

A STUDY OF FINANCIAL MANAGEMENT PRACTISES BY AFRICA'S  
REGIONAL ECONOMIC BLOCS. A CASE OF EAST AFRICAN  
COMMUNITY

BY JOSEPH A. MALESI

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## DECLARATION

I declare that this is project proposal is my original work and that it has not been presented in any University or institution for academic credit.

Signed.....

Date.....

**NAME:** JOSEPH A. MALESI

**REG. NO.** D61/P/8001/2002

This research proposal has been submitted for examination with my approval as University supervisor

Signed.....

Date.....

**NAME:** MRS. ANGELA KITHINJI

This research proposal has been submitted for examination with my approval as University Moderator

Signed.....

Date.....

**NAME:** MRS. WINNIE NYAMUTE

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## **LIST OF ABBREVIATIONS**

ABC	-	Activity-Based Costing
ADB	-	African Development Bank
ADRP	-	The Association of Donor Relations Professionals
APQC	-	American Productivity and Quality Center
BPF	-	Budgeting, Planning and Forecasting
COMESA	-	Common Market for Eastern and Southern Africa
CSR	-	Corporate Social Responsibility
EAC	-	The East African Community
ECOWAS	-	Economic community of West African states
EU	-	European Union
FASB	-	The Financial Accounting Standards Board
G8	-	Group of 8 Countries
GAAP	-	Generally Accepted Accounting Principles
GASB	-	Governmental Accounting Standards Board
IFAC	-	International Federation of Accountants Committee
IFRSs	-	International Financial Reporting Standards
IGO	-	Intergovernmental organization
IPSAS	-	International Public Sector Accounting Standards
IPSASB	-	International Public Sector Accounting Standards Board IPSAS
NATO	-	North Atlantic Treaty Organization
NGOs	-	Nongovernmental organizations
OEMs	-	Original Equipment or Private Label partners
OPEC	-	Organization of Petroleum Exporting Countries
SADC	-	Southern African development community
SEC	-	Securities and Exchange Commission
U.S	-	United States of America
UN	-	United Nations
VARs	-	Value Added Resellers
WTO	-	World Trade Organization

## **ABSTRACT**

The study seeks to examine the financial management practices by the EAC which has been faced with rising membership implying a bigger financial burden to the Partner States resulting to the swelling of the budgeted fiscal requirements. Thus, the financing and allocating of its funds faces major challenges which limit the extent of implementation of her development strategy and initiatives.

In the study, literature reviewed included principles of sound financial management; financial planning responsibilities and budgeting principles for organizations. The processes involved in IGOs financial management including the sourcing and utilization of funds as well as the role of development partners Community have also been identified and reviewed. A survey research design was employed in the study which involved qualitative and quantitative sampling drawn from the East African Community management team. The target population for this study was the executive staff of EAC in Arusha, Nairobi and Kampala. The study utilized primary data by use of questionnaire to gather data on principles of financial management which had both structured closed ended questions based on the objectives of the study.

The study findings on the adherence sound principles of financial management revealed the following limitations in the following areas namely: contingency planning, lack of sufficient documentation in areas of major assumptions and forecasting methods, cross referencing of budget data to units goals and objectives significant changes in current activities, goals and objectives, cash management plan to ensure optimal utilization of cash resources available to the organization and significant changes in current activities. The responsibilities of financial risk assessment showed limitations in the organization and the adaptation of the International Public Sector Accounting Standards (IPSAS) was partial.

The study recommends the adaptation of a method for taking corrective actions which includes revising plans or budgets to reflect changed circumstances and alteration of future budget assumptions, documentation of managerial decisions. The responsibility of financial risk assessment calls for review and full adaptation of the International Public Sector Accounting Standards (IPSAS) should be considered.

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