MT were allowed in 2020 and April/May 2021, respectively 	<ul style="list-style-type: none"> Inability to supply the remaining volumes affects the sector's growth and job creation drive. This also limits the spirit of the EAC integration process
2.	Milk exports from Uganda to Kenya <ul style="list-style-type: none"> Some Ugandan Dairy Products are still being blocked from freely accessing the Kenyan Market the number of import permits issued by Kenya Dairy Board (KDB) in 2020 and 2021 declined to 8% from 10%. In 2019, the Ugandan dairy sector earned close to \$150M in export revenue which has reduced to less than \$50M in 2020 and 2021 stands at less than \$40M. With Uganda losing over \$200M from dairy exports alone, the knock-on effect on the economy is enormous. KDB also stopped issuing any permits to Ugandan B2C milk powder. 	<ul style="list-style-type: none"> This has led to significant losses to the dairy sector in Uganda, which supports more than 6m people, and this blockade has caused more than 10,000 direct job losses and more than 30,000 indirect jobs.
3.	Charges on Uganda Trucks <ul style="list-style-type: none"> Tanzania still charges US\$500 to Uganda trucks compared to US\$152 charged on Rwanda trucks. Tanzania charges USD 250 on Business persons entering its territory. It also charges a Certificate of Temporary Assignment (CTA) at all borders 	<ul style="list-style-type: none"> These increase the cost of doing business which limits the capacity for Uganda's private sector to compete favourably with the Tanzanian private sector
4.	Treated Electricity Poles <ul style="list-style-type: none"> Access for wooden electricity poles and wood and timber products from Uganda is restricted because of differences in standards. Lack of Harmonisation of standards for wood and timber products in the EAC 	<ul style="list-style-type: none"> This limits the Ugandan private sector players in access markets in the EAC.
5.	Poultry Products <ul style="list-style-type: none"> Kenyan importers face delays in accessing required import permits to import poultry products from Uganda. Although the system is automated, it takes more than 30 days to access this permit. 	<ul style="list-style-type: none"> Poultry products are perishables, and any delays in accessing markets constrain earnings of the business persons both in Kenya and Uganda. This matter affects our farmers because 70 per cent of eggs are exported to Kenya.
6	UCHUMI Indebtedness to the Private Sector: <ul style="list-style-type: none"> UCHUMI supermarket closed operations in Uganda in August 2015 with over 13 billion shillings due to Ugandan suppliers, landlords and employees. This issue also spilt over in the other supermarkets with Kenyan ownership/management. Engagements over this issue were initiated at a bilateral level with the Government of Kenya, but the issue remains unresolved. 	<ul style="list-style-type: none"> This contributed significantly to the rise of non-performing loans in the financial market. Most of the SMEs which supplied to this market collapsed.

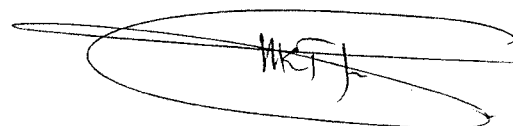
7	2007/2008 Kenya Post-election violence: During the 2007/8 post-election violence in Kenya, Ugandan businesses lost their goods worth 20 billion shillings in vandalism and theft. Discussions over the compensation of these traders have been ongoing since 2008, but the issue is yet to be resolved. This issue needs to be resolved to help promote the spirit of East African Community Integration and instil confidence in the general private sector.	Several of the participating businesses closed shop, which negatively contributed to unemployment and reduced tax revenue.
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Source: Private Sector Foundation Uganda.

MEACA desires to institute engagements that will ensure practical, timely and binding mechanisms to remove the trade barriers to allow market access of Ugandan products in member states. It is envisaged that this will allow more trade and increase tax revenue and incomes of Ugandans.

The Ministry requires Ushs. 3.69 Bn to undertake the engagements above. Only Ushs. 1.19 Bn has been provided leaving a funding gap of Ushs. 2.5 Bn.

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



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

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 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.

The Committee observes that the implementation of EAC resolutions and directives continues to be curtailed by the apparent inadequate funding,

which hampers the implementation of the integration agenda in Uganda. Additionally, the lack of a legal framework mandating MEACA to compel affected MDAs to domesticate EAC resolutions and directives into policies, laws, budgets, and programs frustrate integration. The Ministry only performs coordination and the supervisory role, which is critically underfunded.

The Committee observes that the programme based budgeting approach requires the budgets of Votes to be aligned to Programme Implementation Action Plans (PIAPs) and the appropriate interventions to deliver the PIAPs. However, 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 Ministry requires Ushs. 1.1 Bn to undertake the activities above. Only Ushs. 0.251 Bn has been provided leaving a funding gap of Ushs. 0.849 Bn.

The Committee recommends:

- ii. ***That additional Ushs. 0.849 Bn required for compliance with implementation of EAC decisions and directives be provided,***
- iii. ***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.***
- iv. ***The Summit gets more involved in supervising the implementation process (See coalition of the willing member states working methods).***

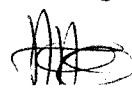
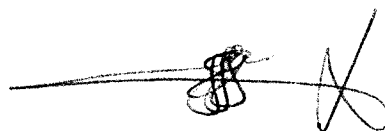
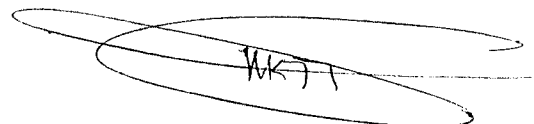
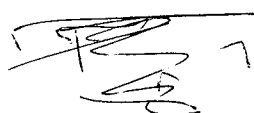
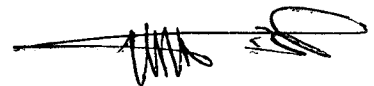
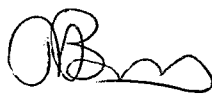
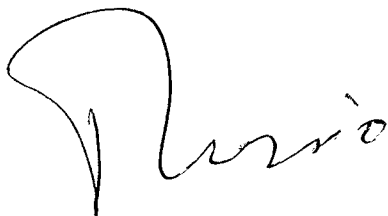
8 CONCLUSION

The Committee notes that the Appropriation Bill proposed funding as in the Table 11 below.

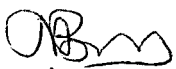

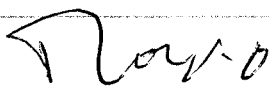
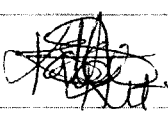

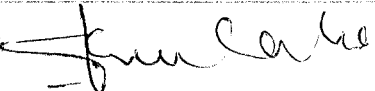
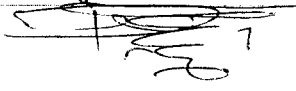

Table 11: Appropriation Bill Provisions for FY2022/23

Vote - 021	MEACA FY 2022/23 (Ushs)
Recurrent	29,286,102,000
Development	425,180,000
Total	29,711,282,00

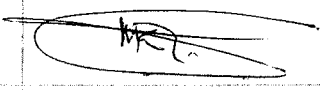
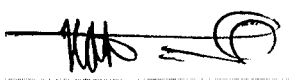
However, subject to the above observations and recommendations, the Committee recommends that Parliament approves the Vote budget estimates to a tune of Ushs. 39.25 Bn commensurate to the expanding mandate and increasing activities of the Community. This would cover the current funding gap of Ushs. 7.5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



EAC COMMITTEE MEMBERSHIP - 1st SESSION, 11th PARLIAMENT

No	NAME	CONSTITUENCY	PARTY	SIGNATURE
1	Hon. Noeline Kisembo Basemera C/P	DWR Kibaale	NRM	
2	Hon. Abdi Fadhil Kisos Chemaswet D/CP	Soi County	NRM	
3	Hon. Lomwar Ismail Muhammad	Kotido Municipality	NRM	
4	Hon. Masika Apollo	Namisindwa County	NRM	
5	Hon. Ngoya John Bosco	Bokora County	NRM	
6	Hon. Kayagi Sarah Netalisire	DWR Namisisndwa	NRM	
7	Hon. Ogwal Moses Goli	Dokolo North	NRM	
8	Hon. Okullo Aabuka Jallon	Lamwo County	NRM	
9	Hon. Kibalya Henry Maurice	Bugabula South	NRM	
10	Hon. Kahunde Hellen	DWR Kiryandongo	NRM	
11	Hon. Kamara John Nzeyimana	Bufumbira North	NRM	
12	Hon. Esenu Anthony	Kapelebyong	NRM	
13	Hon. Baba James Boliba	Koboko County	NRM	
14	Hon. Wakikona David	Elgon County	NRM	
15	Hon. Mukasa Aloysius Talton	Rubaga South	NUP	
16	Hon. Nsubuga Paul	Busiro North	NUP	
17	Hon. Lutaaya Geoffrey	Kakuuto County	NUP	



18	Hon. Olanya Gilbert	Kilak South County	FDC	
19	Hon. Ekudo Tom Julius	Gweri County	FDC	
20	Hon. Nantaba Idah Erios	DWR Kayunga	INDEP.	
21	Hon. Musila John	Bubulo East	INDEP.	
22	Hon. Nakayenze Connie Galiwango	Woman Rep. Mbale City	INDEP.	
23	Hon. Amede Agnes	DWR Butebo	INDEP.	