

**PARLIAMENT OF UGANDA**

**Tuesday, 11 May 2021**

*Parliament met at 11.00 a.m. in Parliament House, Kampala.*

PRAYERS

*(The Speaker, Ms Rebecca Alitwala Kadaga, in the Chair.)*

*The House was called to order.­*

COMMUNICATION FROM THE CHAIR

**THE SPEAKER:** Honourable members, I welcome you to this sitting. I have just a few issues to communicate. First is transport to the venue for the swearing in ceremony of the President-elect tomorrow 12 May 2021.

As you may be aware, honourable members, the swearing in of the President-elect H.E Yoweri Kaguta Museveni is scheduled for tomorrow Wednesday, 12 May 2021 at Kololo Ceremonial Grounds.

For ease of access to the venue Parliament, in conjunction with the Office of the President, has arranged transport to and from the venue for members invited to the ceremony.

The invited members will be required to converge here at Parliament by 8.00 a.m. tomorrow in time for departure with common transport to Kololo. Those who are coming in do not expect to drive your cars to the airstrip.

Secondly, I would like to inform the members-elect of the Eleventh Parliament that the swearing in ceremony will commence on Monday, 17th up to the 20th. The swearing in is in alphabetical order so we invite the members to check the times, which are indicated on their cards for their swearing in and also to inform them that because of the Covid pandemic, we are unable to have more than three guests. Therefore, the member-elect plus three, do not try to bring the whole village to come and witness. They will have nowhere to sit; so one plus three that is the formula.

In addition, today is the last day for picking the invitation cards for swearing in. So all members-elect, who have not yet picked their cards, should do so by the close of business today here at Parliament.

The third matter is very good news from the United Kingdom. We have learnt with immense delight that on 27 April 2021, Her Majesty the Queen of the United Kingdom of Great Britain conferred upon retired Anglican Bishop, former Archbishop of York Dr John Tucker Mugabi Ssentamu, the Honour of Barony of United Kingdom. Hence force, he will be known as Baron Sentamu.

Together with 25 others, they have become life peers in the House of Lords. Therefore, Baron Sentamu and his colleagues will be in the House of Lords for life. We congratulate him on that Honour. *(Applause)*

On behalf of the people of Uganda, the Parliament and on my own behalf, we take this opportunity to congratulate Baron Sentamu now of Lindisfarnein the County of Northumberlandand of Masooli in the Republic of Uganda. I believe the members of the Mbogo Clan must be very excited about this development. Congratulations and wish him well. Thank you, honourable members.

MOTION FOR ADOPTION OF THE REPORT OF THE BUDGET COMMITTEE ON THE SUPPLEMENTARY EXPENDITURE SCHEDULE NO. 5 AND THE ADDENDUM TO SCHEDULE NO. 5 FOR FINANCIAL YEAR 2020/2021

**THE SPEAKER:** Are they here? Next item. Honourable members, I think I forgot to indicate that by midnight tonight, I believe the Government will have expired. Therefore, we may be having a final sitting. Tomorrow probably, there will be no Cabinet. I think we will try today to condense our work and see what we can do before we close. Let us go to item 4

MOTION FOR A RESOLUTION OF PARLIAMENT TO AUTHORISE GOVERNMENT TO BORROW UP TO UA 179.56 MILLION (EURO 216.71 MILLION) FROM THE AFRICAN DEVELOPMENT FUND, UA 69.94 MILLION (EURO 84.41 MILLION) FROM THE AFRICAN DEVELOPMENT BANK AND EURO 25.9841 MILLION FROM THE CORPORATE INTERNATIONALIZATION FUND OF SPAIN FOR THE REFURBISHMENT OF THE KAMPALA-MALABA METER GAUGE RAILWAY PROJECT

11.07

**THE MINISTER OF STATE FOR FINANCE, PLANNING AND ECONOMIC DEVELOPMENT (PLANNING) (Mr David Bahati):** Madam Speaker, I beg to move a motion for a resolution of Parliament to authorise Government to borrow up to Euro 216.71 million from the African Development Fund, Euro 84.41 million, from the African Development Bank and Euro 25.9841 million from the Corporate Internationalization Fund of Spain for the refurbishment of the Kampala-Malaba Meter Gauge Railway Project. I beg to move.

**THE SPEAKER:** Is it seconded? Seconded. Justification.

**MR BAHATI:** Madam Speaker, one of the key issues we are addressing is to reduce the cost of doing business, attract foreign direct investments and to work on the issue of transport and reducing the cost of credit. This particular project is one of the projects we have identified as one that will reduce the cost of doing business especially transporting our goods from Mombasa up to the country.

It is one of the projects that will fit into the Standard Gauge Railway. Our counterparts on the side of Kenya are doing their part. This particular project will connect with the one of Kenya to be able to reduce the cost of doing business in the country by reducing the cost of transportation.

Madam Speaker, it is an important and strategic project to help businesses in the country and support grow the economy. It is a project that I recommend that this House considers and approves so that we can implement it. I thank you.

**THE SPEAKER:** Thank you. Has our committee considered the same?

11.10

**THE CHAIRPERSON, COMMITTEE ON NATIONAL ECONOMY (Ms Syda Bbumba):** Thank you very much, Madam Speaker. I stand here to present the report of the Committee on National Economy on the proposal to borrow Euro 216.71 million from the African Development Fund, Euro 84.41 million from the African Development Bank and Euro 25.9841 million from the Corporate Internationalisation Fund of Spain for the refurbishment of the Kampala-Malaba Meter Gauge Railway Project.

Madam Speaker, before I proceed, I would like to lay on Table the following documents, which we analysed during the scrutiny of the loan request. I have:

1. Report of the committee, which I am presenting;
2. Minutes of the various meetings, which we held;
3. A brief to Parliament from the Ministry of Finance, Planning and Economic Development;
4. Clearance of the financial implications for counterpart funding;
5. The credit facility agreement between the Government of Spain and Government of Uganda;
6. Concessional loan term sheets;
7. Commercial loan term sheets;
8. A letter from the Ministry of Finance, Planning and Economic Development to the Director-General on regional development;
9. His Excellency the President’s letter approving the loan;
10. Status of the report on construction of the Gulu logistic hub;
11. Monthly progress report on construction of the Gulu logistics hub;
12. Brief project status report of the rehabilitation of the Tororo-Gulu Railway line;
13. Evidence of consistency with National Planning Authority’s plans;
14. List of key activities in the proposed project;
15. Uganda Railways Corporation (URC) procurement approval flow chart;
16. ADB funds works procurement plan;
17. Brief on capacity building for the project;
18. Brief on the refurbishment of Kampala-Malaba Meter Gauge Railway project;
19. Capacity building project mechanical details;
20. Annual performance report of URC;
21. URC completion report of the supply and installation of precast railway reserve boundary markers;
22. Feasibility study report of Uganda Railways Corporation;
23. Contract for consultancy services for URC; and
24. Inception report of the consultancy services to undertake the environmental and social impact assessment.

Madam Speaker, I beg to lay.

The Committee on National Economy considered the proposal for the Government to borrow the amount, which I have already alluded to, for the refurbishment of Kampala-Malaba Meter Gauge Railway. The proposal was presented to the House on the 5th of this month and referred to our committee in line with Rule 175(2)(b) of the Rules of Procedure of Parliament. The committee considered and scrutinised the proposal and now, I beg to report.

The methodology is covered under paragraph (2). We reviewed a total of 24 documents, which I have laid on the Table.

Madam Speaker, by way of background, Uganda is facing transport challenges, which manifest through prolonged traffic jams, ever-increasing transport costs for goods and people, high gas emissions as well as rapid wear and tear of roads. These, among others, are negatively impacting the wellbeing of Ugandans and the cost of doing business in Uganda.

Uganda’s rail freight transport volumes have been declining due to poor infrastructure and, therefore, rehabilitation and refurbishment of the railway infrastructure will help improve the transport system in Uganda.

The Meter Gauge Railway system in Uganda and Kenya, together with its operations, had been privatised through a 25-year concession to the Rift Valley Railways. The concession did not work and Kenya was supposed to terminate their part and Uganda also terminated the concession in 2018.

At the exit of the Rift Valley Railways after 10 years, they left a totally dilapidated entity and the assets they took over in very good condition were no longer operable. Consequently, Government has proposed the new Meter Gauge Railway Project, which will entail rehabilitation of the line from Malaba-Kampala (250km), Kampala-Port Bell (8.3km) and Kampala-Nalukolongo-Kyengera (12.3km).

If the Meter Gauge Railway Project is implemented, the cost of transport by rail will improve from the current average of between 0.09c and 0.13c per kilometre. It will now reduce to 0.05c per kilometre.

Commuters’ travel time within a 12km distance from the central business district will improve from the two hours, from here to Kyengera, to 20 minutes at half transport cost.

Given Uganda’s geostrategic situation in the region, it is important to reduce its rail transport costs and ensure domestic and internal connectivity.

Madam Speaker, on the performance of external projects under Uganda Railways Corporation, this is the first loan they are procuring but they got a project for the rehabilitation of Tororo-Gulu Railway line, which cost Euro 39.3 million and its funding was by way of a grant from the European Union and Government provided counterpart funds. The project entails rehabilitation of 375km of the railway track using sleepers from Tororo to Gulu. The project commenced on the 4th of February and it is going to be undertaken within a period of 36 months. The details are covered under Annex 1.

The URC also got the project of construction supervision of the proposed Gulu logistics hub in Northern Uganda, through a grant of $8.2 million from the Trade Mark East Africa. The project, which started on 21 February, 2020, was supposed to last for a period of 18 months. It covered a number of items, which are indicated in paragraph (3)(ii). As at 31 March 2021, financial progress of the project was at 42 per cent, with physical work at 55 per cent.

Consistency with the national strategy

On the consistency with the national strategy, the third National Development Plan (NDPIII), the project is one of the core projects under the Integrated Transport and Infrastructure Services Programme. The project intends to achieve sectoral objectives 2, 3 and 4 of the NDP III. The project is also consistent with the National Transport and Logistics Policy and Strategy.

Project profile

On the project profile, the development objective of the project is to accelerate Uganda’s competitiveness by providing efficient transport for both passengers and people in the covered area.

The specific objectives of the project are to-

1. achieve an efficient and reliable transport service (freight and passengers);
2. improve railway operations together with marine and road services due to their complementarity - We passed the marine transport Bill yesterday.
3. ensure railway safety and optimise the number and quality of available assets.

5.2 Location

The project is going to be located mainly in the eastern region. The biggest part is Kampala-Malaba. Then the T-offs in Kampala-Port Bell and Kampala-Nalukolongo-Kyengera.

The project shall be implemented in two phases namely:

1. Phase one: emergency investments period;
2. Phase two: medium term investments and the detailed scope during each phase is attached in Annexes attached.

Project components are covered under 5.3. This covers civil works, rolling stock, consultancy, human resource capacity development, consultancy on engineering design and environmental impact.

Table two, has a comparison between Gulu line and this project. This project happens to be more expensive because they are using stronger and better-quality materials.

Project cost and financing is covered under paragraph six, which indicates the sources that we have already alluded to in the opening remarks. The total cost of the project is €330.02 million. This is properly broken down under table three.

Financing Terms

Starting with the loan from the Corporate Internationalisation Fund of Spain(FIEM), it is laid down under table 6.2.1. The terms of the loan from the African Development Fund (ADF) are also covered under paragraph 6.2.2. The loan from the African Development Bank (ADB) is covered under paragraph 6.2.3.

The loans have got the following terms and conditions.

Approval by Parliament

1. Legal opinion of the Attorney-General
2. Before the date of the loan agreement, the Government shall submit a procurement plan to the lender covering the entire project period.

On the concessionality of the loans, the ADB and ADF loans are concessional and the one from the French, under tranche one, is also concessional. Tranche two of the Spanish loan is non-concessional. These are covered under table five.

On the budgetary implication, this is already covered under the budgeted threshold, standing at the level of 49.9 per cent.

On the implementation; the loan is going to be implemented by Uganda Railway Corporation.

Economic benefits of the project

The benefits are provided under paragraph nine. The projects have an Economic Rate of Return (ERR) of 29.83 per cent, which justifies the investment since it is above l7 per cent rate, which is the opportunity cost of capital in Uganda. It also has a Benefit-Cost Ratio of 3.37, which implies that for every dollar invested, the benefits are worth $ 3.37.

I have already alluded to the impact on debt sustainability, which is already covered under the current level of debt to GDP of 49.9 per cent.

compliance with parliamentary approval guidelines; the loan fits in well and it got a score of 68 per cent.

Observations and recommendations

Delayed implementation of Standard Gauge Railway (SGR)

The committee was concerned that while neighbouring countries like Kenya and Tanzania had embarked on the Standard Gauge Railway (SGR), Uganda was borrowing for the Meter Gauge Railway (MGR). However, the committee was informed that the MGR was delayed because the focus had been on SGR, though the MGR is also a regional project.

The SGR has a financing condition for the extension of the SGR to Malaba, which Kenya is yet to make. To save on time, while we are waiting for Kenya to meet that condition, regional countries have decided to focus on the Meter Gauge Rail as well.

Kenya has already embarked on the rehabilitation of their part from Nairobi to Malaba and they have already procured rails for that line. Kenya has also modernised the Nairobi Meter Commuter service, with a refurbished line, stations, and Diesel Multiple Units (coaches).

Tanzania has finished the MGR rehabilitation of the line between Dar-es-Salaam and Mwanza. They are track relaying and upgrading, replacing the new rails, new sleepers and they have procured 40 new locomotives.

Uganda has procured four lines of locomotives and a stop gap measure in anticipation of the MGR rehabilitation project. Therefore, implementing the project will complete the regional efforts to reinstate the MGR lines in all the three states in order to provide seamless rail transport.

The refurbishment of the project will create a link with Standard Gauge Railway and road networks to provide first and last mile transportation from Inland Container Depots (ICDs).

It is also important to note that this project is well aligned with the Standard Gauge Railway, Kampala-Jinja Express Highway and Development of Bukasa Inland Port.

The committee recommends that the Government secures the right of way for the Standard Gauge Railway line in the meantime, as the Meter Gauge Railway line is rehabilitated to reduce future costs of land acquisition for the SGR project.

Vandalism of Railway Assets

The committee observed that there is increased theft of track materials, rails, and sleepers. The committee therefore, recommends that the Government provides additional funding to Uganda Railway Corporation (URC) to enable URC secure the railway assets.

In addition, URC, and other Government agencies like NEMA and the Police should be supported to ensure that encroachers on Government assets are removed in a non-selective manner and the rule of law is applied uniformly to all encroachers.

Need to Boost Domestic Revenues to Reduce Debt Burden

The committee observed that one quarter of the budget is towards debt servicing inclusive of both domestic and external interest payments and amortization. While domestic amortizations entail domestic debt refinancing, the figure is on an upward trend.

The committee therefore recommends that Uganda Revenue Authority (URA) together with the Ministry of Finance, Planning and Economic Development explore new ways of enhancing domestic revenue collections.

Use of army brigade to reduce rehabilitation costs

The committee observed that the army brigade has been used to support construction of some projects and where they have been used, the costs have been cheaper than the market costs and quality has been good and they have been able to complete the work on schedule.

The committee recommends that URC should evaluate the possibility of using the army brigade to deliver some of the project outputs with a view of reducing the cost of rehabilitating the MGR.

Delay of cargo during rehabilitation

The committee noted often when road rehabilitation works are undertaken, there are several delays experienced on the road, and that being our connecting point to the world, the committee recommends that Uganda Railways Corporation sticks to its commitment to provide continuous commitment of cargo during the rehabilitation period, to ensure that the roads are not worn out due to delays and the cargo is shifted from road transport to rail transport in a timely manner.

In conclusion, the proposed project loan request is in line with National Development Plan III, in addition, the project is in accordance with the medium-term debt strategy of 2020/2021 that prioritises external borrowing on concessional terms. There is, therefore, need for Uganda railways to ensure timely implementation of the project.

In addition to the two projects under Uganda Railways Corporation, there is need for the contractors to develop measures to recover lost time due to the COVID-19 pandemic, on the Tororo-Gulu line.

Further, there is a need for the Government to secure the existing railway assets from vandalism, and also provide counterpart funding in a timely manner; to facilitate implementation of projects within the programmed timelines.

Therefore, subject to the recommendations herein, the committee recommends approval of the borrowing and based on the justification which the minister has given to borrow Euro 216.71 million from the African Development Fund, and Euro 84.41 million from the African Development Bank, and Euro 25.984 million from the Corporate Internalisation Fund of Spain, for the refurbishment of the Kampala- Malaba Meter Gauge Rail Project.

As I conclude, I would like to thank my colleagues. We have had to process this loan in a very short time. I would like to, therefore, thank colleagues for the effort they put in. I beg to report.

**THE SPEAKER:** Thank you, honourable Chairperson of the Committee on National Economy and your members for this comprehensive report. The report has been signed by the necessary minimum.

I just have two concerns: I would like to know whether the refurbishment of this Tororo line also includes the Busoga loop line, because there used to be a line from Jinja into the hinterland of Busoga ending in Tororo, and it was part of that railway.

Secondly, you mentioned that Rift Valley Railways exceedingly damaged our railway furniture. I was in the National Resistance Council when this decision was taken, and we objected but we were overruled.

So, I would like to know whether Rift Valley Railways will be compelled to compensate for the damage caused. Thank you.

11.33

**MR JONATHAN ODUR: (UPC, Erute County South, Lira):** Thank you, Madam Speaker. I briefly have some key issues that I would want the committee to help us. First of all, if you compare the two projects which are currently running in the country, one is grant-aided; the Tororo-Gulu line. It is a grant, even if the scope of works have been differentiated here; which I am not convinced, is far much cheaper.

Tororo-Gulu is 378 and probably more kilometres, and we are spending about £40 million, but Malaba-Kampala which is 272 kilometres, we are spending nearly £330 million. That is 11 times the cost.

I wish the committee had not just bought into figures supplied to them by the Uganda Railways Corporation. If you look at table 2, the wagons that they are going to buy are old ones, from South Africa. They are not new. These locomotives they are going to buy from South Africa, will be the used ones. If we are going to buy old stock to bring to Uganda, how can it be this expensive?

I think the justification that they are putting new sleepers - Malaba-Gulu which is going to use the same rolling stock will roll on them; they are using the old sleepers, but because we want to find a way of stealing, we have now inflated the cost. And they are saying that they are going to put new sleepers on Malaba-Kampala.

Why don’t we make it uniform now? If the grant from the European Union which is working on Malaba to Gulu is much cheaper, why don’t we use the same?

In principle, it is okay to address the issue of transport by using railways, but it is also not okay for the Government to try to take unfair advantage by inflating these costs. I think this is where the committee let us down. If the committee had bothered to interact with the Committee on Physical Infrastructure, you will find a lot of anomalies in this proposal.

So, Madam Speaker, as it is very important for us to have this railway, I beg that the delusion to pass this loan be stayed. And I am going to kindly ask that our technical people, who normally interfere with your hearing of the yes and no, they should not interfere today, so that the law is very clear, so that we do not pass this loan. Thank you, Madam Speaker.

**THE SPEAKER**: Hon. Odur, how do you know that the machines interfere with my hearing? My hearing is very good. *(Laughter)*

11.36

**MR LYANDRO KOMAKECH (DP, Gulu Municipality, Gulu):** Madam Speaker, on that lighter note, allow me to respond to the report from the committee. Uganda Railways was one of the first projects that was put in place before independence. And digging through history, we are aware that that was the first project that was fully paid by the then colonial power, and later paid off by the Government of Uganda after independence; from our coffee, cotton and tea, we paid for the entire network.

Uganda Railways is one of the agencies that provided the cheapest means of transport, but to date; if you look at the western line to Kasese, you can hardly find out where it passes.

Now that this loan has been secured; re-grant, we hope that in the committee discussion, you put in place an implementation strategy to ensure that we follow the suggestions dot to the end of the contract.

At the end of the day, we may be extending and find that this becomes a very expensive venture. I hope the committee also took interest to look at some of the emerging issues from the communities where land was taken. For example, in Gulu, the communities around the railway quarters - since last year, they were promised to be paid; those people whose land was taken by Uganda Railways, to date, have petitioned the Government of Uganda. I hope the finance minister picks interest to respond to some of these issues, because we will get tired of the continued recurring petitions.

These were very clear cut agreements that those whose land was taken away for the expansion of the railway hub, be paid promptly. And those who have been within the railway quarters, also be cleared.

To date, this has not been done, and the people of Gulu especially around railway quarters are not happy with this. So, we expect that when the implementation starts in terms of construction, the entire process should be clean and ready to go. I thank you, Madam Speaker.

11.39

**MR PATRICK NSAMBA (NRM, Kassanda North, Kassanda):** Madam Speaker, I thank you for the opportunity. I want to be on record that I support this kind of borrowing. Most of the loans we were dealing with yesterday were mainly consumptive; we are now dealing with something that looks to be developmental. However, I need some assurances and clarification from the minister about what is going on.

We were working on the Standard Gauge Railway and this Government was on us – everywhere and every time – talking about the Standard Gauge Railway. Monies have been spent, resources borrowed and there is a fully-fledged project within the Ministry of Works and Transport, working on the Standard Gauge Railway.

Over the years – like two years – Government has developed cold feet over the Standard Gauge Railway; it is no longer something that they are talking about. We need to be sure that the Standard Gauge Railway is still on course.

Once you see them coming with a meter gauge railway now – because at one point in time, we were saying, “Why don’t we concentrate on the meter gauge?” But Government said, “No, Standard Gauge Railway is the new thing”.

We need to be sure that the Standard Gauge Railway is on course and the money we spent on it is still value for money for the people of Uganda.

Madam Speaker, I fell in love with the Standard Gauge Railway project because they had a robust local content strategy. I was looking forward to seeing how that local content strategy could materialise. However, these days, nothing is being talked about the Standard Gauge Railway.

So, as we support this meter gauge – because in other countries, they both work. You can have a standard gauge and meter gauge – we want to be sure that the Standard Gauge Railway is still on course.

The other clarification that I want to get is the entity that is given to work on this activity – Uganda Railways Corporation – looks to be almost non-functional because the existing railway lines are not working.

Madam Speaker, we asked the Ministry of Works and Transport then, when they took the Standard Gauge Railway to the ministry. They insisted that URC has no capacity to implement the Standard Gauge Railway project.

We want to be sure that this time around, URC gained the capacity to implement the meter gauge and that with this loan of over €330 million, they have the capacity to work through it.

Lastly, it is only that this current Parliament’s term is ending but I always want to ask our Committee on National Economy – the committee of loans – to assess local content and local content strategies because they can. At this point in time, they can arrest that and ensure that at the time of borrowing, the people of Uganda are taken care of. At the time of borrowing, there is chance for joint ventures for our companies here to participate.

Today, we are going to build the meter gauge railway from Kampala to Malaba but we have very many lines that need rehabilitation. What if, at this stage, we ensure that there are other companies engaged in this and that they were not only hiring Chinese – like it is today – or foreigners to implement this?

We ensure that our local people and engineers participate in this and tomorrow, when we are building another line going to Kasese, we have the engineers; so that we build capacity that way.

It is only our Committee on National Economy that can always report to this House that local content has been taken care of, and there is assurance for local content in the loans that we are passing. Thank you very much, Madam Speaker.

**THE SPEAKER:** Thank you very much. As I invite Hon. Musana, join me in welcoming the chairperson-elect of Kabale District, Mr Nelson Gabashaija and the NRM Chairperson for Kamunguru Sub-County in Kabale District. They are here in the gallery. They are represented by Mr William Biryomumaisho. They are also represented by Hon. Bahati and Hon. Catheline Ndamira. They are here to observe the proceedings. Welcome indeed.(*Applause*)

11.46

**MR ERIC MUSANA (NRM, Buyaga County East, Kagadi):** Thank you, Madam Speaker. I take this opportunity to thank you very much for giving me this time and also commend the chairperson and members of the committee for digging deeper into this loan. It is a very big loan, which needs to really be studied properly.

I have two serious concerns that we suffer in Uganda, especially on such projects. This is what one honourable member largely talked about the implementation strategy. We have such good projects thought about but in the implementation process, we move on then we get a lot of stagnation.

You see a project commencing but before you know it, the contractor is not on ground. Before you know it, we have received sub-standard work. How I wish the chairperson captured this. I know you have talked about where the UPDF is going to be involved, especially in giving technical expertise. We would not want to get money and then all of a sudden, the project becomes history. We want to see a project that is really moving on very well.

Secondly, my brother, Hon. Oshabe, has talked about local content. Madam Speaker, we want such a project to be owned by Ugandans. We would not want a project just brought in by the others. The people implementing and benefitting are from somewhere else and Ugandans are simply watching.

While seeing this, the honourable minister has given very good input - when he said that they are looking at increasing Uganda’s competitive advantage with the rest of the East African countries, especially Kenya and Tanzania.

We want to see this come true but we do not want to simply extend opportunities to foreigners. We want to see Ugandans participate in the project. Actually, they own it because we want services to go to them.

We are talking about improving the business environment. We are talking about improving the transport costs, just like the chairperson has highlighted. It is very important for the cost of doing business inUgandato be loweredbecause for very many people who are involved in business, maturity rate and growth of certain projects may not even stand beyond two to three years. You start a project and it dies off. I would not want this to happen.

I would be so glad if this connectivity with the rest of the East African countries was eased and we see the way out. We do not want to see difficulties like the Standard Gauge Railway (SGR) is having. We are all being asked; what is happening? It is taking a lot of years. We would not want this rehabilitation loan of over 330 Euros to be stagnated. Thank you.

11.50

**Ms violet akurut (NRM, Woman Representative, Katakwi):** Thank you, Madam Speaker. I would like to thank the chairperson of the committee and members who are processing this loan.

Indeed, I think the issue of a railway in Uganda is long overdue. We have had criticisms as Government that President Obote built the railway and the National Resistance Movement (NRM) destroyed or sold it. There has been a lot of comparison of what the earlier governments did with what NRM has done. That is why I am saying that the railway is long overdue. We should have had it yesterday.

I would also stand here and support this loan that we need to have this railway. Its advantages have been laid down; it will reduce the cost of doing business, which is true. We have had a lot of borrowing in terms of the infrastructure, especially for construction of the roads. However, due to heavy traffic on our roads, we have had them breakdown every now and then. I think that if we have a railway, it will be able to solve this.

Tomorrow, there is the swearing in of the President. I heard over the radio that heavy trucks will not be allowed in the central business area of Kampala tomorrow. You know what this means; the people who run business and will have brought their goods will not be in business because they will not access the roads to town.

I have one or two concerns about this meter gauge railway. Meanwhile other countries that we are confederating with – we are already in the process of confederation. Tanzania and Kenya already started. They have had a standard gauge railway. Most of the countries upgraded from the meter gauge railway to the standard one.

We started with the idea of the standard gauge railway and just like a colleague said, we have developed cold feet. Why then are we going for the meter gauge railway instead of focusing on the standard one? It is like you plan to buy a bus then along the way you say, “Let me have a Coaster.” That is what I know about the meter and standard railway gauge. The standard is big enough. A meter gauge railway is smaller.

At the end of the day, we are going to be doing these things on and off. You will start with a meter gauge then along the way, you realise your colleagues in the region are on the standard gauge and you drop this yet you will have spent a lot of resources on it.

Therefore, I think we need to plan better for our country. What would be wrong if you borrowed these resources to put in place the standard gauge railway instead of the meter gauge? The fact that we are asking for a loan, we would rather finish work at once rather than do a meter gauge and along the way we abandon it for a standard railway.

We know that we do not have enough resources. The idea is good but we would rather borrow and implement a standard gauge railway rather than a meter gauge. I beg to submit.

11.54

**Mr richard othieno (NRM, West Budama County North, Tororo):** Thank you, Madam Speaker. Allow me thank the committee for their time on this report. This loan is good but it is going to crash the dream of the people I represent in this Parliament. They have been waiting for a standard gauge railway. We had been assured that the standard gauge railway was going to transform and uplift – actually, Tororo had been designated as the inland port for the railway. From nowhere, Government comes up with a loan revamping the meter gauge railway, which unfortunately has also been over exaggerated, the same reason the standard gauge railway failed.

If it were not for the way corruption has eaten this country to the marrow, we would now be talking about the standard gauge railway. What they did was to exaggerate the cost; it became unviable and that is why they are running. No funder was willing to put money into a project that had been overly exaggerated. We are even seeing the same thing in the meter gauge railway renovation.

The Tororo-Kampala line has been functional unlike the Gulu one. It is surprising that we are going to spend less on a line that has been non-functional for over a decade but 10 times more on a line that has been functional every day. Wagons move on that line. My place is not far away from a railway line so I see these wagons every day.

One wonders what the magic is for 10 times more on a line, which is functional. The only answer is, that is a grant and possibly there are no options for *cham-cham*. This is a loan so we can factor in the *cham-cham* the way we want –*(Interjections)* – *Cham-cham* is our language for something for the stomach.

The very reason the committee has given for failing of the standard gauge railway, I am afraid –*(Member timed out.)*

11.57

**Mr noah mutebi (NRM, Nakasongola County, Nakasongola):** Thank you, Madam Speaker. I stand to second the borrowing of this money by this country. A lot has been said by my colleagues but I would like to say that borrowing this money will help Ugandans to solve the problem of transporting cargo from the cost.

However, my worry for which I need the minister’s intervention is that some three or four days back, I saw Hon. Matia Kasaija, the Minister of Finance, Planning and Economic Development interacting with the journalists. When he was asked about the standard gauge railway, he told them that they were not ready to go for it because they were not sure whether Kenya was going to construct from the other side of Nairobi to Kisumu.

However, we are getting information from the committee that they were well aware that Kenya is going to do so. Therefore, we need some clarification from the minister.

Madam Speaker, I would like to support my friends who are opting for the Standard Gauge Railway. It would be important to look at constructing a Standard Gauge Railway in a phased manner because standard is standard. By the time we wake up to think of the Standard Gauge Railway, it will be too late. I would like to appeal to Members of the House to think of the Standard Gauge Railway instead of the Meter Gauge Railway.

When this railway line is constructed, transporting cargo from Mombasa to Uganda will be easy. This will also help to avert the many accidents which always occur on our roads caused by vehicles that carry cargo from Mombasa to Uganda.

I would like to get some information from the minister and chairperson of the committee; what plans do they have to connect other places like Kasese and Fort Portal? I beg to submit.

12.00

**MR CHARLES BAKKABULINDI (NRM, Workers’ Representative):** Thank you very much, Madam Speaker. I would like to thank the minister and the Chairperson of the Committee on National Economy.

As my colleagues have said, this loan is long overdue. We needed it seriously by yesterday. However, I am looking at this “song” of the Meter Gauge Railway. I call it a song because I have been in Parliament for some good time as well as in Cabinet and the song has been “standard” but it is now “meter gauge.”

As we support this, in principle, I would like my colleagues to know what we are going to face technically. Look at the road from Kampala to Masaka; you know what happened to Lwera. Now that we are taking the Meter Gauge Railway instead of the Standard Gauge Railway, is it going to bypass certain wetlands? That means its construction is going to be different.

Even though we shall be happy for one or two years when the railway line is new, I think we need to be careful about it. As a worker’s representative, I am looking at it in different angles; that it is going to create jobs for the workers. I know it is not going to be a simple thing.

I would like to seek clarification from my colleague, the honourable Chairperson of the Committee on National Economy. You have been heading this committee for some good time and you had an experience of being a former Minister of Finance. Either the loan is consumable or developmental, like my colleague said. When does this Committee on National Economy together with the Committee on Physical Infrastructure look at the previous loans and see if they are in line with the support that we have been seeing? Are they performing to your expectations?

That is why I said, you should use your experience as a former minister. At the end of the day, do we just get it and that is the end? My concern is to have something strong for today and tomorrow. Otherwise, I support the loan. I thank you.

**MR MWIRU:** Thank you very much, Madam Speaker and honourable colleague for giving way. You introduced yourself as someone who has been here for a very long time and I have no doubt about that.

The clarification I am seeking from you is, when you say that the loan has a lot of problems but you support it, what do you mean exactly?

**MR BAKKABULINDI:** Thank you very much, Madam Speaker and my colleague. I think if we play back my words, I did not say that the loan has problems. I said, I support the loan but I am mindful of the nature of railway we are going to construct; deviating from “standard” to “meter” gauge. That is different in English from saying that it has a problem. I thank you.

12.03

**MR FREDRICK ANGURA (NRM, Tororo South County, Tororo):** Thank you very much, Madam Speaker. I join my colleagues to appreciate the efforts of Government. As far as the Standard Gauge Railway is concerned, I represent kilometre 0.1 and it moves on to the interior.

From the border line, we have been waiting for the Standard Gauge Railway and the whole of that community from kilometre 0 has been prepared for it. The people have started to realign their investments and interests towards benefiting from the Standard Gauge Railway.

In Tororo Town, Tororo County, we have been promised the only weigh station in Africa, as it has been mentioned by those who have been preparing these developments. The line will go to Northern Uganda and pass from central and Kenya; it is the only weigh station. This has realigned the people’s minds towards benefitting from this very important infrastructure. Unfortunately, it is now delayed.

I would like to appreciate the efforts of the Government to take us to the Meter Gauge Railway, which may take people time to understand. How I wish the chairperson of the committee and the minister had come out very clearly to explain why the Standard Gauge Railway slowed down.

Madam Speaker, we have challenges in realigning with the other East African countries as far as power transmission is concerned. We have a line that is being constructed from Uganda, Tororo to Kenya as part of our interchange.

However, on the other side of Kenya, they have already upgraded it to 400 kilowatts while ours is lower. They have also been reminding us and trying to tell us to upgrade ours to be able to match with the other one. It is the same thing now with the Standard Gauge Railway *–(Interruption)*

**MR MACHO:** Thank you, my colleague, from the border. Madam Speaker, thank you very much; we are proud of you. I would like to inform the august House and my colleague that when he submitted that Kenya has upgraded its electricity lines and power system, in Uganda, everything is the opposite.

Sometimes, when I cross from Busia Uganda to Busia Kenya, I think I am entering London because everything in Uganda is completely opposite from what is in Kenya. That is why you see that we have a Standard Gauge Railway in Kenya and we are bringing a loan here to reconstruct or refurnish a “stone age” Standard Gauge Railway. They have a well setup road system and Uganda has the worst – In fact, Uganda has the best traffic jam in the whole of Africa.

I would like to inform the members that Kenya’s railway system, when compared to the cost of what was built from Nairobi to Mombasa - The loan we would like to approve is more expensive because of the*“cham-cham*” that a member talked about. Thank you, Madam Speaker.

**MR ANGURA:** Thank you very much, Madam Speaker and Hon. Macho for the information. All I wanted to conclude with is to request the Government – With the kind of cooperation we are in and the love we have for East Africa, the other nations are moving ahead of us!

Like Hon. Macho has said, in terms of infrastructure, Kenya is changing every day but on our side, we are retarding and going to what he termed as “old”. Nevertheless, I want to see to it that since Government has committed itself to reconstructing the meter gauge railway, let us see that it is repaired and perfected in order to help us improve on movement of the heavy commercial vehicles that are damaging our roads and shift most of the traffic to the railway.

Let us also hope that the counterpart funding - because most times, we have challenges with counterpart funding - is available this time so that we can fast track the rehabilitation of the meter gauge railway as fast as we can to link up with the Standard Gauge Railway (SGR), which is just near here in Naivasha.

How I wish we could have even co-operated with Kenya to bring it up to Malaba then we also see the benefits of the SGR to conclude and bring it to up here in Kampala. I support the loan but let us fast track and see how we can benefit from it.

12.10

**MR JOSEPH SSEWUNGU (DP, Kalungu County West, Kalungu):** Thank you, Madam Speaker. I would like to find out from the Committee on National Economy whether - you see, when I go to borrow money from the bank, they ask for my financial card to find out whether I still have capacity to borrow. Do countries also have financial cards like the banks where you borrow from to read about your performance? I see that we are beyond.

Madam Speaker, I heard Hon. Bakabulindi the Workers’ MP and my boss at some place outside here talking about employment. Do not expect anything about employees. The houses of Uganda Railway workers have been removed and someone has constructed there a big shopping mall and when you look for the land title, it will be within the first family at one time- take time on that, those are words said by Ssewungu Joseph Gonzaga.

Therefore, you do not expect workers who were employed to find their houses where they used to stay before; someone has built a shopping mall at Nsambya and he has a title. At the right time, we shall bring information here.

Madam Speaker, at least I studied from Mugwanya Preparatory School Kabojja, it is somewhere near Natete- that is where I had my Primary one to four but we used to see trains coming from Kasese carrying goods.

When you move from that area up to Mityana, Mubende, all the rails were stolen by people with in Government who used guns to vandalize. Now when you talk about a SGR and then you bring a loan with something different, we are likely to get those metals that were stolen along Kasese to be used on this one so that they can get money and people enjoy themselves.

Things are changing in the world. Members are talking about Kenya, Tanzania - we have seen all this on social media. The only advantage Uganda has over Kenya and Tanzania is inviting them for swearing ceremonies but nothing else like comparing to what they are doing so that Uganda can match. The national carrier as we talk now has gone down- even the chairperson board has been called out because of theft. Where is the money that we have been getting from the rail for all the time it has been working? What is the improvement?

There is nobody who can argue against railway because it is cheaper than any other form of transport. But go to Namasagali and look at those areas where the trains were stopping, there is nothing. Go to Jinja, there is nothing. Uganda Railway property is being stolen as if people will go with land in Heaven yet they are going to be put four feet below.

I do not support this loan. Members are saying “unless”; you cannot support a loan with claw backs in your statement. Either you refuse it or you take it. But the moment you have issues about it, then you should not support it. May I know how we are going to know - how do we get the SGR and comparisons between Gulu and the one you want to construct from Malaba to Kampala. That is key. That expense is too big. If you are taking more money than the other one, which has not been functioning but the one functioning, is taking more money is not fair; I do not agree with that.

Hon. Bahati, how does our financial card read? You might be hiding it. I was in London; the Uganda High Commission is banking in microfinance other than banking in big banks in Europe because of mismanagement, and you are taking money to Europe through your people who are good at stealing.

12.14

**MR EMMANUEL ONGIERTHO (FDC, Jonam County, Pakwach):** Madam Speaker, I want to state right away as a national person that I support this loan. However, two things: number one, I want to the minister to tell us when the presidents of the East African Community were in Uganda, I think they were somewhere in Munyonyo and came and had some agreement about the railway - I wonder what type of railway they talked about when in Munyonyo. The others are doing their but as for us, we are doing a version - my friend said the “old” type. Are we not fooling our President? He was with his colleagues and they were talking about something else and the colleagues have continued to do what they were talking about. You are reducing ours into an old age railway; that is fooling our President.

Secondly, I come from Pakwach. For me, it is again so annoying that when we talk about this rail, we are not even talking about reaching Pakwach. The other day the MP for Pakwach Hon. Jane Avur, put it clearly in this House the state of our road from Karuma to Pakwach actually up to Arua. We want to believe that if the railway line was there up to Pakwach; probably the road would not be in the state as it is.

Therefore, for me not to be seeing Pakwach is so annoying. We know that Pakwach was the terminal from the other side. The opportunities that come with the line reaching there and the terminal being there are enormous. Our people would be benefiting but now we are talking about stopping in Gulu, what is going to happen with us? That is something that our minister needs to answer. Even if I accept the loan, I am still bitter we are not reaching Pakwach.

12.17

**THE LEADER OF THE OPPOSITION (Ms Betty Aol):** Thank you, Madam Speaker. We are in 2021 and we have to go by the world. If it is a standard gauge, why do we still go to a meter gauge? Therefore, the minister should clarify to us why meter gauge. If he sees the vandalism of the rail, the sleepers and rails have all gone. I am very sure security and everybody knows the people who have been vandalizing them. Can the minister explain to us if you put the meter gauge, how sure are we that we are going to protect and no more vandalizing will take place on it.

However, we would love to have standard gauge other than meter gauge. Why wasn’t this loan projected earlier to make us go beyond the 50 per cent mark of the required loans? Why did you come with it very late? Didn’t you see the need before?

Madam Speaker, honourable minister should clarify on that. What I got to know was that even when you are going to make Standard Gauge Railway, you still require that same space. Probably, if you needed more space, then you would complain that for Standard Gauge Railway, we need more space and we have not worked out that.

Please honourable minister, clarify; we want value for money. We want services to our people and we want to make sure that transportation is improved. It seems there are companies which are on the roads with these big trucks who sabotage this railway service.

I remember way back in 2014, the President went and recommissioned the Rift Valley Railway in Gulu but it never worked to date. Please explain to us if this Standard Gauge Railway and meter gauge occupy the same space, why *–(Member timed out.)*

**THE SPEAKER:** Thank you very much. Honourable minister, we need answers to the question of the quantum; the difference between the cost of the Gulu line and the other issues which the members have asked. I do not know whether it is the Minister of Works and Transport to answer or Minister of Finance, Planning and Economic Development.

12.20

**THE MINISTER OF STATE FOR FINANCE, PLANNING AND ECONOMIC DEVELOPMENT (PLANNING) (Mr David Bahati):** Thank you very much, Madam Speaker and colleagues, for the comments you have raised about this project and the support you have given. I want to answer a few questions and then the Minister of Works and Transport will attend to others.

The first one is to do with what Hon. Ssewungu asked: What is the health of our credit rating in the international community? Madam Speaker, I want to inform my colleague that we are still healthy because our credit rating is actually B, which is one of the best on the continent.I made a statement about our debt portfolio on Friday, where I informed this House that we are now standing at 51.9 GDP. It will come up in the next three years, and then come down to 48.7 after two years. Therefore, it is a situation that we think is still sustainable as long as we are investing in projects that create growth. I think we will be making very important decision.

The second question is on the cost, which the minister will give. Madam Speaker, this is a regional project, whatever we are doing about railway is done in consultation with other member states. For example, the Standard Gauge Railway of Kenya is terminating at Naivasha; from Naivasha, they now do a Meter Gauge Railway which comes to connect to Malaba and Kampala.

Therefore, whatever we are doing, we are doing it in consultation with the member states to be able to save on the costs but also to make sure that the linkages are done properly and in a rational manner.

The issue of the cost between the two lines, the minister will give an answer but it is from the feasibility study that we did, that gave the strength required according to the traffic jam on each section of the Meter Gauge Railway. The Standard Gauge Railway is going to be built, and we are doing the negotiations with the Government of China and other lenders. The compensation is ongoing and we think that in the next two years, we should have started the construction. As you know, we had to reduce on the costs, do consultation with Kenya and we think that that will also continue as a project.

The decision we are going to make today, is an important decision. The Speaker said we conclude and as I conclude *– (Interruption)*

**MR ACHIA REMIGIO:** Thank you, my brother Hon. Bahati. I have been listening to you and I am wondering in a few months, we are going to embark on Standard Gauge Railway. Why are we borrowing to do now the Meter Gauge Railway? Will it not be duplication and wastage of resources?

**MR BAHATI:** The Standard Gauge Railway will not replace the Meter Gauge Railway but they will connect together. Like you have seen, where the Standard Gauge Railway is terminating Naivasha, from Naivasha to Malaba, there are not doing a Standard Gauge Railway; they are doing a Meter Gauge Railway. Madam Speaker, everything is planned well.

I thank you and I recommend this important project that will reduce the cost of doing business in the country, to this Parliament for approval. I thank you.

12.25

**THE MINISTER OF STATE FOR WORKS AND TRANSPORT (WORKS) (Mr Peter Lokeris):** Madam Speaker, I am very happy we are discussing about this important matter of transportation. We are talking about the Meter Gauge Railway. Through our discussions with our neighbours, the Kenyans have prepared theirs up to Malaba, Tanzania up to Mwanza; all these heading towards Uganda.

With us, our job is to say we are really badly off in terms of transporting our goods at a cheaper cost. The only solution is to repair our railway system. We are now embarking on the Meter Gauge Railway. It looks as if it is costly, but it is because of components. There are many things to consider in arriving at costs of doing construction work.

Therefore, if you look at what is involved in this request, we are saying, we are upgrading the railway path and sleepers. In the sleepers, we said where the rails are hard, we are putting hard concrete and they are expensive and the cost of those are also known. Therefore, we keep on looking at different aspects and cost them and arrive at the cost.

From Malaba to Tororo, we are doing preliminary designs, we are also constructing sheds, and we are conducting also capacity and consultation services. The other one is upgrading of the line. What do we do here? We are constructing the railway stations as well for passengers. Therefore, the passengers will not be standing under the rain or the hot sun.

We are also doing services to do with access control and reinforcing the superstructures such as bridges – there are also bridges included in this.

When all these are computed – you will look at the cost and total this up. It is not a matter of saying – colleagues, I heard somebody saying *“cham cham”:* eating. It is the costing, which is done internationally. You get consultants, compare with the other people who approve and they say this is correct. That is why the costs are a little high.

It is in fact a saviour to us. We talk of traffic jams on the roads because we do not have alternative ways to carry a whole haulage, i.e., heavy duty freight to bring to the country. If Kenya has already done up to Malaba, they have done us a service.

Now, for the Meter Gauge Railway, the financers of Kenya are saying they are stopping at Naivasha; they are not coming here. Those we are discussing with say that we should first convince Kenya to bring theirs up to Malaba – those are conditionalities.

We found that this is the safest way to do it. We were proposing to, later, go to the west. The European Union was asking to give us money to rehabilitate the one going to the north, up to Arua.

The costs differ. We are replacing these ones totally. For the other one, there are patches. There are parts which are good and we will only go and put the rails and the sleepers but not concrete. That is the difference in the prices. For some sections in the north, we have engaged the army brigade to replace some of the sleepers. All this is because we are trying to find out the cheapest way we can do this, which we badly need.

This loan is essential for us. Our roads will be safe. These lorries will be off the road because all the goods coming from the coast will be offloaded onto the trains and brought here. The fuel being carried on these lorries will not be there. Therefore, we shall move safely on all these roads –*(Interruption)*

**THE SPEAKER:** Honourable members, you are prolonging this matter. Please, sit with the minister and discuss.

**MR MUYANJA:** Madam Speaker, I have been following the debate – good enough, you gave me a good car in which I have a TV and, so, even when I am driving, I can follow.

I am in support of the loan but there is one challenge. As we get this loan for the railway, most of the railway reserve land is being given out.

How are you going to remove those people when they are even putting up permanent structures? We support the loan here but most of the railway reserve land, from here in Kireka up to Kyetume – on Sunday, I was a chief guest at a function and those people said railways had given them that space to put up a market.

Really, when are you going to put your people in those offices to order so that when this loan is obtained, we do not use it to compensate the people who will claim they are orphans and widows, as they normally do? Thank you.

**MR BAKKABULINDI:** Thank you, Madam Speaker. I am seeking a simple clarification. Who is guiding the other: is it Ministry of Finance, Planning and Economic Development or Ministry of Works and Transport?

You are talking about some areas that you are going to be patching, replacing and others constructing: is the loan aiming at having some bits constructed, others replaced and others left because they are still looking nice? What is it so that we understand it?

The minister in charge of finance talked about Kenya using the Standard Gauge Railway and terminating at Naivasha but according to my colleague here, it seems everything is just part, part and negotiable with the other neighbouring countries.

We need to know what we shall tell our colleagues. Which is which? Is it the end consumer that is listening to finance? Are the technical people from the Ministry of Finance, Planning and Economic Development or those from the Ministry of Works and Transport who are guiding? I need that clarification. Thank you.

**MR PETER LOKERIS:** Thank you, honourable. First of all, there are two portions. For the patching one, where some parts are still good, I was referring to the Northern Corridor - the one from Malaba, Soroti and above. However, this one here, which we said we shall totally rehabilitate, is the Malaba-Kampala line. That is why they are different. Maybe I spoke about the two of them at the same time.

Most of these things we are talking about are good. We are saying that the other countries are saying this. What we are saying is that Kenya has come with the SGR up to Naivasha and they have stopped there. We wanted them to come to the border but they are saying “no”. Discussions will be there in future.

However, a SGR does not substitute a MGR. In all the countries, they are like that. They started with Meter Gauge Railway and when they got the SGR, they are using both. In fact, they even deviate to the rural areas where need be but the Standard Gauge Railway follows one section only.

Colleagues, this loan is necessary. To ask whether it is Ministry of Finance, Planning and Economic Development or Ministry of Works and Transport – whereas we are technical, the others negotiate the loan. That is what the law says. Thank you.

**THE SPEAKER:** There were questions whose answers we wanted to know: where is the Busoga loop line that was part of that railway – the one entering from Jinja into the hinterland up to Busembatya? That is what we want to know.

**MR PETER LOKERIS:** I have been here reading about that one also but I do not have it off-cuff. I will bring the answer *(Laughter).*

During the time when we requisitioned this service, the people who were running it neglected it and some people encroached on the railway land. Now, we are reclaiming it and we want to activate the railway police to guard that now. We will even put some fences along the road. Thank you.

**MR BAHATI:** Madam Speaker, in the documents and the request which were submitted by the Ministry of Works and Transport, and the phased approach we are taking, the following lines will also be considered in the upcoming phase: Kampala-Kasese, Pakwach-Gulu, Busoga line, Kasese-Mpondwe and Soroti-Moroto. Those will be considered after this. That is the line update they submitted in a phased manner.

**THE SPEAKER:** Is that a government assurance?

**MR BAHATI:** Yes.

**THE SPEAKER:** Okay, chairperson, please conclude.

**MS BBUMBA:** Madam Speaker, I want to respond to two issues. The first is on whether the Rift Valley Railways will make good. There is a case in court, which has been opened up by the two countries against the company to see that they provide damages for the losses they caused.

The other is on local content. The committee has recommended that the local content be almost per cent. We have suggested that UPDF should be given this job. These will include engineers rather than the low cadre jobs. We could take up the low cadre jobs but UPDF, which is local, should take up the high engineering jobs.

The third issue is on monitoring. Members were asking whether when scrutinising new loans, we monitor the loans, which have been given out. I would like to say that we do that even without a loan request.

Our occupation most of the time is interrogating ministries on the performance of the loans already advanced. Where funds permit, we go out to the field and monitor the performance of the previous loans.

Lastly, we are also disturbed by the difference in cost. When you look at table two, the causes of the difference are well explained.

Tororo-Gulu is track rehabilitation of the existing steel sleepers. This one is for track reconstruction and upgrading to concrete sleepers. The other one is using existing rails but this is for installing new rails with a bigger profile.

They are setting up a concrete sleeper plant and doing railway track wagging and railway track formation. When they submitted this and told us the costs associated with the difference in the scope of work, we got contended that it was justifiable.

I would like to conclude by thanking colleagues for their contribution. I also request them to support this loan. Uganda is landlocked with people, business and so, we need to open up for competitiveness by providing efficient and cheap transport.

**THE SPEAKER:** Thank you very much. Honourable members, I put the question that the question be put.

*(Question put and agreed to.)*

**THE SPEAKER:** There was a very small “No”. Honourable members, I put the question that this House do approve the proposal by the Government to borrow Euro 216.71 million from the African Development Fund, unit of account UA69.94 million (Euro 84.41 million) from the African Development Bank and Euro 25.984 million from the Corporate Internationalization Fund of Spain for the refurbishment of the Kampala-Malaba Meter Gauge Railway project.

*(Question put and agreed to.)*

*Report adopted.*

**THE SPEAKER:** Honourable members, on the Order Paper, there is item seven. You remember that the Chairperson of the Committee on Public Accounts (Local Government) presented a very elaborate report on the accounts for 2017/2018, for the 122 district local governments, 42 municipal councils, 1,042 subcounties, 355 secondary schools and tertiary institutions.

We had hoped that if the sector ministers were here, we would have debated it. However, recently, we adopted a motion, where work has - What we have to do now is to adopt it so that the Auditor-General can proceed with the value for money audit.

I put the question that this House do adopt the report of the Public Accounts Committee (Local Government) as presented.

*(Question put and agreed to.)*

*Report adopted.*

MOTION FOR A RESOLUTION OF PARLIAMENT TO AUTHORISE GOVERNMENT TO BORROW ADDITIONAL FINANCING OF UP TO SPECIAL DRAWING RIGHTS 174.5 MILLION FROM THE INTERNATIONAL DEVELOPMENT ASSOCIATION OF THE WORLD BANK GROUP TO SUPPORT THE UGANDA INTER-GOVERNMENTAL FISCAL TRANSFER PROGRAMME FOR RESULTS

12.43

**THE MINISTER OF STATE FOR FINANCE, PLANNING AND ECONOMIC DEVELOPMENT (PLANNING)(Mr David Bahati):** Madam Speaker, this is the second last motion from the Committee on National Economy. I want to move a motion for the resolution of Parliament to authorise the Government to borrow up to 174.5 SDR, equivalent to $242 million, from the International Development Association of the World Bank Group to support Uganda Intergovernmental Fiscal Transfer Programme for results. I beg to move.

**THE SPEAKER:** Is it seconded? It is seconded. You can justify.

**MR BAHATI:** Briefly, this is a Government programme supported by the World Bank to construct secondary schools in sub counties, where there are no secondary schools.

It is a project to finance health centres III in sub-counties, where there are no health centres and the programme has been running for the last two years.

This is additional resources to support this programme. It is a matching facility, where the Government puts in and the World Bank adds on. Then, we continue replenishing according to the results that we are achieving.

Some of you who have been to some of these constituencies, where we are constructing must have seen great improvement, especially in schools and health centres.

I recommend this facility to be approved by the House so that in a few years to come, at least all the sub-counties of Uganda have a secondary school and health centres III. Through this, we will continue to increase our literacy rate, fight issues of maternal and infant mortality. I beg to move.

**THE SPEAKER:** Thank you, can the committee report.

12.46

**THE CHAIRPERSON, COMMITTEE ON NATIONAL ECONOMY (MS** **SYDA BBUMBA)**: Thank you, Madam Speaker. The Committee on National Economy considered the proposal by the Government to borrow additional financing of $200 million from the International Development Association of the World Bank Group to support the Uganda Intergovernmental Fiscal Transfer Programme for results.

The proposal was presented to the committee by this august House on the 18th December, last year. In accordance with rule 175(2)(b) of the parliamentary rules, we now wish to report. Before I proceed, I would like to lay on the Table the following documents:

1. A report of the Committee on National Economy on the proposal by the Government to borrow the said amount.
2. Minutes of the various meetings we held.
3. A brief to Parliament by the Ministry of Finance, Planning and Economic Development.
4. Clearance by His Excellency President.
5. Certificate of Financial implementation.
6. The National Planning Authority letter giving clearance.
7. Financing agreement for additional financing.
8. Communication from the Ministry of Finance, Planning and Economic Development on additional allocations for the budget and several annexes.
9. The World Bank Programme Paper on Uganda Inter-Governmental Fiscal Transfers.
10. The World Bank Programme Information Document.
11. The World Bank Programme Paper on proposed additional credit, and
12. A list of Government secondary schools by sub-county. I beg to lay.

Madam Speaker, I would like to thank colleagues for their contribution in processing this loan - I mean members of the committee. The methodology and documentary review are all covered under paragraph 2.

Background

In 2001, Government conducted a fiscal decentralisation for transfer of funds for delivery of social services directly to local governments; the study that informed the Fiscal Decentralisation Strategy.

Madam Speaker, the findings of the study indicated that local Governments were grossly underfunded to deliver social services which are adequate and equitable, which necessitated the reform. It is against –

**THE SPEAKER:** Please use the microphone well.

**MS BBUMBA:** Government began implementing the Intergovernmental Fiscal Transfer Reform Programmes, and these reforms are meant to support the Government to strengthen the implementation of the decentralisation policy, through focusing on achieving three key objectives:

1. Providing adequate financing to local governments for service delivery.
2. Ensuring equity in allocation of resources to LGs.
3. Improving the efficiency of local governments in the delivery of services.

To support this reform, in 2018, Parliament approved the borrowing of $200 million from the IDA of the World Bank. The entire loan was committed to construction of 232 Seed Secondary Schools, and upgrading of 285 health centres II and III in sub-counties without such facilities. By December 2020, the World Bank had released over 50 per cent of that money.

The project, Madam Speaker, is in line with Uganda Vision 2040, and the 3rd National Development Plan. And the overall inter-government transfer reforms are in conformity with those two planning frameworks.

On the performance of the original UGIFT programme; the Shs 200 million I have already alluded to, UGIFIT loan contracted from the World Bank towards the construction of 232 secondary schools and upgrading of 285 health centres II and III in sub counties without such securities.

Based on the mapping undertaken in May 2018, the infrastructure gap in the sectors of health and education, in line with the above policy, were as follows:

1. 259 sub-counties had no secondary schools;
2. 331 sub-counties had no health centres III but had health centres II that needed upgrading; and
3. 134 sub-counties had no health facility at all.

Madam Speaker, the interventions under the UGIFT were expected to reduce the number of sub counties without schools to 27, ensuring that the sub-counties which had no health centres III but health centres II were upgraded to health centre III.

By the end of 2020, 232 secondary schools were planned and were at various levels of completion. On top of the Shs 200 million, Government provided an additional Shs 66.7 billion, to improve the per school per capita allocation for capitation grant in the primary and secondary schools, which was very low.

Under the health sector, 285 health centres II were planned and were at various levels of completion, by June 2020. Government provided additional Shs 16.3 billion shillings towards the non-wage procurement grants under the health sector, and this resulted in increased allocation from Shs 39.9 billion to Shs 56.2 billion.

On the utilisation of the loan under discussion, it is given under table 1. Under table 2, we have interventions to be financed by this additional financing.

The programme profile

The objective of this programme is to improve the adequacy, equity and effectiveness of financing, and the oversight management and delivery of local Government services in education, health, water, environment and agriculture, including refugees and the host communities.

The programme will be implemented nationwide in the education, health, water and environmental sectors. Implementation will be led by the Ministry of Finance, Planning and Economic Development; working together with the Ministry of Education and Sports; Ministry of Agriculture, Animal Industry and Fisheries; Ministry of Water and Environment, and the Office of the Prime Minister.

On cost of financing under paragraph 8.2, in table 2, we have the financing terms for the IDA loan.

Other loan conditions which have been put up on this loan are:

1. Approval by Parliament;
2. Issuance of the legal opinion by the Attorney-General;
3. Preparation and adoption of a programme operational manual; and
4. Dissemination of sector grant guidelines to local governments and cost centres before the first year of implementation, to ensure proper utilisation of resources.

Concessionality

The loan is concessional, as it is above 35 per cent- well above the cost of borrowing.

On project budgetary implication

The Minister of Finance alluded to it; that the borrowing you are processing now is still sustainable, as it is around the 50 per cent debt GDP ratio.

Observations and recommendations of the committee

The committee observed that, the total programme resources amount to Shs 3,506.3 billion, of which 58 per cent will be funded by the Government, and 42 per cent by the World Bank.

The committee notes that over the years, the Government continuously delays the provision of counterpart funding, which affects loan utilisation. In fact, the slow absorption of loans we complain about, is mainly due to slow release of counterpart funds.

The committee recommends that the Ministry of Finance, Planning and Economic Development earmarks resources, to cater for the Government counterpart financing for this programme and releases it in a timely manner, in order to realise the intended objectives of this programme.

On the average unit costs

The committee noted that part of the additional financing will cater for the added scope of work; in both the education and health sectors. The additional scope of work in the education sector requires increasing the average unit cost, and the same applies to health.

Our recommendation to this is that, the proposed average unit cost takes into consideration the location of the proposed investment, and makes realistic cost estimates that are tailored to cater for each region in the country, taking into consideration the hard-to-reach areas, complicated terrains and other factors that may lead to increased unit costs as opposed to having uniform costing for all the facilities.

What caused a problem previously is that all the units were given the same costing regardless of the peculiarities of the different locations.

On the fulfilment of loan conditions, the committee recommends that Government ensures the speedy fulfilment of effective conditions of the financing agreement for this loan, in order for the committed funds to be released by the International Development Association (IDA) of the World Bank Group on time to guarantee the timely implementation of these important projects.

One of our concerns was on the dependency of the health sector on external funds. As we speak now, 80 per cent of the total development budget of health is funded with external resources.

With this distribution, any negative shock to the external environment, like the COVID-19 pandemic case has demonstrated, can easily distort the health service delivery in Uganda.

Parliament has previously recommended that Government should adopt a paradigm shift, where the health sector budget is largely domestically-funded in a phased approach but there has been little success in that.

The committee recommends that Government follows up on its promise to prioritise the health sector starting this financial year, with more investment in the health sector infrastructure development to avoid last minute panic where external resources may not be forthcoming.

On Local Economic Development, the committee noted that the National Development Plan (NDP II) identifies majority of the special programmes having a highly disproportionate investment in social service delivery, to the disadvantage of investments aimed at revitalising the local economy and increasing the incomes of the local people.

The committee recommends that future Government service delivery programmes aimed at increasing adequacy and equity in social service delivery should include a component on local economic development. People do not eat social services. They need money in their pockets to buy food and provide other basics.

In conclusion, the proposed loan is concessional in nature and is also consistent with the medium-term debt strategy for the Financial Year 2020/2021, which prioritises external financing over domestic financing.

In future, Government should consider adopting austerity measures – cost cutting. Let the proposed mergers be a reality because we first heard of mergers of Government entities in 2016. Now, there is a second phase without the first having been realised. Let us find ways of cutting costs.

The committee, therefore, recommends that the request by Government to borrow $240 million from the International Development Association (IDA) of the World Bank Group to support the Uganda Inter-Governmental Fiscal Transfers (UGIFT) Programme for results, be approved, subject to the recommendations we have made. I beg to report.

**The Speaker:** Thank you, Hon. Syda Bbumba, chairperson of the Committee on National Economy and your members. Honourable members, let us have two minutes each.

1.02

**Mr henry musasizi (NRM, Rubanda County East, Rubanda):** Thank you, Madam Speaker. I rise to support the loan. However, there is some clarification I would like to seek.

If I heard properly, the World Bank is contributing 42 per cent and Government of Uganda contributes 58 per cent. If this is true, why are such projects normally attributed to the World Bank without taking cognisant that the biggest contribution comes from the Government of Uganda funding?

I say this because wherever these projects are in my district, we say that this is World Bank funding when it has contributed only 42 per cent. It is important that we attribute these projects to both Government of Uganda and the World Bank.

Secondly, about counterpart funding – not only for this project but in a number of projects funded by loans – there is normally an issue; counterpart funding normally delays. Honourable minister, in future you need a strong strategy on ensuring this funding arrives on time.

Otherwise, any effort to improve service delivery especially in the countryside should always be supported. That is why I strongly support this loan – because it directly speaks to two major service delivery areas of education and health. I beg to support.

1.05

**Mr remigio achia (NRM, Pian County, Nabilatuk):** Thank you, Madam Speaker. I rise to support this loan for the same reasons my colleague, Hon. Henry Musasizi, has given.

A number of loans, which come here are very difficult to explain sometimes because we do not know when they will be implemented. One like this speaks to most of us who represent the countryside (rural areas) – that you are going to invest in health or seed secondary schools for sub-counties that do not have them. This is a good loan.

My question is – being a member of the Committee on the National Economy, I used to be the vice-chairperson and now on the Budget Committee. There are two pertinent issues that always bring us problems on most of these loans. One of them is that money, which Government guarantees to get; the counterpart funding.

Even in infrastructure like roads, we get money to open a road, Government is supposed to get some revenue and compensate people but it takes years. Moreover, these are planned. You wonder why we come to borrow when we know that we do not have money to compensate people.

In my constituency with the new Nakapiripirit-Muyembe Road, people are still asking for the old money of the Moroto-Nakapiripirit Road. We do not know what is going on.

About this one, I do not know whether there is counterpart funding for infrastructure and things proposed here.

Secondly, as a country and Parliament, the Executive owes us a detailed explanation of their strategy and plan on the debts. Hon. Syda Bbumba says that it is okay to borrow because we are around 50 per cent of the debt-to-GDP ratio. The reality is that if we are hit by inflation – like it was in 2009 to 2011, when it went to 29 per cent, we will need more revenue to buy dollars to pay this debt.

We are comfortable with the very many trillions but it is also human for you, Madam Speaker or me; if you earn Shs 100,000 and have a debt of Shs 70,000, how will you help your family if every time you get this money, you hand it over to somebody?

I think the Government has come to the realisation that it is not tenable to borrow. We need to have cut costs somewhere. We cannot collect money from Ugandans in terms of tax and hand it over. It is just human that you cannot earn a salary every month and hand it over. When will you do something for your people?

We need to be strategic on where we allocate the money we borrow. The money for education and infrastructure is important but the utilisation, accountability and efficiency in implementation of some of these projects is the problem.

We also do not get reports, like we get requests for loans. We need to get reports on the progress of some of these projects. Why should we borrow money for the Muyembe–Nakapiripirit Road? How many years is it going to take to be implemented? It was done in the other Parliament and it came to the 10th Parliament and now implementation will start in the 11th Parliament. However, we are paying interest. We need to address these issues with the Executive.

1.09

**MS AGNES AMEEDE (NRM, Woman Representative, Butebo):** Thank you, Madam Speaker, for the opportunity. I thank the Government for the loan in a bid to improve service delivery.

However, I would like to request the Government to strengthen political supervision of these monies. Right now, there are some issues in some instances; for example, the issue of seed schools. It is not systematic that if a sub-county has been allocated a school and it is supposed to start at a given time, it will start. I have instances in Butebo where sub-counties were promised schools but they have never started.

I have written to the Ministry of Education and Sports and called the officers concerned but they just keep dodging. I think where a loan has been got to benefit the nation, there should be equity and fairness. Some districts have schools constructed while others do not; that is not fair.

The second issue is with the Ministry of Health. They have particular people building health centres. There is another incident where the contractor has never reported to do work and the money of that particular health centre is likely to come back to the Central Government.

I tried to investigate why the contractor did not do work and I was told that this particular contractor had a lot of work to do. He was awarded many contracts for health centres. In a certain incident, I was told that he is doing shoddy work. I would like the minister concerned to take interest in why one particular company was loaded with work, when it has no ability to do the work, thereby affecting service delivery. Thank you.

**THE SPEAKER:** Honourable members, there is a company building schools in Buyende, Kamuli and Pallisa. You can imagine it is one company doing all this.

1.12

**MR NOAH MUTEBI (NRM, Nakasongola County, Nakasongola):** Thank you very much, Madam Speaker. I stand to support the loan because this loan is going to help improve service delivery in terms of health services in our rural sub-counties. At the same time, we shall have improved education standards in our sub-counties.

I come from one of the rural sub-counties in this country and at one time, I was the chairperson of the board of governors for one of the seed secondary schools constructed in this country. There is a problem of poor contracts management, which are given out to contractors in this country. If we take keen interest to investigate, we shall find that the contracts are given at national level and there is a mutual understanding between the contractor and people from the ministry.

I would like to give you an example of a contract worth Shs 4 billion. The contractor will come and sign but in agreement, the Shs two billion will be for the people within the ministry. What will be the end result? We shall have shoddy work and substandard buildings constructed.

I would like to cite an example of my constituency. There is Kiralamba Health Centre II in Kakooge Sub-county, which was elevated to a health centre III. The contractor started construction. He used bricks of sand and cement but if you kicked it *–(Member timed out.)*

1.14

**MR MARGARET BABA DIRI (NRM, Woman Representative, Koboko):** Thank you, Madam Speaker. I rise to support the loan since it is going to take services closer to the people. The aim of the Government is to ensure that when you have health centres, at least, you should not go beyond a five-kilometre distance. The same applies to secondary schools in each sub-county.

Madam Speaker, my problem is the large sub-counties. For example, in a place like Koboko, we have Ludara Sub-county which can be divided into three different sub-counties. A parish is as large as a sub-county. It is the same thing with Lobule but we never got these sub-counties.

As a result, our health centres are scattered. Unfortunately, we got very few health centre IIs when the one health centre II per parish project happened. When it reached Koboko, we ended up with only one per sub-county and yet they are very far from one another.

I urge the Ministries of Education and Health to loosen that phrase “per sub-county.” Where there are large sub-counties, we should be given the health centre IIIs or upgrade the health centre IIs in that area to a health centre III so that we benefit. Otherwise, we just pass money for others *–(Member timed out.)*

**THE SPEAKER:** Half a minute to conclude.

**MS BABA DIRI:** I beg that Lobule at least gets one health centre from Opac, which is very far from Lurujo. The same thing should apply to Ludara. We can also upgrade Bamure into a health centre III so that the services are taken nearer to our people. Thank you, Madam Speaker.

1.17

**COL. (RTD) FRED MWESIGYE (NRM, Nyabushozi County, Kiruhura):** Thank you, Madam Speaker. I also join my colleagues to support the borrowing of the US $240 billion to construct and upgrade the schools and health centres.

Madam Speaker, any effort to add value to our future and especially the future of our children, should be supported. Therefore, it is only through these two tools - health and education - that we can ensure eradication of poverty and improvement of human resource, which is very well enshrined in the NRM Manifesto.

I, therefore, support this and it is only this effort that can ensure that household incomes are increased and a good future of our children is ensured.

I would have loved to see the Ministers of Education and Health because they are the end consumers of this loan but I do not see them here. They are the ones to ensure utilisation of this loan and accountability. I would have loved them to be here so that they can confirm to us that they are going to fully utilise and account for this loan. Otherwise, I support the loan.

1.19

**MS** **JOVAH KAMATEEKA (NRM, Woman Representative, Mitooma):** Thank you, Madam Speaker. I also rise to support the loan and I thank the chairperson. We all support this loan because of the fact that it is improving service delivery in the areas of education and health. It is only an educated, forward looking and healthy population that can achieve socio-economic transformation. Therefore, for those reasons and more, we do support the loan.

We know that there are some of our children that still study under trees and in dilapidated structures. Therefore, for Government to want to construct schools is very commendable.

In the area of health, we know that the Ministry of Health tried to upgrade some of the health centres II to health centres III and I am saying some because I hope they do know that not all health centres II were upgraded to health centres III.

I know that this is aimed at making sure that every sub-county has a health centre III but we are concerned about the quality of services within these health centres III and IV. The quality is badly lacking and the fact that there are some health centres II with very nice buildings that were constructed, some of them with assistance from donors but they are just lying idle and now in the bush.

Madam Speaker, giving these examples is very important. Rwamunyoli in Kanyabwanga Sub-County and others have degenerated into the bush because Government took on this policy of saying they want to have health centres III and then they operate at health centre II level.

After all these years, we hope that Government will now be in position to move down to health centre IIs because that is where the population is and that is where the mothers run to when they fall sick or when the children fall sick in the night. Therefore, we would love to see Government operate at health centre II level. Thank you, Madam Speaker.

1.22

**MR CHARLES BAKKABULINDI (NRM, Workers’ Representative):** Thank you, Madam Speaker. I will be quick. However, before I come to the loan, allow me to thank the honourable Minister of Finance, Planning and Economic Development for responding to the cries of the health workers by providing their lunch allowance within the budget.

Madam Speaker, I would like to thank the Ministry of Finance, Planning and Economic Development and the chairperson for this important loan that will help provide social services to our people.

As my colleague, hon. Mwesigye said, I have been in this House and it is something I have been complaining about at Cabinet level. I think, in future, we need two types of requests or motions; one to come from the parent or end user ministry and another one from the Ministry of Finance. That is how we come to know that the borrowing is not initiated by Finance but it is a request by the end user. I have a reason I am stating that.

Secondly, I would like to get some clarification. If this important loan that goes to the sub-county - as I have heard from the minister - has a component of infrastructure - For instance, you have heard, Madam Speaker, that a district like Kyotera has two sub-counties; like Kyebe sub-county where I come from and Nangoma sub-county, which lack health centres III and we do not have secondary schools at sub-county level. This is the opportunity we are going to use but you cannot reach there. Floods cut off the road; so, you have to park your vehicle at a distance of about 10 kilometres and use a boat. Now if this loan has a component -

Is that loan going to cater for it? After all, it is a short distance of about 10 kilometres. I will be happy if it is included. If it is not provided for, those sub-counties will never be provided with those social services that we need.

My colleague here asked me why an end-user ministry should bring the motion. I was a minister and you are aware. My colleague complained about where the user ministries are; Finance is doing a good job and it is going to request for the money but was that money requested for by the user ministry? If it was requested for, what did they request for so that we can respond accordingly? Thank you.

**THE SPEAKER:** Information from the Chairperson, Committee on National Economy.

**MS BBUMBA:** Madam Speaker, I would like to inform my colleague that when we were scrutinising the loan, we met with the following ministries: Finance; Education and Sports; Health; Agriculture, Animal Industry and Fisheries; Water and Environment and Local Government. All these were represented by the ministers in the meetings we held with them. Therefore, the Minister of Education is aware and was part of those who initiated the request for this loan.

**MR BAKKABULINDI:** I would like to thank the chairperson for that response. I told you that I have experience in this House. Meeting different ministries or different people is a requirement but I am saying a request by the end consumer. Those are two different issues.

1.26

**MR MICHAEL MAWANDA (Independent, Igara County East, Bushenyi):** Thank you, Madam Speaker. Allow me to use this opportunity to extend my sincere thanks to you and colleagues for the support you gave me when I was sending off my father.

I rise to support the loan but I have two issues that I would like the Government to pay attention to. One, whereas we provide money for the projects and programmes, we tend not to cater for those people who are going to supervise the projects. This is why you have heard that in some instances, there is a contractor doing very many projects and in some instances, he does not do quality work, simply because there are no people to supervise him.

Secondly, Madam Speaker, while we are providing these services to our people, I need Government to take into consideration the issue of hard-to-reach areas. You will say that you have provided a secondary school or a health centre in a sub-county, but you find that access to the health centre or that secondary school that has been provided is a problem.

A case in point is one of my sub-counties, called Ruhumuro, which neighbours Buhweju. It is very hilly. You will find the school here and the household is in the Ministry of Justice and Constitutional Affairs but for you to reach here, you must first go to Busega and come back to this place.

Therefore, as they plan for these programmes, I would like Government to consider areas that are hard-to-reach such that the people are able to enjoy the services extended to them. Thank you very much, Madam Speaker.

**THE SPEAKER:** Thank you.

1.28

**MS ROSEMARY NAUWAT (Independent, Woman Representative, Amudat):** Thank you, Madam Speaker. I would like to thank Government for coming up with this loan. It is true that Local Governments are grossly underfunded as indicated by the committee and that is why when wind or rain blows off their roofs, they fail to fix those iron sheets. It is really good that Government is now coming to the rescue of the Local Governments.

Madam Speaker, service delivery in education and health is still a challenge and it is good that Government has thought about this. We still have some districts with one or two secondary schools; Amudat District has 10 sub-counties with only two secondary schools. One time, as a committee, we went to Buvuma and they told us that they have only one secondary school. I do not know whether they have added them any.

This denies our children access to education because the schools are far away and many cannot afford boarding fees. As a result, after Primary Leaving Examinations, girls get married and it is worse with the Female Genital Mutilation (FGM) practicing districts because the moment they get discouraged, immediately they think of getting married.

It is secondary schools education, which keeps the girls and in a way, they escape FGM because in secondary schools, they have reached a certain level and they are now enlightened and are exposed through interaction with students from other communities –*(Interruption)*

**MS BETTY AOL:** Thank you, Madam Speaker, and honourable, for giving way. She talked about service delivery and we have been discussing the Parish Development Model and these health centres II were in the parishes. However, right now, the target is upgrading for sub-counties. If a sub-county has more than two health centres II and some sub-counties are very big, service delivery is still going to be a challenge regarding health. That is the information I wanted to give.

**MS NAUWAT:** Thank you, Leader of the Opposition for that information. Madam Speaker, health is a challenge in Amudat Sub-county. We only have one Government Health Centre IV and people are forced to walk long distances to access facilities when referred from health centres III. I thank Government for coming up with this loan. Look at those districts lacking secondary schools and health centres IV.

Madam Speaker, I would have also imagined that Government should have talked of technical schools in this loan because every day, we are talking about unemployment and the youths are complaining and they are right because they do not have jobs. Why don’t we also have a loan so that every sub-county without a technical school gets a technical school? New programmes are coming in like the *Emyooga;* we have the Youth Livelihood Programme but because the youth do not have skills, most of their projects are mismanaged.

Madam Speaker, if those technical schools are provided, then our youth can acquire the skills and will, therefore, be able to manage their projects. I thank you.

1.33

**MR PAUL MWIRU (FDC, Jinja Municipality East, Jinja):** Thank you very much, Madam Speaker. This is an infrastructure development loan, which anybody would be obliged to support.

However, I have a very big concern. I have been contracting contractors for these schools and I have had the benefit to interact with some of the people who have been involved in these constructions. Their concern is that there is a cartel in the Ministry of Education and Sports, which has taken over awarding contracts in this model.

Before as a World Bank loan, contracting was at the districts and a result, the local contractors would participate in the project. When it was centralised, you realise one company having over 10 contracts in the same area. Do you know what they are doing? They say that when they give you 10 schools to construct, the four are not yours but for those people who are in the ministry and the six are yours.

I interacted with some of the directors of a company – once they received payment in the first certificate, they did not remit as it had been agreed. They were forced out of the site. If the Minister of Education and Sports was around, I would have interacted with him and given details of the same.

Therefore, what we need to deal with – the loan is okay but how these loans are being managed, actually – once we pass the loan, you see them celebrating; they would have finished yet our aim is to ensure that there is service delivery. I have been a beneficiary of such a school and that is why I have no problem with the project and extending this money.

However, the way the management of this is being done should be checked. There is fear; the people who have benefited out of this have structured it. They are saying that one is for the minister and now that the minister is – everybody fears to question him.

One time, I wanted to walk to the Ministry of Education and Sports and find out whether this is true. If I got the chance to meet the Minister of Education and Sports, I would share. These people have actually gone to court because they did not even value the works they had done on the site. Instead, they were thrown out of the site and they have refused to pay them anything because they disagreed to share money out of the contract.

That is why I challenge the chairperson of the committee to interact with the Minister of Education and Sports. The PS is aware of these complaints and once they refuse to perform as per those legal arrangements, they are thrown out of the sites. That is why many of them have not performed. I beg to submit.

**THE SPEAKER:** Thank you very much. Does the minister wish to say something - but you have just come.

1.36

**MS CONNIE NAKAYENZE (NRM, Woman Representative, Mbale):** Thank you, Madam Speaker. I would like to support the loan request given the fact that it is for health and education, which are very vital in our lives.

I would also like to note that as the loans come, I think there should be a follow up on how they are being used. Many times, we have had schools being built but they crack even before they are occupied. If we are going to follow up, it would be very good.

Also, given the fact that every sub-county needs a school, this is also going to support majorly the girl child because there are girls who have dropped out of schools because they cannot walk long distances to access schools in faraway places. Therefore, many of them have fallen prey to those either cruel men or those who look like sympathisers to them and have cut their education short.

I would also like to bring to the attention of the minister the fact that as we try to get other schools in all sub-counties, we should also note that the existing old government schools or the historic schools like Bukedi College, Gulu High School, Sir Samuel Baker School, Masaba Secondary School, Bubulo Girls’ High School and many others are in a sorry state. If nothing is done, these schools shall become white elephants.

They have lost the students, the numbers have gone down and if urgent attention is not given to these schools, we might end up losing them and yet they are schools that have made very many big people in this country.

For health, I would like to beseech the minister that there are those health centres II that were constructed but they have been abandoned because they had not been occupied in the first place, because there was a ruling that they should not be there. If they are uplifted to health centre III status, it will cut down the expense of having new ones being constructed. Thank you, Madam Speaker.

1.39

**THE MINISTER OF STATE FOR FINANCE, PLANNING AND ECONOMIC DEVELOPMENT (PLANNING)(Mr David Bahati):** I would like to respond to a few questions raised. First, I would like to thank the Members for your contribution and for the support of this important loan that is going to support our social services to the people of Uganda.

One is the issue of supervision by committees of Parliament in terms of implementation of loans. I think it is an important point that when the Committee on National Economy approves these loans, the sessional committees, through their oversight role, should be able to follow up and see how these projects are implemented. I do agree with that proposition by hon. Galiwango.

The second is equity across the country. As I said, we are targeting sub-counties without secondary schools and those without health centres III.

The honourable Leader of the Opposition said that now that we have debated and passed the parish model, what will happen to the health centres II? The original position of Government was that let us first develop and streamline the health centres III, equip them with skilled personnel and then we see how to move down to the health centres II.

I am also aware that there are some health centres II that have been upgraded to health centres III especially where the geography and the terrain of the sub counties are difficult.

As we now move into the parish model, and offering services to the parish, it is an issue that we are going to discuss to see how best it can be addressed.

The issue of traditional schools; the ministry of education has already started renovating traditional schools and there is a plan to renovate all traditional schools in the country to bring them back to their glory. I am sure that in the coming months, this House will have the reports.

Hon. Musasizi talked about naming of these projects after the lenders. This money that we are borrowing is our money. The projects are for the Government of Uganda. I think we should continue to abandon this colonial mentality that makes our people name our projects after other people. We should mention them as our partners; yes, they are lenders but the projects and the money is for us because at the end of the day, this money will be paid by the people of Uganda.

Finally, the issue of contractors has been noted. It is something that we shall follow up during the implementation. Thank you, Madam Speaker. I ask that this House considers and approves this important loan.

**THE SPEAKER:** Honourable members, in view of the proposal by Members that there should be evidence of the sector committee in the loan, maybe we need a statement during the report, confirming from the chairperson of the sector committee that yes, we were invited, we participated and we agree. Now we do not know who met who.

1.43

**MS SARAH OPENDI (Independent, Woman Representative, Tororo):** Thank you, Madam Speaker. I would like to confirm to this House that there were issues before. What Hon. Bakkabulindi raised was something that was happening before. However, this has since changed; that in Cabinet, we cannot process a loan unless the relevant sector is actually involved.

It was a challenge that sometimes Finance would go ahead to negotiate for a loan and you, as the sector minister, simply sees the paper in Cabinet. But that has changed and things have since been streamlined. What Hon. Bakkabulindi raised is something of the past; that is the confirmation I wanted to make to this House.

**THE SPEAKER:** That is Cabinet but what I was talking about was our sector committee here, confirming in the report that yes, we were invited, we participated and this is our view. That is what I am talking about.

**MR BAHATI:** Maybe we can make it as a requirement that in the methodology of meeting stakeholders, the sessional committees should be part and parcel of the stakeholders to involve in processing of these loans.

If we do that, we will have solved the problem. Also, most importantly, task the sessional committees to help this House and the country to follow up these projects in the implementation of these projects.

**MR PATRICK NSAMBA:** Thank you, Madam Speaker. I would like to thank the minister of finance for that. It is very critical. Many times, we discuss issues when the sector committee is not aware. We have been passing supplementary budgets here when the sector committee, which is supposed to process the sector budget, has not been involved.

We should adopt that as a mode of operation that as a loan or a supplementary comes, they should first go to the sector committee and the sector committee makes recommendations to the Committee on National Economy or the Committee on Budget. Thank you.

**THE SPEAKER:** Thank you very much. Honourable members, I put the question that the question be put.

*(Question put and agreed to.)*

**THE SPEAKER:** I put the question that this House do approve the proposal by Government to borrow additional financing of Special Drawing Rights 174.5 million from the International Development Association (IDA) of the Worlds Bank Group to support the Uganda Inter-Governmental Fiscal Transfers (UGIFT) Programme for Results.

*(Question put and agreed to.)*

MOTION FOR A RESOLUTION OF PARLIAMENT TO AUTHORISE GOVERNMENT TO BORROW UPTO UA 23.0 MILLION (EQUIVALENT TO USD 31.64 MILLION) FROM AFRICAN DEVELOPMENT FUND TO FINANCE THE REVENUE SHORTFALLS

1.46

**THE MINISTER OF STATE FOR FINANCE, PLANNING AND ECONOMIC DEVELOPMENT (PLANNING) (Mr David Bahati):** Madam Speaker, this is the very last one from the Committee on National Economy. We would like to thank Members and the members of the committee for processing all the work, apart from a few in the committee.

I, therefore, would like to move a motion for a resolution of Parliament to authorise us to borrow up to Unit of Accounts (UA) 23 million, equivalent to $31.64 million, from the African Development Fund to finance the revenue shortfall. I beg to move.

**THE SPEAKER:** Is it seconded? Yes, it is seconded. What is your motivation?

**MR BAHATI:** Thank you, Madam Speaker. This is in line with what we passed yesterday to support the current budget for Financial Year 2020/2021 because after planning for these revenues, COVID-19 came in and we anticipate a revenue shortfall of Shs 2.5 trillion by end of June.

We agreed that we mobilise resources from cheaper sources and that is why we have gone externally to finance the budget that we are currently implementing.

When this money is approved, it will be put in the Consolidated Fund to finance all activities of Government. It is not tied to any particular project but tied to all the activities of Government and that is why we call it budget support.

Madam Speaker, most of the issues regarding the budget support were discussed, debated and answered yesterday. We hope that today, we will be able to move on this loan, quickly. Thank you.

**THE SPEAKER:** Can I invite our chairperson, if they have considered this proposal.

1.48

**THE VICE-CHAIRPERSON, COMMITTEE ON NATIONAL ECONOMY (MR Lawrence Bategeka):** Madam Speaker, I am here to present a report of the Committee on National Economy on the proposal by Government to borrow up to UA 23 million, equivalent to $31.64 million, from the African Development Fund to finance the revenue shortfalls. Before I do, allow me to lay on Table the documents the committee considered when considering this loan request:

1. The report of the Committee on National Economy on the proposal of Government to borrow up to UA 23 million, equivalent to $31.64 million, from the African Development Fund to finance revenue shortfalls.
2. The minutes of meetings held to consider the proposal by Government to borrow UA 23 million, equivalent to $31.64 million, from African Development Fund to finance revenue shortfalls.
3. A brief to Parliament on the proposal by Government to borrow up to UA 23 million, equivalent to $36.64 million, from the African Development Fund to finance the revenue shortfalls.
4. The loan agreement between the Republic of Uganda and the African Development Fund, COVID-19 response support programme, dated 17 July 2020.
5. Negotiated disbursement letter from the African Development Group to the Permanent Secretary/Secretary to the Treasury, Ministry of Finance, Planning and Economic Development, dated 17 July 2020.
6. The appraisal report of Uganda COVID-19 crisis response support programme, dated 30 July 2020.

I beg to lay.

Madam Speaker, the Committee on National Economy considered the proposal by Government to borrow up to UA 23 million, equivalent to $31.64 million, from the African Development Fund to finance revenue shortfalls.

The proposal was presented to this House by the Minister of Finance, Planning and Economic Development on 3 February 2021 and accordingly referred to the Committee on National Economy for consideration in line with Rule 175(2)(b) of the Rules of Procedure of Parliament.

The committee considered and scrutinised the proposal and now begs to report.

Methodology

The committee held meetings with the following:

1. The Ministry of Finance, Planning and Economic Development.
2. The Ministry of Health.
3. The Ministry of Gender, Labour and Social Development.
4. Uganda Revenue Authority.
5. The Private Sector Foundation Uganda.

The current proposal to borrow up to UA 23 million, equivalent to $31.64 million, from the African Development Fund was meant to cover revenue shortfalls, particularly to benefit the health sector to implement the COVID-19 emergency response plan.

However, the ministry delayed to process the money because the African Development Fund delayed to finalise their internal approval processes for the funds and, therefore, reduced funding from $350 million to $31.64 million – the request we are now making.

The money is still required this financial year – 2020/2021 – to support the health sector approve development budget and to address the revenue shortfalls.

The budget for Financial Year 2020/2021 that was approved had within it, budget support loans worth Shs 2,773.1 billion. The Minister of Finance, Planning and Economic Development proposed the borrowing of $650 million and that was passed yesterday. $640 million is Shs 2,405 billion and the difference between Shs 2,773.1 billion, which was approved as budget support to be financed by loans, is what I am presenting right now. That left a difference of Shs 368.1 billion on the approved budget loan amount of the Shs 2,773.1 billion.

The Shs 368.1 billion will be financed as follows:

1. Shs 190 billion, equivalent to $49 million, is from the original Uganda Inter-Governmental Fiscal Transfers Programme resulting from the loan of $200 million that was approved by Parliament in 2018. Shs 163 billion, equivalent to $42.5 million, is the first disbursement out of the $240 million as additional financing for the UGIFT loan proposal that was just approved this morning.
2. The balance – Shs 15.1 billion – is expected to be financed from the loan request before Parliament of UA23 million, equivalent to $31.64 million, from African Development Fund.

Government will, therefore, require additional financing to meet the inevitable extra revenue shortfall.

The increased health sector financing requirement is to further manage and control the COVID-19 pandemic as well as provide support to the ailing private sector, individual households and areas affected by COVID-19 in line with the comprehensive COVID-19 preparedness and response plan.

Madam Speaker, let me turn to the proposed programme support from the African Development Fund. The goal of the proposed programme is to support Uganda’s National COVID-l9 Preparedness and Response Plan, to strengthen the COVID-l9 outbreak response mechanisms and mitigate the social and economic impacts of the pandemic.

The programme consists of three broad reinforcing components namely:

1. Strengthening the COVID-19 outbreak health response mechanisms

Uganda remains at high risk of infections from the neighbouring countries due to trade, travel and indigenous transmission from social linkages. The measures supported by the programme will help to reduce the importation and risk of community transmission of COVID-l9 through:

1. Achieving COVID-19 testing of at least 2.5 per cent of the population, is about one million tests and at least 50 per cent, of health workers, which is 45,000 tests and
2. Increasing the number of designated acute healthcare facilities, with isolation capacity and equipment that meet the Ministry of Health standards from 20 to 100. These are critical for contact tracing, isolation, and eventual saving of lives.
3. Strengthening livelihoods and social protection against COVID-19;

The Ministry of Finance, Planning and Economic Development projected low activity in industry and services sectors, leading to loss of jobs, further leading to a decline in economic growth and an increase in the level of poverty.

The informal sector, which is a key sector of Uganda’s economy and employs a critical mass of four million people, was the most vulnerable because a lot of their work had been brought to a halt by the lockdown and the various social distancing interventions.

The Government announced a package of measures to enhance social protection and cushion the poor and vulnerable groups against the impacts of the pandemic. These include:

1. Supplementary budget for additional social expenditure of Shs 284 billion, equivalent to $76 million;
2. Introduction of tax exemptions for items used for medical support to COVID-19 Pandemic;
3. Coverage expansion of social assistance to new vulnerable populations, such as urban poor and informal sector workers; including food distribution campaign for maize flour, beans, and sugar to vulnerable people in Kampala and Wakiso Districts;
4. Increase access to essential hygiene supplies and clean water to vulnerable populations;
5. Reduction of fees on mobile money transactions and other electronic payment charges.

The proposed programme will support a range of measures, geared towards strengthening livelihoods and social protection. These include:

1. Approval of COVID-19 social protection response plan and targeting guidelines;
2. Development of response plans for education to ensure continuous learning;
3. Approval of an investment plan to increase access to essential hygiene supplies and clean water to vulnerable populations;
4. Development of a plan to expand coverage of social assistance to vulnerable populations and informal sector workers;
5. Approval of tax exemptions for items used for medical support to COVID-l9 pandemic and
6. Approval of fee reduction on person-to-person mobile money transactions and other electronic payment charges.

The measures supported by the programme will help to increase the population covered by social protection from 3 per cent to at least 7 per cent. The COVID-19 pandemic has heightened vulnerabilities and significant expansion of the social protection has become critical to save lives and livelihoods.

1. Protecting economic activities against COVID-19 shocks

The extreme challenge remains on how to manage the impact of COVID-19, to enable local businesses to gradually normalise, while bringing fiscal consolidation on track. The longer social distancing measures continue, the worse businesses will be affected, requiring liquidity support to avoid bankruptcy.

To address these challenges, essential reforms are required to enable activity to gradually normalise and strengthen fiscal consolidation that would contain the fiscal deficit. Furthermore, steps are also needed to improve public finance management and strengthen the anti-corruption framework, to increase the efficiency, effectiveness, transparency, and accountability of COVID-19 related expenditures.

The programme measures will help to support the private sector, protect economic resilience, and provide some certainty for business. The measures will reduce the high risks to women’s economic position by increasing their resilience to cope with the shocks.

With women being the backbone of the economy and food security, the social protection schemes targeting women will provide market, stimulating responses to meet basic needs and have significant positive impact on communities’ adaptation to the effects of COVID-19.

The programme will also contribute to ensuring that regional member countries persevere with continued implementation of the ongoing reforms in the ADF-15 commitment areas that are critically important for economic resilience.

Costs and financing

Financing Terms

Madam Speaker, the Minister of Finance, Planning and Economic Development proposed borrowing of $31.36 million, approximately Shs 116 billion, from the African Development Fund to finance this programme.

The ADF financing terms are as follows:

1. Loan amount - Unit of Account 23 million, equivalent to $31.64 million
2. Maturity period – 40 years
3. Grace period – 10 years
4. Repayment period – 30 years
5. Service charge – the loan has no interest charge but it has a service charge of 0.75 per cent per annum and a commitment percent per annum on the withdrawn loan amount and
6. A commitment fee of 0.5 per cent, per annum on the undisbursed loan amount.

Loan terms and conditions

The loan has the following terms and conditions:

1. Approval by Parliament;
2. Legal opinion of the Attorney-General on the loan documentation;
3. Letter to the bank, authorising persons to sign withdrawal applications together with specimen signatures;
4. Uganda’s economic response strategies to COVID-19;
5. Approved amendment Bills on fiscal policy by Parliament; and
6. Tax Procedures Code (Amendment) Bill, 2020, allowing deferment of the payment of income taxes for companies and other persons involved in the business of manufacturing, tourism and floricultural sectors, whose turnover is less than Shs 500 million.

Concessionality of the loan

Madam Speaker, Table 3 deals with concessionality of this loan. In short, the loan is concessional, since its grant element is 59 per cent, which is much higher than the concessional limit of 35 per cent, as per the Public Debt Management Framework, 2018.

The present discounted value of the loan from the ADF is lower than the nominal value of the loan. This implies that the total future payment of the loan is cheaper than the proposed amount to be borrowed in present terms. The total future payment of the loan will be $38.17 million, after the loan period of 40 years.

Regarding the impact of this loan on debt sustainability, the figures being reported are factored in this borrowing already. When we say the proposed borrowing of $31.64 million will make the debt sustainable, it is already factored in.

Observations

The committee observed that the loan was meant to cover revenue shortfalls for the financial year 2019/2020, particularly to benefit the Health sector implement the COVID-19 Emergency Response Plan. However, the ministry delayed the process. The African Development Fund delayed to finalise their internal approval process to the funds and even thereafter, reduced the funding from $350 million to $31.64 million.

The committee also notes that the Government has been slow in the fulfilment of loan effectiveness conditions upon signing of loan agreements in order to trigger the disbursement of committed funds for the implementations of debt financed projects.

Recommendations

The committee recommends that the Government ensures the speedy fulfilment of effective conditions of loan financing agreements, in order for the committed funds to be released by the African Development Fund on time; to guarantee the timely implementation of this program.

Accountability of the COVID-19 Budget

The committee noted that the Ministry of Health received supplementary allocations to its budget of Shs 337.5 billon for Financial Year 2019/2020 and Financial Year 2020/2021, for several interventions to address the COVID-19 budget.

However, some concerns have been raised on the realisation of the intended outputs. A case in point is the issue of procurement of masks at Shs 53.475 billion, where the Ministry of Health indicated that some districts did not receive masks.

In addition, the Ministry of Health district COVID-19 task forces, as well as the National COVID-19 Task Force received several donations from both corporate companies and private individuals to help in the fight against COVID-19. However, many of the Task Forces have not made public the utilisation of the received donations, which could affect future public trust, should an emergency need arise.

Recommendations

The committee recommends that the public should be made aware of the utilisation of the received COVID-I9 donations by the various COVID-I9 task forces; indicating the utilisation of both cash and in-kind donations, so as to build public trust.

In addition, the Office of the Auditor -General should carry out an audit on the COVID-19 budget, to obtain reasonable assurance on the accountability and value for money aspects of the COVID-79 budget.

In conclusion, the committee recommends that the request by the Government to borrow additional financing of up to UA 23 million (equivalent to $31.64 million) from African Development Fund to finance the revenue shortfalls be approved, subject to the recommendations herein.

I beg to report.

**THE SPEAKER:** Thank you, honourable Chairperson and the members of the Committee on National Economy. I have a few questions.

On Page 5, you are talking about strengthening livelihoods and social protection against COVID-19. We would like to know who these urban-poor and informal sector workers are. How are you going to handle them? I see the same group of Kampala and Wakiso, which you gave money to last year. We gave you Shs 89 billion last year to deal with this issue but it is the same groups I see here.

Secondly, I would like to see development of a plan to expand coverage of social assistance to vulnerable populations. Where is this plan? We would like to hear about it.

There is also part III on Page 6, protecting economic activities against COVID-19 shocks. I do not know which people you are protecting against these shocks because the nursery schools have been closed for one and half years. The private schools and gymnasiums are completely dead. Banks continue to ask for interest. So, I do not know.

I seek explanations; how are you going to apply this? How does the money reach the people? Who are you targeting here? This is your report. Promoting economic activities after COVID-19; People have had their property sold because of bank loans and interest is still being charged. So, who are you protecting?

2.14

**MS LUCY AKELLO (FDC, Woman Representative, Amuru):** Thank you, Madam Speaker and the committee for the report. I heard the Member presenting about COVID-19 funds. In the last supplementary budget, as a House, we did well to support the Ministry of Health by ensuring that the money needed was availed.

Madam Speaker, just like you raised some of the concerns about the COVID-19 money, I also have very serious ones. Whereas we made the funds available, most of our regional hospitals that were supposed to be equipped with some of the Intensive Care Unit (ICU) beds and ventilators, most of them were not fitted, simply because the facilities or infrastructure was not befitting. So, why would we ask for a supplementary, knowing that we are not ready? A lot of equipment has been dumped somewhere there; it is neither in use nor installed.

Therefore, just like the committee came up with some sort of audit, I totally agree with this because I believe a lot of money has not been put to good use. I also totally agree with the committee that we must ensure that an audit is conducted, especially in that line. Thank you.

2.16

**MR JOSEPH SSEWUNGU (DP, Kalungu County West, Kalungu):** Thank you, Madam Speaker. I would like to also thank the chairperson for the report.

The Minister of Finance, Planning and Economic Development has been heard several times saying that the economy is going up in a whistle. When you talk about the economy doing very well, it means your revenue is growing because you cannot run an economy without collecting money to run the country.

The minister is here asking for a loan to finance revenue shortfalls. Between you and the minister, hon. Matia Kasaija, who is telling lies?

I would like to put this on record - and I am warning the Ministry of Finance that the Kingdom of Buganda has even sued you – they are asking you to pay them their Shs 215 billion. If you cannot pay it, why don’t you top up and use this same money to pay Buganda their money from this loan?

I would like them to be very serious with this matter because the money they would pay the kingdom comes from revenue. They are going to have a serious litigation since the Attorney-General was also warned long time ago.

He has also talked about the COVID-19 money and what was collected. This Parliament gave us money here and I had refused to take it back. There was a lot of intimidation and I had to get that money and bring it back to the Commission - the Shs 20 million. Nonetheless, I had already bought posho worth Shs 10 million for my constituency but the RDCs have never accounted for it. Other Members took the money to the RDCs but the committee has not captured that and yet we were here under duress over this money.

When it comes to anything to do with hospitals, whether it is a loan or not, once you do not mention or talk about new districts and sub-counties, then I cannot support you. We were living in Masaka, which is a city now, and our hospital in Kalungu was Masaka Regional Referral. Kalungu has only one health centre which is almost a dormant volcano.

As you get this loan – I do not agree with you but due to decorum, I am not going to mention names but we have information that some big “fish” in URA were forced by the President to resign before they were to be arrested because they were stealing money as they collected revenue.

Hon. Bahati, as the Ministry of Finance, have you taken keen interest in those people stealing money from URA, yet they are working there and causing losses? Money is collected and it is stolen. We are here and want to get a loan to fill those vacuums of the perennial thieves in this country.

Madam Speaker, I would like to thank you but I would like to know from the minister this; Buganda Kingdom has asked us to find out when it is going to receive its Shs 215 billion. Put it on this loan so that you stop paying interest for it and our Kabaka continues enjoying his life. Thank you.

**MR BAHATI:** Madam Speaker, this particular loan was submitted and requested for by the World Bank sometime back at a time when we were hit most by COVID-19. When the World Bank was supporting countries –

**THE SPEAKER:** Use the microphone because we cannot hear you well.

**MR BAHATI:** Madam Speaker, this particular loan was requested for by the World Bank at a time when we were hit most by COVID-19. The World Bank had put in place a facility to help all countries to address COVID-19 related matters through budget support. We have delayed in the internal processes but this facility is still available. We request to go ahead with it to finance shortages in our revenue and also target areas that are COVID-19 related.

One of the key COVID-19 related effects on the economy is a shortage in revenue. When these resources are approved, some of them will go to finance activities in the health sector; for example, to contribute towards the purchase of vaccines and to support materials that are needed in the health services. Also, part of it will go to some institutions like UDB to support struggling companies. That is what we mean by budget support.

We would like to focus on areas that are hit most by the COVID-19 pandemic. Some of the literature that we have is out-dated because we submitted this loan quite some time back but we have since moved on. We still need this money to support areas that have been hit most by COVID-19 and through budget support.

**THE SPEAKER:** Honourable minister, how will a trader in Kidera who had to close his business access this money? That is what I would like to know.

**MR BAHATI:** Madam Speaker, when we put money in the budget support, we are putting money in the Consolidated Fund. What are those programmes that we have to support the traders in the areas of Kabale and Kamuli? We have put programmes like the Microfinance Support Centre; so when we finance it, we are saying if you are trader in Kamuli or Kabale, you can access money through that.

The challenges of *Emyooga* notwithstanding, it was one of the ways that was putting money directly to companies in rural areas. There is also money in the Post Office. Those are the areas that we think the people in the rural areas can access.

**MR SSEWUNGU:** Madam Speaker, I have just asked the minister about the Buganda issue, which he knows about. When are you paying the kingdom? This issue is becoming bigger and it is attracting interest. Since you are going to pay interest on this loan, why don’t you pay Buganda its money of Shs 250 billion as they demand for other things? We want that money; whether through a supplementary or loan. Pay Buganda their debt so that the Kabaka feels better.

**MR BAHATI:** Thank you, Madam Speaker. It is true that we have an obligation to the Kingdom of Buganda, like we have had with the Church of Uganda and the Roman Catholic Church. We are programming to pay the balance in July next year.

**MR SSEWUNGU:** Madam Speaker, I think that is a Government assurance. Thank you.

**MS LUCY AKELLO:** Madam Speaker, I am seeking clarification from the minister in regards to the company called “Test and Fly”. I know they are involved in testing for COVID-19 in almost all the border points. My point of concern is how much do they contribute to the Consolidated Fund because they are using government facilities? From the information I got, these people are not remitting the money. It is a purely private company doing COVID-19 tests using Government facilities.

I am interested in knowing how much they are ploughing back into the account to help us with some of the gaps especially when it comes to issues of managing COVID-19. Thank you, Madam Speaker.

**MR BAHATI**: Madam Speaker, we agreed that this is treated as non-tax revenue. Therefore, the company that is doing testing at the borders - we have a ratio that is submitted to the Consolidated Fund. However, I do not have the figures here now but I can crosscheck with our system and get back to you, hon. Lucy Akello.

**THE SPEAKER:** Okay. Honourable members, I put the question that the question be put.

*(Question put and agreed to.)*

**THE SPEAKER:** I now put the question that this House do approve the proposal to borrow Unit of Accounts equivalent to US$ 31.64 million from the African Development Fund to finance the revenue shortfalls.

*(Question put and agreed to.)*

MOTION FOR ADOPTION OF THE REPORT OF THE BUDGET COMMITTEE ON THE SUPPLEMENTARY EXPENDITURE SCHEDULE NO. 5 AND THE ADDENDUM TO SCHEDULE NO. 5 FOR FINANCIAL YEAR 2020/2021

**THE SPEAKER:** Minister of Finance -

2.23

**THE MINISTER OF STATE FOR FINANCE, PLANNING AND ECONOMIC DEVELOPMENT (PLANNING)(Mr David Bahati):** Madam Speaker, I beg to move a motion for adoption of a report of the Budget Committee on the Supplementary Expenditure Schedule No. 5 and the Addendum to Schedule No. 5 for Financial Year 2020/2021.

**THE SPEAKER:** Is it seconded? It is seconded; the justification?

**MR BAHATI:** Thank you, Madam Speaker. We did submit a supplementary request to this House and it has been considered by the committee. The main objective of this supplementary was to finance UNOC after signing the final investment decision by the oil companies to be able to honour our obligation. We submitted a request of Shs 481 billion to do that.

We also had external finances that were not appropriated at the time when we appropriated the budget for this financial year, especially to finance the roads under UNRA amounting to almost Shs 101 billion.

We have experienced shortages in salaries out of promotion of staff and transfer of some. We also have some classified expenditure under the State House. All these required us to come back according to the law and request the House to appropriate these funds.

Now that we are remaining with a few days and months to end the financial year, and given the difficulties that we will experience, we think that this is the right time to consider this request and therefore support us to be able to implement these activities before the end of the financial year. I beg to move.

**THE SPEAKER:** Chairperson of the Budget Committee.

2.31

**THE CHAIRPERSON, COMMITTEE ON BUDGET (Mr Amos Lugoloobi):** Thank you, Madam Speaker. I beg to present the report of the Committee on Budget on the Supplementary Expenditure Schedule No. 5 and the Addendum to Schedule No. 5 for the Financial Year 2020/2021.

On the 11 March 2021, the Minister of Finance, laid before Parliament a Supplementary Expenditure Schedule No.5 amounting to Shs 481 billion.

On 13th April, the same honourable minister again laid before Parliament an addendum to Supplementary Expenditure Schedule No. 5 amounting to Shs 214,538 billion.

These supplementary requests require prior approval by Parliament as provided for by the Constitution and the Public Finance Management Act.

Madam Speaker, Table 1 presents the supplementary expenditure requests that have been presented to this Parliament. We had Schedule 1 and 2, Addendum to Schedule 2, Schedule 3, Addendum to Schedule 3 and another Addendum to Schedule 3; and Schedule No.4, Addendum No.1 to Schedule 4 and Addendum No. 2 to schedule 4. Now we have Schedule 5 with the addendum.

The Supplementary Schedule No. 5 was referred by the Speaker to the Budget committee for scrutiny and reporting thereto. The committee has considered the requests and wishes to report as follows:

Part A presents the methodology, legal framework, and preliminary observations. Part B presents the proposed supplementary and corresponding justification, observations and recommendation.

I beg to skip Part A and go straight to Part B.

In part B, we have the justification for the proposed supplementary request under Schedule No.5 for the Financial Year 2020/2021.

Madam Speaker, Schedule No. 5 is over and above the 3 per cent legal limit and therefore, requires prior approval of Parliament before the expenditure can be allowed. This is in line with section 25(l) of the PFM Act (2015) as amended.

Below is the justification of the supplementary expenditure requests under Schedule 5 and the addendum.

Requests under Schedule 5

Vote 008: Ministry of Finance, Planning and Economic Development - Shs 481 billion

This request was presented to us by the ministry as a subvention to the Uganda National Oil Company for its portion of equity investment into the East African Crude oil Pipeline (EACOP) Ltd for the construction of the crude oil pipeline for transporting Uganda's crude oil from Hoima to the Port of Tanga in Tanzania, to enable access to international markets.

This will leave a balance of USD 163.5 million - yet to be paid - as Uganda's l5 per cent equity contribution into the pipeline. Construction of this pipeline is slated to begin in June 2021 with other shareholders including Total EA BV owning 62 per cent, CNOOC owning 8 per cent and Tanzania Petroleum Development Corporation owning 15 per cent.

The project, estimated at US$ 4.291 billion, will be completed in 36 months. The Government of Uganda has committed to its shareholding in the pipeline project and it is important for the Government to honour its equity obligation.

The committee recommends the approval of Shs 481 billion as part of Uganda’s 15 per cent equity contribution in the East African Crude Oil Pipeline (EACOP) Ltd to facilitate construction of the oil pipeline from Hoima in Uganda to Tanga in Tanzania.

The other category of request comes under Addendum 1 to Schedule No. 5. This contains:

1. Vote 002: State House requesting for Shs 28.352 billion. State House is requesting for this money to comprise Shs 25 billion as classified expenditure and Shs 3.352 billion to cater for operational expenses at the Secretariat of the Project on the Presidential Scientific Initiative (PRESIDE) on Epidemics.

The committee recommends the approval of Shs 28.352 billion to State House for the purpose as stated above.

1. Vote 008: Ministry of Finance, Planning and Economic Development - Shs 2.7 billion

The Ministry of Finance, Planning and Economic Development has requested for additional resources amounting to Shs 2.7 billion to be spent as follows:

i) A total of Shs 1.2 billion for transfer to the Tax Appeals Tribunal to enable the agency to dispose of the backlog of tax appeals;

ii) A total of Shs 1.491 billion for transfer to the Privatisation Unit to facilitate the institution to carry out its residual activities given that the unit is winding up its operations by 30June 2021.

The committee recommends the approval of Shs 2.7 billion to the Ministry of Finance, Planning and Economic Development for the activities as specified above.

1. Vote 170: Mbale Regional Referral Hospital - Shs 0.73 billion

Mbale Regional Referral Hospital has requested for an additional Shs 730,000,000 to complete construction of the Surgical Complex. The committee was informed that the construction had stalled for two years because of the failure by Government to release money as per the signed contract.

The committee recommends the approval of Shs 730,000,000 to Mbale Regional Referral Hospital to complete the Surgical Complex.

1. Vote 113: Uganda National Roads Authority

They are requesting Shs 101,999,242,715. The amount is required to cater for external financing for three projects, namely:

1. Hoima-Wanseko Road Project;
2. Kampala-Northern Bypass Project, and
3. Mbale-Bubulo-Lwakhakha Road Project - given the disbursement of funds by the development partners for each project.

The committee was informed that the funding comes from the European Union, the African Development Bank and Exim Bank, China as summarised in Table 1 below. From the China Exim Bank, we are funding the critical oil roads and in this case for Hoima-Wanseko, the request is Shs 77.1 billion. Kampala-Northern Bypass by the European Union, the request is Shs 4 billion and from the African Development Bank to upgrade Mbale-Bubulo-Lwakhakha, the request is Shs 20.8 billion, which totals to Shs 101,999,242,715.

The committee recommends the approval of Shs 101,999,242,715 to cater for external financing of the said three projects.

1. Vote 784: Kitgum Municipal Council – Shs 96.8 million. This municipality requested for an additional Shs 0.097 billion to cater for unreleased education capitation grants in the Financial Year 2018/2019 to the Kitgum Core Primary Teachers College.

The committee found no problem with that and has recommended for its approval.

f) Vote 500 – 797: Local Governments (Uganda Government Inter-governmental Fiscal Transfer) UGIFT – Shs 10.7 billion. The committee was informed that additional co-funding of Shs 10.7 billion is required under the Uganda Inter-governmental Fiscal Transfer project for respective Local Governments to upgrade Health Centre IIs and IIIs and construction of Seed Secondary Schools):

1. A total of Shs 1.5 billion is required for the completion of construction of seed secondary schools under UGIFT. These are unspent balances in the Financial Year 20l9/2020. We present these unspent balances and request in Table 4. We have presented the districts of Adjumani, Busia, Yumbe and Bugweri.

ii) A total of Shs 4,353,787,738 for the upgrade of Health Centre IIs to IIIs under Uganda UGIFT. These were also unspent balances for the Financial Year 2019/2020. The affected districts are presented in Table 5 below.

These districts include: Adjumani, Bundibugyo, Busia, Kasese, Mubende, Sironko, Oyam, Buhweju, Kween, Bugweri, and Kazo. Corresponding requests have been indicated in Table 5.

iii) A total of Shs 1.256 billion funding for local revenue collected over and above the approved budget for the Financial Year 2020/2021. Table 6 presents the local revenue collected by different districts with the corresponding figures. We have Mayuge District, Ntoroko District, Mbarara District and Luwero District. The corresponding figures are given in Table 6.

iv) A total of Shs 3.565 billion which is counterpart funding for the Primary Capitation Grant to cater for the Government of Uganda contribution towards the Uganda Inter-government Fiscal Transfer reform in order to meet the disbursement link indicators and trigger disbursement of funds from the World Bank. These are presented in Table 7.

The distribution list of the beneficiary districts are all indicated in Table 7. It is a long schedule moving from pages 9, 10, 11 and 12. That gives you the grand total that I talked about of Shs 3.565 billion.

In b) we have requests relating to the various central and local governments in form of wage shortfalls, of an amount of Shs 69.993 billion.

The committee observed that the wage shortfall resulted because of additional recruitment and transfers of teachers and health workers across local governments.

The committee was informed that the Ministry of Finance, Planning and Economic Development and the Ministry of Public Service are undertaking measures to curtail wage shortfalls as has been indicated above.

The following are some of the measures:

1. Developing the Human Capital Management System (HCMS) which shall seamlessly interface with the Programme Budgeting System (PBS) and the Integrated Financial Management System (IFMS) to ensure that recruitment plans are directly linked to the funding available in the Budget and that the Wage payments on the IFMS are based on the payroll captured in the HCMS.

Table 8 presents those Central and Local Governments institutions that are sharing this wage allocation, which amounts to Shs 69,992,622,471. That money has been distributed within various central government institutions as indicated in Table 8 as Part I and in Part II, we present the beneficiary local governments. The table stretches from pages 12,13,14,14,16 to 17.

The committee wishes to recommend approval of funding for wage shortfalls for various central and local governments as reflected in Table 8 above.

Conclusion

Madam Speaker, I request the House to approve Supplementary Expenditure under Schedule No. 5 and the Addendum thereto, for the Financial Year 2020/202l as highlighted in Table 9 and detailed in Annex I and 2.

In Table 9, we present the summary of supplementary expenditures recommended for approval as contained in Schedule No. 5 and the addendum.

We present the recurrent and development expenditure between central government and local government. The total amount of money that we are presenting for approval is Shs 695,538,257,925. That is the money we are presenting. For the central government, to break down that figure, we have Shs 627,930,796,809 and for local government, a total of Shs 67,607,461,116.

In the Annex 1 and Annex 2 where we present the details of the supplementary expenditure estimates which we recommend for supply under Annex 1 for both recurrent in Annex 1 and development in Annex 2.

Thank you very much, Madam Speaker. I beg to move.

**THE SPEAKER:** Thank you very much, honourable Chairperson of the Committee on Budget. Is it true there is a minority report?

**MR LUGOLOOBI:** Personally, I am not aware of the minority report - *(Interjection)* - you have not given it to me. I am a Christian. I cannot lie.

2.51

**MS CECILIA OGWAL (FDC, Woman Representative, Dokolo):** Madam Speaker, I would like to thank you for allowing me to present a minority report. We are not delighted to consistently present a minority report. However, in my view, it is to give this Parliament an opportunity to look holistically on what is presented so that the budget we pass, we pass it from an informed position.

The Supplementary Expenditure Schedule No.5, amounting to Shs 481 billion, was laid on 11 March 2021 by the honourable Minister of Finance, Planning and Economic Development. This was followed, on 13 April 2021, by an addendum to Supplementary Expenditure Schedule No.5 amounting to Shs 214,538,257,927. This supplementary request required prior approval by Parliament as provided for by the Constitution and the Public Finance Management Act, as amended, 2015.

Pursuant to Rule 202 of our Rules of Procedure of the Parliament of Uganda, we hereby present a dissenting opinion from the opinion of the majority of the budget committee.

Areas of dissent are as follows:

1. National stake in the oil pipeline project, which is the main in this supplementary.
2. No source of funding has been identified as yet.
3. An-unaudited historical cost.
4. Wrong computation for historical cost.
5. Foreseeability of the $70 billion of the same project.
6. Transfer of civil servants is supposed to be budget neutral

Areas of dissent in detail

We dissented with the majority of the committee regarding sources of funding towards the supplementary and lack of clear and consistent information of Uganda’s stake in the crude oil pipeline and refinery, the purpose of which funds are being requested.

Dissenting observations are as follows:

1. Uganda’s national interest in the oil pipeline project at stake

On 11 March 2021, the ministry presented a request for Shs 481 billion to facilitate the Uganda National Oil Company (UNOC) signed off investment decision on projects under oil and gas related to the refinery and pipeline. The initial information indicated that Uganda has 15 per cent while Tanzania had 5 per cent.

Madam Speaker, Total had 72 per cent according to that document laid before Parliament, while the rest belonged to CNOOC but later the share allocation changed and now Tanzania has 15, Uganda has 15 and Total has 62 per cent. The remaining, as it were and decisions of the board as per the agreement, which is laid before us, can only be taken by the two directors who command 75 per cent.

This, therefore, means that Tanzania and Uganda shares cannot determine any decision in this project. It also means that no decision can be taken in this project without Total agreeing to it yet the 15 per cent shares for Tanzania can only be sold to Total according to the agreement laid before Parliament. This could jeopardise the national interest in both the short and long term.

Recommendations

The first is that we reject the supplementary until the national interests are secured in this project and this will necessitate amendment to the agreement already laid before us. Until that is done, we will be deciding in error.

Secondly, no source of funding - the Ministry of Finance indicated that they intend to finance a supplementary through domestic borrowing and proceeded to do the same through the Committee on National Economy to establish the source of funding.

As of now the committee on National Economy has not approved this borrowing for reasons best known to them, hence there is no source of funding for this supplementary yet this is a basic requirement, under the Budget Act and the Public Finance Management Act and the common practice of prudent management of the budget process.

We recall your own guidelines, which you gave to Parliament on the 10th July, 2014 concerning the processing of supplementary budget.

It is our recommendation to reject the supplementary until the Committee on National Economy gives clarity as to the source of funding and brings it to Parliament for approval.

3. Unaudited historical cost

This historical cost as highlighted in Appendix (a) attached to the report, which is already uploaded, has not been audited and therefore, we cannot act upon the figures presented.

We recommend delay of approval until historical costs are established.

4. Wrong computation for historical costs

This is a very interesting section and I would like Members to listen carefully. The total cost is $400 million.

15 per cent of Uganda’s share gives $60 million as requested in the supplementary but the funding model for this project is based on the debt equity ratio of 60:40 for which the total project cost $4,291 - see letter attached from UNOC to the Budget Committee, marked (A).

Because of the above total cost, the funding requirement for UNOC, under the agreement, is $293.5 billion yet it is meant to be $233.5 billion because out of the total cost, they should have subtracted that amount from the $ 400 billion and remain with $3,891 billion. This means that the payment will be $1,555 million and UNOC share is now $233.5.

Given the above analysis, historical costs also should have been computed on a debt equity ratio of 60-40 and that would give Uganda $24 billion only out of the $400 billion.

Therefore, this request of $60 million is in error; it is inflated, it should have been $24 billion but is it put as $36 billion.

We recommend delay until we establish the correct computation of the share that Uganda should be responsible for.

1. Shareability of the $70 billion

The $70 billion that is required to meet our obligation for the next financial year was foreseeable at the time of doing the budget, which we passed a few days ago. I still wonder why it was not included in the budget figures that we supplied just two or three days ago. In any case, the Ministry of Finance has a virgin window of 3 per cent unconsolidated funds for any emergency operation that may emerge.

Madam Speaker, we recommend that the need for any fund for this particular project can wait for the next financial year because it is foreseeable expenditure as far as our law is concerned.

Madam Speaker, the transfer of civil servants is supposed to be budget neutral. A total of Shs 69.993 billion is required to take care of wage shortfalls as a result of additional recruitment and transfer of teachers and health workers across local governments that are not backed up by availability of funds and the vote wage ceiling.

The transfer of civil servants from one local government in a financial year ideally should be budget neutral because they were previously budgeted for, anyway, in the wage Bill for that financial year.

To our dismay, the whole of Shs 69.993 billion is going to be funded through additional revenue and borrowing as if no budget was done for the same personnel; this is done in error. What happens to the money that was initially budgeted for their wages and salaries, wherever they were before the transfer? Can we get that explanation first?

It should have been a simple reallocation not a request for a supplementary budget to fund the entire budget as if those personnel never existed in the service of local governments.

The Government should reallocate the money we provide in the budget for Financial Year 2020/2021 as wage for the same civil servants. I beg to submit on behalf of my colleague, hon. Muwanga Kivumbi.

**THE SPEAKER:** Thank you, hon. Cecilia Ogwal on behalf of the team of hon. Ogwal and hon. Muwanga. Honourable members, you have heard the main and the minority reports; can we have your comments? Any comments from the honourable members?

3.06

**MR STEPHEN MUKITALE (Independent, Buliisa County, Buliisa):** Thank you, Madam Speaker. I thank the chairman of the Budget Committee for moving the majority report and hon. Cecilia Ogwal, my aunt, for moving the minority report.

My preliminary concern is that whereas I would want Parliament to concentrate on supporting, say, the Uganda National Oil Company, the Ministry of Energy and Mineral Development and the Petroleum Authority of Uganda to have the first oil yesterday, I am not comfortable with this piecemeal and disaggregated way.

Parliament has been denied information. In the Ninth Parliament, we worked on the good laws on how we were going to move forward with the oil industry. The laws gave birth to the Petroleum Authority of Uganda and the Uganda National Oil Company.

Madam Speaker, just three-and-a-half years ago, we agreed here with the Government on how we were going to have a multi-sectoral integrated approach. A multi-sectoral matrix was brought here. It is supposed to be costed. Parliament should know how much the Uganda National Oil Company and the Petroleum Authority of Uganda require and, most importantly, the requirements of the other Government ministries, departments and agencies which must also participate so that we produce this oil.

If the oil companies are going to spend over $15 billion but up to now - at a time when we are approving a budget in year one of the development phase - Government has not told Parliament how much counterpart funding we need, then you are going to continue coming here with supplementary budgets today and the other day in an ugly way.

I can tell you that if we do not fix that lacuna, the oil companies are going to charge us for every delay. We are saying the Uganda National Oil Company or State participation is 15 per cent. This should have been foreseeable. You are coming today and saying, “Okay. Now that we have signed, we need a supplementary.” That is very ugly; that is very shabby. I am telling you that the oil companies have their numbers and timelines. For every delay, Uganda will pay more in recoverable costs. Therefore, we shall not have the oil profit to benefit from.

As we end this financial year, the Ministry of Finance, Planning and Economic Development has presented itself in a very ugly way. You are running to the Committee on Finance, Planning and Economic Development, you are in the Committee on National Economy for a loan and the Committee on Budget has a supplementary budget, as if we did not know.

Why is this, at a time when we know the revenue side is not clear? We are rushing to come with supplementary requests when we do not even know the source of funding. I find some very important reasons in the minority report, much as I would want to speak for funding the oil sector, if we are going to succeed.

Madam Speaker, at the time when the minister presented earlier today, I had requested that the Ministry of Energy and Mineral Development, working with the Ministry of Finance, Planning and Economic Development, should be open to Parliament. We gave a communication strategy - access to information is constitutional – to come and update Parliament.

I am wondering how the next Parliament is going to finance the development phase of oil and gas when, actually, Parliament is lacking information.

The other day, we just rushed here for them to tell us what was being signed in the agreement. This information should come first, not rushing here to say - we do not want you to accuse Parliament of refusing a supplementary budget when you have not given them information.

As the Rt Hon. Prime Minister comes in, three-and-a-half years ago, I came to your office when the minister, hon. Lokeris, responded to our question on how we were going to finance the oil and gas sector in a holistic, integrated, multi-sectoral way and with a matrix, process and a mandate.

When you come to speak for the Uganda National Oil Company only – but I know we do not have money for water obstruction in the Ministry of Water and Environment, NEMA still needs more money and we still have land issues – I find it very shabby.

The final point, Madam Speaker, is that I think Government must be very clear. When we sign this production sharing agreement (PSA) that the State participation is only 15 per cent, we should be very sure that this is what we want.

I can see that in the event that the oil company renegade, this is our fall-back position as State participation. However, the way we are proceeding, looking for money by supplementary budget and holding a 15 per cent stake, we are basically saying - and any lawyer will tell you that, with a minority of 15 per cent, you have no say in that industry.

Have we agreed that we are deliberately in joint venture in an international oil company-led industry and that Government is going to be a spectator, following them? I think that is very dangerous. We may also have to review that position.

Now that we are in the budget process, Government should bring Parliament on board with all the information. What is this deal we are going into? This is EACOP but there is the other industrial park which is redundant in Hoima. There is the processing unit, both at Kingfisher and Kilenga; everyone is quiet. When will Parliament get this information so that when you are asking them for a supplementary and budget approval, they understand? Right now, I can say information is not forthcoming and you want Parliament to blindly support it.

It is important that the Prime Minister and the Minister of Finance, Planning and Economic Development first give us more information so that we move, knowing what we require. We would even support 10 per cent across-the-board-budgeting, to make sure the first oil is given. Thank you, Madam Speaker.

3.13

**MR PATRICK NSAMBA (NRM, Kassanda County North, Kassanda):** Thank you very much, Madam Speaker, for the opportunity to talk about this supplementary budget.

Recently, I was going through the Public Finance Management Act and I discovered that section 25 was amended, where we examine the supplementary budgets, as far as certain criteria were concerned. However, when it was amended, it was left with no other safeguards.

Therefore, the minister can come here - whether the matter was foreseeable or it could have been postponed, we no longer have that safeguard. That is why we can reluctantly come here these days and approve anything.

It is my appeal, Madam Speaker, that if it was an oversight on the side of this House, section 25 should be reinstated so that there is always a way to subject some of these supplementary budgets to scrutiny.

Having said that, Madam Speaker, I would like to associate with the minority report. When a minority report shows us an anomaly in Uganda’s interest and stake in the oil pipeline project and they come up to say, “this is what we must pay”, unless it is well explained, this House must listen and ensure that we do not lose money to people who are always plotting against Ugandans.

Regarding the issue of the East African Crude oil Pipeline (EACOP), we could stand it over until we get a clear explanation. The wrong computation for historical costs – these are matters we must listen to as a House. If we just sit here and pass money like that, Ugandans are watching us. When people come up and say that there is a mistake here and this is the only place they can appeal to, we must give them an ear. Matters must be explained. Therefore, I reject this supplementary budget until these matters are explained better. Thank you.

3.13

**MR PAUL MWIRU (FDC, Jinja Municipality East, Jinja):** Thank you, Madam Speaker. I rise to oppose the supplementary budget. My opposition is premised on the fact the Government has no known source of funding the said supplementary.

A week ago, the Minister of State for Finance, Planning and Economic Development, hon. Bahati, informed this House that we run a cash budget. That arose when I opposed to Parliament passing a budget and then the Ministry of Finance sits and determines what they should spend on, after we have passed the budget.

Madam Speaker, all distortions of the national budget have arisen as a result of these supplementary budgets that do not show the source of funding. It is crystal clear that the areas in the supplementary budget are of interest to the people in the Ministry of Finance, including hon. Bahati. They will say that they did not get money to finance some items in the national budget, yet they can raise money to finance items identified in the supplementary, where they have interest.

I have stood on this Floor and said that since a national budget is passed by an appropriation Act of Parliament, the budget as voted is supposed to be implemented. The Ministry of Finance, Planning and Economic Development has informed us that they cannot implement the budget because they run a cash budget. More often than not, if you look at the releases to these entities, it is not because they have not collected money but it is because they appropriated money to areas where they may have thought that upon passing the supplementary budget, they will go and pick the money.

It is only fair to Ugandans that a supplementary budget is raised only in instances where we know the source of money and secondly, on items which were not foreseen. It has become a practice that the Ministry of Finance brings a supplementary budget, which is almost half the budget. However, when you talk about a supplementary, it cannot be the main course, but this is how they have been abused in this House.

I would like to conclude by saying that as long as the Government does not identify the source of money to pass the supplementary budget, it will only go a long way to distort the national budget which we have passed. I beg to submit. Thank you.

3.19

**MS AGNES AMEEDE (NRM, Woman Representative, Butebo):** Thank you, Madam Speaker. I would like to thank my senior Member for the minority report.

Honourable members, in developed countries, service delivery and development is not by chance but by deliberate effort. It is knitted in a value system of trust, transparency, and accountability. Indeed, when the opposite side presents its views, it is not looked at as sabotage to the Government but rather a way of enriching the Government decisions.

Madam Speaker, taking you back down memory lane, in the public media there were dissenting views on the extension of the dam in Jinja. The Government side won and eventually lost. There were also dissenting views on the cost of Bujagali Dam; the Government side won but eventually lost. The dissenting views were right in the first instance.

The minority report has given a lot of detail that calls for interrogation. It is my considered view that the Government answers those pertinent questions before we approve this loan.

It is good that we build value in trust, which can show that this is a Parliament for the Opposition and Government side. The Opposition only tries to check the Government for better service delivery. Thank you.

3.21

**MR KEEFA KIWANUKA (NRM, Kiboga East County, Kiboga):** Thank you, Madam Speaker. I stand to support the motion to pass the supplementary budget –

**THE SPEAKER:** Are you a member of the committee?

**MR KIWANUKA:** I would like to give some information –

**THE SPEAKER:** No.

**MR KIWANUKA:** Madam Speaker, can I give some information as the Chairperson of the Committee on Natural Resources -

**THE SPEAKER:** Let me check the list of members. Honourable members, I think he is an ex officio member as Chairperson of the Committee on Natural Resources.

**MR KIWANUKA:** Madam Speaker, let me clarify this and probably, we can resolve it today for the future Parliament.

The Budget Committee refused to invite us into these meetings. I did raise it to you, Madam Speaker, before but there was no follow up on this matter. We did not even know that this was being followed.

Although my name appears as a member of the Budget Committee, I am not invited to their meetings. I am just there by virtue of being a chairperson but I do not participate in the meetings and I did not participate in this particular meeting. This is my opportunity, therefore, to make a comment on this.

**THE SPEAKER:** Okay, make your comments.

**MR KIWANUKA:** Thank you, Madam Speaker. First of all, I would like to say that this will be a very big breakthrough for the oil and gas sector in Uganda, if we approve this loan. I appreciate the issues raised by the Opposition and I think the ministers should provide responses to them.

One specific point I would like to emphasise is that the largest portion of this request - Shs 481 million - is going to Uganda National Oil Company (UNOC). We have been talking about this for a long time. It was not budgeted for and we have been trying to explore how this can get funded. Therefore, as a Committee on Natural Resources, I see this as a major breakthrough that will enable us to get our equity paid, so that we can move on. It has been a problem for some time now.

Whereas my colleagues from the other side have objections, there is a problem because the construction of the oil pipeline is starting in July and by that time *–(Interruption)*

**MR NSAMBA:** Madam Speaker, hon. Ameede is a member of the ruling Government and she stood there and said that we should listen and do something about these matters. Instead of the honourable member for Kiboga speaking about the majority and minority report, he is busy insinuating that this matter is between the Opposition and the NRM? Is he in order?

**THE SPEAKER:** Honourable Members, I cannot predict what the Member is going to say or how he is going to say it. Please, allow him to speak and then you take your decision.

**MR KIWANUKA:** Thank you very much, Madam Speaker, for your wise ruling. We have a challenge because the construction is starting in June, so this money has to be approved as soon as possible.

The objection that is being raised to the main report is that the Government has not found the source of funding. I am not aware of that and I challenge the honourable members to point out the specific law that they are referring to, which requires that alternative funding should have been found before this is presented. In my view, what is important is getting the approval and then the Government can work out how it is going to finance it.

The information that I can give is that in terms of the loan, we have had a meeting before with the finance ministry, UNOC, the Committee on National Economy and other Members who are interested in this. We had lengthy discussions. All the clarifications were given and I think what is left now is to get the required approval. I am not aware of any law that stops Parliament from approving expenditure on the basis that the alternative source of funding has not been found.

Madam Speaker, this is a major breakthrough, if we can approve it. The work has to start in June. It will be a shame if by June the Ugandan Government has not paid its equity on this project. I, therefore, request that this is approved. Thank you very much, Madam Speaker.

**THE SPEAKER:** Hon. Kiwanuka, on your first complaint concerning consultation, when we were discussing one of the loans earlier, we took a decision that now the committee chairpersons or the committee must be stakeholders. When they list the stakeholders that have been consulted, they will now have to include the sessional or standing committees that are relevant to a loan or an issue. So, we are going to solve the problem of lack of consultation.

On the other hand, I cannot manage your committees for you and tell the budget chair to call everybody because the rules are clear and the membership of the committees is known.

3.29

**MR JOSEPH SSEWUNGU (DP, Kalungu County West, Kalungu):** Thank you, Madam Speaker. I would like to thank hon. Keefa. When you are in this House, you enjoy a lot of things. He is complaining about the committee not inviting him but he supports the motion. That is a very good step towards becoming a Cabinet minister.

I got the minority report and I insist on the wrong computation for historical costs. Some of us are probably not aware of what we are referring to as “historical costs.” This is money for Total as company and the Government. How do you pay for historical costs before the Auditor-General’s input is shown? Let the committee members, including hon. Amos Lugoloobi, table to this Parliament the Auditor-General’s audited reports of Total for the monies you are going to pay as historical costs. Give us that report and we look at it. If it was not given to the committee, then this cannot come out; you cannot determine this fee without the Auditor-General’s input.

I agree with the minority report. Hon. Amos Lugoloobi, kindly, as you continue with these supplementaries, - I have just said it this afternoon, and the minister assured us that Buganda Kingdom is going to get its money to the tune of Shs 215 billion. When you sit there, lobby for the same as you bring supplementaries, other than waiting for our king to kneel. Kings do not kneel before people of our calibre. Thank you very much, Madam Speaker.

3.31

**THE MINISTER OF STATE FOR FINANCE, PLANNING AND ECONOMIC DEVELOPMENT (PLANNING) (Mr David Bahati):** Madam Speaker, today is a moment of leadership –*(Interjections)-* because we have been waiting for this country to start getting oil from the ground. One of the things that we must do, like the Chairperson of the Committee on Natural Resources has said, in order to start the project of the pipeline in June we must pay our 15 per cent equity to the companies.

A few weeks ago, we called everybody, including the President of the Republic of Tanzania, to sign the final financing agreement, which we signed. What is now required of us is to pay 15 per cent of our equity to start the project in June. We must finish the pipeline, do the refinery and get our oil in three years’ time. This will bring us Shs 2.5 billion every year, which will help finance infrastructure development and other activities that were approved.

Madam Speaker, the Government has done its part; the Executive has done its part. We came to this House to request for a supplementary of Shs 481 billion. We came to this House and told the House – *Mama* Cecilia Ogwal has not told the whole truth – that we are going to borrow Shs 481 billion. We actually brought a request and we have forwarded it to the Committee on National Economy.

Today might be the last day of this 10th Parliament. We are supposed to start the construction in June and both requests are with the House. There is the request to borrow and the request to approve a supplementary budget. The importance of this project - We are all here and the final approval is for this House. The source of funding is from borrowing.

For us, on the part of the Executive, we have approved resources for budget support - We think that it is a strong position that if we approve this request of Shs 481 billion, we shall go back and use resources that we have approved for budget support, borrowing from the areas that we have indicated.

Madam Speaker, while I support the views of the Opposition, I think they should be looked at in the context of the importance of this project. This is one of the decisions that we can take as the 10th Parliament and go back and say that we contributed substantially to the production of oil, which is a key resource for our country.

The second point was on the –

**THE SPEAKER:** Honourable members, we gave you time to speak, so let the minister speak.

**MR BAHATI:** The second point we would like to talk about is the issue of salaries *–(Interruption)*

**MR MWIRU:** Thank you very much, Madam Speaker. I have addressed my mind to sections 25 and 26 of the Public Finance Management Act, which are to the effect that when Government is raising a supplementary budget, it must be from the Contingencies Fund, and in case that is not the source of funds, they must clearly indicate where the money is coming from.

We are seated in this House and the minority report clearly pointed out that if we are going to borrow domestically with the public, it is going to affect our traders.

Is the honourable minister in order to paint a picture that we are seated in this House just to oppose a supplementary request and we do not have good reasons for our opposition? Is he in order?

**MR BAHATI:** Madam Speaker, what I told this House is the truth. We came to this House and tabled a request for a supplementary budget, which the Budget Committee has processed. We came to this House and said this supplementary budget is going to be financed through borrowing and we brought the request to the House. It is with us here. We can make a request to approve it; if we do not, then we are saying that let us use the resources that we have already approved to finance this.

The second point was on the issue of salaries. We agree with some aspects of the minority report. Some of the things that are happening during implementation are that we are having recruitment in the middle of the financial year. That is one of the reasons why we have to get resources to finance the salaries.

We have also received promotions during the implementation of this year’s budget, which were not anticipated in the financial year. As you know, colleagues, once somebody has been promoted, he cannot wait for arrears next financial year. If recruitment in some strategic institutions is done, they will not wait for salaries the following financial year. That is the situation we are in.

We are addressing these issues but one thing I can confirm is that we have been trying our level best to clean up. As we speak now, I do not remember seeing any ghosts on the payroll. We are doing our level best to make sure there are no ghosts on the payroll.

With those few clarifications, I recommend to this House that the issue of the pipeline is an important issue. It is a foundational and economic issue that this Tenth Parliament should support and pass so that our economy can move forward. I thank you.

**MR LUGOLOOBI:** Madam Speaker, I think hon. Bahati has explained the issue of the source of funding and the issue of shareholding in the oil company very well. We spent a lot of time on these issues, including the historical cost. In fact, we went to the level of suspending our sittings to allow UNOC to bring more information about the agreement and other documents. They did supply those documents.

This request is unique and is very significant to our economy. We have spent very many years trying to discover and explore this oil. We have found it, we have got a company that is going to build the pipeline, partnering with Government of Uganda, the Government of Tanzania and CNOOC, and the agreements have been reached and signed. So, now here we are, required to make our portion available into the company.

The shareholding that we are talking about now has very little to do with the historical cost. The historical cost is an audit issue and these costs can be audited later as and when the directors of the company agree. For now, we are talking about shareholding; Uganda Government has 15 per cent, which is out of the total cost of this project – $4.2 billion. You are required to contribute your 15 per cent out of the equity within the $4.2 billion. Every shareholder is required to do that.

We do not have to look at the historical cost. This is a different matter that can be handled through auditing because it affects all the shareholders; it is not about the Uganda Government alone. Therefore, we have to separate these two issues. We are now talking about the shareholding of Uganda Government in this company, which is 15 per cent.

The $4.2 billion has a debt component in it. Therefore, when you compute the amount available as share capital, as equity, and you take 15 per cent of this, that is what we are required to pay now. It is not about the historical cost; we had a long debate about that and we agreed that we separate these two issues. The audit will determine whether Total really spent that amount of money being talked about – *(Interruption)*

**MR JONATHAN ODUR:** Thank you, honourable chairperson. From your submission, you are saying that this is money we are going to buy with shares. Is this Shs 481 billion money we are going to buy with the 15 per cent shares?

**MR LUGOLOOBI:** Unfortunately, I cannot hear you. Please use a microphone.

**MR JONATHAN ODUR:** In your submission, you said that the historical cost is another matter and the Shs 481 billion that we are processing now is meant to buy the 15 per cent shares. I just wanted you to clarify for us, for our record, that actually our total share value is worth Shs 481 billion.

**MR LUGOLOOBI:** As you see in the report, the amount of share capital Uganda is required to pay is actually beyond the Shs 481 billion.

As indicated in the report, the Shs 481 billion is equivalent to $130 million but we still have a balance to pay for our 15 per cent and it amounts to $163.5 million. This is after we have paid the $130 million, an equivalent of Shs 481 billion.

Our total equity is $130 million plus $163.5 million. That determines our equity. The total project cost, which is again somewhere in this report, is about $ 4.291 billion dollars. We have a debt component of about 60 per cent and equity of about 40 per cent, but the Shs 400 billion incurred in historical costs is actually part of equity. The calculations are there if you need to have a look at them and see how we arrived at these figures.

My argument is that we need to separate the historical cost from the shareholding. I think the minister has ably explained the transfer of funds. We all know that when a teacher moves from one district to another, he does not go with that money because the appointing authority is the district. Therefore, we need to appropriate the money in the vote where that person has gone. That has been the normal practice here. I do not know why *Mama* has a problem with that because that is what we have been doing all along. Thank you, Madam Speaker.

**THE SPEAKER:** Honourable members, I put the question that Parliament resolves itself into a committee of supply for the approval of supplementary expenditure schedule No. 5 and the addendum to schedule No. 5 for financial year 2020/2021.

*(Question put and agreed to.)*

COMMITTEE OF SUPPLY

SUPPLEMENTARY SCHEDULE No. 5 AND ADDENDUM TO SUPPLEMENTARY SCHEDULE NO. 5 FOR FINANCIAL YEAR 2020/2021

**THE CHAIRPERSON:** I propose the question that a total sum of Shs 44,201,554,094 under various votes for central Government be provided for as supplementary expenditure for financial year 2020/2021.

**THE CHAIRPERSON:** I now put the question that a total sum of Shs 44,201,554,094 under various votes for central Government be provided for as recurrent expenditure for financial year 2020/2021.

*(Question put and agreed to.)*

**THE CHAIRPERSON:** I propose the question that a total sum of Shs 61,211,663,471 under various votes for local government be provided for as supplementary recurrent expenditure for financial year 2020/2021.

**THE CHAIRPERSON:** I now put the question that a total sum of Shs 61,211,663,471 under various votes for Local Government be provided for as recurrent expenditure for financial year 2020/2021.

*(Question put and agreed to.)*

**THE CHAIRPERSON:** I propose the question that a total sum of Shs 583,729,242,715 under various votes for central Government be provided for as supplementary development expenditure for financial year 2020/2021.

**THE CHAIRPERSON:** I now put the question that a total sum of Shs 583,729,242,715 under various votes for central Government be provided for –

**MR JONATHAN ODUR:** Thank you very much, Madam Chairperson. The figures under development expenditure also include other votes. When we listened to the House, it appeared that the House would want to take votes individually because there are some figures that we do not agree with in supply.

I beg your indulgence as our rules provide that these votes be called individually with the figure supplied, so that we can take our vote on each item. Thank you.

**THE CHAIRPERSON:** Can you indicate the votes where you have an issue?

**MR JONATHAN ODUR:** Madam Chairperson, I am just bringing up the idea because the rules say that each vote is called and the figures under it, and then the question is put. So, when we reach the particular one - the questionable payments in historical cost of Shs 481 billion - we can take a vote on it.

**THE CHAIRPERSON:** If you cannot identify the votes in which you have an interest, let us proceed. I put the question that a total sum of Shs 583,729,242,715 under various votes for central Government be provided as supplementary development expenditure for the financial year 2020/2021.

*(Question put and agreed to.)*

**THE CHAIRPERSON:** I propose the question that a total sum of Shs 6,395,797,645 under various votes for Local Government be provided for as supplementary expenditure for development for financial year 2020/2021.

**THE CHAIRPERSON:** I now put the question that a total sum of Shs 6,395,797,645 under various votes for local government be provided for as supplementary expenditure for financial year 2020/2021.

*(Question put and agreed to.)*

MOTION FOR THE HOUSE TO RESUME

3.51

**THE MINISTER OF STATE FOR FINANCE, PLANNING AND ECONOMIC DEVELOPMENT (PLANNING) (Mr David Bahati):** Madam Chairperson, I beg to move that the House do resume and the Committee of Supply reports thereto.

**THE CHAIRPERSON:** Honourable members, the question is that the House do resume and the Committee of Supply reports thereto.

*(Question put and agreed to.)*

*(The House resumed, the Speaker presiding\_)*

REPORT FROM THE COMMITTEE OF SUPPLY

3.52

**THE MINISTER OF STATE FOR FINANCE, PLANNING AND ECONOMIC DEVELOPMENT (PLANNING) (Mr David Bahati):** Madam Speaker, I beg to report that the Committee of Supply has considered the supplementary expenditure schedule No. 5 and addendum to schedule No.5 for financial year 2020/2021 and passed it without amendments.

MOTION FOR ADOPTION OF THE REPORT OF THE COMMITTEE OF SUPPLY

3.52

**THE MINISTER OF STATE FOR FINANCE, PLANNING AND ECONOMIC DEVELOPMENT (PLANNING) (Mr David Bahati):** Madam Speaker, I beg to move that the report of the Committee of Supply be adopted.

**THE SPEAKER:** Honourable members, I put the question that the report of the Committee of Supply be adopted.

*(Question put and agreed to.)*

*(Report adopted.)*

**THE SPEAKER:** Honourable members, we would like to take a break for one hour to allow our team from the *Hansard* to take a bit of a rest. We will reconvene at exactly 5.00p.m.

*(The House was suspended at 3.53 p.m.)*

*(On resumption at 5.00 p.m., the Speaker presiding­­\_)*

MOTION FOR ADOPTION OF THE REPORT OF THE AD HOC COMMITTEE ON COMPLAINTS REGARDING COMPENSATION FOR LAND UNDER SUPPLEMENTARY SCHEDULE NO.4 FOR FINANCIAL YEAR 2020/2021

5.11

**MS VERONICA BICHETERO ISALA (NRM, Kaberamaido County, Kaberamaido):** Madam Speaker, this is a report of the ad hoc committee on land compensation in supplementary expenditure schedule No. 4 for the financial year 2020/2021.

Allow me lay on the Table a couple of documents that relate to this report –

1. I will start with the submission from the Uganda Land Commission; they have a full report.
2. The Auditor-General’s report for the year ending June 2019.
3. File of one of the claimants under the supplementary, Namuli Nantalia.
4. We have another claimant, Twaha Lwakaana;
5. Another claimant is Busuulwa Julius;
6. Benon Rwabukuru Asiimwe, Peninnah Kenkyeka, Catherine Kajwasya and others. That is the other file.
7. We also have Mugisa Geoffrey;
8. Another claimant is Stephen Peter Nagenda.
9. We have a file on Ndeeba land; that is the St Peter’s Church of Uganda.
10. We have a file on Lusanja land; that is Mr Kiconco.
11. We have a couple of documents which we put in one file as submission to the ad hoc committee by various witnesses.
12. Lastly, I would like to lay on the Table minutes of the meetings of the ad hoc committee on land compensation.

I am going to try and save time.

In the introduction, we are basically saying that although we got clear terms of reference, we had to beef up these terms of reference by wandering around on matters that pertain to the same. We were strengthened by rules 153 and 188 of the Rules of Procedure of the Parliament of Uganda that set up this committee.

Under the background, we have a sequence of things. During the plenary sitting held on 9 February 2021, a motion for adoption of the report of Committee on Budget on the supplementary expenditure schedule No.4 and addendum 1 and 2 to schedule No.4 for financial Year 2020/2021 was moved by the Vice-Chairperson of the Budget Committee.

During debate, a Member laid on the Table a letter dated 9 February 2021 from the Chairperson of Uganda Land Commission (ULC). In the said letter, the Chairperson of Uganda Land Commission denied knowledge and originality of the part of the schedule relating to vote 156, Uganda Land Commission.

In her letter, the chairperson wrote to the Speaker saying, “*I was dismayed and displeased that* *whilst watching Parliament on UBC this afternoon, I heard a list of people to be paid out as submitted by the Minister of Lands, Housing and Urban Development. The Commission is not privy to this list and wants the minister to be brought to order for having usurped its powers knowingly.”* A copy of the letter is attached to our report. The matter was thus referred back to the committee for harmonisation.

Relatedly, on 2 March 2021, the Speaker of Parliament relayed to the House for the attention of Members another complaint by Mr Michael Obongomin dated 17 February. He was alleging that the land for Mr Mugisha, as he called him but the true name is Mugisa, was inflated by 254 hectares and that the value of the land belonging to Mr Dodo, trading as M/s Ephraim Enterprises, in respect to St Peter's Ndeeba Church of Uganda, had been inflated by Shs 2 billion.

The House was informed that compensations for land under supplementary expenditure schedule No. 4 for financial year 2020/2021 contained irregularities specifically relating to –

1. size of lands in question whose values were allegedly inflated;
2. inflated quantum; and
3. concerns that some of the beneficiaries had not received payments as alleged.

During the plenary sitting of 2 March 2021, the Minister of State for Finance, Planning and Economic Development, hon. Gabriel Ajedra, on the advice of the Speaker, tabled a motion seeking to withdraw specific items contained in the resolution of Parliament on the supplementary expenditure schedule No.4 to wit: a payment of Shs 3,803,500,000 of M/s Ephraim Enterprises for the compulsory acquisition of land for St Peter's Ndeeba Church of Uganda under vote 012, Ministry of Lands, Housing and Urban Development. The valuation was allegedly inflated by Shs 2 billion.

Also presented was a payment of Shs 1,494,000,000 for the acquisition of land belonging to Mr Mugisa Geoffrey, which was allegedly inflated by 254 hectares under vote 156, Uganda Land Commission.

The minister recognised the need for Parliament to examine the allegations to avoid any probable loss of public funds. The motion was debated and adopted. Accordingly, during the plenary sitting held on l4 April 2021, the Speaker communicated the establishment of an ad hoc committee comprising of myself, Veronica Bichetero, Kaberamaido County; hon. Silas Aogon, Kumi Municipality; hon. Patrick Oshabe Nsamba, Kassanda North County. We had five terms of reference; they are clear and Members can read them.

Members can also read through the methodology. We consulted the legal framework, interviewed witnesses and visited all the loci where these claimants came from.

I would like to go to our findings, observations and recommendations on page 5.

Term of Reference No. 1 - Irregularities in Respect of the Size of Land for Compensation and Quantum

1. Stephen Peter Nagenda, Block 303 Plot 1, Namachumu, Bugangaizi: The committee noted that the above property, which measures 500 acres, was valued at Shs 600 million in 2014; vide valuation report file 187/274/01 dated 23 October 2014. Accordingly, the Commission accepted the offer and the landlord handed over the original title, two copies of the duly signed transfer forms, four passport size photographs and his bank account details in October 2014. Uganda Land Commission made a down payment of Shs 140 million on 6 August 2015, leaving an outstanding amount of Shs 460 million.

In October 2020, the claimant filed Civil Suit No.487 of 2018 seeking to recover the outstanding amount, and court ruled in his favour. He was not paid. The claimant then applied to the High Court for an order of mandamus against the Secretary of Uganda Land Commission and Uganda Land Commission as first and second respondents respectively.

Judgement was delivered in the applicant’s favour on 2 October 2020, compelling the first respondent to pay Shs 460 million and interest of 20 per cent per annum from 29 October 2014, when the valuation was confirmed, till payment in full; general damages and costs of the suit taxed at Shs 19,787,000. All this totalling to Shs 1,062,778,000 as at 8 October 2020.

The committee observed that the said court order was validly issued and was not challenged by the Uganda Land Commission. The committee also noted that the commission was not represented during the hearing. The suit was thus not defended as expected. In addition, the court order was not challenged, attracting interest of 20 per cent per annum until final settlement.

The accounting officer attributed the non-representation to the lack of requisite staff in the commission. The committee was informed by the accounting officer that they use officers from the Ministry of Justice and Constitutional Affairs in matters of litigation, who are picked on an ad hoc basis.

Recommendation

The committee observes that the size of the land is commiserate with the proposed quantum. The committee therefore recommends that since the claim has been existing in the commission records since 2014, and in compliance with an order of court (mandamus) issued against the secretary to the commission, the claim of Shs 1,062,778,000 by Mr Stephen Peter Nagenda should be approved and cleared. This is to avoid accumulation of interest thereon, taking into account that Shs 200 million was paid after the court order.

2. Twaha Lwakaana, Block 213 Plot 13 and 14 Katete, Kooki, Rakai: The above land, measuring 229.788 hectares, which is about 567 acres, is located in Block 213, Plot 13 and 14 at Katete, Kooki. It was registered in the names of Yisaka Lwakaana on 5 August 2005 at 12.30 p.m. under instrument No. MSK 90247. The registered proprietor granted powers of attorney to his son, Twaha Lwakaana, to follow up the claim.

The land is occupied by Muhame Bibanja Holders Group. The land was valued at Shs 1,175,346,000; vide the Chief Government Valuer’s report, VAL/187/274/01 dated 7 November 2016. A review of the Electronic Funds Transfer (EFT) payments by the committee showed that the claimant had been paid Shs 1,200,000,000 as at 24 September 2019.

It should be noted that the valuation records put the value of the claimant’s land at Shs 1,175,346,000 and by 24 September 2019, he had been paid a sum of Shs 1,200,000,000. There is, therefore, nothing outstanding to pay Mr Yisaka Lwakaana’s claim. The claimant wrote to the Minister of Lands, Housing and Urban Development claiming Shs 125,000,000 when in actual fact he had been paid over and above by Shs 24,654,000.

Recommendation: The committee recommends that the claim by Mr Yisaka Lwakaana be rejected and instead, the Uganda Land Commission recovers a sum of Shs 24,654,000 that was over paid to him.

3. The claim of the family of the late Kosia Rwabukurukuru: This claim was presented by the children of the late Rwabukurukuru, Kajwasya Catherine, A. Kasimbazi, Rwabukuru Benon and others.

The land is composed of three plots –

1. Plot 243 Block 19, measuring 200 hectares, valued at Shs 1,975,000,000; vide VAL/187/274/01, dated 6 May 2019;
2. Plot 244 Block 19, measuring 309.870 hectares, valued on 6 May 2019 at Shs 3,060,000,000; vide VAL/187/274/01;
3. Plot 49 Block 20, measuring 355.74 hectares valued at Shs 4,395,000,000.

The total claim for the three plots is Shs 9,430,000,000. Records at Uganda Land Commission indicate that the total amount paid as at 23 November 2020 was Shs 3,216,800,000, and the amount outstanding is Shs 6,213,200,000.

The *bibanja* holders assert that they have lived on the said land from time immemorial and that in 2016, they were promised by His Excellency the President that Government would acquire the said land from Rwabukurukuru’s family and give titles to the *bibanja* holders. The committee visited the locus and established that the land indeed exists and is occupied by *bibanja* holders, with some developed social amenities including schools, churches and mosques on it.

Recommendation: The committee recommends that since the claim has been existing in the Uganda Land Commission records since 2014, the claim of Shs 6,273,200,000 by the family of the late Rwabukurukuru should be approved and cleared in accordance with the presidential pledge made to the claimants and the *bibanja* holders in 2016.

4. Mugisa Geoffrey, Plot 8 Block 3 land at Wabinyama, Mpeefu, Buyaga East, Kibaale: The above mentioned land was registered on 22 August 2011 under instrument No.453970. The said land measures 208.3090 hectares. The registered proprietor is Mugisa Geoffrey.

The survey report indicated that the land boundaries were opened by the staff surveyor of Kibaale. The committee visited the locus and interacted with several *bibanja* holders. Information obtained from the residents of the area indicated that most of the *bibanja* holders settled on the land believing it was part of a resettlement camp as it is close to Kibaale resettlement camp.

The land was valued at Shs 1,544,000,000. The proprietor was advanced Shs 50 million on 8 August 2016. The outstanding amount payable is Shs 1,494,000,000. It is important to note that the said claim property is the subject matter of the petition by Mr Michael Obongomin dated 17 February 2021, alleging that the land size was inflated by 254 hectares.

The committee came across a letter dated 13 November 2018 from the Secretary to the Commission of Inquiry into Land Matters, observing the erroneous indication as to area of the land for Geoffrey Mugisa in the payment records as 475.1 hectares instead of 208.309 hectares. He noted, however, that the said error did not affect the value. He noted as well that the claimant’s name was erroneously captured as Geoffrey Mugisha instead of Geoffrey Mugisa and advised the Uganda Land Commission to correct the two errors before further payments were made.

The committee discredited the petition alleging that the said land acreage was inflated by 254 hectares, given that the actual established land measures 208.3090 hectares.

Recommendation: Since the claim on this land has been part of the stock at the Uganda Land Commission for long, and the commission has already transferred the proprietorship to itself, the claimant should be paid the balance of Shs 1,494,000,000, which has been outstanding since 2016.

5. Namuli Nantalia, Block 147 Plot 2, Buyaga, Kibaale: The above land is located at Kyamukama, Buyaga County, Kibaale District, measuring 516.2000 hectares. The land was first registered in 1932 in the names of Antwane Kalete, the biological father to the claimant. It was transferred into the names of the claimant as an administrator of the estate of the late Antwane Kalete on 22 July 2020. The said land was valued at Shs 2,039,000,000; vide VAL/187/274/01, dated 17 July 2020.

It should be noted that in the presentation of the appropriation schedule No. 4, Namuli’s claim was reported to be Shs 1,600,000,000 and that she had never received any instalment payment.

During the committee’s visit to the locus, Ms Nantalia Namuli, the claimant, told the members that she had so far received a down payment through her lawyers in Kampala, M/S Lubega & Buzibira and Company Advocates. Records indicated that she had given her lawyers irrevocable powers of attorney on 22 July 2020. On cross-checking with records available at the Uganda Land Commission, it was found that the claimant was paid Shs 450,000,000 through her lawyer on 23 November 2020 and the outstanding amount was Shs 1,589,000,000 as at that date.

Recommendation

The claimant is of advanced age and is living with her sick and bedridden mother. The committee recommends that the outstanding balance of Shs 1,589,000,000 be paid.

6. Mr Busuulwa Julius, Block 281 Plot 2, Kyankuba Village, Matale, Kibaale: The above land measures 560.9 hectares. It was first registered in the names of Uganda Thrift Company Limited on 13 July 1972, vide instrument No. F.P. 4380. On 6 July 2020, at 1.59 a.m., the said land was transferred to the names of Busuulwa Julius, vide instrument No. KIB-00004080. The land was valued at Shs 2,212,000,000. He was paid Shs 812,000,000 and the outstanding amount is Shs 1,400,000,000.

The committee noted with concern that the signature of the registrar at the time of first registration in 1972 is the same signature at the time of transfer to Busuulwa 48 years later, in 2020. We have attached the copy marked as Annex II. The committee observed that the authenticity of this title is suspect.

The committee interacted with Mr Busuulwa and the *bona fide* occupants during a meeting held at the locus on Wednesday, 28 April 2020. In the said meeting, it was revealed that Busuulwa’s family are *kibanja* holders and still live on the same plot of 120 acres. Mr Busuulwa himself did not dispute this assertion.

On further interrogation, Mr Busuulwa informed the committee that he identified this land and had obtained letters of administration to the estate of one of the shareholders before offering to buy the land. He stated that he purchased the said land from Uganda Thrift Company at Shs 120,000,000 in 2017. However, the committee received the purchase agreement dated 4 January 2015, indicating that a sum of Shs 70,821,000 was paid by Mr Busuulwa Julius to the three shareholders of Uganda Thrift Company Limited as total consideration for the purchase of the 560.9 hectares of land, which is a subject of this claim for compensation.

The claim by Mr Busuulwa that he obtained letters of administration over the estate of one of the shareholders of Uganda Thrift Company was therefore a falsehood, as the agreement bears three signatures of the said shareholders.

It should be noted that Mr Busuulwa had previously, in 2018, transacted and was paid for land in the same area, cited as Block 282 Plot 4, formerly, Plot 2. The title was co-owned by Julius Busuulwa and Col Fenekansi Mugyenyi as administrators of the estate of the late Magdalena Nanju.

The committee inquired into the details of Uganda Thrift Company Limited to determine whether Mr Busuulwa was one of its shareholders. The response received from Uganda Registration Services Bureau indicated that Uganda Thrift Company Limited, the original owners of Plot 2, Block 281, had no file at Uganda Registration Services Bureau.

The committee also noted with concern the unusual urgency in settlement of Mr Busuulwa’s claims. We noted that his claim with Col Fenekansi Mugyenyi for Block 282, Plot 4, formerly Plot 2, was fully settled. In addition, he was paid Shs 265,000,000 on 12 October 2020 and Shs 400,000,000 on 23 November 2020, being part payment for Plot 2, Block 281. Note that the same commission had not settled other claimants’ claims, some dated way back to 2003.

It should also be noted that information received from the file of Mr Busuulwa Julius at Uganda Land Commission indicates that he forged a land tittle for Block 270, Plot 1, land at Kigobegobe. The letter, dated 12 February 2021 from Ngobi Ndiko Advocates, addressed to the Permanent Secretary Ministry of Lands, Housing and Urban Development and copied to the honourable Chairperson of the Budget Committee, is attached here as Annex III A&B.

The above narration about Mr Julius Busuulwa points to a high possibility of fraud. However, the committee was unable to establish this and conclude on a way forward due to time constraints.

Recommendation

Having observed that the claim by Julius Busuulwa raises suspicions given the records obtained from Uganda Registration Services Bureau and the land registry, the committee recommends that the Shs 1,000,000,000 as claimed by Mr Busuulwa and presented by the Ministry of Lands, Housing and Urban Development should not be approved. The claim should be referred to the Criminal Intelligence and Investigations Directorate (CIID) for further investigation to establish the manner in which the land was obtained as well as the authenticity of the title thereof.

Term of reference No. 2 - the basis for determination of the selected beneficiaries and the amounts of compensation.

Due to the short time I have, I would invite Members to read on. We have indicated the proper procedure that should be followed in the third paragraph on page 12. Among the items that are needed, one has to forward an expression of interest, in case you are the applicant. There is an annex which shows a claimant who, even after having expressed interest, his land was not looked at and his claim has not been attended to, showing the fact that it is not first in, first out but it is something else. We can read the procedure on page 13.

Recommendation

The Uganda Land Commission, from inception, has abdicated from the fundamental duty of making its mandate and itself known to members of the public. The commission should prioritise sensitisation of the public about the procedures for offering land to the Government and how the public can move from *bibanja* holders to landowners.

Boundary Openings and Surveys

Again, I invite Members to read the procedures.

Recommendation

The commission should recruit its own technical staff in accordance with section 41(8) of the Land Act, which requires that the staff of the commission responsible for the management of the Land Fund be identified.

Land Fund/Committee

I invite Members to read this. I will only read out the recommendation.

Recommendation

The committee recommends that the commission should establish the land fund committee as a subcommittee of the commission, constituting members of the commission and/or any other qualifying member co-opted by the commission in accordance with the law.

Payment and Transfer of Land Titles

This is very important. We noted that almost all this land in question was already transferred to the Uganda Land Commission without any adherence to Article 26 of the Constitution, which spells out the steps to be taken and that the landowner should be paid prior to the acquisition.

Recommendations

1. The commission should take note of Article 26(2) and the Supreme Court decision in the case of Uganda National Roads Authority v Irumba Asumani & Peter Magellah, Supreme Court Constitutional Appeal No.2 of 2014. In the said case, it was held that the Government should ensure prompt payment of fair and adequate compensation prior to the taking of possession or acquisition of the property.
2. The commission should consider halting receiving new applications and arrange to clear the backlog of the outstanding claims before taking on new claims, as per the moratorium issued by the Permanent Secretary/Secretary to the Treasury, Ministry of Finance, Planning and Economic Development on 13 January 2017. The letter is attached as Annex VI.
3. Government should consider obtaining money specifically for the purpose of clearing the backlog of claims for the Land Fund.
4. The commission should establish and maintain a proper and accurate record of all its transactions. We found that they did not have records of claimants. When we asked, we were told that even if we gave them two months, they would still not give us the accurate records of claimants at the Uganda Land Commission.

Urgency of Compensation Under Supplementary Expenditure

The committee noted that the reasons advanced for the generation of a supplementary expenditure request were insufficient. Reasons such as presidential directives, lost counties, urgent medical attention, purchase of land elsewhere, do not show any urgency to warrant supplementary expenditure.

Members were dismayed to find that provisions in the Public Finance Management Act, 2015 on supplementary budgets, that give criteria to what qualifies to be a supplementary budget, were conspicuously amended in the latest amendment to the Public Finance Management Act, 2015 rendering supplementary expenditure requests “an easy walk”. Indeed, section 25 of the parent Act is now virtually a skeletal provision.

Recommendations

1. Parliament should reinstate the repealed subsections of the original Public Finance Management Act providing for the criteria for considering a supplementary appropriation.
2. Parliament should amend its Rules of Procedure to assign the sectoral committees to look into supplementary appropriations for their sectors in detail, before reporting to the Budget Committee.

Initiation of Supplementary Expenditure

Again, there is procedure to be followed and it is detailed. I just want to read the recommendations.

Recommendations

(i) Uganda Land Commission should be left to carry out its mandate - Madam Speaker, this is from the letter of complaint by the Chairperson of the Uganda Land Commission. Allow me to read the genesis.

Arising from the constitutional provision on accountability in Article 164, which requires that the permanent secretary or the accounting officer in charge of a ministry or department shall be accountable to Parliament for the funds in that ministry or department, the accounting officer under the Public Finance Management Act is responsible for the initiation of supplementary expenditure. Accordingly, the minister may, upon request by an accounting officer, approve a supplementary budget of up to three per cent of the Contingencies Fund.

The committee noted with concern that the supplementary expenditure schedule under review was initiated by the Minister of Lands, Housing and Urban Development, with no input whatsoever of the spending entity. This prompted the action of the Chairperson, Uganda Land Commission, which I stated earlier.

Besides, the accounting officer of an entity is supposed to originate a supplementary expenditure schedule as opposed to the political head. This explains why the supplementary expenditure request by the Ministry of Lands, Housing and Urban Development, vote 012, was initiated by the permanent secretary. On the contrary, this supplementary expenditure request for Uganda Land Commission, vote 156, was initiated by the honourable Minister of Lands, Housing and Urban Development.

This was very irregular and an illegal act as it amounted to the usurpation of the powers of the accounting officer of Uganda Land Commission. It also disenfranchises the managers of the Uganda Land Commission, which is an independent entity with an independent vote.

The two supplementary expenditure initiation requests under the same schedule No. 4 are attached as Annex VII, A & B, respectively.

Recommendations

1. The Uganda Land Commission should be left to carry out its mandate as established by law.
2. The Minister of Lands, Housing and Urban Development should adopt a well-coordinated approach of initiating supplementary budgets, and in all cases the accounting officer should be involved.
3. The minister should take note of the requirement of the law and desist from usurping the powers of the accounting officer by initiating a supplementary expenditure without the officer’s input.

Madam Speaker, we have the seventh claim under the supplementary.

M/s Ephraim Enterprises Limited (St Peter's Church Land, Ndeeba) Land at Kibuga Block 7, Plot 39

The land measures 2.06 acres. The evaluation report indicates that it had been encroached on by both Weraga/Kalinda Road and Lubiri Ring Road. The residual and usable land size measures approximately 1.95 acres. The land was first registered in the name of Evairini Nachwa on 7 June 1941 in instrument No. 51352. It was then transferred in the names of Bishop D. Nsubuga, Rev Y.S. Kitaka and E.K. Kizito, under instrument No. KLA 97611, on 3 March 1981 at 3.15 p.m.

In 1987, the above registered proprietors applied for a special title, alleging that the duplicate certificate of title had got lost. The plot was later divided into two - Plot 749 and Plot 750.

In 2008, the administrators of the late Evairini Nachwa sued the administrators of the estates of the late registered proprietors jointly with the Registrar of Titles, alleging that the transfer of the title to the names of Bishop D. Nsubuga, Rev. Y.S Kitaka and E.K Kizito was secured fraudulently and thus seeking for the cancellation of the special title. Madam Speaker, Members can read the report. It was a protracted case until - I think it is better for one to read it by oneself.

**THE SPEAKER:** Just read the recommendations.

**MS BICHETERO:** Thank you. Before I read the recommendations, there is a very special item on page 22. Suffice it also to say that the President wrote on this particular incident when the church was demolished and he actually intervened. However, I would like to read a request made on the 23rd of December.

On 23 December, the said land was evaluated by the Chief Government Valuer at Shs 2,925,000,000 plus Shs 877,500,000 - being disturbance allowance at 30 per cent of the value of land.

The committee received a request – this is the issue I want to read - from the Buganda Kingdom signed by the Attorney-General of the kingdom, stating that the kingdom has an easement in the nature of a cultural heritage site known as “*Oluzzi Kalinda”* which is of great cultural importance and it sits on the same land.

The site is of great importance to the kingdom, in that it is from where water is drawn for the coronation ceremonies of the Buganda King, the Kabaka. The kingdom is now seeking to obtain an independent title for that part of the cultural heritage as indicated in a letter attached as Annex VIII.

The committee noted that the Government is already in the process of compulsorily acquiring the land from the registered proprietor, M/s Ephraim Enterprises Limited, on the basis of public morality.

It is meant for the reconstruction of the church, which was demolished, and that commitment has been positively made to the Christian community affected by the demolition of their church.

Recommendation: The committee recommends that the payment of Shs 3,802,500,000 be approved to compensate M/s Ephraim Enterprises Limited, the registered proprietor.

Kiconco Medard, Plot 671, Block 201 Land at Kyadondo, Mengo

The above land measures 3.89 hectares and is valued at Shs 3,844,000,000. The land is registered in the name of Kiconco Medard, having been transferred from Paul Katabazi Bitarabeho. This is the infamous Lusanja land, which has been a subject of conflict for some time, and the conflict culminated into the eviction of over 338 families when up to 162 houses were broken down on 12 October 2018.

The Prime Minister of Uganda, on 26 February 2020, formed an inter-ministerial committee to handle the land dispute. The inter-ministerial committee on 27 February 2020 visited the said land and addressed the evicted *bibanja* holders. The team reassured the tenants that their occupation on the land would be maintained by the Government. This position was reaffirmed when the High Court’s execution division issued a stay of execution order in favour of the *bibanja* holders in March 2020.

Government then resolved that the plight of the tenants who were settled on Plot 671 of Block 206 at Kyadondo be handled by the Government given their huge numbers and the need to support development. This effort on the part of the Government was immediately manifested when the Office of the Prime Minister extended some support by way of temporary shelter to the affected persons.

The Attorney-General had earlier presented a statement to the House over the status of Lusanja land. In his statement, he informed the House that the judicial officers – the chief magistrate who presided over the case and the assistant registrar who authorised the execution process – had been charged by the Judicial Service Commission for cases related to conduct prejudicial to the good image of the service and other related charges.

The committee visited the locus and observed that –

1. The occupants were desperate and highly expectant of Government intervention in their situation, and hope to be reinstated in their previous state on the same land;

2. The occupants had already started resettling on the land, and some of the demolished houses have been reconstructed;

3. The said land is situated on a reclaimed wetland.

Recommendations

(i) Government should, on a humanitarian basis, acquire this land and resettle the affected people on it.

(ii) Parliament should approve the sum of Shs 3,844,000,000 for payment to the registered proprietor of that land.

Term of reference No. 3 - Proper and legal procedures for land acquisition under the laws of Uganda

Members will read for themselves what we observed under this. We have listed a number of legal requirements. As we earlier stated, the legal frameworks are available.

Recommendations

1. Government should continue to implement the decision of the Supreme Court of Uganda in the case of Uganda National Roads Authority v Irumba Asumani, which I had stated earlier, also indicating that Article 26 of the Constitution must be followed;
2. The Uganda Land Commission should always be involved in the acquisition of all land by Government since it is the custodian of all Government land;
3. The Minister of Lands, Housing and Urban Development should develop and foster a harmonious working relationship with the Uganda Land Commission and operate in a co-ordinated manner in all the operations of the commission.

Other Matters Incidental to the Terms of Reference

1. Operation of the Land Fund

We found that monies belonging to the Land Fund are being operated together with the Uganda Land Commission account.

Recommendations

The Uganda Land Commission should strictly adhere to requirements of the establishing Act – the Land Act – in the management of the Land Fund.

a) The minister should ensure that monies are provided to the Land Fund and ensure that the fund is duly established since it was required to be established within one year after the coming into force of the Land Act.

b) The commission should open and maintain a separate account for the Land Fund from its other accounts.

c) The commission should submit to the minister, once in every six months, a report on its operations in the management of the Land Fund, giving such information on the affairs of the fund as the minister may specify in writing.

d) The minister should submit progress reports to Parliament annually on the performance of the Land Fund.

2. Certificates of Title

I mentioned that titles have been transferred to the Uganda Land Commission.

Recommendations

1. The Uganda Land Commission should establish and maintain an inventory of all the lands acquired so far by Government;
2. The Uganda Land Commission should allow able *bibanja* holders on already acquired land to process land titles for the land held by them;
3. The commission should sensitise the settlers on the land as to their status on the land acquired for them.

3. Uganda Land Commission Bill/Staffing

The commission was informed that a Bill to operationalise the Uganda Land Commission had been prepared during the ministerial tenure of hon. Daudi Migereko and up to now it has not seen its way to Parliament.

Recommendation

The Minister of Lands, Housing and Urban Development should fast-track the Uganda Land Commission Bill, which would guarantee autonomy of the commission.

4. Compulsory Acquisition of Land

The committee noted that the Ministry of Lands, Housing and Urban Development runs this mandate following the requirement of the Act. No complaint from any person from whom land has been compulsorily acquired was received by the committee.

Recommendations

1. The committee recommends that whereas the process of compulsory land acquisition should be initiated by the minister as provided for in the Act, the Uganda Land Commission should be involved ln the actual acquisition process right from the beginning since the commission is the custodian of all Government land;
2. All monies meant for such acquisitions should be budgeted for by the Uganda Land Commission under the Uganda Land Fund and spent for that purpose in accordance with the commission’s mandate.

5. Commission of Inquiry into Land Related Matters

The committee was informed that the Justice Bamugemereire commission of inquiry into land matters delt at length with complaints pertaining to the operations of the Uganda Land Commission. The white paper from the findings of that commission has never been brought before this august House.

Recommendations

1. The Minister of Lands, Housing and Urban Development should expedite the process of tabling the white paper on the commission of inquiry’s investigations into land matters before Parliament for consideration, with a view to fast-tracking the implementation of the recommendations therein.
2. The parliamentary Committee on Physical Infrastructure should take keen interest in the operations of Uganda Land Commission.

6. Public Land Vis-À-Vis Government Land Under Uganda Land Commission

The committee noted with concern that a lot of land being titled and sold to Government through the Land Fund comprises mainly those public lands that had never been titled. Forests, wildlife areas, swamps are all being titled by unscrupulous individuals in concert and sold to the Government. This calls for titling all public land, be it in a swamp, to do away with these “smart” individuals.

Recommendations

1. The Uganda Land Commission should secure funds to title all public land and all pieces of land held by Government in trust for the citizens of Uganda.
2. The Uganda land Commission should maintain a clear databank of all the public land and land under its custody.

Conclusion

Supplementary expenditure requests should be initiated by the accounting officer of the spending entity as stipulated in the law. Also, such requests should meet the criteria in a sense that they could not have been ably covered during the budgeting process.

In the meantime, the supplementary expenditure request contained in schedule No. 4 of financial year 2020/2021 - vote 012, Ministry of Lands, Housing and Urban Development; and vote 156, Uganda Land Commission - be approved as above. Monies earlier approved for compensation of Mr Busuulwa should be untagged to enable the commission use the same to settle very old and uncontested claims

The Uganda Land Commission is an independent body established by the Constitution and should be given leeway to operate independently. Government should consider securing funds specifically for the purpose of clearing the backlog at the Uganda Land Fund by paying all outstanding claims.

The Uganda Land Commission should strive to uphold the constitutional principle of “prompt payment of fair and adequate compensation” prior to the taking of possession or acquisition of land from any person.

Madam Speaker, I beg to report.

**THE SPEAKER:** Thank you very much, honourable chair and the two-member ad hoc committee. We thank you very much for this great work. We do not have a lot of time. Can we use two minutes each.

6.22

**MR PAUL MWIRU (FDC, Jinja Municipality East, Jinja):** Thank you very much, Madam Speaker. I would like to thank the ad hoc committee for the report. It clearly brings out an aspect of deprivation of property. I am happy the Prime Minister is in this House.

Under Article 26 of the Constitution, once you take someone’s property, you must pay. I am fortified by that court case that has just been read. My humble appeal to the Prime Minister is that in light of solving these problems – You are seeing honourable ministers moving around, shopping for people to be paid, fighting with the commission. I think the issue is sufficient appropriation.

I would like to implore Government to promptly pay these poor people whose property has been taken. I do not need to know the Prime Minister so that I get a recommendation saying, “pay hon. Paul Mwiru because he is going for medical attention”. I think that is embarrassing. Once someone has been deprived of property, he or she should be given his or her money.

The other aspect is the fund in the interim. I do not agree with the recommendation of the committee that we pay these 12 people who were handpicked because they have claims. Even other people who do not know the minister or the President have claims with Uganda Land Commission. I think this money should be untagged and a clear process of first in, first out should be followed, with the exception of those who have been identified as going for medical attention.

In my view, if today we allow the 12 to pass and we pay them –*(Member timed out.)*

6.24

**MR JOSEPH SSEWUNGU (DP, Kalungu County West, Kalungu):** Thank you, Madam Speaker. I would like to thank the committee.

I met with the committee. My dissatisfaction is on the land of Ndeeba. The report does not show us that you met the owner of that land who demolished the church, yet I gave you very good information concerning that.

The Attorney-General is in possession of a certain letter. I found this full file in my pigeon hole concerning the issues of the people of Ndeeba. There is a letter in which the person wants to meet the Attorney-General to iron out problems of this land and they never got a response. When the minister invited them for the meeting, the meeting never took place.

This alone – even the ministers are not here -*(Interjections)-* we only have Dr Chris Baryomunsi, but the problem emanated from lands. Before we pay any money to Ndeeba for compensation, we may be dragged into the problems of this church. What is on record is that the owner of this land is not willing to give up his land and he wants a meeting to discuss the matter. On which account are you going to put this money if you have not met? Did you get his position? They will say that Parliament proceeded without a fair hearing.

According to the Land Acquisition Act, from section 2 to 7, it says that you must carry out due diligence before you take land. It is very clear. Let us not drag ourselves into these problems. Let us keep our money until the ministry gives us a clear direction on this issue. This supplementary will disappear the way some supplementaries have disappeared. If someone is not willing to take money and he has written to you, where are you going to put the money? But the ministers continue to go ahead without causing a meeting.

My prayer is: let us not pay money for the Church in Ndeeba until we look at the valuation, the constructors of this church and everything, so that we do not make a mistake as Parliament.

In that spirit, I am going to lay on the Table some three letters I read from the whole of this file. There is a letter written to the Attorney-General, then the letter written by the minister and the note for the committee. It is useful to you but I think it is now not yours. That is the document that was written by the minister for compulsory acquisition that was put in the *Gazette*.

We have to give all this time; otherwise, I am afraid Parliament will be dragged into approving supplementary expenditure where there has not been due diligence between the two parties.

Article 26 of the Constitution and sections 2 to 7 of the Land Acquisition Act –*(Member timed out.)*

**THE SPEAKER:** Honourable members, I would like to understand the circumstances under which the Public Finance Management Act was amended to remove the conditions we had so carefully set for qualifications for supplementary expenditure.

**MR SSEWUNGU:** Madam Speaker, I beg to lay on the Table one letter I picked from this big book to the Attorney-General, Ministry of Justice and Constitutional Affairs, by a law firm known as Nangwala, Rezida & Co. Advocates. It has contents. There is also a letter that was written by the office of the minister of lands inviting these people for a meeting. I beg to lay.

6.28

**MR PIUS WAKABI (NRM, Bugahya County, Hoima):** Thank you, Madam Speaker. Land is a major factor of production. It is hard for an average Ugandan or a poor Ugandan to get a land title. So, my proposal is that whenever these people who own land titles are compensated, the *bibanja* holders should be given free land titles to settle on this land.

Another thing is that the poor people need affirmative action, especially my people from Bunyoro, those living around the oil wells. Rich people come to our places, acquire land titles and these people have nowhere to settle. We need affirmative action in Bunyoro so that my people are assisted to get land titles. Thank you.

6.30

**MR JOHNSON SSENYONGA (NRM, Mukono County South, Mukono):** Thank you, Madam Speaker. I would like to thank the ad hoc committee for the work well done.

It is good that the Prime Minister is here. This selective compensation - We have been having a wrangle in Mukono for over 15 years in Buziranjovu, and this even involved the Prime Minister, even before I was a Member of Parliament up to date, but you hear a few people being selected. What is the cause? The other land was to help this country with a very big investor, but people are being blocked from entering their gardens and nothing has been done.

Another point is about the price for compensation. We have been hearing that compensation is in billions when in real sense an acre in some areas is less than Shs 10 million. Why billions? Who are the beneficiaries? Who are those who connive with the so-called landlords to double the price so that the country can lose? Valuation should be done in time to avoid some people misusing that fund.

As this might be the last day for some of us in this Tenth Parliament, allow me to also to say that the problem of land will continue, more so in the central region because the subcounty land committees - I say this in the presence of the Prime Minister - are now becoming land brokers. They connive with the landlords and they tell them that these are *bibanja* holders. They connive and chase them away under the disguise of sharing. They will say, “We have 10 acres, we are giving you one acre” and the people are chased away. This is painting a very bad picture about this Government.

Those land committees in subcounties should be looked into and the matter taken seriously by the ministry in charge of lands. Thank you.

6.33

**MR NOAH MUTEBI (NRM, Nakasongola County, Nakasongola):** Thank you, Madam Speaker. I would like to thank the committee for the report. I am happy to hear that the committee has recommended that the commission should clear the back log.

I want to give information to this Parliament about what is happening in Nakasongola. There are landlords who submitted their land titles to the Uganda Land Commission in 2014, before I became a Member of Parliament, but up to date those people have never been paid.

One landlord called Jjemba Nicholas submitted his land title to the Uganda Land Commission and was paid a partial instalment of Shs 200 million. He also got some money from the *bibanja* holders. So, he is getting money from Government and from the landlords. Why doesn’t Government compensate the landlord once and for all and he goes away?

There are also some other villages – Government has promised to compensate the landlord of Mayirikiti Town Council. The landlord was paid some money but from 2015 to date, they have not paid again. The landlord is now putting our people on tension; they think they are going to be evicted any time.

The issue of finishing the backlog should be taken as a serious point in this report. In addition, the commission should also think of a compensation plan for landlords so that our people can settle peacefully. Thank you.

6.35

**MS JOVAH KAMATEEKA (NRM, Woman Representative, Mitooma):** Thank you, Madam Speaker. I would like to thank hon. Veronica Isala Eragu Bichetero and the three-man committee for wonderful work done. It is amazing the ground they covered within such a short time and came up with this wonderful report.

My attention has been drawn to point 3.25 on page 18 - the reasons for the supplementary – where they say that presidential directives and urgent medical attention are not enough. I do not think we can ignore presidential directives. We can only demand that whoever communicates a presidential directive also communicates the reason behind the directive, so that it is justified, but we cannot ignore a presidential directive. Secondly, if urgent medical attention cannot deserve urgent payment in terms of a supplementary, I do not know what else does.

Otherwise, I support all the recommendations, especially the summary in the last two recommendations, that the commission should title all public land. Let them go back and ensure that they get even that land which has been taken up by these thugs who are trying to sell it to Government.

They should also keep a clear record. You find a piece of land that has been given to three or four owners and there is a lot of confusion. All land should be titled, especially public land.

This being my last chance to speak here, I would like to take the opportunity to thank the Lord God who appoints and gives the ability to perform. I thank the NRM party that has been sponsoring me and the people of Mitooma. Madam Speaker, I also want to thank you and the Deputy Speaker for exemplary dedication and service to the Parliament and the Republic of Uganda. You hold the torch for leadership and we all stand to benefit a lot from you. We wish you the best in all your endeavours. Thank you.

6.37

**MR KEEFA KIWANUKA (NRM, Kiboga East County**, **Kiboga):** Thank you, Madam Speaker. I would also like to thank the chairperson and her team for the wonderful job done within the very short time that they had. It is a pity that they did not have much time because this is a very serious matter for Ugandans and it is also a pity that we have limited time to discuss it.

I am very disturbed that while we have been trying to see that money is put in the Land Fund, there is a minister who was trying to stop money from being put there. I think that minister needs to explain why he was doing that.

I am also concerned that the land commission was unable to give information on the money that they have paid out from the Land Fund over last three years. I do not think it was because of staff, as mentioned by the committee in their report. I think there are fundamental issues here. As you know, quite a lot was unearthed by the Justice Catherine Bamugemereire investigation; compensation for titles in wetlands and forests that were not owned by individuals, problems of double land titles in some areas, very dubious payments that were being made.

It is quite a lot and I think it is very important that we demand the Executive to present the report to Parliament from that investigation, together with action that has been taken so far, on what was recommended.

Finally, Madam Speaker, it is very important that Parliament sets up something much broader on this issue –*(Member timed out.)*

**THE SPEAKER:** Please, conclude.

**DR KIWANUKA:** There is a lot of public outcry emanating from what is going on with operations of the Uganda Land Commission. It is very important that Parliament, at a certain point in time, takes this up and investigates to get to the real bottom of what is happening, that our colleague did not get.

Otherwise, I, once again, thank the chairperson for a job well done and I strongly support their recommendation. Thank you very much.

6.40

**MR TONY AYOO (NRM, Kwania County, Kwania):** Thank you, Madam Speaker. Allow me to thank the committee for a job well done.

Normally, leaders in this country take an oath and swear to protect and uphold the Constitution. I would like to raise our attention here that from the land claimants, whose cases have been on for years and years, Article 26 of the Constitution provides that when Government is taking land from the citizens, one has to be compensated adequately, prior to taking possession of his or her property. However, we have a situation where it has to reach a point when the claimant is old, very sick and has to look for somebody who can connect him or her to the President, Prime Minister or somebody in the ministry of lands. We are not doing very well here.

I would like to call upon Government that with the Land Fund put in place, management of this should be very clear. More funds should be put and appropriation done to put in more money in the Land Fund so that these issues do not depend on who knows who and who is more connected to get compensation for his or her land.

Madam Speaker, the committee was sent by this Parliament, after Government had made a request for a supplementary appropriation to compensate the land claimants. I think we have been able to find out the real issue because Uganda Land Commission was denying –*(Member timed out.)*

**THE SPEAKER:** Please, conclude.

**MR AYOO:** Uganda Land Commission was not agreeing with the ministry of lands as to who has raised this claim. I think the committee has helped Parliament to dig out issues that are there but this is just a tip that more investigations need to be done.

For now, regarding those who are claiming, Parliament should go ahead and support this supplementary budget so that they are given money and people are compensated. For those other ones, Government must take responsibility.

However, the report of Justice Catherine Bamugemereire’s Commission should be brought to Parliament and the public to sort out issues on land in the country. Without that, this is just a small section and we cannot say, “Do not give this money”. Government must take this and bring the report of that Commission to Parliament, for us to move forward. Thank you.

6.43

**MR GODFREY ONZIMA (NRM, Aringa County North, Yumbe):** Thank you, Madam Speaker. I just want to make a comment on three issues.

Firstly, according to the committee, there is no clear record of claimants in the Uganda Land Commission. If there are no clear records, I do not know how the Commission has been operating because this gives room for a number of problems. You may not have proper planning in terms of how much money you will need to pay for people who have problems and who are supposed to be compensated.

It also gives room for payment of people who may not be the rightful people who could be claiming money. Thirdly, this could also lead to ghosts. You can easily pay ghosts. I think the issue of record keeping should be taken into consideration by the Uganda Land Commission as a serious matter.

The second issue is the issue of titling of land. Madam Speaker, my colleague from Bunyoro raised an issue here. One time, we went to the oil region. People who have been displaced by these projects of oil are being settled. However, a family is resettled in a two or three-roomed house for land that he or she has lost, which land should have benefitted his generation.

For example, I am resettled as an individual and yet, the land I have lost might not have only benefitted me alone. It would have benefitted me and other generations to come. So, this lack of titling of people’s land is a problem.

Some of those areas must be given priority by Government. For people who cannot process their title, Government should come in and help them.

The last point, Madam Speaker, is that we were debating an issue here, where there are a lot of domestic arrears accruing from court awards. One of the reasons these domestic arrears were not cleared was because Government said it was still verifying these court awards on whether they are genuine.

We have just heard from the committee that some of the court awards, which were given were never defended in court and they were not contested. I do not know what the reason was because if there was any court issue involved, I expected Government to have been vividly involved in defending them and also contesting these court awards. If they were not contested, I do not know what the reason was.

Madam Speaker, that is where I expect clarification from Government; why they just allowed it go like that. Thank you very much.

6.46

**THE MINISTER OF STATE FOR LAND, HOUSING AND URBAN DEVELOPMENT (HOUSING) (Dr Chris Baryomunsi):** Thank you, Madam Speaker. Let me also add my voice to thank the chairperson and members of the Adhoc Committee for a job well done because within a short period, they have been able to give us a report, which is very informative.

I will make a few comments in response to some of the issues, which have been raised, in the interest of time. Firstly, I am happy with the report of the committee and we receive the recommendations, which we take seriously and we shall study them, with a view of implementing them.

However, I am also happy that in the report, they indicate that these requests were grounded in the records, which we have in the ministry. An impression had been created that the minister submitted these requests, maybe with corruption in the background.

I think the committee has clearly shown that there are many claims within the ministry. These few, which were picked were part of the claims, which are in our records, save for one Busuulwa Julius, where there seems to be some fraudulent activities.

I would like to assure Parliament that we shall comply with the recommendation and instruct Police to do a thorough investigation. Whoever is found to be on the wrong side of the law – whether in the ministry or Busuulwa Julius himself and his other actors – should be brought to book because Government and the ministry in particular does not condone such corrupt tendencies.

Secondly, the relationship between the ministry of lands and the Uganda Land Commission is good. We regret the skirmishes and exchanges between our leaders in the recent past but maybe, I can say, it is about personalities and not an institutional problem.

The ministry of lands, where I serve and the Uganda Land Commission, which is under our ministry, work very well. We regret whatever mishaps that came into the open. The law clearly defines a functional relationship between the ministry and the Uganda Land Commission. The Commission is independent in as far as decision making is concerned. Definitely, the ministry, through the minister communicates. Section 50 of Uganda Land Act clearly stipulates that the minister responsible for Lands is empowered to provide policy directives to the Uganda Land Commission. For instance, if Cabinet makes a decision on land matters, it should be communicated to Uganda Land Commission by the minister. Or, if Parliament makes a decision, because the Commission does not attend Parliament, it is the minister to communicate such a Parliamentary decision to the Commission.

Therefore, the law provides how the ministry communicates with the Commission and at no time has the ministry usurped the powers of the Uganda Land Commission. What the minister explained was that these requests were raised during the time of campaigns. I think there was lack of coordination between our ministry and the Commission. Otherwise, there were no bad intentions of usurping the powers of the Uganda Land Commission.

I would like to also comment on the reasons for the supplementary requests like hon. Kamateeka has said. If the President gives a directive to the minister, the minister transmits it to the Uganda Land Commission for the latter to process. It is not the minister to take action.

Sometimes, you get confronted with someone who is terminally ill and has a claim with Government. Someone may be sick and they want to go, for example, to India or Mulago Hospital for an operation. Are you saying it is wrong for you to raise this as a supplementary to fund that person who Government owes money?

For some of these, we also need to look at compassionate considerations because they are real and we face them. The Uganda Land Commission was created by the Constitution and it has been doing its work. We have been drafting a comprehensive law to provide for its independence. The law has been completed. It is now between the ministry and Cabinet. Unfortunately, we have not been able to process it to come to Parliament but it will be one of the first legislations to be tabled as soon as the 11th Parliament starts its work.

Technically speaking, the Land Fund has not been created and so, what the ministry of finance does is to provide money for the operations of Uganda Land Commission to pay salaries and other operations.  However, under the new law, we have now put sufficient provisions to create that Fund and see it properly utilised.

The challenge we have is that because of our colonial history, the land tenure system changed. We have, especially in central Uganda and parts of western Uganda, this *mailo* land tenure system where you have duo ownership of land with the landlords and tenants.

The ministry has estimated that we need about Shs 1.7 trillion to resolve this matter for us to buy off the interests of one of the parties, particularly the landlords to enable the tenants acquire perpetual registerable interests on the land. Averagely, we get about Shs 20 billion per year for the operations of Uganda Land Commission. So, you can compare Shs 20 billion and the Shs 1.7 trillion, which we have estimated. The claims are very many. That is why we get this pressure of many claims. Otherwise, we do not have sufficient resources to meet all these.

On the compulsory acquisition of land, not all land, which is acquired by Government, is through compulsory acquisition. Sometimes, Government acquires it through a willing buyer/willing seller arrangements. For example, a landlord in Kibaale who has a big chunk of land with *Bibanja* holders may come to Government and say, “I want to dispose of my interest on this land.” That is not compulsory acquisition. The method there is different.

Compulsory acquisition is provided for in Article 26 and it says that when Government wants to acquire land for public projects or public health concerns, it can compulsorily acquire such property.

The article talks of fair and adequate compensations, which should be paid prior to acquisition. It must be paid promptly and the owner has a right to go to court if they are not satisfied with the value, which has been assessed.

We have also concluded a law on land acquisition because the current law is a little bit old. The Land Acquisition Act is of 1965. Madam Speaker, you recall that at the beginning of this Parliament, we had brought a Constitutional amendment to this Article 26 but we were misunderstood by a section of Members of this House and the public.

We have since taken a decision, as Government, to instead repeal the Land Acquisition Act of 1965. We have completed the drafting of the new law, which will also be tabled at the beginning of the 11th Parliament to further provide for compulsory acquisition.

The major challenge we have been having is that when the Chief Government Valuer makes an assessment, sometimes the owner of the land contests it then it can cause dragging for five, 10 or even 15 years.

Therefore, we have now made sufficient provisions on how that kind of impasse can be addressed within the shortest possible time so that the owner of the land is paid and is happy and also Government work is not necessarily delayed. In the 11th Parliament, we shall be able to table that Bill.

To assure the members, the evaluation, which is done by Government, gives you a higher value than if you sold your land on the open market. If we had time, I would tell you that valuation is a technical service.

What valuers do is to use the market price of the land, wherever it is situated and also value property like houses or any other constructions separately. If there is a business, they factor in profits for five years and put it in the value. If there are crops, the district land boards usually give annual values of crops and those are factored in too. Depending on how long Government wants to take to acquire the land - if it is going to acquire it in six months, they put in a 30 per cent disturbance allowance. If you want it after six months, you put in 15 per cent disturbance allowance. All these are provided for in the Land Act. Therefore, the value, which Government comes up with is much higher than if you sold your land to an ordinary buyer. Government does not cheat the owners of private property when it has been valued – *(Interruption)*

**MS OGWAL:** Thank you for giving way. I would like you to clarify this issue of land acquisition. You said that the Cabinet is considering bringing the law for amendment so that you can now begin the acquisition of land compulsorily.

What I recall is that compulsory acquisition of land is clearly catered for in the Constitution. There is no way you can come up with a law without amending the Constitution, which has given very stringent conditions for compulsory acquisition. Therefore, I do not know how you can bring a law and circumvent that constitutional amendment. I would like you to clarify on that.

**DR BARYOMUNSI:** Thank you, Madam Speaker. We do not have time to go into those arguments but like I said, we are repealing the Land Acquisition Act of 1965. I hope that satisfies you and there is nothing that stops the Government and Parliament from enacting such a law.

If you allow me, the challenge that we have with Article 26 - and we have been trying to address through this law - is that the Article says, *“Land belongs to the people.”* Citizens are allowed to own private property, including land but the Government is authorised to compulsorily acquire your property, if it is going to do projects of public interest.

The Constitution says the compensation should be fair, adequate, prior and prompt. The question has been; adequate and fair to whom? What has been happening is that sometimes, there is contestation of these values. The new law is going to put an elaborate system and procedure; for example, if hon. Ogwal’s land has been valued at *–(Interruption)*

**MS OGWAL:** By the time the Constitution of 1995 was promulgated and enacted, that law you are talking about was already in our Books of Statute. Therefore, you cannot come here and say that by the time we were putting that condition in the 1995 Constitution, we were not mindful of the Act you are now quoting.

I would like you to know that we were very alert in the Constituent Assembly and we were aware of that Act but we still made sure that whoever attempts, as you are now trying to do, to acquire land compulsorily, you must go through those stringent conditions.

That is why I am trying to warn you that it is a constitutional matter and you are not going to play with it. By the time we passed that Constitution, we were mindful of that law, which you are now referring to.

**DR BARYOMUNSI:** Thank you very much, Madam Speaker. It is not only those that wrote the Constitution who know it; even us, who have come after it being written, know the Constitution. I think we can leave this debate for that time, when the Government brings the Bill. Luckily, you and I shall be Members of the House –

**THE SPEAKER:** No, please.

**DR BARYOMUNSI:** Madam Speaker –

**THE SPEAKER:** Please, conclude.

**DR BARYOMUNSI:** As I conclude, Madam Speaker, I just want to assure Members that we have digitalised the land registry and therefore, the issues of double titling/ multiple titling, giving titles to swamps, forests and protected areas cannot happen because we have worked with the Ministry of Water and Environment, which has produced an atlas of wetlands, forests, swamps and protected areas. All these are captured in the system.

Therefore, if you come and want to title a swamp, the system will alert you. If you want to title a piece of land that is already titled, it will not happen in our system. Those were happening when our records were manual but we have since moved to a digitalised system of land management.

Finally, the Commission of Inquiry under Justice Bamugemereire completed its work and the report was submitted to the President, who had appointed that Commission. He has since communicated to us. Cabinet has considered this issue and appointed a committee, which is drafting the white paper that will be presented to Cabinet. Once Cabinet has considered it, we shall definitely bring it here to Parliament. The process is on and we shall have that discussion to see how we can reform the land sector. We shall also be bringing amendments to the Land Act at the beginning of the next Parliament.

I would like to thank the committee for a good report. We take the recommendations seriously. We shall study them and where we need to improve in the way of managing land affairs, we shall definitely do the needful. However, in the coming Parliament, we shall bring a number of legislations related to the land sector and we shall have robust debates, including those with hon. Ogwal. I thank you very much, Madam Speaker.

**THE SPEAKER:** Thank you very much, honourable members. I put the question that the question be put.

*(Question put and agreed to.)*

**THE SPEAKER:** I now put the question that this House adopts the report of the Adhoc Committee on Land Compensation Supplementary Expenditure Schedule No. 4 for Financial Year 2020/2021.

*(Question put and agreed to.)*

*Report adopted.*

**THE SPEAKER:** Honourable members, I would like to invite the first reading of a Bill, which was brought yesterday night after we had already completed the Order Paper. I seek your indulgence to give the first reading to the National Legal Aid Bill.

**MS OGWAL**: Madam Speaker, there is an urgent matter, which I thought –

**THE SPEAKER:** Why don’t you allow me to first finish my programme and then, you can bring your issues?

BILLS

FIRST READING

THE NATIONAL LEGAL AID BILL, 2020

7.05

**MR LYANDRO KOMAKECH (DP, Gulu Municipality, Gulu):** Madam Speaker, I beg to move that the Bill entitled, “The National Legal Aid Bill, 2020” be read for the first time.

**THE SPEAKER:** Honourable members, as I indicated earlier, it will be sent to the Committee on Legal and Parliamentary Affairs but the committee will expire tonight. It will be part of our records. I do not know whether the Attorney-General has something to say about that. Interestingly, the first reading is seconded.

7.07

**THE DEPUTY ATTORNEY-GENERAL (Mr Jackson Kafuuzi):** Madam Speaker and honourable Members of Parliament, hon. Lyandro Komakech, the Member of Parliament for Gulu Municipality sought leave of Parliament to introduce a private member’s Bill entitled “The National Legal Aid Bill, 2020.” The Bill was published in the gazette on 28 September 2020 as No. 27 of 2020.

Madam Speaker, allow me go through some brief notes for the benefit of Parliament.

**THE SPEAKER:** Just state your position on it because it is going to the committee.

**MR KAFUUZI:** The position of Government is that the Bill has financial implications. We are not comfortable with the Bill proceeding to the committee because it seeks to establish a process that requires financing by the Government.

Right now, we are undertaking rationalisation of the number of Government agencies and yet, this Bill seeks to establish one such agency. Currently, we have other organs that are handling legal aid like the Legal Aid Clinic of Law Development Centre, the Justice Centres of Uganda and they are all being funded by JLOS and other NGOs.

Madam Speaker, establishing a body for legal aid that requires financing by the Government at a time when we are rationalising Government agencies is not a good thing for us to do.

We pray that Government is given time to look at it to consider its pros and cons and see how best we can do something better that works for us all. I beg to submit.

**THE SPEAKER:** I have sent it to the Committee on Legal and Parliamentary Affairs. Anyone who wants to deal with it will find it in the committee. Let us go to the next item.

MOTION FOR ADOPTION OF THE REPORT ON FACT FINDING ON THE CONDITION AND STATUS OF UGANDA’S PROPERTIES IN KISUMU, NAIROBI AND MOMBASA, KENYA BY THE COMMITTEE ON FOREIGN AFFAIRS

**THE SPEAKER:** Can I ask the chairperson not to go to evaluate the visits and who you met and who you did not meet. Just say the subject, your findings and recommendations. Thank you.

7.09

**THE CHAIRPERSON, COMMITTEE ON FOREIGN AFFAIRS (Ms Violet Akurut):** Madam Speaker, allow me to present this report under Rule 33 (1) of the Rules of Procedure of Parliament and thereafter, lay on the Table the titles of certificates.

This is a report on the fact-finding mission on the condition and status of Uganda’s properties in Kisumu, Nairobi and Mombasa, Kenya by the Committee on Foreign Affairs.

On the 27 of November 2019, the Minister of State for Finance, Planning and Economic Development, hon. David Bahati, presented a statement in regard to the status of the properties owned by the Government of Uganda in Kenya.

The purpose of the statement was to give Members information regarding ownership and the status of the properties in Kenya and shed more light on the effect of the Kenya Land Amendment Act on the properties owned by the Government of Uganda in Kenya.

However, the House was not satisfied with the report especially with regard to the effect of the amended Kenya law on the property owned by the Government of Uganda, the condition and state of these properties and what accrues from the same.

The Speaker directed the Committee on Foreign Affairs to carry out a fact-finding mission to find out the facts on the matter and report to the House.

The committee undertook the visit to Kenya as fact finding on the status of the property as indicated above. To save time, I will not read the composition of the team.

The committee was guided by the following terms of reference:

1. To establish the condition and status of Uganda's properties in Nairobi, Mombasa, and Kisumu;
2. To assess the management of Uganda's properties in Kenya;
3. To assess and establish the likely impact of the Kenya Land Amendment Law, 2016 on the ownership of Uganda's properties in Kenya;
4. To examine any other matters incidental thereto.

On the methodology, we had meetings but I will not go into the details and who we met. We had meetings, physical visits to the properties especially in Mombasa, Nairobi and Kisumu.

Findings, observations and recommendations

The committee was informed that Uganda's properties in Kenya were managed by Uganda Properties Holding Ltd, Uganda Railway Corporation and Uganda's High Commission in Nairobi.

Property under the Management of Uganda Property Holdings Limited (UPHL)

I just want to give a small background about UPHL. During the course of the privatisation process, the fate of properties formerly belonging to Coffee Marketing Board (CMB), Transocean Uganda Limited (TUL), Produce Marketing Board (PMB) and Lint Marketing Board (LMB) was debated and the Government of Uganda resolved that properties, which were of strategic importance to Uganda, should not be divested.

Arising from the above, in 1998 the Cabinet resolved that a new company be established to take over ownership of all real estate properties locally and abroad belonging to the Government of Uganda. This decision was premised on the fact that the properties in reference had significant commercial value and therefore, had to be managed under commercial principles for purposes of sustainability.

In light of the above, on 3 November 1998, UPHL was incorporated, under the Companies Act, Cap. 110, owned by the Government of Uganda under the oversight of the ministry of finance, with each having 50 per cent shares.

Objectives of Uganda Property Limited

I will not read the objectives. Members can read about what UPHL.

Current status of the properties under the management of UPHL

The committee visited all the properties under the management of UPHL in Mombasa, Nairobi and Kisumu. The committee established that UPHL is in charge of managing 23 properties in Kenya, mainly in Mombasa. The committee established that the properties are owned on leasehold terms and that currently, all the properties have running leases and are also being rented out on a competitive rate.

The properties rates relating to the said properties are paid on schedule. The committee was informed that in the financial year 2019/2020, the properties in Mombasa fetched to the tune of Shs 10 billion, of which Shs 300 million was submitted to the Consolidated Fund as dividend, a recurrent expenditure of the same was Shs 6.6 billion and capital expenditure was Shs 4.3 billion.

Of the above-mentioned 23 properties, there were 11 warehouses; one is a carport, two office blocks, three commercial blocks, four residential houses and two yards.

Observation

The committee was informed that all the properties are developed and have leasehold titles and UPHL is in custody of the certificates of title. Madam Speaker, I have copies of those certificates of titles and will lay them on the Table.

The committee observed that most of the properties were well maintained and under tenable condition.

The committee inspected the properties under the custody and management of UPHL and established that all the properties are being rented out and they are well maintained. Pages 20 and 21 of this report has the list of the 23 properties.

The UPHL operates on commercial principles and funds its activities from internally generated resources. The committee observed that UPHL makes its budget and work plans, which is approved by its board and spends the money on what they have planned to undertake. This makes them swift in budget implementation since they do not go through the tedious bureaucracies and processes of approvals.

Recommendations

Although UPHL seems to have achieved much from such a practice, it is our considered view that the dividend sent to the Consolidated Fund is little compared to what they generate as seen from the above figures. I would not want to refer to them again.

One of the purposes why UPHL was created was to ensure that properties are well maintained and sustained. This would yield more revenue for the Government. This is not the case because we are getting Shs 10 billion but only Shs 300 million is sent as dividend to the Consolidated Fund. We thought it was not commensurate to what the property is generating.

There was an allegation of property being sold and being dilapidated. The observation was that no property in Nairobi or Mombasa had been sold. Instead, the warehouses had been renovated and given a new face lift. Ordinary iron sheets were removed and replaced with aluminium and transparent iron sheets, which can last over 20 years, compared to what they had before.

Two residential houses inherited from Uganda Railways Corporation had been renovated. The car port and yard were expanded by buying adjacent land to address the demand.

Additional land was acquired and added to the warehouses for more loading and unloading area. The properties UPHL inherited from Uganda Railways Corporation were in bad shape but they have now been renovated and are now rented out both in Mombasa and Nairobi.

For the five properties with few years left – there are only five properties and some of them have three and others four years left on the lease period - UPHL informed the committee that it had started engaging the relevant lessors to renew the leases and they were confident that the leases would be renewed just like the rest have been - because they have those that have 90 and 99 years.

The buildings are well maintained and refurbished against the information to the House, indicating that they were dilapidated.

Observations

The committee observed that UPHL owns other properties other than the 23 that we visited in Nairobi, in Kisumu and Mombasa. In total, they own 33 properties but like I said, 23 are in Mombasa-Kenya but they also have four residential houses in London and 12 other properties in Uganda.

All these properties that the company is holding abroad have titles and the committee was informed that none of these properties has a mortgage. We confirmed that because we have the titles of certificates. The list down there is that of the 33 properties that I have named and I would not like to go into that detail.

Madam Speaker, like I said, we were told that the properties in Kenya are owned in three categories; under UPHL, Uganda Railways Corporation and under the Mission.

The others are properties under Uganda Railways Corporation, which owns a large portfolio of properties that were developed and acquired to support its operational needs within Uganda and in the region. Amongst the properties it owns, there are three residential properties in Kenya, specifically in the cities of Mombasa, Nairobi and Kisumu, respectively.

The committee carried out site visits to properties that are under Uganda Railways Corporation to conduct a physical verification and establish their existence, physical state and confirm ownership status. I would not want to go into that detail but I just to say that, of the three of properties, they have one in Nairobi, which is a single residential house located in Mugoya Estate, South B. It is well conditioned and has a tenant in it. The property is legally registered as we have indicated there and it is fully owned by the Uganda Railways Corporation.

Observation

The committee was informed by the tenant that she has incurred costs in repairing the house, yet when we saw the house, it needed more repairs, especially the ceiling.

Recommendation

The committee recommended that UPHL should work on all the repairs so that the house is in good, tenable condition so that it fetches even more revenue.

The one in Mombasa is a double storeyed house located in Nyali Estate and it even has a swimming pool. It was renovated by UPHL and indeed, it is in a tenable state and it is fetching quite good revenue, which is over Shs 3 million per month.

There is another property managed by Uganda Railways Corporation in Kisumu, one house. That one was really in bad shape. The reason we were given was that UPHL had not yet taken ownership or management of that property, because the tenant and Uganda Railways Corporation have issues. They were in court - because the tenant had done some repairs, which they needed to be compensated for.

Recommendation

The recommendation of the committee was that URC should sort out the issues with the tenant so that UPHL can take over the management of the property, renovate it and rent it out at an affordable rate. When you look at the table we have put on page 10, indeed, it is a property under Uganda Railways Corporation that is fetching less and it is property No.2, because the state of the property was really wanting.

Under the Uganda High Commission in Nairobi, I would not want to go into those details - about the mandate of the mission but we should be able to brace ourselves with what our foreign missions do.

Let me go to page 11, the mission focused on minimal maintenance and refurbishment of the three Ugandan properties in Nairobi. However, all the three properties require complete overhaul to upgrade them to modern buildings so as to collect more revenue and portray a good Ugandan image abroad. The three properties that the mission is managing:

1. The Uganda House

The committee observed that Uganda House, which is a commercial four storeyed building, owned by the Government of Uganda was built in the early 1960s and is now an eyesore in the central business district of Nairobi due its dilapidated state and because of such a state, the High Commission in Nairobi thought it wise to carry out major renovations of the structure, since it had been condemned by Kenyan authorities; being in a deplorable state and causing diplomatic embarrassment to the nation.

However, when the tenants occupying the building were served with vacation notices so as to kick-start the renovation process, they went to court to obtain a court injunction because they knew they were going to lose business. An out of court agreement was reached that instead of evicting tenants from the structure for renovation to kick-start, this process would be done in phases, so that the tenants would continue carrying out their business.

By the time the committee visited the property, out of the four floors of the building, only the ground floor was fully occupied while the third and the fourth floors had only two and four tenants each, instead of 29 tenants on each floor. The lifts were out of use, the water system was not in use and 80 per cent of the tenants had moved out due to the deplorable state of the building. The revenue had therefore dwindled as a result of that.

The High Commissioner informed the committee of the challenge of dilapidated structures of the Mission buildings, posing security risk and bad image. However, he informed the committee that plans were underway to kick-start the renovation process of the Uganda House in July 202l and that the Mission had received Shs 4 billion to kick-start the work.

Recommendation

The committee recommends for the expeditious renovation of Uganda House since the Government is losing revenue that would contribute to the Consolidated Fund.

ii) Official residence

The committee was informed that the former head of Mission, Ambassador, Phoebe Otala, had not officially handed over the house. On the visit to the official residence, the committee observed that the house, which was acquired in 1985 is in a good location, with a swimming pool. However, the building needed renovation and furnishing. The swimming pool presented several challenges, including being a breeding ground for mosquitoes for the neighbours.

Currently, the Mission rents accommodation for the High Commissioner because the official residence is inhabitable.

The committee recommends that the ministry of finance should urgently allocate resources to enable the renovation of the official residence so as to save money being spent in renting accommodation for the ambassador.

iii) The third property that the Mission is overseeing is the chancery. The committee noted that what is the chancery now was a residential house acquired in 1985 and turned into a chancery. It is a big piece of land and very strategic, located at the riverside. However, it does not have a board room neither is it disability friendly. It has no ramps or lifts, the steps are very narrow, the water and sewerage system is outdated and requires overhaul. In a nutshell, the building is not fit to house a chancery.

The committee recommended for the construction of the chancery in the same land since it is the land for the Mission. The budget should be appropriated for this purpose.

The second term of reference was on the impact of the Kenya Land Amendment Law, 2016 on the ownership of Uganda properties in Kenya. We need to take keen interest in these.

Whether Uganda Government’s right to property is threatened by the recent development in respect to the Kenya land law, the committee met and discussed with the Rt Hon. Speaker of the Kenyan National Assembly, hon. Justin Muturi who assured the delegation that the amendment to the land law would not have a detrimental effect on the property owned by the Government of Uganda. The Rt Hon. Speaker guided that unless at the expiry of the lease term the Government of Uganda does not express interest, the rules of natural justice dictate that they immediately see before the expiry of the lease term is given priority.

He reinforced the assurance by informing the delegation that the President of the Republic of Kenya, H.E Uhuru Kenyatta had donated land to the Government of Uganda in Naivasha.

He also informed the delegation that he would consult with the Attorney-General of Kenya to give an opinion in regard to the same.

At the time of writing the report, the office of the Rt Hon. Speaker had not yet received a feedback from the Rt Hon. Speaker of the National Assembly of Kenya. The committee was not able to get a written opinion from the Attorney-General, which was expected to come through the Rt Hon. Speaker of Parliament of Uganda. However, the Constitution of Kenya 2010 - the Land Act No.6, 2012 and the Land Registration Act, 2012 - subject to certain limitations, grant the right to any person - either individually or in association with others - to acquire and own land in Kenya. However, there are limitations of property ownership in Kenya by foreigners contained in the Constitution and the Land Control Act Cap 302.

The Constitution of the Republic of Kenya, Article 65(1) provides as follows, *“A person who is not a citizen may hold land on basis of leasehold tenure only. And any such lease however granted shall not exceed 99 years”.*

It should be noted that under common law jurisdiction including Uganda and Kenya, non-citizens cannot own land in perpetuity – that is without fixed maturity dates. Foreigners are expected to own a lease on land not exceeding 99 years.

Under Article 81 in the Sixth Schedule of the Constitution, any freehold interest in land in Kenya held by a person who is not a Kenyan Citizen shall revert to the Republic of Kenya to be held on behalf of the people of Kenya and the state will grant leasehold rent for 99 years to that individual.

This means that from the effective date, any freehold land or absolute proprietorship held by a foreigner is truncated to a 99-year lease with a leasehold rent.

The Government has been forced to call for all these real estate titles and issue foreigners with leasehold titles with commencement dates –and that was way back in August 2010.

Whether the Land Law Amendment Act, 2016 now prohibits non-citizens from renewing their lease – *(Interruption)*

**MS OPENDI:** Madam Speaker, I am sorry that I have to rise up. I thought our colleague would spend a shorter time following your guidance. You had guided that she should simply summarise the issue and go straight to the recommendations.

She, however, seems to be taking forever reading. The procedural point that I am raising is whether she should not abide by your guidance.

**THE SPEAKER**: Honourable chairperson, please, read the subject and the recommendation. The reports are available and Members can read them. Just go to your findings and recommendations.

**MS AKURUT:** Thank you, Madam Speaker for your guidance. I will, therefore, move to page 16 that has the observations.

The committee established that under the Law of Kenya, non-citizens, referred to as “ineligible persons”, have always not had a preemptive right to a reversionary interest upon expiry of a lease. Preemptive rights have been and are still a preserve of Kenyan nationals.

On page 17, we have a recommendation that the Government of Uganda should always negotiate for terms in the agreement that cater for adequate compensation for developments on the land in case the lease term is not renewed. We had that worry of what happens if we already have developments on our land and then the leasehold expires. They said they would not be able to compensate.

However, depending on what is on the agreement, you can negotiate and include those terms on the agreement so that it is taken care of. There is compensation of our properties if the leasehold titles expire. I think it will not be the case – whether ineligible persons/foreigners can acquire interest or transact on controlled land. Let me go to the observations on that.

Whereas the provision puts limitations on land transactions by foreigners, it does not completely prevent ineligible persons /foreigners or foreign governments from acquiring interests in controlled land. The amendment requires the approval of the relevant authorities. This requirement does not apply to Kenyan nationals. However, if you are a foreigner, you have to apply to be able to do that.

The committee recommended that Government of Uganda should always negotiate for and include in their agreements, terms relating to compensations for buildings on the land upon expiry of the lease.

On emerging issues regarding the legitimate ownership of Uganda properties abroad, the committee noted that the Ministry of Foreign Affairs and UPHL –*(Interruption)*

**MR AOGON:** Madam Speaker, the report of the committee is very clear and we have read it. I would like to believe that it would be good for the Chairperson to pause there and allow the House to have its say, given the fact that it is getting late.

Isn’t it procedurally okay that we pause the reading there?

**MS AKURUT:** I was actually concluding. I am on page 18 and this report has 19 pages. I was on the emerging issues. I had said that regarding legitimate ownership of Uganda properties abroad, the committee noted that the Ministry of Foreign Affairs and UPHL have issues on Uganda Government properties abroad. The Ministry of Foreign Affairs insists that Uganda properties abroad should be supervised by missions abroad on behalf of Government while on the other hand, UPH Ltd was given the mandate by Government to directly manage and supervise Government properties abroad as a body corporate of Uganda Government.

The committee recommends that an inter-ministerial committee should be set up to address this matter. This should comprise Ministry of Foreign Affairs, ministry of finance and Ministry of Privatisation but also ministry of trade because those properties are doing trade for us.

In conclusion, the status of Uganda properties and its management in Kenya and elsewhere should be resolved.  Potentially, Ugandan properties abroad remain a great source of non-tax revenue to the Uganda Government. We need to see how we can manage these properties well.

I would like to lay on the Table the certificates of titles of the 23 properties that we visited under UPH Ltd. I beg to submit.

**THE SPEAKER:** Thank you, very much.

7.38

**THE LEADER OF THE OPPOSITION (Ms Betty Aol):** Thank you, Madam Speaker. I know that we cannot exhaustively handle this report today and we need to push it further, knowing that you should take a very successful conclusion.

When they talk about UPHL. Who are the people involved? Our missions abroad live almost in abject poverty, just because the control of the property is handled by some big people here in Uganda.

This UPHL needs to be investigated properly and we make sure that these corrupt tendencies are brought down. I pray that you take us through this report in the next Parliament so that we debate it better. Thank you.

7.40

**MR IGNATIUS WAMAKUYU (NRM, Bulambuli    Elegon, County):** Thank you, Madam Speaker. I have listened to the report of the committee but the most worrying situation as far as those properties are concerned, especially those in Mombasa, is the expiry and renewal of lease. Within the law, there in an amendment, which they passed and they have given 400 metres from the sea.

Properties, which were within the 400 metres are automatically forfeited to Government of Kenya. All our warehouses which are in Mombasa are within the radius of 400 metres; are we going to forfeit them and these are prime properties, which are generating money for the country?

**THE SPEAKER:** Honourable members, actually, I was disappointed. When I sent the delegation to Nairobi, I wanted them to get an answer from the Government of Kenya about the effect of the Land Amendment Act of 2016 of Kenya on our properties.

That law says that anything 25 kilometres from the end of the Indian Ocean cannot be held by a non-Kenyan and that is where our properties are. I have written to my counterpart three letters but he has not answered. The Attorney-General of Uganda has written to the Attorney-General of Kenya but he has not answered. There is a problem.

He is diversionary, saying that “you know, we gave you land in Naivasha”. We are not talking about Naivasha; we are talking about properties of the people of Uganda in the 25-kilometre controlled zone and we are now described as ineligible because we are a foreign Government. That is what the law says. That was the answer I wanted from that delegation.

7.42

**MR SILAS AOGON (Independent, Kumi Municipality, Kumi):** Madam Speaker, allow me to appreciate the committee for that big effort that they put in to deliver such a wonderful report. We are lucky to have this report read on the very day when we are summarising the work of the 10th Parliament.

I thank colleagues who have stayed up to this moment to make sure that we conclude the work of the 10th Parliament. For those ministers who are around, I want to prophesy that they will reappoint them to Cabinet.

You have exhibited the spirit of statesmen and stateswomen, who are ready to work day or night for the country.

In this report, I have one thing to note. In Mombasa, we collect up to Shs 10 billion and only Shs 300 million comes to the Consolidated Fund.

Over Shs 6 billion is spent on recurrent expenditure. How I wish we had details of the expenditures that money was spent on; specifically, on which activities. Was it on collecting rent? If you consider Shs 6 billion being spent annually, this is appropriation in its own right.

Who approves these peoples’ budgets? This board might be sitting in the evenings for a cup of coffee, then they decide with their technocrats to “chew” this money without the knowledge of the mission.

We have land in a prime location, in the central business district. If this is the land for which, Madam Speaker, you are complaining about the ownership tenure that we cannot control, because we are foreign, then the President should come in. What is the summit doing? We are now in the East African Community. Is Kenya treating us like a little boy? Don’t they know that we are also growing into a big brother to deserve better?

Just yesterday, this House passed a loan. Today, again, some loans went through. Every day, we borrow. The loans have not been productive in my view. How I wish we were getting loans for investments in prime locations like the ones in the central business district of Nairobi. We would put there a very powerful hotel and Uganda would be making a lot of money. We are putting money in non-productive areas and then, we wallow in poverty and just keep on crying. This is very disturbing.

The committee did their job but what I know is that if Ugandans are to reap from the properties abroad, reports should be coming to this house for debate.

I do not remember ever debating any reports in this term about the said properties in this House. If it was not for your effort, then I do not know what would have happened.

I have prayed for you, Madam Speaker, to go through. You are going to make it because up to now, you have sat and done your part diligently without fear or favour. God is watching from above and people are going to vote for you. I am not campaigning but I am talking about today and tomorrow. For God and My Country.

**THE SPEAKER:** Thank you. Of course, as usual, we do not have the Minister of Foreign Affairs here. Hon. Ngabirano - the Prime Minister will come later. You have picked the issues and let us have hon. Ngabirano; hon. Ayo and hon. Kahima of Ntungamo –

7.46

**MR CHARLES NGABIRANO (NRM, Rwampara County, Mbarara):** Thank you very much, Madam Speaker. I want to thank the chairperson for the report. I want to dwell on your submission and your expectations. I want to say that we as Parliament, though the committee have done our work; we have raised the flag. You have raised your concern, Madam Speaker.

Today, as we come to the end of this 10th Parliament, I just want to make one recommendation on this matter; that Government takes serious interest. Apart from the properties in Kenya, we have very many other properties in other countries.

I was in Ethiopia, where they gave us a plot but we did not develop it. In China, they gave us a plot but we also did not develop it. There is another country – is it Malaysia – where all the other embassies have moved. For us, we are stuck and we cannot move.

On the Kenya properties in Mombasa, in particular, I want that we make a resolution to task Government – the Prime Minister is here –today, to go to Kenya and engage the Government there about those properties in Mombasa and give us a solution and answer within two to three months’ time so that this is solved.

We are East African partner states; we have the agreements. Recently, the Kenya delegation was here negotiating on trade. I do not know why this was not raised. Let the Prime Minister make a commitment that Government will follow this matter up and conclude it amicably, in accordance with our aspirations. Thank you.

7.49

**MR RICHARD OTHIENO (NRM, West Budama North, Tororo):** Thank you, Madam Speaker, for giving me this opportunity. I thank the committee for this wonderful work done.

The UPHL has done a wonderful job and should be commended. They have maintained our property in very good condition. When the chairperson was talking about the amount, which is being remitted to our Treasury, it is very unfortunate. However, this should not be blamed on UPHL. It is ministry of finance – Actually, it is not even Shs 300 million. They are remitting only Shs 100 million to the account every year in spite of the fact that they make a lot of money.

It is a requirement from ministry of finance that they remit only Shs 100 million in spite of the billions that this company makes. You wonder why ministry of finance requires them to only remit Shs 100 million instead of a percentage of the profits that are generated. This company makes a lot of money.

I would like to propose that going forward, properties like Uganda House in Nairobi be handed over to this company so that it can also maintain it in better shape because right now, that property is in a very bad condition. It is an embarrassment to the country and yet, if it was handed over to UPHL, it would be in position to rehabilitate this property and put it in a viable commercial position.

Finally, if we lose this property, there are some entities that should be investigated. I would not agree that we should constitute an inter-ministerial committee because we may just be jeopardising the position of this company. There are people within Government who actually want to sell off these properties.

Madam Speaker, I want to - without fear or favour – point an accusing finger at the Office of the Attorney-General because you have not been very supportive. We have got information that they have been working secretly to sabotage the operations of this company so that the properties are sold off.

Even when our house was about to be sold in New York, the person who was supposed to go and attend the litigation was arrested at Entebbe because they did not want the person to go and rescue the house. It was a foreigner who saved our house in London.

Therefore, I propose that one of the things this House should do is to resist that company being transferred. For now, let it remain in the ministry of finance. However, to take it to Ministry of Foreign Affairs, you will be doing a disservice to this country because Foreign Affairs officials have been longing to have these houses sold.

I do not understand why but I think what we must also be very careful about the interest of some Government officials. There are a number of officials who are interested in owning these properties. So, when you see Government reluctant to engage its Kenyan counterparts, it could be a grand strategy that they allow the law to take effect and then, they come in as a partnership with some Kenyans and own these properties.

Therefore, we must be very careful of the motives behind some of this dilly dallying you see. It is not for nothing; it is a strategy. They want these properties to be taken away so that they now go, identify some Kenyans there, enter a partnership with them and own these properties. That is what they are trying to do.

Madam Speaker, I would like to thank this committee and say that this company has done a wonderful job and it should never be disbanded. I would instead pray that this House makes a resolution that all these foreign missions are handed over to this company so that it continues to maintain our properties and if possible, we can have more revenue generated from it to the Consolidated Fund.  Thank you, Madam Speaker.

**THE SPEAKER:** Thank you. Let us hear from hon. Ayoo, the former Chairperson of the Committee on East African Community Affairs.

7.53

**MR TONY AYOO (NRM, Kwania County, Kwania):** Thank you, Madam Speaker. The threat of us losing our properties in Kenya has been going on quietly but this time, it has finally come out in the amendment of the land law.

What I want Government to find out from the Kenyan Government is the position of the property belonging to the partner states that are historical; from a long time ago, since the first East African Community up to now. Why would they reach this point and fail to consider it in the amendment and not to save them?

This is where Government of Uganda should engage the Government of Kenya to find out why they would want to do this; to treat the partner states just like any other private company owning property in their country?

This has not come out very clearly from the committee, as far as properties belonging to Government - most especially within East Africa - are to be taken into consideration. It is from there that we can start engagement and this must be very clear. I think Government should take this up.

However, on the property under UPHL, the only bad thing the company has been doing is to collect a lot of money and spend it all and only remit Shs 100 million or Shs 200 million to the Consolidated Fund.

This also came in the report of the Auditor-General, where their operations were questioned, including some of their expenditure that are not necessary and the cost of renovating these buildings.

To be safe, I would not support the recommendation of the committee that this property should revert to the Missions abroad because we have a lot of challenges and this will cause us to lose these properties.

The UPHL has kept these properties for all this time, renovated them and we can talk about them. The best that can be done is to strengthen UPHL as a company of Government, for them to operate efficiently, reporting to ministry of finance and Government.

However, if we risk giving this to Missions under Ministry of Foreign Affairs, within the next five to 10 years, you are going to find the number of these properties reducing from 33 to five or 10 and they will have been taken by our officials.

Therefore, Parliament should not accept this but only strengthen the Government company to continue overseeing these properties and also develop them. They should be given authority to develop more pieces of land in Belgium, Tanzania and China so that we continue to reap from these properties.

Madam Speaker, I think that as you struggle with our counterparts in Kenya, Government of Uganda must come out to save this property. They are in prime locations and are very important for us. As we widen and deepen the integration of the East African Community, we need this property.

7.57

**mr paul amoru (NRM, Dokolo North County, Dokolo):** Thank you, Madam Speaker. I thank the committee for the work they have done.

My interest is in two areas; first, this House today will in very specific terms urge Government to take urgent interest in ascertaining the status of our property, especially in Mombasa. I am not a foreign relations expert but I think it is strange that a foreign Government, especially with in the East African Community will treat a partner state just like any other private individual or company.

The historical property that was known within the East African Community even right here in Kampala have been preserved and being treated as property either jointly owned by the East African Community or partner states. My interest is in knowing whether this particular law, which I have not looked at, does not differentiate between the interest of a partner state, which is a sovereign country like Uganda and probably any other citizen of East Africa who would desire to own property or do business within the community.

This particular one and probably in three months like someone had suggested, we would urge Government to urgently take lead to engage Kenya and come back to this House to give a specific report. Otherwise, it looks like it is an act of hostility to a member.

The second concern is indeed maintaining this property as they are being run now. Our concern would be, what is the benefit? It is reported that the property is well maintained and is in good condition but what is coming into the Consolidated Fund? If they are maintaining it, well but for themselves and we get only Shs 100 million every year. At the end of the day, it is there but not helping us. This particular area should be looked at. Thank you.

**The Speaker:** Honourable members, what I can confirm is that I have the law in my office. There was no exception for anybody. Anyone who is non-Kenyan is ineligible, including the Government of Uganda. That is why I got concerned.

8.01

**Mr moses kahima (NRM, Ruhama County, Ntungamo**): Thank you, Madam Speaker. This could be my last official day for me to be here and deliberate in the interest of this country for a while. I would like to thank you for seeing it necessary and prudent to dispatch a team to unearth the fate of our property in Kenya. Now that the team that went to Kenya did not perform as expected, I would like to ask this House to task the minister of finance under whose docket these properties fall, to engage the Government of Kenya with the backing of the House and Executive to see that we do not lose by mere passing of the laws in Kenya. There is room for the Government of Uganda to negotiate in respect of our interests in these properties that we are holding in Kenya.

Secondly, I would like to thank the committee for widening the scope of the work and unearth necessary and very vital information in respect of the revenues that we are able to generate from the property we hold in Kenya. It is very disturbing for Government to generate Shs 10 billion and remit only Shs 300 million to the Consolidated Fund.

It is becoming a common practice for management of most entities in which Government holds interest to trade for themselves. These are made for specific purposes but at the end of the day, their management and boards end up trading for themselves.

It is disastrous for any entity that is holding such property on behalf of Government of Uganda to collect all the money and spend it at source. I think this House should come up with stringent resolution instructing all entities in which Government holds interests to always remit their collected revenues to the Consolidated Fund. If they have activities to be financed, they should pass through appropriation of this Parliament.

In my view, I consider that the management and Board of UPHL is trading for themselves at the loss of Government revenue for this country.

Therefore, I strongly recommend that this House moves to instruct and direct all entities in which Government holds interest to always collect money, remit to the treasury and prepare their budgets for appropriation. Otherwise, we shall continue losing. Thank you.

**The Speaker:** Thank you. Rt Hon. Prime Minister, I do not know whether you have something to say about this report.

8.04

**The prime minister and leader of government business (Dr Ruhakana Rugunda):** Madam Speaker, I would like to take this opportunity to thank the chairperson of the committee and the report she has given. It is a report that would normally have had more time for discussion because of a number of issues that she has raised. Nevertheless, we should support this report clearly knowing that there is remaining business for both incoming Parliament and Government. There is need to obviously engage the Kenyan Government and Parliament to make sure that the interests of Uganda are not just pushed away.

I believe that our relation with Kenya is very good and our colleagues in Government in Kenya will protect the interest in Uganda but we must bring it up to them so that they appreciate that.

Let me take this opportunity to thank the Rt Hon. Speaker for having taken the initiative and followed up the matter. I can say that Government will continue to pursue that line and the future Parliament has an obligation to make sure that this matter is properly finalised.

The final point is; I share the view that so much revenue is coming in but not going to the treasury. We deserve an explanation – *(Interjections)* - yes, we do. I cannot see how billons can just go away and the treasury only receives Shs 300 million. There must be an explanation.

Once again, I support the thrust of the report. We should endorse it and follow up the remaining business. Thank you.

**The Speaker:** Thank you. Honourable members, I put the question that a question be put.

*(Question put and agreed to.)*

**The Speaker:** I now put the question that this House adopts the report of the Committee on Foreign Affairs.

*(Question put and agreed to.)*

*Report adopted.*

**THE SPEAKER:** As indicated by the Prime Minister and other Members, we must follow up on these issues. The Government is enjoined to engage the Kenyan Government to come out clearly in writing; they have avoided writing. They do not commit themselves on that issue. *Mzee* Uhuru may not be there in 10 years’ time and so, it is something we need to secure for the people of Uganda.

There is also the issue of the earnings from the UPHL. I think it is a national scandal that money is just sitting there – or maybe it is being distributed and we do not know.

Thank you, hon. Akurut and your team, for the work done. We have one final small piece of work. Can I invite the Chairperson of the Committee on Rules and Privileges very quickly? Read the subject and tell us your findings on the issue of item No. 14.

MOTION FOR ADOPTION OF THE REPORT OF THE COMMITTEE ON RULES, PRIVILEGES AND DISCIPLINE ON INVESTIGATIONS INTO ALLEGATIONS OF FORGERY OF THE SIGNATURE OF HON. PAUL AKAMBA, MP BUSIKI COUNTY ON A NOTICE OF MOTION FOR A RESOLUTION OF PARLIAMENT PROPOSED BY HON. GIDEON ONYANGO, MP SAMIA BUGWE NORTH

**THE SPEAKER:** Is hon. Jacob Opolot here? Okay, hon. Okupa, do you have something to say? I think we will save it with the other work.

8.08

**MR ELIJAH OKUPA (FDC, Kasilo County, Serere):** Thank you, Madam Speaker. Let me start on a lighter note. There has been a lot of rain these days. However, the South East motion winds that always bring some specific rains from the rain makers seem not to be behaving. May I ask the rain maker to make those rains fall now that we are proroguing the House today? I would like to ask the rain makers to make the rains brought by the South East motion winds to fall.

On a serious note, two weeks ago, I was in Rwanda and I met with our High Commissioner to Rwanda, hon. Olive Wonekha. There are disturbing issues that she brought to our attention; there is one of the seven Ugandan teachers in Rwanda. They had crossed to Uganda to see their families but when they tried to get back – since people keep sneaking – they were arrested.

To-date, Madam Speaker, the seven Ugandan teachers are languishing in the jails. She has tried her best but she says she needs a stronger voice from Kampala.

I would like to take this opportunity, since the Rt Hon. Prime Minister is here today, so that he seriously takes up this matter. There are still issues because the crime was that they had crossed and were going back on duty. Her Excellency Olive Wonekha is asking Kampala to help her to get those teachers out. If they are not wanted, they can be repatriated and brought back with their families to Uganda. Thank you.

**THE SPEAKER:** Hon. Bahati, you wanted to say something to the House. Yes, the rainmaker.

8.11

**THE MINISTER OF STATE FOR FINANCE, PLANNING AND ECONOMIC DEVELOPMENT (PLANNING) (Mr David Bahati):** Madam Speaker, the rain is coming soon. Before the end of the week, we should be able to see some thunder storms.

I have been in this House and most of the time, on the Floor, I must say, from Cabinet, I have been favoured by the 10th Parliament. I thought I should just say a word of thank you before we close this House. I would like to just use three minutes. I know there are others coming to speak.

I would like to say thank you for giving me the opportunity to speak on a special day of winding up the 10th Parliament. The book of all ages in Ecclesiastes 3:1 says, *“There is a time and a season for every activity under the heavens.”*

Colleagues, when the Speaker adjourns in a few minutes from now and the lights are switched off tonight, the season for the 10th Parliament will have come to an end.

I would like to thank you for serving with us and the support you have given us, on behalf of the ministry of finance and the Executive as the Prime Minister will be informing us.

Five years ago, when we gathered here, we began a great journey to set our country to a better path. We knew that becoming a Member of Parliament was not a prize to claim or a trophy to raise but a trust to be stewards of a legislative authority. To many of us, it has been more than a tour of duty but rather a labour of love of our country. We have been inspired to do big things for our country and we have achieved a lot. We have passed many Bills and many motions. I remember the PPDA Act (Amendment) Bill, which has unblocked the projects that have been stuck.

I see the Succession (Amendment) Bill that has now given an opportunity to our daughters and mothers to share free and inherit property of their parents, like their brothers.

We have passed the Climate Change Bill that will protect our environment. It is this Parliament that amended the Constitution to ensure stability and continuity of the revolution and gave a chance to young people to pass and stand in all situations.

Madam Speaker, I have been counting how much we have appropriated in this House. For the last five years, we have appropriated Shs 218 trillion to implement our National Development Plan and because of this, we can see increased coffee from 5.7 million bags. Our exports have increased and the resources invested have seen the stock of infrastructure increased and affordable credit under UDB.

Working with the Executive branch, our economy has maintained a positive economic growth, despite the COVID-19 pandemic. When the COVID-19 pandemic hit us last year, we remained united and facilitated the Executive Branch with all the laws and resources needed to combat it.

Madam Speaker, I would like to thank you for the leadership that you have provided over this House, especially during this COVID-19 pandemic, when we were here. We have endured the infections; we have lost our colleagues but we remained working until the last day.

We appreciate the steady leadership of President Yoweri Museveni during this period.

To the Members that have not made it to the 11th Parliament, this is just a beginning of a new season. Stay focused because God has big plans for you. Colleagues, as a new season of the 11th Parliament starts soon, the challenges we face are many but the greatest of all are the 3.3 million people, who live in a subsistence economy and the young people who need jobs.

Before us, there is a lot of work and the work before us will not be easy but whenever the tests and trials ahead seem big, let us look back at what we have done in the previous Parliaments and set ourselves. Do not lose hope but carry on with a purpose.

As I conclude, it is my prayer that our purpose in the 11th Parliament should be to pass policies that create wealth and jobs and policies that will put money in the pockets of the struggling two out of every five households that live in the subsistence economy.

With humility and faith, let us move forward together to dismantle the poverty that has belittled us for a long time. Let us promote God’s agenda in this House by passing legislation that promotes justice and equity and creates economic opportunities for all but not a few in our country.

To the 10th Parliament, thank you very much. We have been enjoying your support. We have enjoyed your bashing and it has added onto the value that we have. We shall continue to work with you, wherever you are.

Thank you very much, Madam Speaker, for the leadership. May God bless you and all of us.  *(Applause)*

**THE SPEAKER:** Thank you. May I invite the Leader of the Opposition?

8.17

**MS CECILIA OGWAL (FDC, Woman Representative, Dokolo):** Madam Speaker, I think it will be unfair if I do not add my voice in appreciating what the 10th Parliament has done. I think it should go on record that we have done many things that other Parliaments feared to do and for that, we need to congratulate ourselves. *(Laughter)*

A week ago when we had a seminar to say farewell to those Members of Parliament who were going on sabbatical leave, it was agreed that a forum be created where we can regularly meet and share our experiences and whatever information we can share between ourselves. I think it is important that this matter is taken up.

I would also like to say that now that the President is going to be sown tomorrow and within a short time, we will have a Cabinet in place and other leadership in different strata, I want it to be seen in tangible terms how we are going to manage the issue of gender parity.

We are very good at talking about gender parity but when it comes to be put in practice so that it can be visible and appreciated, we do not see it and yet, they are very many men who claim to be gender sensitive –*(Interjections)-* Madam Speaker, can you protect me?

**THE SPEAKER:** Honourable members, allow hon. Ogwal to speak.

**MS OGWAL**: Madam Speaker, this is a very serious matter and being a senior citizen, allow me to say that we have had a line up from the President who is a man and the Vice-President is a man. We come to the Prime Minister who is a man and the deputy one, two and three *–(Laughter)*

Madam Speaker, the Constitution prescribes 30 per cent of leadership at all levels to be reserved for women.  We have three pillars of State or three Arms of Government. Men have already pocketed two of them. They have pocketed the two pillars.

Now, they want to wait for the last one that is left. Are we genuine? We swear by the Bible and the Quran- it is all about God. Speak what you can practise and for us, we say for God and My Country. If it is for God and my country, then you must really practise what you preach.

I beg to say that for the one pillar that is left, may the God of heaven and earth see that there is no man on earth who is not born of a woman. I want to see a man that will pull the skirt of a woman and put down. I want to see it while I am still alive.

Madam Speaker, I want to congratulate the 10th Parliament and I want to say that it is a Parliament that has done a lot. There are those who used to say that the Speaker of Parliament cannot manage, the Speaker of Parliament is a woman and the Speaker of Parliament is sickly. Today, it is on record and it is recorded in heaven that the Speaker of Parliament since last year- it is about a year and a half, she has chaired the House everyday. *(Applause)*

I have been asking whether there is a way she can share her experience with some of us including the men that you can sit even for six hours and you do not even visit the washroom. *(Laughter)* That is a gift from God that some of us are yet to learn.

Madam Speaker, I want to stand here to say that hon. David Bahati, I thank you for what you have done. However, should you go back to that office, help with same vigor that you have worked so hard to pass over Shs 200 trillion in loans. Work hard to reduce the debts. In case you go back to that office, let us work very hard to make sure we manage the debts so that we do not carry too much weight because we shall be cursed in the future.

Today being the last day, I want to pray that the Lord God of heaven will bless those who are going to exit Parliament. You are going on sabbatical leave but we will pray for you.

Madam Speaker, you and anybody else who will be in this Parliament, please, leave your doors open for those who have exited to access Parliament and to access us.

Madam Speaker, I want to close by saying *–(Interjections)*– we have to balance the boat, that is true. How can we work so hard, we close at 9.00 p.m., and nobody is telling us that from here we form a quorum?

On behalf of those who have persevered up to 9.00 p.m today, we register disappointment in case there is no quorum going to be formed after this but if there is quorum, I hope the Prime Minister will guide us and that is why for me I came fully dressed for the occasion. Thank you, Madam Speaker.

**THE SPEAKER:** Thank you very much hon. Ogwal. Let me invite the Leader of Opposition.

8.24

**THE LEADER OF OPPOSITION (Ms Betty Aol):** Thank you, Madam Speaker. I would like to thank God for the journey we have made up to day in the 10th Parliament. As the Leader of Opposition, I took over office in August 2018; it has been a long one but it has been made possible by you.

My special thanks go to you, Madam Speaker for the cooperation and for enabling me perform the duty that was given to me. Thank you very much for being balanced. You have always tried your best to balance the boat. Sometimes, we are over demanding but thank you for being accommodative even when we are over demanding, you are able to weigh and still manage us so well. This is because of your wise leadership. I believe that it is a leadership, which is filled with wisdom from God.

I would like to emphasis the principle of separation of power. You know we have the Cabinet and Members of Parliament. The Executive sometimes tries to take charge of Parliament, which this is not right. The Executive should remain the Executive and Parliament should remain strong to be able to monitor the Executive for proper service delivery to our people. We want development for our people. It is Parliament to check on that; instead of thinking that Parliament should now come under the Executive, we cannot allow that.

Let me also thank the Deputy Speaker, who is right now not here with us. We thank God for his able leadership.

Madam Speaker, I would also like to thank my counterpart, the Leader of the Government Business. Thank you very much, Rt Hon. Dr Ruhakana Rugunda, for being very cooperative, accommodative and always wanting to build consensus.

I remember when we complained about the Public Order Management Act, you wanted us to sit together and come up with a middle line. This is very important. You have never segregated the Opposition. You treated us in the same way and you gave us a listening ear, whenever we wanted to consult you. We pray that God blesses you abundantly for being very accommodative.

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Madam Speaker, some team members of the Rt Hon. Prime Minister has been good to us. Although some did not make us achieve as much as we should have, because they were never available, when we wanted them. Even when they knew the responsibilities in the Order Papers, they would not come. This has resulted in us having unfinished agenda, on the business to follow. I think that should be handled in the 11th Parliament.

I would like to say that the likes of hon. Bahati, hon. Opendi and a few other ministers, have been very much committed to their work. If all honourable ministers would commit themselves the way these two ministers committed themselves in this Parliament, it would – even the Rt Hon. Deputy Prime Minister, Gen. Moses Ali, is very committed. He comes and he is always very frank; he speaks up his mind. Thank you very much for the work.

I would like to thank my Chief Opposition Whip, hon. Ssemujju. I want to say that when I entered the Office of the Leader of the Opposition, he was the institutional memory. Madam Speaker, to form the Shadow Cabinet, he guided me. Therefore, I want to thank him for work well done.

The shadow ministers did their work but some of them who could not commit and were here all the time – When we talk about corruption; corruption is not only about work. When you are paid for something, which you have not done, it is bad. Let each one of us feel it in our hearts. We account here to people but the last IGG is God; God knows what we do. Otherwise, I want to thank them very much.

I would like to also thank the leadership of the accountability committees. Madam Speaker, there are four accountability committees that had enormous work. Thank you very much.

I want to say special thanks to the Shadow Attorney-General. The Shadow Attorney-General came up with a Private Members Bill entitled “The Constitutional (Amendment) Bill”, a Bill that enables us to have our freedom and not to be brutalised. It is for democracy and good governance.

The Bill has not been completely finalised but my prayer is that you take this Bill to a successful conclusion since the Bill is very good. It will help the country to settle.  All of us can fit in Uganda very well, if we respect the Constitution of the Republic of Uganda, and if we know that we need freedom for all and follow the laws of Uganda. It is possible to do it.

My special gratitude also goes to all the Members of Parliament, especially those in the Opposition because they have been deployed to do work for us in the Opposition in different committees.  Everywhere they went, they represented the Opposition. Therefore, I would like to thank them very much. It will not be good for me not to mention hon. Ogwal, who has always been very active and on her toes.

I would like to thank hon. Kivumbi. Madam Speaker, where the budget is concerned, we rely a lot on them. Hon. Okupa, hon. Akol and hon. Aogon and many others who have been very active in this Parliament, we say, thank you. It is only God who can reward you abundantly.

To the Members of Parliament on the Government side, we all work together. Sometimes, just because of the name “Leader of the Opposition” - maybe, in future, the name should be changed to “the Leader of Minority”. Otherwise, people think that we are enemies and yet, are not.

When we debated a motion on Uganda Women Entrepreneurship Programme, hon. Kamateeka laughed at me, when I thanked the Government for Uganda Women Entrepreneurship Programme. Why not? We know that when something is good for the people, we should all appreciate it. The “thank you” should all be for us; we should thank the Government side and the Government side should also say “thank you, the Opposition”. Otherwise, we are here to improve on the issues for the people of Uganda. It is the Opposition, which is able to properly criticise and be a mirror for the Government to do well. Madam Speaker, all I can say is we are one people working for the people of Uganda.

I would like to thank my party; the Forum for Democratic Change (FDC), especially the party president, who gave me this huge responsibility to steer the Opposition. If it were not for him, I would have not been the Leader of the Opposition in the country. I thank him very much and I commit to remain loyal to the cause of the struggle of the Opposition. For us in FDC, we say, “one Uganda one people”. We are all one and we must love each other. Sometimes, when you love people very much, it is taken as a weakness. It is not a weakness. We must all be accommodative and know that this Uganda is for all of us.

To the staff of Parliament, in the different directorates, I would like to say that you have worked with us very well. I thank you very much and pray that God blesses your hard work, especially those who sit here with us like the clerks. We pledge to people to be their servants but these staff sit and suffer with us here. Thank you. I know if you work very hard to the best of your ability, God will reward you more and more.

Madam Speaker, I must say that I am very proud of the 10th Parliament. Some other people criticise it very much but we have worked here. The achievements that we made here were made together. The Bills that have been passed; the motions that have been discussed; the resolutions that we have made here; are the pride of the 10th Parliament.

Of course, any organisation will always have its area of weaknesses but our strength is that we have all worked together and I am very proud of that.

I would, therefore, like to say thank you very much to the 10th Parliament. We have worked and achieved together and God should reward us for the work that we have done. People entrusted us to represent them, and we represented them.

As for areas where we need to improve, we will see how to improve in the 11th Parliament.

I would also like to say that being the Leader of Opposition is not easy. I pray that the next person who will take over the office from me, should continue to struggle.

Right now, some of the homes of leaders in this country have been cordoned off because we have made it so difficult for some other people to breathe. All of us should breathe. Even if something is falling from heaven, let it fall from heaven for all of us.

Human rights abuse is still glaringly bad. Democracy and good governance are still dreams. This has to be worked on in the next Parliament. We want to see that our people live very well. Their land should not be grabbed at gunpoint.

When I talk about land grabbing; there are some people from Mbarara – whenever we talk about land, we only think of Apaa and some other parts of the North, but it is nationwide. There are some people from Mbarara in Kakyeka Cell. They have been complaining. They have moved with their documents everywhere. I brought their document here to Parliament, and it has not been handled.

There are very many things that we have not handled; like the traders of South Sudan; we have not handled them well. The Kibwetere group, have not been handled either and many others.

So, all these have to be handled probably in the 11th Parliament.

Dear honourable colleagues, I know we can never thank you enough. It is only God to reward you for what you have done for the people. Let us continue to struggle, and see that constitutionalism is restored; that we follow the laws; that we give powers back to the people. Power should not be in the guns. It should not be with only a few people; it should be with Ugandans.

Let us exploit the potential of our children to make Uganda have a quality population. A quality population is good for all of us; our children; grandchildren; and great grandchildren and Uganda will move up high. That is if we invest in quality education for all, and not just for a few. We are able to speak here like this, yet we came from deep in the villages. It was because education then was very good for everybody. This is what I can say. Let us continue to struggle.

Thank you, Madam Speaker. May the Lord bless you with everything you want to achieve in life. Thank you, for being with us all the time.

**THE SPEAKER:** Thank you very much, the Leader of the Opposition. Let me now invite the Leader of Government Business.

8.41

**THE PRIME MINISTER AND LEADER OF GOVERNMENT BUSINESS (Dr Ruhakana Rugunda):** Thank you, Madam Speaker. I will say a few things.

I would like to thank my colleague, the Leader of the Opposition for the many positive things she has said.

I would like to thank a number of other speakers like Ndugu Bahati and our sister Cecilia Ogwal who have made positive comments about this august House.

I wish to take this opportunity to thank H.E President Yoweri Museveni and the National Resistance Movement and its Government; for the leadership that has been clearly good leadership; over the last five years, in *kisanja hakuna mchezo*.

Special thanks go to Rt Hon. Speaker and Deputy Speaker, for the leadership and guidance you have provided in this august House; especially during the most difficult period of COVID-19 pandemic. I must say that the Parliament of Uganda performed very well amidst challenging times of the COVID 19 pandemic.

In fact, Parliament has demonstrated to the people of Uganda and to the rest of the world, that we should not be prisoners of COVID-19 but see how best to manage the pandemic; in order to continue doing normal business.

Allow me to appreciate the smooth working relationship; with the Leader of Opposition in Parliament. I must say that colleagues may not be aware, but hon. Betty Acan and I regularly communicate in the interests of the people and Republic of Uganda *[Applause]*.

I would wish to highly appreciate my comrade, Rt Hon. Moses Ali, the First Deputy Prime Minister of the Republic of Uganda. As has already been said, he says it as is, with no apologies *(Laughter)*. I must tell you it is extremely rewarding to work with such a person.

I would also like to take this opportunity to salute my colleagues; the ministers, who have cooperated very well. They have attempted their best to work in Parliament, in spite of the numerous challenges and they have ensured that all the issues that have been raised in Parliament – sometimes it has taken a bit of time,  have been answered and answered well.

To the honourable Members of Parliament, I am highly indebted for the tireless efforts that you have put in, ensuring that Parliament effectively executes its mandate. In doing our work; our goal; and indeed our resolve; has been to ensure that effective delivery of services gets to the *wananchi* of Uganda.

Madam Speaker, during the 10th Parliament, this House lost many colleagues. We pray that the almighty God rests their souls in eternal peace.

Recently, the country went through general elections and tomorrow, the 12th may 2021, H.E President Yoweri Museveni, will be sworn in as the President of the Republic of Uganda. He is going to be sworn in for the next five years.

I would like to once again congratulate the Members who made it to the 11th Parliament and salute those who were unable to make it for the great work they have already done in the 10th Parliament in the service of Uganda.

Madam Speaker, I want to assure the House that the NRM Government will continue its commitment to the rule of law and to ensure democratic governance in our country.

During the 10th Parliament, which commenced on 19 May, 2016, we have been able together to achieve the following on the side of Government business:

1. 118 Bills were passed and enacted. *(Applause)* This is a big victory for this Parliament.
2. Resolutions to the tune of 75 in number were passed to authorise Government to borrow. *(Interjections)* Yes we should keep counting. Resolutions to the tune of 47 were passed to pay tribute and then;
3. 349 Ministerial statements were considered. Urgent questions, which were responded to were 653, questions for oral answers that were responded to are 49. Questions responded to during the Prime Minister’s Question Time were 858.

Madam Speaker and honourable colleagues, I once again thank you for according me all the necessary cooperation that enabled me and the entire cabinet to deliver on our mandate. Thank you. *(Applause)*

**THE SPEAKER**: Thank you very much, Rt Hon. Prime Minister for your statement. Honourable members, we have come to the closing stages of the Third meeting of the Fifth session of the 10th Parliament. It has been brought to an early end because of the transition to a new Government and a new Parliament.

Indeed, the 2016-2021 Government expires at midnight tonight. I, therefore, thank very much the Deputy Speaker, the Parliamentary Commission, the Leader of the Opposition, the party and Independent whips, chairpersons of the standing and sessional committees, Members of Parliament, the Clerk and team of administrators and support services for the work done.

I am particularly grateful to the Members and staff for the exceptional support during this unprecedented COVID-19 pandemic.

When the Commission and I, took the risky decision to continue working on the budget for 2020/2021 despite the lockdown, curfew and other restrictions, we enacted many laws as you have been informed, supported many loan requests for development of Uganda.

I am satisfied that Members of the 10th Parliament have effectively carried out the core functions of legislation, appropriation, representation and oversight. This despite the conditions of the lockdown but also four months taken out of our calendar because of the presidential, parliamentary and Local Government elections.

Despite the high rate of attrition, honourable members have continued to carry out their duties. Members of this House can walk with their heads high for a job well done.

I also take the opportunity to thank the Prime Minister, Deputy Prime Ministers, members of the Cabinet who have presented and processed business in this House.

I also thank H.E. the President who has executed responsibilities of conducting the official opening of Parliament at the State of the Nation Address as well as presenting the annual budget for the country.

Honourable members, I pay tribute to the Members for the work done; to the staff - and I do recall that on one occasion, when we had just started working in this tent, the wind blew away our tent while the President was in Entebbe addressing us. I wondered whether the things would not fly away and collapse the budget but things still took place and we were able to complete the reading of the budget.

I am delighted that during this Third Meeting, we have taken a decision to adopt the reports of the Auditor-General and send them on for value-for-money audits without necessarily having to deal with them one by one because of their numbers. It is going to help us to do our work.

I once again thank the Clerk and her team; all these Bills, motions would not have been possible without the Clerk and her team.

Honourable members, I would like to draw your attention to Rule 232 of the Rules of Procedure; it provides for the lapse of business upon dissolution of the House.

However, Rule 232(2) provides that the business which has elapsed will be reinstated.

I, therefore, assure Members and the citizens that under Rule 232(3), a motion will be moved in the Second Sitting of the new Parliament to reinstate the business which has not been completed and Rule 232(5) requires that this business must be handled in the First Session of the new Parliament.

So, honourable members, I would want to ask that those who have continued to the next Parliament to ensure that this work is done and completed to the satisfaction of the citizens of Uganda.

Honourable members, we shall today adjourn the House *sine die*. However, I will now read the proclamation; it is being done because of the exigencies that I do not want to go into.

This is the proclamation by The Speaker of the Parliament of Uganda.

PROCLAMATION BY THE SPEAKER OF THE PARLIAMENT OF UGANDA

**THE SPEAKER:** *“WHEREAS clause 3 of Article 77 of the Constitution provides that the term of Parliament shall be five years from the date of the 1st sitting after a general election.*

*AND WHEREAS Article 96 of the Constitution provides that Parliament shall stand dissolved upon expiration of its term as prescribed by Article 77 of the Constitution.*

*NOTING THAT the First Sitting of the 10th Parliament commenced on the 19th day of May, 2016.*

*NOW THEREFORE be it proclaimed that the 10th Parliament of Uganda shall stand dissolved with effect from the 18th day of May, 2021.*

*GIVEN UNDER my hand at Parliament House Kampala, this 11th day of May 2021, Rebecca Kadaga, Speaker of Parliament.”*

*(The House rose at 8.55 p.m. and was adjourned sine die.)*

*Thus concluded the proceedings of the 10th Parliament of the Republic of Uganda.*