**Wednesday, 19 August 2015**

*Parliament met at 2.11 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 and the order paper today is one of the longest I have seen in my whole life as a Member of Parliament and even as a Deputy Speaker. That means we are going to have to manage the time fairly strictly to be able to achieve this and the more we do today will pave way for us to conclude business and I will be able to send the honourable members on recess so that we can do some other work in our constituencies. But that depends on how much we do today. I, therefore, call upon all of us to focus on deploying our time properly so that we can finish this.

Hon. Vincent Nyanz, is celebrating Silver Jubilee of his marriage tomorrow and he is requesting you, honourable members, to join him in Busujju County in Mityana. Of course that will be after we finish plenary tomorrow. I will personally leave you for us to go and join him in the evening. Thank you.

BILLS

FIRST READING

THE NATIONAL WOMEN’S COUNCIL (AMENDMENT) BILL, 2015

2.14

**THE MINISTER OF GENDER, LABOUR AND SOCIAL DEVELOPMENT (Mr Wilson Muruli Mukasa):** Mr Speaker, I beg to move that the Bill entitled, “National Women’s Council (Amendment) Bill, 2015” be read for the first time. I beg to move.

I would like to lay a certificate of financial implications on the amendment of this Bill. I beg to lay.

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

THE NATIONAL WOMEN’S COUNCIL (AMENDMENT) BILL, 2015

**MR MURULI MUKASA:** Mr Speaker, I beg to move, under Rule 15 that we suspend rule 118 to allow the House to consider the Bill entitled, “The National Women’s Council (Amendment) Bill, 2015” and ease the debate. I beg to move.

**THE DEPUTY SPEAKER:** Honourable members, the motion is for suspension, moving under rule 15 of our Rules of Procedure to suspend rule 118 that requires Bills read for the first time to be referred to a committee.

Honourable members, we had this debate in respect of the first Bills that we had yesterday. We took that decision. Can I put the question to that motion so that the Bill can join the rest of the other Bills and we see how to proceed with it? I put the question to that motion for suspension of rule 118?

*(Question put and agreed to*.)

*Rule 118, suspended.*

BILLS

SECOND READING

THE NON-GOVERNMENTAL ORGANISATIONS BILL, 2015

**MR MPUUGA:** Mr Speaker, thank you for your indulgence. Yesterday, the Government Chief Whip did commit herself before Parliament that Government would explain today the matter that we discussed relating to the training of militias in the Luwero jungles and we are moving fast. I am wondering whether she is reneging on her promise or we can wait for the report.

**THE DEPUTY SPEAKER:** I should have communicated that because the statement is getting ready; it will be presented in the course of today. So let us wait.

**MR KEN-LUKYAMUZI:** Mr Speaker, if I recall yesterday, the hon. David Bahati, on behalf of Government made a promise that the question of national importance I raised two weeks ago regarding our Ugandan people now languishing in Abu Dhabi prisons would be addressed today.

**THE DEPUTY SPEAKER:** The same statement applies; they said they will be coming with a statement today. Let us just wait and we handle them. Any statement that was pending, I have been given information that they are coming in the course of the day. Let us wait and give them a slot.

Can we deal with the four Bills and then come back to - because that is going for the motion for second reading. Let us finish with four Bills.

BILLS

SECOND READING

THE NATIONAL YOUTH COUNCIL (AMENDMENT) BILL, 2015

**THE DEPUTY SPEAKER:** Honourable members, we had discussions on this Bill. I do not know whether we are going to proceed with further discussions. Can the minister please move for second reading?

2.19

**THE MINISTER OF GENDER, LABOUR AND SOCIAL DEVELOPMENT (Mr Wilson Muruli Mukasa):** Mr Speaker, I beg to move that the Bill entitled, “The National Youth Council (Amendment) Bill, 2015” be read for the second time. I beg to move.

**THE DEPUTY SPEAKER:** Honourable members, that is the motion. Is the motion seconded? Okay, it is seconded by the Government Chief Whip, Member for Bufumbira, the honourable minister for Internal Affairs, the member for Kyadondo North and hon. Dr Stephen Chebrot, the Minister of State for Works and Transport.

Honourable members, the motion was moved yesterday and the principles of this Bill were discussed. I do not think we need to go into discussing this but we need to see whether we can do the amendments and proceed with this. Can I put the question to this motion for second reading?

Honourable members, I put the question that the Bill entitled, “The National Youth Council (Amendment) Bill, 2015” be read the second time?

*(Question put and agreed to.)*

BILLS

COMMITTEE STAGE

THE NATIONAL YOUTH COUNCIL (AMENDMENT) BILL, 2015

Clause 1

**MR MURULI MUKASA:** Mr Chairman, I beg to move that clause 1 be deleted because it is inconsequential.

**THE DEPUTY CHAIRPERSON:** Honourable members, the minister has moved to delete clause 1 in the Bill. I put the question to the deletion?

(*Question put and agreed to.)*

*Clause 1, deleted.*

*Clause 2, agreed to.*

*Clause 3, agreed to.*

*Title agreed to.*

MOTION FOR THE HOUSE TO RESUME

2.23

**THE MINISTER OF GENDER, LABOUR AND SOCIAL DEVELOPMENT (Mr Wilson Muruli Mukasa):** I beg to move that the Committee of the whole House resume and the committee reports there to.

**THE DEPUTY CHAIRPERSON:** Honourable members, the motion is for resumption of the House to enable the Committee of the whole House report. I put the question to that motion.

*(Question put and agreed to.)*

*(The House resumed, the Deputy Speaker presiding.)*

REPORT FROM THE COMMITTEE OF THE WHOLE HOUSE

2.23

**THE MINISTER OF GENDER, LABOUR AND SOCIAL DEVELOPMENT (Mr Wilson**

 **Muruli Mukasa):** Mr Speaker**,** I beg to report thatthe Committee of the whole House has considered the Bill entitled, “The National Youth Council (Amendment) Bill, 2015” and passed it with one amendment. I beg to report.

MOTION FOR ADOPTION OF THE REPORT FROM THE COMMITTEE OF THE WHOLE HOUSE

2.24

**THE MINISTER OF GENDER, LABOUR AND SOCIAL DEVELOPMENT (Mr Wilson Muruli Mukasa):** Mr Speaker, I beg to move –

**MR KEN-LUKYAMUZI:** I am standing on a point of procedure.

**THE DEPUTY SPEAKER:** Hon. John Ken-Lukyamuzi –

**MR KEN-LUKYAMUZI:** Procedure, Mr Speaker.

**MR MURULI MUKASA:** Mr Speaker, I beg to move –

**THE DEPUTY SPEAKER:** Yes, point of procedure.

**MR KEN-LUKYAMUZI:** Mr Speaker, in protection of our Rules of Procedure and the Constitution of this country, I am alarmed by the way we are proceeding in the absence of quorum. Can we continue deliberating on such an important matter without quorum? We have no quorum?

**THE DEPUTY SPEAKER**: Honourable members, we will suspend this matter at this point; let us go to the next one.

BILLS

SECOND READING

THE NATIONAL COUNCIL FOR DISABILITY (AMENDMENT) BILL, 2015

2.25

**THE MINISTER OF GENDER, LABOUR AND SOCIAL DEVELOPMENT (Mr Wilson Muruli Mukasa):** Mr Speaker, I beg to move that the Bill entitled, “The National Council for Disability (Amendment) Bill 2015,” be read the second time. I beg to move.

**THE DEPUTY SPEAKER:** Honourable members, the motion is that the National Council for Disability (Amendment) Bill, be read the second time. That is the motion and honourable members, the same principle we used for the first Bill will apply to this one. Let us move to the next one. I will put the question when the time is right.

BILLS

SECOND READING

THE NATIONAL COUNCIL FOR OLDER PERSONS (AMENDMENT) BILL, 2015

2.26

**THE MINISTER OF GENDER, LABOUR AND SOCIAL DEVELOPMENT (Mr Wilson Muruli Mukasa):** Mr Speaker, I beg to move that the Bill entitled, “The National Council for Older Persons (Amendment) Bill, 2015” be read for the second time. I beg to move.

**THE DEPUTY SPEAKER**: Honourable members, that is the motion for second reading of the Bill and the same principle we used to suspend rule 118 will apply. I will put the question at the right time.

BILLS

SECOND READING

THE NATIONAL WOMEN’S COUNCIL (AMENDMENT) BILL, 2015

2.27

**THE MINISTER OF GENDER, LABOUR AND SOCIAL DEVELOPMENT (Mr Wilson Muruli Mukasa):** Mr Speaker, I beg to move that the Bill entitled, “The National Women’s Council (Amendment) Bill, 2015” be read for the second time. I beg to move.

**THE DEPUTY SPEAKER**: Honourable members, that is the motion for second reading of the Bill entitled, “The National Women’s Council (Amendment) Bill, 2015.” The motion is going to be processed in accordance with the procedure we have adopted previously. Honourable members, we will stay this and wait for the right time when we take decisions on the motion for second reading of these Bills.

BILLS

SECOND READING

THE NON-GOVERNMENTAL ORGANISATIONS BILL, 2015

2.28

**THE MINISTER OF STATE FOR FINANCE (PLANNING) (Mr David Bahati):** Mr Speaker, the Minister of Internal Affairs has just moved out. I do not know whether we shall be allowed to read it for the second time.

**THE DEPUTY SPEAKER:** Move the motion.

**MR BAHATI:** Mr Speaker, I beg to move that the Bill entitled, “The Non-Governmental Organisations Bill, 2015” be read for the second time.

**THE DEPUTY SPEAKER:** Honourable members, is themotion seconded? Okay, motion seconded by Minister for Gender, Minister of state for Gender, the honourable member for Bundibugyo and the honorable member for Bufumbira East. Would you like to justify your motion?

2.29

**THE MINISTER OF INTERNAL AFFAIRS (Gen. Aronda Nyakairima):** Thank you, Mr Speaker and colleagues. On 10 April 2015, the Government of Uganda published, in the official gazette, the Non-Governmental Organisations Bill, 2015. It was laid on the Table on 13 May 2015 and referred to the Committee on Defence and Internal Affairs for consideration.

Now the committee is ready to present the report on the Bill. The Bill seeks to repeal and replace the Non-Governmental Organisations Act, Cap 113, which was inadequate in providing for the following, which serves as justification for the Bill:

1. To establish an administrative and reusable framework within which organisations can conduct their affairs;
2. To promote and strengthen the capacity of the organisation’s sector that is sustainable and able to deliver services professionally;
3. To provide an enabling environment for the organisations’ sector to operate and establish an independent bureau as the regulator of organisations in order to strengthen its capacity to regulate organisations; and
4. To promote and develop charity culture that is voluntary, nonpartisan and relevant to the needs and aspirations of the people of Uganda;
5. To promote a spirit of cooperation, mutual partnership and share responsibility between the organisation sector, the ministries, departments and agencies of Government and the stakeholders dealing with organisations; and
6. Finally to promote the development of self-regulation among the organisations.

I, therefore, urge honourable members to support the committee’s report and pass the Non-Governmental Organisations Bill, 2015, into law. I beg to move, Mr Speaker.

**THE DEPUTY SPEAKER:** Honourable members, the motion is that the Bill entitled, “The Non-Governmental Organisations Bill, 2015” be read the second time. That motion proposes a debate on the principles of this Bill. This Bill was referred to the appropriate committee. The committee has examined this matter and is now ready to report to kick off the debate. Let us hear from the committee chair now.

2.32

**THE CHAIRPERSON, COMMITTEE ON DEFENCE AND INTERNAL AFFAIRS (Ms Benny Namugwanya):** Thank you, Mr Speaker. Before I read the report, I request to lay on the Table, a copy of the said report and minutes of the committee meetings. I hereby lay.

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

**MS NAMUGWANYA:** Mr Speaker, the Non-Governmental Organisations Bill, 2015 was read for the first time in Parliament on 13 May 2015 by the Minister of Internal Affairs and was subsequently referred to the Committee on Defence and Internal Affairs for scrutiny and consideration in accordance with Article 90(1) of the Constitution of the Republic of Uganda and rule 118 of the Rules of Procedure of Parliament of Uganda (2012).

The Bill in essence seeks to repeal the NGO Registration Act, 2009, and to create a conducive and enabling environment for NGOs to work better for the development of the country.

Background

In October 2010, Cabinet approved the National NGO Policy, arrived at after consultation with stakeholders including Civil Society Organisations. The policy raised a number of concerns that had to be addressed including the need to harmonise the NGO policy, with the NGO Registration Act, Cap. 113.

The process of repealing the NGO Registration Act started in January 2011 and underwent a number of processes, consultations and benchmarking. Cabinet on 11 May 2015, under Minute No. 76 (CT 2015), approved the proposed new NGO Bill to repeal the NGO Registration Act, Cap. 113. The Bill was consequently gazetted on 10 April 2015 and tabled before Parliament on 13 May 2015.

The Bill intends to create a conducive and enabling environment for NGOs to work better for the development of the country. The creation of a conducive operating environment for NGOs is providing the appropriate conditions for the functioning of NGOs, measured in terms of the laws, policies and actions of the different stakeholders.

Objectives of the Bill

Mr Speaker, the objectives of the Bill are:

1. To provide an enabling environment for the organisations sector;
2. To repeal the NGO Registration Act, Cap. 113;
3. To establish an administrative and regulatory framework within which NGOs can conduct their affairs;
4. To create a Non-Governmental Organisations Bureau to strengthen the capacity of the NGO board;
5. To promote the development of self-regulation among NGOs;
6. To promote a spirit of cooperation, mutual partnership and shared responsibility between the organisations’ sector, the ministries, departments and agencies of Government and other stakeholders dealing with NGOs;
7. To promote and require organisations to maintain high standards of governance, transparency and accountability;
8. To promote and strengthen the capacity of the organisations’ sector, that is sustainable and able to deliver services professionally; and
9. To promote and develop a charity culture that is voluntary, non-partisan and relevant to the needs and aspirations of the people of Uganda.

Methodology

Mr Speaker, we used the following methodology:

1. Meetings with the following stakeholders: the Ministry of Internal Affairs; the Ministry of Ethics and Integrity; the National NGO Board; the National Planning Authority; National Association of Women Organisations in Uganda; and Interparty Organisation for Dialogue.
2. We held public hearings that attracted representatives from a number of NGOs in and outside the country. The list, Mr Speaker, is herewith attached.
3. We attended a workshoporganised by the Ministry of Internal Affairs from 22-23 June 2015.
4. We also received written memoranda from the following: the European Union Embassy in Uganda; the Uganda Human Rights Commission; the Non-Governmental Organisations (NGO) Forum.
5. The Pan African Club; the National Association of Professional Environmentalists (Ltd); and from the NGO Working Group on Women, Peace and Security.
6. We reviewed the following documents: the Constitution of the Republic of Uganda; the NGO Bill, 2015; the Non-Governmental Organisations Registration Act, 2009; the Non-Governmental Organisations’ Policy; the Rules of Procedure of Parliament of Uganda; and the *Hansard.*
7. We also bench-marked through analysing related laws from Rwanda and South Africa.

Committee Observations and Recommendations

The committee noted that:

1. Globally, the growth of NGOs on the world scene has been described as “a global association revolution.” This growth of the NGOs is associated with the attitude of the international donor community about development assistance.
2. The NGO sector in Uganda is young although fast-growing with the average Ugandan NGO being 11 years.

In 1986, there were a little less than 200 NGOs, while the official NGO Registry at the Ministry of Internal Affairs shows that by close of 2009, there were 8,385 registered NGOs in Uganda and about 11,500 by the end of 2013.

1. There is need to separate NGOs from Faith-Based Organisations.

NGOs mobilise human and financial resources in order to produce services, which are typically not sold to beneficiaries. Some of the services provided by NGOs include although not limited to the following: voluntary and philanthropic services -this is to say that NGOs are founded to serve the needs of the poor people and marginalised groups. Most were founded by individuals or groups of people, giving their time and money for a certain cause. For example, TASO was formed as a support mechanism for Persons Living with HIV/AIDS; complementary and additional services to those provided by the State.

A central strength and distinguishing characteristic of NGOs is additionally, or their ability to mobilise and bring in additional financial and technical resources. Globally, NGOs shift as much as US $5 billion. In Uganda, NGOs bring in as much money as what the World Bank brings annually in multilateral assistance; advocacy services for better and just policies, programmes and practices.Progressively, NGOs have come to the realisation that the way they have been approaching development can at best be described as achieving limited results. NGOs are now active in trade, putting a human face to globalisation and structural adjustment policies, campaigns for debt relief, gender and the girl-child, eradication of small arms and landmines, land related issues, dams and rivers, legal aid, guarantees/protection for human rights, the rights-based approach to development, and others; and holding Government accountable and promoting self-regulation to ensure that all NGOs/CSOs are transparent and accountable in their activities.

Recommendations

The committee recommends the enactment of this law to harmonise the current legal regime with the principal objective of providing a conducive and enabling environment for the NGOs, and strengthening the capacity of the NGO Board to register, regulate, coordinate and monitor NGO activities.

Economic Contribution of the NGOs

The committee was informed that according to Nyangabyaki *etal* (1999), extrapolation of figures today could have NGOs contributing up to 16 per cent of GDP and employing over 500,000 economically active Ugandans with a national reach across the country.

While the rapid growth of the Non-Governmental Organisations’ sector is critical and complements Government service delivery through the provision of services like health, education and water among others, it ought to be regulated in order to streamline and provide for the legal and procedural guidelines for the operations of NGOs for effective contribution to national development in a harmonised and transparent manner.

Observations

The committee observed that the creation of a body corporate status for National NGO Board and strengthening of its capacity is critical in the harmonisation of the interests of both the government and the NGO Sector; and

Under the Bill, there are no restrictions on the sources of funding only that NGOs are required to disclose their sources of funding, under clause 40, through their memorandum of understanding with their donors, sponsors, affiliates, local and foreign partners. This will enhance transparency and accountability within the sector and will help to address national security concerns.

Additional observations and recommendations

In addition to the above, the committee further noted the following stakeholders concerns: the existence of a pending Constitutional Court Petition, No.5 of 2009, herewith attached as Annex 2; the annual renewal of work permits through annual payments may give rise to denial of re-registration; and dual liability for NGO employees, that is NGO officials, are held personally responsible for the NGOs’ commissions or omissions yet these are distinct personalities, which are separable by law***.***

The committee recommends that clause 31 should be reviewed to address the issue of dual liability and that all the penalties in the Bill be reviewed to be commensurate to the offences committed.

There is also the absence of the NGO representation on the National NGO Board. Therefore, the committee recommends for a review of the representation on the NGO Board.

The rapid and the unchecked growth of the NGO sector is creating room for some NGOs to engage in subversive activities. The committee noted that the use of the phrase ‘public interest’ remains legally undefined.

Challenges in the NGO Sector

The committee was informed that the NGO sector was faced with the following challenges: there is high incidence of misrepresentation amongst the NGOs which tarnishes the reputation of the entire NGO fraternity; excessive and unrealistic donor demands were an obstacle to openness and transparency; NGOs with antagonistic relations with the Government were more likely to hide information and be dishonest; NGOs, if not well monitored and regulated, can be a huge security threat especially in being used as conduits for money laundering and financing terrorism.

In December, 2014, the Kenyan Government closed 510 NGOs, 15 of which were accused of having links with terrorism; and the National NGO Board, which is mandated to register, regulate, coordinate and monitor NGO activities in the country, has got inadequacies in funding, structure and limited mandate.

Recommendations

1. The committee recommends that a corporate body status for the National NGO Board should be granted for the strengthening of its capacity
2. The establishment of monitoring systems which are imperative to have a strong monitoring and evaluation reporting structure should be done.
3. The National NGO Board should have a national representation with both regional and zonal offices.
4. In order to achieve efficiency and effectiveness, the Chairperson of the District NGOs Monitoring Committees (DNMCs) should be the Chief Administrative Officer (CAO) while the Resident District Commissioner (RDC) retains the responsibility of monitoring the NGOs’ activities as stipulated under Article 203(3a) of the Constitution of the Republic of Uganda.

Conclusion

In conclusion, a regulatory framework for the NGO sector is critical for service delivery and harmony between Government and the NGO sector. The committee also notes that, whereas the Bill contains positive legal and procedural guidelines for the oversight, management and self-regulation by NGOs, certain aspects pertaining to ministerial powers, composition of bodies, registration requirements and lack of appeal mechanisms among others, to foster harmony between Government and the NGO sector have been recommended for consideration by Parliament.

All in all, the committee recommends that the Non-Governmental Organisations (NGOs) Bill, 2015, be passed into law with due regard to the proposed amendments hereunder. I beg to report, Mr Speaker.

**THE DEPUTY SPEAKER:** Honourable members, that is the report of the committee on this Bill. I have already proposed the question for debate and debate starts now and each Member will take three minutes.

2.46

**MR RAPHAEL MAGYEZI (NRM, Igara County West, Bushenyi):** Thank you, Mr Speaker. I would like to thank the committee for the good job done. My attention is on the role of the RDCs in monitoring the NGOs. I would like to concur with the observations of the committee that it would be an unusual occurrence where the RDC becomes the chair of the district NGO monitoring committee and again the chair of the sub-county NGO monitoring committee whereby at a sub-county level, the RDC recommends to the district. He will be recommending to himself or herself again yet we have public offices at both levels in the form of CAO and his or her assistant. Therefore, I recommend indeed that we replace RDC with the office of Chief Administrative Officer at both the sub-county and district levels.

Mr Speaker, also in relation to the national board, I think it is important that, since this is a board for the NGOs, we have adequate representation on the national board by the NGOs. This should be included in the law rather than leaving it just open. I think it is fair to have a comprehensive law to regulate the NGOs. Thank you.

2.48

**MR MATHAIS MPUUGA (Independent, Masaka Municipality, Masaka):** Thank you, Mr Speaker and I would like to thank the committee for the report, especially on the scrutiny made on clauses that seem to inhibit the operations of the NGOs.

The committee has rightly observed their critical importance in building the economy and contributing over 16 per cent of GDP. Mr Speaker, if you have a sector able to contribute over 16 per cent, it remains an integral part of your economy. I would like to invite the minister, when we come to the amendments, to realise the critical importance of NGOs in growing our economy especially where it is very difficult to have jobs created in this country.

Uganda is not the only country where NGOs are all over the place because Governments, especially in Africa, are increasingly unreliable in handling donor funds. NGOs have been found to be a more reliable partner by donors.

I would like to invite the other side of the isle to appreciate that we need a law that will facilitate partnership with especially international NGOs that help us in particular to create employment, which for me is a serious matter in this country. Seemingly they are able to create even more jobs than key sectors of Government.

Therefore, I will support amendments that will facilitate rather than inhibit their operations. We should not look at them as competitors. At some stage, Mr Speaker, you get the sense that Government looks at NGOs as political parties, which I think is very wrong and I would like to believe that the proposed amendments are not conceived in as though enacting another Political Organisations Act, hidden under another NGO law. I will be supportive of facilitative amendments. I submit.

2.50

**MR GERALD KARUHANGA (Independent, Youth Representative, Western):** Thank you so much, Mr Speaker. The relevance and importance of NGOs in our country cannot be over emphasized. Presently, we have over 12,000 NGOs in this country and I think that is also part of the problem because the numbers keep varying. When you listen to NGOs particularly the one that is an umbrella organization, it will tell you a given number but the ministry will tell you another number.

That notwithstanding, the NGOs particularly employ so many young people in this country that ordinarily would be unemployed, roaming on the streets of Kampala and other towns not as street parking managers but in search of employment. Therefore, it should be our role as leaders to do everything within our means to support, encourage and enhance the works of NGOs.

I would appeal to colleagues that if we support NGOs – *(Interjections)* - regulating them is fine but let us do it in a supportive manner instead of curtailing their work. The Bill, in many respects, proposes provisions that will certainly fail the work of NGOs, including the dissolution by the NGO Board without a fair hearing. I mean the NGO Board, in this particular case, cannot be the complainant, the prosecutor and the judge. That directly violates Article 28 of our Constitution. So, I would pray that as we pass the amendments to the NGO Act, we emphasise that provisions that would ensure these opportunities that we share as a country and that we benefit, as a people, from the existence of these organisations, are certainly given adequate attention. I pray and hope my colleagues join me in this. Thank you, Mr Speaker.

**THE DEPUTY SPEAKER:** Honourable members, in the Public Gallery this afternoon, we have students from Kampala University. They are represented by hon. John Ssimbwa and hon. Nabila Sempala. They have come to observe the proceedings. Please, join me in welcoming them. You are welcome.

2.54

**MS MONICAH AMODING (NRM, National Youth Representative):** Thank you very much, Mr Speaker. I would like to thank the committee together with the minister for working very hard on this report.

Mr Speaker, in Uganda, the NGO sector is regarded as the fifth sector after the media. Why is it so? It is because they check on all the other four sectors and supplement the work of the government and many other sectors in this country.

Mr Speaker, whereas we cannot over emphasise, like colleagues have noted, this sector provides not only fundamental support to service provision in the country, but particularly with the youths that I represent, we have every year 400,000 young graduates supported. This offers an opportunity for employment of our young graduates. I support the work that Government is doing to regulate this sector, in essence making it perform better in increasing its services and relevant support to Government work.

However, Mr Speaker, the issue of regulation should not be overstretched because we want to leave this sector able to check on all the other sectors. If we refer to one of the recommendations – I think in the past before the committee did its work, the provisions that Government had come out with were quite strenuous to the work of NGOs and so I appreciate the improvements that the committee has done.

However, there is one outstanding one, Mr Speaker. The proposal that NGOs have to be registered afresh technically would mean that the 12,000 NGOs that they were referring to earlier would have to be deregistered. But 12,000 NGOs, in terms of registering them afresh, would take a lot of time. I wonder how many people will be employed in that NGO Board to be able to register and monitor the process of registering afresh. That would require maybe two years to register these NGOs afresh and so what would that mean, honourable minister, for the people who are employed, the funds that are already in operation and the work these people are doing? Would that mean that it would come to an end? That needs to be checked as we do amendments on these issues.

The second area is the creation of a fund. The proposal to create a fund is very important, but there is a requirement that is a compulsion of sorts that these NGOs will be required to pick money from this fund. I wonder what that would mean in terms of their operations. Do we want to insinuate that these NGOs are going to operate like the Government operates in its ministries? How will they be monitored? Will they be required to account? What is the meaning of that fund if it is to be created?

Mr Speaker, in principle, it is good to regulate but it is not good for Government to bring on board strenuous regulations that would hamper the work of these NGOs rather than enhance their effectiveness in service delivery. I thank you, Mr Speaker.

2.57

**MR LATIF SSEBAGALA (DP, Kawempe Division North, Kampala):** Thank you very much, Mr Speaker. It is very important that NGOs are regulated, but the spirit in which this Bill has been brought is questionable. We are looking at the spirit because reasons have been given as to why we should have strict measures in regulating NGOs.

When you really open up the curtains, the government is targeting some NGOs for reasons best known by them. I believe that in many of our constituencies, the work of NGOs is visibly seen as compared to the work of Government.

Mr Speaker, I know of some NGOs that have had big struggle with the government, especially the funders of those NGOs. There have been conflicts here and there with Government asking funders why they fund the NGOs directly instead of passing the funds via Government ministries. We have empirical evidence that even some of these NGOs have been threatened that if they do not channel those funding through Government ministries, then their chances of serving in Uganda are limited.

Mr Speaker, I request that much as we want to regulate those NGOs, we should not encroach and stifle the various efforts that have been put by these NGOs. The moment we put strict laws with the intentions of ensuring we look into the various activities done by these NGOs at the expense of their funders, definitely, many of them will shift to other countries where there is a conducive environment to operate from.

Finally –*(Member timed out.)*

3.00

**MR MICHAEL MAWANDA (NRM, Igara County East, Bushenyi):** Thank you very much, Mr Speaker. I rise to support the committee’s report that a regulatory framework be put in place to harmonise the operations of the NGOs.

Mr Speaker, we all appreciate the work the NGOs are doing for us, mostly in hard-to-reach areas. NGOs have created employment and they are doing a lot of voluntary works. However, I would like to request Government, as this law comes into place, to be proactive and not reactive. It is because people are looking at this law as if we are bringing it to fight the NGOs. Let us work with the NGOs.

We expect Government to have enough capacity to gather information in the operations of these NGOs. I will give an example, Mr Speaker. Ours was actually not an NGO, but a forum of Parliament - the Oil and Gas Forum. We had various development partners whom we were working with, but all of a sudden all these partners were scared away because they were told our activities were questionable and whoever associated with us would have a problem. Yet we are members of Parliament; we are available and you would have crosschecked with us to find out what exactly we were doing. Information went around that we were dishing out a lot of money to Members to frustrate Government activities.

I would like to request Government that, whereas it is very important that the law comes into place and we regulate the operations of these NGOs – yes, there are some NGOs whose activities are questionable but the intentions of most of them are not bad.

I, therefore, request Government to work with most of these NGOs because they have done – *(Interruption)*

**MR KEN-LUKYAMUZI**: Thank you, Mr Speaker. The issue articulated by the honourable member is very important. A country cannot claim to be democratic if it has no framework for tolerating the activities of NGOs. The NGO activities must flow so that people are secure and able to tackle issues of major character, namely the oil experience I have heard of. Government of Uganda is always frustrating NGOs on matters related to oil. You have a very strong point. *(Laughter)*

**MR BANYENZAKI:** The first information I would like to give to our colleague is that the point he is making about the Oil and Gas Forum, which we have started here - you remember that I am the founding Chairperson of that forum. However, notwithstanding that Members of Parliament would like to work with NGOs but there are some NGOs that come with their interests and for example, this Parliamentary Forum on Oil and Gas reached a point that these NGOs wanted to capture it – *(Interjections)* - I am the founding chairperson and I speak with authority on this matter.

**MR MAWANDA:** Thank you for that information. As I conclude and as earlier said, we all agree that the activities of NGOs should be regulated but let us also gather the necessary information of what most of these NGOs are doing. Otherwise, they do a lot of work for us and we do support the amendments of the committee to ensure we harmonise the operations of the NGOs. I thank you, Mr Speaker.

3.05

**MS BEATRICE ANYWAR (FDC, Woman Representative, Kitgum):** Thank you, Mr Speaker. I support the report of the committee. It has already been stated that the work of the NGOs in this country cannot be undermined. As I remember what happened in Northern Uganda, without the NGOs, we would have really been in bad shape.

For the government to propose new registration for the existing NGOs could be duplication of work. I want to believe that Government should have the capacity to streamline the existing NGOs rather than starting registration afresh. It is going to be a double job and I do not think that the capacity will catch up with the existing need for the NGO world.

I also would like to say that the NGOs in our constituencies are under great threats and this makes us think that this law has come up in a manner of controlling the NGOs. I would want to call upon Government to understand that NGOs supplement the efforts of Government at various levels, including funding. You cannot underrate what NGOs bring into this country and you cannot underrate the advocacy that the NGOs do. NGOs have gone a long way to streamline and improve the relationship between Government and its people.

For instance, the NGOs have been able to lobby for budgeting on gender issues – my honourable First Lady is here - UWESO has been greatly supported, which we appreciate and this has been the work of the NGOs, leave alone even instilling reconciliation in so many communities. It is upon the government to know at what point in time a certain NGO is becoming subversive. If not, I would think that there is a loophole in the government and that is why they cannot suspect when the NGO goes astray from its original objective.

I would think therefore, that you should let the NGOs engage in the research. This would go a long way to even unearth a lot of things that the government does not know. You would even engage them on policy issues to get the feelings of the people on the ground; it helps the Government to respond to the population accordingly. Otherwise, if we are going to marshal up the work of NGOs, we are going to bring militarism, control and fear among others in these NGOs –*(Member timed out.)*

3.08

**MR ANTHONY OKELLO (NRM, Kioga County, Amolatar):** Thank you, Mr Speaker, for this opportunity. Like my colleagues who spoke before me, I would like to thank the committee for this quite informative report. I would also like to take the opportunity to thank Government for this Bill, which will provide a comprehensive framework for NGOs to operate.

Mr Speaker, when you look at the level of development assistance that we get from the NGOs, you will agree with me that indeed NGOs compliment Government’s effort in developing the country. I am always amazed by the level of efficiency and effectiveness that NGOs portray in delivering the output that they always plan for. Especially in areas that require emergencies, NGOs are known to be very rapid in responding to such emergencies.

They also have overwhelming abilities to impact on the local people, probably because of the way they do their work. You know they implement their activities within a geographical area and intensify these activities to the extent that the output of their work is visible wherever they do some work.

Mr Speaker, I personally worked with an NGO for close to three years before I came to Parliament but in the areas where I was working, it is also true that there are those NGOs that were evasive. You try to get them and want to know what they plan to do, it is indeed very difficult. You will agree with me that many people call many NGOs as briefcase NGOs simply because when you try to track them to get what they are supposed to do, it is quite hard for you to come by that.

I want to thank the committee for making a recommendation that the Chairperson of NGO Board at the district level should be the CAO. This will help us because when it comes to budgeting time, the CAO will ensure that each NGO that registered in a particular district will have its activities registered with the district and the budget for their activities will be captured.

Essentially, any NGO that fails to do that will then probably be regarded as a briefcase NGO. This will bring credibility in the work of the NGOs, given that all the information that we shall need, in terms of activities that they are doing, in terms of the budget that they have and in terms of the output that they intend to achieve, will be captured during the budgeting process.

3.11

**DR MEDARD BITEKYEREZO (NRM, Mbarara Municipality, Mbarara):** Thank you very much, Mr Speaker. Let me thank the committee for the work very well done. However, any country that does not regulate NGOs is a gone country, reasons being – we have some NGOs that are briefcase NGOs where people sit down, write concept papers and steal money from outside and totally do nothing yet we keep watching.

Two, there are some NGOs that are very wonderful - I will give examples of some NGOs that do work related to health service delivery. Go to Makerere Joint Aids Program (MJAP) that is giving HIV drugs, testing people and making sure that people are very comfortable. Look at TASO, it is doing a very good job but there are some NGOs that must be regulated.

Mr Speaker, I want to support the committee –*(Interruption)*

**MR KEN-LUKYAMUZI:** Point of order.

**THE DEPUTY SPEAKER:** Hon. John Ken-Lukyamuzi, you rose on a point of clarification. You are changing it into a point of order. Please do not disrupt the facility of this House. Resume your sit.

**MR KEN-LUKYAMUZI:** Point of order.

**THE DEPUTY SPEAKER:** Resume your seat, honorable member.

**MR KEN-LUKYAMUZI:** Point of order.

**THE DEPUTY SPEAKER:** Please proceed.

**DR BITEKYEREZO:** Mr Speaker, I thank you for that wise ruling. I have even talked about other NGOs like the Aids Information Centre. The work they are doing is within their scope and they are not going out of board. But look, if an NGO comes in here pretending to do activity X but it does Y, do you want to terrorists to come here and finish this country, hon. Ken-Lukyamuzi, the man and honourable colleagues?

I have a conviction that it is very prudent of us, as a Parliament, to make sure we regulate all NGOs that are coming here. Supposing somebody brings money through an NGO to finish us as a country yet you want Government to just coil it arms - I can tell you, you may be saying that Government should completely coil as anybody comes here – all of you have gone to other countries - you may be a victim of those NGOs, which are not very effective. I am not talking about all NGOs; I am talking about bad NGOs. Some are very good but there are some that are deadly. We must control this country. It is ours and we cannot accept to die when we are watching.

Mr Speaker, I would like to thank you for giving me chance to talk to Ken and others. I would like to convince my honourable colleagues to support the committee on this NGO Bill. I thank you very much. For God and my country.

3.14

**MS FLORENCE NAMAYANJA (DP, Bukoto County** **East, Masaka):** Thank you very much, Mr Speaker. I would like to thank the committee for the work they have done. However, there is a lot suspicion as to why this Bill is coming under the Ministry of Internal Affairs because we know that NGOs work with the communities and are involved in uplifting standards of the communities.

Other than the Ministry of Social Development, I am wondering why it is the Ministry of Internal Affairs to control and monitor the activities of the NGOs. Aware that we have well trained community development officers - I am seeing the RDCs being introduced in dealing with the NGOs and so that is my area of contention and suspicion. We must get an explanation as to why this is coming under the Ministry of Internal Affairs. Though the Ministry of Internal Affairs is supposed take care of security, I do not support them interfering with the activities of community development.

Mr Speaker, the formation of a self-regulating body - I am seeing this as a double registration if the NGOs have to again register with the board. Why not register with Uganda Registration Services Bureau (URSB)? I am also in support that this should change and instead of registering with the board, they register with URSB.

The NGO Board should not be given powers to dissolve the NGOs. They should stop at - if they wished and if they are not satisfied with the work of the NGOs - denying them permit but revoking of the permits should be the work of a competent court other than *–(Member timed out.)*

3.28

**MR SANJAY TANNA (Independent, Tororo Municipality, Tororo):** I thank you, Mr Speaker and I thank the committee for a job well done. I rise to support the report and the amendments.

Mr Speaker, like my colleagues who have spoken before me said, while we have some NGOs that are doing a wonderful and up to date job, we also have some that are not doing what they said while registration was taking place. While they may not be implementing their proposals, they are detrimental to the society and we have seen this in practice. When you report to the authorities, they say that there is no law in place to apprehend or bring them to book.

We have had examples; last year somebody started an NGO, collected money from the community as cost-sharing but closed and disappeared. When you go to check on the activities of such NGOs, it brings us to disrepute because these people come to us to seek redress and therefore –*(Interruption)*

**MR FUNGAROO:** Thank you very much, honourable colleague for giving way. The information I would like to give you concerns an NGO namely ACID - the African Christians in Development, which collected money in Obongi, Moyo and Adjumani - they would come to a village and say, “If you pay Shs 60,000 the school fees for your son will be paid for, for four years. If you need a three bed-roomed house, pay Shs 400,000.”

Through that, they collected money from even educated people like parish chiefs. These days parish chiefs have degrees and diplomas. This Bill you are looking at here, my brother, unfortunately has left out faith-based organizations like ACID.

In our committee discussions, we had a very rough time with the minister here that if –

**THE DEPUTY SPEAKER:** Are you debating?

**MR FUNAGROO:** What you are raising as a problem is not covered by this Bill, Mr Speaker.

**MR TANNA:** I am grateful for the information given by the honorable colleague. Mr Speaker and honourable minister, we would like you to cover what is commonly called CSOs; they also hoodwink – they say they are community service organisations - he is calling them faith-based organisations and there are also community-based organisations (CBO).

Mr Speaker, I would like to seek clarification from the honorable minister and the chair of the committee; does the report also cover these CBOs, the CSOs and the faith-based organisations, given the information from my colleagues because this fraud is rampant at grass root level? Many of them are also promoting behavioral tendencies that are not cognizant with the culture that we have debated extensively in this Parliament and the Judiciary annulled the law that we passed.

Therefore, these CSOs and CBOs really need to be included so that they are managed – the good ones should not be frustrated while the bad ones - *(Member timed out.)*

3.22

**MS SANTA ALUM (UPC, Woman Representative, Oyam):** Thank you so much, Mr Speaker. Allow me join the committee for presenting this report that has come timely before us.

I would like to join my colleagues in expressing the importance and need of the NGOs in our country in supplementing and complementing the work of Government, more especially to the disadvantaged communities, children and women.

Having mentioned that, I know that we have so many NGOs operating in Uganda, and in the era of terrorism, we need to regulate these NGOs. However, as we go along with the regulation, I would like to plead with this House and the Government that the law that we are about to make should not arm-twist the roles, arms of these NGOs in their effort to serve people that really need them.

Mr Speaker, in most of the districts and even in my own, where there is absence of NGOs, our people feel and miss the services that these NGOs have been delivering.

I would like to address myself to clause 40, whereby the Bill is suggesting that the NGOs can be dissolved for any other reason in public interest. The reason is not explained, the public interest is not defined too. Mr Speaker, I feel this can turn out to be somebody’s interest; it can turn out to be Government interest or something, which can be detrimental to our people. So, I feel that at an appropriate time, the public interest and whatever the Bill is suggesting should be clearly defined.

Two, I want to say something about inspection where the Bill says that the NGOs can be inspected at any time. There is no problem with this, Mr Speaker. But you cannot go to any place or any NGO and expect to get information from anybody at any time. For example, if one went to an organisation and they find out that the information that they need is specifically with a specific officer who may not be in office, there is a penalty which is attached to this. I think this is not right. Let us separate criminal activities, criminal information and the information that we need from these NGOs.

Finally, I would like to mention something about the issue of the RDCs - *(Member timed out.)*

3.25

**THE MINISTER OF STATE, OFFICE OF THE PRIME MINISTER (KARAMOJA AFFAIRS) (Ms Janet Museveni):** Thank you, Mr Speaker. I would like to thank the committee for this report. I have a long standing history with NGOs as my sister has just said. But, I had to go to Karamoja to find out really what some NGOs do in this country.

A lot of these NGOs raise money at the expense of our people. They take pictures of poor and malnourished children. They take them abroad in those countries and raise a lot of money. When that money comes here, in the names of Ugandans, it does not end up with the intended beneficiaries. *(Applause)* A lot of that money is raised in the names of Northern Uganda and Karamoja. And so I had to go to Karamoja and just wonder first of all because a lot of NGOs have been working in Karamoja for decades. But you have to go to Karamoja and wonder what that money we are talking about, the $5 billion that is supposed to come through the NGOs - where does it go? Where does it work? I believe that Members of Parliament from Northern Uganda surely know that a lot of these NGOs do not provide the money they raise in the names of your people.

Those that dare to do anything buy very big vehicles, they hire big offices, and big houses and a lot of equipment and I do not know what - a big chunk of some of that money goes to those things and if anything goes to the communities, it is just petty cash.

So, honestly speaking, I think leaders of this country do care or they should care that this country should not be abused. If that money is not meant to go to our people, then it should not come in the names of Uganda in the first place. Leaders sitting in this –*(Member timed out.)*

**THE DEPUTY SPEAKER:** Please wind up.

**MS MUSEVENI:** Mr Speaker, if this money comes in the names of the people of Uganda then it should get to them. If not we should not allow it to be called money coming to Uganda. Thank you, Mr Speaker.

3.29

**MR JOSEPH SSEWUNGU (DP, Kalungu County West, Kalungu):** Thank you, Mr Speaker. I would also like to thank the committee for writing this report. I hope that we shall stick to it because while it is good the recommendations are somehow different.

Secondly, registration of these NGOs starts with Government. Now when you tell us that there is any mistake in this registration, it is not on the part of the NGOs. You have to take the due diligence of finding out.

I do not also agree with RDCs - the last RDCs I saw who were good were those who were driving ‘*Santanas’* at that time. But the current RDCs - some of them who are incompetent - this is taking politics into NGO activities.

Mr Speaker, when you read Article 203 (a) of the Constitution, we have to go for an amendment, if you are to give them that kind of responsibility. Members of the committee that one is redundant and cannot raise any matter.

Mr Speaker, as everybody has stated, some of us have managed to reach where we are because of NGOs. So, if you bring any law that intends to oppress activities of NGOs, you are not fair.

Hon. Janet Museveni, I would like to thank you for what you have stated, but you have not given us particulars of those you met there as a minister. You would tell us those you saw that were cheating the Karimojong. That would be very good information for us.

Mr Speaker, when you talk about money laundering, there is a law governing that. It is not about coming here and you say that because there is money laundering - some NGOs will bring money through money laundering - we have a law governing that and all these NGOs have accounts.

Mr Speaker, I am beseeching and asking Members of Parliament, especially on that side, you are giving a very good debate, sustain it as you go to the committee stage, so that you do not turn around at the time of voting to go by the desires of Government. Even us as Members of Parliament, some of us have almost become NGOs in our constituencies because of the poor provision of services by Government. That is why you find MPs buying ambulances; you have all become NGOs to a certain extent. Therefore, if any law comes in place, trying to limit and oppress those who have been giving assistance to the people of Kalungu where I come from, it will not be fair.

Mr Speaker, as I conclude, the report has given us something dealing with Kenya, that they deregistered many NGOs but at the end only 15 were discovered having some matters dealing with terrorism. That shows a serious Government. Many identified but 15 are deregistered –*(Member timed out.)*

**THE DEPUTY SPEAKER:** Honourable members, in the Public Gallery this afternoon, we have pupils and teachers of Kasozi Boarding Primary School in Bushenyi District, represented by hon. Raphael Magyezi and hon. Karooro Okurut. They have come to observe the proceedings. Please join me in welcoming them. (*Applause*)

We also have Mr Matthew Banks, the political officer at the American Embassy. He has come to pay a courtesy call and observe our proceedings. Please join me in welcoming him. You are welcome. *(Applause)*

3.32

**MR ROBERT KASULE SSEBUNYA (NRM, Kyadondo County North, Wakiso):** Thank you, Mr Speaker. The draft Bill has very nice principles. Every clause in there is written black and white. Therefore, we do not have to allege many other things that are not in the law. As a matter of accountability and governance, we need a law to help to streamline the governance of NGOs because anybody wakes up and creates an NGO.

Secondly, as many people have stated, there are NGOs in this country that have mastered in financial engineering to the extent that they claim there is a borehole in a sub-county and seven NGOs claim to have built that borehole. We have seen many wells dug by Government but being claimed to have been dug by NGOs. Therefore, as a matter of accountability and governance, definitely we need a law to govern NGOs.

Thirdly, living in a world which is radicalised, both in religious matters and in other things, it will be very irresponsible for a country to have people sponsoring NGOs yet we do not know how and on what basis they give money to such NGOs. Therefore, we need to know who is giving money to these NGOs, how they solicit for this money, how they intend to use this money and there must be a body to do that for this country.

There are very many NGOs that solicit for money from wherever they solicit it but there is no accountability at all although the donors know they are giving money to Ugandans. We don’t know how this money is being spent. We suspect majority of the monies given to these NGOs are spent in New York, Washington and many offices do account –*(Interruption)*

**MR NZOGHU:** Thank you, Mr Speaker. I am a product of NGOs. So, what the honourable colleague is talking about is not in consonance with what I know about NGOs. When you look at the Bill, at page 22 about the audit, for example - because he has been talking about finances and how NGOs should manage their finances - the honourable colleague being an accountant - is it in principle that you can audit what you do not source for because, Mr Speaker, NGOs are not financed by Government –

**THE DEPUTY SPEAKER:** What is the point of order?

**MR NZOGHU:** The point of order I am raising is: is it in order for the honourable colleague to lie to the House that the financial records of NGOs, which are not financed by Government can be looked at by the Auditor-General who is an organ of Government?

**THE DEPUTY SPEAKER:** Honourable members, the Member for Busongora North rose on clarification. When he was not given opportunity, he rose on a point of order before he raised the clarification. I think let us not abuse the procedure of this House. Honourable Member for Busongora North, you are out of order. *(Laughter)*

**MR TANNA:** Mr Speaker, I would like to thank you for that wise ruling. The honourable colleague who was on the Floor also used unparliamentarily language. Can that particular part of calling an honourable colleague, without due evidence, a liar be purged from the records of this House?

**THE DEPUTY SPEAKER:** I think there are some words that we are going to have to associate with some members*. (Laughter)*

**MR SSEBUNYA:** Thank you, Mr Speaker. I was talking about accountability and transparency. We have not said that all NGOs are wrong or that they do financial engineering but we are saying some of those NGOs do financial engineering and do misrepresentation of the spending hoodwinking Ugandans that they are going to spend money on them but end up spending it in New York, Washington or London. That is the fact and many NGOs have done that and many have been proved. So, for them to be called to account, I think it would not be a bad idea and any NGO which is transparent will definitely bring its books, the source of money, its expenditure and account to the people that they claim they are working for. Thank you, Mr Speaker.

3.38

**MR JACOB OBOTH (Independent, West Budama County South, Tororo):** Thank you, Mr Speaker. The debate, in my understanding, should be whether there is need to regulate and streamline the activities of NGOs in this country and not whether the NGOs are doing a good job. That is in my limited understanding, the gist of the debate and of this Bill. To try to bring in the merits of what NGOs are doing and what they are not doing in this debate makes us miss out the purpose and object of this Bill.

Mr Speaker, if we all agree that there is need to regulate, then this Bill comes in. Maybe at the committee stage we would only be trying to find out which ones are tougher or inappropriate. Even good people are regulated. Anybody who fears regulation does not have a place on earth.

Mr Speaker, we are all regulated and that is why we have rules of procedure; that is why we have a code of conduct. Those who cannot be here do not even offer themselves as Members of Parliament. We all agree even this Bill -actually when you look at the memorandum, you realise that it states how good and how they are aware - it is well known that the NGO sector complements Government’s services delivery. But do they need to be regulated? If all our answers are in the affirmative, then it is a good law - *(Interjections)–* everything is clear, Mr Man. Hon. John Ken-Lukyamuzi, I am not giving you opportunity to clarify. I am speaking in ordinary English. *(Laughter)*

Mr Speaker –*(Interruption)*

**MR KEN-LUKYAMUZI:** Thank you very much very much, hon. Jacob Oboth. He is amazing. If regulation is not bad, why is the Presidency in Uganda not regulated in terms of term limits? *(Laughter)*

**MR OBOTH:** Mr Speaker, you know there is even a rule in the Rules of Procedure on the issue of relevance. I do not know how to clarify on a matter, which is not before this House but since he is a president of a party, he should be able to advise his colleagues.

Mr Speaker, I rise to support the committee report and I support the Bill and I am waiting for an opportunity to make some contribution at the committee stage. Thank you.

3.43

**DR MICHAEL BAYIGGA (DP, Buikwe County South, Buikwe):** Thank you very much, Mr Speaker. I have seen gaps in the existing law with regard to this memorandum and I have found that it is written that: “*It has been however noted that the rapid growth of non-governmental organisations has led to subversive methods of work and activities.*” I have been looking for the meaning of the word “subversive” and it has a connotation of undermining or overthrowing an established Government –(*Interjection*)– please let me inform the House.

If NGOs, in their activities, have an element of undermining or overthrowing an established Government, that is a serious issue for which I believe the courts of law should have taken action much before when they recognised such a treasonable act being undertaken by NGOs.

By their definition, NGOs are organisations which stand in central distinction of the state. They are non-state actors and they are in central distinction; that is why they are non-governmental. Indeed, some governments establish their own NGOS and those are called governmental non-governmental organisations - those organisations which are linked with Government, do non-governmental work but they are established and run by Government in one way or another –(*Interruption)*

**MR FUNGAROO:** Thank you very much, hon. Lulume, for finally giving way. Colleagues, I am a member of this committee and the information I would like to give you, as an insider, is the type of NGOs being targeted here include those governance NGOs. We had a very rough time with the minister; for example, an organisation like Action Aid which looks at corruption and accountability. These are the ones which they refer to us to be regulated as opposed to the other one I mentioned - the faith-based organisations. Those are not included here and this is where the problem is.

**DR BAYIGGA:** Thank you. Another time, Mr Speaker, some of these people deserve their own time so that they can speak in their own time. (*Laughter*) I am sorry for being undiplomatic but sometimes it is worth it.

When it comes to issues of accountability, they are handled by those organisations and agencies where this money comes from. These people come with objectives and these objectives are registered. They carry on the activities in line with those objectives and accountability is given in respect of what they have expended. It is very difficult for a non-governmental organisation, which is not a governmental non-governmental organisation, to account to Government.

Therefore on issues of activities, these organisations which stand in central distinction of the state close the gaps that exist because the state has not acted. Therefore, I suggest that any kind of amendment, Mr Speaker, should not be seen to interfere with activities of non-governmental organisations; that is going to remain suspect. I thank you very much.

**THE DEPUTY SPEAKER:** Honourable members, can we reduce the time to two minutes?

3.47

**MR PETER LOKII (NRM, Jie County, Kotido):** Thank you, Mr Speaker. I would like to support the committee for a good report and to also support the amendments.

It is true that in 1980 it was reported that Karamoja had about 1,200NGOs. You can image how much money they should havegonewith to Karamoja but Karamoja did not change at all andI think that explains the need for regulation.

If the intention of the Bill that is being proposed and the report that the committee has presented is to create a one-stop centre on the issue of registration of NGOs, then I think it is a good thing to do. I also think it is important for members to appreciate the fact that among some of these NGOs are those that do what all of us do not like. I would like to give you an example, Mr Speaker. We have had NGOs in Karamoja that have gone beyond dealing with marginalisation but have gone on to marginalise the people by acquiring chunks of land and I think these are the NGOs that need to be regulated so that they can be given assistance to look at what justifies the basis of their existence and not going to acquire assets.

It is also important that when you look at the relationship between the NGOs and what they do sometimes in our local governments - I will use the case of Kotido. I have attended the budget conferences of Kotido but NGOs never come to disclose what budget they have to help the people of Kotido. Now at what point shall we know what they are bringing? Should we just use the activities to image that they have provided 10, 20 or 80 per cent of the budget that they have come to deliver? At what point shall we know?

3.49

**MS HELLEN ASAMO (NRM, PWD Representative, Eastern):** Thank you, Mr Speaker. I stand to support the committee and the Bill. Uganda is a country that has got its own policies and a Constitution that governs it and NGOs cannot be above this Constitution. I would like to say that the regulation is very critical. We have NGOs who go and duplicate the same things. Some of us have attended workshops of empowerment of women and every NGO is doing the same and you do not see any difference. We hence need to regulate and get to know where they operate.

Sometimes NGOs have a tendency of concentrating in one area and they do not want to go to some of the areas because of what some members have already cited. Mr Speaker, there are countries like Ethiopia, Rwanda and Tanzania where Government has to know what the NGO is doing. In Uganda there are NGOs - I am a product of NGOs but you will get to an international meeting and an NGO is presenting and you do not know the NGO yet you are a Ugandan. Yes, the person is reading a report and you are like who is this NGO and yet I also come from Uganda and we have all registered with the NGO board - and he is reporting figures which are alarming and people will clap for them. Therefore, I think there is need for the regulation and this is critical.

Mr Speaker, if an NGO messes in Uganda, even the international community will come and ask us, “Where is the NGO?” People have been robbed and at the end of the day we leave our people helpless and our international relationship is also affected. I support the issue - (*Member timed out\_*)

3.52

**MS BETTY AOL (FDC, Woman Representative, Gulu):** Thankyou, Mr Speaker. I am a teacher but I also claim that I am a product of NGOs and maybe without NGOs, I would not be in Parliament because I wouldn’t have seen the problems that women have and I wouldn’t have known that women were very important to be in decision-making bodies. Therefore, it is important that we work with NGOs but do not put things that actually frustrate them.

As someone who hails from Gulu, you know how we were during the time when our people were in the camps. The first camps – if you went there, you would shed tears and it was the NGOs which were able to help the situation.

I do not disagree completely with regulation but it is important to know that even the previous law which we are trying to amend today actually gave a lot of powers to the RDCs. That was wrong. RDCs actually wear party colours and we are in a multi-party dispensation to the extent that if they see an NGO that maybe wants to be completely neutral, they will keep on dillydallying.

When we wanted to register the Gulu District NGO Forum, I was the vice chairperson. We at one time almost carried our mattresses to go and sleep in the office of the RDC in order for the NGO to be registered. Therefore, we must also be mindful not to frustrate these NGOs.

NGOs are also supposed to be watchdogs – to see how the governance of the country is being done and if we decide to frustrate them, then who are these neutral or stand-alone bodies which will try to help us? Let us be mindful – *(Member timed out\_)*

3.54

**MS BETTY NAMBOOZE (DP, Mukono Municipality, Mukono):** Thank you, Mr Speaker. Laws should be justifiable for something modern – just by the wish of the majority or the presence of challenges here and there. In my opinion, I think it would be very bad for us to set stringent laws for NGOs just because there are a few criminals in the NGO world.

Mr Speaker, even in Government we have people who claim for more money than what they have spent on the ground but we deal with them using other laws in this country, which equally applies to the NGOs.

Secondly, the RDCs have increasingly become partisan and we see how they behave in our districts; they have turned themselves into chairpersons of the ruling party. Basically, most of those people who are being appointed today are just being rewarded for political reasons. They are no longer the senior civil servants they were meant to be. It would be prudent then that we keep these partisan RDCs away from anything to do with the NGOs. This is because at times some of these NGOs are dealing with issues of governance and there are NGOs that are carrying out watchdog responsibilities over the government, which will not augur well with some of our RDCS.

Finally, Mr Speaker – *(Interruption)*

**MR MWIRU:** Thank you, honourable colleague. The information I would like to pass on to the House is that even currently for any NGO to register in Uganda, it must have the recommendation of the RDC. I felt this information is also important for the members as they debate – actually they may even be part of the problem, as we speak now.

**MS NAMBOOZE:** I am very grateful for that information. Finally, Mr Speaker, I am kindly requesting members that we do not shift the responsibility of Government to NGOs – that people would start questioning them as to why Karamoja is not developed; why they are not being seen in such and such an area. These people come in to give us a hand. Before you ask the NGOs why they are taking photographs of our needy children, why do you make them needy in the first place? It is the responsibility of Government to cater for its people and not to create scenes for photographers to take very bad pictures outside this country. That alone cannot force us to put up very harsh laws against the NGOs – *(Interruption)*

**MR PETER LOKII:** Mr Speaker, I rise on a point of order because hon. Nambooze has alluded to the fact that it is the responsibility of Government not to allow the taking of pictures. However, it is also true that recently there was a mess with the Red Cross here in Kampala, where they were trying to evade taxes; they were trying to use the organisation to run private businesses.

Mr Speaker, if the idea of a regulation is to deal with those kinds of NGOs which go astray, is she therefore in order to claim that the move to amend the law to create a regulator is meant to stifle the work of the NGOs?

**THE DEPUTY SPEAKER:** No, that is very good information. *(Laughter)*

3.56

**THE MINISTER OF STATE, OFFICE OF THE PRIME MINISTER (NOTHERN UGANDA) (Ms Rebecca Amuge):** Thank you, Mr Speaker. Even in the House already there is confusion because I heard many members say that NGOs “supplement” the work of Government, instead of saying “complementing”. They do complement; they do not supplement –*(Interruption)*

**MR NANDALA-MAFABI:** Mr Speaker, the procedural issue I am raising is that it is unfortunate when a member is confused but assumes everybody else is also confused.

In the object of the Bill, page 2, *“…it is well-known that the NGOs sector complements government’s service delivery through the provision of services like health, education and water among others….”* Therefore, is our colleague procedurally right to say that we are not aware and Government is not aware that NGOs supplement government services when it is very clear in the objectives?

**THE DEPUTY SPEAKER:** Honourable member, did you read “complement” or “supplement”? *(Laughter)*

**MS AMUGE:** Mr Speaker, he was my very good chairman and so I do not take it in bad faith.

As a minister in charge of Northern Uganda, I work with NGOs and I look at market vendors – I am in charge of them. We always call the NGOs to come for district budgeting committee meetings or conferences but they do not appear. My question has always been: If you are a member coming to help in Northern Uganda, we want to know; have you come to complement, supplement, duplicate, disorganise or do nothing? This is because there are some in Northern Uganda which we have codenamed “Nothing Goes On” NGOs but there are some which are doing a good job.

Mr Speaker, the regulation will help us to form synergies so that we work in harmony and we are not saying that the NGOs must leave. Even the NGO Forum has been crying; they have been trying to clean their house and this regulation will also help the national NGO Forum to make sure that their members work well.

I will give you an example of one called the Anti-Corruption and Human Rights NGO, which uses the coat of arms and the emblem of this government. It is not registered and has no location; you cannot trace it. Therefore, Mr Speaker, I believe that even the source of money – *(Interruption)*

**MR MUWANGA KIVUMBI:** Is it in order for the honourable member of Parliament and Cabinet Minister to refer to something not registered as an NGO?

**THE DEPUTY SPEAKER:** Honourable members, we all know that there is such a thing as “de facto” and “de jure”; there are those which behave like they are registered when they are not – they are called de facto. Proceed.

**MS AMUGE:** Mr Speaker, the regulation will help us to know the source of resources. There are NGOs who say their sources of income are from blind donors and that is why we have ended up with some foreign cultures into this country. This comes from blind donors who are not disclosed; so, we must regulate them. Thank you.

4.04

**MS PAULA TURYAHIKAYO (NRM, Rubabo County, Rukungiri):** Thank you, Mr Speaker. I would like to thank the committee for the report and the minister for the Bill.

This Bill is very timely as well as the report because the need for regulation of NGOs in this country is very critical. Some of the issues have been raised by my colleagues but I support this particular report and the Bill because it is going to go a long way to strengthen the NGO Board so that it can be able to do its work more effectively and efficiently in terms of monitoring the activities, the programmes and the operations of NGOs in this country.

I worked with NGOs closely when we were working on issues to do with maternal and child health and their contribution is no doubt appreciated. As we have heard from colleagues, there are so many briefcase NGOs on the streets. They claim they are operating in the entire country and yet you find that they are moving up and down on the streets of Kampala. They get a lot of money but when you go on the ground in the areas where they are operating, you do not find anything on the ground.

This Bill is really timely; we need to regulate and audit these NGOs especially if they are financed; the source of financing, what they do with the financing and where they implement some of their programmes under review. Therefore, I support the Bill and I support the report by the committee.

4.04

**MS ROSEMARY NYAKIKONGORO (Independent, Woman Representative Sheema):** Thank you, Mr Speaker. I would like to thank the committee for the good report and the issues raised therein.

My concern is on the separation of dual liability because when an individual commits an offence within an NGO, the whole NGO should not be bundled. I think that individual should be held responsible for the offences committed.

As colleagues have said, there are some NGOs that are used to fight the political battles within the country and even within our local constituencies. Those NGOs should be monitored and regularised. You don’t go and seek funding outside to come and fight your own people and also to use it to fight others. We know them. That money should be used for the causes – *(Interruption)*

**MR MWIRU:** Thank you, Mr Speaker. Is it in order for hon. Nyakikongoro to tarnish the name of NGOs by alleging that there are those which fight political battles without necessarily mentioning them and putting them on record?

**THE DEPUTY SPEAKER:** Honourable members, that statement has been made almost throughout the debate.

**MS NYAKIKONGORO:** Therefore, I support the regulation of the NGOs operations much as they are contributing to the development of the country. I am a product of the NGOs but we know what some of the NGOs are doing on the ground.

I also would like to applaud members who have asked that the RDCs do their thing and that the CAO be in charge of the monitoring role.

I also support the funding of the NGO Board. Much as the NGO Board have a vote in the Ministry of Internal Affairs, that funding is not enough for them to do their operations. That is why members are asking that why can’t they reach out and do the monitoring and evaluation of whatever NGOs are doing. Therefore, without enough funding to support their work, they cannot dig out even those petty things that the NGOs are doing.

4.08

**MS PHYLLIS CHEMUTAI (Independent, Woman Rpresentative Kapchorwa):** Thank you, Mr Speaker. I would like to thank the committee for the good report and I would like to support their recommendations especially in the regulations and registration of all the NGOs.

I would like to give you an example of an NGO which came to Kapchorwa some few years ago. It was called Dutch International. It was registered with the RDC’s office and it had all its documents and thus it was allowed to operate in the district. However in their operations, they collected money from the people of Sebei and they told the contributors that they would earn about Shs 800,000 money per month. This attracted many people to register with them and they stayed in Kapchorwa for more than one year.

After sometime, they disappeared. One morning we found that their office was not there but when they tried to investigate where came from, nobody has found where they came from up to this time. Therefore, I support the registration and regulation of all the NGOs in this country.

4.10

**MS BRENDA NABUKENYA (DP, Woman Representative, Luwero):** Thank you, Mr Speaker. I believe that the spirit behind this Bill should be regulative rather than prohibitive because each and every member who has submitted on this issue has been very clear on the good complementary role of the NGOs in this country.

On registration of NGOs, we have the Uganda Registration Service Bureau which is in charge of registration of companies and reservation of names and it has regional offices. When you talk about a new board that is going to be mandated to register NGOs, it means you will incur costs from the taxpayers’ money to put offices. My view is that we need a central body that is going to be in charge of registration so that we have data being centralised in one place.

I am of the view that it is in the interest of this House to limit expenditure on so many bodies in this country. This would have been considered before reaching a conclusion that the registration should also be in one place.

On having the RDCs as chairpersons, Mr Speaker, I do not support this and I have my reservations when it comes to the RDCs. They are very political and we have NGOs working in areas concerning human rights. We have bodies that are mandated to do their duty in areas like human rights, democracy and they never get to work because maybe they fear the heads of Government. You find that NGOs coming out to do such activities *–(Member timed out\_)*

4.12

**MS ALICE ALASO (FDC, Woman Representative, Serere):** Thank you very much, Mr Speaker. I would like to start from the perspective that giving the board too many powers to dissolve an NGO for whatever it considers necessary is so wide ranging. It is something that is going to be a subject of abuse.

However, most importantly, while I agree regulation is necessary, the minister’s proposal in this Bill talks about fraud which we have been competently dealing with in the present legal framework. Recently, the Red Cross had issues and they were arrested and prosecuted.

It is challenging that even when the minister knows that the issue of trafficking, homosexuality and such other related abuses are the things to be regulated, he does not mention them but he goes for this animal called governance and the subversive nature of it. Mr Speaker, the honourable minister should know that the governance question in Uganda is not going to be resolved by more laws and highhandedness. This is something our Government and country must face squarely because we have serious challenges.

Finally, this is an attempt if we would like to regulate every NGO and dissolve them. We deal with thieves every day in the Public Accounts Committee; have we closed any department? Have we audited Munyonyo? The other day we put Government money in Munyonyo; to date we have no accountability for the CHOGM money that was put in the marina in Munyonyo. Now, you want –(*Member timed out\_*)

4.14

**MS ROSE MUTONYI (NRM, Bubulo County West, Manafwa):** Thank you, Mr Speaker. I would like to add my voice to the members who have spoken before to thank the committee for the work that they have done and also appreciate the Bill, especially in regard to regulatory issues of the NGOs.

My colleagues have said that NGOs have to be regulated and I also say the same for this reason:

There are NGOs and there was one in my neighbourhood which was collecting young children from the villages in the pretext of taking them to school and feeding them but in the end, they had collected them in a house where they were being underfed until the police had to come in. If they do not underfeed the children, some of them collect them and sell them. Others recruit them for rebel activities; you have been reading all these cases in the newspapers.

On the issue of the RDCs, I do not support the RDCs on the issue of administration but I support them on monitoring issues. Lately, some RDCs have become a nuisance because some of them go around - (*Laughter*) - yes, it is true. They are money collectors; they do not care about monitoring, instead they harass civilians. I really do not support RDCs to be involved in administration but I support them in proper monitoring of the NGOs *– (Interruption)*

**MR ATIKU:** Thank you, honourable member, for giving way. We are aware your last job before coming to Parliament was as an RDC. Would you like to clarify to this House that you did not behave the way the RDCs that are being mentioned here behaved?

**MS MUTONYI:** I think I was right to say “some RDCs”.

4.17

**MR SAMUEL ODONGA OTTO (FDC, Aruu County, Pader):** Mr Speaker, during the war in 2007, the Central Government Budget for Pader was Shs 11 billion but there were 37 NGOs in Pader and they were controlling Shs 33 billion. When we asked them where they were putting their money, some of them said they were international NGOs and they were not accountable to us. Notwithstanding, they were controlling three times the amount of money the local Government was controlling.

Some of them started doing wrong things. One of them started teaching the youth how to grow onions in sacks. That is done in the balconies in Bangladesh and Europe but here where we have a lot of land, there is no way you can teach youth how to grow onions in sack. (*Laughter*) Some of them started teaching women to dance the Bwola dance; the Bwola dance is a courtship dance where women dance with men. However, there are NGOs that are making women dance with fellow women in the name of women emancipation. This law should really save us from these kinds of NGOs. We are not going to argue about these kinds of things.

However, because some people used NGOs when they were in bush, they are now scared of NGOs. (*Laughter*) The NRM knows what they did. Please, save us from the RDCs. During the committee stage, we are not going to accept the RDCs to involve themselves in regulating NGOs. I know of one in Northern Uganda who opens a workshop at 9.00 a.m. and closes it at 9.30 a.m. because he has to go to the next NGO workshop for the sake of allowances. How do you open a workshop in the morning and close it at the same time so that in case you are not there, the participants can close it in your absence? (*Laughter*) Therefore, these are not the kinds of RDCs we should empower.

Notwithstanding all these, these NGOs have to be regulated especially those promoting homosexuality. We just chased them from some workshop which was half way in Gulu. If there were regulators, they would not have even started this workshop. Therefore, we need to regulate them. Let them take homosexuality where it belongs, not in Africa here. Thank you.

4.19

**MR MICHAEL AYEPA (NRM, Labwor County, Abim):** Thank you, Mr Speaker. In law, there are two types of persons. We have the human persons and the artificial persons. Some of these NGOs are artificial persons. If we have regulated the conduct and character of the human persons - in this Parliament, we have passed laws and regulations to regulate the conduct of the human persons; how can we not regulate the conduct and the activities of these artificial persons? These persons have characters; some of these characters are good for the society while some of them are bad. Therefore, all of them need to be regulated.

The only thing to debate here is either to accept that we regulate or not regulate. Personally, all these need to be regulated because they are all characters that affect the society. Some are good and some are bad. Thank you, Mr Speaker.

**THE DEPUTY SPEAKER**: Honourable members, in the public gallery this afternoon, we have leaders and residents of Buikwe Town Council. They are represented by hon. Lulume and hon. Dorothy Mpiima. They are here to observe the proceeding. Please, join me in welcoming them.

We also have pupils and teachers of Morolem Boys’ Primary School in Abim District. They are represented by hon. Ayepa and hon. Auma Juliana. They have come to observe the proceeding. Please, join me in welcoming them. (Applause) You are all welcome.

Honourable members, we have had an exhaustive debate on this matter and if it were possible, I would ask the Leader of the Opposition to sum up from his side and if there is a response from the Government side, we will see how to move.

4.21

**THE LEADER OF THE OPPOSITION (Mr Phillip Wafula Oguttu):** Thank you very much, Mr Speaker. I would like to thank the committee chairperson for the good report and the minister for the Bill.

NGOs have done great work in our country and there is no doubt about that. We should be applauding and thanking them for what they have done because they have, in most parts of the country, in some respect done more work than Government.

NGOs started by dealing in relief and then the environment and at the time the NGOs were good to many governments, especially undemocratic governments. The problem started when the NGOs went into governance and human rights because undemocratic governments do not want to be monitored on their records on human rights. Talk about Ethiopia, Zimbabwe and the neighbouring countries; we have similar laws, it is the issue of good governance and human rights.

The Bill we handling here is more to deal with human rights and good governance. It is unfortunate that some members have been talking tongue in cheek about NGOs, which are involved in fighting political wars. It would have been good for us to name them. I know, Mr Speaker, you guided otherwise. We shall let it lie there. However, it would have been better not to take all the NGOs to be suspect for fighting political wars on behalf of whatever faction it is; it is not right.

This is what brings in the aspect of terrorism. This abrupt unannounced inspection; there is no organisation that is just invaded any time by the police or by the inspector of NGOs without notice. It is not right to have such a clause at all and we should expunge that from the report. Otherwise, I think that there are many aspects in the Bill that the committee has, through their interaction with the public, managed to delete or to propose for deletion. We welcome the report and we hope the minister will support that. Thank you very much.

**THE DEPUTY SPEAKER:** Thank you, the Leader of the Opposition. Honourable minister, do you have a response, briefly? If not, we will move to the next stage.

4.25

**THE MINISTER OF INTERNAL AFFAIRS (Gen. Aronda Nyakairima):** Thank you, Mr Speaker. I think the fundamental issues have been debated and we have been debating them almost the whole year, since this consideration began.

Uganda is hospitable; Uganda is welcoming and still welcoming anyone who comes to support our development efforts. This Parliament is on record for having crusaded on accountability and transparency. We have done a lot – *(Interruption)*

**MS OGWAL:** Thank you, for giving way. As you said, Uganda is very welcoming and that is true. However, I would like to give you some information; my experience has shown that although we Ugandans are welcoming, some NGOs, through their activities, encourage sexuality and homo—sexuality, which is contrary to our culture.

I remember, when I was representing Lira Municipality, one NGO distributed condoms to primary schools. These are children of primary 4, 5, 6 and 7 and they carried condoms thinking that they were balloons. The *boda boda* cyclists were asking these children whether they knew what to do with the condoms and they said they did not know. They offered to show them *– (Laughter).*

This was a serious matter because so many children were raped and we traced the source and found out that it is because the NGOs distributed condoms to young children who were so innocent and did not know their use. They were raped by the *boda boda* cyclists. That is one thing that is detrimental. Although we are welcoming, that spirit should not be abused.

Secondly, recently in Dokolo, so many poor people were called to Lira purportedly to get compensation for the animals which were lost through cattle rustling. These are people who collected money from the community and yet they want these people to go all the way to Lira to follow up the issue of compensation. We therefore would like to regulate these NGOs that are being given money in the name of compensating the lost animals and yet they are exploiting the poor. Yes, we know that it is a blessing from God that we have good manners, we welcome people, we love people but we should not be abused. This is the information that I wanted to give you, as the Minister of Internal Affairs.

**GEN. NYAKAIRIMA:** Thank you. The history of Uganda Government partnership with NGOs is in place and it speaks for itself. This law is going all the way to ensure that this partnership is strengthened.

The history of supporting our development efforts, again the Constitution is clear that they have a role to play in the development. This Bill will go a long way to ensure that support is strengthened.

There are also the good practices around. We are not the first; when you go around the East African Community member States, Ethiopia, US and Canada, you do not undertake activities with children unless there is a background check with Interpol. You cannot do so once you are involved with children; that is the United States and Canada.

There is a trail of abuse around here. You register an NGO, and then tomorrow you are found transacting business. There is a trial of abuse; some of the NGOs do things that are not consistent with the certificate they get, when they register.

The history of accountability of some of them is very good; highly accountable. However, some of them – recently when we said that can we know who is here and who is doing what, when we invited them to come and pick their certificates, they could not pick their certificates and yet they had registered. We placed an advertisement in the papers for members to come and pick their certificates but 800 registered NGOs have not turned up to pick their certificates; where are they? Whoever sees them, please call me if you meet them wherever they are.

The history of accountability portrays that the list of those who do not account is longer than those that do account. The question of transparency – you cannot demand of Government every day to be transparent and accountable and then you take cover when it comes to your turn. Government will account and Government is transparent; these individuals will account.

On the question of the moral issues, my colleague, hon. Cecilia Ogwal, has been spot on on the moral issues. Do not go around having registered to support the Ministry of Health and then you end up in activities that corrupt the morals of our children.

There are sovereignty issues; if you come to support us, you need to know that there is a state in existence, know that the development has taken place but if Government has done a lot and then you come and you bring a culvert, you need to account that you have brought a culvert so the district can know.

The partnership in this area of development efforts; Government has been welcoming and will continue to welcome them but transparency and accountability will have to prevail.

The question of RDCs – when we come to the clause, we will make an overwhelming case why an RDC will be at the district level tobe the person to register.

Some of the clauses have been entrenched that recognise the contribution of NGOs on our development efforts and we are recognising them and we will continue working with them. However, we want to make sure that their work is not interfered with by any other person, other than the regulator. We are making a one-stop centre; they will not go around looking for where to register. We will quickly register them and they will then do their work. I thank you, Mr Speaker and I thank you, colleagues, for supporting the regulation of NGOs.

**THE DEPUTY SPEAKER:** Thank you very much, honourable minister and honourable members for this debate. The time is now that I put the question that the Bill entitled, “The Non-Governmental Organisations Bill, 2015” be read the second time.

*(Question put and agreed to.)*

THE NON-GOVERNMENTAL ORGANISATIONS BILL, 2015

MOTION FOR A RESOLUTION OF PARLIAMENT MOVED UNDER ARTICLE 179 (1) (b) OF THE CONSTITUTION OF THE REPUBLIC OF UGANDA FOR THE CREATION OF NEW DISTRICTS

**THE DEPUTY SPEAKER:** Honourable members, you recall that these matters were deferred. Yesterday, we had debate and today we are supposed to have concluded this. I wonder where the minister is so that we see how we can proceed. If we cannot proceed, we also see if we can handle some other business. Minister for Local Government -

**MR KEN-LUKYAMUZI:** Mr Speaker, I am responsibly standing to challenge anybody who proposes that we proceed in the absence of a quorum and I am serious about it.

**MR NANDALA-MAFABI:** Mr Speaker, I was here yesterday and I recall when we were debating that particular item, members made a proposal that we need to also look at the municipalities so that we can debate them concurrently.

In fact, we had not concluded the debate on the creation of districts and that is when I remember hon. Baka say that we should also bring municipalities so that we debate together. I would like to find out whether this would be the time to vote on this because I had issues on the motion of creation of districts; we were standing up and at that time you had even chosen some people. When a member raised it, we changed it and said, “Okay, let us bring the other one and move together”. Therefore, have you changed the decision so that we know because we are still interested in the debate on districts?

**THE DEPUTY SPEAKER:** Was that where we stopped, honourable minister? Where did we stop on the issue of districts?

4.34

**THE MINISTER FOR LOCAL GOVERNMENT (Mr Adolf Mwesige):** Mr Speaker, to the best of my recollection, we had heard substantial debate on the motion for districts and our expectation today at the opening of this sitting, we thought perhaps the House would pronounce itself on the motion.

While debating the issue of districts yesterday, honourable members raised the question of the prospective municipalities. I did commit myself and said that today I will amend my motion on the motion for creation of new municipalities to accommodate the new proposals, which we got from district councils. Therefore, if we dispose of the motion on districts, which in my assessment we had substantially considered, then we will go to the motion on municipalities. We cannot mix the two because they are brought under separate provisions of the Local Government Act.

4.36

**THE LEADER OF THE OPPOSITION (Mr Phillip Wafula-Oguttu):** Mr Speaker, thank you very much. Honourable minister, we heard your first Bill and there was a report. You have amended the Bill and we never discussed the report from the committee and there was a minority report. There are very many issues that were raised, which are good for our decision. They should inform us.

Mr Speaker, I think we need to go through that process so that we can move forward in a more organised and smarter way. Thank you.

**THE DEPUTY SPEAKER:** Honourable members, I thought I had guided on that matter. What we are debating is not the report of the committee. The motion on the Table is now the amended motion for a resolution of Parliament under Article 179 clause (1) paragraph (b) of the Constitution providing for creation of new districts. That is the motion and when that motion was moved, it was sent to the committee. The committee has now reported to facilitate that debate on the motion. We cannot debate the report but we debate the motion using the majority and minority report as information to guide us in our debate, which we have done.

Now, when we come to adoption, the minority report has made proposals of what we should do with it. The majority also has proposed what we should amend. When the item is called, that is when you move to do the amendments and that is when we are taking a decision. That is how we should proceed.

Had we finished with Budadiri West? Honourable member, we cannot combine the two motions and debate them at the same time. One has been debated and one has not. I have in my hand the proposed amended motion for a resolution of Parliament under section 7 (2)(a) of the Local Government Act providing for the creation of new municipalities. That one should be moved when we go to that particular item and we shall deal with it. Are we okay, hon. Nandala-Mafabi?

4.39

**MR NATHAN NANDALA-MAFABI (FDC, Budadiri County West, Sironko):** Thank you very much, Mr Speaker. Since we have changed, let us deal with the districts. I have no objection.

Hon. Betty Amongi raised an issue about the criterion of choosing these districts and that was very important to us. I have with me the Population Census of November 2014. On page 20, I have Tororo and it has a population of 526,378 people and yet they asked for a district. I also have here Kaabong, which is going to get another district, with a population of 169,274. I had never known why some members lose elections. It is because of the way they act. I have only quoted those two examples and my question is, are we trying to tell the people of Uganda that some few people can be divided while the majority cannot?

I also have another example of Wakiso; it has over two million people. Given this circumstance, wouldn’t it be better that the minister gives us a real formula of how he divided the districts so that we understand why we missed and others got?

Secondly, Mr Speaker, in the amended motion, there are four districts which are supposed be effective 2016; I will give an example of Kabale which is being divided. You have Rubanda coming in 2016, then Rukiga in 2017, while Kibaale, which they are dividing into three are all becoming effective in the same year. They are all being divided into three; the others are coming the other year others are coming partly. Worst of it, we are about to have elections.

In February 2016, we are going to vote Members of Parliament and LCV. A woman MP of Kabale will have to look for votes in Rubanda and Rukiga and two months later, there will have to be an election in those areas. Is this planning? What is the rationale? She will swear in end of May and after one month, there must be an election - *(Interruption)*

**MR OBOTH:** Thank you, hon. Nandala-Mafabi, for giving way.

**THE DEPUTY SPEAKER:** Honourable member, did you rise on procedure?

**MR OBOTH:** He was debating, Mr Speaker.

**THE DEPUTY SPEAKER:** I thought he rose on a point of procedure. Are you raising further procedure on this? *(Laughter)*

**MR OBOTH:** I just wanted to offer further procedural issues on what he raised that in Kabale and Kibaale, not only will they traverse those counties or other areas, but we might be having the last dinner with these people because when they knew that these places are going to get districts, they have been operating as such. Therefore, if you do not see hon. Robinah Nabbanja here or anybody else, you will know that it was because of this. Therefore, we need to rectify that.

**MR NANDALA-MAFABI:** Mr Speaker, we have put our colleagues in danger. Suppose, as my brother has said, they may not have been in Rubanda and Rukiga hoping they would be made districts and if she goes there, they will say, you have not been here. We shall lose such a person.

Mr Speaker, isn’t it procedurally right that we first make a decision because we cannot make a law in anticipation. For example, we want a district in 2017; suppose there is an earthquake - *(Laughter)*

One time we had floods in Teso and nobody knew they would ever come and they destroyed a lot. Don’t you think it would be procedurally right that we make a decision now to either create the districts or create what we can consume now and leave out others because it is very dangerous?

I can give an example of Namisindwa in Manafwa; this district was promised in 2010 and people even opened an office; they are still anticipating. You are now telling them they have to wait until 2017 - *(Interruption)*

**MS LEMATIA:** Thank you, Mr Speaker, and I thank the former Leader of the Opposition. I am listening with a lot of concern and I am made to understand hon. Nandala-Mafabi is an economist. I am so surprised he is making blunders as if he does not know the economic base of Uganda. I thought this should be taken into consideration before you give such information. Thank you very much. *(Laughter)*

**MR NANDALA-MAFABI:** Mr Speaker, I am a graduate of economics, not a student; I am an accountant, a lawyer, a teacher and I do international consultancy work. I know why I am bringing what I am trying to give you. I know the economic base of this country; it is you who may not know it. That is the reason we are raising the budget issue. I can tell you what has been planned in the budget of the next three years and I am sure you do not know it. *(Laughter)*

Mr Speaker, I have here the motion which was amended; it said these districts will commence on 01 July 2015. The public has waited; we better tell them to swallow their own pill either we are going to create four districts or five or none whatsoever. If we do not do that, it will be dangerous for us.

We cannot anticipate creating municipalities before we have dealt with districts which we have made people wait for many years. That is why I wanted to debate when you have brought the motion of municipalities. If we want to bring municipalities, then we should first deal with districts because we have the money, instead of funding municipalities which is as a second thought.

Mr Speaker, wouldn’t it be procedurally right that we either create all the districts now or none at all and also help our colleagues who know very well barely after two months after they have been voted, there will be an election in the new districts?

**MR EKANYA:** Thank you very much, Mr Speaker. I stand on a matter of procedure. More than 20 years ago, the people of Tororo County demanded for a district. They even went very far that His Excellency, President Yoweri Kaguta Museveni, came and declared a district. After five years, he came again and created a political district and people have been patiently waiting; we even fundraised money to start up an administrative block. They waited and five years passed; the people got annoyed as they thought that they had been cursed and as a result, because we had plenty of rats, they ate the rats. *(Laughter)*

To this day, Mr Speaker, this matter is very serious. It was just as a result of sovereignty of some of the elders thought we would have had ethnic conflict. However, some of us stood very firm. The matter of Tororo District has been brought to this Parliament thrice and the last time hon. Mwesige the minister came here, he said he needed more time to consult. I am even surprised that the Committee on Local Government and Public Service decided to ignore the issue of Tororo District which is on the *Hansard*, which the minister did not withdraw but only said needed time to consult.

As I speak, there is demonstration going on in Tororo County. People have decided to abandon their political differences and are united under one umbrella “Tororo District”.

*(Part expunged)*

**THE DEPUTY SPEAKER:** Honourable members, those remarks that relate to an honourable member of this House doing some things in Cabinet or not doing others in the caucus stand expunged from the record of this House.

**MR EKANYA:** Thank you very much, Mr Speaker. I would like to plead with the Minister of Local Government and this House that for once, honourable colleagues; there is pain among the people of Tororo County. There is very serious pain; some of you may not know why the pain exists.

Initially Bukedi was the “united states” of Uganda with about six major tribes but Government gave the district to the Samias, gave another district for other people in Budaka and Pallisa. The people of Butaleja - the Banyole got a district. Tororo District now remains with two major tribes; that is the Itesot and the Japadhola and as a result of that, tribal tension has been building and Government is aware. It is just that the leaders of that district and I are very sober and we are pleading with people to be patient – (*Interruption*)

**MR OBOTH:** Thank you, Mr Speaker and thank you, hon. Ekanya for giving way. This House should know one of the reasons why the Jopadhola members of Parliament never get to be elected here twice is how we handle the issue of the district and how we handle the dynamics of Tororo politics.

We were doing very well without the reopening of this matter. Somebody is wishing us bad luck in Tororo; they want us to continue fighting. Like hon. Ekanya said, at the heat of the campaigns when we came here, we sat down as members of Parliament from Tororo and agreed to work together; that should there be need to split Tororo, it be done with the consent and according to the wishes of the people of Tororo. What he reported here is right.

Now you are leaving out Tororo; you are causing problems for us and making Ekanya not to continue greeting Oboth and we have been working well. You are leaving Tororo and Pallisa that came from Tororo should be given Butebo; they have Kibuku there. If you were to divide and make division work, let it work for the people of Tororo.

We are tired of fighting each other over non-developmental issues - issues of the district. Who will listen to us and save us from this pain? The people of West Budama South even requested; the whole district made a resolution –(*Interjection*)– I will take the information.

**THE DEPUTY SPEAKER:** No, honourable members –

**MR OBOTH:** Most obliged, Mr Speaker. As I conclude –(*Interjections)*– I thought I was holding the floor. This is a demonstration and a testimony of the sensitivity of this matter. We can be ignored for one, two months; one or 10 years who of us here can eat a raw eat for anything? Should I go and get one and I give it to you?

**MR EKANYA:** Mr Speaker, I would like to inform Government that this matter is not light. Some of us - (*Interruption*)

**MR ODOI OYWELOWO:** I thank you, Mr Speaker and hon. Ekanya for yielding the floor.What the people of Tororo are asking for is to be treated equitably. Hon. Ekanya has made the point that for close to 20 years, it has been the position of the NRM Government that Tororo County should have a district; that has been the position.

The only problem is implementation. Now, the minister comes to this House and he says he was going to consult. We all took it that the consultation was on implementation. How on earth does it take a Minister of Government 10 to 15 years to consult on what is already agreed that Tororo County must have a district of its own.

Mr Speaker, Tororo County also asked for Malaba municipality, which is a gateway into Uganda, the biggest border point we have with Kenya. Malaba is not anywhere on the list of municipalities to be created. So what is your problem with Tororo County? We also asked for Nagongera municipal council and we have not seen it anywhere. So we are not reflected in the list of districts, municipalities and counties; are we not part of this country really?

**MR EKANYA:** Mr Speaker, as I wind up –(*Interruption*)

**MR TANNA:** Mr Speaker, I would like to thank the honourable colleague for giving way. Unfortunately, the churn of this House in all previous parliaments has been close to 67 per cent that means every consecutive Parliament brings in new members. If we do not take time to read the *Hansard* then my honourable colleagues here will not understand the pain and keep on laughing at us the way they are. We would be in tears now if we honestly read the *Hansard*.

Mr Speaker, in 2001, this issue was raised on this floor; in 2005 the honourable minister brought a motion to this House and it was the same calibre of motion that is being moved today - a list of districts. At that time Budaka and Tororo were put on hold and sent back to committee stage. Later Budaka was brought and passed.

Mr Speaker, Tororo is still at committee stage; new districts and counties have come and municipalities are being brought and we as their representatives, the four of us and we are saying – (*Interjection*) - the honourable colleague who is not here I shall not speak for but the four us here represent the individual constituencies that today form Tororo District and I am glad that my honourable colleagues have gone on record on this issue.

I would like to urge this House, it is no longer a joking matter we are not talking about eating rats but I would like you to envisage the pain that a normal human being would have gone through you and me to eat a live rat. (*Applause* And that person lives to date and in that pain still rides very high in the sentiments of the people of Tororo.

Honourable colleagues, the information that I would like to give you is that the matter still lies before the committee. I would like to use you to ask the Chairperson of the committee, can the committee present a report that is 10 years old on the issue of Tororo as presented by the Ministry of Local Government before we consider these districts and municipalities? (*Applause)*

**MR EKANYA:** I would like to thank the members for supporting Tororo and, Mr Speaker, I feel like committing suicide on this floor –(*Laughter*)– because this matter is so serious. What is the use of me being a Member of Parliament if my people cannot get a district! What is the use? For 20 years how can that be? *(Laughter)* No, I am a member of this country.

**THE DEPUTY SPEAKER:** Honourable members, order. The method of communication in this House is speech and that is why it is the only thing regulated not action and not even the threat to death. The pain can be expressed verbally. If you go beyond verbal expression, I might request you to cross the road and do it at the National Theatre. (*Laughter)* The matter is serious; there is no point in over dramatizing it.

**MR EKANYA:** I am not over dramatizing it.

**THE DEPUTY SPEAKER:** Honourable member, the point is made. Yes, you are turning this place into a theatre.You are turning this place into a theatre. Hon. Ekanya, resume your seat.

Honourable members, there is a limit as to what this House can take. There must be a limit and as presiding officer, I should make sure that those limits are observed, please. We have a code of conduct of how we conduct business in this House and nobody is an exception. It does not matter the amount of pain you have; there is no exception.

Imagine if all of us starting expressing ourselves that way, where would we be? Please, let us respect the decorum of this House the matters are serious. That is why I allowed the honourable member to source for information the way he wanted to because the point had to be made. However, when you go on to undress, you are exceeding the normal decorum of this House; you are becoming indecent. Please, let us respect the decorum of the House. The intensity of the matter that is before the House does not matter. Let us respect the dignity and decorum of the House as it is important. On that, I will not yield; it does not matter. Please, let us respect that.

5.13

**MR SIMON MULONGO (NRM, Bubulo County East, Manafwa):** Thank you, Mr Speaker. I thank you for your ruling and guidance about our conduct and how we should make our presentations in the House. We are definitely guided by the Rules of Procedure.

At the same time, Mr Speaker, I would like to comment on the point raised by the colleague who walked out with emotion and also supported by the colleagues from Tororo District. I appreciate the dynamics and challenges that the Minister for Local Government is facing concerning this but the matter of Tororo District is an emotive one. I neighbour Tororo District; I go through Tororo District to my constituency and I do share and sit with a number of them. As they stated, indeed the people there have high emotions about the issues of the division of Tororo as it stands now and particularly given that for a long time, since Tororo County was granted district status nothing was implemented.

There are, of course, contradictions on the ground about the municipality and where it should fall. Because of that, the people of West Budama feel that it should be on the side of West Budama and those of Tororo County feel it should be on the Tororo side. Given such contestations, a solution was proposed, as stated by honourable colleagues, of having each of those areas turned into a district so that it could solve this long-standing dispute.

It would have been good if the honourable minister gave some guidance on this matter as to how he, Cabinet or Government feels it is going to be solved so that it can provide some kind of direction and solution to this longstanding matter. Indeed, Mr Speaker, it is an issue this House should not just overlook. Thank you.

**THE DEPUTY SPEAKER:** Honourable minister, the issue that has been raised is very – Would you like to say something?

5.15

**THE MINISTER OF LOCAL GOVERNMENT (Mr Adolf Mwesige):** Mr Speaker, the issue of Tororo District is not new to this House. That subject has been on the Floor of this House, to the best of my knowledge, since the Seventh Parliament. At one time, it was among the districts which were passed by Parliament –*(Interjection)*– Yes, passed by Parliament and the local leadership was given the responsibility, I think, to determine the headquarters. The local leadership never determined the headquarters and to date, we have never had a resolution from there.

Therefore, the district remains on the books of Parliament. It remained a resolution of Parliament but it could not be operationalised because the local leadership of Tororo never obeyed the command of this Parliament. *(Interjections)-* Please, listen!

The second instance is when I moved a motion, as Minister of Local Government, I think in the Eighth Parliament. You were here, honourable members, when I moved the motion in the Eighth Parliament splitting Tororo into two districts. If I recall very well, the names were Mukuju and Kisoko. I brought the proposal to this House. However, a controversy erupted in Tororo itself yet I had got these names from the district council of Tororo. A controversy erupted in Tororo District itself and among the people of Tororo who live elsewhere outside Tororo. In fact, this subject was a subject of debate in the whole country - in Tororo, Kampala and outside Uganda.

The problem was, “We do not accept the names; we do not accept the headquarters.” So Government – *(Interjection)* - You were not here, hon. Oboth. When I brought this motion, you were not in this House, so just have the courtesy to listen to the facts, which I brought to the House when you were not here. *(Interruption)*

**MR OBOTH:** Thank you. I respect hon. Adolf Mwesige very much. He is one of the few people that I hold in high esteem. Not being here does not mean that I could not be privy to information. I was actually a cultural minister, a deputy attorney-general in the Tieng Adhola Cultural Institution. I was also working in the Ministry of Justice and I know that this matter did not only end there; it went to the Constitutional Court.

The information I want to give you is that the reason all this happened was because the name “Tororo” was disappearing. Under Article 5(2), you cannot create a district and amend the Constitution by diminishing the name. You were removing the name “Tororo” and that was why the Jopadhola went to court.

It is not true that the controversy cannot be resolved; what I know is that the controversy was resolved a long time ago. *(Interjection)* I did not really rise on that; I wanted to give him information. *(Laughter)*

**MR MWESIGE:** Mr Speaker, the honourable member says that the matter went to court but he does not tell this Parliament how the court case ended. *(Interjection)* Yes, you should.

**MR OBOTH:** The matter went to court and hon. Adolf Mwesige knows very well that I am a lawyer and I was involved in that matter. When Government engaged both the Jopadhola and the people of Tororo County - the Iteso - they came to a compromise and this was with the President. They came to a compromise that the name “Tororo” could not be removed but Tororo Municipality should not belong to either the Jopadhola or Iteso. That would give additional – A mechanism would be created so that Tororo Municipality would be elevated. That is why, by consensus, the matter was withdrawn by the Jopadhola who had taken the matter to court. That is how it ended. Tell me how you know it. *(Laughter)*

**MR MWESIGE:** You see, what the leaders of Tororo are not telling this House is how they arrived at the consensus, one, of naming the district; two, of determining which part of Tororo will fall where; and three, of determining the headquarters of the two districts once a new district is created out of Tororo. We do not have that consensus in the ministry up to now.

Tororo District has a leadership. In fact, the courts of law have ruled that where the matter of the district headquarters and even the name of the district are in issue, the body to determine the matter is the district council. I have the judgements of court on that. He has just told you that the matter went to court and the case was withdrawn but he does not state the terms under which it was withdrawn.

Mr Speaker, the short point is that in the face of a court battle, in the face of a situation where people were disagreeing on the name and where people did not agree on the headquarters, Government could not pursue the creation of a new district out of Tororo. However, this country has not come to an end. This country still exists and it will exist tomorrow. If you build local consensus, because we have tried this matter several times – *(Interruption)*

**MS OGWAL:** Mr Speaker, I know that this is a very emotional matter but we should be factual in our presentations in order to calm down some nerves.

I have been in this Parliament for a couple of years and I remember that when the issue of Agago District came up, there was a sharp disagreement as to where the headquarters would be. I stood up on this Floor and pleaded with Parliament to approve the district of Agago and leave the people of Agago to sit down and agree on where the headquarters would be. I am on record, and even Lamwo was done in the same way. There was disagreement as to where the headquarters would be but we approved the district in principle as our responsibility as Parliament, and left it to the local community to determine where the headquarters would be.

Is it, therefore, in order for the Minister of Local Government to give the impression that there is no way that this Parliament could have given Tororo the status of a district and left it to the people of Tororo to decide where the headquarters would be? Is he in order when it has been done for other districts?

**THE DEPUTY SPEAKER:** Honourable minister, that is information that you need to take into account.

**MR MWESIGE:** If my aunt, hon. Cecilia Ogwal, had been extra attentive, I had answered that question. If Parliament passes a resolution contingent upon the happening of an event by another organ of the state and that event does not happen, the resolution of Parliament is not operational.

What am I talking about in this case? In this case, Parliament said, “Tororo, you have a district; go and determine its headquarters.” For about five to six years, the leadership of Tororo failed and up to now, they have failed. The Government did not therefore set up the infrastructure to operationalise Tororo District.

In the last Parliament, we came back to cure the problem and I introduced a new motion to create a new district out of Tororo called Mukuju, if I recall. I brought the motion here. First of all, hon. Oboth is telling you that the people of Tororo took the matter to court immediately. In their view, the new proposal was unconstitutional. The rest of the districts had to proceed as Tororo was battling in court.

Even when they withdrew from court, I did not receive the terms of the court settlement as they were not brought to the ministry for us to help them implement those terms of settlement. Even if the Tororo people agreed among themselves, the motion to create a new district out of Tororo arising out of consensus and out of court settlement must still come from Government. We do not have that representation.

Therefore in brief, Mr Speaker, I do not want to waste the time of this honourable House. In my view, the problem is in Tororo. Well, you can cure but there are boundaries you cannot cross. You are not going to determine the headquarters of Tororo District, you are not going to name or baptise Tororo District; you do not have that authority.

If the leadership took the initiative, if they used the vigour they are using here to articulate the issues of Tororo in Tororo itself to sit and resolve this problem, I have no problem in reintroducing the motion to create Tororo. However, I cannot do it until that is done and I am not going to do their work. This is their work and that is why the law authorises any Member of Parliament to sit in district councils and guide the local leaders on law and policy. If, however, they think that the ministry can assist them or the committee of Parliament can assist them, this is our work and we are available to do so. However, I cannot do this in a second by amending this motion to capture Tororo right now. I am afraid that is not possible, Mr Speaker.

**MR KAFUDA:** Thank you very much, Mr Speaker. I do not know if the honourable minister is following up on his words, most especially on the issues he presented to the committee of Parliament and even what was presented here.

I am a member of the Committee on Public Service and Local Government. During our committee meetings with the minister, he came up with new criteria for creating districts. Those criteria were supposed to be adopted by this House so that he can review the motion that he had tabled. We continued as the committee and went to the field. From there, we came up with a report, which the minister was supposed to follow after it had been adopted by this House.

The new criteria that the minister followed were fiscal capacity, human resource capacity, human settlement and land use patterns. For a district to be created, it should be above 3200 square kilometres, which is about 32 kilometres or 20 miles in radius. Those are the criteria that the minister presented to our committee, which criteria had been adopted by Cabinet. That is how he stated it to the committee and we came up with a report. As a committee, we then sat down and selected the districts that were supposed to be split first and we put it in our committee report. These included Kibaale, Kasese -

**THE DEPUTY SPEAKER:** What is the procedural point?

**MR KAFUDA:** Mr Speaker, the procedural matter is that after we had written our own report with recommendations, surprisingly the minister removed Kasese District that had been mentioned among the biggest districts, and he never gave clarification on why it was deleted from the list.

**THE DEPUTY SPEAKER:** The procedural point, honourable member.

**MR KAFUDA:** Mr Speaker, are we moving correctly, procedurally, by not following the report of the committee when the minister did not give any clarification as to why Kasese District was deleted from the list?

**THE DEPUTY SPEAKER:** We are proceeding properly.

5.51

**MR SAMUEL ODONGA OTTO (FDC, Aruu County, Pader):** Mr Speaker, I thank you for giving me this opportunity and I want to thank my honourable colleagues.

I joined Parliament in 2001, together with hon. Mwesige and the Speaker of the House. Some people were here before us; I need not mention their names. I just want to submit on two issues. The issue of Tororo may spoil the whole spirit of this motion because it is like a successful roadblock - a kind of impasse - that now it is not nice to talk about Koboko and other places when people are on the verge of hanging themselves both in this House and outside.

I was in the previous Parliament when hon. Mwesige brought the solutions. However, I think that this Parliament should pronounce itself because we have gone close to the solution. If we shy away from it now, it will be very unfortunate. This Parliament can pronounce itself because the rate of turnover of MPs - the late Akisoferi Ogola and William Okecho - Everyone just visits Parliament for one term and they go back as if they are not distinguished legislators like hon. Oboth. This is because the tension down there is very high. For those who come here on the ruling party ticket, it becomes very unlikely because this tension has not been resolved. As such, you have Movement leaning Independent MPs like hon. Fox Odoi and hon. Oboth – Hon. Tanna is not so much in that kind of –(*Laughter*)

Therefore, I would suggest, honourable minister, that this House pronounces itself to create those three units: Kisoko, Mukuju and then Tororo. The issue as to why the Jopadhola, who are Luo like me, went to court is because they have a cultural attachment to the name “Tororo”. It is *too oro*,whichis a cultural identity. It means the mist that comes early in the morning. In the process of creating a district, you do not remove their cultural heritage, which is also a constitutional right. That is how the name becomes very sensitive. It is not a matter of giving them the district and calling it anything; that name *too oro* must remain.

If we can save Tororo in the middle, which is a 50:50 or 60:40 mix of the Jopadhola and Iteso, and then we give Kisoko which is predominately Jopadhola, and Mukuju which is predominantly Iteso, this tribal tension will diffuse once and for all. In any case, the population is 500,000 people. They are half a million so if we divide Tororo into three, there will still be over 130,000 people in each district.

Honourable minister, I implore you. We have created some districts that are coming tomorrow, others in 2016 and others in 2019. Let us pronounce ourselves on the three and then they go and look for their headquarters and resolve those issues at the grassroots level but at least we would have pronounced ourselves in this Parliament today. When I saw my colleagues with the same blood speaking with pain, it made me almost shed tears. Let us help them.

Mr Speaker, hon. Ekanya has been in Parliament since 1996 - five years ahead of us. You now wonder why other MPs visit Parliament for only one term while some have stayed for five terms. It is because if you go down to his constituency, you will find that he has an advantage because his parentage is from both conflicting tribal groups. That is why he always sails through. However, those who are from distinguished ethnic groups like the Jopadhola and the Iteso will always be got in elections.

I would therefore pray to this House that we pronounce ourselves on these districts. They can come in 2016 or 2017 but at least, let us pronounce ourselves because I am sure that there is too much tension even now in Tororo. Thank you so much, Mr Speaker.

**THE DEPUTY SPEAKER:** Honourable members, the challenge that we would have is that it would have to be proposed by the minister. This House cannot pronounce itself on it in the absence of a motion from Government. I have seen the Minister of State for Local Government, hon. Onzima.

5.37

**THE MINISTER OF STATE FOR LOCAL GOVERNMENT (Mr Alex Onzima):** Thank you, Mr Speaker. Mr Speaker and honourable members, I joined this Parliament together with my senior minister in the year 1996. I have told the people of Maracha that I joined active politics ten years before President Museveni became head of state and I will quit politics ten years after Museveni will have left that seat. (*Laughter*) That confirms how strong I am in my constituency.

Mr Speaker, I totally agree with the submission of the Minister of Local Government on the subject of creating a new district out of the parent Tororo District. The problem is not good governance; the ball is in their court and they have to be honest about it. I am just thinking aloud and this is something that probably, I should have whispered to my minister before standing up to mention it here -

**THE DEPUTY SPEAKER:** Do you want to do that?

**MR ONZIMA:** I understand that in a few days to come, we in the Government are likely to move a motion on the creation of new cities. Tororo Municipality has a population of 41,906 people while Jinja Municipality has a population of 43,991. It is almost the same. Therefore, I would implore that a proper solution, a more –(*Interruption*)

**MR MWIRU:** Thank you, Mr Speaker. Jinja Municipality East, which I represent, has a population of 41,000 registered voters and that does not include the general population. Is it in order the Minister of State for Local Government to state in this House that Jinja has a population of 43,000 people?

**THE DEPUTY SPEAKER:** Honourable minister, the population statistics you are giving may not be very accurate. I would also suggest that we do not anticipate whether something is coming or not because this House is rising tomorrow. I would urge that we deal with the matter that is before us instead of anticipating what is coming ahead. Let us resolve these matters here. That is my guidance.

**MR EKANYA:** Mr Speaker and honourable colleagues, I stand to apologise to the Speaker and to all of you for losing myself. It is simply because this matter has created tribal tensions and I have witnessed women and patients dying in Tororo District because they are told to go to their districts to get health services. I apologise, Mr Speaker. *(Applause)*

**THE DEPUTY SPEAKER:** Thank you. Does the Leader of Government Business want to say something?

5.43

**THE SECOND DEPUTY PRIME MINISTER AND DEPUTY LEADER OF GOVERNMENT BUSINESS (Gen. (Rtd) Moses Ali):** Mr Speaker, I would like to appreciate and applaud the shadow Minister of Finance, Planning and Economic Development for having realised that what he did was out of order. The fact that he has come back is a good example to all of us; even if you have lost your temper, it is good that you are able to come back and apologise. That is a good example and I think that we should all pray for our brother to continue realising that and follow the right channels. Otherwise, the problem still remains. *(Interjections)* My sister, please listen. You will never be a Deputy Leader of Government Business. *(Laughter)-* That is for sure, I must tell you. What is your problem?

What I am saying is that the problem still remains that Tororo must become a district. However, there is a better way of approaching it and this is exactly what he has realised. Even if you stripped naked in this House –*(Interjections)*– Listen, I said “if”. If you people know English –

**THE DEPUTY SPEAKER:** Honourable members, the burden on this House is higher than we are making it look. The reason I am saying this is because what we are required to do here requires the complete cooperation of each and every Member in this House. That includes the Members who are not even in the House. This motion requires a higher standard than the normal quorum of Parliament. That is why it is important for us to move together so that when decision time comes, we are able to bring everybody on board and take a decision. It is therefore important that we move together, and I would like to thank the honourable member for Tororo County for what he has just said.

Honourable members, the Constitution requires that if we are to alter the boundaries of any district or create a new one, we must do that by two-thirds of all members of this House supporting. That is what the Constitution says: *“Any measure to alter the boundary of a district or to create a new district shall be supported by a majority of all the Members of Parliament.”* That means half. That means 375 divided by two plus one. That would be the standard that would be required for us to take this decision. That is why it is important for us to move together and take the spirit properly. The honourable minister, looking at what is going on, should be able to move this.

Honourable members, if the debate is exhausted on this matter, we will need to pause it here. However, if it is not, rather than raise procedure, we might need to proceed with the debate and conclude it and then we wait for an appropriate time to take a decision on this matter. Procedures will not solve this problem.

5.48

**MR JULIUS BIGIRWA (NRM, Buhaguzi County, Hoima):** Mr Speaker, I tried to catch your eye in vain. I was here yesterday and we debated this matter exhaustively and we appeared to have reached consensus on this matter, especially to do with the creation of new districts.

We appreciate the concerns of other Members but I listened carefully to the honourable minister and he is in agreement. I think that procedurally, colleagues could move a motion or meet the minister and do it the other way around to make sure that we get all that we deserve as Members.

Therefore Mr Speaker, I would like to move that if the House agrees, we vote on this matter, otherwise we will continue debating until tomorrow. Therefore, I would like to move that the question be put to the motion on the creation of the new districts. I thank you.

**THE DEPUTY SPEAKER:** Honourable members, a motion has been moved. It was specific that the question on the motion on the creation of the new districts should be put. However, honourable members, I can put the question to that motion but we still have to see if we can take a decision. We do not want to proceed in vain because even if I did, we would not be able to proceed. This is because we have done the counting and we do not even make the ordinary quorum of Parliament.

**MR MWIRU:** Thank you, Mr Speaker. Whereas I understand the spirit under which we are proceeding, I had the benefit to look at the certificate of financial implication, which was issued in respect to the subject matter. When it comes to creating a new district, the certificate looks like a district is split and the cost is shared but it does not look at the sustainability of what we are doing.

I am therefore wondering whether it is not procedurally right for the minister to get a certificate of financial implications, which covers what we are dealing with. I see the manner in which we are proceeding – *(Interjections)* - Mr Speaker, you should protect me from my colleagues -

**THE DEPUTY SPEAKER:** Order, Members!

**MR MWIRU:** Mr Speaker, I appreciate the spirit that we need to empathise with our colleagues. However, I see the manner in which we are saying that we need to add another one whereas the certificate of the minster was looking at dividing a district, for instance, which would mean that you are sharing the cost. However, when you are creating a district, there are other issues like the wage bill, which come in. I thought the certificate should address all those other issues.

As such, I am wondering if, in the spirit in which we are proceeding and for the purpose of Parliament, it would not be procedurally right for the Minister of Local Government, together with the Ministry of Finance, Planning and Economic Development, to give us a certificate that addresses the situation other than just looking at splitting the districts? I thank you.

**THE DEPUTY SPEAKER:** Honourable members, whatever we are doing now is not in this year’s budget. The certificate of financial implication is therefore projective of what is likely to happen when this first batch of districts come into effect. That is what the motion says - next year, in the other financial year or towards the tail end of this financial year. I do not know how that works but that is it. Therefore, you cannot issue a certificate of financial implication that covers other budgets beyond what we can handle.

I think that is why the certificate is simply saying that we will operate within this budget to accommodate the tail end of the creation of the new districts, if they are to come in 2016, because there will be two months into the next financial year. I think that is the purpose as to why it is structured that way.

**MS BETTY AMONGI:** Thank you, Mr Speaker. Procedurally, I would wish that the minister clearly states, on the record, the issue of the criteria that are being used. The matter has been raised in the committee report and I read here yesterday the constitutional provision under Article 179(4). I also raised the matter of Oyam, which has a high population beyond some for the districts that are on the Floor.

Oyam District, which I also raised, was brought to the ministry by the former Woman Member of Parliament, hon. Beatrice Lagada, and the district council made a resolution and even forwarded it to the ministry. Mr Speaker, it will be very difficult for some of us to go and explain how and why districts that have submitted resolutions, that have higher populations than some of the districts being created and have more strategic locations have not been considered.

I think most of the people from Northern Uganda here know that, that is the gateway to the north. When you talk about Kamdini, there is nobody that has crossed Karuma that does not know Kamdini. At the moment, it is a gateway to South Sudan –

**THE DEPUTY SPEAKER:** Procedure.

**MS BETTY AMONGI:** Procedurally, it meets all the criteria in the Constitution and it meets all the procedures in the committee report.

**THE DEPUTY SPEAKER:** What is the procedural matter?

**MS BETTY AMONGI:** I would like the honourable minister to tell the House what criteria are being used so that when we go back to our different constituencies that have met all the criteria, we are able to say, “These are the criteria that the minister used.” Otherwise, it will be very difficult.

Mr Speaker, you are my neighbour and it will be very difficult for me to explain to the people of Oyam as to why Omoro, which has a smaller population, has a district and not Oyam. Please, give the criteria on the Floor so that we can go back and tell the people.

**THE DEPUTY SPEAKER:** Honourable minister, this is yours. I cannot rule on the criteria.

**MR MUWANGA KIVUMBI:** Mr Speaker, in my humble opinion, the reason why you see a lot of emotions in this House and across the board is that the criteria for creating these districts are not very elaborate, lack clarity and are not transparent. Instead, you are seeing an outpouring of emotions. The moment we descend down that road, it leads us nowhere.

The only way a Parliament can make a rational decision is based on a known formula and facts. I cannot understand why Wakiso is not created into something like five districts because the threshold *- (Interjection)–* I know where you are coming from. The problem of this Parliament is that many people are mixing electoral fortunes with creation of districts. I come from a new district and the woman Member of Parliament and the male Member of Parliament who created that district were not voted back despite the fact that they delivered a district. Therefore, people may warming up but it is not a given.

Therefore, Mr Speaker, I would like to caution this Parliament and I would like the minister to know that he has set a very terrible precedence by not coming to this Floor with an elaborate formula on the creation of districts and town councils. I sympathise with my friend; the other day I saw him and he was about to do what hon. Ekanya did today. We will see more drama in this Parliament as long as the formula for creating districts is not known.

Therefore, I would like to invite the honourable minister to go back to the rationale and give us the formula. You are making your life and work harder. If you had come here with clear criteria, nobody would be emotional but right now, many people are simply wishing – It is like a wish list. You wish that this is a district and it is a district.

Mr Speaker, the other problem we have in this country *–(Interruption)*

**THE DEPUTY SPEAKER:** Honourable, you were supplementing a procedural point on which I needed to rule and that was on criteria. Can we stop there now and we deal with that? You are now taking it the other way.

Honourable minister, could you help us with this criteria issue and then we see how to move on? Can we first hear what he is saying and then if there is a gap, we deal with it?

**MR MWESIGE:** Mr Speaker, this is not the first time that this Parliament is creating new districts following the constitutional dispensation of 1995. The criteria are clearly spelt out in the Constitution in Article 179(4), which says, “*Any measure for the alteration of the boundaries of or the creation of districts or administration units shall be based on* *the necessity for effective administration and the need to bring services closer to the people and…”* I am reading from the Constitution. *(Interjections)* If you do not have a copy, just have the courtesy to listen. *“…and it may take into account the means of communication, geographical features, density of population, economic viability and the wishes of the people concerned.”*

The criteria is summarised in the Constitution. Now the question is: how do you measure the means of communication? This is a question of fact. How do you look at geographical features? This is also a question of fact. Kalangala, for example, did not have the big population that you would want to have. I think by that time it had 16,000 people but because of the geographical barrier - the lake between Masaka where Kalangala was being managed and Ssese Islands - this Parliament found it expedient to create that district and it has worked for the people of Kalangala.

When they talk of density of population, you can consider the population but population alone cannot be enough. I have just given the example of Kalangala District; if we were to go by the density of population alone, it would never have been a district. If you talk about the wishes of the people, which is also a factor here, how do you measure it? The best way we have been using in the ministry to measure the wishes of the people is going by the resolutions of districts and sub county councils. This is because it is difficult to measure the wishes of the people unless you hold a referendum in these areas and I have not seen us holding a referendum in any part of the country for purposes of determining a district.

The other objective criterion is to have a radius of 20 miles, in addition to this criterion which I consider to be subjective, because measuring the wishes of the people is subjective. Geographical features are a question of judgement. Means of communication is also a question of judgement. Therefore, the criterion is written in the Constitution.

If I can be specific –*(Interjections)–* Yes, it is very clearly written in the Constitution. Why did we bring Kalangala that time? Why did we bring Buliisa that time? The batches of districts that we have been bringing here have depended on affordability of resources. *(Interruption)* I just want to complete my point then you will have time to come in. Oyam is a new district, so when we are considering creation of new districts we also look at the age of the districts that want to be divided. Oyam is not even five years old. Yes, I was here when Oyam was curved from Apac. The records of Parliament can show that it is about four or five years old. Perhaps Oyam has a big population but it is a newly created district. Therefore, before we think of re-dividing it, we also have to look at others.

The will of Government to create Tororo District has been very strong and consistent. I have told you that Government has been on this Floor twice introducing a new district out of Tororo County. One of those occasions was in the Eighth Parliament when I personally moved a motion to create a new district out of Tororo. The complication, as hon. Alex Onzima said, has always come from the leaders of Tororo themselves. If you sort out - *(Interruption)*

**MR WAFULA OGUTTU:** Thank you very much, honourable minister, for giving way. The explanation that you have given us, particularly on Tororo, is very convincing. However, for the rest of the districts, we do not know. It would have been procedurally right if you presented the explanations district per district.

Regarding the districts which applied and did not qualify, you should have given an explanation as to why you rejected them. Only then would it have been procedurally right for us to proceed and not waste the Parliament’s time. Mr Speaker, it would be procedurally proper for us to get that information before we can proceed with the rest of this work. Otherwise, we are going to have more fights and people who want to hang themselves in the House.

6.07

**MS ALICE ALASO (FDC, Woman Representative, Serere):** Thank you very much, Mr Speaker, for giving me the opportunity. I have heard the honourable minister talk about criteria and it is something that I have wanted to get clarity on.

I understand that a criterion is set so that there is a general framework under which you make that undertaking to guide you to offer the standard. It seems that this criteria is applied in such a fluid nature that you do not know which aspects of it are being used to determine which districts and when.

Mr Speaker, in my view, it would be healthy that if the honourable minister is going to argue on criteria, he should clarify which one he is using for what. If you talk about a district of 60,000 people, you have Kasese, Kabale, Arua and Tororo. You make it look so ugly when there are districts of 60,000 people and then there are those of 500 plus people.

Most importantly, I would like to comment on the issue of Tororo. I have been sitting here and I heard the minister again talk about how Government is passionate about this matter. I have no reason to doubt him because he is speaks for the Government of Uganda. However, let me ask the honourable minister a question. Only a few days back, he went and amended his motion and he was very sensitive to the pleas of the people in this House. Is it too difficult for him tonight to pick up the proposals - Hon. Odoi, hon. Oboth, hon. Ekanya, hon. Tanna have all said that there are proposals, including those that came out of a court settlement.

Honourable colleagues, is it possible that we hold on for only tonight for Tororo’s sake? For the sake of the Jopadhola and the Iteso in Tororo who feel the same way that the honourable minister - *(Interruptions)-* If only you will listen to me. I am a good listener. When you people talk, I listen. Is it possible that the honourable minister - Mr Speaker, please tell hon. Mwesige to listen to me because I am talking to him. It is not fair that I talk to hon. Mwesige and he turns his back and faces the other side. It is offensive. *(Laughter)* *[Hon. Adolf Mwesige: “I apologise”]* - Mr Speaker, I appreciate that hon. Adolf Mwesige is paying undivided attention.

I was just praying with this House and with the Government of Uganda to take the proposals that the MPs are making since the principle was already agreed on Tororo - after all, we do not even have quorum today to consider this matter - and then come back to us tomorrow. It is said in history that around 1885 or 1894, some people sat in Berlin and decided to partition Africa. There was nothing scientific; it was literally greed and power at play. We can easily fall into the same trap in this House, that we will use power and our personal interests and ignore the very pleas of the people for whom we are partitioning this country.

Honourable minister, please give us an opportunity tonight. Go and consider the matter of Tororo and come back here. Otherwise, this will amount to a scramble and partition, which is not scientific and sensitive to the needs of the people of Uganda. Therefore, procedurally, is it possible that the honourable minister takes on the Tororo issue tonight and amends the motion tomorrow morning and we vote and give Tororo what they want and then the rest should meet criteria?

The other thing the House is forgetting about is the sustainability question. We can create 1000 districts but are they sustainable? For Tororo, I think it is sustainable.

**THE DEPUTY SPEAKER:** Honourable members, I cannot suspend debate to allow the minister to amend his motion. It would be highhanded on my behalf and I cannot do that. However, I am also not able to put the question for the House to take a decision on this matter because of the composition of the House that we have at the moment. The composition of the House cannot sustain a vote on this matter, so we will not be able to take a vote.

Honourable members, I have done a count and there are 103 Members of Parliament. I do not have the glasses to count people outside this House. I have counted the Members in the House and they are 103. If they are somewhere else, I am not able to count them.

**MR KATUNTU:** Thank you very much, Mr Speaker. I rise up on a point of guidance and maybe a request to the minister. I do not want to say procedure because today seems to have been a day of procedure but I hope that my thinking may be bought by the minister and the entire House.

We seem to have two controversies: one is about Tororo and the creation of three other districts from Tororo. The second one is about some districts that had requested for creation of others out of them and somehow, the minister has not brought that request. I would suggest that for us not to have this controversy come up again tomorrow, the minister does the following:

One, from what the minister has suggested there seems to be little controversy about Tororo. Our colleagues are on record saying that all the problems they had have since been resolved. That is what I heard, unless I did not hear properly. I take comfort because there is a Jopadhola in it, there is my brother here who is half Jopadhola and half Itesot - you would call him a *mukyotara* –(*Laughter*)– I hoped that would have brought a smile on his face - and there is hon. Tanna - I do not want to use the word *Muyindi*.

When I was talking to hon. Ekanya, he told me that there is now a resolution from the district that has resolved the issue of the headquarters and the name. If that has been resolved, where is the controversy? I do not see it. Therefore, I would request our colleague to bring the resolution to the minister and we request the minister, since you are in agreement that there should be other districts out of the current Tororo District, that this matter is resolved and we proceed without any controversy.

The second issue goes back to what many colleagues have been raising about criteria. Honourable minister, if I request for a district and in your opinion you think that I do not qualify, I think I am entitled to an explanation saying, “Yes, there was a district resolution from Iganga District but having considered this request, it will not be possible to grant a new district.” If you do not do that, honourable colleagues here, who are aware of their mother district having resolved, will continue raising this issue and the controversy will go on –(*Interruption*)

**MR MAGYEZI:** Thank you, honourable member, for giving way. I would like to add information to what you are saying. The Local Governments Act, section 7(10), on approval of new administrative units, says, “*Where an approval required under this section is not given, the authority withholding its approval shall, in writing, give reasons for its action to the local government*.” Therefore, you are right.

**MR KATUNTU:** If the honourable minister had that information, the issue, for example, that he was giving us about Oyam would not arise because there would have been a communication to Oyam and to the colleagues here who represent that district. Therefore, I am requesting the minister to burn some candles tonight to resolve the issue of headquarters with our honourable colleagues such that when they come here tomorrow - (*Interjection*) – No, it is not about you because according to them, it has been resolved.

Let us do this. Sometimes, this sort of dialogue does not help the situation but perpetuates it. Therefore, what you will have to do is that if there is a district resolution - And I do not agree with you, honourable minister, when you asked, “How do you measure the wishes of the people?” We have institutions. The only way to do it is to look at the institutions of Government like the district councils because it is presumed that they act on behalf of the people. Therefore, if there are district resolutions, you cannot look outside them as you do not have those powers.

Mr Speaker, I suggest that if he can resolve those two issues, maybe tomorrow we could have a slightly smoother process rather than coming back and we go through the same story again. I beg to suggest.

6.20

**MRS CECILIA OGWAL (FDC, Woman Representative, Dokolo):** Mr Speaker, as we expect to have consensus tomorrow on this matter, probably to help the minister, because he is talking about criteria for the creation of new districts and municipalities, let me give you some facts and figures, which may help the minister.

If you look through the latest statistics from the Uganda Bureau of Statistics, you will find that central region has a total population of 9.6 million people. If you look at the eastern region, it has 9.0 or 9.1 million people. The northern region has 7.2 million people while the western region has 8.9 million people. Regarding the current municipalities and the criteria given by the minister, central region, which I believe has more communication, more accessibility and probably qualifies in terms of criteria, has only three municipalities so far. The eastern region has seven, northern region has four and the western region, with a population of 8 million, has 10 municipalities.

I would also like to request the minister to be mindful of the fact that we read and follow issues. You may recall, and this House is aware, that Kiruhura District was created recently with Oyam, Dokolo and others but we are also aware that Kazo District is among those to be created. I think it is important that we know that each and every one of us represents people who are interested in ensuring that the national cake is fairly shared. When you look at the municipalities alone - I really thank God that our voters do not know these figures. If you tell them that the western region, which has a population –

**THE DEPUTY SPEAKER:** Honourable member, the municipalities is not in debate now. Please, let us deal with the districts.

**MS OGWAL:** Okay, I am talking about Kiruhura versus Oyam. There is no justification and criteria do not apply here. Therefore, I am requesting you to reconsider all those criteria and make sure that the interest of the people is followed. I thank you, Mr Speaker.

**THE DEPUTY SPEAKER:** Honourable members, we have listened and I think we have understood each other. We cannot take any decision on this matter at this moment. We will defer decision on this matter to tomorrow. We have other business and I am going to seek your indulgence that we continue and receive some reports so that tomorrow, we can only take decisions on many of these things.

MOTION FOR A RESOLUTION OF PARLIAMENT TO AUTHORISE GOVERNMENT TO BORROW UP TO SDR 97.9 MILLION ($135 MILLION EQUIVALENT) FROM THE INTERNATIONAL DEVELOPMENT ASSOCIATION (IDA) TO SUPPORT THE ENERGY FOR RURAL TRANSFORMATION PHASE 3 (ERT – 3)

**THE DEPUTY SPEAKER:** Honourable members, this request was presented to the House and referred to the committee. Can I ask the minister to substantially move this motion and then the committee can report.

6.25

**THE MINISTER OF STATE FOR FINANCE (PLANNING) (Mr David Bahati):** Mr Speaker, it was our understanding that we had already moved the motion.

**THE DEPUTY SPEAKER:** No, you did not speak to the motion. You laid the paper but you did not speak to the motion.

**MR BAHATI:** Thank you very much, Mr Speaker. The motion to authorise Government to borrow US$ 135 million from the International Development Bank Association to support the Energy for Rural Transformation, Phase III was already moved here.

Colleagues, as you know, we have had a policy of electrifying our country and for the last 10 years, we have been able to cover almost 60 per cent of the country. Earlier, we had borrowed money for phases I and II. The details of phase III are in the report of the committee detailing each and every district that we are going to finance in this phase.

Mr Speaker, I beg to move that this House debates and approves this loan request.

**THE DEPUTY SPEAKER:** Honourable members, this motion was not moved before; you have just moved it now. Is the motion seconded? It is seconded by hon. Muruli Mukasa, Gen. Aronda, hon. Daudi Migereko, hon. Kiyingi and the honourable member for Kapchorwa. You have spoken to your motion. This matter was referred to the committee; can the committee report so that we process all these things and see how we can move tomorrow?

6.28

**THE CHAIRMAN, COMMITTEE ON NATIONAL ECONOMY (Mr Xavier Kyooma):** Thank you, Mr Speaker and honourable colleagues – *(Interruption)*

**MR NANDALA-MAFABI:** Mr Speaker, I have the report but we have borrowed money for rural electrification for transformation and for energy but we do not see - The minister has clearly moved the motion but he has not justified the motion as regards which district he wants to borrow for –

**THE DEPUTY SPEAKER:** Can we pick that from the report, honourable?

**MR NANDALA-MAFABI:** Mr Speaker, the reason I am rising on a procedural issue is that there is what we call debt sustainability –

**THE DEPUTY SPEAKER:** Honourable member, I really understand your point but the committee has examined these issues. Can the committee advise us?

**MR KYOOMA:** Thank you, Mr Speaker. This is a report of the Committee on National Economy on the proposal by Government to borrow up to Special Drawing Rights (SDR) 97.9 million, which is an equivalent of $135 million, from the International Development Association of the World Bank Group for financing the Energy for Rural Transformation, phase III or what we call ERT III.

Mr Speaker, I have here relevant documents to the loan request. I have a brief to Parliament, a project appraisal document, the draft loan financing agreement, minutes of negotiations, the Global Environment Facility Grant Agreement and the original copy of the report on this loan request. I beg to lay all of them on the Table.

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

**MR KYOOMA:** Mr Speaker, equally I would like to lay on the Table the minutes of the committee on the same loan request.

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

**MR KYOOMA:** Mr Speaker and honourable members, this is a report of the Committee on National Economy on the proposal by Government to borrow Special Drawing Rights 97.9 million, which is an equivalent of $135 million, from International Development Association of the World Bank Group for financing the Energy for Rural Transformation phase III. This proposal was presented to this House by the Minister of Finance, Planning and Economic Development on 12 August 2015 and accordingly referred to our committee in line with rule 166(2)(b).

We considered and scrutinised the proposal and now we beg to report. With your permission, Mr Speaker, I need to get to the background. Briefly, the fact is that in terms of electricity accessibility, we are still below the standard and that is summarised in the table on page 3, which shows that Uganda is lagging behind - the table summarises it all - and that also proves the need for electricity. I will go to page 5.

Project Objectives

The ERT III project development objective is to increase access to electricity in rural areas of Uganda. The global environmental objective is to increase access to electricity in rural areas of Uganda and reduce greenhouse gas emissions.

Mr Speaker, the table on page 5, which stretches to page 6, outlines the beneficiary districts and places.

Project Components

Component No.1 is on-grid energy access, which will take $144.6 million with $115 million from IDA. Component No.2 is off-grid energy access, which will take $25 million with $14.3 million from IDA, $8.2 million from the grant, and Government of Uganda will contribute an equivalent of $2.5 million. Component No.3 is about institutional strengthening and impacts monitoring. The associated costs are outlined.

The financing arrangements are summarised and given on page 8, and the terms and conditions are on page 9. The International Development Association will make available US$ 35 million loan to finance Energy for Rural Transformation III under the terms shown in the table. The nominal value of the loan is US$ 135 million; the maturity period is 38 years, including a grace period of six years; the service charge, commonly known as interest rate, is 0.75 per cent per annum; and a commitment fee of 0.5 per cent on undisbursed loan amount.

Mr Speaker, other conditions are:

i) Submission to IDA of the Attorney-General’s legal opinion on the legal validity of the loan documentation, including the project and subsidiary agreement to the Government.

ii) Execution of the subsidiary agreement with the Private Sector Foundation of Uganda and the subsidiary on behalf of the Government.

iii) Execution and delivery of the global environment facility grant agreement and delivered all conditions precedent to its effectiveness or to the right of the Government to make withdrawals under it have been fulfilled.

iv) Preparation and adoption of the operational manual in accordance with the financing agreement.

v) Recruitment of government, through Rural Electrification Agency, of procurement officer with qualifications, terms of reference and experience and establishment of an operational procurement and contract management and monitoring system.

Mr Speaker, table 4 shows the concessionality of the loan. As I have already noted, the payment period is 38 years out of which six years will be the grace period. The present value of the loan is US$ 51.16 million; debt service of the loan is US$ 137.97 million; the grant element is 62 per cent; and the discount rate is 5 per cent. Briefly, this is a highly concessional loan.

Economic and Financial Rate of Return

Overall, the ERT III project is economically viable with an economic internal rate of return of 37 per cent. On page 11, Mr Speaker, the project implementation arrangement is given. With your permission, I will go to page 12.

Observations and Recommendations

Electricity Generation and Costs

The committee observed that although there has been an increase in the country’s electricity generation capacity together with the continued strengthening of the transmission and distribution network, that has improved power supply reliability in the country, the average cost of electricity in the country has remained high.

The committee recommends that given the fast-growing demand for electricity, - about 9 per cent per annum - the Government needs to expeditiously harness the country’s abundant natural resources more efficiently to provide reliable, cost-effective electricity to support the country’s growing economic and improve the social welfare of its citizens.

Government Counterpart Funding

The committee noted that among the lessons learnt from the implementation of projects, especially those financed by externally borrowed funds, is the untimely release of government counterpart funding and the low absorption capacities of the project executing agencies.

The committee recommends that Government should ensure that adequate counterpart funds for these projects are timely integrated into the national budget during the project implementation period.

Fulfilment of Loan Conditions

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

The committee recommends that Government ensures the speedy fulfilment of conditions of the financing agreement for this loan in order for the committed funds to be released on time to guarantee a timely implementation of this project.

Stakeholder Coordination

The committee further noted the low levels of coordination among government institutions and other relevant service providers when implementing infrastructure projects. The project implementation will be carried out by REA and five line ministries, that is, Ministry of Health, Ministry of Water, Ministry of Education, Ministry of Finance, Ministry of Works and Ministry of Energy, and the two agencies, Private Sector Foundation Uganda and UECCC.

The committee recommends that Government should ensure that all existing inadequate coordination roles among the implementing ministries, departments and agencies under this project are addressed prior to the start of the project. The Rural Electrification Agency should also ensure that it undertakes additional stakeholder consultations so that the design and implementation stages of this project have overall stakeholder consultations as a continuous activity throughout the life of the project.

Community Sensitisation

Mr Speaker, the committee also observed that rural electrification has met a lot of resistance and compensation demands from the project affected persons. The Rural Electrification Agency continues to be faced with lawyers’ petitions to sue or contractors being blocked from erecting the transmission poles.

The committee, therefore, recommends that REA puts more emphasis on outreach programmes aimed at sensitising the communities to provide the wayleaves. In addition, establishing close working collaboration with local authorities and political leaders, while implementing rural electrical programmes should be effectively and efficiently explored.

Compensation of Affected Persons

The committee observed that a number of infrastructure development projects are faced with challenges of compensation of project affected persons, which are likely to affect this project. The committee recommends that the project affected persons be adequately and expeditiously compensated.

Mr Speaker, in conclusion, subject to the above recommendations, the committee recommends that the proposal by Government to borrow SDR 97.9 million, which is an equivalent of US$ 135, million from the International Development Association of the World Bank Group for financing the Energy for Rural Transformation III Project be approved.

Mr Speaker and honourable colleagues, I beg to report.

**THE DEPUTY SPEAKER:** Honourable members, that is the report of the committee. The motion that I now propose for your debate is a motion for the resolution of Parliament to authorise Government to borrow up to SDR 97.9 million, the equivalent of US$ 135 million, from the International Development Association (IDA) to support the Energy for Rural Transformation Phase III. That is the motion I propose for your debate and debate starts tomorrow.

MOTION FOR A RESOLUTION OF PARLIAMENT TO AUTHORISE GOVERNMENT UP TO $70.73 MILLION FROM THE ISLAMIC DEVELOPMENT BANK TO SUPPORT THE GRID RURAL ELECTRIFICATION PROJECT

6.40

**THE MINISTER OF STATE FOR FINANCE (PLANNING) (Mr David Bahati):** Mr Speaker, I move a motion for Parliament to authorise Government to borrow up to $70.73 million from the Islamic Development Bank, to support the Grid Rural Electrification Project.

**THE DEPUTY SPEAKER:** Is the motion seconded? (*Members rose\_*)Seconded by the Government Chief Whip, the Minister for Gender, hon. Bakaluba, hon. Minister of State for Agriculture and the hon. member for Vurra.

**MR BAHATI:** Thank you, Mr Speaker and hon. colleagues. As I said earlier this is about rural electrification, extending power to different districts of this country and the details of the districts, which are going to be covered and the regions are in the report of the committee. Therefore, in the interest of time, I beg that we proceed that way.

**THE DEPUTY SPEAKER:** Honourable members, I am going to ask the Chair to present it since we are going to sleep over this matter, study the report and come back tomorrow. I would like you to help the House because we want to receive all the reports.

I would like you to help the House present the background, the financing arrangements and then give us your observations and recommendations instead of going through the whole text of the report so that Members can study it and then come tomorrow to debate.

6.43

**MR BAKALUBA MUKASA (NRM, Mukono County South, Mukono):** Thank you, Mr Speaker. The Committee on National Economy considered the request by Government to borrow up to $70.73 million from the Islamic Development Bank IDP to support the implementation of the Grid Rural Electrification Project in accordance with Rule 166(2) b of the Parliamentary Rules of Procedure. The request was presented to this House by the Minister of Finance Planning and Economic Development in July 2015.

The committee considered and scrutinised the request and now begs to report.I would like to lay on Table the brief to Parliament, the loan financing agreement, the minutes of the negotiations and the original report.

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

**MR BAKALUBA:** I also want to present the minutes of the Committee on National Economy.

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

**MR BAKALUBA:** You have the background in details on your iPads. I just want to give the project objectives and the project location.

The main objective of this project is to promote sustainable economic growth and improve living standards of the population in the rural areas of Western, Eastern, Central and Northern regions of Uganda by providing access to electricity through extending the interconnected electricity grid.

The project will be located in the West, East, Central and Northern regions of Uganda. It is subdivided into six slots.

The table is on your iPad and it covers different districts from Nakaseke, Luwero, Mpigi, Lwengo, Kiruhura, Mityana, Buikwe, Kyegegwa, Kisoro, Ntungamo and many others. It covers the entire country and power will be extended to those areas.

The Project Cost and Financing Agreements

The overall project cost for the construction of the proposed project component is estimated at USD 77.53 million. The Islamic Development Bank (IDB) will provide a financing of USD 70.73 million which is equivalent to about 91 per cent through its financing mode.

The remaining $ 6.80 million which is equivalent to 9 per cent will be provided by the Government of Uganda. We have several tables, the first table and this is the second table and you also have the third table which gives loan terms and conditions.

The loan amount is USD 70.73 million; loan period is 15 years, mark-up interest rate or capital cost floating 6 months under libor plus of 155 BPS per annum.

The above terms indicate that the loan is based on market interest rate which is the London interbank offered rate plus the 155 BPS which is equivalent to 1.255 per cent.This is approximately equal to an annual interest rate of 2.1 per cent per annum. It should be noted that the interest rate will be varying depending on the prevailing 6 months libor rate on the market.

The forth table shows the levels of concessionality of the loan; it has a grace period of three years, present value is 60.884 million USD; a date service of the loan of 95.425 million USD; grant element of 14 per cent; discount rate of five per cent and repayment period of 12 years.

Project institutional implementation arrangement, the project will be implemented over a period of three years from 2015 to 2018 by the Rural Electrification Agency (REA) that is under the Ministry of Energy and Mineral Development.

Observations and recommendations

IDB Undisbursed Loans Commitment for the Country

The committee observed that the cumulative IDB undisbursed commitments for the country was relatively high as of much March 2014 and was partly attributed to the slow fulfilment of loan effective conditions upon signing of loan agreements in order to trigger the disbursement of committed funds for the implementation of projects and low absorption capacity of projects implementing agencies.

The committee recommends that Government ensures that speedy fulfilment of effectiveness conditions and project financing agreements in order for the committed funds to be released by the financiers on time to guarantee the timely implementation of these projects.

Greater efforts should be made by project implementing agencies in reducing transaction costs, improving utilisation and absorption of project funds.

Non-concessionality of the Loan

The committee observed that this loan is non- concessional, grant element of 14 per cent and requires the project to generate financial returns projected at 12 per cent.However these returns are highly sensitive to changes in the capital cost.

The committee recommends that Government should ensure close supervision to hedge against raising project costs.

Government should also ensure timely provision of anticipated connections.

Government Counterpart Funding

The committee noted that the implementation of projects financed by internally borrowed funds is often affected by the untimely release of Government counterpart fund and the low absorption capacities of projects executing agencies.

The committee recommends that Government ensures that adequate counterpart funds for this project are timely, integrated into the national budget during the project implementation period.

Rollout of Strategy of Planned Infrastructure Investment Plan

The committee observed that Uganda’s infrastructure investment needs to remain considerable. Government plans to boost these investments amidst stepped-up efforts towards regional integration.

The Coming on Stream of Oil Production and Actions to Improve the Business Environment

The committee recommends that Government should ensure that the strategy to implement other pipeline investment projects needs to include project selection on the basis of strong feasibility studies and commercial viability analysis and sequencing that takes into account the impact on debt sustainability, the ability of the economy to absorb investments without generating inflation or crowding out the private sector and the implementation capacity.

Compensation of Affected Persons

The committee observed that this project like other infrastructure development projects could be faced with delays in compensation of projects affected persons, which could affect this project.

The committee recommends that the people who are affected by the project be compensated in a timely manner.

Debt Sustainability

The committee observes that striking an appropriate balancebetween scaling up public investment in infrastructure and the avoiding an unsustainable build-up of public debt has become one of the main policy challenges facing Government and policy makers.

The proposed project will contribute to the rise in debt accumulation in the short to medium term where external debt has risen from 6.9 per cent of GDP in financial year 2013/2014 to 13.5 per cent of GDP in financial year 2017/2018.

The committee recommends that Government should ensure that borrowed resources generate high rate both economic and financial return to boost exports and domestic revenues to be able to repay with minimal difficulty when debt falls due. This will call for policy adjustment to boost exports in areas of value additions and improved tax administration to mobilise domestic revenues plus the need to ensure that the revenue stream from the operation of this project is separated from other transactions of the electricity companies in order to guarantee commercial viability of this project.

Conclusion

Mr Speaker, subject to the above, the committee recommends that the proposal by Government to borrow up to $70.73 million from IDB to support the Grid Rural Electrification Project be approved. I beg to report.

**THE DEPUTY SPEAKER**: Honourable members, the motion that I now propose for your debate is for resolution of Parliament to authorise Government to borrow up to $70.73 million from Islamic Development Bank to support the Grid Rural Electrification Project. That is the motion for your debate and debate starts tomorrow.

MOTION FOR A RESOLUTION OF PARLIAMENT TO AUTHORISE GOVERNMENT TO BORROW UP TO $100 MILLION FROM THE AFRICAN DEVELOPMENT BANK TO SUPPORT THE UGANDA RURAL ELECTRICITY ACCESS PROJECT

6.56

**THE MINISTER OF STATE FOR FINANCE (PLANNING) (Mr David Bahati)**: Mr Speaker, I move that Parliament authorises Government to borrow up to $100 million from the African Development Bank to support the Uganda Rural Electricity Access Project.

**The DEPUTY SPEAKER:** Honourable members, this matter was referred to the committee. Is that motion seconded? It is seconded by the Government Chief Whip, Members for Nyabushozi, Hoima District, Kyankwanzi, Mukono, Iki-Iki County, Igara County West and Kioga County.The honourable minister has spoken to this motion. Chair, would you like to report quickly, on the terms agreed?

6.57

**THE VICE CHAIRPERSON, COMMITTEE ON NATIONAL ECONOMY (Ms Evelyn Kaabule):** Thank you very much, Mr speaker. The Committee on National Economy considered the request by Government to borrow up to $100 million from the ADB to support the implementation of the Grid Rural Electrification Project in accordance with Rule 162(b) of the Parliamentary Rules of Procedure.

The request was presented to this House by the Minister of Finance, Planning and Economic Development on 12 August 2015 and accordingly referred to the committee for consideration.

Before I report, I beg to lay on Table the minutes of the committee meetings.

**THE DEPUTY SPEAKER:** Let The record capture that.

**MS KAABULE:** I also beg to lay the brief to Parliament; the project appraisal report; minutes of negotiations; the draft disbursement letter; the project agreement and the original copy of the committee report. I beg to lay.

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

**MS KAABULE:** Mr Speaker, I will skip the methodology and you have the background.

The main objective of this project is to provide reliable and affordable electricity to rural Ugandan households, public infrastructure services, that is schools, health centres and administration offices and small and medium scale enterprises. As you realize, on the subsequent pages, there are a quite a number of districts that are going to benefit from this project.

This loan has specific terms and conditions: It has a maturity period of 20 years. It has a grace period of five years and the interest rate is floating at six months LIBOR plus six basis points plus Funding Cost Margins of -0.01.

Mr Speaker, after considering the request and going through a series of discussions, we came up with observations and recommendations.

1. We observed that there is project completion delay and cost overruns and the risk of completion delay might escalate the costs during implementation.

 Therefore, the committee recommends that Government should ensure that the following risk mitigation measures be instituted during the implementation of this project.

We recommend that meticulous preparation of designs and technical specifications as well as evaluation and qualification requirement should ensure minimum variants and costs.

Selection of experienced and reputable contractors and equipment suppliers through international competitive bidding process with fixed price and time bound contract in order to minimise delays in completion should be emphasised.

There is selection and employment of experienced project supervision consultants to augment project staff to ensure that project delivery efficiency is paramount.

1. We observed that the risk associated with delay in starting, and the long procurement process due to limited human resource in REA might delay project implementation. In addition, inadequate contract management might result in delayed project implementation and potential loss of value.

 The committee, therefore, recommends that Government ensures that the following risk mitigation measures are instituted prior to the implementation of this project.

 The implementation of the advance contracting/ procurement option by REA should be emphasised.

 We also recommend a selection of an experienced management and supervision consultant to review and upgrade the design, the specification and bidding documents.

 We also highly recommend hiring of additional technical staff for the project to support procurement and contract management and complementing this with designs and supervision consultants.

Outside observations rests on Unaffordability for Connection Charges and House Wiring Expenses

The committee noted that there is a risk that poor households might not afford connection charges and house wiring expenses, which might result in not achieving the targets of connections.

We, therefore, recommend that Government ensures that the following risk mitigation measures are instituted during the implementation of this project:

1. Provision of affordable services within the project for the poor households in project areas.
2. Should explore the option of households paying connection charges in instalments within a period negotiated and agreed with the service providers.

The committee observed that the risk associated with rapid increase of demand from the households due to accelerating expansion of on-grid electricity services and delay of on-going power generation projects might cause implementation delays.

The committee, therefore, recommends that Government ensures the timely completion of the new hydro power generation project; that is Karuma and Isimba, in order to mitigate the anticipated increase in electricity demand.

The committee noted that in previous project, the weak implementation capacity of some of the contracted service providers resulted into slow implementation of this project, constraining the scale up of connection and in addition, the lack of long term maintenance of electricity distribution lines, resulted in poor sustainability of investment, resulting in gains made by the electrification program.

The committee, therefore, recommends that Government ensures that one, appropriate capacity building programme for service providers, for example, inventory management, purchase of machinery and tools for operation and maintenance be undertaken by REA.

REA should also ensure that the grid-extension investment that will be operated and maintained by the several service providers are under agreed performance targets. That should be included in their operation and maintenance contract.

Operator performance should be monitored and supervised by the regulator that is ERA under their license obligation.

In conclusion, Mr Speaker, the committee recommends that subject to the recommendations above, the proposal by Government to borrow up to $ 100 million from the African Development Bank to support Uganda Rural Electricity Access Project to be approved. I beg to report.

**THE DEPUTY SPEAKER:** Honourable members, I thank the committee for that report and the motion I propose for the debate is the motion for the resolution of Parliament, to authorise Government to borrow up to $100 million from the African Development Bank to support the Uganda Rural Electrification Access Project. That is the motion for your debate and the debate will start tomorrow.

MOTION FOR A RESOLUTION OF PARLIAMENT TO AUTHORISE GOVERNMENT TO BORROW $ 15 MILLION FROM THE OPEC FUND FOR INTERNATIONAL DEVELOPMENT AND ANOTHER $ 15 MILLION FROM THE ARAB BANK FOR ECONOMIC DEVELOPMENT (BADEA) PLUS $ 11 MILLION FROM THE ABU DHABI FUND FOR DEVELOPMENT TO FINANCE THE CONSTRUCTION FOR THE 33 KV DIFFUSION PROJECT IN KAYUNGA, KAMULI AND KALUNGU SERVICE TERRITORIES.

7.06

 **THE MINISTER OF STATE FOR FINANCE (PLANNING) (Mr David Bahati):** Mr Speaker, I move that Parliament authorises Government to borrow, one,$ 15 million from the OPEC Fund for international development, and two $ 15 million from the Arab Bank for Economic Development in Africa and three, $11 million from the Adu Dhabi Fund for Development to finance the construction of the 33 KV distribution project in the Districts of Kayunga, Kamuli and Kalungu service territories. I beg to move.

**THE DEPUTY SPEAKER:** Is the motion seconded? It is seconded by the Members for Igara East, Koboko District, Bukoto West. The motion is properly seconded. Would you like to speak to your motion?

**MR BAHATI:** Mr Speaker, I just wanted to say that one, all these loans were captured in the Budget Framework Paper. While we are moving towards some limits, which were not comfortable, we are still within the debt strategy of this country. Everything is done within that framework.

**THE DEPUTY SPEAKER:** This matter was referred to the committee and they are ready to report.

7.08

**MR PETER BAKALUBA MUKASA (NRM, Mukono County South, Mukono):** Thank you, Mr Speaker. This is a report of the Committee on National Economy on the proposal by Government to borrow up to $ 15 million from the OPEC Fund for the International Development (OFID), $ 15 million from the Arab Bank for Economic Development in Africa (BADEA) and $ 11 million from the Abu Dhabi Fund for Development (ADFD), for the construction of the 33 KV distribution project in Kayunga, Kamuli and Kalungu service territories.

The proposal was presented to the House by the honourable Minister of Planning and Economic Development. I would like to lay on the Table the brief to Parliament, loan financing agreement, minutes of negotiation and a copy of the original committee report. I also would like to lay on the Table the minutes of the committee proceedings.

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

**MR BAKALUBA MUKASA:** The background is well given and it is captured on the iPads. I just want to give a brief on the project objectives. The project development objective is to contribute to social economic development of Uganda, by providing electricity supply in order to enhance the economic activities in the project areas, thereby, contributing to increasing employment and household incomes in the project areas.

The primary beneficiaries of the project are the rural households and the enterprises who will benefit from the on-grid electricity delivery services. Table 1 and 2 give the details of various areas where this power line is going to pass in those given districts of Kayunga, Kamuli and other areas.

The total project cost and financing by components, including physical price and contingencies for the Kalungu, Bukomansimbi, Masaka, Lwengo, Sembabule, Lyantonde and Rakai Districts project areas to be financed by ADFD loan is estimated at $12.6 million. We can see that on the table.

The ADFD will contribute $11 million, which is 87.3 per cent, while the government of Uganda will contribute $1.6 million, which is equivalent to 12.7 per cent.

We have the loan terms, the maturity period of 20 years for OFID and a grace period of five years at the interest rate of 1.25 per annum. BADEA is for $ 15 million for 40 years and the grace period of 10 years. The Abu Dhabi Fund for Development is a loan amount of $ 11 million. It has a maturity period of 20 years and a grace period of five years; the interest is 1.5 per cent.

We also have table 6 of concessionality of a loan amount of $ 15 million and BADEA and ADFD, which is for $ 11 million. The implementation of this project will be carried out by the REA and the physical implementation period for the project is three years after declaration of the effectiveness of the financing agreement.

Observations and Recommendations

Resettlement of Project Affected Persons.

The committee noted that these projects do not envisaged triggering relocation of people. There is high likelihood that these projects will affect a number of people in terms of loss of crops, there by affecting negatively the state of food security within the project areas.

The committee recommends that in the event that people are affected by these projects REA should ensure that the applicable resettlement action plans are timely developed prior to commencement of distribution lines, networks, construction works and the project affected persons subsequently compensated for the loss of the their livelihoods.

Government Counterpart Funding

The committee noted that among the lessons learnt from the implementation of projects especially those financed by externally borrowed funds, is the untimely release of Government counterpart funding’s and the low absorption capacity of project executing agencies.

In addition the provision for counterpart funding for these projects was not provided for in the approved budget estimates for the financial year 2015/2016.

The committee recommends that Government ensures that adequate counterpart funds these projects are timely integrated into the national budget during the project implementation period.

Fulfilment OF Loan Condition

The committee also observed that Government has been slow in the fulfilment of loan effective condition up on signing of loan agreements in order to trigger the disbursement of committed fund for the implementation of debt financed projects.

The committee recommends that Government ensures the speedy fulfilment of effectiveness conditions of the financing agreement for these loans in order for the committed funds to be released by the financing institutions in time to guarantee the timely implementation of these projects.

Community Sensitisation

The committee also observed that the rural electrification has met a lot resistance and compensation demands from project affected persons. REA continues to be faced with Lawyers’ petitions to sue or contractors being blocked from erecting the transmission poles.

The committee recommends that REA puts more emphasis on outreach programmes aimed at sensitising the communities to provide the way leave. In addition, establishing close working collaboration with local authorities and political leaders while implementing rural electrification programme should be effectively and efficiently explored.

Efficiency in Electricity Distribution

The committee noted that one of the major challenges facing the electricity sector in Uganda is that of the high commercial and technical loses. The major cause of commercial loses is electricity theft. Although the distribution loses are still high, the electricity distribution company management has made some progress.

The committee recommends that despite this recommendable achievements, the distribution loses are still high even by the regional standards and Government should further scale up its efforts in drastically bringing down the existing distribution loses as there is still more room for further improvement. For example, distribution loses in South Africa are estimated at 5 per cent compared to 19 per cent for Uganda.

Electricity Access

The committee noted that the demand for electricity in Uganda will continue to be constrained by the inadequate supply as investments in to the sector have been much slower to meet the growing demand for electricity.

The committee recommends that the Ministry of Energy and Mineral Development should fast truck poor electrification programs while making it easier to get an electricity connection.

In addition, electricity demand and access to households and small business can be improved by taking deliberate efforts to encourage use of energy from renewable sources from example solar.

Conclusion

Subject to the above, the committee recommends that the proposal by Government to borrow up to borrow $15 million from the OPEC Fund for International Development (OFID) and another $15 million from BADEA plus $ 11 million from ADFD for the construction of the 33 KV distribution project in Kayunga, Kamuli and Kalungu Service Territories be approved. I beg to report.

**THE DEPUTY SPEAKER:** Honourable members, the motion that I proposed for your debate - is there a minority report on that?

**MR BAKALUBA MUKASA:** Not on this one, Mr Speaker.

**THE DEPUTY SPEAKER:** Honourable members, the motion that I now propose for your debate is the motion for a resolution of Parliament to authorise Government to borrow up to borrow $15 million from the OPEC fund for International Development (OFID) and another $15 million from the Arab Bank for Economic Development in Africa (BADEA) plus another $ 11 million from the Abu Dhabi Fund for Development (ADFD) to finance the construction of the 33 KV distribution project in Kayunga, Kamuli and Kalungu Service Territories. That is the motion I propose for your debate and debate will start tomorrow.

MOTION FOR A RESOLUTION OF PARLIAMENT TO AUTHORISE GOVERNMENT TO BORROW UNITS OF ACCOUNTS (UA) 22.5 MILLION FROM THE AFRICAN DEVELOPMENT FUND (AFDB) OF THE AFRICAN DEVELOPMENT GROUP FOR FINANCING THE EAST AFRICAN CENTRES OF EXCELLENCE FOR SKILLS AND TERTIARY EDUCATION IN BIOMEDICAL SCIENCES – PHASE 1

7.19

**THE MINISTER OF STATE FOR FINANCE (PLANNING) (Mr David Bahati):** Mr Speaker, I move that Parliament authorises Government to borrow UA 22.5 Million equivalent to $34.78 million from the African Development Fund (AFDB) of the African Development Group for financing the East African Centers of Excellence for Skills and Tertiary Education in Biomedical Sciences – Phase 1. I beg to move.

**THE DEPUTY SPEAKER:** Is the motion seconded? Seconded by hon. Nyira, hon. Baryomunsi, hon. Muruli Mukasa, Members for Pader, Koboko and Matheniko. Chair can you report on this?

7.20

**THE VICE-CHAIRPERSON, COMMITTEE ON NATIONAL ECONOMY (Ms Evelyn Kaabule):** Thank you so much, Mr Speaker. The committee on National Economy considered a request by Government to borrow UA 22.5 million that is equivalent to $ 102,464,700 from the African Development Fund (AFDB) of the African Development Group for Financing the East African Centres of Excellence for Skills and Tertiary Education in Biomedical Sciences – PHASE 1 project.

In accordance with Rule 162 (b) of the Parliamentary rules of procedure, this was presented to the House by the hon. Minister of Finance, Planning and Economic Development on the 24 February 2015 and accordingly referred to the committee for consideration. Before I report, Mr Speaker, I beg to lay on the Table the minutes of the committee.

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

**MR KAABULE:** I also beg to lay on the Table the brief to Parliament minutes of negotiations, loan financing agreements, project appraisal reports and the original copy.

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

**MS KAABULE:** Mr Speaker, overall deaths for non-communicable diseases are a share of total deaths as projected by the rise of over 50 per cent in the middle and lower income countries by 2030.

As you are aware, heart diseases, cancer, diabetes, chronic respiratory conditions and other non-communicable disease are increasingly threatening the physical health and the economic security of many lower and middle income countries.

What makes the non- communicable diseases a challenge, particularly for many development countries is that compared to their high incomer counterparts; they face higher levels of non-communicable diseases at earlier stages of economic development with fewer resources and with less time to respond effectively.

Justification for this Project

The development objective of this project is to contribute to development of a relevant and quality skilled work force in bio-medical sciences to meet East African Community’s immediate labour market needs.

The specific objective of this project is to provide high quality, competitive and skilled work force in the East African Community for social and economic development.I will skip the components, which you can read yourselves.

Loan Terms and Conditions

The maturity of this loan is 40 years; the repayment period is 30 years and it has a service charge of 0.75 per cent per annum on loans disbursed and outstanding. It has a commitment fees charge of 0.5 per cent per annum on loans undisbursed.

Conditions Attached to the Financing.

The government shall not more than 12 years after the effective dates, carry out a complete joint study with other project countries on private-public partnerships in laboratory and diagnostics services, including a strategic or scaling up such partnerships.

Government shall prepare and approve satisfactory the annual work plan for each public health laboratory supported under the project.

The government shall also monitor the recurrent expenditure of all the laboratories; shall recruit a TB laboratory infrastructure consultant not later than three months after the credit effectiveness; shall recruit to the Ministry of Health two accountants with qualifications, experience and terms of reference satisfactory to the association; strengthen the capacity in the Ministry of Health.

The level of concessionality of the loan, you will read your selves on page 10.

The project executing agencies are the respective ministries of Education and Health in the target countries.

The centres of excellence host institution will take full responsibility of the implementation in line with Paris Declaration on aid effectiveness.

The committee made various observations and hereby reports with recommendations.

The project contribution to the country and region balance of payment position and this is paramount.

The committee noted that currently, the East African governments and households are utilising an estimated $ 150 million annually, on non-communicable diseases related services from outside the region beside the cost of training.

The development interventions of this project towards the development of relevant biomedical skills in the country and within the East African region will greatly reduce foreign dependence for NCDs diagnosis and treatment.

This will reduce the outflow of foreign currency for treatment and training significantly, thereby improving the balance of payment position of the country and other respective East African countries.

We also observed high expenditure on non-communicable diseases.

The committee noted that currently, the East African Governments and households are utilising an estimated $ 150 million for NCDs related services.

Therefore, a significant number of people who seek treatment in India, South Africa and other countries with superior facilities is also increasing.

The committee, therefore, recommends that Government should scale up its efforts in creating strategies, to address non-communicable diseases cost effectively and sustainably.

The development of relevant skills and technologies to meet immediate and emerging labour market needs, should be highly prioritised in the short-medium to long term.

Economic impact of Non-Communicable Diseases

The committee noted that rising trends and costs of NCDs have led to the increased premature deaths and prolonged disabilities among the population in the East African Community region.

That has economically impacted on the population via lowered productivity, loses in incomes and capital formation, greater fiscal pressures, diminished health outcomes, increased poverty and inequity and reduced opportunities for society households and individuals.

The committee, therefore, recommends that Government should ensure that upcoming non-communicable diseases challenge response strategies emphasises prevention, alongside cost effective physically sustainable and targeted treatment, in order to address NCDs in a sustainable way.

Prevention will also work well when allied with strong political and community leadership, as they can make a real way to help mitigate their impact in an affordable manner.

Competiveness, Quality of Higher Education and Required Human Capital

The committee noted the availability of skilled personnel to handle NCDs and that it is a major concern in Uganda and within the other East African countries.

Uganda with a population of about 35 million has only 20 Oncologists, while the annual case load of cancer is 60,000.

Due to lack of specialised training facilities and the need to train specialists aboard, it costs about $ 500,000 to train a urologist, nephrologist and oncologist in the East African Community.

To deliver the requisite skills, Uganda needs to invest in academic excellence, especially targeting medical specialists who can respond to the rapidly expanding threat of NCDs.

Mr Speaker, the committee, therefore, recommends that beyond the interventions of this project, Government should expedite its efforts in enhancing the national training and retention of cancer, kidney and urology health workers per year in order to make them more suitable for providing services at the respective centres of excellence and other research institutions.

This will contribute to the designing of a lasting training and capacity building programme for prevention, care and treatment of NCDs within the country and the region as a whole.

Private Sector Involvement

The committee noted that the private sector in Uganda and in other East African countries mainly relies on international expertise for short and long term consultancies in project investment fields.

In addition, investment interest and plans by the private sector to establish satellite service centres in medium urban centres; for example, for renal and oncology services they have been constrained by the inadequate local skills in this area.

The committee recommends, therefore, that the government should ensure the existence of strong stakeholder involvement/ participation from the private sector in the implementation of this project. This will ensure the relevance of the project skills development initiative to the labour market in the country.

Modernisation, Urbanisation and Lifestyle Change

The committee noted that while increases in NCD related mortality and ill health in Uganda and its East African regional neighbours, in part reflects the countries’ successes in extending lives and curbing communicable diseases.

A significant part of the increase is a result of modifiable risk factors such as physical inactivity, malnutrition in the first thousand days of life and later unhealthy diet including excessive salt, fat and sugar intake.

Tobacco Use, Alcohol Abuse and Exposure to Environmental Pollution

Many of these modifiable risk factors are linked to modernisation, urbanisation and lifestyle changes and require deliberate and often very difficult choices in creating strategies to addressing them in a sustainable way.

Mr Speaker, the committee, therefore, recommends that Government scales up its effort in mobilising national attention on the risks of NCDs challenge and to strengthen efforts to curb this deepening crisis.

Among the existing and considerable scope for action is special attention that policy makers and communities need to mobilise broadly behind evidence and make prevention and target treatment of such diseases a priority.

The committee further recommends the following measures that are particularly effective at very low cost and circling the modifiable factors that are explored by Government for implementation: tobacco use, which is already implemented, excessive diet, salt-intake**,** harmful alcohol use, unhealthy diets, physical inactivity, obesity, cardiovascular risk, environmental pollution. This was sourced from the World Bank report of 2011

Regional Criteria and Guidelines on Post Graduate Training Under the Project

The committee noted that in collaboration with the Inter University Council of East Africa and the National Communication for Higher Education, the project would support the development of a regional post graduate admission criteria and guidelines in medical sciences to facilitate implementation of the East African Community labour mobility protocols and promote inclusive economic growth.

The committee recommends that the Ministry of East African Community Affairs (MEACA) in collaboration with it regional counterparts should fast-track the development of the regional post graduate admission criteria and guidelines in medical science to facilitate the implementation of the East African labour mobility protocols and promote inclusive economic growth.

Price Contingence Cost

The committee observed the project has estimated the price contingence cost to be 11 per cent of the total project cost funded by the African Development Bank against a ratio of five per cent indicated in the project appraisal document; and the general practice for all ADB loans to cater for price variations.

The committee, therefore, recommends a revision of the price contingence provision to five per cent from the 11 per cent of the total project cost to be met through ADB finance.

Training Programmes under the Project

The committee noted that the East African Kidney Institute project executing agencies will as much as possible ensure that trainings are locally done to avoid the depletion of project resources.

The committee, therefore, recommends that project training under the Uganda Cancer Institute such as masters if possible be done locally to avoid depletion of project resources.

Specialised National Centres for Managing NCDs mainly cardiovascular, Kidney and cancer diseases

In addition to collaborating with regional East African countries in building regional capacity to manage NCDs by setting up the regional centres of excellence in bio-medical care; the Kenyan authorities have also continued to strengthen their local capacity to manage NCDs for example by setting up a specialised national Cancer Treatment Centre in Kenyatta National Hospital.

In Uganda, a similar strategy is also being implemented by the government through the continued strengthening of the Uganda Heart Institute and Uganda cancer institute that are semi-autonomous. However, the establishment of the Uganda Kidney Institute is still pending. The committee, therefore, recommends that Government should explore the establishment of the Uganda Kidney Institute in order to strengthen the national capacity to manage the inferology anology bio-medical issue.

Establishment of a National Kidney Institute will further contribute to improved access to quality education, training and specialised services within the country.

Repayment of the Loan

The committee notes that Government is requesting to borrow an amount equivalent to UA 22.5 million that $ 34.7 million without hedging the exchange rate variation.

The committee, therefore, recommends that Government should make provisions in the financing agreement to hedge against exchange rate variation between the Units of Accounts and the US dollars in repayment of this loan.

The Role of the Ministry of East African Community Affairs

We observed that the Ministry of East African Community has not been fully involved in the conception and implementation of this project in Uganda. This is in consideration that the East African Community secretariat is supposed to provide overall coordination of the project and play a catalyst role specifically in regard to formation of regional guidelines for curriculum and accreditation for bio-medical sciences.

The centres of excellence in each country are supposed to work closely with the East African Community secretariat in the execution of the project regional integration objective. We, therefore, recommend that the ministry of east African Community Affairs in Uganda as well as other partner states should get involved in the implementation of the centres of excellence project and coordinate the milestones made with the East African Community secretariat.

The Linkage between the University of Rwanda and Makerere University

The committee learnt that Makerere University has got pioneer students in Bio-medical Engineering who are set to graduate soon. We, therefore, recommend that Makerere University should work with the University of Rwanda to share and benefit from the advancements so far made in Bio-medical Engineering and to strengthen and standardise its curriculum.

Forum for Partner States on the Centres of Excellence Project

The committee observed that there is no forum for implementing agencies of the centres of excellence projects of the partner states. The committee, therefore, recommends that a forum be put in place to enable the implementing agencies of the project in the East African Community to discuss the progress made on the formation of the centres and to share best practices, feedback, achievements, challenges, troubleshooting and chart way forward for all the regional countries. This can be done through periodic meetings organised by the African Development Bank.

In conclusion, Mr Speaker, the committee recommends that the proposal by Government to borrow Units of Accounts 22.5 million an equivalent of $ 34.78 million from the African Development Bank group for financing East African centres of excellence for skills and tertiary education in bio medical sciences phase 1 project be approved subject to the recommendations above. I beg to report.

**THE DEPUTY SPEAKER:** Thank you, honourable Chair and the committee for working on this quickly. Honourable members, the motion that I now propose for your debate is the motion for a resolution of Parliament to authorise Government to borrow Units of Account 22.5 million from the African Development Fund of the African Development Group for financing the east African centres of excellence for skills and tertiary education in bio medical sciences phase 1. That is the motion for your debate and we will start this debate tomorrow.

MOTION FOR A RESOLUTION OF PARLIAMENT TO AUTHORISE GOVERNMENT TO BORROW JAPANESE YEN 15.13 BILLION, EQUIVALENT TO $ 131.75 MILLION FROM JAPAN BANK FOR INTERNATIONAL COOPERATION AND SUMITOMO MITSUI BANKING CORPORATION TO FINANCE PROCUREMENT OF THE EARTH MOVING EQUIPMENT

7**.**41

 **THE MINISTER OF STATE FOR FINANCE (PLANNING) (Mr David Bahati):** Mr Speaker, I move a motion to request Parliament to authorise Government to borrow $ 131.75 million from Japan Bank for International Cooperation and Sumitomo Mitsui Banking Corporation to finance procurement of the earth moving equipment. I beg to move.

**THE DEPUTY SPEAKER:** That is the motion, is it seconded? Seconded by Members for Kalungu East, Sheema South, PWD Northern, Buikwe. I think the motion is properly before the House. There is no more information required, so this was referred to the committee. Can the committee report on this?

7.42

**THE CHAIRPERSON, COMMITTEE ON NATIONAL ECONOMY (Mr Xavier Kyooma):** Thank you, Mr Speaker. This is a report of the Committee on National Economy on the request by Government Japanese yen 15.13 billion which is an equivalent to $ 131.75 million from Japan Bank of International Cooperation call it JBIC and Sumitomo Mitsui Banking Corporation call it SMBC to procure as moving equipment.

I have the minutes of loan negotiation, draft loan financing agreement, brief to Parliament, summary of indicative terms and conditions and an original copy of this report of the committee. I beg to lay them on Table.

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

**MR KYOOMA:** Mr Speaker, I beg to lay on Table the minutes of the committee meetings.

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

**MR KYOOMA:** Mr Speaker, this request was presented to this August House on 25 March 2015 and referred to our committee. We have done the needful and beg to report. The overall objective of this project is to promote a safe and efficient transport system through equipping district local councils, urban councils and Government agencies with modern machinery to ensure the existence of a competitive road infrastructure and facilities.

The key objective of this project is to accumulate sufficient quality of road infrastructure that will help to lower the cost of production or doing business and improve the investment climate by enhancing rapid social economy development of the country. On page 8, we have all the equipment that will be bought using this loan request. On page 8, the terms and conditions.

The JBIC credit facility will have the following terms: the loan amount will be Japanese 15.13 billion which is an equivalent of $ 131.75 million of which 50 per cent will be provided by the JBIC and Sumitomo Mitsui Banking Corporation will provide the balance which is 50 per cent.

The maturity period will be 10 years from signing date of the loan agreement and the interest rates is commercial interest rate, which is 1.22 per cent plus the Country Risk Classification, which is the risk premium under the OECD guidelines and the risk premium is 1.71 per cent. This means the total interest will be 2.93 per cent.

The commitment fee is 0.25 per cent per annum on the unutilised amount of the approved facility contributed by the JBIC. Upfront fee of a one of 1.65 per cent on amount contributed by the SMBC and insurance premium is 6.859 per cent on the SMBC tranche.

The principal and interest shall be paid every six months and the first instalment of principal and interest shall be made on not later than six months after the starting point of credit.

Mr Speaker, the above loan terms are commercial and higher compared to the International Development Association of the World Bank Group and other export credit facilities. With your permission, I beg to move to the observations and recommendations.

Performance of the $100 million Loan from the Export-Import Bank of China

The committee noted that on 13 May 2010, Parliament approved a request of Government to borrow $100 million from the Export-Import Bank of China for the acquisition of assorted road equipment, sanitary and fire-fighting equipment for districts and urban councils.

The loan became effective on 18 November 2011, with the financing agreement having been signed by the Government and the financier on 20 October 2011. According to the Ministry of Finance, Planning and Economic Development report on loans and grants for the financial year 2012/13, all equipment had been delivered and was in use.

Though there has been considerable improvement in the roads conditions within the different areas to which the Chinese roads equipment were deployed, the committee noted that the graders that were given to districts were meant for light work yet the districts used them to open up , which needed heavy equipment.

The committee, therefore, recommends that Government sets out guidelines to the district on the usage of the new equipment to be procured in order to ensure effectiveness.

Inadequate Resources for Road Maintenance

The committee noted that the road maintenance needs in Uganda cannot be made be met due to limited resources; for example, according to the audit report for the year ended 30 June 2014, in the financial year 2011/2012, the total maintenance needs from the agencies was Shs 413.95 billion and the budget provided by the Ministry of Finance, Planning and Economic Development was only Shs 280.95 billion, indicating a 32 per cent deficit.

The committee recommends that Government should provide local governments with adequate road maintenance funds. The Government should expedite the implementation of a second generation road fund as an intervention to effectively control the revenue from road user charges for road maintenance.

Local Governments should as well ensure that the available resources for road maintenance are utilised efficiently in order to achieve improvement in the quality of the road network.

Training of operators

The committee noted that the breakdown of some of the Chinese road equipment donated to the districts from phase I of this project was attributed to misuse and deployment of untrained operators within the Local Government.

The committee, therefore, recommends that Ministry of Works and Transport should ensure that all beneficiary Local Governments have trained and certified operators for the Japanese and road equipment to be procured by this loan.

Cost of the Loan

The committee observed that the loan request for the purchase of the earth moving equipment is commercial attracting an interest rate of 2.93 per annum amidst other risks like exchange rate risk the country is currently facing.

While the project will not generate financial returns in the medium terms to repay the loan as provided for in the Public Debt Management Framework 2013, it will boost economic activities.

The committee recommended the Government should always adhere to the Public Debt Management Framework of 2013 when sourcing finance for all projects.

Loan Repayment

The committee observed that the Japanese currency equivalent of $ 131.75 million for the project was Japanese Yen 15.13 billion at the time of negotiations between Government of Uganda and the partnering financial institutions. However, due to foreign exchange developments currently prevailing in the global financial market, the Japanese currency has depreciated by 8 per cent and the same $ 131.75 million is currently according to August 2015 equivalent to Japanese Yen 16.39 billion.

The currency depreciating development will affect the amount to borrow the Japanese Yen hence increasing the debt repayment in Japanese currency.

The committee recommends that Government hedges against the Japanese currency depreciation against the US dollar to maintain the $ 131.75 million equivalent required to implement the project in the final financing agreement between the parties.

Conclusion, Mr Speaker, the committee recommends that Parliament approves the request by Government to borrow Japanese Yen 15.13 billion equivalent to $ 131.75 million from the Japan Bank International Corporation and Sumitomo Mitsui Banking Corporation to finance procurement of the earth moving equipment subject to the above recommendations. Mr Speaker, I beg to report.

**THE DEPUTY SPEAKER:** Thank you very much, Mr Chairman for the report. I thank the committee for giving this matter due attention and reporting to the House within a short time.

Honourable members, the motion I now propose for your debate - there is a minority report? Okay. The chair should have alerted me.

**MR KYOOMA:** Mr Speaker, there is a minority report and I thought the mover was going to report.

**THE DEPUTY SPEAKER:** No, it is you to alert the Chair that there is a minority report.

**MR KYOOMA:** Mr Speaker, I would like to put it to your notice that there is a minority report from one member of the committee.

**THE DEPUTY SPEAKER:** Honourable member, you have a minority opinion on this? Please, proceed.

7.52

**DR MICHAEL BAYIGGA (DP, Buikwe County South, Buikwe):** Thank you, Mr Speaker. I should be defended from hon. Baryomunsi because he is telling me to withdraw without even listening to the minority opinion and I think that is an abomination.

Pursuant to Rule 194 (1) and (2) of the Rules of Proce­dure of the Parliament of Uganda, I hereby present a dissenting opinion from the opinion of a majority of the Committee on National Economy. I will be brief.

Dissenting observations

Mr Speaker, we all observed that this loan was of high cost. It was observed that the JPY 15.13 billion (equivalent to $131.75 million) provided by JBIC and Sumitomo Mitsui Banking Corporation had no grace period with a grant element of negative 3 percent and 10 years maturity period.

The Public Debt Management Framework, 2013 sets the following conditions for external borrowing:

1. Loans for social service delivery and development must be highly concessional, that is, IDA comparable or better terms (40 year maturity, 10 year grace period, 0.75 percent interest) or with a grant element of not less than 50 percent;
2. Loans for projects intended to enhance productivity but on less concessional terms than those in (i) above must provide terms with a minimum of 23 year maturity, six year grace period and interest rate per annum of not more than 2 percent or a grant element of not less than 35 percent;
3. Non-concessional loans must provide a grant element of not less than 25 percent and;
4. Non-concessional financing and any other external financing options, other than those in (i) and (ii) above, shall only be used to finance financially and economically viable projects, where financial returns are expected and the project being financed should start generating revenues for Government within a period of not more than five years.

Mr Speaker, the Public Debt Management Framework, 2013 conditions on grant element levels, if adhered to, make loans affordable and repayable. With the grant element of negative 3 per cent, the JBIC and Sumitomo Mitsui Banking Corporation loan is, therefore, non-concessional and highly commercial. Under this condition, coupled with lack of a grace period, the loan should have been considered for projects with immediate financial return or profit. Unfortunately, the project under consideration for the loan cannot present immediate financial returns.

It is imperative, therefore, to note that although road maintenance and repairs are important, financing them under highly commercial loan without immediate financial return or profit contravenes the Public Debt Management Framework, 2013 conditions and would be very costly for the taxpayer who shoulders the burden of repayment of the loan.

Mr Speaker, although the committee was in agreement that the loan was too expensive, it had no grace period and did not satisfy Public Debt Management Framework, 2013 conditions, the main committee report recommended approval of the loan. It is on that ground that I took exception of the absurdity of recommending to Parliament to approve the costly loan.

Absence of Quality Guarantee of Earth Moving Equipment

Although the main report acknowledged that a number of districts that had received earth moving equipment from China expressed dissatisfaction with the equipment such as trucks, graders, wheel loaders, excavators, dozers and low bed loaders due to their poor performance, many were grounded at the district headquarters, which disrupted road maintenance activities. The district authorities lacked financing for repair of broken down equipment. It was further acknowledged that they were weak and of low quality, meant for light work yet they were used for opening up roads that necessitated heavy equipment.

In reference to the above, the loan was from Export – Import Bank of China and the equipment too was imported from China. While considering the loan from JBIC and Sumitomo Mitsui Banking Corporation, it was imperative to put the $100 million Chinese loan and the disappointing equipment under consideration.

Furthermore, I dissented with the main committee report for the committee was not able to determine the equipment specifications from Japan; the conditions were similar. You get the loan from Japan and the equipment to come from Japan. We had no means of verification. We did not know the specifications on quality and whether government lacked objectively verifiable guarantees on the quality of the equipment to be procured.

The fact that the loan requires that the sourcing of funds and purchase of equipment to be made from the same country raises issues of conflict of interest and procurement abuse for the supplier of the equipment, that is, Komatsu would not undergo competitive bidding. The Government of Uganda should have the right to purchase the best and cost effective equipment from any country or supplier with the borrowed funds.

With the absence of equipment specifications, quality guarantee and the fact that the committee lacked adequate technical ability to determine the quality of equipment to be purchased with the loan, Parliament should reject the loan from JBIC and Sumitomo Mitsui Banking Corporation.

Recommendations

Mr Speaker and honourable members, I recommend as follows:

1. The loan should not be approved because it is expensive and does not satisfy the Public Debt Management Framework, 2013;
2. Government should source another well-negotiated loan to undertake important roads infrastructure development and maintenance – which I will support.
3. The Auditor-General should undertake Value-for-Money audit for all earth moving equipment purchased from China under the US $100 million from Export–Import Bank of China before any new loan is considered for the purchase of earth moving equipment from another country. Getting a loan from another and equipment from the same country.

In conclusion, Mr Speaker, it is essential that at all times, Government adheres to the Public Debt Management Framework, 2013 when sourcing for external financing for all projects in Uganda.

Mr Speaker, you know very well that these committees of Parliament do specialised work on behalf of Parliament when the entire Parliament has not been privy to this kind of information and due scrutiny that these committees make. Therefore, for our committee to come and persuade this Parliament to approve this loan without these guarantees and with an observation that this is an expensive loan, I think it would be not in good faith for us to pursue that.

I am asking this Parliament to reject this loan and Government finds another well negotiated loan so that the taxpayer is saved from shouldering that burden. I beg to move.

**THE DEPUTY SPEAKER:** Thank you, honourable members, this House and all its committees act in good faith. Any statement to the contrary puts the reputation of this House in jeopardy and the honourable member who made that statement should remember that the committees of this House always act in good faith.

The motion I now propose for your debate is a motion for a resolution of Parliament to authorise Government to borrow Japanese Yen 15.13 billion equivalent to $131.75 million from the Japan bank for International Corporation and Sumitomo and Mitsui Banking Corporation to finance procurement of the earth moving equipment. Honourable members, that is the motion that I propose for your debate and the debate starts tomorrow together with all the others and we hope to finish them.

Tomorrow’s schedule of business is heavy and I made the undertaking that we should be able to conclude and adjourn sine die. We have six loans reports that have been read on and the question proposed for debate and so we should be able to debate and pass or not pass them.

We have six Bills, four short Bills and two long Bills that need to be discussed. All of them are at committee stage. We have two motions which have been difficult to process, one on the creation of new districts and the other on the municipality. We have one report on the supplementary schedule 1, 2 and 3. Honourable members, I want you to come tomorrow prepared for a long haul so that we can complete these things and go home to continue with other urgent business that require our very urgent attention. This House is adjourned to tomorrow 2 O’ clock.

*(The House rose at 8.05 p.m. and adjourned until Thursday 20 August 2015 at 2.00 p.m.)*