



PARLIAMENTARY DEBATES

(HANSARD)

OFFICIAL REPORT

FOURTH SESSION - FIRST MEETING

WEDNESDAY, 16 OCTOBER 2024



PARLIAMENT OF UGANDA
IN THE PARLIAMENT OF UGANDA

Official Report of the Proceedings of Parliament

FOURTH SESSION - 27TH SITTING - 1ST MEETING

Wednesday, 16 October 2024

Parliament met at 1.58 p.m. in Parliament House, Kampala.

PRAYERS

(The Speaker, Ms Anita Among, in the Chair.)

The House was called to order.

COMMUNICATION FROM THE CHAIR

THE SPEAKER: Honourable members, I welcome you to this afternoon's sitting. If you recall, during the 25th Sitting of the First Meeting of the Fourth Session of the 11th Parliament of Uganda, which was held on Monday 14 October 2024, the House considered the report of the Committee on Public Accounts -Commissions Statutory Authorities and State Enterprises on the Report of the Auditor-General on the financial statements of Posta Uganda Limited (UPL) for the year ended 30 June 2023 and adopted it with amendments.

However, in the course of the debate, concerns arose about the governance and performance of the entity, despite several interventions by the Government.

The House, therefore, resolved that a special investigation be conducted on the entity, particularly, in the areas of administration and financial management.

As such, in accordance with Rule 191 of the Rules of Procedure of Parliament, an Ad-Hoc Committee was set up comprising the following Members;

1. Hon. Faith Nakut Loru, Woman Representative, Napak as the Chairperson;
2. Hon. Moses Aleper, Chekwii County, Kadam as a member;
3. Hon. Herbert Tayebwa as a member;
4. Hon. Xavier Kyooma of Ibanda County North as a member;
5. Hon. Elijah Dickens Mushemeza, Sheema County South as a member and;
6. Hon. Karim Masaba, Industrial Division, Mbale City as a member.

The committee will be guided by the following terms of reference:

1. Assess the performance trends of sales revenue for the last five years from all sources;
2. Identify the circumstances under which UPL opted for an overdraft facility to finance its operations for the Financial Years 2021/2022 and 2022/2023 and who approved it;
3. Explore the procedures used by UPL management in the debt write-offs that grew by 149 per cent in the Financial Year 2022/2023 and whether they have a bad-debt policy in place;
4. Evaluate UPL liquidity management processes and procedures to ensure adequate financial health of the company;
5. Provide a genesis of the emergence of receivables that amounted to Shs 18.4 billion in the Financial Year 2022/2023;

6. Evaluate the debt recovery processes and procedures of the company and the level of their implementation by the management of UPL;
7. Provide a genesis of non-payment of statutory obligations, including but not limited to, NSSF, the Union Fund, contributions to other statutory bodies, et cetera;
8. To make recommendations for the regularisation systems and processes for the general improvement of the performance of the entity under review;
9. To inquire into other matters incidental thereto and;
10. To report back within two months from today to this House.

I thank you so much for coming. Next item - There is a procedural matter.

MR KATUSABE: Madam Speaker, thank you very much for –

THE SPEAKER: Honourable members, yesterday I asked everybody who had issues on roads to deliver their issues to my office. Up to now, I have not received anything and yet we want the minister to respond comprehensively to all the issues that are being raised.

Yes, the procedural matter?

MR KATUSABE: Madam Speaker, I appreciate you for the opportunity. Yesterday, I did indicate - first of all, I would like to let you know, Madam Speaker, that your ruling is taking effect nationwide. I have received a lot of calls from parents from all over the country asking me to give their deepest gratitude to you.

Madam Speaker, we are a House that puts Ugandans first and I am very happy with your leadership. We took a Constitutional Oath to protect, preserve and defend the Constitution. When you gave us the Rules of Procedure, it

occurred to us that we have four fundamental roles: representation, oversight, legislation, and appropriation.

Madam Speaker, representation means we represent our people – Ugandans. This Tuesday – the procedural issue – you know thinkers and philosophers first build up a case and then, they give the matter on the Floor.

Madam Speaker, this Tuesday, Ugandan papers had names of up to 205 fellow citizens who are populating prisons or jails in Arab countries. Our Missions Abroad reported to this very House and it is your committee, Madam Speaker, that approves the Ambassadors -

THE SPEAKER: Is that a procedural matter or a matter of national importance?

MR KATUSABE: It is a procedural matter, Madam Speaker. Rule 59(1)(m) –

THE SPEAKER: What is your procedural matter?

MR KATUSABE: Now, the matter is, Madam Speaker, the parents of these fellow citizens or Ugandans who are fighting for their lives in prisons are sending us distress calls. These are spread across the country. My procedural issue is wouldn't it be procedurally right for this House to ask the relevant minister and ministry, Madam Speaker, to act with the urgency and need that it deserves to ensure that we dispatch teams and to begin with, we have embassies right here. We can begin there, but our fellow citizens need to be rescued. Thank you very much, Madam Speaker.

THE SPEAKER: Thank you. Honourable members, he has a point, but we should not smuggle in issues. Hon. Atkins has a point, but how we bring in issues will show who we are in the House. Yes, Hon. Patrick-

2.09

MR PATRICK OSHABE (NUP, KASSANDA COUNTY NORTH, KASSANDA): Thank you very much, Madam Speaker -

THE SPEAKER: There is a procedural matter here first, Hon. Patrick.

MR KIBALYA: Thank you, Madam Speaker. I think going forward, for some of these procedural issues - people bring stories and essays, and we end up spending ages trying to fight with our brains to extract one thing a colleague is communicating. I think in the future, Madam Speaker, you will help us to have either an interpreter or someone who can easily do some of the things.

My procedural issue, as you give terms and references to the select committee, Posta and Telecommunication, has branches in some of our districts. Equally, Posta and Telecommunication has a private sector that runs some of these other small things. So, as you give the terms and references, we request that you also add in an area where maybe the select committee could reach some of these other districts down there and pick some information that is there and also go extra as-

THE SPEAKER: Honourable members, Term 9 says, "To inquire into matters incidental therein." That is what - you go outside the box and inquire about the - Yes. Hon. Patrick-

MR OSHABE: Thank you very much, Madam Speaker. The other day I was part of the team that escorted the Leader of the Opposition (LOP) to go and check on ROKO activities. I was part of the -

THE SPEAKER: You accompanied him or escorted him?

MR OSHABE: I accompanied. I am so sorry for that. I accompanied the LOP to go and look at ROKO activities. However, the situation there looked a little worrying. Having been a Member of this Parliament when our chamber started, I am aware that ROKO contracted -

THE SPEAKER: There is an order from the Reverend Father.

FR ONEN: Thank you, Madam Speaker. Yesterday, you guided this House that the

Leader of the Opposition should bring a comprehensive report of all the visits he has conducted. Is it in order for the man - for the honourable Member of Parliament - *(Interjection)*- Yes, he is the man. I respect him so much because he is so courageous. Is it in order for the honourable Member of Parliament to insinuate a debate which you have already guided? The Leader of the Opposition is ready with the files, I can see. Is it in order?

THE SPEAKER: Father, we have actually been missing you in this House. You know-first of all, you are also debating in anticipation that the files are here. You do not know what is in the files. That is number one.

Number two, it is also true that the Leader of the Opposition is supposed to bring a comprehensive report on all these institutions. So, you are really in order.

Hon. Patrick, we are waiting for a report from the Leader of the Opposition and the issues he raised were very pertinent and must be resolved by finance, especially, in terms of our construction here. When I was in the 10th Parliament, I had even booked that I would be sitting in that particular place because I used to sit next to the dust - so I had already booked. Those are things we need to find out.

MR OSHABE: Madam Speaker, normally Reverend Fathers listen before they talk, but I am worried that this one never even took time to listen to me. If he had listened to me, he would have allowed me to make my point - *(Interruption)*

THE SPEAKER: There is an order from another reverend father.

MR KATUSABE: No, Madam Speaker, I am not a reverend father. Rather, I am a humble Christian Catholic, just a catholic. As a Catholic, Reverend Father here, in this House - I am happy, Madam Speaker, you are my fellow Catholic, and you represent the Catholic authority. We Catholics - *(Interjection)*- yes, we as Catholics are obligated to submit to authority. As much as he is my colleague in the

House, the fact that he has that special divine favour upon him, I submit as a Catholic unto him.

THE SPEAKER: What is the order?

MR KATUSABE: The order is right here. Is my honourable colleague, Hon. Oshabe, in order to even question authority that is far above him just right from Rome, including the heavenly places, Madam Speaker? Thank you.

THE SPEAKER: Hon. Patrick, if you are questioning his patience or listening abilities, you do not refer to a reverend father. You refer to him as an honourable Member of Parliament because when you refer to him as a reverend father who does not listen, you will be attacking so many of us. So refer to him as MP. Honourable members, we are wasting a lot of time. We have- next-

MR OSHABE: Thank you very much, Madam Speaker. I agree with my brother on his orders, but I was raising a very pertinent issue on the matter of the situation of ROKO and our chamber.

Madam Speaker, we have Commissioners in this Parliament that represent us backbenchers and they are answerable to us. They are supposed to represent our situation, our welfare, and whatever goes on here. Before I wait for the LOP to come with a report, the Commissioners who sit here, who are supposed to represent, can come, Madam Speaker *-(Interruption)*.

MR EBWALU: Madam Speaker, you have rightly guided the House.

MR OSHABE: Madam Speaker, he is grabbing a microphone.

THE SPEAKER: No, he has a procedural matter. Now, okay, all of you sit. One, the issue of ROKO is a concern to all of us in this House, especially the Parliament of Uganda, because we have Chambers that ROKO Construction Limited should have completed.

Two, the current Commissioners did not issue out that contract. It was already existing, and we found that building the way it is. I repeat, we found the building the way it is, and that is what we are following now. What we are following now is that ROKO Construction Limited will not be paid any more money. The money should be paid to the suppliers. When the suppliers are paid, they will come and fix whatever is left. No more payments to ROKO Construction Limited. That is what the Clerk to Parliament discussed with the director for finance, the Minister of Finance, Planning and Economic Development and the Permanent Secretary and Secretary to the Treasury. I do not want anybody to make us take the blame for that contract. The Commissioners then were the Hon. Mwijukye(s) *-(Laughter)*

MR MWIJUKYE: Madam Speaker, it is true -

THE SPEAKER: We are bound to what happened and we are working on that. We do not blame anybody for that contract.

MR MWIJUKYE: It is true that you inherited that contract, but what is not true is that it was signed during our time. We also inherited it.

THE SPEAKER: You also inherited it *-(Laughter)*

MR MWIJUKYE: Yes. We inherited it from the Commission of Hon. Ogwang and Hon. Rwakajara -

THE SPEAKER: And Hon. Obua *-(Laughter)*

MR MWIJUKYE: Actually, yes *-(Laughter)*

MR OBUA: Honourable members, I can only affirm that the Commission I served delivered the multi-layered parking lot of Parliament of the Republic of Uganda. Thank you.

MR OSHABE: Madam Speaker, the fact that everyone is shifting that blame, is for a paramount reason. This is because they are going to end up saying that it is the Prime Minister, because before then there was the Prime Minister.

Madam Speaker, wouldn't it be procedurally right to get a comprehensive report from our current Commissioners about the state of that Chamber and its future, so that we get to know?

Otherwise, as Members, last financial year, we used to hear somebody banging a hammer every morning. Now, we hear nothing completely going on. The current Commissioners that we tried to censure, and they insisted on being in those positions should come and present a clear report on that Chamber.

THE SPEAKER: Honourable members, they do not insist on being there. However, Commissioners, we want a report on the status of the Chambers in two weeks' time.

MR SILWANY: Thank you, Madam Speaker. We are going to do that. We shall sit and bring the report.

THE SPEAKER: Okay. Next item.

BILLS FIRST READING

THE EAST AFRICAN COMMUNITY MEDIATION AGREEMENT BILL, 2024

THE SPEAKER: Pursuant to Rule 128(1) of the Rules of Procedure, I invite the First Deputy Prime Minister and Minister of East African Community Affairs, to Table the Bill for the first reading.

2.24

THE FIRST DEPUTY PRIME MINISTER AND MINISTER OF EAST AFRICAN COMMUNITY AFFAIRS (Ms Rebecca Kadaga): *Mwenyekiti na Wabunge, habari za mchana. Bon après-midi.* Good afternoon.

Madam Speaker, I beg to move that the Bill entitled, "The East African Community Mediation Agreement Bill, 2024", be read for the first time. It is accompanied by a Certificate of Financial Implications.

THE SPEAKER: Thank you. In furtherance to Rule 129(1) of the Rules of Procedure, the

Bill stands referred to the Committee on East African Affairs. And report to –

MS KADAGA: Madam Speaker, I do not know whether I can be allowed to lay the protocol as well.

THE SPEAKER: Yes, please do.

MS KADAGA: Madam Speaker, I would like to lay the amended Protocol of the East African Community Customs Union. In substance, it is amending the treaty to facilitate the establishment of the Remedies Committee to deal with sanctions in case of breaches of the treaty. It has been ratified and laid by the Minister of Foreign Affairs at the African Union and also at the East African Community (EAC). I beg to lay. (*Applause*)

THE SPEAKER: Thank you, honourable minister. Honourable members, we commend the Minister of East African Community Affairs for the timely ratification of amendments to the East African Community Union Protocol. It is a testimony that we are committed to the integration of the East African Community. Next item.

MINISTERIAL STATEMENT ON WORLD TEACHERS' DAY CELEBRATION

THE SPEAKER: Before that, we have a statement from the Chairperson of the Committee on Education and Sports.

2.26

THE CHAIRPERSON, COMMITTEE ON EDUCATION AND SPORTS (Mr James Kubeketerya): Madam Speaker, this is not a statement about Teacher's Day, but it is a request for the extension of the time to report on the National Teachers' Bill, 2024.

This Bill was presented here on 6 August 2024, and we started on it. We have consulted several stakeholders; the Ministry of Education and Sports, the Education Service Commission, National Curriculum Development Centre, UNESCO and Uganda National Teachers' Union (UNATU). Up to today, we have been

interacting with the public and we have closed today. However, given the fact that the Bill has surpassed the 45 days. It is against this background that I write in accordance with Rule 218(2) of the Rules of Procedure seeking for more time to conclude the consideration of the Bill. I beg to lay this on the Table, Madam Speaker.

THE SPEAKER: How much time do you need?

MR KUBEKETERYA: Thirty days are enough, Madam Speaker.

THE SPEAKER: What will the 30 days be for?

MR KUBEKETERYA: Compilation and –

THE SPEAKER: So, 30 plus 45 days – *(Laughter)* – We are giving you two weeks.

MR KUBEKETERYA: Thank you very much, Madam Speaker. Much obliged.

THE SPEAKER: Thank you.

2.28

MR DENIS OGUZU (FDC, Maracha County, Maracha): On that particular matter, you know, this Teachers' Bill affects a number of people in the countryside, and their input is very important in helping us decide how to move. Therefore, I invite you to direct the committee to ensure this public engagement is not just for Kampala. The people in Maracha should be able to know that something like this is happening and so we need an engagement of people in Karamojong and others. Thank you.

THE SPEAKER: Yes, that is what they are doing. Next?

2.29

MINISTERIAL STATEMENT ON WORLD TEACHERS' DAY CELEBRATION

THE MINISTER OF STATE FOR EDUCATION AND SPORTS (PRIMARY EDUCATION) (Dr Joyce Moriku): Thank you, Madam Speaker. The Ministry of Education and Sports, in collaboration with the Teachers' Union, is organising a belated Teachers' Day celebration to mark the World Teachers' Day for the country.

World Teacher's Day is celebrated worldwide on the 5th of October each year. This is to recognise the pivotal role teachers play in shaping the lives of our young people.

The day was designated by the United Nations Educational, Scientific and Cultural Organisation referred to as UNESCO to show appreciation for the vital contribution to education and national development made by teachers.

This was created in 1994 to commemorate the signing of the 1966 UNESCO-ILO recommendation concerning the status of teachers, which is a standard-setting instrument that addresses the status and situations of teachers around the world.

This day is dedicated to raising public awareness of teachers' issues to enable a recognition of their special value in our lives.

In Uganda, this day has been celebrated in all local governments. Prior activities were carried out as a build-up to the designated day. This year, the theme is "*Valuing Teachers' Voices Toward Social Contract for Education*".

Madam Speaker, this signifies a recommitment by teachers to carry out their noble duties, which are critical for the human capital development of our country.

As you may be aware, teachers constitute one of the largest human resources dedicated to educating and nurturing our children. Teachers are frontline participants in educational reform,

and therefore, critical to the achievement of learners' outcomes and moulding our young people into better citizens.

We would like to congratulate all our teachers on this very important day when they come together to celebrate their profession and to be appreciated.

Indeed, we need to value our teachers for their priceless contribution to the achievement of the 2030 Agenda of elevating the country to a middle-income status.

The Ministry of Education and Sports in collaboration with the Teachers' Unions are organising belated celebrations to mark the World Teachers' Day on Saturday 19 October 2024 at Lugogo Cricket Oval Ground. This function will be presided over by His Excellency the President of the Republic of Uganda.

Our Government is committed to ensuring our teachers' welfare is continuously improved. We thank this august House for the continued support they give to all our teachers.

Accordingly, this is to inform the Honourable Members of Parliament about the belated Teacher's Day and to invite all of you to join our teachers in this celebration.

I beg to submit, I thank you.

THE SPEAKER: Thank you. The teachers are here. In the public gallery this afternoon, we have teachers and pupils from Dinadoma Preparatory School in Rubaga Division, Kampala North. They are represented by Hon. Kawalya Abubaker and Hon. Malende.

Still in the public gallery this afternoon, we have teachers and pupils from HHH Junior School in Kiwatule. That is where the Leader of the Opposition (LOP) comes from. They are represented by the Leader of the Opposition, Hon. Ssenyonyi.

Hon. Ssenyonyi and Hon. Malende, do you want to greet your children? Thank you. He

is representing them well, that is why he is a LOP.

2.34

THE LEADER OF THE OPPOSITION (Mr Joel Ssenyonyi): Thank you, Madam Speaker. I would like to join you in welcoming pupils and teachers of HHH Primary School in Kiwatule today. I interacted with them before coming to the House.

A couple of them told me that they want to become Members of Parliament (MPs). I did not worry so much about myself because they are still young. So, none of them is going to contest against me in 2026. We welcome and wish them well during their stay here.

THE SPEAKER: Thank you, so much. You have heard a ministerial statement and pursuant to Rule 52(1) of the Rules of Procedure, we will debate that statement for 45 minutes or less because we have accountability reports. I want to start with my teacher. But as we talk about teachers' day we should talk about the standards of living, the rights and responsibilities and the pay since you know their pay. So, my teacher-

2.36

MR MEDARD LUBEGA SSEGGONA (NUP, Busiro East, Wakiso): Thank you, Madam Speaker. It actually gives me pleasure to have taught the Speaker and therefore I qualify to be teacher number one of the House. *(Laughter)*

I want to thank my sister the minister for the statement and also to thank the Government for giving a fair and enabling environment for teachers to exercise their profession in accordance with the Constitution. I am only concerned that as we celebrate Teachers' Day and the teachers in words, action is materially wanting.

Number one, if you go to private schools. They have continued complaining about over taxation, which denies them the resources to pay their teachers well.

Number two, in private schools, you hear a complaint that in many schools, teachers are not paid during holidays and yet there is no way you will find a job for that one month so that you continue working and surviving. Then the following term, you go back to school.

Number three, in many corners of this country, the standards are not regulated. In some places, you find people who miserably failed senior four busy teaching in primary schools and those who miserably failed senior six teaching in secondary schools. Why? Because the pay for teachers across the country remains miserable. There are countries on this globe where teachers are the most highly paid, and, in those places, you find that ethical values are maintained.

Finally, to the teachers, we want to appeal to them, also. As we plead their case, that probably the Government should probably have a package, even for teachers in private schools – at least, a basic minimum living fund – at least, they should also uphold the standards. It is from teachers that we hear that examination fees go missing and we also hear defilement cases in our schools. I think that as we plead their case for rights, they should also argue their case for obligations; living up to ethical standards.

Probably, also to appeal to the Government: the regulators; the regulators must, themselves, be up to standard. You know, you should not get somebody who is not qualified to regulate the qualified. As an old man, I want to maintain a level of decency and leave it at that. I thank you.

THE SPEAKER: And, at the same time, the teachers should prepare before giving a lecture or going to class. You find that in most cases, a teacher leaves a drinking joint and goes straight to teach. There should be sufficient preparation for one to be able to deliver.

My other teacher? I am balancing the boat.
(Laughter)

2.39

MR XAVIER KYOOMA (NRM, Ibanda County North, Ibanda): Thank you, Madam Speaker, for that recognition. I am also proud and happy for having had you pass through my hands. It was actually at the university. Some people may think it was at a secondary school.

Madam Speaker, I would like to thank the minister. Hon. Ssegona has mentioned a point that has actually come to my mind. When teachers are on holiday, it is the time when they are making what is called “scheme of work”. They would actually be preparing for the forthcoming term, and, by doing that, they should qualify for a payment.

Now that we are about to celebrate their day, honourable minister, this is to you: there is still an outcry by the arts teachers about the salary disparity. (Applause) There is a disparity between salaries earned by science teachers and arts teachers. Actually, when we say that, we may be misquoted, that we mean to say that the salaries of science teachers should be reduced. No! What we are saying is that given that art teachers are also shopping from the same supermarkets and shops, their children are going to the same school and the standards of living are the same, they should also be considered. It would be important that on this big day of theirs, honourable minister, you make a statement.

These people are voiceless. They are working seriously, but, actually, that one demotivates them. [Mr Olanya: “Information.”] I will take the information if the Rt. Hon. Speaker allows –(Interruption)

MR OLANYA: Thank you, Madam Speaker. I would like to thank my colleague for bringing a very important point. Last Saturday, I attended the teacher’s day in my district.

Madam Speaker, when we were attending the teachers’ day, the District Education Officer (DEO) asked for the teachers present, but all the science teachers were absent. It was only the arts teachers and the teachers for primary school who were present. The DEO told me

that the science teachers are now taking their level to be so high that they cannot mix with other teachers.

Madam Speaker, the issue of disparity in payment is bringing a lot of segregation among the teachers of this country.

THE SPEAKER: That is very true.

MR KYOOMA: Thank you very much, Hon. Gilbert, for that information. Actually, that one is called “sharking”, and it is associated with a moral hazard. How sure are you that because you have enhanced so and so’s salary, the services given will be equivalent to the enhancement? This is a serious matter, Madam Speaker.

Associated with that, you will find that a head teacher, who is actually a scientist, is being paid less than his or her own teachers, who are scientists and classroom teachers. What is this? I will be happy if I hear from the minister and if the minister has a big statement, on the big day, about salary disparities. I thank you.

THE SPEAKER: Thank you. Honourable minister, there was something that was raised yesterday, that the S.4 students are being chased away from schools; they cannot do exams because they have not paid school fees. Therefore, we also need to hear from you on that and what your position is, as a ministry.

Yes, Christine?

2.45

MS CHRISTINE KAAYA (NUP, Woman’s Representative, Kiboga): Thank you, Madam Speaker –

THE SPEAKER: Let us hear from Hon. Christine and, then, Hon. Allan and Hon. Flavia.

MS KAAYA: Madam Speaker, I am a teacher’s daughter. In Kiboga, we celebrated Teachers’ Day on that very day. I want to acknowledge that we received Shs 1.5 million from the Uganda National Teachers Union (UNATU)

to facilitate all district functions. I do not know if other districts got their money, but I acknowledge that, as Kiboga, we received the money – although it was not enough and, so, we had to part with some of ours to ensure that the function could go on.

Madam Speaker, the most important issue that teachers raised on that day was welfare. Many teachers have upgraded. Even nursery teachers and lower primary teachers are being reminded to do so. However, for some teachers, since they upgraded, it is now over five years that nothing has changed on their pay slips. That is a serious matter.

Madam Speaker, the private teachers are also crying that they do not have contracts. I do not know how the ministry could come in to help this other section of private teachers, who work without contracts and at any one moment in time, the owner of the school can wake up and chase them away.

We calculated and saw that primary teachers, in order to earn at least Shs 600,000 – because we were asking them what increment they were looking at. They are looking at earning Shs 600,000 per month at least in the first year, up from the Shs 400,000. We calculated and it is something like Shs 400 billion per financial year, for a primary teacher to shift from earning Shs 400,000 to Shs 600,000, which we feel is possible with the budget we see here.

Madam Speaker, the other issue is about placements; it is becoming a challenge. There should be a register about which schools have staff quarters. Building staff quarters has become a Member of Parliament’s function. It is too much, Madam Speaker. Members of Parliament cannot part with their salary to build these staff quarters.

We request that the ministry takes a register of which schools – public schools – have staff quarters and then we can be able to, at least, stand behind the Government.

For Members of Parliament to lead in this, Madam Speaker, it is too much. Thank you.

THE SPEAKER: Hon. Allan? (*Mr Allan Mayanja rose*)

2.47

MR ALLAN SSEWANYANA (NUP, Makindye Division West, Kampala): Thank you, Madam Speaker. This one is Hon. Alan Mayanja and I am Alan Ssewanyana, so, "A" first. (*Laughter*) You are coming next, my younger brother.

I thank the Minister of Education and Sports for giving us a good statement. As the people of Kampala, we are very grateful that this year's belated ceremony is going to be in Kampala, at Lugogo Cricket Oval.

Honourable minister, we have had very many issues, even in Kampala here, which people do not expect to be in the capital city, especially the issue of the staff-quarters being very limited. I have an example of police children in a school here in Kampala where the staff do not have houses to reside in. It is only a few, especially those who have relatives in the police quarters that have good accommodation, at least affordable accommodation. Others are lacking. It has now become a burden to us as Members of Parliament to continue explaining to them as to when and why they do not have such quarters.

Secondly, Madam Speaker, the new Teachers' Bill, which is being discussed by Parliament here, gave a proposal of a minimum qualification of a bachelor's degree for a teacher. Today, we are celebrating teachers who are yet to reach that level. I think on this day, most of them are yet to reach that level. I think when celebrating it, next Saturday, the Government should at least put more confidence in the current teachers because they have done so much work for us as a country during the past few years -

THE SPEAKER: Thank you.

MR SEEWANYANA: We need them to be given at least some assurance of having their jobs secure when in transition. I thank you, Madam Speaker.

THE SPEAKER: Thank you. Hon. Flavia?

2.50

MS FLAVIA NABAGABE (NUP, Woman Representative, Kassanda): Thank you very much, Madam Speaker. I am a teacher of English language and Literature in English and I taught for close to nine years at Namilyango College and Our Lady of Good Counsel, Gayaza. So, these are issues of 'Generals' of us; the teachers, today, not the other generals. I just wanted to say that.

I want to appreciate all the teachers around the world, especially teachers in Uganda because I know that despite the fact that they are teaching, there are also certain conditions that are terribly unfair to them but they are working. We appreciate them and I appreciate the Ministry of Education and Sports for what they are doing for the teachers.

However, we have some challenges which we need to address; the very first challenge - I add my voice to the discrepancies that are in the teachers' salaries right now as we speak. Teachers in my community in Kassanda - as I was with them, because we celebrated World Teachers' Day as a district - they mentioned that some of their staff members; the arts teachers have sold their ATMs to science teachers because of loans. So, it is the science teachers who are controlling the Arts teachers' salaries because they do not have money.

Whenever they get the little pay that they have, the science teachers automatically take the money because they are paying back the loans, leaving them with nothing. That means that their situation, especially when it comes to looking after their families, is dire. When it comes to welfare, teachers are teaching children who are hungry, but teachers are even hungrier than the children that they are teaching.

You find that at lunch time, we have staff that are not getting food. And for some that can afford the food, they are eating posho and beans which are also in a terrible state. So, they were complaining about that welfare as well. Can we find a way to improve staff welfare?

I also know that teachers have poor, deplorable living conditions. There are certain schools we visited in Kassanda - teachers' quarters - they are living as if they are prisoners; even prisoners I think have - *(Member timed out.)*

THE SPEAKER: Hon. Gerald?

2.52

MR GERALD NANGOLI (NRM, Elgon North County, Bulambuli): Thank you so much, Madam Speaker. I thank the minister for that elaborate report but there is one point of concern, in addition to what my colleague, Chairperson Hon. Kyooma raised.

There are science teachers who have been appointed administrators of secondary schools. And today, to my dismay, there is a head teacher who has declined to pick his letter because he has been earning Shs 4.8 million as gross salary, but the appointment letter that he is getting as an administrator is talking of a lower pay. Therefore, he has declined to pick the letter. He was in my office this morning - from Bulambuli.

There is an anomaly - last time, the Minister of Public Service and the Minister of Education and Sports - when I raised this matter, they said they were going to harmonise it within a period of one month. This is now the second month. We are in October; the release was done yesterday by the Ministry of Finance, Planning and Economic Development.

My question is, has this been harmonised so that I can communicate to my science teachers who are administrators of secondary schools, whether this anomaly has been sorted so that they check their bank accounts by the end of the month? Thank you so much, Madam Speaker.

THE SPEAKER: Thank you. Hon. Margaret, followed by the Workers' representative.

2.54

MS MARGARET MAKHOHA (Independent, Woman Representative, Namayingo): I thank you, Madam Speaker, for the opportunity, and I thank the minister for the statement.

We celebrated World Teachers' Day in Namayingo on the 5th and many teachers were not contented with what is happening. Madam Speaker, teaching is very critical. I am a teacher by profession, and I know that we were all taught by teachers and if we want to have real development as a country, then we must strengthen the education sector.

As we speak, there are many challenges which the sector is facing. For teaching to be effective, the environment must also be good. We still have schools in this country where pupils learn under trees. And now for a teacher to go and teach under a tree with no chalkboard, the environment cannot be conducive enough for learning to take place.

We also have a challenge, Madam Speaker, of some of us who come from hard-to-reach areas. We want to be considered when it comes to staff quarters because some areas are hard to reach that you cannot even have a house to rent. So, you find that teachers do not go to schools to teach because they do not have even where to sleep.

I, therefore, pray to the Government to at least build staff quarters for teachers in hard-to-reach districts like Namayingo District. Thank you.

THE SPEAKER: Thank you. Workers representative?

2.55

DR ABDULHU BYAKATONDA (Independent, Workers Representative): Thank you, Madam Speaker and colleagues. I thank the minister for the statement.

Madam Speaker, when the salaries of science teachers were enhanced, there was a discussion between the Government and the leaders. And I actually remember the Vice President chairing that meeting. The commitment was, let us start with the science teachers because the resources were meagre. And the word was: "Soon we shall look at the arts teachers".

My question is, when is this commitment really going to be effected? Because you see, Madam

Speaker and Members, in any economy, when you measure the Human Development Index (HDI), we have life expectancy - education is number two. And with proper education, you widen the perspective of a country. And we are saying that with a low-income status, like the minister has put it, are we not likely to fall back when the education system is falling? When is this commitment, Madam Speaker?

THE SPEAKER: Thank you. Hon. Solomon? (*Hon. Silwany rose*)- Not you, but Chelangat.

2.57

MR SOLOMON CHELANGAT ALINGA (NRM, T'oo County, Bukwo): Thank you very much, Madam Speaker.

We also had our Teachers' Day, some time back in Bukwo District. However, it was the worst Teachers' Day attended by teachers in the life of Bukwo. Why? Because most of our teachers are so demoralised.

Honourable colleagues have talked of the discrimination between the science teachers and the arts teachers. But there was also another issue during the validation exercise by the Auditor-General, so many people were affected in Bukwo District and over 250 teachers were affected. They have been coming to Kampala to make clearance with the Auditor-General. The Chief Administrative Officer (CAO) and his team have been coming, but all the same, up to now, those people have not been paid.

It is my opinion that the minister gets concerned and sees how best these teachers can be helped because most of them are not being paid. They have children to educate. They have other issues to handle, like any other human being or parent. So, these people need to be helped, Madam Speaker. Thank you very much.

THE SPEAKER: Hon. Rita, Member for Mitooma, Hon. Isaac. Hon. Isaac, where have you been?

2.58

MS RITA ATUKWASA (Independent, Woman Representative, Mbarara City):

Thank you, Madam Speaker. As a principal mother, having nurtured and a home being the first school, I share this joy with the teachers to join them and celebrate this day, and congratulate them for choosing to be teachers beyond the home, which privilege I do not take for granted.

It is very alarming to find that we have Universal Primary Education and Universal Secondary Education, and you go to a school that has over 1,600 students. You then find that the Government only pays about 30 teachers. What happens to the rest? The rest of the teachers are being sponsored by the fees that are collected.

I know His Excellency has appealed so many times that UPE needs to be free. Through you, Madam Speaker and the Minister of Education and Sports, I would like you to carry my voice to His Excellency that I support free education as a woman and I am an advocate for the girl-child. That is one area that we appeal to him to do.

The other thing is the looming epidemic of children, especially in private schools, who carry heavy bags on their backs. I thank the teachers for doing that work, but asking young children to carry counter books - we were in Ankole for a surgical camp that covered 13 districts. The report that came -

THE SPEAKER: Is that true? What do private schools do?

MS ATUKWASA: They carry very many counter books. The Association of Surgeons told us that they needed to go to schools to check the backs of young children.

THE SPEAKER: Hon. Yeri, can you respond to that? (*Laughter*) He is an investor at Victorious Primary School.

3.01

MR APOLLO YERI (NRM, Tororo Municipality, Tororo): Thank you very much, Madam Speaker. It depends on the age. They do not carry the books, but it is the bag. The bag – *(Laughter)* - yes. So, it depends on the age and what you are using for carrying is the bag.

THE SPEAKER: Thank you.

MR YERI: But I also have something to submit – *(Hon. Atukwasa rose_)*

THE SPEAKER: No, let him conclude. He is a proprietor of a school; Victorious Primary School.

MR YERI: Madam Speaker, I would like to bring up the issue of the budget; the emergency money when a natural disaster has happened in these schools. Sometimes, there is no money to handle those calamities.

For example, as we talk now, a rainstorm has hit Manjasi High School. The school is down and the hall which is supposed to be used for UNEB is affected. Therefore, we need the concerned minister to attend to that.

THE SPEAKER: Thank you. Hon. Rita, can you conclude? What the honourable member is saying - somebody one time said that “Alcohol is not a problem, but it is the bottle”. *(Laughter)*

MS ATUKWASA: Madam Speaker, education and health are intertwined so it is very important for the teachers to interest themselves to make sure that as the children go to school, they come out healthy.

Lastly, on the issue of payment disparities, I want us to –

THE SPEAKER: Honourable members, I do not want anybody to repeat what has been said.

MS ATUKWASA: No, Madam Speaker. What I am saying is different; that the Education Service Commission should come up with some sort of report to tell us whether there is a correlation so far between the good pay

for science teachers and the improvement in science teaching. We could be running for something where we do not see any results. Thank you.

THE SPEAKER: Thank you. Hon. Juliet? Remember, we are acting under rule 52 and we are already into 40 minutes. There is another teacher behind – Hon. Acibu. Honourable members, can we hear from Hon. Juliet?

3.04

MS JULIET BASHIISHA (NRM, Woman Representative, Mitooma): Thank you, Madam Speaker. I am a teacher by profession and before I joined politics, I was a Director of Studies at Lubiri Secondary School here in Lubaga. Madam Hon. Rwabushaija was my boss so I am not telling any lies. *(Laughter)* She was my Deputy Head Teacher at the Lubiri Secondary School.

I thank the minister for inviting us to celebrate the teachers. My colleagues and Rt Hon. Speaker, you will all agree with me that teachers are heroes. *(Laughter)*

Therefore, my request - actually, mine are almost only requests – is that we have a public holiday, like we have Heroes Day, to celebrate the teachers. This is because you find that when others are celebrating, others are in class teaching. I usually see it in my constituency in Mitooma. When the celebrations are in one constituency, you find that the schools in other constituencies are operating normally.

I have another request, Madam Speaker. Teachers in my constituency have formed associations; they call themselves “Teachers in Action”. They are the ones now building classrooms, accommodation and using their own money to do our work under the Government -

THE SPEAKER: That is not correct; they should not do that.

MS BASHIISHA: On Sunday, I attended a fundraising function where primary school teachers contributed 50 bags of cement. I was there myself so I request that we do our work.

THE SPEAKER: Maybe they are contributing to their community.

MS BASHIISHA: They are sleeping in very bad houses. Others do not have classrooms; they are the ones rehabilitating the classrooms because of the –

THE SPEAKER: Honourable minister, have you gotten that?

MS BASHIISHA: Thank you very much, Madam Speaker.

THE SPEAKER: Hon. Acibu, Hon. Tom Aza, Hon. Isaac.

3.07

MS AGNES ACIBU (NRM, Woman Representative, Nebbi): Thank you very much, Madam Speaker. I thank the Minister of Education and Sports –

THE SPEAKER: Honourable members, you have a lot of things to debate. This is under Rule 52 of our Rules of Procedure, which gives you 45 minutes. We have even exceeded the 45 minutes but we also have very important reports to debate. So, if you miss out on teachers, you will debate on the next one.

I will make sure that I pick a person who has not spoken. Yes, Hon. Acibu -

3.08

MS AGNES ACIBU (NRM, Woman Representative, Nebbi): Thank you, Madam Speaker, for giving me this opportunity. I thank the minister for extending an invitation for this belated World Teacher's Day.

When we talk about the teacher, we need to know that a teacher matters in this world and more so in our country, Uganda. Things relating to teaching or a teacher - A teacher faces many challenges.

One, when we see the ratio of learners to teachers, it is very appalling. When we go to most of the primary schools in rural settings, we find a teacher fidgeting with over 400

pupils in a single class and this becomes a very big challenge when it comes to assessing these learners. If people are complaining about the quality of education in this country, I think that is one of the areas we need to look into.

Two, we have the challenge of salary disparity. Last year when we went to the Karamoja sub region, it was so heart-touching when we arrived and found teachers having lunch. The science teachers were eating using cutlery and had side dishes but when it came to the art teachers, they were dying with their *posho* without cutlery and they were sitting in different areas. *(Laughter)*

This is not a subject we are to laugh about. It is a problem in every school in this country. Like in Nebbi, in most of the schools, we have two staff rooms; the science teachers sit inside while the art teachers sit under trees.

Madam Speaker, if we are to address the issue of education in this country, we need to open our eyes very wide and address these issues critically - *(Interjection)* - I give way for information.

THE SPEAKER: Thank you. Hon. Phyllis -

3.11

MS PHYLLIS CHEMUTAI (NRM, Woman Representative, Kapchorwa): Thank you, Madam Speaker, for giving me this opportunity and the I thank the minister for the statement made. The teachers do a great job for this country. I am a teacher of agriculture and - *(Interjection)* - Yes. If I was teaching, by now I would be a science teacher and I would be enjoying a good salary.

I want to say that Kapchorwa teachers celebrated their World Teacher's Day on that same day and the complaints raised are just the same as what others are saying here but one thing that has not been touched is about the new curriculum.

They are complaining about the new curriculum; that they have not grasped it well especially when it comes to competence-based

learning. They have no projects within the school to use while teaching the students.

Some topics need teachers to take students outside the school compound to learn certain things, like to the markets and so forth but the transport to take them outside is not there - *(Interjection)*

THE SPEAKER: Yes, there is information. There is also physical education.

MR LUBEGA SSEGGONA: Actually, Madam Speaker, I thank Hon. Phyllis for giving way. Talking about the new and old curriculum, I was in a secondary school in my constituency recently and the teachers were deeply concerned that students in O-Level are now studying under the new curriculum and yet just next year -

THE SPEAKER: Even the exam is under the new curriculum.

MR LUBEGA SSEGGONA: Just next year in January, three months from today, when they cross over to A-Level, they will go back to the old curriculum because they have not been prepared to start the new curriculum in A-Level. I thank the honourable member.

THE SPEAKER: Thank you. Honourable members, can we first hear from the minister? There is a former Chief Administrative Officer (CAO) here.

3.13

MR ISAAC MODOI (NRM, Lutseshe County, Bududa): Thank you, Madam Speaker. I salute all those who have invested in education in this country, including the Speaker. It is a sacrifice and I also want to talk to the Ministry of Education and Sports and the nation.

The nation is because of its people and we are here because of teachers. The moment you mishandle children, you will have citizens who are not responsible. Therefore, I believe this issue should be given enough time for discussion. *(Applause)*

The issue we are dealing with is so sensitive. For some of us who come from rural districts like Bududa, all we see are children growing up or going to schools where the future is uncertain. You go to a school where the teacher is very hungry and imparting knowledge to hungry children.

We have a situation in the urban setting which is different from the rural setting but we want to subject them to the same education system and examinations and the opportunities become very difficult.

Colleagues, we are here and we are the ones who make decisions for this country. The quality of the children's education is so alarming. How I wish, Madam Speaker, that we are given enough time to interrogate and audit the education system in this country.

THE SPEAKER: That is why we have a sectoral Committee on Education and Sports.

MR MODOI: As I sit, the honourable colleague raised an issue of the curriculum. We are here dealing with very sensitive issues. The children who are now - even the teachers themselves do not know about this curriculum. I believe even the Ministry of Education and Sports officials do not know about it - *(Laughter)* - and they are sending them for examinations. Now, what nation do we have? I thank the gallant teachers of this country.

THE SPEAKER: Thank you. Honourable members, in the public gallery this afternoon - Hon. Meddie, I was waiting for you because - when you went for prayers.

In the public gallery this afternoon, we have students of Social Work and Social Administration from Makerere University, Kampala Central and they are represented by Hon. Muhammad Nsereko and Hon. Malende. Please join me in welcoming them. Stand up so that we see you; you are most welcome. Thank you for coming.

3.16

MR MUHAMMAD NSEREKO (Independent, Kampala Central Division, Kampala): Thank you, Madam Speaker and our gallant students from Makerere University, the epitome of education in this country. Welcome to the august House and we pray and hope that your visit here inspires you, not only today but also in the future. For God and my country. Thank you.

THE SPEAKER: Amen. Thank you. Honourable minister, I will get a response from you but you need to address the issue of the teacher-to-student ratio, the discrepancy in payments and the issues of the new curriculum that even the teachers who are teaching are not well-versed with.

The living conditions of the teachers where somebody - The teacher stays 30 kilometres away from the school and - Do you get it? Then the issue of children sharing toilets; the girls and boys are sharing toilets with the teachers.

You also need to look at the students' feeding. Much as we are talking about Universal Primary Education (UPE) and Universal Secondary Education (USE), the students' feeding and the discrimination between the teachers - We need to look at the overall issues that Members have raised. Please, let us first hear from the minister then -

DR MORIKU: Thank you so much, Madam Speaker. I would like to thank colleagues for raising these very critical issues. That shows the importance we attach to our teachers and how much we value them. I really want to thank you for your passion for the teaching profession.

Madam Speaker, permit me to tell this august House, as per our statistics of June 2024. Regarding primary education, we have a total of 154,326 Government teachers while we have a total of 42,043 private teachers. In total, we have 196,369 teachers in primary education.

For secondary education, we have 42,258 in Government schools, while 22,660 in private

schools, making a total of 72,918. These are the people we are speaking about. However, there are many that we are still registering on the online system.

There are four critical issues I wish to respond to before I go to issues raised. Number one, it is true that yesterday we received a complaint that some of the senior four candidates in some private schools were being sent away because of school fees dues. Immediately this information reached UNEB, they intervened to enable these candidates make arrangements with the schools, especially the parents.

Before coming here, Madam Speaker, I spoke to UNEB and I was informed that the issue that was raised yesterday, where some senior four candidates were sent home, has been handled. All the senior four candidates are attending their examinations because our Education Act, 2008 does not permit any candidate to be sent home because of school fees dues or any other balances that have not been cleared. I thank you for that concern.

In line with that, Madam Speaker, this is the pioneer class that is sitting -

THE SPEAKER: Also, in line with what you are saying, when we make a budget for UNEB, the budgets are always cut yet UNEB will tell you that, that is the money that is supposed to be used for invigilation, training and all those things. Why would you reduce budgets for UNEB?

DR MORIKU: Madam Speaker, thank you so much, for raising that critical issue. I wish the Minister of Finance, Planning and Economic Development was here.

It is true that the money for UNEB has, many times, been slashed and because of that, we get critical gaps in managing examinations during the examination period. I pray, moving forward, that our plea to keep the money -

THE SPEAKER: We need a report from the finance ministry on why they handle UNEB the way they do, and remember all of us passed

through teachers. If you cannot handle UNEB the way it is expected to be handled, if you cannot finance UNEB, then where will you finance? Yes, switch on the microphone.

DR MORIKU: I will take that matter up seriously and follow up with the Ministry of Finance, Planning and Economic Development to ensure that all the money budgeted for examinations under UNEB plus other examination bodies; UNIMELB, UBTEB and UAHEB are all given as per their request.

Madam Speaker, this is the pioneer for the competence-based curriculum, and the issue of curriculum has been raised on this Floor. Aware that these senior four candidates are going to cross to A-level next year, coming up with a new curriculum which is competence-based at A-level is a very intensive and consultative process which demands a lot of funds. As I speak, this is a process –

THE SPEAKER: You said the new curriculum demands a lot of funds. Why did you go for that? First of all, honourable members, when the students are doing exams, they are supposed to do a technical course. Somebody will say, for me I am interested in swimming. Do you have swimming pools in schools? Do you have technical schools in all these schools? Do you have computers in all these schools?

DR MORIKU: Madam Speaker, for this candidate class, we have an abridged version for the A-level curriculum, which they are going to cross over and embrace.

THE SPEAKER: Honourable minister, I am talking with experience. I have a school and when students were being examined, I am told one student said, “For me, I am better in swimming.” Good enough I have a swimming pool. What about others? When the child was taken, the child was very excellent in swimming. What about other schools in Kassanda, Kyotera and Gomba?

DR MORIKU: Madam Speaker, regarding issues concerning the curriculum and specifically the competence-based curriculum, permit me to bring a statement here.

THE SPEAKER: Bring a paper.

DR MORIKU: Yes, thank you. (*Interjection*)

THE SPEAKER: Bring a paper on Tuesday.

DR MORIKU: We have already concluded on that.

THE SPEAKER: Bring a paper on Tuesday on that. Thank you.

DR MORIKU: Madam Speaker, quite a number of issues were raised here. Permit me to thank this august House about the issue of SACCO. (*Interruption*)

THE SPEAKER: There is a procedural matter.

MR LUBEGA SSEGGONA: Madam Speaker, I chaired the Committee on PAC (Central Government) in the earlier years of this Parliament. In one interaction with the Ministry of Education and Sports and the National Curriculum Development Centre, it was evident that the Government had not even procured textbooks for all the schools in this country with respect to the new curriculum.

What the honourable minister, my sister, is raising, is a serious policy issue. It does not only stop at policy; it also crosses to finance. I appreciate that we are part of the appointment process for ministers.

If you permit, Madam Speaker - and this is not an area where I normally insist, even when I chaired that committee - is this not an issue where we are supposed or we should interact with the policy head of this ministry so that we have our questions answered? The policy head of this ministry is somebody I hold in very high regard; Hon. Mrs Janet Kataaha Museveni. Is this –

THE SPEAKER: Let us get a report on Tuesday to that effect. It does not matter who presents. Honourable members, I was in pain the other day when they said, “We want new computers”. I had to get computers to put - Can you conclude and bring your report?

DR MORIKU: Madam Speaker, I would like to conclude by thanking this House for the funds that have been provided for the teachers under the Savings and Credit Cooperative Organisation (SACCO). When His Excellency the President committed Shs 2 billion for the private teachers and more funds for the teachers through the Micro Finance Support Centre and the Malim Centre, this House appropriated and funds were provided –

THE SPEAKER: I thought you were a commissioner; you do know that when somebody is speaking –

DR MORIKU: This fund is to support the teachers' welfare –

THE SPEAKER: Hon. Mwijukye, first tell that commissioner what commissioners do.

MR MWIJUKYE: Commissioners are in charge of the welfare of Members of Parliament and therefore must do everything possible to protect other Members of Parliament. You do not disturb them when they are speaking – (*Laughter*) - and so, the current commissioner is not right to disorganise a Member.

DR MORIKU: Thank you, Madam Speaker. As I wind up, I will bring a statement on all the issues that have been raised on this Floor. I thank you so much for the support. I pledge on Tuesday that I am going to bring a statement concerning the teachers. I beg to submit.

THE SPEAKER: Next item. Honourable members, she is coming back on Tuesday and you will bring all those issues. It is going to be a substantive item.

MR NSEREKO: Madam Speaker, as you said, I would like to also request the honourable minister to also include the matter that we have ever presented on the university students' drop out as a result of failure to be admitted into examination rooms because they have not completed payment of their tuition. Part of that –

THE SPEAKER: We talked about it.

MR NSEREKO: Thank you.

THE SPEAKER: You should talk about the girl-child. Yes, counsel -

MR NIWAGABA: Now that she is coming with a comprehensive report, there are also reports of many applications for early retirement by science teachers and that area should also be tackled because the pension is much more attractive than them keeping in school.

THE SPEAKER: Thank you. Come with the comprehensive report. Next item.

LAYING OF PAPERS

REPORT OF THE AUDITOR-GENERAL ON THE FINANCIAL STATEMENTS OF BANK OF UGANDA FOR THE YEAR ENDED 30TH JUNE 2024

THE SPEAKER: Pursuant to Article 163(4) of the Constitution of the Republic of Uganda and Rule 181(3) of the Rules of Procedure, I invite the commissioner to lay the report of the Auditor-General.

3.32

MR SOLOMON SILWANY (NRM, Bukooli County Central, Bugiri): Madam Speaker, I beg to lay the report of the Auditor-General on the financial statements of the Bank of Uganda for the Financial Year that ended 30 June 2024.

THE SPEAKER: Thank you. Pursuant to Article 163(5) of the Constitution of the Republic of Uganda and Rule 181(4) of the Rules of Procedure, the report stands referred to the Committee of the Commissions, Statutory Authorities and State Enterprises (COSASE)-Bank of Uganda.

The Clerk should immediately send the report to the committee. There are people making noise there. Hon. Enos, tell them – Procedure -

MR KIBALYA: Thank you, Madam Speaker. In the spirit of recognising international days, today is World Food Day, and countries all over the world –

THE SPEAKER: Next item -

MOTION FOR ADOPTION OF THE
REPORT OF THE COMMITTEE ON
PUBLIC ACCOUNTS - CENTRAL
GOVERNMENT ON THE AUDITOR-
GENERAL'S REPORT ON TREASURY
OPERATIONS AND CONSOLIDATED
FINANCIAL STATEMENT OF
GOVERNMENT OF UGANDA FOR THE
YEAR ENDED 30TH JUNE 2023

THE SPEAKER: Honourable members, on Monday, 14 October 2024, we deferred the presentation of this report pending the availability of the Minister of Finance, Planning and Economic Development. We thought and hoped that the minister would be in today. However, it is unfortunate that the minister is not in.

Pursuant to Rule 174(4) and 6 of the Rules of Procedure of Parliament, I invite the Chairperson of Public Accounts (PAC) to present the report to the House and we will defer the debate until the minister is in. However, the Leader of the Opposition (LOP) was supposed to give his statement on teachers.

3.35

THE LEADER OF THE OPPOSITION (Mr Joel Ssenyonyi): Madam Speaker, now that we have asked the minister to bring a statement, we will wait to see what she gets to present and then we can point out those other issues. I had wanted, at that time, to add one or two things that I think she needed to emphasise.

However, let us give the minister the benefit of the doubt to bring the statement and then we will see. I am glad that we have now moved to say that the report gets to be presented in the absence of the Minister of Finance, Planning and Economic Development but I think the Front Bench needs to take us a lot more seriously.

This particular report has been pending since last week and I kept nearly harassing my senior colleague, Hon. Muwanga Kivumbi, to make sure he is available in good time and each time

we kept pushing it because the Minister of Finance, Planning and Economic Development was not available for one reason or another.

Yesterday, he came briefly and had to leave but that docket has got about three to four ministers. What is the problem? Maybe we need to know –

THE SPEAKER: Hon. Koyekyenga, why are you making noise outside? Call your members to come in.

MR SSENYONYI: As I was saying, we hope that they are not trying to run away from this report because this is a critical report on treasury operations. We hope that this is not a ploy for them to “submarine” as far as this report is concerned. However, I am glad we will present it and task them to nonetheless come up with a response.

THE SPEAKER: Honourable members, if anybody thinks that we are going to do an omnibus adoption of that report, that is a lie. We will wait and debate that report on the Floor. After you have presented your report, there is another report by finance, still on treasury operations. We shall debate both reports because he should have actually given it to you to use in your report. Please go ahead. Yes, Hon Nathan?

MR NANDALA-MAFABI: Thank you, Madam Speaker. The procedural issue I am raising is, the report of treasury operations consolidates all government accounts, and the person who is supposed to be in charge of those accounts is the minister for finance. Wouldn't it be procedurally right, Madam Speaker, that you ask the minister, in writing, to be present?

If the report is presented when he or she is not here - I do not know whether there is also a woman minister - it would be leaving out the vital things that the minister, who is the custodian of the treasury operations, should have heard. Wouldn't it be procedurally right, Madam Speaker, that you defer and compel the minister for finance to be here to deal with the report, because this is the consolidation of financial accounts?

THE SPEAKER: Honourable members, yesterday we discussed with Hon. Kasaija and he took a copy of the report and requested us to have a report presented. They will come with a response to it. Can I have the report presented?

3.39

THE CHAIRPERSON, COMMITTEE ON PUBLIC ACCOUNTS (CENTRAL GOVERNMENT) (Mr Muhammad Muwanga Kivumbi): Madam Speaker, I read out the minutes and report last time. Honourable colleagues, I will take you straight to page -

THE SPEAKER: Is Hon. Nathan a member of the committee?

MR MUWANGA KIVUMBI: Yes, he is a member.

THE SPEAKER: Okay, permanent member.

MR MUWANGA KIVUMBI: Madam Speaker, we thank you because you gave us the most competent accountants in this House and they are all on that committee, from Hon. Kyooma to everyone else and they have done a commendable job.

THE SPEAKER: Thank you.

MR MUWANGA KIVUMBI: Madam Speaker, I will go straight to page 5 of the report; committee observation -

THE SPEAKER: Madam Teacher, you are going when they are presenting your report? You are going to the baby's home?

MR MUWANGA KIVUMBI: The committee observed that whereas the revenue budget was revised to Shs 48.13 trillion, the expenditure budget was revised to a total of Shs 52.548 trillion in the course of the financial year, leading to unbalanced budgets of Shs 4.4 trillion.

THE SPEAKER: Honourable members, kindly help me and listen to that report for you to understand what is happening.

MR MUWANGA KIVUMBI: Madam Speaker, this means that from the word go, the expenditure budget was not matched with the revenue budget to a tune of Shs 4.4 trillion. Further examination by the committee revealed that in the last three financial years, the total approved budgets for:

The Financial Year 2002/2023 was Shs 52.548 trillion,

The Financial Year 2021/2022 was Shs 51.6 trillion,

The Financial Year 2020/2021 was 51.62 trillion.

While revenue for all those years - the year under review was Shs 48.13 trillion, the Financial Year 2021/2022 was Shs 47.2 trillion, the Financial Year 2021/2022 was Shs 48.72 trillion, leading to unbalanced budgets, which I first stated of Shs 4.4 trillion, Shs 4.361 trillion, and Shs 2.9 trillion respectively, as illustrated in the table below.

Honourable colleagues, in the table below, I have put for you the budget which was Shs 52, the revenue at Shs 48 trillion, Shs 47 trillion, and Shs 48 trillion, and I have put a column of the balance between the revenue and the budget. That is Shs 4.4 trillion, in the year after it was Shs 4.3 trillion, and in the other year, it was Shs 2.9 trillion.

The accounting officer explained that government had set a target of enhancing revenue mobilisation by 5.0 per cent of the Gross Domestic Product (GDP) every financial year, through the implementation of the domestic revenue mobilisation strategy.

The Permanent Secretary and Secretary to the Treasury (PS/ST) explained that the Ministry of Finance, Planning and Economic Development would continue to hold Non-Tax Revenue (NTR) consultations with the respective NTR-generating Ministries, Departments and Agencies (MDAs) to harmonise the NTR estimates, review existing rates, charge for services rendered to the public, and consider proposals for new sources of NTR from MDAs.

The committee however notes that the variance in expenditure and revenue budget is a recurring concern which has existed over the years. These shortfalls or failure to fund the reverse budget implies that government would not fully finance the planned programmes which in turn affected service delivery.

The committee notes that the revenue and expenditure budget estimates have continued to be projected in a rosy picture over and above Shs 50 trillion over the last so many years, the country has never exceeded Shs 45 trillion in expenditure performance. It is therefore these deceptive figures of the budget the government bases on to seek a supplementary budget under the 3 per cent requirement of the law.

Therefore, these figures they give us - Shs 70 trillion - the purpose is to yield a high quantity of 3 per cent. However, from the word go, they are aware they will never raise those revenues.

The committee further notes that the Ministry of Finance, Planning and Economic Development has deliberately ignored available data and trend analysis of revenue and expenditure performance in the formulation of the budget process, which has led to unrealistic and false budgeting.

The committee notes with concern that Parliament has continuously approved budgets without corresponding revenue sources year in, year out, which is an indictment on Parliament for not being keen enough during the budgeting process. Whereas the government does bring these figures, they are brought here, but we pass them knowing revenue and expenditure do not match.

Committee recommendations

- a) The committee recommends that the finance ministry should make use of the available data and trends in the revenue and expenditure projection during the budget formulation.

b) The committee recommends that the finance ministry should continue exploring more avenues to ensure that all budgeted revenue is realised to fund the budget, as approved.

c) Parliament should initiate a process of amending the necessary laws, like the Public Finance Management Act, to tame government's appetite in making unilateral alterations in the budget figures by abusing the 3 per cent window permissible under the current legal regime.

d) Parliament must only approve budgets where revenue matches expenditure.

ii) Utilisation of warrants

Honourable colleagues who are not economists may not know what a warrant is and I will endeavour to explain it a little bit - not an arrest warrant but rather warrants of money.

Madam Speaker, out of total warrants of Shs 49.22 trillion issued during the financial year, Shs 43.404 trillion was spent by the Government, resulting in an unutilised balance of Shs 5.822 trillion, representing a performance level of 88.2 per cent as summarised in the figure below.

For Ministries, Departments and Agencies of Government, the figures were as budgeted - this requires a little bit of interrogation. It was Shs 46 trillion, for local governments it was Shs 6.2 trillion. Total warrants were Shs 43 trillion and Shs 6.2 trillion. Total actual payment; the money that the Government paid out in the financial year was Shs 37.608 trillion and Shs 5.6 trillion which is 43.404, a variance of Shs 5 trillion which is 11 per cent.

Madam Speaker, what this means is that the Government gives, for example, Parliament a warrant to spend money and you contract work but at the time of cashing the invoice, the Government tells you that there is no money and they do not pay thereby generating

arrears to the tune of Shs 5 trillion. That is the implication of warrants and the Government's failure to match warrants with cash.

The Auditor-General reported that the warrants issued during the financial year were in excess of the revised budgeted revenue resources of Shs 48.1 trillion, a variance of Shs 1.9 trillion. It is scandalous that the Government went ahead to warrant money less than what they expected to get in revenue by over Shs 1 trillion - that you warrant and say: "Please spend" knowing actually that they do not have the money and yet you have told agencies to spend and contract. Business people go out to do work for the Government yet the Government is sure as night follows day that they will not have the money because they do not have the revenue.

The Auditor-General noted that overall, there was under-utilisation of warrants, which I have already explained, of Shs 5.8 trillion, representing 11 per cent of the total warrants. Significant - and this is for you to note - under-utilisation of warrants was noted on Treasury Operations (Vote 130) of Shs 2.9 trillion and Shs 216 billion meant for development expenditure for local governments.

When they come here, they tell us that Treasury Operation Accounts are statutory and they receive a first call on the budget and yet they went ahead and failed to meet statutory obligations.

The PS/ST (Accounting Officer) explained that the respective Accounting Officers had been requested to justify the under-absorption in addition to adjustment of their work plans for subsequent financial years to undertake the activities which were not completed.

Committee observation

The committee carried out a trend analysis of the budget for the last three years and revealed and matched expenditure budgets, warrants and actual payments over the years. The committee noted that there were under-utilised warrants of Shs 5.82 trillion in the financial year - 4.8 trillion - Madam Speaker, let me go straight to

that table so that Members can know the crisis we are in as a country. I hope the people in the control room can bring that table.

Madam Speaker, I have put column 1 to represent - we have put column 1 because it is a committee - approved revised budget. Column 2, total warrants; Column 3, actual payments - the amount of money the Government went out to pay for the last three years and then we have made an analysis in the other tables.

Madam Speaker, for the year under review, the Government had an approved budget of Shs 52.548 trillion. It warranted Shs 49 trillion but it actually paid Shs 43.401 trillion.

Unwarranted budget funds for the year were Shs 3.3 billion.

Then the variance between the total warrants and actual payments was Shs 5.8 trillion. Honourable colleagues, the variance between the revised budget and the actual payments was Shs 9.144 trillion and in the following year, those figures -

THE SPEAKER: Clarification. In the Financial Year 2022/2023, the revised budget was Shs 52.548 trillion?

MR MUWANGA KIVUMBI: Yes.

THE SPEAKER: What was warranted was Shs 49.2 trillion and what was released was Shs 43.4 trillion and then they unreleased or unwarranted - It is actually unreleased because it was warranted.

MR MUWANGA KIVUMBI: No, the first column is the difference between the budget and the warrant, which is Shs 3.3 trillion but the difference of the -

THE SPEAKER: Is 3 what?

MR MUWANGA KIVUMBI: Shs 3.22 trillion.

THE SPEAKER: I was making a correction because you had said billion.

MR MUWANGA: It is trillion. The difference between the warrant and the actual payment –

THE SPEAKER: Release.

MR MUWANGA KIVUMBI: Okay, let us say, the actual release was Shs 5.822 trillion and the difference between the budget and the actual release was Shs 9.144 trillion.

Madam Speaker, when you analyse the other year, the difference was Shs 2.707 trillion – I have now gone to differences. The other one was Shs 4.90 trillion, the difference on the other table was Shs 4.4 trillion, and the difference down was Shs 3.257 trillion but the actual difference in the budget was Shs 7.2 trillion and Shs 7.99 trillion.

From the above, the committee observed the following:

- i) That a total of Shs 3.322 trillion was unwarranted in the Financial Year 2022/2023, Shs 2.70 trillion in the Financial Year 2021/2022 and Shs 4.969 trillion was unwarranted for the Financial Year 2020/2021 respectively. That is the difference between a-b.
- ii) The difference between warrants and actual expenditure by the Government was worth Shs 5.822 trillion in the financial year under review, Shs 4.432 trillion in the Financial Year 2021/2022, and Shs 3.257 trillion in the Financial Year 2020/2021.
- iii) The difference between the approved budget - I have already explained - The Shs 9 trillion, Shs 7.1 trillion and Shs 7.9 trillion.

The accounting officer explained that under the single treasury account, warrants are issued indicating the spending limits and as such, Government entities are required to submit invoices which the treasury honours depending on cash at hand. The difference between the warrants and the payments are therefore as a result of the limited cash available at any one given time.

He added that cash limits were affected recently by economic shocks orchestrated by the aftermath of COVID-19, the Russia-Ukraine war and most recently, Ebola outbreak in some parts of the country.

The accounting officer further explained that the unfunded budget was hampered by overly – this you should note - ambitious proposals by policy makers to provide funding for what is now known as “unfunded priorities” coupled with revenues, which do not match with the expenditure. However, the minister apologised on behalf of the PS/ST for this assertion, as you demanded earlier.

However, the committee is concerned that the Government continues to warrant, well knowing it has no cash to match the payments. This uncontrolled mismatch between warrants and payments misleads the accounting officers to contract and commit to payment schedules on the basis of warrants. Usually, this is not honoured for payments by the Government. This has resulted in the accumulation of arrears.

Furthermore, for Parliament to continue to approve budget estimates year in, year out without predictable sources of funding is an indictment on the keenness of scrutiny and approval processes of the budget by Parliament.

Recommendations

The committee recommends that the Minister of Finance, Planning, and Economic Development should ensure that all warrants issued are supported by sufficient revenue resources to fund such warrants and also provide guidance to the Ministries, Agencies, and Departments (MDAs) in regard to the prioritisation of activities to the level of available resources in cases of shortfalls.

The committee recommends that Parliament should be driven by realities and only proceed to pass the budget, if the proposals by the Government are matched with projected revenue sources. However, sometimes, Parliament is handicapped by what are called “addendums” to the budget brought minutes before a budget is passed.

Continued approval of supplementary funding without matching revenue

This is another point. Supplementary expenditure during the year in question amounted to Shs 4.417 trillion. Out of this, Shs 1.437 trillion, which is 2.99 per cent, was in respect of the 3 per cent authorised by the Minister of Finance, Planning and Economic Development, as per the Public Finance Management Act. The Auditor-General, however, reported that the source of the funding for the supplementary expenditure was not clearly shown before approval was granted.

Madam Speaker, as you know, it is only the finance minister, at his own discretion, that approved this money before he was even sure of where the money would come from. As a result, the supplementary expenditure was instead financed by internal budget cuts from various Votes thus suppressing implementation of plans and activities by the affected Votes.

The audit also noted that a total of Shs 4.417 trillion in supplementary budgets was initiated, approved and utilised without any involvement of the programme working committees, but rather with direct engagement with the Votes. There is a risk of misalignment of programme outputs and performance targets, as well as undermining the implementation of the Programme Based Budgeting (PBB) approach at its infant stage.

The accounting officer explained that the provision of supplementary expenditure was made in accordance with Section 25 of the Public Finance Management Act, 2015, as amended and affirmed that the supplementary expenditure going forward had been restricted in line with guidance from His Excellency the President on peace and security, roads, electricity, investing in the people of Uganda, prioritising money-earning projects, management of natural disasters, and international commitments. *(Interruption)*

THE SPEAKER: Committee chairperson, he is giving clarification.

MR MUWANGA KIVUMBI: Yes?

MR GAFABUSA: Thank you, Madam Speaker. Committee chairperson, on point (iv), continued approval of supplementary funding without matching revenue, I have looked at the figure but the percentage; 2.99 per cent, is not correct. It should be 32.5 per cent; Shs 1.437 trillion of Shs 4.417 trillion is 32.5 per cent and not 2.99 per cent.

MR MUWANGA KIVUMBI: Of the total budget?

MR GAFABUSA: No, you are saying –

MR MUWANGA KIVUMBI: Supplementary expenditure, during the financial year in question, amounted to Shs 4.417 trillion -

MR GAFABUSA: Yes, amounted to Shs 4.417 trillion -

MR MUWANGA KIVUMBI: Out of which -

MR GAFABUSA: Out of this, Shs 1.437 trillion which is 2.99 per cent. That is what I am correcting –

MR MUWANGA KIVUMBI: No, it was in respect –

THE SPEAKER: It was in respect of the 3 per cent of the budget.

MR MUWANGA KIVUMBI: In respect of the 3 per cent. Do you get me right? It was in respect of the 3 per cent of the budget. Therefore, you have got to work upwards and find out the 3 per cent –

THE SPEAKER: How much is 3 per cent of the total approved budget?

MR MUWANGA KIVUMBI: Which is Shs 1.5 trillion giving you this percentage –

THE SPEAKER: That tells me people are very attentive. That is very good.

MR MUWANGA KIVUMBI: On issues of money, people are very attentive. Therefore, the committee observed that funding of supplementary expenditure using budget cuts from various Votes is illegal and undermines the authority of Parliament as an appropriating Arm of the Government.

Madam Speaker, if any budget reallocation is to be undertaken, it has to be brought to Parliament for approval. The minister, under the sun, does not have any powers whatsoever to reallocate money from other budgets. This is solely the work of your House. The Minister of Finance, Planning and Economic Development has no powers to suppress allocations to Votes within an approved budget without the express approval of Parliament.

Recommendations

The committee recommends that:

- i. The Ministry of Finance, Planning and Economic Development should strengthen the functionalities of the programme-working groups and have them involved during the process of making decisions for supplementary budgets.
- ii. The Ministry of Finance, Planning and Economic Development should ensure that all supplementary expenditure approvals are supported with the supplementary sources of financing, so as to ensure that activities are implemented as planned.
- iii. The Ministry of Finance, Planning, and Economic Development should be held responsible and be cautioned for fiscal indiscipline, which distorts budget plans and objectives.
- iv. To solve the insatiable appetite for government budgets, the Government of Uganda must be deliberate in reducing leakages through corruption and amplifying the effectiveness of its budget through better priority setting, targeting, and sequencing.

Failure to budget for Non-Tax Revenue on the PBS

Madam Speaker, in the interest of time, this is more of a policy issue because this report is big. This, I beg Members to read so that I save time for more critical issues.

Management of the Parish Development Model

Still, this Parliament has had ample time to debate the Parish Development Model. I beg Members to read - (*Interjection*) Should I read the recommendations only?

Madam Speaker, our recommendations on the PDM are:

- i. The ministry for finance should reconsider the criteria used for budget allocation to include the population sizes of the local government, accessibility of the local government, and levels of poverty, other than just depending on the number of parishes or wards.
- ii. There is a need to establish the total cost for implementing the PDM and align the cost to the targets.
- iii. The Minister of Finance should provide and disseminate guidelines through both electronic and print media for the utilisation of the PDM funds for each pillar for all the local governments and other Ministries, Agencies, and Departments.

Madam Speaker, for the next one, I am going to read.

Accumulation of payables of Shs 10.818 trillion.

For those who are not accountants like me, payables in this case are arrears, literally meaning, this is money the Government consumes and fails to pay.

THE SPEAKER: Domestic arrears.

MR MUWANGA KIVUMBI: Contracts and it does not pay. The Auditor-General noted that the domestic arrears under the Treasury had increased from Shs 8.049 trillion in the year 2022 to Shs 10.818 trillion in the year 2023, representing a 34.4 per cent increase, which is 20.6 per cent of the revised budget of the Government of Uganda for the Financial Year 2022/23.

This is an indication of the failure of the commitment control system which can expose the Government to litigation risks. It should also be as a result of approving supplementary budgets worth Shs 4.41 trillion during the financial year without matching funding, other than utilising the already identified revenue sources, hence reallocating funding within the existing revenue envelope and impacting other implementing cost centres across the Government.

The accounting officer explained that the government is currently implementing a domestic arrears strategy to clear significant amounts of the verified money. You may recall that in the budget that is under consideration, only Shs 200 billion was allocated where the Government has accumulated payables of Shs 10 trillion.

The committee agrees with the observation of the Auditor-General that the trend of accumulation is on an upward trajectory, which is obviously unsustainable. The committee agrees that as a result of approving supplementary budgets, which amounted to Shs 4.417 trillion during the financial year under review, with no matching funding, the Government was forced to use the already identified revenue sources, hence reallocating funding within the existing revenue envelope and impacting MDAs across the government.

Recommendation

The committee recommends that the accounting officer should be held responsible for committing the government beyond the approved budgets and the PS/ST should not appoint an accounting officer who

has committed the government beyond appropriation. This also includes the PS/ST.

THE SPEAKER: You find when you have domestic arrears like that, you are affecting our people because these people will not be able to trade. They cannot be in business because their money is locked up with the Government. Hon. Okot Ogong will tell you that his money got locked up with the Government for years. So you find at the end of the day that they go and get loans and they fail to pay them and banks take their property yet the problem is not anybody else's but it is the -

MR MUWANGA KIVUMBI: Madam Speaker, I thank you for the observation and you are spot-on. Alarming, this Shs 10 billion is for our local people.

THE SPEAKER: It is Shs 10 trillion.

MR MUWANGA KIVUMBI: This Shs 10 trillion is for local suppliers. For the foreign suppliers, it is statutory but for the local people, they reduce it to a payable. They say it is payable but for foreign workers, it is statutory. For the citizens, it is just payable and it amounts to Shs 10 trillion.

THE SPEAKER: Why don't we have the Government prioritise payment of the domestic debt the same way it does with the foreign one?

MR MUWANGA KIVUMBI: Yes. We recommend that these payables should become a statutory obligation on the part of the Government. If the Government consumes my goods -

THE SPEAKER: The same way we protect Vote 130 is the way we should protect this one.

MR MUWANGA KIVUMBI: Yes, thank you so much. Madam Speaker, that is for your information.

THE SPEAKER: Yes, Pap -

MR OSHABE: Thank you very much, Madam Speaker. I want to pick it right. Was that a ruling or -

THE SPEAKER: No, we have not gone -

MR OSHABE: If we take it as a ruling -

THE SPEAKER: We will have a debate on it. I am helping him in making his recommendations.

MR OSHABE: Madam Speaker, you may not need to go about it again. It can pass as a ruling and the ayes have it then we proceed.

THE SPEAKER: My role is to guide my committees. So I am guiding them on how -

MR MUWANGA KIVUMBI: So, Madam Speaker, we have drafted the recommendation -

THE SPEAKER: Honourable members, this is a very serious matter and you never know, we would even get more taxes if we had that money in circulation. Yes.

MR MUWANGA KIVUMBI: Madam Speaker, 4.0 let us look at the public debt.

4.1 Public Debt Portfolio Analysis

The audit established that the total public debt as of 30 June 2023 stood at Shs 97.499 trillion of which domestic stock - *(Interjection)* - Honourable colleagues, can I beg for your attention? Of which domestic stock was at Shs 44.673 trillion and the external debt stock was valued at Shs 52.826 trillion. This is an increase of Shs 9.329 trillion, an equivalent of 10.74 per cent when compared to the debt stock of Shs 86.869 trillion as reported on 30 June 2022. The table below shows the details.

Madam Speaker, we have run for you the debt stock for the last five years as it has been rising. By the year 2019, our debt stock was only Shs 15 trillion - *(Interjection)* - no, I have looked at the last bit of the table. That was five years ago. Our debt stock stood at Shs 46.507 trillion. It has grown up to Shs 97 trillion, in the space of those years. It has more than doubled. - of interest, you should monitor the column for domestic borrowing -

THE SPEAKER: For borrowing, the Shs 97 trillion is both domestic and external. You must put it clearly that domestic borrowing is Shs 44.6 trillion and Shs 52.8 trillion is foreign. When you look at the foreign borrowing here, remember that you always approve loans in this House. Therefore, before you approve a loan next time, you need to ask for a proper report.

MR MUWANGA KIVUMBI: From the above, the committee observed that there has been a consistent increase in the total debt as evidenced by an increase of 111.7 per cent in the five years, from Shs 46 trillion to Shs 97 trillion, as of 30th June.

The net increase in the debt is due to the increased borrowing from both the domestic and external markets, with the domestic debt accounting for a higher increase. I told you to observe the column of the domestic debt. This is majorly a fact that is attributed to persistent budget deficits (mismatch of government revenue and expenditure) - when you do these wrong things, they will come to haunt you consequently. Figures do not lie - rollover of liquidity papers, bond switches, private placements, new borrowings for various development projects, and foreign exchange laws arising from the depreciation of the Ugandan Shilling against stronger currencies.

Madam Speaker, later on, I request to be very slow on bond switches because when you go to treasury operations, there is a crisis that even needs police investigation, but we shall reach there.

The committee notes that there is an increasing trend in Government debt position, which leads to the reduction of the available discretionary resources for both funding development projects and service delivery, as huge resources will be directed towards debt repayment.

The accounting officer acknowledged the observation and explained that the Government was undertaking a multipronged approach to minimise the rate of debt accumulation, and also prioritising borrowing on non-concessional and export credit agency terms.

Committee recommendation

The committee recommends that the Government should consider revising its current debt strategy with a view of incorporating more effective approaches aimed at containing the upward debt position trend.

Analysis of external debt

According to the Auditor-General, Uganda's external debt, as of 30 June 2023, was made up of multilateral creditors, which are Shs 32.748 trillion, bilateral creditors of Shs 12.9 trillion, and commercial banks of Shs 7.146 trillion as shown below. This table speaks for itself.

The analysis of the trend of external debt over the last five years revealed a linear growth in the level of external debt over the years. There has been a consistent increase from Shs 30.9 trillion, in the Financial Year 2018/2019, to Shs 52.82 trillion, in the Financial Year 2022/2023, representing an overall growth of 71 per cent over the period. The details are given in the table below. Honourable colleagues, you can go through the table below. It gives you the amount, the increase, and the percentages as they have come along.

The committee observed that the major driver of the growth in debt is the acquisition of new debt, mainly for budget support. This has put pressure on the economy and has led to further borrowing from the domestic market. There is a risk that this may not be sustainable in the short term. The accounting officer explained that the Government was undertaking the multipronged approach to minimise the rate of debt accumulation, and also prioritising borrowing on non-concessional and export CA terms.

The committee notes that despite this explanation by the accounting officer, the trend seems to be growing every year across government ministries.

Recommendation

The committee recommends that the Government should effectively implement the medium-term debt management strategy so as to ensure the level of public debt remains sustainable.

The committee recommends that the Government should honour the demands of the Charter of Fiscal Responsibility, which states that the Government should maintain prudent and sustainable levels of public debt. That was a commitment of this Government in the Charter of Fiscal Responsibility at the beginning of this term.

Movement of domestic debt

The Auditor-General observed that the domestic debt portfolio is composed of long-term borrowings which are; treasury bonds and government bonds; short-term borrowings, which are; treasury bills government overdrafts/temporal advances; court awards, principal, and interest payments.

The country's domestic debt stock, which is mainly on treasury bonds and treasury bills, and unscrutinised debt, amounted to Shs 33.25 trillion as of the 30th of June. Trends for the past four years of the domestic debt portfolio are shown respectively in the table below. Madam Speaker, you may read and see that by the year 2019, domestic debt was only Shs 15 trillion. It is now Shs 33 trillion in a space of five years, so it has doubled.

From the above, the committee notes that it is evident that the domestic debt has kept growing over the years at an average rate of 18.1 per cent.

Further analysis has revealed a corresponding movement in the net domestic financing over the years as illustrated in the table below. You can look at that table and see the analysis. It was 7, then it went to 8, 9, 13 up to 10 - those are bonds.

Honourable members who have money can also buy bonds because they are so lucrative of late and the interest is very good. Instead of buying these other things, you buy a bond and earn interest every month, you are good to go instead of going to a “*Muyindi*”.

I am giving you information because this Government every day wants money. So, if you have it, go and invest. The domestic borrowing net is as follows:

- (a) All Government instruments that have reached maturity or redemption are financed through debt rollover, borrowing to pay existing debt. This has created a high dependency on the market and thus increases financing risk. Under-subscription was observed due to high-priced bids that were rejected in a bid to reduce the cost of debt.

For those who are not economists, this is an indictment that even when the Government today puts in these papers, the market cannot respond, it cannot yield the money it requires, and it cannot finance its budget because it is dependent on borrowing.

In the year under review, a slight decrease of 31 per cent was registered in the net domestic financing from Shs 4.6 trillion to Shs 3.7 trillion. The accounting officer - I will leave that and go for the recommendation.

The committee recommends that the Government should consider initiating steps to reverse this trend of public debt, ensure fiscal budget discipline, and promptly service portions of such domestic obligations, including interest.

The committee also recommends that the Government should consider restructuring debt to acquire cheap debt and minimise debt obligation.

High costs - this is something very tricky and I will go slow. Continued high cost of bond switches to the Government. That was why I put the basic understanding - the operational

framework for the bond switch auction 2019 provides that bonds' conversion shall be done through a bond switch auction, and should be undertaken by the Bank of Uganda on the instruction of the Government of Uganda to exchange a bond with another bond for purposes of restructuring the debt portfolio, smoothen interest payment and managing debt levels during periods of reduced Government financing needs.

The Auditor-General observed that the Treasury requested the Bank of Uganda to switch bonds totalling Shs 1.227 trillion during the Financial Year 2021/21-2022/23 down from Shs 905.553 billion in the F/Y 2020/21.

A bond switch is where I have bought a treasury bill or a bond, that is going to mature on Monday, and on Monday, the Government is under obligation to credit my account with the money. But on Friday, the Government realises that by Monday it will not have liquidity. So, it comes to me and says, “I am going to buy your bond again, at a premium”, it is always at a high cost - “so that on Monday I do not pay you, but extend your bond by another two years at a higher interest rate.”

In the year under review, these bond switches mounted to Shs 1.2 trillion. And we are going to put the cost to that; what we lost as the Government because of these bond switches.

Madam Speaker, this is a problem because, during the budget process and approval, we clearly budget money for statutory obligations. They tell us that it will be the first call and these figures are predictable.

Therefore, for Government to short-change in the middle of the way and now resort to bond switches, when we gave them money to cash is an act of treachery.

We gave you the money to pay these bonds and you have it, then you reach midway, you say, “I will not pay you but extend and let me stay with the loan” but without parliamentary approval, because the Committee on National Economy approves the terms and conditions of

these bond switches. So, we do not approve the terms and conditions of these bond switches. That is why I said that on this one I will be a bit slow.

Now, let me read it for you to know what this costs the Government. Honourable colleagues, the Auditor-General reported that the Treasury requested the Bank of Uganda to do that, which resulted in to accumulation of accrued interest – (*Interjection*) - listen, these bond switches resulted in to accumulation of accrued interest totalling Shs 180.6 billion and Shs 1.184 trillion in the Financial Year 2021-23. And we put these figures below.

You need to study those bonds very carefully and know that accrued interest - the money - because of these bond switches, we gave out Shs 180 billion because we failed to cash. Had we cashed, the country would have saved Shs 180 billion, which can go a long way towards development.

Further analysis by the Auditor-General reveals that the annual increase of bond switches of Shs 471.4 billion from Shs 377.91 billion, in the financial year 2021/22, to Shs 804.9 billion, in the financial year 2022/23, represents a 125 per cent upward movement.

As part of the approved budget for the financial year 2022/23, the total cost value for the redemption of maturing debt was Shs 849 billion, which was included in the warrant.

Madam Speaker, on bond switches, we have recommended a forensic audit of Shs 849 billion, which was a result of the bond switch that had ideally been warranted.

How come this happened? The Auditor-General did not do a good job, but today I want to spare him because he did a commendable job. He just said that there is a risk of possible diversion of already appropriated funds. If the Auditor-General says there is a risk, who should find out about the risk? He is paid and he hires competent firms to give us this exact risk.

It is on the basis of this that we have recommended a forensic audit of all bond switches because we are detecting a diversion and possible abuse of the bond switches.

There is an increased - let me read it for you to appreciate it. There is an annual auction calendar for treasury bills and bonds, approved and published in the press. However, when it comes to bond switches. There appears to be no calendar at the beginning of every financial year. They are supposed to put a calendar for these bond switches. For those who are not economists, you will find difficulty but there should be a calendar. Therefore, the Government did not have any calendar. They, just mid-way through, do a bond switch, and the loss is that amount of money.

The accounting officer explained that bond switches are a tool for managing high refinancing and liquidity management in the domestic securities market. He further highlighted that the Government was implementing the fiscal consolidation agenda, among others, and that it would involve the reduction in debt. This, over the course of time, will lead to a reversal in the accumulation of domestic debt.

The committee observed that whereas the intent of the bond switch is to postpone redemption of maturing debt, it creates incremental debt at a new prevailing interest rate, which is not favourable to the Government as it increases the overall public debt.

The committee notes that long-term debt bonds, typically, have greater price sensitivity to changes in the prevailing interest rates relative to their short-term counterparts, and swapping away from short-term bonds may forfeit any reinvestment opportunities, which is a disadvantage and may discourage investment.

Committee's recommendation

The committee agrees with the observation and recommendation of the Auditor-General that the accounting officer should evaluate bond switches as a means of debt management and further develop policies that will widen the country's cash flow to reduce the debt.

The committee recommends that the Auditor-General carries out a forensic audit on all bond switches for the past three financial years. Madam Speaker, this is very critical because even the Auditor-General is saying that there is a risk of diversion – and this is in terms of billions of shillings.

I would have said it should have gone straight to CID, but we are lenient. Let us take it slow and see how they perform.

The continued absence of a policy to guide bond switch

This is now about policy; Members can read.

Debt to GDP ratio

The debt to GDP ratio is a measure that compares what a country owes – that is to say, total debt – and what it produces. The ratio reliably indicates a country's ability to pay back its debt. Therefore, a high debt-to-GDP ratio may make it more difficult for the country to pay both internal and external debt and may lead creditors to seek high interest rates to compensate for financing risks due to likely default or unnecessary debt extension.

The Auditor-General established that a re-computerisation of Uganda debt to GDP ratio revealed a consistent linear growth over a period of five years and, in the year under review, it noted that the debt to GDP ratio decreased by 0.7 per cent, from 53.4 in 2021/2022 to 52.7 in the financial year under review as indicated in the table below.

Now, this, by the Auditor-General, contradicts every figure that the Government has been giving out, saying we are below 50 per cent. The audit established that we are at 53 per cent, and we are over and above the threshold. Therefore, the Minister of Finance, Planning, and Economic Development should appear before this Parliament. He has been peddling a lie that we are below 50 per cent, yet the Auditor-General established that we are at 53 per cent and we have been passing budget borrowings on the premise that we are below

the threshold when, in actual sense, we are above the threshold. That is unkind of the Government.

From the above, it can be seen that although Uganda's GDP has been increasing over the years since Financial Year 2018/2019 and its debt position has increased from the linear trend of the debt to GDP ratio analysed over the years, there is an increasing trend in the medium term, which increases the risk factor of accumulation of unsustainable debt. For the rest, Members can read. Let me read the recommendations.

Recommendations

- a) To close the expenditure gap, the available fiscal space should not be used to cater for temporarily high government expenditures that are wasteful and unproductive;
- b) The treasury should develop a clear direction for fiscal policy in adherence to the fiscal charter and Section 36 of the Public Finance Management Act, as amended, would benefit budget planning and implementation; and
- c) The Government should ensure efficient use of borrowed funds. The committee believes that debt that finances productive social and infrastructural development can lead to economic growth that may ultimately offset the cost of debt service and help to balance the risk to debt sustainability; and
- d) The committee is saying that, if you are borrowing for these other things, you can borrow. However, for financing recurrent expenditure, which is now a big driver, you would be doing a disfavor to the Government.

Interest on total revenue

The honourable colleagues can read this one. It is more of a policy matter.

Recommendations

- a) The committee recommends that the Government comes up with strategies of reducing the debt to GDP rate.

Madam Speaker, let me go for this one – and this is where we also need to go slow: high penalty fees charged by the Bank of Uganda due to failure to pay the debt, which amounted to Shs 405 billion.

The Auditor-General noted that the Bank of Uganda charged a total of Shs 16.657 billion as bank charges in the financial year under review. The audit also noted that the Bank of Uganda penalised the Government to the tune of Shs 405.049 billion for failing to meet its contractual obligation for domestic debt that had matured in the year.

Madam Speaker, do you know what this means? Bank of Uganda is a bank for the Government. When debtors come calling on the Government, the bank clears on behalf of the Government.

Under a memorandum of understanding, the Government is supposed to reimburse Bank of Uganda on a scheduled agreed period so that they can pay back – replenish their finances. Now, what happened in this financial year? The Bank of Uganda paid on behalf of Uganda, but the Government of Uganda failed to reimburse and it was penalised. The full impact of it is that we are slowly failing to meet our debt obligation. This is very serious, Madam Speaker. We lost Shs 405 billion.

Later on, Madam Speaker, when we go to treasury operations, I know that we now have established a standing balance with the Bank of Uganda, which is going to Shs 6 trillion. It is alarming. That is why the ministers need to come here. He is failing, and that is why Bank of Uganda, this financial year, had to come for capitalisation; it is because the Government was not doing its duty. I know because I sit on the Committee on Finance, Planning and Economic Development.

My recommendation to the Committee on Finance, Planning and Economic Development - we have not done a good job. I can indict myself because we are in the Parliament of Uganda and the committee that ought to have done this is the finance committee. For it to come and we are discovering it at accountability level, speaks volumes about the way we are doing business in the finance committee for which I am a member and plead guilty.

Recommendation

Honourable colleagues, the committee recommends that the Government honours its obligation to the Bank of Uganda to avoid unnecessary penalties. This will enable the Bank of Uganda to achieve its core mandate of monetary policy and further provide banking services to the Government without necessarily pushing the country into unsustainable debt.

Madam Speaker, I thank you. You provided this committee with accountants in this Parliament without a partisan line. I am not an accountant - when we went into financials, they established all these misgivings and they did a very commendable job. I depended on them and I beg you not to take them away. *(Laughter)*

vi) Continued Incurrence of High Commitment Fees

Honourable colleagues, these things will get to you -

THE SPEAKER: Honourable members, please listen.

MR MUWANGA KIVUMBI: According to the Auditor-General, commitment fees are paid for debt that has been contracted but not yet disbursed. A trend analysis of commitment fees paid over the past years revealed that commitment fees have kept high. From the analysis done on the commission fees paid for the financial year under review, the following were noted:

- a) There was an incline of 44.5 per cent between 2022 and 2023 worth Shs

38.8 billion that formed the bulk of the commitment payments as a result of loans obtained for project support in the year under review; and

- b) Most of the projects, that incurred commitment fees over and above Shs 3 billion in the financial year included the Grid Rural Electrification, Opuyo-Moroto 132kv, and the upgrade of Rwenkunyey-Apac-Lira Road under Islamic Development Bank (IDB) loans.

We have put down in the table here –

THE SPEAKER: Remember those projects are not completed, yet we paid a lot of commitment fees. The project started late –

MR MUWANGA KIVUMBI: They are not completed, Madam Speaker.

The Audit further noted that at the end of the Financial Year 2022/23, undisbursed loans stood at Shs 14.5 trillion. Honourable colleagues, undisbursed loans constitute money that we borrowed and should have utilised but failed to. We are paying interest and commitment fees worth Shs 14.5 trillion. It is seated in banks –

THE SPEAKER: An undisbursed loan is a loan that has been committed; you have asked for that loan; it is approved but it has not been given to you. It has not been disbursed.

MR MUWANGA KIVUMBI: Madam Speaker, in this financial scheme of things, the money is already given to you but you cannot consume it. Undisbursed is like a bank saying, “I have Shs 10 million available for you to use.” It remains there, you are not using it and you are paying interest. So, it amounts to Shs 14.5 trillion.

THE SPEAKER: Where is this money coming from?

MR MUWANGA KIVUMBI: Madam Speaker, in the audit report, the banks and every other institution where that money comes from is there.

THE SPEAKER: I want to get this right.

MR MUWANGA KIVUMBI: Yes.

THE SPEAKER: I want to get this right. When a loan is given, you pay commitment fees as an acceptance. There is an acceptance fee and a commitment fee.

MR MUWANGA KIVUMBI: Yes.

THE SPEAKER: Once you pay that, you have conditions that you must fulfill before a loan is disbursed to you as an institution. Now, in the process of disbursement of these loans, they can decide to disburse it by certificate, in bits or installments. Now, what I am asking is: is it the financial institutions that are giving us these loans? For instance, the one of Rwenkunyey, say, it is coming from Standard Chartered Bank, is it Standard Chartered Bank that has not yet disbursed? (*Hon. Kyooma rose*)

MR MUWANGA KIVUMBI: Okay, do you want to assist?

THE SPEAKER: Yes?

MR KYOOMA: Thank you, Madam Speaker. These are funds from donors. We call them donors, but they are lenders. All procedures and formalities have been met. The funds are available for spending but we are not spending the money.

THE SPEAKER: We haven't received it for expenditure?

MR KYOOMA: No, no, Madam Speaker. Everything - the financing agreement signed, everything is done - we are supposed to be spending the money but it is our side's readiness that is affecting it. Otherwise, the lender is with the money. Okay? And some of the reasons, Madam Speaker –

THE SPEAKER: Excuse me! There is a difference between undisbursed and unutilised. What you are talking about is unutilised. Undisbursed is different. It would be from the financial institution or the lender to you. But

now, the money has been given to us but we have not utilised it. So, we are correcting the word. It is not undisbursed. I am speaking from the experience of banking. *(Applause)*

MR MUWANGA KIVUMBI: Madam Speaker, I think we cannot –

THE SPEAKER: It is unutilised. We are not utilising the money.

MR MUWANGA KIVUMBI: You are not utilising the money. It is like, all of us borrow; all of us go to the banks to borrow money. You sign all the papers and meet all the conditions and they say you have the money; the money is there –

THE SPEAKER: It is even put on your account but you are not utilising it –

MR MUWANGA KIVUMBI: But you are not utilising it. In the context of un-dispatched, under these circumstances, that is what exactly they mean. So, it is our failure - to the tune of Shs 14 trillion for which we already - the Government - honourable colleagues, once the lending institution gives you the money, it starts to say, “Please pay me interest and other things” so we are paying but not utilising - that is how absurd this trend –

MR KYOOMA: Madam Speaker, you are very right. And what these lenders are saying –

THE SPEAKER: My teacher is correcting the word.

MR KYOOMA: What the lenders are saying is that they gave us the money, but we are not using it. Otherwise, they would have given this money to other willing borrowers. So, we must pay the commitment. We keep paying until we use the money. Unutilised - actually, Madam Speaker - and maybe for the –

THE SPEAKER: The right word is unutilised.

MR KYOOMA: Madam Speaker, for the benefit of the House, in most cases what happens is that we borrow the money when we do not have the project designed.

THE SPEAKER: Exactly!

MR KYOOMA: We have borrowed the money and that is when we start designing the project while the money is lying idle. So, we keep paying yet we have not utilised the money. Thank you.

THE SPEAKER: Thank you. Let us get the report; let us finish with the report. You will debate later.

MR MUWANGA KIVUMBI: Madam Speaker, that is why in the first instance, I said –

THE SPEAKER: Honourable members, can we listen? Hon. Isaac?

MR MUWANGA KIVUMBI: Madam Speaker, that is why I said this report is a must-read for every Member of Parliament to understand how the economy works and what the current status is.

The commitment fee is as a result of the Government’s failure to draw down and absorb contracted government debt and the higher administration and management fees on the loans incurred.

The accounting officer explained that a commitment fee is charged by almost all development partners as a fee for managing a country’s undisbursed resources. He further highlighted that payment of commitment fees was undesirable - this is the accounting officer - and where it occurred, it was attributed to the key constraints identified in project implementation such as design challenges, right of way, delayed procurement, unreadiness of projects at loan or grant contracting stage, delays in fulfilling both disbursement and effectiveness conditions, poor project management, absence of counterpart funding and slow land acquisition. That is the position of the accounting officer.

The committee observed that whereas the audit revealed that a total –

THE SPEAKER: When you look at the issue of absence of counterpart funding - if you look at Kidepo-Moroto Road, the Government of Uganda is supposed to contribute 5 per cent of the total cost. I think what we need to do next time is: before we approve such a loan, we should have proof that there is counterpart funding.

MR MUWANGA KIVUMBI: Madam Speaker, you are spot on. The committee observed that whereas the audit revealed that a total of Shs 112 billion was paid as commitment fees as a result of undisbursed loans that stood at Shs 14.5 trillion, that Parliament appropriated - this is another one - Shs 48.699 billion towards payments of commitment fees.

We later on established, when you go to Treasury Operations, that the balance of this money was spent without the approval of Parliament. We are holding accountable the accounting officer, who is the Accountant-General, to make good of the loss, but we shall reach there.

The accounting officer explained that the Shs 112 billion quoted by the Auditor-General is a component of the broader budgeted -

THE SPEAKER: Committee chairperson, are the reports together?

MR MUWANGA KIVUMBI: Yes, they are together. At the end of it, we are going to do Treasury Operations. When you read them together, you know what the Government does in the Consolidated Accounts, how it affects the Treasury -

THE SPEAKER: Commissioner, you have a document to lay? Stop moving around like you are looking after cows. *(Laughter)*

MR MUWANGA KIVUMBI: Madam Speaker, the accounting officer explained that a total of Shs 112 billion quoted by the Auditor-General is a component of the broader budgeted commission costs, which includes both commitment and debt management fees and therefore, is not indicative of excess expenditure.

He noted further that for the fiscal year in question, commitment fees had a budget of Shs 48.7 billion and Shs 137 billion for debt management fees, bringing a combined expenditure for those expenses to Shs 187.7 billion.

The committee, however, disagrees with this assertion and notes that commitment and debt management fees should be treated separately, as they have different codes in their postings; i.e. 244002 for commitment fees and 244003 for debt management, respectively.

Therefore, this cannot be categorised as part of the broader commission costs. The accounting officer, therefore, failed to explain the source of excess payment amounting to Shs 68.3 -

THE SPEAKER: Are you reading what I am seeing?

MR MUWANGA KIVUMBI: The Accountant-General, therefore, failed to explain the source of the excess payment amounting to Shs 63.319 billion. I need a glass of water. *(Laughter)*

Recommendations

1. The committee agrees with the recommendation of the Auditor-General that the Government should resolve all bottlenecks hindering the smooth implementation of projects or programmes and activities, and as such, increase the loan or debt absorption rates;
2. The Accountant-General, being the custodian of the -

THE SPEAKER: Hon. Gorreth, first give the committee chairperson drinking water.

MR MUWANGA KIVUMBI: Madam Speaker, the committee notes that the Accountant-General, being the custodian of the Public Finance Management Act and all financial policies of the Government, should be held personally liable, as prescribed under Section 79 of the Public Finance Management Act.

The committee recommends that the PFMA should be amended to prescribe more punitive penalties for accounting officers who defy the law. Therefore, the Accountant-General, under this section, is personally liable.

Review of loan agreements

i) Review of interest rate swap agreements

The Government of Uganda entered into a loan agreement with the Stanbic –(Interjection) - thank you. The Government of Uganda entered into a loan agreement with Stanbic Bank and Standard Chartered Bank to facilitate the payment of a loan acquired for the construction of Karuma Dam.

The agreement would make available to the Government a fixed rate in regard to foreign exchange. This would ensure that the Government could ably plan and make a budget for the payment of the loan. These agreements were to run from the Financial Year 2018/2019 across the duration of the contract, which was seven years.

The audit noted that over the seven-year period to the year under review, the Government has made payments - this is in millions of dollars – of \$36,408,153 to a return amount of \$2,579,677. I do not know whether you get what we mean. Can I explain?

HON. MEMBERS: Yes.

MR MUWANGA KIVUMBI: We have paid \$36 million to a return amount of \$2,589,000 and these figures are explained. Let me read and explain.

The accounting officer explained that going forward, the Government - this is the position of the accounting officer - would train officers to ensure that this subject is well understood and the best hedging options are used in derivative transactions.

Honourable colleagues, this is something. The committee observed that under the current circumstances, there is a possibility that the Government may make a financial loss by the end of the swap period.

What happened to the Karuma agreement? Let me explain this Karuma agreement. When we borrowed the interest would depend on the market. Now, a businessman somewhere said, “I want to cushion the Government of Uganda; I am going to buy this loan at a fixed rate so that the government cannot be subject to the volatility of the market at a fee” and he would take the risk.

That when the volatility comes, it is he who pays. Okay? So, it is hedging. Now, the result of this is that where the Government was supposed to pay \$36 million, a return amount on the hedging - a bit complicated. A return amount of \$2.5 million - so, the \$2.5 million on \$36 million under this arrangement could be lost along the way. That is why I write - (Interjection)- that is the hedging but the Government to the subject - you know, we had an agreement under Karuma that this money - we will pay the bank that lends us money as interest varies.

Then there is this other man with the money who came and told the Government of Uganda, “Come on, I can buy this loan and I will bear the burden at an interest.” This is what happened.

Therefore, Madam Speaker, there is a possibility that along the way - and the Government is saying that they do not even have staff trained in hedging yet they are hedging - this kind of economics.

The committee recommends the following:

The committee agrees with the Auditor-General’s observation and recommends that the Government should review and assess the risks and benefits of continuity with the swap arrangement for the remaining duration; because there is a remaining duration, which we have not catered for and we risk losing a huge amount of money under this arrangement, and – (Interruption)

MR KIBALYA: Thank you, senior. I am seeking clarification from your report on whether you are privy to the details about that businessman.

MR MUWANGA KIVUMBI: We are not privy to the details about the businessman. Madam Speaker, I remember the committee – and this is a tricky subject - invited the Permanent Secretary and Secretary to the Treasury (PSST), and the Bank of Uganda.

The Bank of Uganda was to appear at 10.00 a.m. but only one officer turned up and said that others were coming.

THE SPEAKER: You know, when you are talking about issues of loans, there is a fiduciary relationship that there is non-disclosure and confidentiality. For now, you may not go to that.

MR MUWANGA KIVUMBI: Yes, but the question, Madam Speaker, the Auditor-General - this report is on the website and part of this is - we are almost reporting as is, by the way. I was so keen -

THE SPEAKER: No, I am talking about the person who said we should name.

MR MUWANGA KIVUMBI: No, we were stopped from naming.

THE SPEAKER: You were stopped from that?

MR MUWANGA KIVUMBI: For questions, honourable member, for your information, know that that kind of arrangement - and I think - (*Interjection*) - Hon. Nakut going forward, the Committee on Finance, Planning and Economic Development, which has to look at these things has not been doing a good job - (*Interjection*) – yes because I saw you getting agitated.

- ii) Penalties arising from the cancellation of loans

It was identified that the Government had entered into a loan agreement with the African Development Bank and KfW Development Bank to borrow funds to execute the Muzizi Hydropower Plant. The agreement imposed a specific obligation on the Government,

including payment of a commitment fee and service charges.

After the signing of the agreement, the Government opted to cancel the loan before completion, resulting in a financial loss incurred as a penalty for the cancellation of the Shs 5.564 billion.

The financial loss is attributed to the forfeiture of commitment fees, service charges and other penalties outlined in the loan agreement. The details are below. The accounting officer -

THE SPEAKER: At what stage was this loan cancelled?

MR MUWANGA KIVUMBI: The loan was cancelled before the project was completed and we lost Shs 5.564 billion.

The accounting officer explained that the cancellation was effected to pave the way for the design of other projects to benefit from the funding availed by the two partners and further clarified that management would continue to prioritise concessional loans over commercial loans in line with the public debt management framework.

The committee observed that the failure to satisfy the loan obligations is an expensive risk and negatively impacts the image of the Government on the international scene.

THE SPEAKER: So, what happened was that we applied for a loan and paid commitment fees but we did not take it up. Is that so?

MR MUWANGA KIVUMBI: We decided not to take up the loan -

THE SPEAKER: We decided not to take up the loan and that is how -

MR MUWANGA KIVUMBI: Then they penalised us to the tune of Shs 5.564 billion.

THE SPEAKER: Yes.

MR MUWANGA KIVUMBI: We then changed our minds after signing.

Further, the Government is aware of the need to seek funding to cover the fiscal deficit and the need to bridge the resource gap between the Government expenditure and -

THE SPEAKER: There is a point of clarification.

MR MOSES ALEPER: Thank you, Madam Speaker. There is something that keeps coming up from the remarks of the Chairperson of the Committee on Public Accounts (Central Government), which I want to correct.

It is indicting almost all sectoral committees. However, when reports are brought up by the Auditor-General - what happens is that the oversight role of sectoral committees is on the general performance of a sector, and the Office of the Auditor-General, which is an office of Parliament is in place to go and look at the details of the specifics of the expenditures.

You cannot, therefore, indict any sectoral committee because every other public accounts committee report will definitely indict all sectoral committees, which is wrong.

THE SPEAKER: Actually, what Hon. Kivumbi is saying, now makes me make a ruling that all the sectoral committees should interest themselves in the accountability reports. *(Applause)*

You should interest yourselves in accountability reports of all your sectors because for you to determine the performance, there is a need to understand financials and corporate governance. That is a ruling and you do not have to add. *(Laughter)*

All the sectoral committees must look at the accountability reports regarding their sectors because you need to understand what is happening in terms of how much money you allocated to that institution and how much money is spent. How is the - it helps you as a sectoral committee and one thing that - your work is not only to do oversight but to help these institutions run very well.

MR MUWANGA KIVUMBI: Madam Speaker, I thank you for -

THE SPEAKER: Hon. Nathan, I know what you are going to say but first wait.

MR MUWANGA KIVUMBI: Thank you for that wise ruling.

Let me go to the recommendation. *(Member rose)*

THE SPEAKER: Can we finish this? He is about to finish.

MR MUWANGA KIVUMBI: I am about to finish. Madam Speaker, continued borrowing of non-concessional loans for budget support.

THE SPEAKER: Hon. Ecweru is looking at you, he might ask for more cows. Let him finish.

MR MUWANGA KIVUMBI: He is a committee member. Madam Speaker, we have gone to continued borrowing of non-concessional loans for budget support.

A total is here; \$694 million was borrowed for budget support.

The Auditor-General notes that the Government Public Debt Management Framework for the Financial Year 2018/2023 provides that issuance of highly non-concessional and commercial borrowing, such as Eurobond, will only be to finance projects that do not only provide a higher economic return than the interest rate on the credit but also enable the Government to generate sufficient fiscal return to meet the cost of the loan and foreign currency to service the debt.

This is further highlighted in the medium-term debt strategy, which restricts non-concessional commercial loans to finance infrastructure and self-financing projects through on-lent arrangements that have the capacity to generate non-tax revenue to enable debt repayment.

The audit established that Government obtained two non-concessional loans in the

financial year under review amounting to \$739 million which was intended for budget support instead of infrastructure development. This, therefore, means that the Government obtained external debt at non-concessional terms to finance recurrent expenditure such as wage and administrative expenditure at a high interest rate, which repayments are to be incurred in the short term, the table below refers.

Honourable colleagues, we obtained this money from Stanbic Bank and Standard Chartered Bank.

Further audit noted that the Government obtained four non-concessional loans that were made for the Financial Year 2021/2022 amounting to Shs 4.93 billion to finance recurrent expenditure, implying that this is a recurrent practice which is against the other framework I talked about.

Madam Speaker, the accounting officer explained that in line with the Public Debt Management Framework and Medium-Term Debt Strategy, high non-concessional and commercial borrowing, including budget support had been restricted to financing infrastructure projects that are within the annual budget. He further highlighted that government would continue to prioritise concessional loans over the commercial loans in line with the public debt management framework.

The committee observed that non-compliance with the public debt management framework as a debt control mechanism, exposes the Government to unsustainable debt levels resulting in too high cost of debt from commercial loans as opposed to concessional loans.

The accounting officer failed to explain with evidence, the justification for obtaining two non-concessional loans amounting to \$739 million which was intended for budget support (i.e. - he stated the policy then diverted from it - to fund recurrent expenditure such as wage and administrative expenditure at a high interest rate which repayments are to be incurred in the short term) instead of the infrastructure development.

The committee recommends that the accounting officer should obtain concessional loans in line with the public debt management framework to ensure that government borrowing is subject to favourable terms.

Government and Ministry of Finance, Planning and Economic Development has been on this Floor saying, "We do not borrow for budget support." However, we have driven our finances to such bad levels that we are even borrowing from outside to pay for wages.

Effective NPA retrospective approval of projects funded by the loans after Cabinet restrictions

Honourable members, that is more of policy, you will read.

Domestic arrears

Madam Speaker, the committee is concerned that the trend of domestic arrears has continued to escalate at an average of 16 per cent in the last financial year. I think we tackled domestic arrears in our general analysis. I will only go to the recommendation.

The committee recommends that PS/ST should honour the warrants from the accounting officer and should not suppress the budget.

Failure to obtain appropriation for a bonus paid to URA worth Shs 11.3 billion

The Auditor-General discovered during the audit that URA requested and paid Shs 11.6 billion as a bonus for a period of 2021/2022 for meeting the revenue target for the financial year under review.

Paragraph 4A of the policy and procedures of payment of bonus to URA staff, says that the staff shall be entitled to a bonus only when URA exceeds the Government set revenue for a specific financial year. This payment, however, was done without the necessary parliamentary approval for a supplementary funding as required under Section 25 of the Public Finance Management Act.

Madam Speaker, this URA bonus is lawful. Yes, under the agreement and we need to be very clear on where we are faulting the treasury. When URA meets its revenue targets under the agreement they made with the Government, they are entitled to a bonus.

This year they were entitled to a bonus worth Shs 11 billion because they collected revenues over and above what was set for them. However, their problem is that, let me read –

THE SPEAKER: Let me first see my guests off. In the public gallery this afternoon, we have pupils and teachers from Ntaala Primary School from Budiope West. You are most welcome. *(Applause)*

Thank you so much for coming and being smartly dressed. They are represented by Hon. Ibrahim Kyoto. Hon. Kyoto has just been here; he is around and Hon. Mary Nakato. She is also around.

You are most welcome and thank you so much for coming. *(Applause)*

MR MUWANGA KIVUMBI: Madam Speaker, the problem here is that this money was not budgeted for *-(Interruption)*

MR GAFABUSA: On the bonus, I see, originally the figure was 11.63 billion, but what the minister permitted them to retain was Shs 14.676 billion. I need clarification on the change of the figures. Uganda Revenue Authority (URA) requested Shs 11.6 billion as a bonus but the minister permitted them to retain Shs 14.6 I need that clarification. So, where is the additional Shs 3 billion from?

MR MUWANGA KIVUMBI: Yes, you are right but, I do not invent my own figures. I go by the figures as audited. The Auditor-General noted that the bonus was for Shs 11.6 billion. However, the Minister of Finance, planning and Economic Development authorised them to retain Shs 14 billion. All of it was not for a bonus. The minister was very clear, “subject to seeking parliamentary approval through a supplementary budget.” – *(Interjection)* yes, the minister was supposed to.

URA acted lawfully, they got the money, did the needful, and the minister authorised them but under the law, a supplementary budget request is initiated by the end user.

The Minister of Finance, Planning and Economic Development does not generate a supplementary request. It is URA that should have requested to get supplementary approval from Parliament, which was not done.

MR GAFABUSA: Madam Chairperson, that does not answer my question. If URA requested for a bonus of Shs 11.6 billion, what informed the minister to allow them to retain Shs 14.6 billion? What is the additional-

THE SPEAKER: That is what the chairperson is saying. That question can best be answered by the minister, not the chairperson.

MR MUWANGA KIVUMBI: It is written here, that is why we are very clear, we are reporting as is.

The Committee Recommends that;

- a) The Executive should desist from taking on the role of Parliament and strictly seek for approval for any supplementary expenditure.
- b) For irregularly retaining and paying Shs 14.6 billion as a bonus to URA, the Accounting Officer of Consolidated Accounts of Government should be sanctioned, severity of which can be decided by the House.

THE SPEAKER: Which Accounting officer?

MR MUWANGA KIVUMBI: Of the consolidated account who is the Minister of Finance, Planning and Economic Development and the severity of what you can sanction should be done by Parliament.

This is to deter him from further acting in the contempt of the House. So, we want the Minister of Finance, Planning and Economic Development to decide but not to take over the

role of Ministry of Finance, because he okayed it. He said, "Pay" and yet there was no approval from Parliament. So, the Minister of Finance, Planning and Economic Development should be held accountable.

vii) Absence of a National Research Agenda; that is more policy, you will read.

2. VOTE 130 - Treasure Operations

Treasure operation is a statutory Vote mandated to handle the operations of public debt with reference to creating and maintaining a high quality and updated database of Government debt portfolio, timely debt recording, reporting, disbursements/requisition of external resources and debt service.

During the financial year, the Vote had an initial budget of Shs 15,387.547 trillion which was later revised to Shs 16,812.163 trillion. That is one vote through an additional supplementary budget of Shs 1,424.615 trillion.

Debt service payment amounted to Shs 16,341.705 trillion, contingency fund management amounted to Shs 62 billion and claims payment amounted to Shs 408.389 billion. Treasury operations received Shs 16,569.816 trillion, which was 107.2 per cent of the total budget. So, it almost received all the money it requested for, the table will show.

i) Under-provision of contingency funds

Madam Speaker, this is a reoccurring issue and an indictment on Parliament.

The committee observed that whereas the Accounting Officer notes that the contingency fund of Shs 62 billion, section 26(1) of the Public Finance Management Act (PFMA) provides that contingency funds should be equivalent to three and a half per cent of the appropriate annual budget of the previous financial year. This implies that the contingency fund for the Financial Year 2022/2023 would have been Shs 1.56 trillion.

The Committee observed that contingency funds have never been replenished with the

required funds which undermines the purpose for which this legal provision was established.

ii) Absence of a Strategic Plan

iii) Failure to budget for NTR.

iv) Failure to fully- Madam Speaker, you have an interest on this one because Parliament was held at ransom during this financial year and almost caused a crisis. But let us read what the Treasury did.

Failure to fully utilise supplementary funding
The Auditor-General noted that out of a supplementary funding of Shs 1.426 billion realised during the financial year, Treasury did not utilise funds to the tune of Shs 777 billion as detailed in the figures.

I was on the Budget Committee; I know the history. The Budget Committee had allocated some of this money but Treasury made all the necessary noise, saying we need this money badly, it is a statutory obligation, we have to pay it.

So, Parliament passed a supplementary, paid them the money cut from other pressing needs; only for them not to spend Shs 777 billion after all that fuss-

THE SPEAKER: And what we the reversed of Shs 750-

MR MUWANGA KIVUMBI: Therefore, the Budget Committee was spot on in saying that the money you want is excess and you will not spend it, let us utilise it. But at the end of the financial year, they had not done the needful and you know the crisis and dust this raised in this financial year because I am privy to what happened.

While meeting the committee, the Accounting Officer admitted to this under-absorption and attributed it to initial budget cuts by Parliament during appropriation.

However, further attributed it to cash flow constraints and non-conclusion of some anticipated projects like the Standard Gauge Railway (SGR), Kampala Expressway which

had huge amounts of management and commitment fees.

The committee notes that the question of poor absorption of funds for projects is being exacerbated by poor accountability for funds, as disbursement of any of the project funds usually depends on the utilisation and full accountability of prior releases. Others are poor contract and project management and implementation, changes in the design of projects for which money is already borrowed, commitment to multiple projects, and lack of capacity within the Government to implement some of the projects, hence rendering them “white elephant projects”.

With this budget performance, therefore, it can be deduced that the supplementary budget was approved without fully identifying the funding sources and that, subsequently, the supplementary warrants were funded using resources meant for Ministries, Departments and Agencies (MDAs) and local governments, leading to budget shortfalls in some Votes. This, therefore, becomes a diversion of funds, which is illegal.

Madam Speaker, the committee recommends that;

- i) The Government should explore the possibility of warranting funds based on the money available in the Consolidated Fund.
- ii) The accounting officer should adopt prudent budgeting principles by periodically reviewing its priorities against the available funding and ensuring that all supplementary appropriations are supported by new funding sources.

Escalating domestic arrears

I am coming back to escalating domestic arrears now, in treasury operations, much as you looked at it in the Consolidated Fund. These are two different Votes.

The Auditor-General carried out a trend analysis of the domestic arrears stock, which revealed an upward movement of arrears from Shs 4.5 trillion in the financial year to Shs 6.14 trillion in. This is an increase of 34 per cent, from the last year’s position.

The accounting office attributed – here, we found out a contradiction. Remember, we said domestic areas were 10 per cent in the consolidated accounts, but when you came to the treasury – because everything was being paid for under the treasury. Therefore, honourable members should not say “the other time, you said 10 per cent”. Not all domestic arrears are under treasury operations. These are the ones under the treasury.

The committee notes that even though the Government has made annual budget provisions to pay arrears, the stock continues to rise. In fact, the total debt stock, as of June, stood at \$23.7 billion, compared to \$21 billion in December 2022. This money is in dollars.

In the next financial year, the Government has allocated Shs 217 billion to clear domestic areas, which are its obligations to local contractors who supply goods and services to Government departments and agencies. The escalation in the arrears’ stock signifies a lack of fiscal discipline - that one, we have tackled.

Recommendation

A vote should not take any credit from any local company or body unless it has no unpaid domestic arrears from debt in the previous financial year and it has the capacity to pay for the expenditure from the approved estimates as appropriated by Parliament for that purpose.

We are stating a law in this principle. Therefore, the accounting officers who go out of their way, when they have not paid the debt for the previous year, are against that law.

Madam Speaker *-(Interjections)-* Lubowa? *(Laughter)* Let me read the recommendation under that one before I go to Lubowa.

The committee recommends, therefore, that the accounting officer verifies the stock of domestic arrears, allocates resources within three months of the adoption of this report, and clears all the areas on a first-in, first-out basis.

Madam Speaker, this is very critical because, while you have all these domestic arrears, we are realising that the Accountant-General can cherry-pick – say, for you, you can be paid or you find that those that have debts for this year are paid, while those ones... So, we are saying the principle should be “first-in, first-out”, which will enable a smooth flow on payment.

Going forward, accounting officers who obtain cumulative arrears should be subjected to sanctions as envisaged under sections 79 and 80 of the Public Financial Management Act.

Sector committees of Parliament should pay more attention while scrutinising the budgets of MDAs within their purview to ensure that domestic areas are recognised and budgeted for in the expenditure framework.

THE SPEAKER: Thank you.

MR MUWANGA KIVUMBI: Therefore, as you bring to the budget committee, please, ensure that these domestic arrears are paid for.

Lubowa International Hospital
The Government of Uganda contracted -

THE SPEAKER: By the way, Lubowa International Hospital is going to surprise all of you. We are beyond the ring beam level. *(Laughter)* The construction is going on. There is a report – the construction is moving on. I am telling you this; it is going to surprise you.

MR MUWANGA KIVUMBI: Madam Speaker, can I read the report? *(Laughter)* The Government of Uganda contracted Finasi-ISHU Construction SPV SMC Limited through a Project Works Investment Agreement (PWIA) in May 2015 to undertake the design -

THE SPEAKER: Dr Keefa, has something to -

DR KEEFA: I just want to mention that it has been repeated, over and over again, that Parliament has not been allowed to visit Lubowa –

THE SPEAKER: I visited it.

DR KEEFA: And, I am sure Hon. Muwanga Kivumbi knows that the Committee on Finance, Planning and Economic Development visited Lubowa. There are a number of Members, who are here – including the Opposition – who visited Lubowa. We found men there working -

THE SPEAKER: Dr Keefa, thank you for the clarification. I am telling you - I am going to go with the Leader of the Opposition, to visit Lubowa.

MR MUWANGA KIVUMBI: Madam Speaker, whether Lubowa is built -

THE SPEAKER: This is on a serious note. Another contractor was got and the construction is going on. This one, I must tell you. And, the progress is – it is not about who has said. I am talking with authority. Go ahead.

MR MUWANGA KIVUMBI: Madam Speaker, on Lubowa – consequently, the Government signed a promissory note purchase agreement in December 2018 with the Ministry of Health as the implementing agency, Africa Export-Import Bank, Trade and Development Bank, (TDB) and Barclays Bank Limited, among others, to fund the project to a tune of \$379 million.

The project’s funding and execution modalities were approved by Parliament in 2019 -

THE SPEAKER: It was \$379.7 million.

MR MUWANGA MUWANGA: That is approximately Shs 1.5 trillion. The Auditor-General made the following observations;

i. The financing modalities of the project

The financing modality of the project was designed in such a way that the developer,

Finasi-ISHU Construction, enters into a financing agreement with the Government, which agreement then serves as collateral to secure financing to implement the project.

Upon completion of the project works per period by the developer/ sub-contractor, works are validated by the Ministry of Health, and milestone completion certificates issued. The Ministry of Finance, Planning and Economic Development then issues and later redeems the matured Promissory Notes to the constructor for the works already undertaken.

- a) To date, Government has redeemed seven Promissory Notes – that by the time of audit - with a face value of \$ 133.6 million. This translates into a financial performance of 35.2 per cent of the total project cost of \$ 379.71 million.
- b) The eighth promissory note worth \$ 22.7 million is due for redemption on 31 December 2023 in line with amended PWIA.

Unsupported Milestone Certificates worth Shs 296.42 billion

This is where the auditor found an issue. Section 5.3(E) of the signed agreement provided that remuneration of the construction works of the specialised hospital will accrue upon the achievement of each milestone and issuance of a Milestone Completion Certificate (MCC) by the Owners' Engineer and will be payable through Promissory Notes to be issued by the Government of Uganda with a Face Value determined in accordance with the approved cash flow forecast.

Audit noted that while the Owners' Engineer issued Milestone Certificates based on progress reports issued by the contractor, the Owner's Engineer had limited access to the construction site, which undermined his role of protecting both the Ministry of Health and the Ministry of Finance, Planning and Economic Development interests.

Audit further noted that milestone certificates were largely based on reports submitted, contractor's engineer consultation fees and not on the physical works completed. A total of seven Promissory Notes worth \$ 133,565,208.23 – it is a repeat, have been paid by the Treasury to the note financier.

However, the Auditor-General reported that the Owner's Engineer had certified only 23 per cent of the completed works valued at \$ 57,477,000 million, causing a possible – this is where there is a crack - overpayment of \$ 76 million, approximately Shs 286 billion - as an overpayment.

The committee shares the fears of the Auditor-General that the method adopted by the Government of Uganda of providing Promissory Notes based on milestone completions issued by the Owner's Engineer who does not have complete access to the construction site, may lead to payment for no works done or an overpayment.

While meeting the committee, the Accounting Officer explained that all payments were supported by certification by the Owner's Engineer and the Government's duty was to honour the Promissory Notes that had due dates, binding him to redeem without fail.

The committee notes that the Government did not do proper due diligence on the agreement and the project as a whole, which has led to doubts on the payment made vis-à-vis the amount of work done. Despite asking for documents relied upon to make payments, the committee was only availed copies of Promissory Notes and not the Milestone Completion Certificates, upon which the Accountant-General relied on to honour the Promissory Notes.

The committee could not ascertain the extent of works at the site as its numerous attempts to visit were frustrated by the project developer and therefore cannot ascertain if there are any works being carried out at the site. This is therefore a ghost enterprise and the possibility of Ugandans losing money under this project –

THE SPEAKER: Hon. Kivumbi, there was a correction from Dr Keefa on the numerous stoppage of Members from going to the site and he said that the Committee on Finance, Planning and Economic Development visited the site. So, what we need to do is to query the amounts and variances.

You see, one thing is, when the chairperson of a committee is getting out of Parliament, he will always write to the Speaker to ask for permission. I never got a letter from you asking for permission to go to Lubowa. Even when the Leader of the Opposition (LOP) is going, he will write to me. However, LOP wrote to me after he left, but this time we are going together.

MR MUWANGA KIVUMBI: Madam Speaker, without dwelling on that -

THE SPEAKER: Anyway, on the issue of Lubowa -

MR MUWANGA KIVUMBI: Let us go to our recommendation - because the committee - he knows I went to Lubowa with him as a committee member, but that was long before this came up.

The committee therefore recommends that Lubowa Project works be halted until Parliament pronounces itself on the special audit report by the Auditor-General yet to be presented to Parliament. *(Applause)*

Madam Speaker, on this let me be emphatic. The Auditor-General carried out a forensic engineering report on Lubowa and our effort for the Auditor-General to release this report has failed. While the Auditor-General was presenting to you this audited report - I have a video version, he said, "Madam Speaker, I have a complete report on Lubowa; a special report" but to date, that report has not been provided to Parliament and I think Parliament ought to look at that report. The Auditor-General is an office of Parliament; he cannot do work on behalf of Parliament and does a cover-up.

THE SPEAKER: I will ask the Auditor-General to bring the report and forward it to the relevant committee.

MR MUWANGA KIVUMBI: Yes.

ii. Secondly, all those found to be culpable for causing financial loss must make good on the losses by refunding all the funds. *(Applause)*

iii. The Owner's Engineer should be charged in the courts of law for issuing false certificate of completion.

Those are our recommendations on Lubowa, Madam Speaker.

iv. Failure to adequately budget for mandamus/ court award

Madam Speaker, I better read this one because the Accountant-General is at fault. The Auditor-General reviewed the expenditure of the entity for the financial year on IFMIS and discovered that a total of Shs 457.9 billion was paid in respect of different court awards. Of this amount, a total of Shs 240 -

THE SPEAKER: Do you have the law firms who were paid those bonuses?

MR MUWANGA KIVUMBI: No.

THE SPEAKER: Interest yourself.

MR MUWANGA KIVUMBI: Yes, we will, Madam Speaker. Of this amount, a total of Shs 248.998 billion formed part of the supplementary budget for other domestic arrears. This indicates that Shs 102 billion was spent over and above the amount appropriated by Parliament for the payment of court awards.

Worth to note is that at the beginning of the Financial Year 2022/2023, the book balance of court awards and compensation stood at Shs 1.473 trillion. However, a review of the budget appropriation for the financial year revealed that Shs 106 billion was approved for payments of court awards and compensation, and Shs 106.6 billion was warranted.

The committee notes that while the accounting officer noted this anomaly during the audit process by explaining that during the financial

year, Shs 320 billion was appropriated to cater for payment of court awards, and a supplementary budget of Shs 88 billion provided to cater for other domestic arrears, he refuted the findings of the Auditor-General during the interface with the committee.

By implication, therefore, the assertion by the accounting officer during the audit means that whereas a supplementary budget of Shs 1.4 billion was appropriated, no provision was made for court awards, and therefore, the payments made were over and above what was warranted. This is, therefore, a diversion of funds that the accounting officer was not authorised to carry out.

The committee recommends that the accounting officer who is the Accountant-General of the Government be held liable for the failure to fully budget for court awards, and for diverting funds contrary to section 22 of the Public Finance Management Act and without authority which exposed the Government to unplanned expenditure.

Observations on the financial statements of Vote 130

This is the work done by the accountants I talked about. The entity's statement of appropriation reported an actual expenditure of Shs 144 billion while the cash flow statement indicates a figure of Shs 14.995 billion, hence a variance of Shs 129.333 billion. This could not be justified by the accounting officer to the satisfaction of the committee.

Further, the statement of financial performance reports an expenditure of Shs 16 billion on goods and services which gives a variation of Shs 1,668,000,000 as indicated in the statement of outstanding commitments.

The committee notes that the entity spent over and above what was appropriated, hence committing the Government to arrears.

Grants and other transfers - Transfers to other organisations

A statement of appropriation reported an actual performance of zero, meaning there are no funds appropriated to grants and other transfers under this entity, whereas the cash flow statement indicates an expenditure of 3.945 trillion, which is also reported in the entity's statement of financial performance.

The accounting officer could not explain the source of money used, yet none was appropriated by Parliament. As per the amount of outstanding commitment, only Shs 2.9090 trillion is reported for transfer to other organisations.

Other Expenses-Redemptions, External Stamp and Domestic

The entity's statement of appropriation reported an actual performance of 8.599 billion –

THE SPEAKER: Trillion.

MR MUWANGA KIVUMBI: 8.599 trillion, whereas there was no expenditure report on both the entity's cash flow statement and statement of financial performance. Therefore, the reconciliation between total expenditure per appropriation account and statement of financial performance indicates a total expenditure of 14,367,000,000,000, while the statement of financial performance indicates a total expenditure of 10,039,000,000,000, and yet these figures should be balancing after reconciliation.

To appreciate these inconsistencies, the committee needed to further examine the trial balance, which had not been provided to the committee and reconciliation on the figures was not done.

The committee recommends that the Auditor-General verifies these figures and makes appropriate remedial recommendations to the accounting officer.

Conclusion

Madam Speaker, there is urgent concern on the cost of debt service payment, which has

continued to increase in terms of commitment as a result of the Government's failure to draw down and absorb contracted government debt and the higher administration and management fees on loans incurred. The Auditor-General noted that Shs 112 billion was spent on commitment fees paid in the financial year in question, which was over and above the appropriated budget. This is too high by any stretch of imagination.

What should further be of concern to this House and the country is the worrying trend of supplementary budgets and the unquenchable appetite for borrowing by the Government. The Government is borrowing money and failing to utilise it, as noted in this report. Out of a total warrant of Shs 49.226 trillion, only Shs 43.4 trillion budget was spent indicating unutilised funds of Shs 5.8 trillion. This means therefore there is no need for supplementary budgets. After all, the Government just needs to match its budget with the clear sources of funding at the first instance of budgeting.

It is, therefore, my prayer and that of the committee that this report is recommended and adopted by this House. I beg to report.

THE SPEAKER: It is considered. Thank you so much, honourable. We said we cannot discuss this report because we do not have a Minister of Finance, Planning and Economic Development in the House and since it is a technical kind of report, we want figures. When you talk about figures, you must have a response with figures. Therefore, my suggestion is we give the Government – Government, you have got the report, we want a response from you.

6.03

THE GOVERNMENT CHIEF WHIP (Mr Hamson Obuga): Madam Speaker, if I am not mistaken, subject to confirmation, this could be the first time that this watchdog committee is presenting a report on the audit conducted on our Consolidated Fund. Therefore, as a Parliament, we commend you, Madam Speaker and the committee, for exercising that oversight.

Secondly, I also wish to, in a very special way - because I know the Auditor-General is an employee of the Government – *(Interjections)*- Parliament is part of the three Arms of Government. Now, the Auditor-General, we all know, provides the raw material upon which the committee anchors its report. So, that implies that the officer of Government- that employee of Government who provides the raw material, also deserves to be saluted by this House. The Auditor-General provides the financial checks and balances, including assurances.

Madam Speaker, subject to your guidance, I know matters of figures, if you remove one zero or add one zero, the implication is enormous. We do not want to attempt to respond to this report. I therefore pray on behalf of the Front Bench that you give the Ministry of Finance, Planning and Economic Development 21 working days.

That translates to three weeks for purposes of the ministry compiling a comprehensive rebuttal or responses to the issues raised in order for us to be in agreement. I beg to request the Madam Speaker subject to your guidance. Thank you.

THE SPEAKER: Thank you so much. Honourable members, we are going for the Budget Framework Papers and before that, we need to understand what we have been having. By the 21 days, we will already be handling the Budget Framework Papers.

So, I expect the ministry for finance to bring a response to this House on 24 October 2024. I am still making a ruling- procedure on what? I am saying I want a report on 24 October 2024 before we go for the Budget Framework Paper. Okay?

MR OBUGA: Madam Speaker, subject to your ruling, I equally undertake to transmit the report of the committee entirely tomorrow before 11 o'clock, indicating to them that the responses are needed by 24th or on 24th not by but by; they can even decide to bring the following day, the latest date is 24 October 2024. I commit. Thank you, Madam Speaker.

THE SPEAKER: Thank you, the House will be waiting for your feedback. Based on that, Government Chief Whip, I request we have a meeting tomorrow. I want to have a meeting with the Prime Minister, your good self, the Attorney-General, Public Service, minister for agriculture, minister for works, minister for ICT, minister for constitutional affairs, minister for finance, minister for water and environment, all the chairpersons and vice chairpersons of RAPEX Bills at eleven in the conference hall. That is number one.

Professor, these chairpersons of sectoral committees do not attend the House and yet they wanted leadership badly; I want a list- Professor is my whip, I give him to -I want a list of the chairpersons who attend the House. At least I am happy with my Chairperson of Bukedea. Honourable members- Hon. Baka is also there, defence is there, ICT, Innovation, and equal opportunities. Dr Acuti-

Honourable members, I really want to thank the Committee of PAC- Central for a very elaborate good report; I am impressed. All we wait for is a response and we will debate on that report exhaustively.

I now adjourn the House to 2.00 p.m. tomorrow.

(The House rose at 6.12 p.m. and adjourned until Thursday, 17 October, 2024 at 2.00 p.m.)