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**Thursday, 29 March 2018**

*Parliament met at 2.05 p.m. in Parliament House, Kampala.*

PRAYERS

*(The Deputy Speaker, Mr Jacob Oulanyah, in the Chair.)*

*The House was called to order.*

COMMUNICATION FROM THE CHAIR

**THE DEPUTY SPEAKER**: Honourable members, I welcome you to this sitting. Today, is the day before Good Friday, and everywhere I have passed, I was reminded I should have let Members go by today. However, there are some issues we need to handle and see if we can rise earlier than we always do to enable you go and be with the people at home during Easter period.

We will see how much we can cover, and for that reason, we are dispensing with the Prime Minister’s Question Time and use more of private members’ time and the matters that are on the Order Paper. There are also some urgent matters that we should handle within the time we still have.

Yesterday, I said I would give some guidance on what my initial feelings are about the issue that was discussed in regard to Apaa. I would like to inform you that I had consultations with many stakeholders. I also had consultation with His Excellency, the President this morning and he gave his opinion about how the matter should proceed.

Honourable members, in situations like this, the fundamental question we should all, as leaders, ask is: where does justice lie? Once we agree on where justice lies, we walk that journey together as leaders to find lasting solutions for everybody because in the end, nobody wins until we all do. In these situations, there are no victors; there are no losers. If there is a loser, we are all losers. So, we need to find a solution that makes all of us winners because nobody will win until, together, we all win. That means we should work together.

However, there are questions we should ask. How could it be, in our times, that people who have lived together for so many years are now up on each other’s necks? How could it be that, in our times, these things are happening? Could we, as leaders, be the persons who are responsible for disrupting these people’s way of life? These are questions, as leaders, we need to ask ourselves.

When we sit in this House, are the things we are doing causing tensions among the people? Are the things we are doing disrupting the way of life of the ordinary people who have no business or understanding of things we fight for at this level? What could we have done wrong because there is nothing wrong with the Acholi and the Madi people, which cannot be corrected by what is right between them? Nothing is impossible. These people have lived together.

Therefore, honourable members, as leaders, we need to take full responsibility and guide the ordinary persons on the ground to avoid this kind of situation. What a shame it was for me yesterday to watch, from this Chair, exchanges among the members; to see the cheering that was totally uncalled for. It was as if there were victors and losers in this situation. The situation requires us to find a solution that will only generate winners, not losers.

In my discussion with the President this morning, he said he would go to Apaa himself after Easter. He said he had thought this matter would be handled, but now that it has gone this way, he would be in Apaa himself immediately after Easter. He also said that it does not matter where Apaa is, and it should not even matter where Apaa is. Whether it is in Adjumani or Amuru, it should never matter or be an issue because Ugandans can live anywhere in this country. (*Applause*)

The question which he asked, which we had also asked yesterday was: is the land where the affected people live, in the protected area? If it is in the protected area, the journey of the President to the protected area will be to find out the size of the land onto which the affected people live. Are there any technical reasons why it must remain a protected area? If there are no technical issues about it - and he gave the example of when he had to talk to the people at the landing sites and because that was a breeding area of fish, he could not allow them go on with their activities because it would interfere with fish breeding.

Therefore, if there are technical reasons to stop people from living in that area, he would also understand that. However, he said that if there are no technical reasons and the land is not that big, he would propose the area to be degazzetted. So, if there are technical reasons, then the affected people will be compensated or alternative land will be found for them. (*Applause*)

The President further said if those affected people had land rights in the areas that are affected they should be compensated or resettled. If they are illegally in the protected area, then he would find a way of supporting them to let them leave the protected area. But that if it is true that these people already lived on the land before being gazetted, an alternative would be found by way of compensation.

The President said that he didn’t know about the evictions and that if he had been notified, he would have suggested alternative methods of dealing with the people who are in the protected area. That is what we have discussed with the President this morning.

I urge that we leave it for now like that and wait for His Excellency the President to go with the leaders, who will be notified, from Adjumani and Amuru. They will all go with the President and talk to the people and see if a solution can be found; that can make all of us winners. These people have lived together. The market and the merry making that they used to share and make in those areas have been disrupted by the operations of some of us, which is not proper. So, let us see how to support this process and find a lasting solution for these people to continue with the life they have always lived. That is the only life they know. They are together as a people, sharing markets, water sources and everything. That is what they should continue doing for us to all become winners in this situation.

I thought that should be communicated to you; let us wait for the visit of the President and see whether he and the people or the leaders there will come up with some solutions. If the matter still remains outstanding, we will see how to proceed with it. The documents you have, you could share with His Excellency, the President and we see how the solution to this problem can be found. That would be the best way; moving forward to find a solution to this matter.

Honourable members, the President is going there after Easter. Tomorrow is Good Friday. Let us give him time to go there and we see how to deal with the situation. In the meantime, if there are people who are displaced, the Government can take means of trying to support them to see that they are not put in very desperate situations. That would be a way to go. Since the leaders are here, I don’t know if they want to do something at this stage to support the affected people in case they are displaced. What could be done to help them in the meantime?

2.07

**THE GOVERNMENT CHIEF WHIP (Ms Ruth Nankabirwa):** Thank you very much, Mr Speaker. The Office of the Prime Minister will have to immediately send a team to the ground to see the immediate assistance that can be offered in case people are disrupted. This can be done by Tuesday next week immediately after Easter.

**THE DEPUTY SPEAKER:** There is a point I forgot. The President also said that the family of the person who was killed should be compensated. That he said it himself. Thank you and let us move to the next item.

2.08

**MR TERENCE ACHIA (NRM, Bokora County, Napak):** Thank you, Mr Speaker. I have an issue of national concern. This morning, I met the lands minister and I thanked her for the statement or the proposal she made yesterday about districts, which have boarder conflicts. In solving these conflicts, she proposed that the colonial maps can be established so that representatives from districts, which have conflicts, can join her in finding a solution to this problem.

For example, the districts of Napak and Katakwi have also for a long time had these border conflicts. The former lands minister, hon. Omara Atubo, tried his best to resolve it but he could not manage. The next lands minister, hon. Daudi Migereko, came in and also tried his best but he couldn’t manage.

Further, the former Minister for Karamoja Affairs, hon. Janet Museveni also came and worked very hard but all the same the matter was not resolved. In one of the meetings, she proposed that the matter be taken to the President but ever since then, we have not had anything from the President.

However, yesterday the proposal given by the lands minister is a wonderful one and we do agree with it. The colonial maps can help all of us. Therefore, in that case if Katakwi and Napak districts can come to together and show the President how the colonial maps can be used, that will be great.

I ask my colleagues from Katakwi District to buy this idea so that all districts associated to these conflicts can have their issues solved once and for all. I see to it that when we leave this unresolved, more troubles will continue emerging.

Therefore, it is my proposal that the lands minister handles all these issues at once. And I request my colleagues from Katakwi to join me and go to the lands minister. Thank you very much.

**THE DEPUTY SPEAKER:** Thank you. We will leave it there, honourable members, let us go to the Order Paper.

**MR KATUSABE:** Thank you so much, Mr Speaker. On 1 December 2016, which was a Thursday, the presiding officer then directed the Committee on Defense and Internal Affairs to go down to Kasese and investigate the causes or the proceedings on the Kasese 2016 clashes. On Wednesday, 7 December 2016, the committee started the investigation.

Mr Speaker, while in that Chair on Wednesday, 10 January 2017, you directed the committee, through its deputy chairperson, hon. Kezekia Mbogo, to immediately come up with a presentation on the report. And you not only did that, you were so kind enough to have put a particular date, in other words a deadline, that before Tuesday, 12 January 2018, the way forward must have been presented on the Floor. However, Mr Speaker, as I speak, today is Thursday, 29 March 2018 and the report has never seen a light of day.

Mr Speaker, we all know that your word is final and you gave the last word. I am rising on a matter of procedure whether it is okay for the honourable members of this committee to continue sitting on the report when you already gave exclusive and express instructions for them to do so?

**THE DEPUTY SPEAKER:** Chairperson of that committee, where are we on this matter?

2.10

**THE CHAIRPERSON, COMMITTEE ON DEFENCE AND INTERNAL AFFAIRS (Ms Judith Nabakooba):** Thank you, Mr Speaker. I would like to appreciate the comments from the honourable colleague. However, as we are all aware, we had started our investigation into this matter but somehow, along the way, we hit a snag because of subjudice - the matter was taken to court and we were advised by the Attorney-General that it was not proper for us to proceed when the matter was before courts of law.

Therefore, I would like to apologise for the statement made by my vice to this august House that the work was half done; we do not have a complete report and so I apologise for the wrong information given to the House. Allow me to throw back the matter to you for further guidelines. Thank you.

**THE DEPUTY SPEAKER:** You need to formally write and state the status so that you can be advised appropriately. As of now, we do not know where the matter is, the time has lapsed. Can you write formally so that we can take a formal decision on this issue?

**MS NABAKOOBA:** Most obliged, Mr Speaker.

**THE DEPUTY SPEAKER:** Thank you, next item.

BILLS

FIRST READING

THE APPROPRIATION BILL, 2018

**THE DEPUTY SPEAKER:** Yes, honourable minister.

2.11

**THE MINISTER OF STATE FOR FINANCE, PLANNING AND ECONOMIC DEVELOPMENT (PLANNING) (Mr David Bahati):** Mr Speaker, we are sorry the annual budget estimates are coming within 15 minutes; we request that we consider this item later.

**THE DEPUTY SPEAKER:** Even item four? Is hon. Ilukor here to lay his report?

PRESENTATION OF PAPERS

THE REPORT ON THE MEETING OF ACP AND REGIONAL AUTHORISING OFFICERS OF EAST AFRICA

2.12

**MR CHARLES ILUKOR (NRM, Kumi County, Kumi):** Mr Speaker, in line with Rule 33 of our Rules of Procedure, I would like to lay on the Table a report on the meeting of ACP National and Regional Authorising Officers of East Africa, which we attended in Djibouti between 19th and 22nd. I beg to lay.

**THE DEPUTY SPEAKER:** Let the records capture that. Honourable members, that is a parliamentary delegation report, we will find an appropriate time to reflect on this matter. Thank you.

MOTION SEEKING LEAVE OF THE HOUSE TO INTRODUCE A PRIVATE MEMBER’S BILL ENTITLED, THE UGANDA DEVELOPMENT BANK (AMENDMENT) BILL, 2018

**THE DEPUTY SPEAKER**: Honourable members, this motion was moved and spoken to, it is the justification that was outstanding. Please proceed with the justification.

2.13

**MR MWINE MPAKA (NRM, Youth Representative, Western):** Thank you, Mr Speaker. There are basically three main reasons why we need to amend the Uganda Development Bank Act. One is to combine all the various youth programmes and their current financing into one repository. The second is the need to include, in the UDB Act, provisions that refer specifically to the youth and youth development activities so as to incorporate them in the national development agenda and third, we are looking at concentrating on development financing as opposed to commercialised financing, whereby under development financing, youth projects can be given technical support, guidance and monitored during the start up till the projects are completed.

Mr Speaker, you allocated me only five minutes but I have two seconders. Can I get more time to expound on these points or I give the seconders a chance.

**THE DEPUTY SPEAKER:** No, I will take charge once you have finished with your justification.

**MR MWINE:** Thank you, Mr Speaker. Let me elaborate more on these points. Combining all the various youth programmes and their current financing into one repository - whereas we appreciate the role the Government and Parliament has played, in appropriation of funds to youth development through the various programmes like the youth livelihood programme, the youth capital venture and skilling Uganda, it is important to understand the several challenges faced by these programmes especially under the ministries and the MDAs. The various programmes are bogged down by high rates of loan defaulting with a 46 per cent default rate under the livelihood fund and political interference has also affected these programmes.

Apparently local governments have no capacity to implement the programmes – there are weakness in policy and programming, corruption, patronage, undue political influence, which have undermined the noble intentions of these programmes in addressing the youth unemployment.

Therefore, by holistically channelling these youth resources holistically in one repository we shall be creating a mechanism to help the Government manage youth related initiatives through a central entity, which will make it easier to implement and monitor these programmes and projects.

This will solve the challenge of having various scattered projects hence centralising them into one bank, with the technical capacity to manage such funds.

The function will be effectively played by non-other than the Uganda Development Bank, which began its operation in 1972 and whose main objective is to promote and finance development in the various sector of the country’s economy.

Financing youth ventures through the Uganda Development Bank is easier to regulate, monitor and provide much clearer channels of accountability that has challenged the Government institutions and MDAs.

Two, there is need to include in the UDB Act, provisions that refer specifically to youth, and youth development activities so as to incorporate them in the national development agenda.

Substantial existing evidence supports the youth-led development and underscores the relevance of amending the Uganda Development Bank Act, 1972 for a more pronounced youth inclusion and investing in youth not only a social obligations but also rewarding in its economic sense because the youth are the country’s most valuable asset, and they are an integral component of development; they also provide safeguards for the future of this nation.

The main objective of the UDB is to promote finance and development in the various sectors under which the youth fall. The problem is that the bulk of the unemployed are the youth and principally unemployed resources discount growth and development objectives. Therefore, sustainable development opportunities lie in the inexhaustible potential of the youth as wealth of this country’s present and future economic growth and development.

Lastly, this amendment aims at promoting innovative modes of finances that would help leverage long term and affordable sustainable financing just like the development loans government gave for the construction of projects like the Nile Bridge.

Development financing, as opposed to commercialised financing, is very important because under it youth projects can be monitored and given guidance and technical support during start-up till these projects are completed. Youth have development challenges which fit within the objective of the UDB.

The financial sector in Uganda remains low, shallow and liquid and dominated by the commercial banking sector, which dominates the industry and accounts for over 80 per cent of the financial sector assets. Uganda ranks 120th place out of 138 countries in affordability of financial services, according to Economic Global Competitiveness Report of 2016/2017. The provision of cheap, technically guided and long term credit remains a window to leverage youth entrepreneurship and employment.

In conclusion, regulatory frameworks like these and inclusive policies that are both youth friendly and protective of youth rights are needed to increase youth financial inclusion. I beg to submit, Mr Speaker.

**THE DEPUTY SPEAKER:** Thank you very much. Seconders to this motion, would you like to speak to it?

2.19

**MS ANNA ADEKE (Independent, Youth Representative, National):** Thank you, Mr Speaker. I rise to second the motion basically because the UDB provides an opportunity for us to organise the multiple funds that are already in existence for all of us, the young people in this country.

As Members of Parliament, you have so many youth whom you lead and we as well have so many Government projects and basket funds that have been established for young people in the country. We have the Youth Livelihood Programme, the Capital Venture Fund – there are numerous funds. As young people, we would like to make the most out of these funds that have been so generously given to us.

We feel that they have not been sufficient to enable the young people establish themselves in businesses and all other entrepreneurship activities they are taking. This is because of their duplicity, which makes their management takes a lot of money. About 10 per cent of the money given to the Youth Livelihood Programme goes into management issues and aside there are so many leakages in that system. Your young people, I am certain, have complained to you as their Members of Parliament, that the technocrats are always fleecing them off money and this is all because we do not have a streamlined structure in place.

As the President had earlier on guided, we would not like to establish another entity to merge youth funds. We do not want mushrooming entities that the President has spoken about. So, we would like to take advantage of a structure that is already in place, which has the capacity to guide the utilisation of this funding.

The Uganda Development Bank (UDB) established in 1972 is focused on development financing. It focuses majorly on agriculture and the commerce sectors, which employ many of our young people especially those from the rural areas.

Therefore, we want to enable our young ones to go to one focal point from where they can be guided by the technocrats who will be there and from where they can get the assistance they need.

What this amendment intends to do is to offer us an opportunity to curtail the amount of corruption that has characterised many of the basket funds that have been given not only to the youth but also to other groups like the women and so it is something that we should also take up.

I basically stand to urge you all that if you are interested in empowering the young people - I get so many of you asking what we can do for them - Government has already established many funds but whose duplicity does not help us in any way. We would like to merge them for easy monitoring so that we can tell at what point money goes missing. That will help us to hold those officials accountable to make good the losses that have been occurring in the past.

Therefore, this amendment does not have a lot of fracas attached. There are no hidden intentions. We would like just to organise what has been given to the young people. Therefore, I urge you to support this motion to give us the opportunity to go and amend the Act and improve what we already have as young people. Thank you.

**THE DEPUTY SPEAKER:** Honourable members, the motion that I propose for your debate is that the hon. Mpaka Mwine, the Youth Representative for Western Uganda be granted leave to present a Private Member’s Bill entitled, “The Uganda Development Bank (Amendment) Bill, 2018.” That motion attracts debate, which starts now.

2.37

**THE MINISTER OF STATE FOR YOUTH (Ms Florence Nakiwala Kiyingi):** Thank you, Mr Speaker. I wish to mention the fact that I am not against the amendment but the mover of the motion talked about the Youth Livelihood Programme. It is important to know that the said programme had a spell of five years, which is now over. Therefore, the programme’s lifespan came to an end; it only ran from 2013 to February 2018; it is officially under review.

Therefore, this is the best timing for all the people who have amendments to this Bill to come and work with the Government, and the ministry to ensure that the next Youth Livelihood Programme that will come on board in the future has all these amendments inserted therein.

Mr Speaker, I suggest here and now that the mover of the motion works together with the ministry that has the mandate to execute the Youth Livelihood Programme so that we together can forge a way forward for the benefit of the young people. I beg to submit.

**THE DEPUTY SPEAKER:** Members, can I offer guidance on that point since she rose on a procedural matter?

Honourable members, the point raised by the honourable minister of State for Youth is on Youth Livelihood Programme - the motion is seeking to amend the Uganda Development Bank Act to be the housing so that all funds from Government to be channelled through that bank or for some of the funds that are already within the bank to be designated specifically for the youth to have access to development money.

So whether or not the livelihood fund has expired, and there is a new one, it does not matter. All he is asking for is for the House to grant him leave to bring a Bill to propose an amendment to that Act. If you want to discuss with him, you may want Parliament to grant him leave so that you can now have further discussions on whether you want to take it over or not for the member to proceed.

2.41

**MAJ. GEN. PECOS KUTEESA (UPDF Representative):** Thank you, Mr Speaker. I would like to add something to the proposed Bill. There is a difference between a commercial and a development bank. A country like Uganda should know how many people they have now and how many shall be there in 20 years’ time and where they will stay.

A development bank cannot have a grace period of five months. It should be followed up by the Government because it is not a commercial bank.

All banks in Uganda are owned by the outsiders. We do not have a commercial bank for Uganda. Therefore, why don’t we set up a development bank in a planned phase to capture what we are doing and we shall do 20 years from now?

We have been in consumption and speculation since the 1970s. There is nothing –*(Interjections)*– don’t mind, I said from 1970s up to now. Please get me clearly. That is why from my findings, at the moment three quarters of the educated and the able-bodied are in politics, which is just consumption.

Anyhow back to my point, I was saying that this bank should not operate like a commercial bank. The grace period should be stated and the areas should be seen as to what is going to be done here and who is going to do it. That is what we should be doing instead of working the way we are doing. Thank you.

**THE DEPUTY SPEAKER:** Honourable member, the motion is whether this honourable member should be granted leave by this House to bring a Private Member’s Bill entitled, “The Uganda Development Bank (Amendment) Bill, 2018.” That is the motion that we are debating.

2.43

**MR AMOS LUGOLOOBI ((NRM, Ntenjeru County North, Kayunga):** Thank you, Mr Speaker. I wish to support the motion –(*Applause*)– because I strongly feel that the funds we have been investing into youth activities have not been adequately managed. We need to come up with a mechanism for managing these funds properly.

We have set up vocational training institutes throughout the country. Each year we get graduates from these schools with skills to do something. Unfortunately, we do not have a mechanism for supporting these youth to take off. These existing commercial banks do not have a window for these youth to access affordable loans.

Therefore, since the UDB belongs to the Government of Uganda, I entirely agree it is a mechanism we can use to avail resources to the growing population of youth in this country to emancipate themselves.

We all agree that the youth constitute the largest proportion of our population and we need affirmative action for them. What we should utilise are the resources, which we already have in the budget. As such, their proposal does not constitute a major problem, at least for the budget because the resources are actually already available.

Therefore, Mr Speaker, I beg *–(Interruption)*

**MR KAKOOZA:** It must be on record that if it is not a problem as you are elaborating, is it a problem of the resources or of the law? Do resources warrant amending the major objective of the law, which established Uganda Development Bank (UDB) - because the origin and the genesis of establishing UDB was to deal with agro-processing and capital ventures of multitudes of people that are involved in huge production.

However, here, we are talking of liquid soap and small projects. Will that solve the problem of us amending the law? We need to focus on how we can distribute those resources to small groups rather than changing the law, which had a spirit of dealing with multi-agro processing and other people who were involved in agricultural products into a multitude nature rather than the law. The problem is not the law; it is just the mechanisms of getting resources.

**MR LUGOLOOBI:** Thank you very much for the clarification. To become big, you have to grow from small, to medium and then large. This country needs serious affirmative action to grow entrepreneurs. We have not had this capacity but we are relying on Chinese and Indians. Our own people are languishing in poverty. How do we get them big? We have to intervene through such measures. Money has been squandered through these measures that we have been using such as the youth livelihood fund in districts. It cannot work. So, this is a very innovative way *–(Interruption)*

**MR SSEWUNGU:** Thank you, hon. Lugoloobi, for giving way. Mr Speaker, I also support the motion. When the Committee on Education and Sports went to India, we found that Government does not allow foreign investors who are below a certain percentage of capital.

A machine used to make mineral water needs not more than $ 10,000. You cannot allow investors to come to this country to establish a machine making toilet paper or mineral water, when the youth can do that. That is why we want to see the amendment of the Bill. That is the only information I would like to give you.

**MR LUGOLOOBI:** Thank you very much. Mr Speaker, In providing affirmative action for youth, there should be *–(Interruption)*

**MS BBUMBA:** Thank you very much, Mr Speaker. I would like to thank my colleague for giving way. I worked for UDB for more than a decade. Whatever I am going to say, I will say it from experience. (*Applause)*

UDB was set up as the Government main lending arm to promote industrialisation and agricultural processing in this country. That mandate notwithstanding, UDB had been managing a specific fund for different activities without a law. I know the youth fund, and I am one of the strong critics, it has been mismanaged. *(Applause)* It, therefore, needs a home or somewhere where it will be managed better.

However, what I wonder is whether UDB will have the capacity, with their limited branches, to administer that fund up to Nakaseke, Koboko, Kayunga, Kamuli and wherever.

Mr Speaker, the Committee on National Economy is concerned about the Government cost of doing business. I see this as a way of increasing the cost of doing business for UDB. This fund needs a better home than where it is, where it can be managed better. However, I do not think UDB would be the most appropriate home. I thank you.

**MR LUGOLOOBI:** Mr Speaker, the problem she has highlighted of creating branches is an administrative issue. Once we have provided capacity to the UDB, branches can be opened anywhere. These days we are relying more on mobile banking; the world has changed. That concern should not stand in the way of supporting the youth.

However, I also want to appeal for other groups since we are serving the interest of the youth. There are other categories that also need affirmative action in terms of accessing resources, for example, people of my age who are beyond 35. They need to invest and they are suffering. How are we going to address this in this amendment? I beg to submit. Thank you so much, Mr Speaker.

**THE DEPUTY SPEAKER:** Honourable members, we do not have a Bill. He is seeking leave and his right to present a Private Member’s Bill is in the Constitution and our Rules of Procedure. We should be finding out if his proposal is violating any law. Is it violating the Constitution or any law? The principle you are articulating now is as if we have a Bill and now, you want to discuss whether the Bill is appropriate. In fact, we are already at second reading debate of this Bill.

Can we deal with the motion? The motion is that the Member be granted leave to present a Private Member’s Bill to amend – that is the motion.

**MR SSEWUNGU:** Mr Speaker, I move a motion that the Private Member’s Bill be passed. *(Laughter)*

**THE DEPUTY SPEAKER:** No, you are-

**MR SSEWUNGU:** The question should be put that the Private Member’s Bill be passed.

**THE DEPUTY SPEAKER:** Is it seconded? Honourable members, the motion is that the question be put. Usually, I am required to check whether it is okay and the circumstances are such that I see no violation of any rules here for this particular motion. I will, therefore, proceed to put the question on the motion that the question be put. I put the question to the motion that the question be put.

*(Question put and agreed to.)*

**THE DEPUTY SPEAKER:** I will now put the question to the motion that the hon. Mwine Mpaka, Member of Parliament for Youth Western be granted leave of this House to present a Private Member’s Bill entitled, “The Uganda Development Bank (Amendment) Bill, 2018.”

*(Question put and agreed to.)*

**THE DEPUTY SPEAKER:** Honourable members, we have granted the Member leave. (*Applause)* That means the law requires that the Government and all institutions that relate to development of laws should support the honourable member up to the introduction of the Bill for first reading in this House. Congratulations, honourable.

**MS BIGIRWA:** Mr Speaker, I would like to thank you very much for availing me the opportunity of raising this point of procedure. Some time back, in 2016, the Board of Governors of Bugungu Secondary School presented a petition before you, which I presented on the Floor of Parliament.

The issue was on the low state of staffing levels of Bugungu Secondary School. You instructed the Committee on Education and Sports to go ahead and investigate what was put on the Floor of Parliament. Indeed, the Committee on Education and Sports went to Buliisa District in July last year and did the investigations.

As Parliament, we are governed by the Rules of Procedure. They were supposed to have given us a report within 45 days. Mr Speaker, to date, this report has never surfaced on the Floor of this House. These are issues that were very urgent and pertinent about the staffing levels of the very first Government school in Buliisa.

As Parliament, we have failed to do the right thing and to take a decision on what is supposed to be done for these people. I am wondering whether we are proceeding well as Parliament yet there are urgent and important issues that are brought before this House and we do not give them the importance they deserve. Thank you.

**THE DEPUTY SPEAKER:** Is the Chairperson, vice Chair or any member of this committee here? How far have we gone with this matter?

2.56

**Mr MOSES KASIBANTE (Independent, Rubaga Division North, Kampala):** Mr Speaker, I am a member to the Committee on Education and Sports. We received directives from this House to carry out investigations as far as the petition is concerned. I would like to report on behalf of the committee that we have thoroughly investigated the issue and appended signatures on the report. What could be remaining is only administrative but as far as we are concerned, we are done with the report.

**THE DEPUTY SPEAKER:** If you are done with the report, can we have it on the Order Paper next week?

**MR KASIBANTE:** Mr Speaker, that could only be administrative but as members of the committee, we have already completed the report.

**THE DEPUTY SPEAKER:** The only way we get to know that report is ready is when a copy is submitted to the Clerk’s Office. However, when you keep it to yourselves, we do not know that you are ready. Therefore, can a copy of this report be given to the Clerk so that next week we handle this matter? Clerk, could you follow up with this matter. Thank you.

MOTION SEEKING LEAVE OF THE HOUSE TO INTRODUCE A PRIVATE MEMBER’S BILL ENTITLED, THE NATIONAL SCIENCE, TECHNOLOGY AND INNOVATION BILL, 2018.

2.57

**MR ROBERT SSEKITOLEKO (NRM, Nakifuma County, Mukono):** Thank you very much, Mr Speaker. This is a motion seeking leave of Parliament to introduce a Private Member’s Bill entitled, “The National Science, Technology and Innovation Bill, 2018.” The motion reads:

“*WHEREAS Article 79 of the Constitution of the Republic of Uganda empowers Parliament to make laws on any matter for the peace, order, development and good governance of Uganda;*

*AND WHEREAS Parliament enacted its Rules of Procedure pursuant to Article 94(1) of the Constitution and clause 4 (b) of Article 94 and Rules 122 and l56 (b) empower a committee of Parliament to initiate any Bill within its area of competence;*

*AWARE THAT objective XI of the National Objectives and Directive Principles of State Policy enshrined in the Constitution of the Republic of Uganda enjoins the state to take all necessary steps* *to stimulate agricultural, industrial, technological and scientific development by adopting appropriate policies and enactment of enabling legislations;*

*FURTHER AWARE THAT the Government of Uganda has placed science and technology among the four priorities in the National Development Plan (NDP) II; and that under Vision 2040, the Government has committed itself to make innovation the main driver of economic growth;*

*COGNIZANT of the fact that Uganda lags significantly behind in science and technology owing to a number of constraints key among them being lack of a comprehensive and consolidated legislative and institutional framework of science, technology, engineering and innovation;*

*CONVINCED THAT the enactment of a comprehensive and consolidated law on science, technology and innovation will accelerate the growth of development in Uganda and accelerate the attainment of the objectives spelt under Vision 2040 and the realisation of the middle income status;*

*NOW THEREFORE be it resolved that: This House grants me leave to introduce a Private M*ember’s Bill, for an Act of Parliament entitled, “*The National, Science, Technology and Innovation’s Bill, 20l8" a draft of which is hereto attached and do order the publication of the said Bill in preparation for its first reading.”*

Mr Speaker, I beg to move.

I hereby lay a copy of*-*

**THE DEPUTY SPEAKER:** Is the motion seconded? It is seconded by the Member for Busiro.

**MR SSEKITOLEKO:** Mr Speaker, my justifications:

1. The Committee on Science, Technology and Innovation has found it necessary to propose a law in order to establish a legal framework to strengthen scientific and technological research and innovation at national level.
2. It is also to enhance the implementation of Uganda National Science, Technology and Innovation.
3. To promote competitiveness and job creation.
4. To consolidate science, technology and innovation activities to make innovation an integral part of all science and technology activities.
5. To re-define the Uganda National Council for Science and Technology, which is housed right now under the Ministry of Finance, Planning and Economic Development even when we have a new Ministry of Science, Technology and Innovation.
6. It is also to establish a Science, Technology and Innovation fund. This law is also expected to expressly repeal the Uganda National Council for Science, Technology and Innovation, Science and Technology Act of 2009 but to also establish Uganda National Council for Science, Technology and Innovation under the ministry responsible for Science, Technology and Innovation.

Mr Speaker, the committee has identified some gaps in the sector of Science, Technology and Innovation, which if not addressed may cripple the smooth advancement of Science, Technology and Innovation in Uganda. These include but not limited to: a fragmented and inadequately coordinated science, technology and innovation system despite the existence of the ministry and Science, Technology and Innovation policy; the innovative capacity of Ugandan is eroded; there is poor or low knowledge and technology flaws from the science based into the industry; poor science, technology and innovation networking both within the region and global context –(*Interruption*)

**MR AOGON:** Mr Speaker, the point of order I would like to raise is not pointed at the Member who is on the Floor but to a very honourable member of this House who before doing what he is doing right now, was talking on phone in the Chamber. We are discussing a very important matter of scientific innovation but the Member is busy playing games on his iPads. Is it in order, Mr Speaker, for a whole general from whom we expect to get a lot to indulge in playing games on the iPad?

**THE DEPUTY SPEAKER:** Honourable members, the honourable member referred to, this is the second time the same matter is being raised. You may need to do something about it.

**MR SEKITOLEKO:** Thank you very much, Mr Speaker, for your wise ruling. As I continue with my justification, among the gaps the committee has identified is inefficiencies and poor levels of investments in research and development. There are imbalances created by past policies which may have been overtaken by events and actions. There is also fragmented and scattered science, technology innovation institutional and legal framework with overlapping institutional mandate.

The committee proposes the following among others to address the gaps identified: the creation of clear channels for capacity building, science and technology human resource development, research funding and inequity redress through a legal framework.

We also propose establishment of mechanisms to re-allocate Government spending according to new priorities to promote innovative solutions particularly related to problems of the disadvantaged.

We also propose processes that will challenge Government research institutions towards competitive sources of funding.

We also propose processes that will contribute to achieving efficiencies in research and development, spend by promoting the diffusion of research and technology development results.

Mr Speaker, I beg to submit.

**THE DEPUTY SPEAKER:** Thank you. Is the motion seconded? Can I have the seconder of the motion speaking briefly?

3.08

**MR PETER SEMATIMBA (NRM, Busiro County South, Wakiso):** Thank you, Mr Speaker. I rise to second the motion seeking leave of Parliament to introduce a Private Member’s Bill entitled, “The National Science, Technology and Innovation Bill, 2018”. I beg to submit my justifications as follows.

Uganda lags behind in science and technology and the many incredible benefits thereof for many reasons. Key among them, is the fact that in Uganda, all the aspects that make up science and technology - and this includes its various fields of discipline, the institutional frameworks, institutional domiciles, their processes, their operations, their funding and even their legislative mandate - all these aspects are scattered all over Uganda’s legislative institutional and administrative landscape. They are not streamlined and nor are they held together or even interlinked into a single cohesive and governable framework. As a result of this condition, Uganda has been affected negatively as follows:

1. The condition has and continues to rob our nation of the exponential benefits that come out of the science and technology synergies, which do not exist right now. These synergies are critical in maximising benefits.
2. This condition gives our nation compromised efficiencies in the research, development, creation and transfer of relevant technological solutions to Uganda.
3. The condition we are in currently gives us a very compromised monitoring system and a lack of transparency on the usage of national resources in the name of science and technology. A lack of transparency, which currently costs Uganda billions of shillings every year.
4. This condition also gives our country a compromised governance of science and technology especially as regards to giving science and technology relevant guidance vis-a-vis Uganda’s National Development Plan. All in all, Mr Speaker, this status quo greatly compromises Uganda’s capacity to fully harness her scientific and technological potential.

Therefore, in a bid to solve this problem and to emulate those countries where science and technology are very advanced, efficient and are indeed driving their nations to incredible heights of positive socio-economic transformation, there is a need for us to bring all these various fields of science that I mentioned before into one and all of them under one comprehensive and consolidated legislative and institutional framework on science, technology, engineering and innovation.

Mr Speaker, the Private Member’s Bill seeks to address this matter. My last point is that Uganda has placed science and technology among the four priorities of the NDP II and rightfully so.

It is in light of this that we need to understand that science is not static and neither is technology. Both of them are dynamic. Interesting to note is that the engine that drives the dynamism of science and technology, the very force behind this dynamism the force so critical and powerful that it actually constantly defines and redefines the role, boundaries, relevance, the products and even the very nature of science and technology itself is this all wonderful and important thing called innovation.

Unfortunately, the legislative status quo does not adequately, capture, recognise, acknowledge, institutionalise, protect or govern this all important aspect called innovation - something that this Bill seeks to address.

Therefore, Mr Speaker, for this reason and many others, I hereby take this opportunity to implore this august House to support this motion seeking leave of Parliament to introduce a Private Member’s Bill entitled, “The National Science, Technology and Innovation Bill, 2018”.

I beg to submit.

**THE DEPUTY SPEAKER:** Thank you, honourable member for seconding this motion. Honourable members, the motion that I now propose for your debate is a motion to grant the hon. Eng. Robert Kafeero Ssekitoleko, MP Nakifuma County leave to present a Private Member’s Bill entitled, “The National Science, Technology and Innovation Bill, 2018”. That is the motion before you. It attracts a debate and debate starts now.

Honourable members, before we start the debate, in the public gallery this afternoon, we have a delegation from the Association of the South Sudan traders and residents of Otuke District represented by hon. Sylvia Akello, the Woman Member of Parliament for Otuke District. Please, join me in welcoming them. You are welcome. (*Applause*)

3.14

**MR NOAH MUTEBI (NRM, Nakasongola County, Nakasongola):** Mr Speaker, I rise to support the motion to grant the honourable member leave to present a Private Member’s Bill. It was this honourable House by the Act of Parliament that established the new Ministry of Science, Technology and Innovation.

When this was done, various institutions were integrated into this new ministry but there is no proper legal framework upon which these institutions can effectively perform their functions under the new ministry. It is, therefore, prudent that a new law is put in place to enable them perform their functions effectively in order to promote science, technology and innovation.

Time and again high-sounding political statements have been made about the importance of science, technology and innovation and even very many students have been encouraged to undertake science disciplines and professions and that science is an engine of economic growth for this country. However, the application of skills and knowledge attained in these institutions is currently impeded by the lack of a legal framework that can enable them implement or practice some of these skills they have attained.

Mr Speaker, I have personally interested myself in the performance of the new ministry but since its inception, there is nothing impressive as far as its achievements are concerned partly because of the existing legal framework that does not allow them to use the existing institutions to undertake certain innovations. The establishment of an innovation fund as a basis for new scientists to exercise their mandate and knowledge is still an impediment for which the new law would be necessary. I, therefore, wish to implore this House to support the motion –(*Interruption*)

**DR BARYOMUNSI:** Thank you very much, Mr Speaker. I would like to thank hon. Kafeero and his team for this very important Bill, which I support. I also moved a Private Member’s Bill when I was still a backbencher. However, I am rising on a point for procedural guidance because one of the objects of the Bill is to create a fund – the Research, Development and Innovation Fund. Our rules require that when you move this kind of motion, you attach a draft copy of the Bill, which the mover has done. In clause 28, it is establishing the fund which – when you look at its ingredients – has a charge on the Consolidate Fund.

Mr Speaker, I would like your guidance in light of Article 93 of the Constitution, which prohibits a Private Member’s Bill that has a charge on the Consolidated Fund or introduction of tax. I would like to know whether Parliament can proceed with a Private Member’s Bill when it has that provision. Otherwise, I am in full support of this Bill. As a scientist, I would have wanted this law passed yesterday. I just want your guidance on whether we are proceeding properly in respect of the constitutional provision. Thank you very much.

**MR ADOLF MWESIGE:** Mr Speaker, in addition to the procedural point raised by the Minister of State for Lands, Housing and Urban Development (Housing), there are other aspects of the motion, which offend the provisions of Article 93 of the Constitution to the extent that the Bill seeks to introduce a council, a board of the council, advisory research committee and research institutions. Under section 28 – which hon. Baryomunsi read – the Bill specifically states that “The sum of money amounting to two per cent….”

In other words, the Bill charges two per cent of the country’s Gross Domestic Product –(*Interjections*)- Yes, that is what the Bill is saying. It charges two per cent of the country’s Gross Domestic Product provided by the Treasury every financial year. Clearly, Mr Speaker, this is a Bill that offends the provisions of Article 93.

That notwithstanding, the objects of the Bill are very noble and I would like to thank the Member for putting in a lot of thoughts in designing this Bill. I would, therefore, beg to propose that he works closely with the minister responsible for this sector and the Attorney-General so that the minister can introduce this Bill and the Member can support it so that at the end of the day, the Bill becomes the property of this House.

**THE DEPUTY SPEAKER:** Thank you very much. Honourable members, that is the purpose of ventilating this particular process. Article 94(4) of the Constitution is absolute that our rules should guarantee Member’s rights to move Private Member’s Bill. The procedure we adopt here is to carry out this ventilation process to confirm that it follows the provisions of the Constitution and other laws that could be affected by this particular proposed legislation.

This motion itself does not have any financial implication but the purpose for which it is set has financial implications. Allowing the honourable member to proceed would be authorising the honourable member to go against the Constitution. It would be irregular. Therefore, honourable member, you would need to take the advice of hon. Adolf Mwesige and see how this harmonisation can be done.

However, the situation is that this Bill has been proposed by the Committee of Science, Technology and Innovation – meaning there is a huge gap that the committee responsible for the sector feels it has to take the initiative. Could the Government now have the decency to pick this up and fill this gap that has been very well articulated by the committee? After all, a draft has already been made for you and that makes the work easier.

Honourable member, we cannot proceed with this motion. We will pause it here but the fact remains that the record of this House has captured an indication that there is a major gap in this area – that has been seen by the committee that needs to be urgently filled to facilitate innovation and technology in this country. Thank you.

**MR SSEKITOLEKO:** Most obliged and thank you for the guidance. The spirit of this Bill was actually to commit Government to bring business for the committee to consider. That has been a pull approach. *(Laughter)* I would like Government to commit that they will bring a Bill to cater for this –

**THE DEPUTY SPEAKER:** Could you now formally hand over a copy of the Bill to the Government? *(Laughter)*

**MR SSEKITOLEKO:** Most obliged, Mr Speaker.

**THE DEPUTY SPEAKER:** No, hand it over because you are not going to lay it at the Table there.

**MR SSEKITOLEKO:** I am formally handing over a copy of the Bill to the representative of the Prime Minister by laying it at the Table.

**THE DEPUTY SPEAKER:** Thank you. That means the committee is working and has seen gaps that should be cured. Thank you, honourable chairperson, for this.

**MS AMODING:** Thank you very much, Mr Speaker. I would like to appreciate you for the able guidance to the House on matters of Private Member’s Bills. I would also like to commend the House for always finding it in their hearts to accord private Members an opportunity to come up with these Private Member’s Bills.

Mr Speaker, I would like to note that the procedure involved in handling a Private Member’s Bill in terms of drafting does not only entail printing of the Bill. You are also aware that a number of Bills have come to this House and private members have drafted those Bills.

The procedural matter I would like to seek from the Speaker is that when a private member is granted leave to introduce a Private Member’s Bill, what happens after the leave is granted? Usually the Member struggles in terms of finances to support the work of this Bill even after the House has directed that the Member be supported.

Many Private Member’s Bills that have already been adopted in this House like the Sexual Offences Bill, 2016, has been waiting for the last two years to be finalised and yet, it was adopted in the last Parliament.

Mr Speaker, I would like to seek your guidance on this matter. Are Members supported as the House directs? In what way can the House support Members better in terms of fast-tracking the Bills that are already on the Order Paper?

**THE DEPUTY SPEAKER:** Thank you very much. This matter does not require a directive from the Speaker. It is a directive of the Constitution. Article 94(4) states, “*The rules of procedure of Parliament shall include the following provisions-*

*(b) a Member of Parliament has the right to move a private member’s Bill;*

*(c) the member moving the private member’s Bill shall be afforded reasonable assistance by the department of Government whose area of operation is affected by the Bill; and*

*(d) The Office of the Attorney-General shall afford the member moving the private member’s Bill professional assistance in drafting of the Bill.”* It does not require a direction from the Speaker. It is a directive of the Constitution, which must be enforced.

Honourable members, those of you whose Bills are not being handled properly, pick a copy of the Constitution and move to the offices to remind them just in case they have forgotten them. (*Laughter)*

**DR BARYOMUNSI:** Thank you very much, Mr Speaker, for that guidance. I would like to add that the Parliamentary Commission has a department that deals with legal and legislative matters. The department usually helps even at the stage when a Member is drafting the Bill before you come to the House. The committee could have used the services of the lawyers in Parliament to address the legal matters and they have a budget to support Members to print the Bills for first reading.

I have previously moved two bills in this House and the printing was supported by the Department of Legal & Legislative Services in the Parliamentary Commission. That support is given. I just wanted to add that information.

**THE DEPUTY SPEAKER:** When you are initiating the Bill, you can contact our Director of Legal and Legislative Services and his officers for help. However, once Parliament has already passed the Bill, the First Parliamentary Counsel takes full charge and prepares the Bill because we do not have clear drafting department here. It goes to the First Parliamentary Counsel to draft in the form that legislation is prepared in this country.

Honourable members, in the public gallery this afternoon, we have a group of students of Katikamu Secondary School from Luweero District. They are represented by hon. Edward Ssembatya and hon. Lilian Nakate. They are here to observe the proceedings. Please, join me in welcoming them. You are welcome.

Honourable members, can we proceed with business? I told you we will be stopping early to allow Members go for Easter holiday. Can we proceed with business please? Next Item.

QUESTIONS FOR ORAL ANSWER

QUESTION 25/01/10 TO THE MINISTER OF FINANCE, PLANNING AND ECONOMIC DEVELOPMENT

3.28

**MR ROBERT SSEKITOLEKO (NRM, Nakifuma County, Mukono):** *“Can the minister explain to the House why more resources are allocated to the centre (MDAs) than local governments and why percentage allocations to the local governments are dwindling year after year yet MDAs are majorly for policy design, quality assurance and technical support supervision?”*

**THE DEPUTY SPEAKER:** Next item.

QUESTION 26/01/10 TO THE MINISTER OF FINANCE, PLANNING AND ECONOMIC DEVELOPMENT

3.29

**MR ROBERT SSEKITOLEKO (NRM, Nakifuma County, Mukono):** *“Can the minister explain to the House why the National Planning Authority (NPA) has delayed to give feedback to MDAs and local governments on the consistence of their Sector Strategic Plans and District Development Plans with the National Development Plan II ever since the MDAs/Local Governments made submissions two years ago?”*

**THE DEPUTY SPEAKER:** Is the minister here to answer this question. Hon. Obua has delegated hon. Ssekitoleko, Member of Parliament for Nakifuma County to ask the question but the minister is not here. Have you received a copy of the response from the minister? Next item.

QUESTION 03/01/10 TO THE MINISTER OF WORKS AND TRANSPORT

3.30

**MR ROBERT SSEKITOLEKO (NRM, Nakifuma County, Mukono):** *“Can the minister state:*

1. *The current total national coverage of tarmac roads (Kms) in Uganda?*
2. *The current distribution of national tarmac roads (Kms) on a sub-regional basis like Lango, Acholi, Teso, Bugisu among others?*
3. *Plans the ministry has developed to construct tarmac roads connecting highways to all the district headquarters of Uganda as is being done by the Rural Electrification Agency (REA)*

3.31

**THE MINISTER FOR WORKS AND TRANSPORT** **(Gen. Katumba Wamala):** Mr Speaker, this is a response of the Minister of Works and Transport to the Question for Oral Answer, Question 03/01/10 to the Minister of Works and Transport raised by hon. Obua Denis Hamson, Member of Parliament for Ajuri County. The question is: Can the Minister of Transport and Works who is charged with the responsibility of implementing the primary priority of National Resistance Movements (NRM), contained in both the National Development Plan (NDP) and NRM Party Manifesto 2016 - 2021 –

Mr Speaker, below is the response from the ministry. The current proportion of tarmac roads across the country is as follows:

1. National roads – 4,257 kilometres paved, out of the total 20,544 kilometres. This represents 20 per cent.
2. Urban roads - 570 kilometres paved, out of the total 10,108 kilometres. This represents only 5.6 per cent.
3. Kampala Capital City Roads – 575 kilometres paved, out of the total of 2,200 kilometres, representing 26.1 per cent.
4. District roads – 145 kilometres paved, out of the total 35,366 kilometres. This represents a mere 0.4 per cent.

Below is the sub-regional distribution:

1. Acholi region
2. Gulu tarmac road – 290 kilometres
3. Gravel road – 648 kilometres
4. Upgrading works ongoing - 62 kilometres

1. Lango Region
2. Lira tarmac roads – 126 kilometres
3. Gravel roads – 939 kilometers
4. Upgrading works ongoing – nil
5. Works and contracts under procurement – 215 kilometres
6. Teso region
7. Soroti tarmac road – 635 kilometres
8. Gravel roads – 836 kilometres
9. Upgrading works ongoing – 90 kilometres
10. Bugisu region
11. Mbale tarmac roads – 158 kilometres
12. Gravel roads – 753 kilometres
13. Upgrading works ongoing – 45 kilometres

From the above information, it is evident that the portion of the paved roads for the region mentioned above is approximately 17 per cent, over the total national tarmacked road network of 4,257 kilometres.

Government has recently approved a policy on inclusion of town roads covering access to district headquarters, as part of the contracts for major highway road projects that are being constructed. It is expected that in the long run, all district headquarters will be connected with paved roads. Further, the classification of public roads in Uganda categorises all roads linking to district headquarters as national roads.

The National Development Plan Phase Two project that amounts to 6,000 kilometers of national roads shall be tarmacked by 2020, while the Vision 2040 project in the national roads network will be tarmacked by 2040 to a level of 16,000 kilometres. Roads leading to district headquarters will gradually be tarmacked as we implement the Strategic Road Sector Development Plan. I beg to submit.

**THE DEPUTY SPEAKER:** Thank you. Honourable members, you know the rules on these kinds of questions. The Member who asked the question is the one who is entitled to supplementary questions. He had delegated a Member who has now disappeared. We will pause it here. *(Laughter)*

QUESTION FOR ORAL ANSWER

QUESTION 39/01/10 TO THE MINISTER OF WORKS AND TRANSPORT

3.34

**MR WAIRA MAJEGERE (Independent, Bunya County East, Mayuge)**: “*Mayuge Highway Bridge along Jinja Road is badly situated; it has one entry and exit and long vehicles have often had to negotiate within the main road causing heavy traffic jam and on a number of occasions, accidents.*

1. *Why did the ministry provide such minimal parking space and moreover with only one way for both entry and exit?*
2. *What measures are being put in place to expand the narrow space and to ensure the trailers do not park alongside the road?*
3. *What is being done to ensure that the transfer delays at the bridge are limited to not more than 30 minutes?*
4. *How much money has been collected in penalties at the bridge in the last five years and how much of it has been ploughed back to Mayuge as the host district?”*

**THE DEPUTY SPEAKER:** The honourable member is there. Would you like to rise so that they answer your question?

**GEN. WAMALA:** Mr Speaker, the answers to that question will be provided by the Minister of State for Transport.

**THE DEPUTY SPEAKER:** We have dispensed with the Prime Minister’s Question Time. Let us proceed with the next item.

*(A member rose\_)*

Honourable member, do you want to answer your own question? If you have a copy of your answer and you are satisfied, please let us proceed with the next item. *(Laughter)*

MOTION FOR A RESOLUTION OF PARLIAMENT TO INQUIRE INTO ALLEGATIONS OF SEXUAL HARASSMENT IN INSTITUTIONS OF LEARNING IN UGANDA

**THE DEPUTY SPEAKER:** Honourable member?

3.39

**MS ANNA ADEKE (Independent, Female Youth Representative):** Thank you, Mr Speaker.

*“WHEREAS Objective XIV (b) of the National Objectives and Directive Principles of State Policy mandates the state to fulfil –*

**THE DEPUTY SPEAKER:** Honourable member, what are you dealing with?

**MS ADEKE:** A motion.

**THE DEPUTY SPEAKER:** Can you start with the title of the motion?

**MS ADEKE:** I beg to move a motion for a resolution of Parliament to inquire into allegations of sexual harassment in institutions of learning in Uganda, particularly Makerere University, Kibuli Senior Secondary School and St Lawrence schools.

“*WHEREAS Objective XIV (b) of the National Objectives and Directive Principles of State Policy mandates the state to fulfil the fundamental rights of all Ugandans to social justice and economic development and shall, in particular, ensure that all Ugandans enjoy rights and opportunities and access to education;*

*AND WHEREAS Article 30 of the 1995 Constitution of the Republic of Uganda guarantees the right to education for all persons;*

*NOTING that Article 19 of the United Nations Convention on the Rights of the Child to which Uganda is a signatory mandates Government to take appropriate legislative, administrative, social and educational measures to protect a child from all forms of violence including sexual abuse;*

*AWARE that in line with Vision 2040 and the National Development Plan (NDP) II, the Government developed the National Strategic Plan on Violence against Children in Schools 2015-2020 whose overall goal is to ensure that measures are put in place to prevent, protect and respond to violence against children in schools;*

*DEEPLY CONCERNED that during the development of the National Strategic Plan on Violence against Children in Schools, it was established that violence against children in schools is widespread and children are subjected to different forms of violence. Sexual harassment especially among girls was on the high with 77 per cent of the primary school children and 82 percent of the secondary school students experiencing sexual harassment while at school, eight per cent of the girls are subjected to defilement, 24 per cent are spoken to in a sexual way, 18 per cent receive marriage proposals and 25 per cent are fondled/touched in a sexual manner while 29 per cent are made to watch sexual scenes or pornography;*

*RECOGNISING that in the recent past, the media has been awash with numerous and repeated reports of gross acts of sexual harassment in institutions of learning at all levels;*

*FURTHER RECOGNISING that access to education is one of the fundamental rights of a person, which should be delivered in a conducive and safe learning environment; however, this right is frustrated when people are subjected to sexual harassment, which tends to undermine the security and safety in institutions of learning, as well as threatening Uganda’s path to development;*

*NOW, THEREFORE, be it resolved by Parliament that the relevant committee of Parliament inquires into allegations of sexual harassment and abuse in:*

1. *All schools where the interdicted headmaster of Kibuli Secondary School has served as headmaster.*
2. *The St Lawrence schools, colleges and University.*
3. *Makerere University.”*

Mr Speaker, I beg to move.

**THE DEPUTY SPEAKER:** Is the motion seconded? It is seconded by the members from Kumi, Lira, Rakai, Otuke, Koboko, Adjumani, Masindi and Kasese districts. Would you like to briefly justify your motion?

**MR MUWANGA KIVUMBI:** Mr Speaker, I move on a point of procedure. I have carefully listened to the motion, especially concerning Kibuli Secondary School where their headmaster was involved in a sex scandal. This matter is already before the courts of law. I do not know whether a discussion by Parliament on this motion will not in any way prejudice that case. Can I suggest that the motion goes on but Kibuli S.S be deleted?

**THE DEPUTY SPEAKER:** Honourable member, that is the guidance. The matter which is affecting Kibuli S.S is in court, in which case we will not be able to talk about it or assign some responsibility for Members to deal with it. Would you like to adjust your motion?

**MS ADEKE:** Thank you, Mr Speaker. We can proceed with that in mind.

**THE DEPUTY SPEAKER:** So, we will handle the motion minus references to Kibuli S.S.S. Honourable members, is that okay? Is it minus the headmaster or Kibuli S.S? I think let us leave Kibuli S.S because you are doing a sample -

Honourable member, speak on the record –(*A Member rose*)- No; you are not the mover of the motion. (*Laughter*)

**MS ADEKE:** Mr Speaker, since this is a very sensitive matter, I think we need truth telling. As an advocate, I know that there’s got to be a certain amount of proof that there is a court process going on like maybe a plea or summon that have been duly certified by the Court entertaining the suit.

Therefore, I am not very certain that the matter is before Court but I know it would not be right for us to offend the subjudice rule. You can guide us because I do not know if the House has entertained any proof that it is in court. Nonetheless, I am ready to proceed with the discussion, leaving Kibuli S.S out.

**THE DEPUTY SPEAKER:** Honourable members, when a Member raises a matter before the House, the presumption is that the Member honours that responsibility and tells the truth to the House. If the contrary is true, then that is another matter. So, that is the presumption with which we operate. When a Member rises and says this matter is subjudice because it is in court, we rely on that.

**MS ADEKE:** Thank you for your guidance, Mr Speaker. Since the inception of the debate on women emancipation and getting girls and women out of the kitchen into places of authority and decision making, we, as a country, have been confronting how we can help harness the potential of the girls we have in our country –(*Interruption*)

**MR OGUZU:** Mr Speaker, I am aware this Parliament has a precedence of proceeding on matters that are in court. I do not know if this should be any exception that we may not proceed with Kibuli S.S inclusive?

**THE DEPUTY SPEAKER:** We will proceed with Kibuli exclusive. Proceed, honourable member.

**MR JONATHAN ODUR:** Thank you, Mr Speaker. There are several cases of Makerere University falling in the same category as Kibuli S.S. As a matter of fact, one of the professors called Bakuneta of Makerere University is in court over the same matter –(*Interjections*)– Yes, he is on remand but not yet convicted. It is the same situation as that one of Kibuli S.S.

Therefore, I would like to seek your guidance; if we are going to exclude Kibuli S.S, how do we proceed with Makerere University which has similar circumstances?

**THE DEPUTY SPEAKER:** Honourable members, as I understood, the purpose of this motion is to activate our committee in charge of this sector to carry out sample investigations. The committee does not have the capacity to investigate the whole country and that is why they have sampled only three institutions so that they can do a study, come back to this House and guide us on how this matter should be handled. So, how do we proceed? Do we proceed with all of them?

**MR KASIBANTE:** Thank you very much, Mr Speaker. There are allegations about St Lawrence University. The allegations were made against a person who has since passed on. (*Laughter*) My procedural point is whether Parliament can investigate a dead person. The allegation was made against the late Prof. Mukibi actually after his death.

My worry is what we can still find out from a dead person. Thank you.

**THE DEPUTY SPEAKER:** Did he leave any children as a result of that or did all the children die with him? (*Laughter*)

3.51

**THE LEADER OF THE OPPOSITION (Ms Winfred Kiiza):** Mr Speaker, my understanding of the motion is that we are deliberating as Parliament to find a remedy to the vice. Deliberating about this matter, in my opinion, would not even require us to name individual institutions. As Parliament, our issue is confined to debating and finding a remedy to sexual harassment to our children in institutions of learning because this is happening; whether it is with the man of St Lawrence, Kibuli S.S, or Makerere University, sexual harassment is happening in the institutions of learning in Uganda.

We, as concerned parents and leaders of the country, need to find a remedy to this vice. In debating this motion, let us not confine ourselves to specific institutions. Therefore, when we do that, we may even be in position to reach out to other people who are not necessarily in these specific institutions because it is happening all over the country. That was my understanding of the motion.

Possibly then, we would amend the motion to ensure that all those aspects of morality and immorality are dealt with in as far as this matter is concerned to save the Ugandan children, most especially the girls. However, we should not also close our eyes and ears to the fact that even boys are being sexually harassed. Therefore, let us deal with the matter in total awareness that even our young boys are being sexually molested.

Mr Speaker, if the mover of the motion concedes to the issue, I, therefore, would like to move an amendment to the motion to seek for a resolution of Parliament to investigate sexual harassment in the institutions of learning.

**THE DEPUTY SPEAKER:** Honourable members, can we do it this way so that it is neater? Can we pause it here and have this motion redrafted properly to capture the spirit of what we would like to discuss and then we present it on Tuesday next week.

**MR OKUPA:** Mr Speaker, can I add something to -

**THE DEPUTY SPEAKER:** No, please. Let us pause this motion now and resubmit it on Tuesday next week with all these adjustments so that we do not debate the amendments but the motion. Would that be okay, honourable member?

**MS ADEKE:** Most obliged, Mr Speaker.

**THE DEPUTY SPEAKER:** This matter will be brought back on Tuesday when we look at the motion again in a more comprehensive way. Thank you.

MOTION FOR A RESOLUTION OF PARLIAMENT TO AUTHORISE GOVERNMENT TO INCREASE DOMESTIC BORROWING BY UGX 736 BILLION TO FINANCE THE BUDGET FOR THE FINANCIAL YEAR 2017/2018

3.55

**THE MINISTER FOR FINANCE, PLANNING AND ECONOMIC DEVELOPMENT (Mr Matia Kasaija):** Mr Speaker, I beg to move a motion for a resolution of Parliament to authorise Government to increase domestic borrowing by Shs 738.36 billion to finance the budget for the financial year 2017/2018. I beg to move.

**THE DEPUTY SPEAKER:** Is the motion seconded? (*Laughter*)– Motion seconded by hon. Bahati, hon. Twinamasiko and hon. Ssozi. Did I hear –(*Laughter*)– honourable members, we have hon. Aogon.

Honourable members, we will ask the minister to justify his motion. However, can we go back to items 3 and 4 and finish them then we come back and deal with this motion?

BILLS

FIRST READING

THE APPROPRIATION BILL, 2018

**THE DEPUTY SPEAKER:** The Appropriation Bill - do you have the documents there, honourable minister?

3.55

**THE MINISTER FOR FINANCE, PLANNING AND ECONOMIC DEVELOPMENT (Mr Matia Kasaija):** Mr Speaker, this item is supposed to have been handled by my colleague. Can I -

**THE DEPUTY SPEAKER:** Is hon. Bahati here?

**MR KASAIJA:** Can I ask for a few minutes as he comes. He has said the documents are here and I do not want to interfere with them, Mr Speaker. However, I apologise please.

3.57

**THE MINISTER OF STATE FOR FINANCE, PLANNING AND ECONOMIC DEVELOPMENT (PLANNING) (Mr David Bahati):** Mr Speaker and honourable colleagues, I beg to lay the appropriations Bill, 2018 for first reading –

**THE DEPUTY SPEAKER:** No, you beg to move.

**MR BAHATI:** I beg your pardon; I beg to move that the Bill entitled, “the Appropriation Bill, 2018” be read for the first time.

**THE DEPUTY SPEAKER:** Is it accompanied by the necessary documentation?

**MR BAHATI:** Yes, it is accompanied by the Certificate of Financial Implications duly signed by the minister of finance.

**THE DEPUTY SPEAKER:** Honourable members, let the records capture that. It stands referred to the appropriate Committee on Budget to handle within the framework and advise us on how to proceed with this matter.

THE FINANCE (AMENDMENT) BILL, 2018

3.58

**THE MINISTER OF STATE FOR FINANCE, PLANNING AND ECONOMIC DEVELOPMENT (Planning) (Mr David Bahati):** Mr Speaker and honourable colleagues, as I said, the rest of the tax Bills are on the way. We request that we handle item No.4.

PRESENTATION OF PAPERS

THE ANNUAL BUDGET ESTIMATES FOR THE FINANCIAL YEAR 2018/2019

3.58

**THE MINISTER OF FINANCE, PLANNING AND ECONOMIC DEVELOPMENT (Mr Matia Kasaija):** Mr Speaker and colleagues, I wish to lay the Annual Budget Estimates for the financial year 2018/2019. I beg to lay.

**THE DEPUTY SPEAKER:** Let the records capture that. It stands referred to the appropriate Committee on Budget.

**MR KASAIJA:** Mr Speaker, they are accompanied by the Tax and Revenue Bill, a statement for multi-year commitment of Government in the financial year 2018/2019, a statement of the tax expenditures of Government for financial year 2018/2019. I beg to lay.

**THE DEPUTY SPEAKER:** Let the records capture that. It stands referred to the Committee on Budget.

**MR KASAIJA:** Mr Speaker, I wish to state that the budget has been accompanied by the following papers:

1. The budget of self-accounting departments, commissions and organisations set up under the Constitution;
2. A grant to local Government and subventions for Financial Year 2018/2019;
3. The Treasury Memorandum specifying the measures taken by the Ministry of Finance, Planning and Economic Development to implement the recommendations of Parliament in respect to the Auditor-General’s report of the proceeding financial year;
4. A certificate confirming that the budget for financial year 2018/2019 is gender and equity responsive and has taken into account the specific needs of men and women, persons with disabilities and other marginalised groups;
5. A report of financial year 2017/2018 on the management of public debts, guarantees and other financial liabilities of Government;
6. A statement of the budget attesting to the liability and completeness of the budget information provided;
7. A list of accounting officers to be appointed in financial year 2018/2019;
8. A Certificate of Financial Implication for the budget for financial year 2018/2019;
9. A draft detailed estimate of revenue and expenditure for the financial year 2018/2019.

I beg to lay.

**THE DEPUTY SPEAKER:** Let the records capture that. It stands referred to the appropriate Committee on Budget to handle.

ADDENDUM TO THE SUPPLEMENTARY SCHEDULE NO.2 FOR THE FINANCIAL YEAR 2017/2018 TO ACCOMMODATE SHS 11,672,562,508 TOWARDS DONOR FUNDING UNDER THE JUSTICE, LAW AND ORDER SECTOR AND CLASSIFIED EXPENDITURE

4.03

**THE MINISTER OF STATE FOR FINANCE, PLANNING AND ECONOMIC DEVELOPMENT (Planning) (Mr David Bahati):** Mr Speaker, the addendum is coming in a few minutes.

**THE DEPUTY SPEAKER:** Okay. Honourable members, I had altered the Order Paper to allow the laying of the guidelines for nodding syndrome.

LAYING OF PAPERS

GUIDELINES ON NODDING SYNDROME FUNDS

4.03

**THE MINISTER OF HEALTH (Dr Jane Aceng):** Mr Speaker, I beg to lay on the Table the draft guidelines for the utilisation of the supplementary funds for Nodding Syndrome for the months of April, May and June 2018 for the financial year 2017/2018. I beg to lay.

**THE DEPUTY SPEAKER:** Let the records capture that. We commit that to the appropriate Committee on Health. However, this matter should start working. If there are issues with it then we see how to call it back and see what improvements can be done. The Committee on Health is going to look at the guidelines.

MOTION FOR A RESOLUTION OF PARLIAMENT TO AUTHORISE GOVERNMENT TO INCREASE DOMESTIC BORROWING BY UGX 736 BILLION TO FINANCE THE BUDGET FOR THE FINANCIAL YEAR 2017/2018

**THE DEPUTY SPEAKER:** Honourable minister, would you like to justify your motion?

4.04

**THE MINISTER FOR FINANCE, PLANNING AND ECONOMIC DEVELOPMENT (Mr Matia Kasija):** Mr Speaker and honourable members, as we run the financial year, expenditure pressures mount and they exceed the 3 per cent of the appropriated budget in the current financial year.

Some of these expenses cannot be - we cannot wait until the following year. Therefore, we thought it prudent that we come to this Parliament and you authorise us to go to the financial market to borrow the Shs 736 billion in order to meet these critical expenditure pressures that have emerged.

A case in point is the need to compensate people affected by projects in the country and yet they must proceed. Contractors have been threatening to lay down their tools, which is very expensive *– (Interjections)* - I am using cases and I cannot give all the details. There is a big problem in Katosi where the contractors have laid down their tools and when they do that, two things happen *-(Interjections)-* Mr Speaker, can I be protected –*(Laughter*)

**THE DEPUTY SPEAKER:** Honourable members, can we have some order please. The minister is articulating serious matters of finance.

**MR KASIAJA:** Absolutely; thank you, Mr Speaker. As I said, two great things will happen; one, the project stalls and the benefit that the economy and the *wanainchi* are supposed to get from that project stifles. Secondly, every time a contractor lays off workers or demobilises equipment, a bill comes to Government.

I have been before this House and I told you the problem we got for example on the Entebbe-Express Highway where we stopped construction for six months but the contractor threatened to bill us with $60 million.

Secondly, according to our contracts, there is interest on those invoices which have not yet been paid.

Mr Speaker, we need this money so that we can be able to pay for expenses of that nature and I beg this House to support me so that I can go and do the job well. Thank you.

**THE DEPUTY SPEAKER:** Honourable members, the motion is for a resolution of Parliament to authorise Government to increase domestic borrowing by Shs 736 billion to finance the budget for the financial year 2017/2018.

You recall that this particular motion was referred to our committee of National Economy and to kick off the debate, we would like to listen to the Chairperson of the Committee on National Economy before the debate.

4.09

**THE CHAIRPERSON, COMMITTEE ON NATIONAL ECONOMY, (Ms Syda Bbumba)** Thank you very much, Mr Speaker. As you rightly said, the request was referred to our committee on 13th February 2018.

We started on the scrutiny but before I proceed, I would like to lay on the Table a copy of the signed report, minutes, brief on the proposal and a consolidated summary statement of the financial performance of public corporations and state enterprises for the year ended 30 June 2017; and reports and consolidated financial statements of the Government of Uganda for the year ended 30 June 2017. I beg to lay.

Mr Speaker, by way of methodology, we held meetings with the Minister of Finance, Planning and Economic Development and we reviewed documents.

The approved budget for the financial year 2017/2018 which was Shs 29.008 trillion was divided into Government of Uganda budget, external financing and appropriation in aid.

The Government of Uganda budget of Shs 21.175 trillion was to be financed from three sources; domestic revenue, net domestic financing and budget support. Out of the total, only Shs 16.237 was funded which is 76.7 per cent.

As you can see from the table, the releases provided under table 1 come up to 77.2 per cent which is the total amount which has been released *- (Interruption)*

**MR NZOGHU:** Thank you, Mr Speaker. I am a member of the committee. We had a meeting yesterday and there was no report nor a draft on what is being presented here. I am shocked that a report is being presented. If you would like to prove, ask the chairperson to bring one draft report.

On 28th February, the committee, through our chairperson, asked the Ministry of Finance, Planning and Economic Development to submit the following documents, which the ministry has never done. I would like to put them on record.

We asked the ministry to provide:

1. The current performance of the contingencies fund.
2. The current status of domestic revenue performance for financial year 2017/2018 as at February 2018.
3. A copy of the country’s tax policy document.
4. Itemised details and beneficiary MDAs for the Shs 736 billion and evidence that this money was appropriated by Parliament.
5. Details of the total supplementary and additional funding requests that amount to shillings *- (Interruption) -* I am not willing to take the information now*.*

**MS BBUMBA:** Mr Speaker, hon. Nzoghu is a very productive member of the committee. Yesterday, the clerk to the committee convened a meeting to discuss and finalise the report. Members turned up this morning and the report was discussed and signed but hon. Nzoghu did not turn up for the meeting.

Is he in order to come and divert the business of Parliament because he was absent? The report is there and I have laid it on the Table and it is signed by over 60 per cent of the Members -

**THE DEPUTY SPEAKER:** Can I see a copy of the report? Is it uploaded on the network?

Honourable members, out of the 34 members of this committee, 18 have signed this report. Therefore, it is a proper report. *(Applause)*

**MS BBUMBA:** Mr Speaker, out of the budget, 77 percent –*(Members rose\_)*

**THE DEPUTY SPEAKER:** Hold on, chairperson. Honourable members, the issues you are raising were discussed by the committee this morning where you were not. The report has been generated and signed; therefore, it is a report for the committee. Can we proceed with it?

**MR NZOGHU:** Mr Speaker, let me tell this Parliament - let the chairperson be honest to herself - I just said in my opening remarks that let her produce even a single copy of a draft report. By yesterday, we did not have any. Secondly, let the chairperson honestly say the source of that report.

**THE DEPUTY SPEAKER:** The members have signed it. It is here.

**MR NZOGHU:** Mr Speaker, by yesterday, there was nothing like a draft report.

**THE DEPUTY SPEAKER:** As for now, there is one. We are not talking about yesterday but what we have in the House.

**DR BARYOMUNSI:** Mr Speaker, I am rising on a point of order. We have our rules of procedure that do not provide for draft reports. What Parliament requires is a duly signed report by a number of Members of Parliament, which is clearly elaborated in the rules. Is it, therefore, in order for hon. Nzoghu to derail this House by requesting for draft reports which are not provided for in our rules?

**THE DEPUTY SPEAKER:** Honourable members, the minutes of the meetings of the committee have been tabled and the report duly signed by a good number of members has been tabled in its original form. It is here. Therefore, this House is not going to handle what happened in the committee yesterday, but what has been brought today. We should proceed.

**MS BBUMBA:** Thank you, Mr Speaker. As the minister rightly said, Government has got a shortage of funding and it is experiencing expenditure pressures in the form of supplementary requests. Out of the Shs 837 billion shortages, 49 percent is for recurrent activities and 51 percent is for development activities.

The minister clearly stated the areas where this shortage is. The domestic revenue shortfall over the projection of domestic revenue, at the time of submitting the budget, was an estimate which was unrealised. This was the beginning of the shortfall because the base for projection for that year was higher by Shs 94 billion.

There were tax exemptions on husked rice which were extended, which eroded Shs 73 billion by way of Value Added Tax (VAT).

There were lower imports than projected. Therefore, import performance was lower than projected and the revenue accruing from that was not realised up to the expected level. There was lower aggregate demand than projected; consumption fell and the revenue fell accordingly.

Mr Speaker, despite the shortfall in revenue, there has been a significant number of requests for supplementary funding, many of which have been submitted on the Floor and others are still in the process. This is what this request is all about; to address those shortages. These are mainly in the areas of energy, road sector, on-going work on the new chamber of Parliament and arrears on subscription to international organisations, among others.

There are supplementary requests that have been authorised of Shs 771.9 billion; out of this, supplementary expenditures amounting to Shs 346 billion were geared towards the recurrent budget as I have already stated.

Further to the supplementary requests, domestic revenue, excluding appropriation in the first half of the financial year, recorded a big shortfall. Government now projects that the revenue shortfall by the end of the financial year is going to amount to Shs 659 billion.

The projected revenue shortfall and additional expenditure pressures resulted into the fiscal adjustments in the form of cash and allowances. Now, there is no more room for allocation and budget cash. To absorb the pressures that emerged and the shortfalls in revenue, reallocations were made and this is no longer possible.

There is, therefore, need to undertake extra borrowing of Shs 736 billion in order to finance the budget deficit. The Government is proposing to borrow money locally because there are two sources from which Government can source money; domestic and external, but they have chosen to go domestic.

The reasons for additional funding have already been alluded to. The justification for domestic other than external borrowing is that if government was to source the financing from eternal sources, it would have to be with the maturity period of three to five years with interest of five to seven percent. With these terms, the cost associated with servicing the loan would be of no potential gain.

The implications are contained in paragraph nine. Domestic borrowing has got implications of macro-economic management and the development of the domestic financial market. In the short term, there may be costs in terms of the public crowding the private sector from the credit market. This was our worry but when we examined it further, we realised that out of the liquidity available with the commercial banks, they are lending quite minimal to the private sector yet they are charging high interest rates. They are willing to lend to Government, which is a secure borrower at lower interest rates.

The observations and recommendations include the following:

The committee observes that the shortfall in revenue was a major reason for reverting to domestic borrowing.

The committee recommends that Government should increase sources of tax revenue through a combination of measures for improvement; that is, on tax efficiency, widening the tax base and providing an environment that is conducive for growth of the private sector.

In East Africa, Uganda has got the lowest GDP to tax ratio. In fact, it is amazing that it is even lower than that of Burundi. The committee observes that Government expenditure is outpacing increasing government revenue, a situation that is leading to persistent requests for supplementary expenditure.

The committee recommends that Government should take deliberate measures to reduce wasteful Government expenditure. Measures in this case include reduction of public administration costs. There are very many administrative centres which are being established and this should be reduced.

Reduction in tax exemption

We have seen that we lost Shs 73 billion in reduction of VAT on husked rice and minimising the cost of Government doing business generally.

The committee further observed that Government’s desire to invest massively in public expenditure infrastructure should be balanced with investments in productive assets, especially agriculture, tourism and manufacturing. Whereas long-term infrastructure projects have got the potential of enabling the economy to grow fast in the long run, the ability of such investment to contribute to revenue in the short term is very limited.

The committee, therefore, recommends that Government should significantly increase investment in agriculture, manufacturing and tourism, which have got the potential of increasing Uganda tax revenues in a relatively short period of time.

Our fourth observation was that there are persistent budget short falls over the years. The committee calls on Government to put in place a holistic development strategy. Hitherto, implementation on the National Development Plan remains very weak.

The committee recommends that the key institutions involved in economic management; Ministry of Finance, Planning and Economic Development, Bank of Uganda and the relevant committee of Parliament should have a conference. We have requested the Ministry of Finance, Planning and Economic Development to organise this conference so that we can all sit down as leaders of this country, brainstorm on the economy and a way forward.

Mr Speaker, the committee recommends that the request by Government to borrow Shs 736 billion from the domestic financial market to finance the remaining part of the budget for financial year 2017/2018 be approved. I beg to report, Mr Speaker.

**THE DEPUTY SPEAKER:** Thank you, honourable members. I have already proposed the question for debate and debate starts now. Can we agree on how many minutes should be used? Let us have two minutes each with the Leader of the Opposition summarising.

4.27

**MR JACK WAMANGA-WAMAI (FDC, Mbale Municipality, Mbale):** Thank you, Mr Speaker. I am a member of the Committee on National Economy. This morning we had requested the Minister of Finance, Planning and Economic Development –

**THE DEPUTY SPEAKER:** Is it the same committee?

**MR WAMANGA-WAMAI:** Yes, but I am not debating this loan, Mr Speaker –

**THE DEPUTY SPEAKER:** Then you should have risen some other way not directly like that. Wait for an appropriate time and then you can either rise for procedure -

**MR WAMANGA-WAMAI:** Mr Speaker, I would like to inquire from the minister because he says he is borrowing money to finance some of the projects –

**THE DEPUTY SPEAKER:** You should have done that in the committee.

4.28

**MR ATKINS KATUSABE (FDC, Bukonjo County West, Kasese):** Thank you, Mr Speaker. I think there is a fundamental problem and it is that this House tends to focus more on the product. We do not put much attention on the process, and yet it is the process that determines the product. We also have the obsession of focusing on the destination but we do not care or focus much on the journey.

Mr Speaker, my two minutes will go as follows: The origin of this report - because we have just heard from a member who has been consistently attending meetings. If it pleases you, Mr Speaker, I think this House might have to demand for the minutes.

Mr Speaker, this country needs only Shs 50 billion to ensure that we have an electric fencing to serve the entire country but that has not been reflected in the broader budget. I wonder whether this additional budget will finally cater for the Shs 50 billion to help the conservation communities that are around the country, including my constituency in Kasese.

Lastly, Mr Speaker, I would also be interested in knowing whether this additional budget will help the people of Uganda, including my constituents *– (Member timed out.)*

4.30

**MR JULIUS OCHEN (Independent, Kapelebyong County, Amuria):** Mr Speaker, when the Minister of Finance, Planning and Economic Development stood here, the honourable members asked if he could go ahead to explain what these projects going to be financed by the money we are borrowing are.

The minister stopped on this role. However, the interest of the Members, who are present here, was that they wanted the minister to break down the urgent projects that are demanding Government to borrow money at this short notice. As a country, we really want the minister to face us and bring these projects now.

Mr Speaker, the other thing that the minister and the chairperson of the committee should take note of is: there is a problem and it appears as if Government is not coming out to explain to the country. I was reading in the newspapers last month that Government was borrowing domestically and this month again they are also borrowing.

I think Ugandans out there are waiting for a very clear explanation on why Government has taken on the trend of borrowing resources in that manner. The population waits to get a clear explanation from Government over this borrowing because people are now not very sure about what takes place regarding their taxes in the country. I need that explanation.

Citizens of *– (Member timed out.)*

4.33

**MR JOHN BAPTIST NAMBESHE (NRM, Manjiya County, Bududa):** Mr Speaker, this matter of domestic borrowing is such a grave one that it should be given serious surgery. Domestic borrowing would mean that the private sector would be competing with Government –

**THE DEPUTY SPEAKER:** But, honourable member, you are a member of the committee.

4.34

**MR JONATHAN ODUR (UPC, Erute County South, Lira):** Thank you, Mr Speaker. I am bleeding in my heart, first of all, by the nature of the report that has been brought to this House. The chairperson of the committee came to this House and presented a report and she is proud that the commercial banks are very happy – which is a fact – to lend money to Government.

Next to her is our Minister of Finance, Planning and Economic Development, who has gone on to say that this is a private sector-led economy. So why is Government competing with the private sector in the first place?

It is simple; as long as Government is running to commercial banks to borrow, you encourage the commercial banks to set the interest rates higher. That means that all the private entities seeking to obtain loans from banks cannot do so. If they risk getting those loans, then they cannot service them.

No wonder, many companies are collapsing because the interest rates are too high to be sustained. This is something that the minister and our chairperson should look into critically. Government should not be seen under any circumstance to compete with the private sector.

Secondly, I would like to re-echo that Shs 736 billion is what you are looking for. I would like to sympathise with the limping Government. At times when somebody is sick and they come to borrow money to go to the hospital, even if you know that they are about to die, you are tempted to give them the money.

4.36

**MR SILAS AOGON (Independent, Kumi Municipality, Kumi):** Thank you, Mr Speaker. I rise to second this loan. However, there are some issues that need to be observed here. Honourable minister and committee chair, I do not want to ignore issues raised by hon. William Nzoghu much as he is just one person; he has a loud voice and made it very clear. It is very unfortunate for us to pass – *(Interruption)*

**MR KIVUMBI:** Mr Speaker, I rise on a point of procedure arising from Section 36 of the Public Finance Management Act, 2015. I will go straight to the section I am referring to: *“The minister has the right to raise loans for purposes of a budget deficit, management of monetary policy - the**mandate of treasury operations - to obtain foreign exchange, among others.”* In sub-section (5), it reads: *“With the exception of a loan raised for the purpose of sub-section (2)(b) or a loan raised through issuance of securities, the terms and conditions of a loan raised by the minister shall be laid before Parliament and the loan shall not be enforceable**except where it is approved by the resolution of Parliament****.”***

The procedural point I would like to raise, Mr Speaker - I am not a member of the committee and I may not have the benefit of having seen - I would like to inquire whether the terms and conditions of this loan are laid before this Parliament in conformity with sub-section 36.

**THE DEPUTY SPEAKER:** Honourable minister, that matter should have been done at the time when the motion was coming.

4.38

**THE MINISTER FOR FINANCE, PLANNING AND ECONOMIC DEVELOPMENT (Mr Matia Kasaija):** Thank you, Mr Speaker and colleague for raising that question. The type of borrowing we are going for cannot have terms fixed. It will depend on the nature of the market. The terms are normally read when there is a specific loan which you negotiate for, put your position and the lender gives their position. With the Treasury Bills, the prices will depend on the forces of supply and demand at the time we go to the market.

As the producing managers of the economy, we also make sure that we go when the conditions are most conducive on behalf of Government.

**MR KIVUMBI:** Mr Speaker, that is why I rose on a point of procedure. The type of loan envisaged under this Article, is not the one he is referring to. I did not read the whole section in the interest of time for the minister to be clear of what I was talking about. The type of loans that require you not to do so, are covered under sub-section (2)(b).

With the exception of only sub-section (2)(b), the rest of the loan as commanded by sub-section (5) you should have the benefit of raising it. The terms and conditions must be laid before this Parliament. I am quoting the law; Public Finance Management Act, 2015, Section 36(5); it requires you, except if you are going to borrow for purposes of monetary and treasury operations. This loan is for general budget support not for purposes of monetary and treasury operations.

Therefore, the law commands you to come to the Floor of this House and lay on the Table the terms and conditions. That is the command of the law.

**THE DEPUTY SPEAKER:** Honourable minister - is there a minister in the House to advise?

**MR BAHATI:** Mr Speaker, the law that the honourable member is referring to - this particular loan is for fiscal purposes. We are moving to borrow money to support the fiscal purpose which is to support the budget. As a result of revenue shortfall and additional expenditures, the one that you are looking for is – (*Interjections*) – we are talking about serious things.

The one you are talking about is for monetary purposes. For example, in just a second, you approved here Shs 950 billion when we brought this request in the budget. Did we lay the terms? This is because the nature of this loan is through auctioning. You access this money through auctioning in the market.

The interest rates are determined at the time when you need it. You do not have a pre-set condition that “this is what is going to be in the interest rate” but the Central Bank auctions.

Therefore, you cannot say that the interest rate will be this or that but we know the estimates over time. That is what we are borrowing for and it is not monetary policy.

**MR KIVUMBI:** Mr Speaker, I do not know why I should labour for something that is very explicit**.** I think for the benefit of the whole Parliament, I would like to read the whole section so that we know where I am drawing my point from.

Section 38 of the Public Management Act, 2015 reads: *“Subject to the Constitution, the Authority to raise money by loan and to issue guarantees for and on behalf of Government shall vest solely in the minister and no any other person, public corporation, state enterprise or local government council shall, without the prior approval of the minister, raise any loan, issue any guarantees or take any other action which may in any way either directly or indirectly result into a liability being incurred by the Government.”*

*Subsection (2), for purposes of subsection (1), the minister may raise a loan:*

1. *To finance a budget deficit;*
2. *For management of monetary policy, this was amended to add all treasury operation;*
3. *To obtain foreign currency;*
4. *For on-lending to an approved institution; or*
5. *For defraying an expenditure which may lawfully be defrayed.*
6. *For value of Government Bills, bonds or stocks raised in a financial year to issue a loan in sub-section (2).*

*Except a loan specified in sub-section (2)(b), a loan raised through the issuance of security shall not exceed the value indicated in the respect of that loan or in the annual budget for the financial year.*

*(5)(b) With the exception of a loan raised for the purpose of sub-section (2)(b), which is for management of monetary policy or treasury operation. That is the only exception. Or a loan raised through issuance of security. The terms and conditions of the loan raised by the minister shall be laid before Parliament.*

Mr Speaker, when they say they are going to – *(Interjections)-* Yes – and the loan shall not be enforceable except where it is approved by Parliament by a resolution.

The only exception they created is for the loan for treasury and monetary operation. Any other loan raised – because under the Constitution, the minister is authorised to borrow on behalf of Ugandans using any other means but once you do so, you have to put the conditions of the terms on which you are borrowing the money before this Parliament. That is the command of the law.

I am so emphatic because going by the trend, this year alone, they are going to borrow upwards of Shs 1.5 trillion through domestic borrowing. When you add the Shs 940 billion plus the Shs 700 billion you are borrowing now, you will have borrowed over Shs 1.5 trillion through the internal market. We need to know the terms and conditions. Otherwise this country is being taken into a long and deliberate ditch.

4.48

**THE MINISTER FOR FINANCE, PLANNING AND ECONOMIC DEVELOPMENT (Mr Matia Kasaija):** Thank you, Mr Speaker. I hate to repeat myself but I will do so. This borrowing, as the chairperson has said, is as a result of shortfalls in revenue. When you have a shortage in revenue, it means you cannot even fund the budget as appropriated by this Parliament because the revenue is not measuring to where it is supposed to. However, additionally, there are other expenses. There are other pressures that have come forward which we cannot put off until the next financial year.

Through supplementary, I have already gone beyond the legal requirement of three percent of the budget which you appropriated. The only channel that I have now, if these pressures are to be met, is to come back to Parliament and seek your authority to allow me to go to the market to borrow.

He has read it very well: The purpose of this is to go to the treasury operations in order for us to be able to balance our expenses against what we have for the rainy day.

**THE DEPUTY SPEAKER:** Honourable minister, how is this money going to be raised? Please answer me directly.

**MR KASAIJA:** This is how it will be raised, Mr Speaker: We shall go to the market and raise bonds and treasury bills.

**THE DEPUTY SPEAKER:** Are those securities?

**MR KASAIJA**: Yes, those are securities.

**THE DEPUTY SPEAKER:** If they are securities – are they securities? Please let us read the law properly and stop wasting the House’s time. The law is here; let me read it. Sub-section (5) “*with the exception of a loan raised for the purpose of sub-section (2)(b) or a loan raised through issuance of securities*”. These are the exceptions where the terms do not have to be laid.

How are you reading the law? These are the only two exceptions where you do not need to lay the terms and conditions. That is what the law is saying clearly. Anything else, you must lay but those ones which are under (2)(b) or those raised through securities, are the exceptions where these are not required. That is what the law is saying.

4.51

**THE LEADER OF THE OPPOSITION (Ms Winfred Kiiza**)**:** Mr Speaker, we are doing all this because we want to save the nation from unnecessary borrowing. The money we are borrowing is going to be paid by us and our children and our great grandchildren.

When you are borrowing under the circumstances that you are guiding us to do, Mr Speaker, there is a 10 per cent capping to the borrowing.

We would like to know whether in coming up with this loan, the minister just comes up with a blanket proposal. He has not led the House to understand which department is going to take how much of this money so that if people are following up the expenditure of this money, they can be able to say, “Here it went like this.”

When you also look at the wage component, we realise, on looking at the available information from the ministry, that we are up to date. Therefore, it would not be good for us to say that we are borrowing to clear wage deficits.

In your motion, you are saying that Government is borrowing for purposes of financing the budget deficit and defray expenditures is the best available option. I would have loved to know from the honourable minister of finance whether the other options of reallocation, virement have been dealt with and he saw that there was no way out and the only remaining way was to compete with the public on borrowing from commercial banks.

**MR BAHATI:** Thank you, Leader of Opposition, for raising those issues. I think the 10 per cent cap you are talking about is what we discussed in this House and it refers to the drawdown on the Central Bank account according to the amended Public Finance Management Act. We amended the law and required that if we have a drawdown on the Central Bank, we should pay it back within one year and we should not go beyond 10 per cent of the previous budget.

This domestic borrowing we are talking about is separate from that one. This issue was discussed extensively in this House and Mr Speaker, you ruled in a certain direction that indeed it never refers to this particular one.

On the question of what we are borrowing this money for, the honourable minister and the chairperson of the committee have stated that we are doing it for two major reasons: The first one is the revenue shortfall. The second one is the pressures above the supplementary budget of the three per cent which we have already exhausted.

Do we have any available means to finance this deficit? The alternative would have been to go and get money externally. However, it is not viable to raise a loan in three months to finance this budget. This is the only available option to finance the deficit we have.

**MR KASAIJA:** Additionally, Mr Speaker, if there is a question of cash flow, let me use this opportunity to make this clear statement. The budget – you know very well and I do not have to lecture you on this – is financed by revenue. I wish I could have what we call a “balanced budget” where the total expenditure is equal to the revenue. Unfortunately, we have not come to that yet - but we are moving there. You fill that gap by either domestic or external borrowing.

Secondly, when your cash flow – because my sister there raised a question; couldn’t you vire? “Vire” means changing money from a budget item to another. I do not have the money and you know we operate a cash budget. If you have a budget item with money, yes, that I can do if I have the cash to give you. If I do not have the cash with me, I have no choice but I have to go to the market and get that cash. When we go to the market we borrow the cash, which eventually – I am trying to answer Madam Leader of the Opposition *–(Interjections)–* That is my big sister, please. *(Laughter)*

Even if the money is available in the budget but there is no cash, I cannot give that money to you because we operate a cash budget. I thought I should make this clear. One way of solving the problem is to go to the market and borrow money because they will give us cash and when they give us cash we can begin to release money. A question was asked: “What are you spending this money on?” I am going to spend this money – apart from what I have said – in order to fulfil your appropriations.

**MS OGWAL:** Mr Speaker, the Minister of Finance, Planning and Economic Development is very experienced in liquidity management and that is why he is the minister in charge of finance. However, if he is coming here to explain as if he is an amateur in the field of finance, it will make us question whether we are really serious in our financial management.

I would like a clarification from the minister: You are talking about borrowing in order to finance the pressures which have been coming your way and are being captured in the supplementary budget. I would like to know from you whether you are now borrowing by assumption. You are borrowing, assuming that the supplementary budget has already been approved. You want to borrow the money knowing very well that the submissions made for supplementary budget is already approved? Is that the assumption? You have to know.

Of the several applications you have made for supplementary, which ones have been approved? This is because there are certain conditions you must also meet and you know that you have failed in most of them. How do you now go and commit the country to borrow what has not yet been approved? Can you clarify for me?

**MR KASAIJA:** Hon. Cecilia Ogwal, you have asked a very pertinent question. Am I borrowing in order for me to pay the supplementary? Partly, yes. Even if you pass this supplementary – I have told you we operate a cash budget – I will not have the money. I cannot go to print it. I do not want to go and borrow from Bank of Uganda either because we also have limitations there.

I do not have the figures but I will tell you that there is a certain amount of money I can borrow from the Central Bank and we have almost reached that limit as well because of the shortfall we have talked about. This money we are talking about is to address shortfalls arising out of the underperformance of Uganda Revenue Authority and also to cater for some of the pressures that have come and we brought here.

**THE DEPUTY SPEAKER:** Honourable minister, you need to indicate who you are giving the clarification to because there are now about four honourable Members.

**MR KASAIJA:** I think the clarification was to my sister, Cecilia. Unless it is related, I have finished clarifying. *(Laughter)*

**MR OCHEN:** Mr Speaker, this is the only institution that must put Government to task to respond to the concerns of the people. The minister should lay on the Table: what are these pressures that are forcing Government to do what you are doing? Minister, please, come forward and let the country know what these pressures are.

**MR BAHATI:** Mr Speaker, for these pressures, we laid the Supplementary Schedule No.2 here on the Floor of the House. It is actually with the Committee on Budget and members of the Committee on Budget can testify to this. We also indicated the revenue shortfalls within our resource. All this information is here with us, honourable Member. Thank you.

**THE DEPUTY SPEAKER:** Honourable members, this is where we are. There is no prohibition in the law for the process we are doing. Therefore, what else prohibits it? If there is no prohibition either in the law or any other source, can we make any step and move forward? We have many other matters to handle. Is there any other obstruction to this process? If there is none, can we move forward with this matter – [HON. MEMBER: “Procedure.”] - Please, I am asking you to tell me and you are asking me for “procedure”? Can I put the question, honourable members?

Honourable members, I put the question that the motion to authorise Government to increase domestic borrowing by Shs 736 billion to finance the budget for financial year 2017/2018 be adopted.

*(Question put and agreed to.)*

MOTION FOR A RESOLUTION OF PARLIAMENT AUTHORISING GOVERNMENT TO BORROW JAPANESE YEN 1.027 BILLION FROM THE JAPAN INTERNATIONAL COOPERATION AGENCY FOR THE COMPLETION OF CONSTRUCTION WORKS OF THE NEW BRIDGE ACROSS RIVER NILE AT JINJA PROJECT

**THE DEPUTY SPEAKER:** Honourable members, this motion comes back in a different way. You recall that part of this motion came here and we debated with a certain figure for the Nile Bridge. However, when we were taking the decision, we were informed that the amount that we requested for was in excess by a certain amount. The Minister of State for Works, hon. Bagiire, also confirmed that the amount we requested was in excess and it should be reduced by that percentage.

It has now turned out that that information was not correct because there was a problem and all the money was required. That is the essence of this additional request, which has come back to us, so that the original amount that was requested for in the other motion is topped by the secondary motion so that they have complete picture. Can the minister raise it so that we can deal with it? That was just a background.

5.07

**THE MINISTER OF STATE FOR FINANCE, PLANNING AND ECONOMIC DEVELOPMENT (PLANNING) (Mr David Bahati**): Mr Speaker, I beg to move a motion for a resolution of Parliament authorising Government to borrow ¥1.027 billion, from the Japan International Cooperation Agency for the completion of construction works of the new bridge across River Nile at Jinja Project.

**THE DEPUTY SPEAKER:** The motion is seconded by hon. Watongola, Member of Parliament for Kamuli Municipality; hon. Oboth, West Budama South; hon. Nambeshe, Manjiya County; hon. Mugoya, Bukooli County North; hon. Ajilo, Kaberamaido District; hon. Akello Silvia, Otuke; and hon. Bategeka, Hoima Municipality. Honourable minister, would you like to speak to your motion briefly.

**MR BAHATI:** Thank you, Mr Speaker.

“*WHEREAS Parliament on Tuesday, 13th March 2018, authorised Government to borrow additional ¥3.891 billion from the Japan International Cooperation Agency (JICA) for the completion of construction works of the new bridge across the River Nile at Jinja Project;*

*NOTING THAT on the 24th of May 2017, the Minister of Finance, Planning and Economic Development moved a motion for a resolution of Parliament authorising Government to borrow an additional ¥4.918 billion from the Japan International Cooperation Agency for the completion of construction works of the new bridge across the River Nile at Jinja Project;*

*FURTHER NOTING THAT the Committee on National Economy, after scrutinising the loan request, recommended to the House to consider the approval of ¥3.891 billion as additional financing required to complete the construction of the New Nile Bridge at Jinja and consequently, the House approved the committee's recommendation;*

*DEEPLY CONCERNED, HOWEVER, THAT the reduction in the proposed loan from Japan International Cooperation Agency of ¥4.918 billion to ¥3.891 billion results into a shortfall of ¥1.027 billion, which will affect the completion of the outstanding works;*

*COGNISANT of the fact that the additional financing of ¥4.918 billion was based on a financial and technical analysis of the project with due consideration of the outstanding activities as indicated in table 1, hereto attached;*

*NOW, THEREFORE, be it resolved by this Parliament that the Government is hereby authorised to borrow an additional ¥1.027 billion from the Japan International Cooperation Agency for the completion of construction works of the new bridge across River Nile at Jinja project upon the terms and conditions earlier approved by Parliament*.” I beg to move.

**THE DEPUTY SPEAKER:** Thank you, honourable minister. Honourable members, the motion I propose for your debate is a resolution of Parliament authorising Government to borrow ¥1.027 billion from the Japan International Cooperation Agency for the completion of construction works of the new bridge across River Nile at Jinja Project. That is the motion for your debate.

Honourable members, the Vice-Chairperson of the Committee on National Economy handled this matter before the committee. Therefore, in order for us to move, we will need a clear statement from the Minister of Works and Transport and the Chairperson of the Committee on National Economy who handled this motion and then I will come to the Member of Parliament for Kasilo.

5.10

**THE MINISTER OF STATE FOR WORKS AND TRANSPORT (WORKS)** **(Gen. Katumba Wamala):** Thank you very much, Mr Speaker. The New Nile Bridge is nearing completion. Come next month, we should be joining the two ends. This money is required to ensure that we move within the timeframe because we want to open that bridge by September.

The old bridge is getting challenged because the volume of traffic is too much. It was not made to accommodate that kind of traffic. We need to move fast to ensure that before we get any trouble, the new bridge is functional. Therefore, I would like to appeal to Members of Parliament to have this matter handled as fast as possible.

**THE DEPUTY SPEAKER:** Honourable minister, that is not the issue.

**GEN. KATUMBA WAMALA**: The amount required is ¥1.027 billion. This came about because there was a problem of fluctuations in currency and so, we had to get this money to be able to bridge the gap. The details are within the report of the committee. The Committee on National Economy has been to the site; they have visited the bridge and they have had a full -

**THE DEPUTY SPEAKER**: Honourable minister, allow me to give you guidance. We finished that debate and we approved money but there was a difference and your colleague had told this House that the money was not required.

**GEN. KATUMBA WAMALA**: No, we require the money - (*Laughter)*

**THE DEPUTY SPEAKER**: Let me listen to the Chairperson of the Committee on National Economy.

5.12

**THE CHAIRPERSON, COMMITTEE ON NATIONAL ECONOMY (Mr Lawrence Bategeka):** Thank you, Mr Speaker. I would like to start by raising a point of procedure and I move this under rule 219(2) of our Rules of Procedure.

**THE DEPUTY SPEAKER**: Honourable member, rule 219(2) does not apply.

**MR BATEGEKA:** It is about reconsidering decisions of the House.

**THE DEPUTY SPEAKER:** This does not apply.

**MR BATEGEKA:** Okay. The facts are as follows: In my presentation on this matter, I referred to two communications. One letter was from Uganda National Roads Authority (UNRA), which indicated that the required amount of money to complete the bridge was ¥4.918 billion. The second letter from the Ministry of Finance, Planning and Economic Development reaffirmed the amount required, which was ¥4.918 billion, not the original requested ¥5.706 billion. Therefore, the cut was from ¥5.706 billion to ¥4.918 billion, which UNRA, the Ministry of Works and Transport, and the Ministry of Finance, Planning and Economic Development requested.

We have verified these figures. Mr Speaker, I beg to lay on the Table these two documents which have synchronised the position of UNRA and the Ministry of Works and Transport. Thank you very much.

**THE DEPUTY SPEAKER:** No. The House adopted your recommendation. How do you advise us on this?

**MR BATEGEKA:** During that time, I did not have the documents I am laying on the Table. The recommendation that was passed on the Floor of this Parliament had an error of about one billion yen. I beg to lay.

**THE DEPUTY SPEAKER:** Let the records capture those documents. What kind of documents are those, honourable?

**MR BATEGEKA:** When the committee was considering this matter, the request that came from Government -

**THE DEPUTY SPEAKER:** Which documents were you laying on the Table?

**MR BATEGEKA:** The title of the document is. “The construction of new Nile Bridge across River Nile in Jinja: proposal for additional borrowing of ¥4.918 billion”. It is dated 10 January 2018.

The other document is from the Ministry of Finance, Planning and Economic Development to the Chairperson of the Committee on National Economy. It is on additional financing for construction of a New Nile Bridge across River Nile at Jinja Project. It is dated 9 February 2018.

The committee recognised a difference in the ¥5.706 billion that was originally requested for by the Ministry of Finance, Planning and Economic Development. That is why we went back to finance ministry. We wanted them, in writing, to synchronise these figures and they were synchronised to the level of ¥4.918 billion. Therefore, the request by Government for additional borrowing of ¥1.027 billion is in order.

5.16

**MR ELIJAH OKUPA (FDC, Kasilo County, Serere):** Thank you, Mr Speaker. The chairperson of the committee stated that he did not have the documents at that time. I would like to recall what we heard here. The money was originally ¥5.7 billion. When the committee came, they had reduced the figure to ¥3.891 billion and that is the figure we approved that time.

However, it has arisen that that figure was also not correct. That is why the Minister of Finance, Planning and Economic Development has come here, saying it is supposed to be ¥4.918 billion. The difference between ¥4.918 billion and ¥3.891 billion is ¥1.027 billion and that is what the Ministry of Finance is asking for.

I do not know why they are struggling to explain very simple, direct arithmetical things. *(Laughter)* That is what happened here. What they wanted was to come here and say, “No, last time we approved the ¥3.891 billion but there was an error of omission or commission. What we only need is the ¥1.027 billion to take us up to ¥4.918 billion. This is also lower than the original amount which was requested for - the ¥5.7 billion - and that is what we need now”. This is a very simple thing and that is what I wanted to explain here.

**THE DEPUTY SPEAKER:** Can I put the question, honourable members? I put the question to a motion to authorise Government to borrow ¥1.027 billion from the Japanese International Cooperation Agency for the completion of construction works on the new bridge across River Nile at Jinja Project. I put the question to that motion.

*(Question put and agreed to.)*

MOTION FOR A RESOLUTION OF PARLIAMENT TO AUTHORISE GOVERNMENT TO GUARANTEE A LOAN OF UP TO ISLAMIC DINARS (ID) 8.95 MILLION (US$ 13.79 MILLION) FROM THE ISLAMIC DEVELOPMENT BANK (IDB) TO THE ISLAMIC UNIVERSITY IN UGANDA (IUIU) FOR ENHANCING THE LEARNING ENVIRONMENT AT IUIU

5.19

**THE MINISTER FOR FINANCE, PLANNING AND ECOOMIC DEVELOPMENT (Mr Matia Kasaija):** Mr Speaker, I move a motion for the resolution of this Parliament to authorise Government to guarantee a loan of up to ID 8.95 million, equivalent to US$ 13.79 million, from the Islamic Development Bank to the Islamic University in Uganda in Mbale for enhancing the learning environment at IUIU. I beg to move.

**THE DEPUTY SPEAKER:** The motion is seconded by hon. Lawrence Bategeka for Hoima Municipality; hon. Joseph Koluo, Toroma County; hon. Terence Achia, Bokora County; hon. Muwanga Kivumbi, Butambala County; and hon. Jack Wamanga-Wamai, Mbale Municipality.Honourable minister, would you like to briefly justify your motion?

**MR KASAIJA:** Mr Speaker, this is one of our outstanding tertiary institutions. This is not the first time they are doing this. This is the second or third time, and all the times that we have guaranteed them, they have performed wonderfully well. *(Applause)*

They need this money to expand their facilities, particularly for the girl students. *(Applause)* They also want to expand their recreational hall, which they also use as part of the learning. Without labouring much on the point, we should allow Government to guarantee because they have assured and shown us from all the cash flows that they will be able to service the loan. Thank you.

5.21

**MR JACOB OBOTH (Independent, West Budama County South, Tororo):** Mr Speaker, I beg to move a motion that the question be put in the view of the elaborate explanation made by the finance minister. I am convinced and I can see the honourable Member of Parliament from Butambala is also convinced. *(Laughter)* Therefore,I beg that you put the question.

**THE DEPUTY SPEAKER:** Honourable members, the motion is for me to put the question. However, let me just have it for the record because this matter was referred to the committee. I would like the honourable chairperson of the committee to just make a recommendation to Parliament without notes anymore.

5.22

**THE CHAIRPERSON, COMMITTEE ON NATIONAL ECONOMY (Ms Syda Bbumba):** Thank you, Mr Speaker. The request received overwhelming support from the committee. I therefore move that Parliament approves the request by the Minister of Finance, Planning and Economic Development to issue a guarantee to Islamic University in Uganda to borrow ID 8.5 million from the Islamic Development Bank. I beg to move.

**THE DEPUTY SPEAKER:** Would you like to lay your documents on the Table?

**MS BBUMBA:** Mr Speaker, for purposes of the record, I beg to lay on the Table the signed report, the minutes, minister’s brief on the proposal, the loan agreement, the project completion report and the Islamic University in Uganda strategic investment plan. I beg to lay.

**THE DEPUTY SPEAKER:** Let the records capture that. Honourable members, there is an outstanding motion. Now would be the time for me to put the question. The motion is that the question be put. I put the question to the motion.

*(Question put and agreed to.)*

**THE DEPUTY SPEAKER:** Honourable members, I now put the question that the motion to authorise Government to guarantee a loan of up to ID 8.95 million from the Islamic Development Bank to the Islamic University in Uganda for enhancing the learning environment at IUIU be adopted.

*(Question put and agreed to.)*

MOTION FOR A RESOLUTION OF PARLIAMENT ON A PROPOSAL BY GOVERNMENT TO BORROW UP TO UA 19 MILLION (US $26.85 MILLION EQUIVALENT) AS A SUPPLEMENTARY LOAN FROM THE AFRICAN DEVELOPMENT FUND (AfDB) TO SUPPORT THE KAMPALA SANITATION PROGRAM PHASE I (KSP 1)

5.24

**THE MINISTER FOR FINANCE, PLANNING AND ECOOMIC DEVELOPMENT (Mr Matia Kasaija):** Mr Speaker, I beg to move a motion for a resolution of Parliament on a proposal by Government to borrow up to Units of Account (UA) 19 million, which is equivalent to US$ 26.85 million, as a supplementary loan from the African Development Fund to support the Kampala Sanitation Programme Phase I. I beg to move.

**THE DEPUTY SPEAKER:** Is the motion seconded? The motion is seconded by hon. Namuyangu, hon. Ababiku, hon. Judith Babirye, hon. Kusasira, hon. Opendi and hon. Katuramu. Would you like to speak to your motion, honourable minister?

**MR KASAIJA:** Colleagues, we borrowed money in order to improve the sanitary condition of our city. As you may have seen, we have been constructing sewer lines and also the Bugolobi plant. For those of you who pass by that place, if you pass there now you will no longer smell the stench that used to be there.

Unfortunately, there was an underestimation. We found the job to be much bigger and therefore, we needed additional money to complete the exercise. We went back to the bank and they most willingly said they would lend us the money. This money is meant to complete the Nakivubo Channel up to the lake. It is also meant to complete some sewage lines particularly from Makerere University, parts of Bugolobi and also around schools, so that our city is neat and safe from disease.

Therefore, I beg that you pass this motion in order for us to complete this project we started, so that we do not stop halfway. Otherwise, it would then be more or less money wasted because the whole purpose of the sanitation improvement in Kampala will not be fully completed.

I beg to move, Mr Speaker.

**THE DEPUTY SPEAKER:** Honourable members, I propose the question and invite the chairperson of the committee to advise us on how to proceed. Honourable members, the motion that I now propose for your debate is that Parliament authorises Government to borrow up to 19 million units of account as a supplementary loan from the African Development Fund to support the Kampala Sanitation Programme Phase I. That is the motion I propose for your debate and debate starts now with the report from the committee.

5.28

**THE CHAIRPERSON, COMMITTEE ON NATIONAL ECONOMY (Ms Syda Bbumba):** Thank you very much, Mr Speaker. This request was passed to us for scrutiny and we did our job. I have copies of the signed minutes and reports, the minister’s brief on the proposal, progress report on the Kampala Sanitation Programme Phase I and the Sanitation Strategy and Masterplan for Kampala City report. Mr Speaker, I beg to lay them on the table.

**THE DEPUTY SPEAKER:** Let the records capture those documents.

**MS BBUMBA:** Mr Speaker, the introduction, scope and the justification have been given by the minister. We studied the request and we had meetings with the finance ministry and the Ministry of Water and Environment. We reviewed quite a number of documents and we also made field visits.

Mr Speaker, with your permission, I would like to go straight to the observations and recommendations. The committee made the following observations and recommendations:

Access to the project site and right of way: A report in respect to the social safeguards by Winsor Consults Limited states that land in Kasokoso project corridor did not attract any compensation. People settled in the road reserves and the wetland. Kasokoso is heavily populated and they had previously frustrated a National Housing and Construction Company project.

Our recommendations on handling that issue are as follows:

1. All the outstanding issues surrounding the right of way be concluded expeditiously by Government to pave way for the full implementation of the programme and limit compensation claims by various contractors.
2. National Water and Sewerage Corporation should kick-start the process of procuring a service provider to remove parts of the infrastructure like the railway lines which are lying in the sewer line.

On the performance of the ongoing Kampala Sanitation Programme Phase I, the committee observed that the delayed release of funds to cater for compensation costs of the Kasokoso project affected persons has denied the contractor access to the site, and this is going to attract interest.

The committee, therefore, recommended that Government should expedite release of the outstanding balances to clear contract certificates before the end of the programme in December 2018. Government should compensate occupants of the public land in Kasokoso during the Financial Year 2017/2018 to pave way for the project implementation.

Mr Speaker, whereas the co-funders have disbursed 98 per cent of their component of the loan, Government has only disbursed a dismal 32 per cent and this is affecting completion of the project. The committee recommends that Government prioritises the provision of the required counterpart funding under the original project to clear outstanding obligations during the current financial year.

Mr Speaker, the justification for additional funding is already stated. There were also challenges in the water waste treatment concept from low to high technology, and the increase of the programme costs. The insufficient feasibility studies for the programme meant that the information for the design was inadequate and the project was under costed.

The additional finance is required to address the funding shortfall necessary for proper completion of the pending work on the plant and network to achieve maximum benefit from the programme.

The committee recommends that the public investment management reform should undertake credible due diligence on all project feasibility studies to improve cost estimation of the projects. This is because we are all the time getting cost overruns based on underestimation.

The Auditor-General should carry out a forensic audit on the process of undertaking the feasibility study that grossly underestimated the programme cost, leading to a substantial increase in cost of civil works, with the view of identifying the responsible people.

Cost of the loan: The committee observes that the supplementary loan is on less favourable terms than the original credit due to the programme, although they are all mere concessions. This is a result of the underestimation because if we had borrowed once, we would have got the whole loan on concessional terms.

Our recommendation is that as the country’s external debt position faces high debt risk that could affect the country’s risk rating**,** debt contracting should be scaled down to only projects that have high economic and financial return in the medium-term. It should also target concessional loans to finance investment plans.

In order to limit the impact of the ever increasing external debt service, Government should improve the tax administration to increase revenue collection. At the same time, Government should lower the cost of production to promote private sector development to take lead in the expansion of the productivity capacity of the economy.

Mr Speaker, our fourth recommendation is on environment and social safeguards. National Water and Sewerage Corporation is in possession of wetland resource use permits for all the projects sites. The committee recommends that the National Environment Management Authority (NEMA) undertakes an environmental audit of all the programmes and reports back to Parliament within six months from the date of approval of the supplementary loan. There is a problem here. We are investing in these wetlands, but the titles are not fully secured. So, we really would like NEMA to come in with the user permits and secured titles for these projects.

National Water and Sewerage Corporation should make immediate efforts to stop the unpleasant odour emerging from the sewer plants, for instance the Bugolobi sewage plant. If you pass by the roundabout around 6.00 p.m. to 7.00 p.m., there is a terrible odour there which is not good for health.

Water and sewerage tariffs: The tariff and affordability study recommended that the current national water tariff needs a two per cent increase in order to fully cover operational and maintenance costs as well as new water investments and systems depreciation over the next five years. However, it was noted that the current water tariff is one of the highest in the region. The full cost recovery tariff would be at the range of Shs 14 per 700 cubic meters, which is considered unaffordable by the majority of the population.

The committee therefore recommends a modest tariff adjustment largely to cover operation and maintenance as well as depreciation of the sewerage system while Government subsidies continue to cover the investment cost. This is a public good.

National water should expedite the increase in sewerage coverage in the medium term through increased sewerage extension and connection to over 35 per cent from the current 6.4 per cent in order to reduce sewerage tariff considerately.

On the sustainability of the programme, national water is committed to complete the works of the programme in the requested extension by end of December. However, the sector budget ceiling is not commensurately increasing to take care of the increasing commitments. The committee therefore recommends that Government makes adequate provision for counterpart funds and releases them during the first half of the next financial year in order to complete the pending work and payment. Over the medium term, the sector budget ceiling should be adjusted to take care of maintenance costs of the programme investment.

Government should strengthen the capacity of National Water and Sewerage Corporation to manage the new sanitation facilities under the programme and cope with increased responsibilities.

Mr Speaker, based on those, the committee recommends that the request by Government to borrow up to 19 million units of accounts as a supplementary credit from the African Development Bank for financing the completion of the Kampala Sanitation Program, Phrase I be approved subject to the above recommendations. I beg to report.

**THE DEPUTY SPEAKER:** Honourable members, that is the motion. I had already proposed it for your debate and debate should start now, each Member taking two minutes.

**MR JACOB OBOTH:** Motion.

**THE DEPUTY SPEAKER:** Member for West Budama South.

5.38

**MR JACOB OBOTH (Independent, West Budama County South, Tororo**)**:** Mr Speaker-

**MR OKUPA:** Mr Speaker, you already said the debate starts now. I want to start the debate. We cannot start the debate with a motion unless the honourable member has not understood the Speaker’s ruling.

**MR OBOTH:** I am moving under a motion to debate.

**MR OKUPA:** Can I make comments?

**MR OBOTH:** I am moving under a motion to debate. You cannot debate without a motion.

Mr Speaker, I do not know whether today is Thursday, but –*(Interjection)-* Can I be protected from this elder here? We are all feeling uncomfortable about borrowing but nobody is uncomfortable about why we are borrowing. At least the reasons being advanced do not make us uncomfortable.I thought that on the basis of that- When I stood here last week and talked about the bridge and I gave a Japadhola proverb of a crying baby in the church who is carried out immediately, the equivalent is that good decisions must be carried out immediately. Some people laughed and at the end of it all, the baby was carried out.

Kampala sanitation is not a matter that is new to any Member of Parliament. You move about here and you see the flooding; we are the first people to complain and to be blamed-

**THE DEPUTY SPEAKER:** Is that a debate or a motion?

**MR OBOTH:** Mr Speaker, I know this honourable house has only one presiding officer and –

**THE DEPUTY SPEAKER:** And that presiding officer has asked you to propose your motion before you speak to it.

**MR OBOTH:** Thank you for the guidance, Mr Speaker. The motion is that the question be put to the request. We all have concerns about why Government is borrowing. However, we do not have concerns as to why this borrowing is being sought. If there are people objecting this and saying that they should not borrow for the sanitation of Kampala, those are the people who should be allowed to speak, and for the record - I beg to move.

**THE DEPUTY SPEAKER:** Honourable members, there is a motion that the question be put. However, it is within the discretion of the Speaker to look at the situation and deal with it appropriately. Can I take Kasilo?

5.41

**MR ELIJAH OKUPA (FDC, Kasilo County Serere):** Mr Speaker, I stand here to support the motion. However, I would like to make some comments on this because we have just also approved a supplementary loan for the Jinja bridge and now this is the one for the sanitation of Kampala.

This morning, we met the works minister and UNRA, and we did realise that the loan that we approved here in 2015 for the road from Apac via Lira to the northern border can only cover 191 kilometres of the 250 kilometres. That means next year, they are coming for a supplementary loan. Where is the problem in the finance ministry?

It should not become routine behaviour. They must do the correct thing. You have professionals in all fields, why would you not do proper due diligence for all these projects? Having been here for the last four terms, it is only in this term of the Tenth Parliament that I am seeing supplementary borrowing for projects.Therefore, it is just a caution that they must do the right thing so that we are able to achieve what is expected of us on time and with quality.

It is also my prayer that we get the best out of this money to improve the sewerage system in Kampala. Let us not be deceived and then tomorrow you say, “No, it was substandard work”. I stay in central Kampala in a place I had expected to have a sewer line, but it is not there. We provide this service as residents of that village in Naguru Hill. Why isn’t all this centralised? Where is the connection?

That is why I support this. However, we must see it on the ground. If those of us who stay in central Kampala have that problem and we are talking about Kasokoso, when we shall reach Bukasa, Kiira, Kiira municipality and all those other municipalities.Therefore, there is need for us to have a safer thing, that it why we support it and right work must be done. Thank you, Mr Speaker.

**THE DEPUTY SPEAKER:** Honourable members, it is two minutes.

5.45

**MS JALIA BINTU (NRM, Woman Representative, Masindi):** Thank you, Mr Speaker. I support the motion with reservation. The population of Uganda as well as Kampala is growing day and night. I want to know from the Government what plans they have to decongest Kampala. I would like to inform you that the problems will not stop even as we plan to work on this sewer system. We should be thinking of creating more cities outside Kampala.

I expected Government to propose that we create an administrative city in a spacious place like the one between Nakasongola, Masindi or Omoro. I expected Government to come here and inform us that they are going to create an oil city, wherever it is supposed to be. I expected Government to come and tell us that they have so many industrial areas, that they are going to create an industrial city.

We are trying to build Kampala, which is not expanding and yet the population is growing. We may pass this loan request but then again after two to three years these systems will collapse. I am not a prophet of doom. However, I thought that the way to go would be to look at decongesting Kampala. I beg to submit. I would have felt so bad if you had not given me an opportunity to contribute. Thank you.

**THE DEPUTY SEPAKER:** The minister wants to debate? Minister, you had the opportunity to debate the matter in Cabinet.

5.46

**MR ABACACON GUTOMOI (FDC, Erute County North, Lira):** Thank you, very much, Mr Speaker. I rise to support the motion.

However, this morning we were shocked, as hon. Okupa mentioned. There was a bridge for which this House approved a loan request to have it constructed, and then the loan request for Rwenkunye-Apac-Lira Road, up to Acholi-bur, was also approved here. However, we were told that the loan has been withdrawn.

I wonder whether it was withdrawn without any cost on the Government of Uganda. Secondly, what caused the lending bank to withdraw the loan? That is my fear now, because we have approved so many of these loans to help build this country. Can the minister assure this House and the nation that these loans we have been approving will not again be withdrawn because of reasons that we have not even been told about?

Projects have now stalled, yet when His Excellency the President was in Lira he excited the population of Uganda saying that the money for that road project was in his pocket. He mentioned that! He said that the road is passing through hon. Angiro’s subcounty. So, everybody is now asking, “What has happened to the road of your friend?” Can this be clarified, because it is now a big question in Lango and Acholi sub regions and Nakasongola where the road starts from? Therefore, Minister, can you clarify why these loans have been withdrawn by the lending bank and if there is any cost. *(Member timed out)*

5.49

**MR GERALD KARUHANGA (Independent, Ntungamo Municipality, Ntungamo):** Thank you, Mr Speaker. Whereas I would like to support this motion for borrowing for sanitation for a number of reasons - knowing our city and how it is densely populated *-* I would like to appeal to the Leader of Government Business to engage National Water and Sewerage Corporation to find it important to begin looking at the cost of water. I say this so that as we inject more money into this corporation, the taxpayers that overtime provide money to re-pay these loans also get a benefit of fair prices.

We have seen national water spreading across the country, which is good. In the same spirit, if they are able to sell water to more people in Uganda, then you would want to imagine that ordinarily, they have more clients and therefore can afford, at some point, to reduce the price of water.

I think the ministry should engage the corporation on this at some point. Even as we support the corporation with a critical loan - We understand that the contractor is threatening to suspend his services, so this loan is very critical –*(Member timed out)*

5.51

**MS JESCA ABABIKU (NRM, Woman Representative, Adjumani):** Thank you, Mr Speaker. I support the borrowing of this money. However, most of our projects from various ministries are affected because of the issue of Government counterpart funding. I propose that as we enter into a new budgeting season, apart from the recurrent budgets, we need to prioritise our co-funding to all the projects for which we have borrowed money, otherwise we will lag behind, lose value for money, and the expected impact will not be realised.

The congestion in Kampala is driven by the opportunities available. We need to support pro-active planning in the metropolitan areas and the regions; without that, we shall fail to stop Ugandans from travelling to Kampala. Let us support ideas to have pro-active planning for the peripheral districts bordering Kampala. Thank you.

**THE DEPUTY SPEAKER:** Honourable members, there is an outstanding motion for closure of debate. The motion was moved but under my discretion, I allowed a short debate. Can I deal with the motion now?

5.53

**THE LEADER OF THE OPPOSITION: (Ms Winfred Kiiza):** Mr Speaker, I am not in any way saying that Government should not borrow for purposes of making Kampala a city worthy to live in. It is indeed true that when you move from other developed cities to Kampala, you will recognise Kampala by its scent. If we are borrowing money for purposes of making sure that the sanitation issues of Kampala are solved, we welcome the idea.

However, we would like to ask Government as well to borrow money for other towns because they are also in dire need of face-lifts, right from Kanungu, Mbarara, Kasese, Arua, Soroti, Fort Portal, Nansana, and our once known city for smartness, Mbale. All these need to be managed so that a specific programme is designed and developed by Government to ensure that even our planners, who approve the construction, do it smart and better.

The colleague who was talking about National Water and Sewerage Corporation said that they should also do it better. The person in charge of National Housing and Construction Company wants to give me information but I will receive later.

Hon Jalia Bintu was alluding to the fact that we need to decongest Kampala. I would like to inform the House that since 2006, the Opposition in Parliament, in the policy options or alternative policies, has been advising Government on this. We have been advising that in order to decongest Kampala, we make it the commercial city of Uganda as we create another city for purposes of administration. If we did that, traffic congestion, littering and human traffic would reduce.

Mr Speaker, I am glad that we are now realising the problem. Maybe this alternative policy can be developed by Government so that we decongest Kampala further.

The other issue is that we can have a policy like Rwanda where a day in a month is devoted to making the country clean. The people in Kampala will know that a particular Saturday or Friday of a given month will be devoted to cleaning our city and we all participate.

It is surprising that each time we undertake to clean Kampala, it is because we are expecting guests. I remember during the Commonwealth Heads of Government Meeting (CHOGM), there was a committee for beautification and a lot of money was spent on cleaning Kampala. As soon as the summit ended, everything ground to a halt. My prayer is that as we pass this loan request *– (Interruption)*

**MS JOY ATIM:** Thank you, honourable, for giving way. I would like to inform you that in Kampala, it is the rain that cleans the sewage lines. It is alarming to see people swimming in the sewage in central Kampala City as well as in Kalerwe, Clock Tower and other places. It is high time we approved this request. Thank you.

**MS WINFRED KIIZA:** Mr Speaker, the swimming which my colleague is talking about is not the kind one does with joy, but it has also resulted in the loss of life for many - moreover in sewage.

Therefore, let the Minister of Finance and the minister in charge of planning, plan our city better. The Minister of Lands and Housing should make sure that our houses are done properly. We see houses being erected in places which we should be using for sewerage lines as people are just watching. Recreation centres are being set up in places we would use for the expansion of roads. If we decided to expand our roads from single carriage to a dual or triple carriage, where shall we get the space to expand? I therefore call upon the managers of this country –(*Interruption*)

**DR BARYOMUNSI:** Thank you, Mr Speaker. I thank hon. Winfred Kiiza for giving way. The information I would like to give the House is that the issues she is raising are pertinent and we have developed a strategy to address issues of housing and urban development in Kampala and the greater metropolitan area. At an appropriate time, we shall come to the House to share these strategies and address issues of the informal settlements and poor physical planning that we observe in a Greater Kampala Metropolitan Area.

Secondly, we also have a programme which was passed by this Parliament - the Support to Municipal Infrastructural Development Programme. Under this, we have been supporting infrastructure development in a number of municipalities. We are going to have a second phase and expand to other municipalities to address issues of infrastructure. I would like to assure the honourable member that Kasese Town is one of those which will benefit. At an appropriate time, we shall be coming to interface with Parliament on that programme as we seek the funds to renew the project. Thank you.

**MS WINFRED KIIZA:** Thank you. I would like the House to know that the mention of Kasese as one of the beneficiaries is not going to make me relent; I want this to cover the whole country.

Mr Speaker, as I wind up, there are some individuals who are even becoming bigger than the institutions of Government. Some people own lots of land in areas that would be used for infrastructural expansion and making the city clean. Their leases expire but Government continues renewing them. There is Centenary Park, for example, which can be used for expansion. The lease expired but instead of using it to develop the city, everybody is up in arms.

Therefore, we support the borrowing of these funds but we would like to request Government to do the same for other cities. Secondly, lessen corruption because some of the money we borrow ends up in wrong hands. We are borrowing for sanitation, but do not get surprised when much of the money goes into other people’s pockets, who are not necessarily the would-be beneficiaries of the money. That means the money will not serve the intended purpose. Corruption is making the cost of our projects very high. I request that we commit ourselves to zero tolerance to corruption. I thank you.

**THE DEPUTY SPEAKER:** Thank you. Honourable members, I wish you could have the decency to go and answer your phone calls from outside. Respect the other Members.

Honourable members, I now put the question to this motion that Parliament authorises Government to borrow up to 19 million units of accounts as a supplementary loan from the African Development Fund to finance the Kampala Sanitation Programme, Phase II.

*(Question put and agreed to.)*

**MR SSEWUNGU:** Mr Speaker, I have supported the motion but the procedural matter I am raising is if it will be right *–(Interjections) -* I rose on a point of procedure; some of you are senior members.

Mr Speaker, I do not know if it is right, since we have passed this loan, to also caution the minister in charge of Kampala. We are allocating money to them but how do we train people in Kampala to maintain sanitation? Nakivubo Channel, for example, is full of mineral water bottles-

**THE DEPUTY SPEAKER**: Honourable member, do not abuse the process. What is the procedural point that you are raising?

**MR SSEWUNGU:** I withdraw the point of procedure. (*Laughter*)

**MR MUKITALE:** Mr Speaker, I rise on a point of procedure. I thank the members for passing that request for additional funding. Whereas we have good intentions regarding the strategy of the Greater Kampala Metropolitan Area, when we were passing the Kampala Capital City Authority (KCCA) law and other projects, the Committee on National Economy, which I then chaired, as well as the Committee on Natural Resources, did envisage a legal lacuna in terms of an enabling law for the local governments in the periphery of Kampala. I am referring to Mpigi, Wakiso, part of Bombo-Luweero and Mukono.

Wouldn’t it be procedurally right to fast-track the legal enablement of the Greater Kampala Metropolitan basin? This is to ensure that we do not just do the structural plan and the strategy in absence of the law. Kampala Capital City Authority (KCCA) is already facing challenges in implementing these good intentions such as the rapid transport plan. Unless there is an enabling law, there will be a challenge, Mr Speaker.

**THE DEPUTY SPEAKER:** That is a recommendation to the Executive. It is not a procedural matter that I can rule on. You are being advised to take this up and bring a law that can deal with those issues.

MOTION FOR A RESOLUTION OF PARLIAMENT TO AUTHORISE GOVERNMENT TO IMPLEMENT THE BILATERAL AGREEMENT WITH THE GOVERNMENT OF SOUTH SUDAN TO PAY MONIES OWED TO THE UGANDAN TRADERS IN SOUTH SUDAN AMOUNTING TO USD 41,623,513.99

**THE DEPUTY SPEAKER:** Honourable members, can we receive this motion and the report? Thereafter, we can see how to handle it in future.

6.06

**THE MINISTER OF STATE FOR FINANCE, PLANNING AND ECONOMIC DEVELOPMENT (PLANNING) (Mr David Bahati):** Mr Speaker and honourable colleagues, I beg to move a motion for the resolution of Parliament to authorise Government to implement the bilateral agreement with the Government of South Sudan to pay monies owed to Ugandan traders in South Sudan amounting to US$ 41,623,513.99. I beg to move.

**THE DEPUTY SPEAKER:** Honourable members, this motion was moved before and it was referred to the Committee on National Economy. I will just propose the question and then we will listen to the chairperson of the committee. After that, we will see how to handle it.

Honourable members, the motion that I propose for your debate is for a resolution of Parliament to authorise Government to implement the bilateral agreement with the Government of South Sudan to pay monies owed to the Ugandan traders in South Sudan, amounting to US$ 41,623,513.99. That is the motion for your debate and debate starts now with a report from the committee.

6.08

**THE VICE-CHAIRPERSON, COMMITTEE ON NATIONAL ECONOMY (Mr Lawrence Bategeka):** Mr Speaker, I am here to present the report of the Committee on National Economy on a motion for resolution of Parliament seeking authorisation of Government of Uganda to enter into a bilateral agreement with the Government of South Sudan to pay monies owed to Ugandan traders in South Sudan amounting to US$ 41,623,513.99.

Before I proceed –

**THE DEPUTY SPEAKER:** No, but you have stated the wrong motion. This is not the motion to authorise the signing of the agreement. The agreement was already signed. Wasn’t it? Isn’t that what you presented? It is to authorise the implementation of the signed documents. That is the motion we are dealing with.

**MR BATEGEKA:** Let me first consult. Before I present the report of the committee, with me I have the following documents that I would love to lay on the Table:

1. a signed report and signed minutes;
2. the bilateral agreement between the Republic of South Sudan and the Government of Uganda
3. motion for a resolution of Parliament to support the bilateral agreement between the Government of Uganda and the Republic of South Sudan;
4. the ministerial statement on unpaid claims of Ugandan traders in South Sudan;
5. the Report of the South Sudan Trade Dispute Arbitration Committee; and
6. a petition by South Sudan Ugandan traders that are owed money but are not on the list of companies to be paid. I beg to lay.

**THE DEPUTY SPEAKER:** Let the records capture that.

**MR BATEGEKA:** I will go to the methodology. The committee held meetings with the Minister of Finance, Planning and Economic Development. The committee reviewed documents and made reference to the following documents:

1. The Constitution of the Republic of Uganda;
2. The bilateral agreement between the Government of the Republic of South Sudan and the Government of Uganda, concerning payment of monies to Ugandan South Sudan traders by the Government of the Republic of South Sudan;
3. The ministerial statement on unpaid claims of Ugandan traders in South Sudan;
4. A report of the South Sudan Trade Dispute Arbitration Committee;
5. A letter from His Excellency the President of Uganda to the Minister of Finance in regard to non-payment for goods supplied to South Sudan;
6. Bank of Uganda annual reports (Financial Year 2014/2015 to Financial Year 2016/20l7); and
7. The Parliamentary Budget Office (PBO) report on the performance of the economy for the Financial Year 2016/2017.

Background

Regional trade has continued to play a very critical role in Uganda's development. Since South Sudan's independence in 2011, the country has become increasingly integrated with the Ugandan economy and is now Uganda's largest single export destination.

In 2012, Uganda earned an estimated US$ 1.3 billion from exports to South Sudan (Bank of Uganda annual report). The figure was an improvement from the US$ 630 million Uganda earned in 2010. Uganda's exports to South Sudan generated US$ 309.66 million and US$ 225.28 million in financial years 20l4/2015 and 2015/2016 respectively. The total exports to South Sudan yielded US$ 297.99 million by the end of financial year 2016/2017.

The continuation of the ongoing conflict in South Sudan has led to adverse economic effects on domestic economic activity in Uganda and other regional economies. This has continued to put further pressure on Uganda's export performance. During the financial year 2016/2017, export earnings for Uganda grew by 3.4 per cent in value, although export volumes declined by 7.2 per cent when compared to financial year 2015/2016. The decline in export volumes in financial year 2016/2017 in part affected the Country's economic recovery, which led to an economic growth rate of 4 per cent lower than the projected 5.5 per cent. The economic growth that Uganda registered in financial year 2016/2017 was largely driven by non-tradable sectors, pointing towards dismal export performance. Uganda's growth prospects will continue to remain weak as long as the conflict continues.

The ongoing conflict in South Sudan has not only taken a toll on the country's exports to South Sudan, but also on the survival of export enterprises, which have lost capital due to non-payments and are therefore not even able to diversify into other markets. It is, therefore, not surprising that private investments in the economy have only grown at an average rate of about 1.2 per cent for financial years 2013/2014 and 2016/2017.

The effect of the collapse of trade with South Sudan is already being felt by the Uganda Revenue Authority (URA), as revenue collections continue to fall below targeted levels. The authority continues to face challenges of meeting its tax collection targets and the economy continues to grow below potential.

In 2O10, the Government of Uganda and the Government of South Sudan entered into a Memorandum of Understanding (MoU) for the Government of South Sudan to pay US$ 56 million to Uganda Grain Traders who had sought the intervention of the Government of Uganda. An initial payment of US$ 15 million was paid to the Uganda traders in December 2010 by the Government of South Sudan. The Government of South Sudan was unable to fulfil all its claims as agreed. The Government of Uganda compiled the list of all unpaid claims and presented the same to the Government of South Sudan for verification and settlement.

There were two major categories of claimants, namely companies under the Uganda South Sudan Grain Traders and Suppliers Association Limited, and the Joint Association for Redemption of Uganda Traders in South Sudan.

The Uganda South Sudan Grain Traders and Suppliers Association Limited consisted of formally registered companies that supplied exclusively maize and sorghum under the Strategic Grain Reserves Suppliers to the 10 South Sudan States initiated by the Government of South Sudan. Their claims were verified and approved by Government of South Sudan, amounting to US$ 56.432 million. This amount was to be paid in five instalments. Of the outstanding amount, US$ 15 million was paid, as part of the first instalment, leaving an outstanding obligation of US$ 41.624 million to date. The details can be seen in the table.

The Joint Association for Redemption of Ugandan Traders in South Sudan consists of traders with small and diverse claims. Under this category, there are claims with supporting documents amounting to US$ 8.288 million, and claims with ambiguous supporting documents that require further investigations since they did not have formal contracts, amounting to US$ 5.928 million.

The committee made the following observations:

(a) Ugandan citizens and companies (Uganda traders) supplied goods to the Government of South Sudan between the years 2008 and 2010 and were paid in part, and other outstanding amounts were not paid at all;

(b) There are still other pending liabilities that were under verification by the two governments but are beyond the 20 November 2010 MoU concerning the settlement of $56 million owed to Uganda Traders by Government of South Sudan, of which US$ 41,623,513.99 is outstanding;

(c) On 18 December 2Ol5, at a meeting in Juba, the Government of the Republic of South Sudan proposed that the Government of Uganda pays the said sum of US$ 41,623,513.99 to Uganda Traders with a view to subsequently being reimbursed the same by the Government of South Sudan;

(d) Government of Uganda accepted the proposal for payment by the Government of South Sudan, subject to the terms and conditions of the bilateral agreement;

(e) The verified formal traders, who are also formal taxpayers in Uganda, have suffered losses resulting from conflicts in South Sudan. This has had significant effects on private sector investment and growth of Uganda’s exports;

(f) South Sudan mostly relies on oil revenue to generate income. Insecurity, particularly in oil field zones, has greatly impacted on the country's economy;

(g) The inflation rate in South Sudan was recorded at 177.70 per cent in December of 2017. Inflation rate in South Sudan was recorded at an average of 87.77 per cent from 2008 until 2017, reaching an all-time high of 835.70 per cent in October of 2016 and a record low of -14 per cent in November of 2013 (Trading Economics). The International Monetary Fund (IMF) projects South Sudan’s inflation to decline to 45 per cent in 2018.

Recommendations

The committee recommends as follows:

1. The Government of Uganda pays the remaining balance, amounting to US$ 41.623 million, of verified traders under the Uganda South Sudan Grain Traders and Suppliers Association Limited on behalf of the Government of South Sudan over the medium term.

2. The Government of South Sudan undertakes to repay the same US$ 41.623 million to Government of Uganda as per the repayment schedule agreed upon by the two governments provided in the bilateral agreement over a five-year period from 20l8 to 2022.

3. If the Government of South Sudan is not able to pay expeditiously in 2018 the remaining verified traders under category 2 (The Joint Association for Redemption of Ugandan Traders in South Sudan), Government of Uganda should expedite the approval of their payment by Government of South Sudan and explore similar initiatives to compensate them over the medium term (financial year 2018/2019 – 2020/2021).

4. Aware that the economy of South Sudan is facing significant challenges characterised with continued civil war with no sign of a peace settlement, depreciation of its local currency, declining production capacity, inflation above 100 per cent, the terms of lending to South Sudan should include: Payment of interest on the loan extended to the Government of South Sudan to reflect the opportunity cost of money equivalent to the prevailing six-month London Inter-Bank Offered Rate (LIBOR) plus a margin of 300 basis points after one year of grace.

5. Uganda traders should insure their business engagements against various risks with reputable insurance firms when participating in cross border trade.

6. Informal business operators should register their businesses with Uganda Registration Services Bureau (URSB) and regularly file returns with Uganda Revenue Authority and at the same time enter into formal contracts with recipients of their goods and services.

7. Government should partner with financial sector players to establish an export credit guarantee scheme for exporters to minimise financial risks associated with volatile export markets.

8. To safeguard financial assets of the Government of South Sudan from governance challenges the country is facing, Government should fully corporate with the responsible international institutions to curb illicit movement of funds from South Sudan to Uganda and other neighbouring countries.

Conclusion

In conclusion, Mr Speaker, the committee recommends to this House to approve implementation of the bilateral agreement between the Government of Uganda and that of South Sudan to pay monies owed to Uganda South Sudan Traders, amounting to US$ 41,623,513.99, to be repaid within a five-year period ending December 2022 by the Government of the Republic of South Sudan, subject to the above recommendations. I beg to report.

**THE DEPUTY SPEAKER:** Thank you very much, honourable chairperson. Honourable members, the motion that I propose for your debate is for a resolution of Parliament to authorise Government to implement the bilateral agreement with the Government of South Sudan to pay monies owed to Ugandan traders with South Sudan amounting to US$ 4l,623,513.99. That is the motion that I propose for your debate.

Honourable members, it is now late, given that I had wanted to stop at 5.00 p.m. to allow Members go for Easter celebrations. We will pause these proceedings here. Please, understand and internalise this report so that when we come back next week, we can deal with this matter. (*Applause*)

We have outstanding business that should come on the Order Paper and we expect it to come on Tuesday next week. There is a Bill’s first reading; question for oral answer to the Minister of Works and Transport; motion on the biotechnology law, which was returned by the President; motion for commemoration of the Commonwealth; motion for a resolution of Parliament on sexual harassment; motion for the adoption of the report of the Committee on Public Accounts on the US$ 200 million; and this particular motion which is being deferred for debate when Parliament resumes.

We have one item that we can finish now and then we will proceed. Item No. 4, laying of papers.

PRESENTATION OF PAPERS

6.25

**THE MINISTER OF STATE FOR FINANCE, PLANNING AND ECONOMIC DEVELOPMENT (PLANNING) (Mr David Bahati):** Mr Speaker, I beg to lay on the Table an addendum to the supplementary schedule 2 for Financial Year 2017/2018 to accommodate Shs 11,672,562,508 towards donor funding under the Justice, Law and Order Sector and classified expenditure. I beg to lay.

**THE DEPUTY SPEAKER:** Let the records capture that. It standsreferred to the appropriate Committee on Budget to handle within the framework of this budgetary process and we will deal with it.

Honourable members, this House is now adjourned to Tuesday at 2.00 p.m.

*(The House rose at 6.26 p.m. and adjourned until Tuesday, 3 April 2018 at 2.00 p.m.)*