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PARLIAMENTARY DEBATES

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THIRD SESSION - FIRST MEETING

THURSDAY, 27 JULY 2023



IN THE PARLIAMENT OF UGANDA

Official Report of the Proceedings of Parliament

THIRD SESSION - 16TH SITTING - FIRST MEETING

Thursday, 27 July 2023

Parliament met at 9.58 a.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 morning's sitting. First of all, I would like to correct the perception that I am out of the country; I am around and I am not chairing the session virtually. I am here physically. So, whoever is circulating information that I am out of the country - I am available.

Honourable members, you will recall that on 20 July 2023, I adjourned the House *sine die*, pending the tabling of the Statutory instrument by the Minister of Local Government; that is pursuant to Section 175 of the Local Government Act, 1997, on the amendment of the Third Schedule of the Local Government Act to extend the tenure of the local councils I and II, which expired on 10 July, 2023.

As we all know, the functionality of the local councils is very important in the realisation of our decentralisation. The Ministry of Local Government has furnished my office with a copy of the Statutory Instrument, which will be tabled to this House.

I also received petitions; one was from the Uganda Manufacturers Association regarding the challenges affecting the efficiency and effectiveness of the sugar sector, mainly arising from regulatory weaknesses on the part of the Ministry of Trade, Industry and Cooperatives. The second petition was from the National Association of Broadcasters regarding Government policy on business to private media houses - where all the adverts are supposed to be given to one media House.

Pursuant to Rule 35 of the Rules of Procedure, I hereby refer these petitions to the relevant committees. The one of the broadcasters will go to the Committee on Science, Technology and Innovation and the one of the manufacturers will go to the Committee on Tourism, Trade and Industry. Then, they will report to this House as per Rule 30(10) of the Rules of Procedure. I urge you to look at those petitions and report back to the House.

Honourable members, pursuant to Rules 15, 25, 160 and 188 of the Rules of Procedure, I will vary the Order Paper to allow the designations to the sectoral committees that were not made at that time. I request both Whips – of the Opposition and Government, if there are any designations, we should handle them right away. We are going to have a short sitting; we should not spend the whole day here. All we want is to make sure our LCs are active. That is the most important thing. *(Applause)*

We also want to ensure that the guidelines from

the Ministry of Works are either approved or thrown out. We want to know how we are going to use the Shs 1 billion. That is why we are here. After this, I should be able to give you time to go and rest.

Honourable members, based on that, can I have designations? Yes, Hon. Ssemujju Ibrahim?

10.05

MR IBRAHIM SSEMUJJU (FDC, Kira Municipality, Wakiso): Madam Speaker, I thank you. On Sunday, we buried a former Member of Parliament, Hon. Hussein Kyanjo. I thank you for your contribution towards that burial. I also thank the Members of Parliament who made contributions and those who travelled to Bukomansimbi.

Madam Speaker, all the speeches at his funeral, including the one made by Hon. Asuman Basalirwa, the President of JEEMA, pointed to the fact that Hon. Kyanjo was poisoned. Before I left the media, one of the stories I covered was of the President flying his daughter for antenatal care in Spain. The President said that he did not trust Mulago National Referral Hospital because he feared that they would poison his daughters.

Now that poison has, unfortunately, become part of our lives, Madam Speaker, I am requesting you to institute a committee of Parliament to investigate these claims. I have told you that the President said the reason he flew his daughter out of the country was because he feared poison. So, we are now fearing - even at Parliament, at one time, there were stories of poison and some Members of Parliament had abandoned the canteen.

This being a serious matter, I request you, Madam Speaker, to institute a committee to look into these matters before we have more people falling victim to poison.

THE SPEAKER: Honourable members, my apologies. I forgot to announce the demise of our former colleague, Hon. Hussein Kyanjo, to the House – I am speaking of the one I know. I am yet to get any – and Hon. Maate Kiregheya. May we rise and observe a moment of silence?

(Members rose and observed a moment of silence.)

THE SPEAKER: Honourable members, I will not indulge myself in the poison discussion but to the best of my knowledge, on the issues of taking his daughter for treatment out of the country –

We tried to take Hon. Kyanjo for treatment out of the country -Hon. Asuman will testify to that. Unless Hon. Asuman has not been delivering the message; otherwise, we have been sending him.

10.09

MR ASUMAN BASALIRWA (JEEMA, Bugiri Municipality, Bugiri): Before I comment on that issue, I want to thank you and Members of Parliament for the support. Hon. Ssemujju, the Leader of the Opposition and I, have been moving around with papers asking for support from MPs and they have been providing it. As JEEMA, we are very grateful. JEEMA has had two MPs; I am now alone after the demise of Hon. Kyanjo.

Madam Speaker, I have been coming to you asking for support for Hon. Kyanjo. I would like to confirm that each time I have come to your office, you have provided the necessary financial support and it has been acknowledged. It was acknowledged in Kibuli and even the family in Bukomansimbi. We thank you for that.

On the issue of poison, Madam Speaker, you have rightly said you will not indulge yourself. However, we need to ask: in what fora and at what time do we discuss it? Even in one of the dailies today, there is a suspected case of poisoning by a minister - a minister has been a victim.

The daily reported that he was flown to Turkey. I have just been reading the headlines; so, it raises a lot of fear and suspicion.

Madam Speaker, one time, Gen. Tinyefuza paid a visit to the JEEMA state house in Mengo-

THE SPEAKER: Honourable member, I told you when we were starting that we have come for a specific item. If we are to discuss poison, we will have a session for it.

The problem we have in Uganda is that whoever dies, it is alleged that it is poison. Poison is everywhere; even in your villages. It can even be food poisoning from the food we eat. I think that is why you are bringing the Anti-Counterfeiting Bill. Can we have designations? I am not going to allow Members - On the issue of cross-border trade, first sit down. Can we have designations?

10.12

THE CHIEF OPPOSITION WHIP (Mr John Baptist Nambeshe): Thank you, Madam Speaker. Our side on your left has been beefed up by a new Member from Oyam North constituency.

In accordance with Rule 187(1) of the Rules of Procedure, permit me to designate Hon. Dr Eunice Otuko Apio, Member for Oyam North, on UPC ticket, to the sectoral Committee on Tourism, Trade and Industry. I beg to designate.

THE SPEAKER: Thank you. To which committee?

MR NAMBESHE: The sectoral Committee on Tourism, Trade and Industry.

THE SPEAKER: What about the standing committee?

MR NAMBESHE: I thought we deal with one at a time, like we have always done.

THE SPEAKER: It is one person.

MR NAMBESHE: Okay. Pursuant to Rule 160(2) of the Rules of Procedure, I hereby designate Hon. Dr Eunice Otuko Apio, Member for Oyam North, on UPC ticket to the standing Committee on Human Rights. I beg to designate.

THE SPEAKER: Thank you very much. I put the question that Hon. Dr Eunice Otuko Apio, be designated to the sectoral Committee on Tourism, Trade and Industry and the standing Committee on Human Rights.

(Question put and agreed to.)

10.14

THE GOVERNMENT CHIEF WHIP (Mr Hamson Obua): Madam Speaker, in conformity with Rules 15(10)(c) and 187(1) of the Rules of Procedure of Parliament, I beg to propose that the following Members be designated to the following committees as members:

1. Hon. Aeku Patrick – Committee on Defence and Internal Affairs;
2. Hon. Lagen David - Committee on Presidential Affairs;
3. Hon. Natumanya Flora - Committee on Environment and Natural Resources;
4. Hon. Ojok Andrew Oulanyah - Committee on Agriculture, Animal Industry and Fisheries;
5. Hon. Odoi Bernard - Committee on Legal and Parliamentary Affairs;
6. Hon. Angura Fredrick - Committee on Environment and Natural Resources; and
7. Hon. Twesigye Nathan – Committee on Education and Sports.

I beg to propose.

THE SPEAKER: Honourable members, I put the question that the following Members, as proposed by the Government Chief Whip be designated.

(Question put and agreed to.)

THE SPEAKER: Those saying “No” have *nugu* – *(Laughter)* I gave the Government Chief Whip permission to designate my Independent Member because the Dean of the Independents delayed to come and we do not have a vice dean. Next item.

MOTION SEEKING LEAVE TO
INTRODUCE A PRIVATE MEMBER'S
BILL: THE ANTI-COUNTERFEITING BILL

THE SPEAKER: Honourable members, pursuant to Article 94(4)(b) of the Constitution of the Republic of Uganda and Rule 121 of the Rules of Procedure, I invite Hon. Asuman to move a motion seeking leave to introduce a Private Member's Bill to curb counterfeits.

As we all know, there is a lot of imitation of products and services, which often - the poison you talked about might be counterfeit foods and it is affecting various institutions. I now invite Hon. Asuman.

10.17

MR ASUMAN BASALIRWA (JEEMA, Bugiri Municipality, Bugiri): Thank you, Madam Speaker. I beg to move a motion seeking leave of this august House to introduce a Private Member's Bill entitled, "The Anti-Counterfeiting Bill." This motion is moved under Article 94(4) of the Constitution of the Republic of Uganda, Rules 56, 121 and 122 of the Rules of Procedure:

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

AND WHEREAS Article 94(4)(b) of the Constitution of the Republic of Uganda and Rules 121 and 122 permit a Member of Parliament to move a Private Member's Bill;

AWARE THAT in Uganda, there are various laws regulating the registration and exploitation of intellectual property assets, including the Constitution of the Republic of Uganda; the Copyright and Neighbouring Act, 2006; the Trade Secrets Protection Act, 2009, the Trademarks Act, 2010; the Geographical Indications Act, 2013; the Industrial Property Act, 2014; and the Plant Variety and Protection Act, 2014;

NOTING THAT there is an increase in the uptake of intellectual property assets through

registration and creation of trademarks, service marks, commercial names and designations, inventions in all fields of human endeavour, industrial designs, scientific discoveries, literary, artistic and scientific works, performances of performing artists, producers of phonograms and broadcasters, protection against unfair competition and protection of trade secrets;

FURTHER NOTING THAT the increased registration and exploitation of intellectual property assets has significantly contributed to innovation and creativity, which in turn have contributed to socio-economic transformation of the Ugandan economy through increased revenue, employment opportunities, creation of joint ventures, protection of trade and commercial secrets from being disclosed, acquired or used by others without consent;

CONCERNED THAT enforcement mechanisms –(Interruption)

THE SPEAKER: There is a procedural matter.

MR SSEWUNGU: Madam Speaker, I support the Member who is moving his Bill but it is as if he is going to justification before we have supported -

THE SPEAKER: He is justifying the motion before being seconded.

MR SSEWUNGU: Before it is seconded? So, I do not know -

THE SPEAKER: Just move your motion seeking leave and we see if you have a secondment.

MR BASALIRWA: Madam Speaker, I seek the indulgence of this honourable House to give me leave to move a Private Member's Bill. I beg to move.

THE SPEAKER: Is the motion seconded? *(Members rose)* It is seconded by Hon. Okiror, Hon. Musa, Member for Ibanda, Hon. Nambeshe and the whole House.

Honourable members, is the Government not supporting this motion? Can I hear from the Government side?

10.22

THE GOVERNMENT CHIEF WHIP (Mr Hamson Obua): Madam Speaker, on behalf of the Government, I think it is slightly early because we have not yet delved into the merits and demerits; looking at the advantages and disadvantages and the provisions as proposed. However, since the Member is seeking leave of the House, it would be important that leave be granted such that we are able to see the content of his Private Member's Bill.

THE SPEAKER: Thank you very much, Government. Can I have the seconder?

MR SSEWUNGU: Yes, but we want to put it on record that even if the Frontbench of Government does not support a Bill, we can move ahead with it. We are not for Kyankwanzi resolutions here. Yes, that is proper.

THE SPEAKER: Honourable members, can I hear from the seconders? Yes, motion?

10.23

MR IBRAHIM SSEMUJJU (FDC, Kira Municipality, Wakiso): Madam Speaker, I move that the question be put because there is nobody who is opposed to granting Hon. Basalirwa leave.

THE SPEAKER: Is it seconded? (*Members rose*) It is seconded by Mukono, Hon. Olanya, Hon. Fred, Wakiso, *smuggler*, Kasilo, Kween and Hon. Martin.

Honourable members, I put the question that this House grants leave to Hon. Asuman Basalirwa to introduce a Private Member's Bill entitled, "The Anti-Counterfeiting Bill".

(Question put and agreed to.)

THE SPEAKER: Honourable members, in furtherance to rule 121(2), I urge the Clerk to accord the Member all the assistance in processing this Bill. Next item.

MR BASALIRWA: Madam Speaker, before we take leave of the matter, I would like to lay the draft Bill for record purposes. I beg to lay.

THE SPEAKER: Please, lay.

LAYING OF PAPERS

STATUTORY INSTRUMENT NO.63 OF 2003 "THE LOCAL GOVERNMENTS (AMENDMENT) OF THIRD SCHEDULE INSTRUMENT, 2023

THE SPEAKER: Honourable members, as earlier stated, this House was adjourned on 20 July 2023 to enable the Minister of Local Government table a Statutory Instrument to amend the Third Schedule of the Local Government Act to extend the tenure of the Local Councils I and II, which expired on 10 July 2023. The extension of the tenure affects Local Councils I and II because we have not had elections of the local councils.

Honourable members, after the initial extension of the affected local councils, the responsibility will squarely rest on this House because it is this House that does appropriation. We need to appropriate money for the election of the local councils and it is also a responsibility of this House that upon expiry, if no elections take place, to extend their term of office.

Therefore, I urge the minister that much as we are extending the term and much as you are laying the statutory instrument, let us have elections. Give us a budget of what you have agreed upon to conduct elections and we will provide the money. We want elections to take place.

Honourable minister, please, go ahead and lay the statutory instrument.

10.27

THE MINISTER OF LOCAL GOVERNMENT (Mr Raphael Magyezi): Thank you very much, Madam Speaker. I beg to lay on the Table the Statutory Instrument No. 63 of 2023, "The Local Governments

(Amendment of Third Schedule) Instrument, 2023”.

THE SPEAKER: Thank you, honourable minister. Honourable members, that is the instrument extending the term of office of local councils by 180 days. Yes, shadow Minister for Local Government?

10.28

MS BETTY NALUYIMA (NUP, Woman Representative, Wakiso): Thank you very much, Madam Speaker –

THE SPEAKER: Honourable members, we are not going to engage ourselves in a debate on this issue anymore. What we wanted is a legal instrument extending the term.

MS NALUYIMA: Madam Speaker, with your indulgence, when you look at the illegality that has been put forward in this House, we need to get an assurance from the minister. When you look at the -

THE SPEAKER: What assurance do you want?

MS NALUYIMA: If you are saying that you are giving 180 days to see that these local councils are in place, can we get to know how we are going to see that this is effected? According to the provisions made in this instrument, we are giving leeway that at any appropriate time – given the last part that is being proposed – as long as it has become extremely difficult or impossible to conduct elections for the administrative unit councils, they will extend the term. So, isn't the item being inserted going to make it open every time?

MS MALENDE: Thank you, honourable member, for giving way. I cite Article 1(4) -

THE SPEAKER: I did not give you permission.

MS MALENDE: It is information.

THE SPEAKER: Are you done, Hon. Ethel?

MS NALUYIMA: Madam Speaker, I had allowed her to give information.

THE SPEAKER: Have you become the Speaker today?

MS MALENDE: Thank you, honourable member, for giving -

THE SPEAKER: Honourable member, please, sit down.

MR ZIJJAN: Madam Speaker, thank you for the opportunity. I am just seeking clarification –

THE SPEAKER: There is a procedural matter.

MR SSEMUJJU: Thank you, Madam Speaker. The instrument has been laid and you have said that there will be no further debate on it. I am seeking two procedural issues: The first is for you, being the custodian of our rules, to guide Parliament on whether there was anything to extend since the expiry of the term had occurred and people even left office.

The second one, is whether by your ruling, which the rules make it very difficult to challenge, Parliament now becomes responsible for this instrument.

THE SPEAKER: Honourable members, it is the same team here that sent the minister to go and bring the Statutory Instrument. Under Section 175(3) of the Local Government Act, we are supposed to give it two weeks for it to be effective. However, because of the emergency - and I want to tell you: after we had the House here, we went back and had a top management meeting, where we advised the minister on what to do. The Leader of the Opposition was part of that meeting. The emergency we have is that the LCs are not working. Let us, first, hear from the Attorney-General; he was responding.

10.32

THE DEPUTY ATTORNEY-GENERAL (Mr Jackson Kafuuzi): Thank you, Madam Speaker. I am glad that you have highlighted the provision under section 175(3), that the

regulations, once tabled before Parliament, Parliament has two weeks within which to make a decision.

However, I want to say something about a query raised by Hon. Nganda about extension in retrospect. Article 92 – if I am not mistaken – says you cannot make a law to retrospectively change a decision of a court and this is not a court ruling. In the past, we have made laws here and given them retrospective effect. We made the East African Crude Oil Pipeline law and gave it a retrospective effect.

Let me pick a list, Madam Speaker, and I read them to you -

THE SPEAKER: Honourable members, do not heckle that you will take the Member to court. I do not think there is any road that is closed that is stopping you from going to court. Please, go. You do not need permission to go to court. Why don't you respect each other?

MR KAFUZI: We passed the Traffic and Road Safety Act, 1998 (Amendment) (No.2) Act, 2023 and gave it retrospective effect. We passed the Mining and Minerals Act, 2022 and gave it retrospective effect. We passed the East African Crude Oil Pipeline (EACOP) (Special Provisions) Act and gave it retrospective effect. Thank you.

MR BASALIRWA: Madam Speaker, let me give information to my learned brother, on this matter. I invite you, learned Attorney-General, to read Section 17 of the Interpretation Act. The problem is actually not the retrospective application of this instrument because Section 17 of the Interpretation Act says that a structural instrument may be made to operate retrospectively.

The issue under consideration – and in answering this, you do not even have to cite these cases you are citing; they are unnecessary and inapplicable in the circumstances because you are dealing with a statutory instrument. When you are dealing with the application of a statutory instrument retrospectively, you have to seek refuge in Section 17(2) of the

Interpretation Act.

Madam Speaker, that is the information. However, if you give me an opportunity, I would like to submit on this matter, beyond the retrospective application of this law.

THE SPEAKER: Honourable members, there is something that needs to be answered. Now that you have brought a statutory instrument and you are asking for 180 days, when are we going to have the elections? That is what Members want to hear.

MR MAGYEZI: Thank you, Madam Speaker. The Government is committed to having elections for LCs I and II, subject to the availability of funds. However, as we speak now, the councils need guidance on how to proceed. So, this instrument is to guide within this period of six months. After six months, I want to believe that we shall have had the resources – the finance minister is here – and then we shall move. This instrument is for this period.

MR ZIJJAN: Thank you, Madam Speaker, for the opportunity. I am just seeking clarification on the effect of the statutory instrument on my villages in the constituency, which have had no chairmen or where the chairmen died a long time ago. It would seem to me that the instrument is giving authority to dead men to govern the villages from the comfort of their graves –(*Interjections*)- I am seeking a clarification. I just need clarification on the matter.

THE SPEAKER: Honourable member-

MR ZIJJAN: Is there anything criminal in seeking clarification so that I may understand better? Why are some people up in arms? I am seeking clarification whether the dead men govern my villages from the comfort of their graves?

THE SPEAKER: Honourable Member, you have made your point; why do you continue making noise? Yes?

MR MAGYEZI: Thank you. Madam Speaker, the Member is entitled to get clarification on this matter. The Local Government Act is clear; when the chairperson dies, resigns or leaves office, the vice chairperson takes over. So, for now the status quo prevails.

THE SPEAKER: Honourable members, I put the question that the Statutory Instrument No.63 of 2023- out of respect for the Leader of the Opposition, I am leaving him to give his views. He was part of the meeting and advised the minister on the right thing to do.

10.40

THE LEADER OF THE OPPOSITION (Mr Mathias Mpuuga): Thank you, Madam Speaker. For the record, it was an informal meeting and therefore, there was no record taken. It is true, I advised the Attorney-General to bring the instrument and justify its legality. That is a no-brainer; I had to do it as the Leader of the Opposition. And here we are, the minister has brought the statutory instrument. We are breaking down its legality and space in Parliament.

Madam Speaker, Section 175 of the Local Government Act is very clear:

“The minister shall, as soon as practicable, after the publication of a Statutory Instrument, under this section, cause the instrument to be laid before Parliament and Parliament may amend or revoke the statutory instrument. And if no amendment or revocation is effected within two weeks of its being laid before Parliament, it shall be deemed to have been approved.”

Here we are; it is being laid, it cannot be pushed down our throats. We have to break it down and appreciate the efficacy of its content.

Madam Speaker, I would like to seek your indulgence to allow Parliament to debate, amend the content or even revoke it. This is about us and our people. It is not anybody’s tool to go- and allow me to have my take on the instrument. Thank you.

THE SPEAKER: Thank you very much. I would like to refer you to Rule 175(3); *“The minister shall as soon as practicable after the publication of the statutory instrument under this section, cause the instrument to be laid before Parliament and Parliament may amend or revoke the statutory instrument. And if no amendment or revocation is effected within two weeks of being laid before Parliament...”* -

It can even be one hour – within two weeks – I would like to plead with my brother, the Leader of the Opposition; we are dealing with a state of emergency. I have people who are in prison and cannot get out because we do not have the LCs I in place.

MR MPUUGA: Madam Speaker, there is no crime about it and if you allowed us to debate this, you would even see the efficacy of causing some amendments.

THE SPEAKER: Okay. Let us allow 10 people to debate. *(Applause)*

MR MPUUGA: Thank you. And let me offer leadership.

THE SPEAKER: Please, offer leadership.

MR MPUUGA: In the first place, I agree with you that we have a procedural crisis because Government slept on duty, and we may not allow ourselves to pass a regulation that has particular provisions that offend the Constitution and the law.

To be clear, there is nothing wrong with the minister bringing the regulations. That should be understood but we need to understand the context-

THE SPEAKER: There is a procedural matter.

MR SSEMUJJU: Madam Speaker, the instrument has been laid. I know the NRM Government is very creative; they can even resurrect the dead. My procedural issue is that you have allowed us to debate the instrument yet I do not know the content; I do not have it. Can this Parliament debate a document it does

not have? How do I speak about content I do not know and do not have?

THE SPEAKER: I want to refer you to the Gazette. Mr Okema, is the document uploaded? Leader of the Opposition, continue as we get the document.

MR MPUUGA: Thank you, Madam Speaker, for allowing us to have our take on the instrument. I appreciate the importance of legislation in defining the trajectory of governance; that is why you are referring to a “crisis”. However, I have a challenge when governance is supposed to be done by legal engineering, when we had time to have these issues rectified through budgetary processes.

In that regard, I have very strong reservations about the instrument and obtaining from the Third Schedule of the Local Government Act regulations.

The context, in my view, is premised on the difference between the rule of law as we know it, and the rule by law. We all know the heritage of the rule of law as it obtains.

Madam Speaker, what is the intent of the instrument as we have it?

The minister is making an insertion in the regulations. My concern is in regard to Paragraph 11A(d) and I quote:

“The Minister may, by notice in the Gazette and in a newspaper of national circulation or other media, with the prior approval of the Cabinet, extend, renew, reinstate or validate the term of office of administrative unit councils from five years for further period not exceeding one hundred and eighty days at a time, notwithstanding that the term may have expired, where:

(d) It has become extremely difficult or impossible to conduct elections for administrative unit councils.”

Madam Speaker, the effect of it is a classic case of rule by law. The phrase I am quoting is whereby it has become extremely difficult

or impossible. This, Madam Speaker, may be used conveniently, if you look at it.

I do not know where the minister gets the feeling that it can be extremely difficult or impossible; who determines “extremely difficult or impossible”? This is going to be conveniently used, at the whims of the Government, to inhibit the right to vote.

First and foremost, this provision is ambiguous and generally subjective. For instance, the phrase “extremely difficult or impossible” used in the instrument is vague. It is ambiguous and uncertain, and generally subjective. The right to vote is very vital that any provision that seeks to inhibit its exercise must be clear, precise and concise.

For example, who determines the threshold of whether it is “extremely difficult or impossible,” so that we are able to determine that the minister sits and says, “It is extremely difficult and impossible”? So, he brings an instrument and we ratify it because it is “extremely difficult and impossible.”

Madam Speaker, the phrase “extremely difficult or impossible” connotes many meanings. It renders it prone to abuse and misuse. That takes me to the question of purpose of the statutory instrument. What is the purpose of this instrument? Government is on record, stating that they did not sufficiently budget for local government elections and therefore, there are no funds for these activities at the moment. In our view, this does not call for amendment of the law to give the Government an open route of excuses.

If they are genuine that they currently lack funds, we may allow time to mobilise funds to hold elections, as provided for under the law. This is a question of poor planning and does not call for amendment of the law to include ground for always covering up a messed-up budgeting process by MDAs.

It is very clear, if you look at Regulation 11, Madam Speaker – and we need to be very clear. The extension referred to under Regulation 11

may be renewed by a resolution of Parliament. A resolution does not mean amending the law; you do not have to amend the law. That is why when the minister said that he is going to bring a resolution, I said, "Bring it and we subject it to debate". This is the debate he is running away from.

If you look at Regulation 11(2), you do not need this statutory instrument. It is a tall grass to hide ineptitude –(Interruption)

MR SSEMUJJU: Thank you, LOP, for giving way. The information I would like to give you is that Hon. Magyezi likes extending things. You remember, he is the one who removed the age limit. He also likes making people cry. (Laughter) He has now come to say, "We should extend LC elections."

THE SPEAKER: Honourable members, when you look at what the LOP is talking about on the extension of the term of the councils, he was referring to Regulation 11(2), where under this, the extension referred to in Sub-regulation (1) may be renewed by a resolution of Parliament. What he is saying is that we did not need this statutory instrument; we could as well renew it by a resolution of Parliament. Go ahead.

MR MPUUGA: Madam Speaker, I am saying this because the minister is hiding under this instrument to expand and enlarge his powers, it is irregular. That is why I am saying, if he was indeed genuine in what he intended to do, he would have initially said there was no money. However, he is now importing new powers to determine "extremely difficult and impossible", which we are saying makes this instrument rather alter the space of law. It is a form of legal engineering that this House must reject.

If the minister wanted to extend the term of office of these local councils, in any case, Article 207 does not even envisage the powers of the minister on LCs; it only talks about local governments. It would be a commitment from the finance ministry to say it does not have money. We need this –

THE SPEAKER: Leader of the Opposition, the minister is not expanding his powers; it is the law that vests the powers in the minister. When you look at section 175, "*The minister, may, by Statutory Instrument, make regulations for better carrying into effect the provisions of this Act.*" You are the ones who gave the minister powers; he is not extending them.

MR MPUUGA: Madam Speaker, what are the provisions of this Act? The provisions are that the council term has expired. That is not about regulations; it is about the Constitution –(Interruption)

MR MAGYEZI: Thank you very much. Madam Speaker, the LOP refers to section 11 of Schedule 3. Allow me, colleagues, to read it; it is on the extension of the term of a council.

"The minister may, with prior approval of Cabinet, extend the term of office of a local government council or a number of local government councils from four years for a further period not exceeding six months, where"

- a. *Uganda is in a state of war;*
- b. *A state of emergency has been declared under the Constitution;*
- c. *Any district or part of a district has been declared a disturbed area under the Constitution.*

Subsection (2) The extension referred to in Sub-regulation (1) may be renewed by a resolution of Parliament."

Madam Speaker, the critical word here is "under sub-regulation (1)"; we are talking about approval of extending the term of office of a local government council. The proposed amendment is not about a local government council; it is about a local administrative unit. I do not know whether this matter is easily understood. (Applause)

Sub-regulation (2), which talks about the extension referred to, which may be renewed by

a resolution of Parliament - My understanding is that we extend for six months, if, in any case, the minister wants to have further extension, this shall only be renewed by a resolution of Parliament.

So, it would not be proper to now apply regulation 11, which is on local government councils, on the proposed amendment which is about administrative units. *(Applause)*

MR MPUUGA: Honourable minister, before you take the next breath, will you quote the law that allows you to extend the term of administrative units?

MR MAGYEZI: Madam Speaker, let us look at Section 175 of the Local Government Act – It says: “*The Minister may, by Statutory Instrument, make regulations for better carrying into effect the provisions of this Act*”. This is exactly what I am doing.

Section 175(2) says: “*The Minister may, by Statutory Instrument, and with the approval of the Cabinet, amend, replace, alter or revoke any of the Schedules provided under this Act, and the Minister shall not have power to delegate this function*”. I am exactly doing what the law tells me to do.

THE SPEAKER: Cool down, Members. Honourable members, in the public gallery this morning, we have a delegation of heads of education institutions in the primary section from Kapelebyong District. They are represented by Hon. Esenu Anthony and Hon. Atuto Jacinta. You are most welcome. This is your Parliament. When you go back, tell people we have extended the term of office for LCs I. *(Applause)*

Again, in the public gallery this morning, we have a delegation of staff from the National Assembly of Zambia. We have:

1. Mr Thomas Kapila;
2. Mr Justin Mulenga - Acting inspector.
3. Ms Josephine Makeleta – Acting Sergeant
4. Mr Nicholas Mwils – Chamber Assistant
5. Mr Cuthbert Simonje – Acting Sergeant

They are here to witness our proceedings and for a benchmark. You are welcome. Please, enjoy yourselves while in Uganda and Parliament of Uganda. Yes, Minister of Local Government?

MR MAGYEZI: Thank you, Madam Speaker. With your permission and given the urgency of the matter, may I move a motion that you put the question? Thank you.

MR MPUUGA: No. Madam Speaker, if you are not prepared, please, do not. We are not going to allow you to do that. If you are not prepared – let him be patient.

THE SPEAKER: Honourable members, I will not chair a House where there is chaos. LOP, have you finished your submission?

Honourable members, once a minister makes a presentation under rule 53, the Leader of the Opposition has a right to reply, which he is doing; he is making a reply. Do not suffocate me, Leader of the Opposition.

MR MPUUGA: We need to agree on this.

THE SPEAKER: Leader of the Opposition, I request you - and I know, you know very well the urgency with which we need these people. What amendment are you making? Are you comfortable with the 180 days? If you are not, let us reduce the number of days but provide the money. Let us look at something that is tenable.

MR MPUUGA: If you are going to help this country – sometimes, we want to win at all times even when there is no one to defeat. It really baffles me. So, in this case –

THE SPEAKER: No one wants to win. We need to help this country.

MR MPUUGA: Who is supposed to lose in this debate? May I seek your kind indulgence, Madam Speaker, to ask the Minister of Local Government to be patient and listen. We can actually listen to each other and disagree honourably about the matters obtaining. For example, I raised the matter of the minister

wishing to, through this instrument, make an amendment in 11(a) and made an insertion (d).

Initially, there were provisions that the extension is only feasible in a state of war; in an emergency; in a declaration that the district has been taken over and then he added (d) to say, “it has become extremely difficult or impossible to conduct elections for administrative units”. This is a new insertion in the regulation and we are saying it is making provision for overbearing –

THE SPEAKER: I want to refer you to 175(2), which says “*The Minister may, by Statutory Instrument, and with the approval of the Cabinet, amend, replace, alter or revoke any of the Schedules provided under this Act, and the Minister shall not have power to delegate this function*”. The minister is acting under 175(2).

MR MPUUGA: Madam Speaker, I agree entirely. I am saying, if he does it, it might be subjected to the law and if he brings it, he is not bringing it to us to really push it down our throats. It is his proposal and that proposal must be subject to the Constitution.

THE SPEAKER: Can I refer you to Article 202(1)(c). It says, “*Where it has become extremely difficult or impossible for the district government to function*”. The words, “extremely difficult” are from the Constitution. They are not a creation of anyone.

MR MPUUGA: Madam Speaker, there is no situation where it is extremely difficult for a local government to function while other parts of Government are functioning. That is why it is in the Constitution.

The local government issue is very particular and a provision was put there. The minister is saying, even in this case, it can happen but we are saying, “No, you cannot do that,” because it will be usurpation of the power of the people. Can the minister listen?

Madam Speaker, like you guided, let us give 10 Members this side to present their issues since this is our law.

THE SPEAKER: Honourable members, it is at the discretion of the Speaker. LOP, can you finish?

MR MPUUGA: No, Madam Speaker. It is because the Speaker committed –

THE SPEAKER: Can you finish? I gave opportunity to 10 Members to speak. Are you done?

MR MPUUGA: I am finalising. The Speaker cannot be challenged and so, I would like to seek her indulgence to allow this side to debate their Statutory Instrument so they do not disorganise the Speaker. Otherwise, they are disorganising the Speaker and not giving her space to guide the House. The Speaker is not part of Cabinet where you sat and brought this. So, will you allow the Speaker to be the arbiter in this debate so that you make your presentation and stop interfering with the work of the Speaker?

You are forcing the Speaker to debate because you are mute over what you have brought. The Speaker will not do your work.

THE SPEAKER: Honourable members, please, sit down. Are you done, LOP? Thank you very much. Honourable members, LOP has given leadership and once he speaks -

11.08

MR TONNY AYOO (NRM, Kwania County, Kwania): Thank you, Madam Speaker. Having listened to the minister deriving his powers from section 175(1) and (2) to cause amendment on the Third Schedule of the Local Government Act and having listened to clarification on Section 11 of the Third Schedule that gives the minister the powers - and realising that it is still extremely difficult to run operations in this country because of financial difficulties that the government faces, and because we have not provided money for the elections of LCs, it goes back to us, that we now give the government time; within the 180 days, to look for money so that the elections of the LCs can be held.

However, in the meantime, the local councils I are vital in certain operations in this country, for example, court. You cannot go to court to stand surety for anybody without the letter of the LC. Is it in the interest of this Parliament that the people who are facing courts of law are not allowed to get bail just because we want to take a lot of time debating and arguing something which is clear?

Madam Speaker, basing on that, I would like to move a motion that a question be put and we deal with this matter and pass the resolution. Thank you.

THE SPEAKER: Honourable Members, I said I will give 10 people a chance. You are just the second one. Hon. Okiror? – LOP has spoken, you will not speak.

11.10

MR BOSCO OKIROR (NRM, Usuk County, Katakwi): I thank you, Madam Speaker, for giving me this permission to speak. *[Member rose]*

THE SPEAKER: Do not bring for me procedures. Hon. Okiror -

MR OKIROR: Madam Speaker, laws are made and they are supposed to aid society. We have a situation at hand and I have keenly listened to the Leader of the Opposition not offering a solution. The question is, does the minister have the powers to introduce an amendment? I would like to agree that he has the powers to introduce the amendment.

When we look at section 11 which is being referred to, it still has the right given to the minister to have that amendment introduced. Society is governed by laws which are not cast in stone and it is this Parliament that has the power to help society in its operations by making laws that are progressive.

Therefore, I would like to appeal to all of us, honourable members, that as we sit and stand up, we do not look at the effect. It is a vacuum that is there and all of us are mandated to help society. I would like to appeal to all of us to go by the extension.

As a Parliament, we have a duty to do appropriation. Something eluded us; money was not provided for this particular activity. Even if you want circumstances that can justify that amendment that has been introduced, we did not provide the finances to conduct these elections. It is we - and that can be an extremely difficult situation. Therefore, I would like to appeal to all of us to support the extension. That is my humble submission.

THE SPEAKER: Hon. Macho.

11.12

MR GEOFFREY MACHO (Independent, Busia Municipality, Busia): Madam Speaker, I have heard the detailed submission from the government through the Minister of Local Government and also from the LOP. As I speak now, there is a big crisis for us; people on the border, because there are many matters that are not moving because we have no legal LC I chairpersons on the borders.

Madam Speaker, as I speak now, the people of Busia Municipality brought me here to make laws and I think that is our mandate as the august House of this country. I, therefore, would like to agree and call upon my colleagues that the extension of 180 days should be supported so that the LCs go on and work and so that the country is not held at a standstill.

The fact of the matter is that people's rights are being abused because they need LC I letters to get out of jail. This is a fact and we are the only persons who can cure that. This is the time. I therefore support the extension, as quickly as possible, so that we can have the rights of the people given to them because it is their right. Thank you.

THE SPEAKER: Hon. Atkins.

11.14

MR ATKINS KATUSABE (FDC, Bukonjo County West, Kasese): Thank you very much, Madam Speaker. I like these kinds of sessions because they bring out our capabilities. Leadership is the ability to identify a problem and prescribe a solution before that problem translates into a crisis.

Madam Speaker, in a session such as this, as a Parliament, we have to focus on two critical and fundamental concepts. Concept number one is effectiveness. Effectiveness in legislation is doing the right thing. Concept number two in this scale of legislation would be efficiency and efficiency in this kind of environment will be doing the right thing right.

We have a crisis on our hands. Everybody here represents a community. I come from Kasese and we have a security situation there. There are young men and women that are below 18 years and do not have national IDs and yet security demands that if you cannot identify yourself, you are supposed to go for questioning before the police or the military.

The only administrative unit that can authenticate these individuals in terms of identity are the LC systems yet here we are in a situation where a letter from an LC does not legally have a binding force. I think the country is crying out for leadership and we have to provide that leadership today.

As I take my seat, this is about a country and its citizens. In that seat that you are holding, Madam Speaker, your word is the last word. Madam Speaker, generations will hold us accountable: there was a law and a legal framework - did you follow the law?

My proposal, as I take my seat, is: can we get a win-win situation? This House has the preserve to appropriate. If the challenge we have on our finger has something to do with resources, this very House can direct the Minister of Finance, Planning and Economic Development, who is in the House, that these resources –(Interjections) - can I take the information?

THE SPEAKER: Vice-Chairperson Committee on Legal and Parliamentary Affairs? (Member rose_) What information are you giving, when you refused to allocate money for LCs?

11.19

MR YUSUF MUTEMBULI (NRM, Bunyole East County, Butaleja): Thank you, Madam Speaker. The administrative units are a

creature of the Local Governments Act. As rightly cited by different speakers, section 175 (2) of the Local Governments Act is very clear: the minister has powers to amend the schedules, which are part of the Act. That is why regulation 11 clearly vests the powers in the minister, deriving from section 175 (2) of the Local Governments Act.

Now, the question as to whether the minister has powers or not has been settled. What is important is on what the Leader of the Opposition was referring to – the amendment, particularly condition (d): who will determine the extreme impossibility or difficulty? The minister will determine it, and when he appears before Parliament, we also have the powers to determine whether what the minister is proposing is impossible or not.

So, this is not only left to the minister because when you look at section 175 (3), you will notice that the Statutory Instrument is supposed to be laid before Parliament and we can amend or revoke it. That is what we are doing today. Even tomorrow, if there is such an issue, the instrument will be laid before this Parliament and we shall have a role to play. Therefore, Madam Speaker, my submission is that from a legal point of view, there is nothing wrong with what he has done and we should support the extension.

Honourable colleagues, you know what is happening in this country. All of us will be responsible if we do not do this. (Member rose_) Can I get information from my sister?

THE SPEAKER: Let us hear from Hon. Opio.

11.21

MR SAMUEL OPIO (Independent, Kole North County, Kole): Thank you, Madam Speaker. Our duty, as Members of Parliament, is to represent our people. Over the weekend, I was in the constituency and every Monday, we have the cattle markets. However, I noticed that because of the lack of the LC I letters, it has become very difficult to process movement permits and for the livestock markets to operate. In addition, land transactions are not taking place.

Madam Speaker, I have nothing useful to add: the minister has provided a solution and I support the extension.

THE SPEAKER: Hon. Yusuf, that is not you. Are you done, Hon. Opio?

MR OPIO: Madam Speaker, I am saying that our duty is to represent our people and I raised that the cattle markets are not able to operate effectively because the LCs I am not able to issue letters to support movement permits. As a result, they asked me for an answer, which I did not have.

Today, the Minister of Local Government has come up with an answer. Therefore, I have nothing more useful to add but to support the extension of the term. Thank you.

11.23

MR ASUMAN BASALIRWA (JEEMA, Bugiri Municipality, Bugiri): Thank you, Madam Speaker. I want to begin with the issue raised by the Leader of the Opposition.

We should not be misunderstood. We are all in this together but let us do it decently and with procedural propriety. I am on record for providing some way forward. I do not want us to be emotional or to take sides.

The other day, the Information minister was at the Uganda Media Centre saying Government had extended the term of office as if on their own, they have that power without the input of Parliament. You would even ask why they are now coming to Parliament - but I do not want to go there.

There are two issues. First of all, as a way forward, Minister Raphael Magyezi, my friend, this Statutory Instrument, in itself, is not extending the term of office of the current LCs. There are consequential actions. What are those consequential actions? This Statutory Instrument is merely giving you authority to extend the term of office of administrative units.

Previously, we have had Regulation 11 for local councils and the law was silent on administrative units. So, through this regulation, you are trying to get authority to regulate the tenure of administrative units. This should be understood because honourable colleagues are debating as if this, in itself, has already made the extension – that tomorrow, you can go to a LC leader and say: “Parliament did this.” No. The consequential action is that you must gazette a programme, specifically highlighting the tenure.

Secondly - and I am providing a way forward - From here, there must be a programme, which must be gazetted because that is what the law precisely says.

Secondly, Madam Speaker, the fear –

THE SPEAKER: Hon. Asuman, I would like to just refer you to the Uganda Gazette, which is here – because it must be gazetted.

MR BASALIRWA: Madam Speaker, I am not talking about gazetting the instrument because the instrument has been gazetted. What has been gazetted is the authority to extend the tenure. I know the minister understands me because he has been in local government. The consequential actions must follow this authority.

I seek the indulgence of this House that sub-regulation (d) –

THE SPEAKER: Honourable members, his plan is very correct: after approval, he has to gazette it. It is something that you must do.

MR MAGYEZI: Madam Speaker, the honourable member is very correct and I am mindful of my obligation. Just give me the law and I will proceed with the instruments. *(Applause)*

THE SPEAKER: Honourable members, Hon. Asuman always comes up with the way forward.

MR BASALIRWA: Madam Speaker, I thank the minister for appreciating my point in good faith.

Point number two, Madam Speaker, is that the idea of extreme difficulty or impossibility being brought in this piece of instrument is something that I beseech my colleagues to drop. It is going to create ambiguous authority.

THE SPEAKER: What amendment are you bringing to that?

MR BASALIRWA: Madam Speaker, I would like to propose that we maintain the wording of Regulation 11 as it is, because it makes three provisions.

THE SPEAKER: No, no, we do not have a state of emergency and we are not at war.

MR BASALIRWA: Then, Madam Speaker, let him say in this amendment, that when it has financially become difficult to organise elections - let us be specific. Otherwise, making it this broad is susceptible to abuse and that is where my problem is. Let him be very clear on the reason here. Otherwise, making this very broad will cause us a lot of problems and the risk is that the minister will be coming and extending tenure without an objective consideration. I beg to submit.

MR MAGYEZI: Madam Speaker -

MR BASALIRWA: I, therefore, move to amend.

THE SPEAKER: First hear from the minister because he has not got this from anywhere. It is from the Constitution. Those are the wordings of the Constitution.

MR MAGYEZI: I sat and listened to Hon. Asuman, now I am speaking and he is running. I do not understand. Let us understand each other. Do you want to make a law where you are saying only when there is financial difficulty and then, the next day there is another difficulty; why don't we give the law as it is? *(Interjections)* No, there may be other difficulties, colleagues. For me -

THE SPEAKER: You have made your submission. The minister is saying he has just borrowed this wording from the Constitution. It is from Article 202 (c) of the Constitution.

MR BASALIRWA: Madam Speaker, again to provide a leeway- Honourable minister, the purpose of subsidiary legislation - I am now giving the broader purpose of subsidiary legislation - is to give flexibility to ministers and Government officers to make laws.

It is actually possible to have as many Statutory Instruments as there can be; there is no problem. It is safer to be very specific on the purpose of extension than to make this broad.

Madam Speaker, this broadness-

THE SPEAKER: How specific do you want him to be?

MR BASALIRWA: I have provided - because what is very clear is that we do not have money at the moment to hold elections.

THE SPEAKER: Who says we do not have money?

MR BASALIRWA: But that is the point being given.

THE SPEAKER: It is because you did not appropriate money for it.

MR BASALIRWA: Okay. Madam Speaker, let me say this.

THE SPEAKER: Honourable members, it is not true that we do not have money but it is true that we did not appropriate for that.

MR BASALIRWA: Madam Speaker, the reason I am insisting on this point-

THE SPEAKER: You are over-grabbing the microphone. Honourable members, the contention is; do we amend the wording of part D? I put the question.

(Question put and negatived.)

THE SPEAKER: There is no amendment. Honourable members, I thank Hon. Asuman very much. Much as you have gazetted the instrument, you need to gazette your work plan also.

I now put the question that the Statutory Instrument No.63 of 2023, The Local Government Amendment of the Third Schedule, Instrument 2023 be approved by this House.

(Question put and agreed to.)

THE SPEAKER: There is procedure.

MR EKANYA: Thank you, Madam Speaker. When I wanted to raise information, you indicated that we the members of the Committee on Budget did not provide money.

Madam Speaker, Article 93 is categorical that we cannot increase the ceiling. It is a restriction on financial matters.

THE SPEAKER: Honourable members, I am not discussing finances now. You are not the one who originates the National Budget Framework Paper. If it was not included in the National Budget Framework Paper or the Ministerial Statement, would you import it? No, it starts from the beginning.

I want to ask Government- honourable members, I want the Government to ensure that we have elections. Let us have elections. Honourable Minister of Local Government, can you give us a specific work plan to make sure we have elections even before the sixth month?

MR EKANYA: Madam Speaker, before the minister comes in, I beg your indulgence.

THE SPEAKER: Wait, you will speak. I want a commitment from Government.

MR MAGYEZI: Madam Speaker, this is a Statutory obligation. Now that the instrument has been approved, it is my task, obligation and duty under section 175(2) to provide the

necessary guidance to the country on how the LCs are going to proceed.

We shall do that and by next week, we will have the guideline laid on the Table; and it will have been gazetted.

THE SPEAKER: The programme?

MR MAGYEZI: Yes. It will be a programme with clear guidelines, gazetted and laid on the Table next week. Thank you.

THE SPEAKER: Next item.

LAYING OF PAPERS

TREASURY MEMORANDUM ON THE REPORT OF THE PUBLIC ACCOUNTS COMMITTEE

MR EKANYA: Madam Speaker, for the record, it is important that our people on the ground understand that it was not this Parliament that did not provide money for the LC elections.

The Minister of Finance, Planning and Economic Development needs to come on record and inform the country that during the budget presentation, he did not provide for the necessary resources. Otherwise, Madam Speaker, we will have problems on the ground. I beg for your indulgence.

THE SPEAKER: Honourable members, Parliament approves what is given to it. We do not go on a fishing expedition. We only approve what is brought to the House. So, the Ministry of Finance, Planning and Economic Development should provide money for conducting the elections of LC I and II. Yes

MS BETTY NAMBOOZE: Thank you, Madam Speaker. What had gone on record and what had been told to the public is that we did not have money for LC I elections. But now that we have heard that money is available – *(Interjections)*- I am quoting my Speaker, and she is the only person who can guide me here, not you.

Madam Speaker, the guidance I am seeking is; a while ago, you properly told us that the money was not allocated but we have it as a country because we are not bankrupt.

Madam Speaker, for record purposes, this Parliament changed the LC I election system to make it cheaper. An amendment was made by this Parliament to make the LC I elections cheaper by lining behind the candidates. Now that we know that money will be available, wouldn't it be procedurally right for the minister to tell us when he will be bringing the supplementary budget here so that we can approve funds very fast and appoint the date for the elections? Madam Speaker, I beg to be guided. Thank you.

THE SPEAKER: Thank you. Honourable members, why should we start talking about a supplementary budget? We even have 3 per cent, which can cover the elections. Why are we encouraging them to bring a supplementary budget? Next item.

TREASURY MEMORANDUM ON THE
REPORT OF THE PUBLIC ACCOUNTS
COMMITTEE (CENTRAL GOVERNMENT)
ON THE REPORT OF THE AUDITOR-
GENERAL FOR FINANCIAL YEAR
2020/2021

THE SPEAKER: Honourable members, pursuant to section 53 of the Public Finance Management Act, 2015, the Minister of Finance, Planning and Economic Development is ready with the Treasury Memorandum.

11.39

THE MINISTER OF STATE FOR FINANCE, PLANNING AND ECONOMIC DEVELOPMENT (GENERAL DUTIES) (Mr Henry Musasizi): Thank you, Madam Speaker. I beg to lay on Table the Treasury Memorandum on the Report of the Public Accounts Committee (Central Government) on the Report of the Auditor-General for the Financial Year 2020/2021.

THE SPEAKER: Thank you. Honourable members, in furtherance to section 13(1)(f) of the National Audit Act, 2008, I urge the Clerk

to forward the Treasury Memorandum to the Auditor-General.

TREASURY MEMORANDUM ON THE
REPORT OF THE PUBLIC ACCOUNTS
COMMITTEE (COMMISSIONS,
STATUTORY AUTHORITIES AND STATE
ENTERPRISES) FOR THE FINANCIAL
YEAR 2020/2021

THE SPEAKER: Honourable minister -

11.40

THE MINISTER OF STATE FOR FINANCE, PLANNING AND ECONOMIC DEVELOPMENT (GENERAL DUTIES) (Mr Henry Musasizi): Madam Speaker, I beg to lay on Table -

THE SPEAKER: Honourable Attorney-General, we have a contentious issue on the Uganda Road Fund. Local Government, we want you back. We cannot allow you to start sneaking out after you have finished your submissions. We have an issue on the Uganda Road Fund and you are not going to start running out. Do you mean that for us who are here do not have where to go? *(Laughter)*

MR MUSASIZI: Madam Speaker, I beg to lay on Table Treasury Memorandum on the Report of the Public Accounts Committee (Commission, Statutory Authorities and State Enterprises) for Financial Year 2020/2021.

THE SPEAKER: Thank you. It should be transmitted to the Auditor-General for scrutiny.

TREASURY MEMORANDUM ON THE
REPORTS OF THE PUBLIC ACCOUNTS
COMMITTEE (LOCAL GOVERNMENT)
FOR FINANCIAL YEAR 2020/2021

THE SPEAKER: Honourable minister -

11.41

THE MINISTER OF STATE FOR FINANCE, PLANNING AND ECONOMIC DEVELOPMENT (GENERAL DUTIES) (Mr Henry Musasizi): Madam Speaker, I beg to lay on Table the Treasury Memorandum on the Report of the Public Accounts Committee

(Local Governments) for Financial Year 2020/2021.

THE SPEAKER: Thank you. It should be transmitted to the Auditor-General for scrutiny. Next item.

MOTION FOR ADOPTION OF THE
REPORT OF THE COMMITTEE ON
PHYSICAL INFRASTRUCTURE ON THE
GUIDELINES FOR IMPLEMENTATION
WORKS UNDER THE REHABILITATION
DEVELOPMENT GRANT FOR DISTRICT
URBAN COMMUNITY ACCESS ROADS
IN UGANDA

THE SPEAKER: Honourable members, on Wednesday, 19 July 2023, the Minister of Works and Transport, Hon. Gen. Katumba Wamala tabled the guidelines for implementation of works under the Rehabilitation Development Grant for the District Urban and Community Access Roads in Uganda. I duly referred this to the Committee on Physical Infrastructure.

I also remember this House passed a resolution for disbursement of Shs 1 billion per local government for maintenance of roads under the urban and community access roads in several districts, municipalities and cities. How the wording came in and changed to rehabilitation, is one of the things that we need to settle in this House. This money was supposed to go directly to the local government, not through the Ministry of Works and Transport. I now invite the committee chairperson to present the report.

Government Chief Whip, can we have some silence from your side? What we are discussing concerns our coming back or not coming back to Parliament. *(Laughter)*

11.44

THE DEPUTY CHAIRPERSON, COMMITTEE ON PHYSICAL INFRASTRUCTURE (Mr TONY AWANY): Madam Speaker, in accordance with rule 177 of the Rules of Procedure of the Parliament, I beg to lay the reports and minutes of the Committee on Physical Infrastructure that scrutinised the

guidelines of the Works and Transport Rehabilitation Development Grant Implementation Guidelines for Financial Year 2023/2024.

THE SPEAKER: Please, lay.

MR AWANY: Madam Speaker, during the Financial Year 2023/2024, Government of Uganda allocated Shs 1 billion for each of the 135 districts, 10 cities and 31 municipalities, with the intention of ensuring improved overall condition of the District Urban and Community Access Road network, with the view of enhancing rural accessibility and working environment in urban areas.

To this effect, the Ministry of Works and Transport issued guidelines termed “Works and Transport Rehabilitation Grant Implementation Guidelines for the Financial Year 2023/2024” to guide the local governments in the utilisation of the Shs 1 billion. These guidelines were laid before Parliament on 19 July 2023 by the Minister of Works and Transport.

The Rt Hon. Speaker then referred the guidelines to the Committee on Physical Infrastructure for scrutiny.

Pursuant to rule 189 of the Rules of Procedure of the Parliament of Uganda, the Committee on Physical Infrastructure is mandated to among others, examine and comment on policy matters affecting the ministries covered by them.

The committee has scrutinised the guidelines and now reports. *(Interruption)*

MR KIBALYA: Thank you, Madam Speaker. We are debating something that is very sensitive but none of the three ministers from the docket responsible is around. Through your Office, can you ask the Government Chief Whip to whip one of his ministers to be around?

THE SPEAKER: We have the Minister of Finance, Planning and Economic Development who is supposed to disburse the money. We also have local government who is the recipient of the money and the Government is here putting on UPC, NUP, NRM, Uganda flag. Honourable

member, we are fine. The ministers we have can sort it out.

MR AWANY: Madam Speaker, the committee, in scrutinising these guidelines:

- i) Interacted with the Ministry of Works and Transport and the Minister of Finance, Planning and Economic Development;
- ii) Reviewed the guidelines issued by the Minister of Works and Transport;
- iii) Reviewed the relevant *Hansards* of the debate relating to the appropriation of this money on the 20th April 2023 and 18th May 2023.

Committee observations and recommendations

1. Consultations on guidelines

The committee observed that there were inadequate consultations with the beneficiary agencies and stakeholders over the grant utilisation guidelines. While the committee expected Ministry of Works and Transport to consult widely with agencies and stakeholders on the operations of the guidelines with a view of integrating their views prior to the dissemination of the same, this was not the case.

The Minister of Finance, Planning and Economic Development reported that at the time of appearing before the committee, he was yet to receive an update from the Ministry of Works and Transport on the development of the guidelines. Failure to meet with the stakeholders and beneficiary agencies to obtain feedback on the guidelines shall affect the effectiveness of implementation and lead to non-adherence to the grant implementation guidelines.

The committee recommends that in future, the Ministry of Works and Transport should undertake wide consultations before issuing guidelines.

2. The scope of works in the guidelines

The committee observed that the guidelines provide for the grant to be utilised strictly for rehabilitation works. While appearing before the committee, the finance minister indicated that Cabinet directed that an additional Shs 1 billion be given to each local government for road rehabilitation and maintenance. In addition, the subsequent communication between the Ministry of Finance, Planning and Economic Development, Ministry of Works and Transport and Uganda Road Fund as well as the recommendations by the committee at the time of appropriation specified the funds to cater for both rehabilitation and maintenance interventions.

The committee observed that the scope of works as defined in the guidelines includes interventions such as the opening of new priority roads, heavy grading, shaping of side drains, drainages and offshoots, procurement of culverts for national use and emergencies, graveling or re-graveling and ancillary works. According to the Ministry of Works and Transport, all the above works would be classified as rehabilitation interventions, thereby excluding any maintenance activities.

The committee further observed that during consideration of the Budget for the Financial Year 2023/2024 on 20 April 2023, the Rt Hon. Deputy Speaker directed the Committee on Budget to “*look for Shs 1 billion wherever it is and bring it under the Uganda Road Fund. Pick it from the local government and put it under the Road Fund. That is how it has been managed properly*”.

The committee notes that the Shs 1 billion is indicated as a works and transport rehabilitation grant under the individual local governments. Being a rehabilitation grant, during quarter one, Shs 250 million was released to be used for rehabilitation only. Although Parliament approved it for both rehabilitation and maintenance purposes to the Road Fund, it should be noted that the Road Fund Act provides for the Road Fund to be utilised only for road maintenance interventions excluding rehabilitation purposes.

The committee recommends the following:

1. The Ministry of Works and Transport should review the guidelines with a view to expanding the scope of works to include both rehabilitation and maintenance interventions;
2. Given that the funds for quarter one have been dispatched directly to the local governments, the beneficiary agencies be permitted to utilise these funds for both rehabilitation and maintenance purposes as per their work plans;
3. The Road Fund Act be amended to provide for both rehabilitation and maintenance works so that in the subsequent financial years, the Road Fund administers the grant in its entirety.
4. Implementation of the guideline timelines

The Ministry of Works and Transport informed the committee that only 89 beneficiary agencies had so far submitted their workplans, 82 beneficiaries had complied with the guidelines, while 27 beneficiaries had submitted workplans, but never complied with the guidelines, 89 beneficiaries had received feedback and 87 failed to submit their workplans.

The committee observed that despite the failure to adhere to the guidelines, all the beneficiary agencies had received funding totalling Uganda Shs 250 million for the implementation of the grant.

The committee also noted that in the past, most districts would receive between Shs 150 million to Shs 250 million annually for the maintenance of roads and with this money, they would do significant work. Surprisingly, with the current arrangement under the Ministry of Works and Transport, districts that have submitted plans above 50 kilometres have had their plans rejected and the reason is that Ministry of Works and Transport argues that Shs 1 billion is too little for the rehabilitation of anything above 50 kilometres.

Madam Speaker, going by this standard, a district will only rehabilitate one road annually. This shows that the Minister of Works and Transport is out of touch with the reality on the ground in the districts. *(Applause)*

The committee recommends that the district roads committees should come up with workplans, approve them and only notify the Ministry of Works and Transport. This will deal with the bureaucratic red tape that would result in the delay of implementation of the projects, resulting in the funds being returned to the Treasury at the expiry of the financial year, hence defeating the objective. This proposal would give flexibility of innovation and creativity to district road committees to work on more kilometres in their respective districts because they are more aware of the acute and peculiar needs.

Each district should commence work on the approved projects as soon as the district roads committee has approved.

5. Operational expense

The committee observed that the guidelines provide for funds for the road works of Shs 850 million, while operational expenses of Shs 150 million, which is 15 per cent of the grant amount.

The expenses are broken down as follows:

- a. Administration - Shs 30 million (3 per cent);
- b. Annual district inventory and condition surveys - Shs 20 million (2 per cent);
- c. Repair and maintenance of equipment - Shs 100 million (10 per cent).

Ordinarily, the beneficiary agencies are expected to undertake works provided under these operational expenses and therefore, these funds are part of their budget.

Therefore, permitting the utilisation of these funds would tantamount to double expenditure for the same. The committee recommends that the operational expenses provided under the guidelines should be reviewed to not more than

5 per cent of the grant amount, that is Shs 50 million, and used for repair and maintenance purposes. The rest of the proposed operational costs should be utilised for implementing the roadworks.

6. Roles of district road committees

Although the guidelines mention the role of district road committees as to prioritise, consider and approve workplans, as well as provide oversight role in ensuring that road works are executed as per the required quality and standards specified in the designs, the committee observes that there is a lack of clarity in the guidelines on the role of the district roads committees in the entire implementation process of the fund.

The committee recommends that if the status quo remains as it is, the role of the district roads committee should be clearly spelt out right from planning, approvals and the entire implementation process.

The Members of Parliament should be part and parcel of the process of rehabilitation and maintenance in their respective entities to ensure that the grant is properly utilised.

In conclusion, Shs 1 billion meant for 135 districts, 10 cities and 31 municipalities should be used for both rehabilitation and maintenance of the DUCAR network. This should be determined by the district roads committees under the Uganda Road Fund, having considered the peculiar needs of the individual districts. I beg to move.

THE SPEAKER: I would like to thank the chairperson for the elaborate report. Do you want to debate this? Where is the shadow Minister for Works? You are part of the Committee? Okay. I want Members who are not part of the committee.

12.00

MR GEOFFREY EKANYA (FDC, Tororo North County, Tororo): Thank you, Madam Speaker, for directing the chairperson to analyse the guidelines and thank you, Minister of Works.

I would like to seek the indulgence of this House to make special consideration for Tororo District because it is Shs 1 billion for every district in Uganda but as we speak, Tororo District is equivalent to four districts in one.

Therefore, the Shs 1 billion for my constituency, Tororo County North and Tororo County South - Because of the political fights we have in the district, our roads are in very terrible state and we need this House to direct the Ministry of Works to make special consideration for Tororo to get Shs 2 billion. (*Interruption*)

12.02

MR FREDRICK ANGURA (NRM, Tororo South County, Tororo): Thank you, Madam Speaker. First of all, I would like to thank the House and also Government for the consideration they made to give us the Shs 1 billion. However, this comes with a contestation of the Road Fund having been adjusted.

As we debate this, we must also resolve that the Road Fund that was reduced must be reinstated. As I come back -

THE SPEAKER: Honourable, as you debate, the report on Road Fund covers what you are talking about. The issue at hand now is on the management of the Shs 1 billion.

MR ANGURA: Thank you, Madam Speaker. In reference to what Hon. Ekanya said - and we always raise this in good faith - you are aware that we have been having a contestation for a very long time in Tororo.

I am happy that Hon. Ekanya, who almost killed himself here in the 9th Parliament, has come back and he has come back when the President has made the pronouncement that the London report has been released.

The district is so large; we are the only district here with eight Members of Parliament and 48 administrative units. Therefore, whereas we appreciate the Shs 1 billion, how I wish that government -

THE SPEAKER: That will be handled under the Road Fund, which is before the committee.

MR ANGURA: How I wish that Government would consider adding us a little more but I am also happy that the committee has resolved that the district roads committee will conclude on this. Even in our district, the executive members - and I want to say this; may be it happened even in your districts. They sat and appropriated this money. For my constituency, that is Tororo South, I received Shs 250 million that was allocated but this money was put on a road of three kilometers, as small as that.

I would like to thank the committee. The district roads report must be admitted.

THE SPEAKER: Who put the money on a road of three kilometers?

MR ANGURA: The district executive, not the roads committee. I am not part of the district executive.

THE SPEAKER: Honourable Member, that is why we are saying we need this money in the roads committee where you are a member. The problem with the Members of Parliament is that you do not attend roads committee meetings; you have left the work to the district. Therefore, do not bring your inefficiencies to the House. You need to do your oversight role.

MR ANGURA: Thank you, Madam Speaker. I said that because we found this workplan on the table and they were also insisting that we should follow it. That is why now, the district roads committee will take lead and be able to guide in this.

Finally, we need this issue of Tororo concluded; the district should be divided such that we can take services nearer to the people. I thank you very much.

THE SPEAKER: I am happy Hon. Magyezi is here, listening.

12.05

MR SOLOMON ALINGA (NRM, T'oo County, Bukwo): Thank you, Madam Speaker. I would like to thank the committee for the wonderful work they have done. I take interest in the maintenance of machinery.

In our districts, the machinery is a bit old and needs some maintenance. I propose that there is a bit of flexibility; that between 5 per cent to 10 per cent of the Shs 1 billion be allowed for machinery maintenance. Thank you.

THE SPEAKER: We are not going to start determining how much is going to be used for what. That is operational for the district. Assuming the machinery is not in bad condition - that is how people will start "eating" money. They will say, "after all, it was approved, this is what should be used for this." Let us not go into that. Let us look at where this money is going to be. Is it going to be under the Road Fund in the districts or under the Ministry of Works and Transport?

MR ALINGA: Thank you, Madam Speaker. I support the committee's recommendation that this money should be under the Uganda Road Fund. Thank you.

THE SPEAKER: Thank you. Hon. Faith? Members, you will speak.

12.07

MR JOHN MAGOLO (NRM, Bungokho County North, Mbale): Thank you very much, Madam Speaker. I would like to thank the committee for the report in regard to the utilisation of the Shs 1 billion and the proposal that the money goes to rehabilitation and maintenance of the roads.

Cognisant of that, I would like to admit that our districts, especially in the mountainous areas, have a very unique challenge of the terrain, where you do maintenance, for example, by putting murrum and the following day or week, the rains wash it all away.

That is why I absolutely submit and agree with the committee that this money remains under

the direct overseership of the district works committees. They have been managing meagre resources but have been working something out. So, with a little bit of that increment, they should be more efficient. I believe that will work better.

THE SPEAKER: Honourable members, our interest is on the bigger coverage of the works being done. Is that not so? When we say that we should do both maintenance and rehabilitation, that is when you reduce the coverage. Let it be maintenance. *(Applause)*

12.09

MR TONNY AYO O (NRM, Kwania County, Kwania): Thank you, Madam Speaker. I would like to thank the chairperson and the committee. Allow me, in a special way, to thank you, the Rt Hon. Deputy Speaker and the President. One of the biggest challenges to Members of Parliament has been the issue of roads. The biggest question we get is when roads are not okay.

Madam Speaker, the ministry simply wanted to hijack this process and create more problems. However, most of the district roads were more motorable than the Central Government roads in most districts because they were able to act promptly.

So, I am in support of the committee's position that the guidelines should be amended to allow the district roads committees to guide the utilisation of the Shs 1 billion in addition to funds under – *(Applause)*

THE SPEAKER: Honourable members, there is a difference between the district road fund committees – that is where you are chairpersons; you are the chairpersons of those committees – and the district works committees of the council' executive. Those are two different committees.

MR TONNY AYO O: Madam Speaker, from my experience, we have already approved the workplan for this financial year, including the Shs 1 billion and the one coming. So, the district council, through the roads committee

and the district engineer sit and submit to us - and then, we go through and approve the utilisation. This is how we do it.

However, I would like to ask the Committee on Physical Infrastructure to fast-track the amendment of the Uganda Road Fund Act so that there is no contradiction. This will make implementation clearer and easier. Otherwise, the Ministry of Works and Transport, as the law provides currently, will always have their say and this will bring confusion.

Madam Speaker, the roads are in the districts. We cannot say you do maintenance alone because at a certain point, as members of the district roads committee, you will be faced with a need to rehabilitate some sections of the road and then, you will need to allocate some money to that. *(Applause)*

We would like to put more priority in maintaining the existing roads but where there is need and an emergency, where you need to do rehabilitation, we put some money. So, the district roads committees should be able to listen to the demands of the people and take a position so that we do not tie our hands to simply rehabilitation or maintenance only. Let us add both but then, the committee will have to decide, depending on the situation on the ground. Thank you.

THE SPEAKER: First of all, I was changing the word “rehabilitation” according to the guidelines that were given by the works ministry. The ministry is specific that this fund is for rehabilitation.

MR TONNY AYO O: Madam Speaker, this Parliament strongly agrees that we change the works ministry's position. Once they talk about rehabilitation, those are major works; they do not do rehabilitation as it is in the Uganda Road Fund Act.

As Parliament, we agree that we are not going as per the ministry's position and guidelines. However, under the district roads committees, districts should be able to decide and see which road needs to be rehabilitated and

which one needs to be maintained, not as per –(Interruption)

MR KABERUKA: Thank you, Madam Speaker. I thank you, Hon. Tonny Ayoo, for giving way.

Your concern is very valid and it has been taken care of. In the interaction between the committee and the ministries of finance and works, the Ministry of Works and Transport admitted that considering rehabilitation will be suffocating the district.

So, upon the recommendation of this Parliament, the guidelines will be reviewed to constitute our interest. Thank you, Madam Speaker.

THE SPEAKER: Thank you. We are not asking the works ministry to amend their guidelines because we are not giving them this money. We are making a decision on this money. I need to guide the House. This is enough debate; we all know what we want.

Honourable members, after listening to what you have said –(Hon. Betty Nambooze rose_) Hon. Pius Wakabi was supposed to speak.

12.14

MR PIUS WAKABI (NRM, Bugahya County, Hoima): Thank you, Madam Speaker. I would like to thank the committee. They have actually answered my prayers because I am the one who raised this matter.

The biggest challenge is the district engineers. I am the chairperson of the Hoima District Roads Committee. Most district engineers are in acting capacity. To be specific, they are appointed in acting capacity so that they can keep their jobs by giving bribes to politicians in the districts. So, my issue is that they should be appointed on a permanent basis, if they are to perform their duties well.

This money has been misused. For example, recently, in my district, some people demonstrated in some areas because of a poor road. I had to come in and get the district

grader. I used fuel amounting to Shs 1 million to grade four kilometres but a district can use Shs 40 million to grade only five kilometres.

So, we need to monitor this money seriously, if we are to maintain our positions in Parliament. Thank you.

THE SPEAKER: Thank you, Hon. Wakabi. Like he has said, the problem is also on us: we do not monitor.

12.16

MR MUHAMMAD KIVUMBI MUWANGA (NUP, Butambala County, Butambala): Madam Speaker, I think we better give perspective to the origin of the Shs 1 billion. This is purely a nice job that was done in the committee of Parliament.

When Uganda Road Fund officials appeared before the Committee on Finance, Planning and Economic Development, there was a noticeable deficiency in the districts: the money was too little to make an impact. They made an appeal to the committee to find ways of raising the requisite amount to fund road maintenance and rehabilitation in the districts. Most Members of Parliament realised that they were using their own money to grade and maintain roads. The attrition rates on why most MPs are not being voted back to the House is because of the poor status of roads. District local leaders were being beaten and chased from communities because of the status of roads.

In our view, let us find Shs 1 billion that will go to districts so that the district - mark you, some districts today have a complete road unit for which the money provided under the normal budgeting could not even fuel the grader, the excavator and the truck to maintain roads. So, this money specifically - I do not know where the Ministry of Works and Transport wants to come in.

This money was to go to the districts, supervised by the Road Fund. Most of the MPs have been district chairpersons – I have been a District Chairperson of the Roads' Committee. The MPs who chair the roads committee will

determine, together with the resolutions of Council and other organs of the Council, on how this money is utilised under the supervision of the Road Fund. The Ministry of Works and Transport should completely get out of this business because they had a duty over the years to maintain roads and failed. (*Applause*)

Now that we have brought this money, our view is - let us be specific, let us be supervised by the National Road Fund under the auspices of the Roads Committee of districts. They should determine the use of this money so that once and for all, we shut out the question of road maintenance in our districts. I beg to submit, Madam Speaker.

THE SPEAKER: Thank you.

12.19

MS SHAMIM MALENDE (NUP, Woman Representative, Kampala): Thank you, Madam Speaker, for this opportunity. I sit on Kampala City Roads Committee, and on Tuesday, we held a meeting. Most of the concerns that were raised - first was the issue of a report on the funds that have so far been released. We have reports from the people of Kampala that the funds released were not actually used in maintaining and rehabilitating the roads.

So, one of the resolutions we came up with is that this Parliament should consider and put into place the funds that must be directly managed by the district road fund committees together with the National Road Fund. I submit.

THE SPEAKER: Thank you.

12.20

MR AMOS OKOT (NRM, Agago North County, Agago): Thank you, Madam Speaker. First of all, I support the report of the committee. I thank them for following the guidance from this House.

Madam Speaker, you are well aware that when the late Rt Hon. Speaker - you were still working with him - he is the one who came up with this idea of Shs 1 billion given to the district. When he came with this idea, it was supported. Thank you for carrying this thing forward.

Madam Speaker, every district has a unique topography and the survey was done. All the money that was sent - on average, they say that if Shs 1 billion can be put for the road works at the district, it will work and will help us to solve the problems of the road access in every part of the district.

Therefore, for us to give it all to the Ministry of Works and Transport and maybe the Uganda National Roads Authority (UNRA) to manage, and to give the guidelines, it is not going to be used well.

I support the position of the committee. All the regional workstations for the machineries - there are budgets for maintenance and the repair of the machines - of the road funds and all these things are provided. We also voted money for it. Let us ring-fence this money to facilitate the road works at the district. Not to give away the power to the ministry.

We are going to be there to monitor, supervise and make sure this money is utilised in a profitable manner. I support the report and I thank you for standing firm so that this vision is met. Thank you, Madam Speaker.

12.22

MR SANON BWIIRE (NRM, Bulamogi County, Kaliro): Thank you, Madam Speaker. In my district, I am the Chairperson of the Road Committee. Last financial year, we received Shs 220 million. We were able to maintain six roads. Now -

THE SPEAKER: How many kilometres?

MR BWIIRE: The kilometres were over 52. With the allocation of Shs 1 billion to Kaliro District, we are going to cover over 110 kilometres under maintenance. Our topography is okay, the soil texture is very fine and the scientists, those who are here, you can go and test our soil.

Madam Speaker, giving the ministry powers to dictate the usage of this money is a mistake on its own. Shs 1 billion, according to the quotations of the ministry, will work for more

or less 15 kilometres. This will kill the intention of this money.

I commend the committee and I associate myself with all the observations and the recommendations. This money should be managed by the District Road Fund Committee and the ministry should only be notified that this is what we are going to work on, such that the coverage is very wide.

THE SPEAKER: Which ministry?

MR BWIIRE: The Ministry of Works and Transport.

THE SPEAKER: No, we do not have to notify them.

MR BWIIRE: They can even refuse to notify them. Thank you.

THE SPEAKER: The ministry to be notified is the Ministry of Local Government.

12.24

MR MOSES KAMUNTU (Independent, Rubanda County West, Rubanda): Thank you, Madam Speaker. We are grateful for Shs 1 billion but in Rubanda District, we have a unique challenge. First of all, we almost have no roads to maintain and being a new district, we have no road units. Given our challenge, because every two kilometres we encounter a serious bridge, I think Shs 1 billion cannot construct more than two bridges for Rubanda.

Shillings 1 billion is not enough for Rubanda because we are going to use it to hire machinery for - given the challenge of the terrain - in the future, Madam Speaker, Rubanda District should be considered as a unique district. *(Interjections)* Thank you.

THE SPEAKER: Honourable members, I want you to read your rules. Once there is a motion, let us first have the motion.

12.26

MR ALEX BYARUGABA (NRM, Isingiro County South, Isingiro): Thank you, Madam Speaker. Given your guidance from the

beginning of this debate, that this one is a do-or-die as far as your tenure is concerned, at least for next Parliament; given the report that has been thoroughly put and clearly elaborated upon all the issues concerning our concerns, I wish to move that the House adopts this report -

THE SPEAKER: That I put a question.

MR BYARUGABA: Without any amendments - and that the question be put. I beg to move.

THE SPEAKER: With amendments.

MR BYARUGABA: With amendments as proposed by the Members of the House. Thank you.

THE SPEAKER: Is it seconded? *(Members rose)* It is seconded by Hon. Anthony, Hon. Ibanda, Mukono, Isingiro, "Queen Dancer" and by the whole House including hon. Oguzu Lee.

Honourable members, having had the debate and following our earlier decisions that were made on 20 April 2023 and 18 May 2023 on the subject matter of Shs 1 billion; additional funds to 135 districts, 10 cities, and 31 municipalities for road maintenance but not rehabilitation -

By the resolution of this Parliament, I am guiding and directing that:

1. The name of the grant be changed from "Road Rehabilitation" to "Road Maintenance." Honourable Attorney-General, we agreed that if there is any minor rehabilitation to be done, it shall be done but let the fund be a maintenance grant.
2. The grant be managed under Uganda Road Fund Act, 2008 and all the regulations thereunder.
3. For avoidance of doubt, Shs 1 billion, in addition to the prior budgetary allocation for road maintenance to the districts, cities and municipalities as such the Ministry of Finance, Planning and

Economic Development should ensure full disbursement to the beneficiary administrative units. *(Applause)*

4. Districts, cities and municipalities are duty-bound to ensure prudent and accountable utilisation of the disbursed funds in line with approved guidelines under the Uganda Road Fund Act, 2008.
5. All districts, cities and municipalities are hereby directed to immediately hold statutory meetings as provided for under the Uganda Road Fund Act, 2008, in order to prioritise and devise the workplans for the Shs 1 billion. *(Applause)*
6. The workplans for each district, cities and municipalities must be duly approved by the respective road fund committees. This shall equally apply to the accountability reports.
7. For emphasis, honourable members, I implore you to fully participate in all the activities of the road committees and this shall be chaired by a Member of Parliament.
8. Districts, cities, and municipalities are accordingly directed to comply with the resolution of this House today and failure to do so will attract sanctions under the laws of Uganda. *(Applause)*
9. The Clerk is hereby directed to extract and circulate these resolutions to the Minister of Works and Transport, the Minister of Finance, Planning and Economic Development, the Minister of Local Government, the Uganda Road Fund and all the districts, cities, municipalities and Members of Parliament. I, hereby direct. *(Applause)*

Honourable members, I now put the question that the report of the Committee on Fiscal Infrastructure on the Guidelines on Implementation of Works under the Rehabilitation Development Grant for

Districts, Urban and Community Access Roads in Uganda, as amended with instructions and directives, be adopted by this House.

(Question put and agreed to.)

Report adopted.

THE SPEAKER: *(Hon. Ekanya rose)* There is a procedural matter. There are procedural matters from LOP and other Members but I take the LOP first.

MR MPUUGA: Thank you, Madam Speaker for your guidance on the matter outgoing-

THE SPEAKER: When you finish, I will need a commitment from Finance to be on record. Hon. Musasizi, I want a commitment from you that the money is going to leave the single treasury account and go direct to districts not via Works.

12.34

THE MINISTER OF STATE FOR FINANCE PLANNING AND ECONOMIC DEVELOPMENT (GENERAL DUTIES)

(Mr Henry Musasizi): Thank you very much, Madam Speaker. Let me first use this opportunity to appreciate colleagues for their concern about the implementation of the new decision about the Shs 1 billion. As an MP, I also had my concerns and the Members have spoken on my behalf.

Madam Speaker, I wish to commit to this House that the Shs 1 billion plus the money we have been sending the Road Fund will all continue to be sent direct to the districts and not through any other channel. *(Applause)*

Madam Speaker, my colleague from Rubanda said something, which I would like to clarify. Rubanda District has a road unit. What we do not have is the big tractor called the wheel loader. *(Interjection)* It is called a dozer; I am being advised but like any other - apart from the districts where Kassanda belongs, Rubanda benefited in 2016. Therefore, we have a fully-fledged road unit, Madam Speaker.

MR EKANYA: Madam Speaker, thank you very much. The Minister of Finance, Planning and Economic Development comes from Rubanda. He uses the road from Kabale to Kisoro. He has made a serious commitment here that he will send money to the districts to handle roads.

Is it procedurally correct to have the road from Kabale to Rubanda in a very dangerous situation, when we can have a serious accident anytime yet the minister has not provided resources? This road connects Kabale to Kisoro and is part of the great lakes trunk road. Is it procedurally right for the minister not to provide money for a national road in his own district?

THE SPEAKER: Honourable members, the problem we have is that once the minister provides resources for the Kabale Road, you will again complain and say, “why not Tororo?” The minister looks at the national character. *(Applause)* He has provided resources for the eastern roads; that one will come in the next financial year.

Honourable minister, let us not get into the discussion on roads. We want your commitment on the disbursement of funds. Do not endanger my minister in the name of not providing money.

MR MUSASIZI: Madam Speaker, since a matter concerns my name as well as my district, I want to clarify as follows:

Recently, we got a terrible landslide that hit the entire Kigezi Subregion and left the Kabale–Kisoro Road broken into two, particularly at Hamurwa. Hamurwa is in Rubanda East Constituency where I come from and it is actually the road that links me to my home village.

Madam Speaker, we have been *–(Interruption)*

MR BASALIRWA: Madam Speaker, you have made a ruling on the matter, which was raised by Hon. Ekanya. Madam Speaker, you have in fact, praised the minister; how he is national in approach! Therefore, is the minister

in order to continue providing an explanation on a matter upon which you have ruled and even praised him for being a person of national character?

THE SPEAKER: Honourable members, I wasted my breath. Leader of the Opposition, can you first allow your two Members to speak?

MS BETTY NAMBOOZE: Madam Speaker, as I thank you for, keeping this promise of the Shs 1 billion alive, allow me to bring to your attention the issue of municipalities.

As much as the one billion shillings is going to be sent to districts, the same amount of money will also be sent to municipalities. However, the district roads committee is mandated to do work in the whole district, including municipalities, which receive money from their own account directly from the centre.

On this particular fund of road maintenance and the demand you have put that we should monitor and account for this money, we find that sitting at the district - the biggest part of the membership at the district committee are from the rural parts of the district. For example, in Mukono, I have a woman Member of Parliament, but I still sit on that committee alone. The people at the district council do not appreciate the issues in the municipalities.

Therefore, wouldn't it be procedurally right for municipalities to be accorded an opportunity to discuss, use this money and monitor it from the municipal level instead of allowing *–(Member timed out.)*

THE SPEAKER: Hon. Nambooze, the money is given to districts, cities, and municipalities, unless you were not here when we had the opening remarks. So, municipalities are covered. Why don't you constitute a committee at the municipality? What stops you from doing it?

MS BETTY NAMBOOZE: Madam Speaker, that is the procedural matter and guidance I was seeking from you.

THE SPEAKER: That is now operational. Can I hear from the Minister of Local Government?

12.42

THE MINISTER OF LOCAL GOVERNMENT (Mr Raphael Magyezi): Madam Speaker, the Shs 1 billion will be given to each of the 135 districts, the 10 cities, and the 31 municipalities. However, a municipality is a lower local government in the district.

Therefore, this is to ensure that when the district road is being rehabilitated or maintained, it is done together with the ones in the municipality. So, to have synergies, they do not take the money of the municipality but plan together. Just like in Kampala, we have the Greater Kampala Metropolitan Area but Mukono, Wakiso and Mpigi remain autonomous. When you are planning a road from Kampala to Bweyogerere to Mukono, it is good to have that synergy. Thank you.

MR MUGEMA: Thank you, Madam Speaker. I would like to give information to my good minister that there is good coexistence between districts and municipalities. In that case, when they give us the Shs 1 billion for the municipalities, we usually sit with the districts and plan accordingly; the district brings out its plans and the municipalities also do the same; we have been moving on so well.

Madam Speaker, I thank you for the good work you have done. From our observation now, you are now acting as the number one in Uganda. This is because the President is away to Russia and the Vice-President is in Tanzania. *(Laughter)*

THE SPEAKER: Honourable members, I gave very clear directives. How I wish you do not water them down with your - the commitment has been given. He wants to give me information on commitment but I have made an order; I do not want any procedural matter on that issue again.

12.46

THE LEADER OF THE OPPOSITION (Mr Mathias Mpuuga): Much obliged, Madam Speaker, and I will not, in any way, veer into

that territory. I am in possession of the Budget Execution Circular for the Financial Year 2023/2024 and I am glad the finance minister is in the House.

The finance minister can guide the House and the country, on the provisions of this budget execution circular. In particular, there are a plethora of policy directives in this circular, but my concern is on three directives, to which, with your indulgence, the finance minister should offer clarification so Members of Parliament are able to follow and guide their people and leaders in the community. Namely, directive 11; advertising by ministries, agencies and local governments.

The President, in his letter, reference given, directed as follows: *“In the Financial Year 2023/2024, all Government advertising must be done through the Uganda Broadcasting Corporation (UBC). Any accounting officer who deviates from this will be sanctioned, including dismissal.*

Print media advertising should be done through the New Vision. I, therefore, urge all accounting officers to adhere to this directive strictly.”

Madam Speaker, through your indulgence, I would like to invite the Minister of Finance to clarify on the legality – *(Interruption)*

THE SPEAKER: Before the order comes in, Honourable LOP, that is one of the petitions that I referred to the Committee on ICT today. As we wait for a response from the committee -

MR MPUUGA: I concede on that and wait for the report. Two, Directive 66 on the construction of public infrastructure says: *“You are reminded to follow the following guidance as issued by the President while undertaking infrastructure projects under health and education sub-programs.*

Projects financed 100 per cent by the Government of Uganda should be undertaken by the National Enterprise Corporation and the Uganda People’s Defence Forces Engineering

Brigade, with the exception of universities and primary schools.”

Madam Speaker, I would like to invite the minister to clarify the legality of that directive, bearing in mind the fact that the same Government is touting private sector-led growth. What is the legality and constitutionality of that directive, aware that wherever we have been, the UPDF is undertaking stalled projects in health centres and schools?

Secondly -

THE SPEAKER: Honourable LOP, how did this come in?

MR MPUUGA: You know, Madam Speaker -

THE SPEAKER: Because what you are raising is something very important but which should come as a substantive item on the Order Paper. The issue of the Engineering Brigade - why don't you allow us to bring it as a substantive item?

MR MPUUGA: Madam Speaker, my job is to speak. The Speaker's job is to guide and you have just done that.

THE SPEAKER: Okay, can we bring it as an item since the other one of the broadcasters has gone to ICT? We can bring that and also a report to that effect.

MR MPUUGA: Much obliged. Secondly, Madam Speaker, again with your indulgence -

THE SPEAKER: It is thirdly.

MR MPUUGA: No, I vacated the first; I never raised it, and so, I am raising the second - *(Interjection)* - that is why we have a Speaker in the House.

The second is Directive 73 on the Management of local revenue. It says: *“Local revenue budgets for the Financial Year 2023/2024 are based on projections by respective local government votes. Expenditure limits for local revenue shall continue to be issued based on remittances to the Uganda Consolidated*

Fund. The expenditure limit shall be issued by the Accountant General's Office as and when funds are received.”

Madam Speaker, this House issued directives on local revenue remittances, aware that the Ministry of Finance was very slow in making these funds available to the local governments. That is why you find municipalities and local governments with rotten streets and garbage not collected. Every Member here can make testimony that no local government has received 100 per cent remittances.

Finance Ministry failed to return these funds yet this was the premise upon which the House took a decision and made a resolution that they should collect, spend and account and it was within the law. Will the Minister of Finance explain how he vacated the directive and the resolution of Parliament without the leave of Parliament?

THE SPEAKER: Thank you. Honourable Minister, you will need to answer that. Meanwhile, in the public gallery this morning, we have students and teachers from Devane Junior School, Kira Municipality, Wakiso. Kindly stand up. You are most welcome. They are represented by Hon. Ssemujju and Hon. Naluyima Ethel. Thank you.

We also have students and teachers from Blessed Kindergarten and Primary School from Wakiso. They are represented by Hon. Naluyima Ethel and Hon. Sserukenya David. Please stand up. You are most welcome, thank you for coming.

Honourable members, before the minister comes to respond to what has been raised, I want to Hon. Peter Mugema - you know, there are some things you do not just joke about in Uganda.

One, we have the President of the Republic of Uganda who is none other than His Excellency Yoweri Kaguta Museveni and he is in charge of this country. We have Her Excellency, the Vice President of the Republic of Uganda, the number two in this country. I am merely number three and my work is in this House,

not as a President, okay? So, can you withdraw that statement?

MR MUGEMA: Madam Speaker, with due respect and given the circumstances you are working with, I withdraw my statement. *(Laughter)* You are number three.

THE SPEAKER: There are no circumstances.

MR MUGEMA: Madam Speaker, I withdraw my statement because I looked at a scenario where the Prime Minister is in Rome, the Vice President is in Tanzania -

THE SPEAKER: I do not need an explanation.

MR MUGEMA: Madam Speaker, I withdraw my statement.

THE SPEAKER: I am the Speaker of Parliament.

MR MUGEMA: You are number three, you are the Speaker of Parliament and you are my boss. *(Laughter)*

THE SPEAKER: Honourable members, we need to respect each person's position; that is how some of us were brought up. Next item, response to -

12.54

THE MINISTER OF STATE FOR FINANCE, PLANNING AND ECONOMIC DEVELOPMENT (GENERAL DUTIES)

(Mr Henry Musasizi): Madam Speaker, the Leader of the Opposition raised an issue concerning the management of local revenue. I wish to inform the House that we manage public funds in accordance with the Public Finance Management Act and Section 30 of this Act talks about the Consolidated Fund. If I may read, Section 30(1) reads as follows: "*All revenues or other money raised or received for purposes of the government shall be paid into and shall form part of the Consolidated Fund, except under Section 29.*"

Madam Speaker, what this means is that if you are an entity of Government and you collect

funds, the law requires that you remit all these funds to the Consolidated Fund.

What we do for local revenues collected by local governments and budgeted for is, we normally return this money to them. We have circumstances where the local governments have under-budgeted. When you under-budget and collect excess revenue, the law does not allow us to remit money back to you - that you have not budgeted for. What we normally ask them to do is to re-budget, through a supplementary, and when this comes in time, we always comply and send money to them.

On the issue of the engineering brigade, this is not new, Madam Speaker. It is something we are implementing in the areas we mentioned in the Budget-Call Circular -

THE SPEAKER: I thought that was referred to the committee.

MR MUSASIZI: I do not see why he has a concern.

THE SPEAKER: I thought that was referred to the committee. For the one you are responding to, I told you to come with a statement. You do not need to respond casually like that; come with a statement with facts; act like an accountant.

MR KABERUKA: Madam Speaker, thank you very much, especially for allowing the Leader of the Opposition to raise issues, where local governments have been suffocated.

At the inception of Kabale University, I was a board member and it was taken up by the Government. The same applies to tertiary institutions, where they collect money and the Ministry of Finance, Planning and Economic Development is supposed to remit that Non-Tax Revenues (NTR).

For purposes of clarity, may I request the minister to also clarify why Kabale University's money - and other universities' - has never been remitted back as NTR? Thank you.

MR MPUUGA: Madam Speaker, before he comes in, he is right on the provisions of Section 39 of the Public Finance Management Act – and I am alive to this provision. However, I am also alive to the provisions of section 29(3)(a). The Ministry of Finance, Planning and Economic Development takes away everything, including levies and fines, from the local governments. Could he explain the provision of the law under, which they take away levies, including small market dues, from local governments?

THE SPEAKER: Honourable minister, I do not want a response now. Bring a write-up to that effect.

12.59

THE MINISTER OF LOCAL GOVERNMENT (Mr Raphael Magezi): Madam Speaker, allow me to say something little thing about this from the Ministry of Local Government's perspective. This is clearly an area where we part with the Ministry of Finance, Planning and Economic Development. *(Applause)*

Under the Constitution, we run a decentralisation by devolution system. The local governments are not substructures of the Ministry of Finance, Planning and Economic Development. Actually, they have their powers to budget, pass supplementary budgets and raise as much revenue as they like.

However, when you hear that when they raise more money than they had budgeted for, then they cannot spend it until they ask for the – as Parliament and Cabinet, it is something we need to take forward very seriously and reflect on. You find the districts demoralised with very little revenue, yet the money is stuck here.

Just look at the rationale of this: you collect money from the markets, roads and taxi parks and it comes to the Consolidated Fund, then, it is looked at and we see it is good and then we send it back, yet we have a council with full legislative and budgetary mandate.

Madam Speaker, I request that you allow the two ministries – Ministry of Finance, Planning and Economic Development and Ministry of Local Government – to seriously harmonise on this matter. I thank you.

THE SPEAKER: Honourable minister, as you harmonise on this matter, maybe you also need to move an amendment to the Public Finance Management Act. When you look at Section 29 of the Public Finance Management Act, you notice that it is what is causing all these problems.

So, why don't we have an amendment to that effect? The NTR should be there to help these people.

MR MUWANGA-KIVUMBI: Madam Speaker, as a matter of procedure, I moved a motion here and I was granted leave to move an amendment on the Public Finance Management Act. I have since written to your office and we are ready to broadly amend the Public Finance Management Act.

So, all that awaits is for you to schedule it on the Order Paper so we can have so many of these aspects duly attended to.

THE SPEAKER: Thank you. Clerk, look at that so we can have it on the Order Paper. Ministers of local government and finance, how much time should we give you to harmonise and come back to the House? Before we do the amendment, you should be able to return back the monies. Yes, how much time?

MR MUSASIZI: Madam Speaker, as the Ministry of Finance, Planning and Economic Development, the law has no problem.

THE SPEAKER: In your opinion, as the finance ministry, is it required of you to send back the money to the entities that you have got NTR from?

MR MUSASIZI: Madam Speaker, there is no entity that has budgeted for money, collected it and not received it back.

THE SPEAKER: Minister of Local Government, is it true or false? Soroti City is smelly because you have failed to take back the money that is collected.

MR MAGYEZI: Madam Speaker, there are complaints from very many local governments, especially the urban authorities. They collect the money, send it here but suffer with garbage and service delivery. It is not only that – indeed, Hon. Kivumbi has a point: the Public Finance Management Act, I think at a certain time, has been taken as the “super Act” as if it is above the Local Governments Act or any other Act.

Madam Speaker, I totally take your guidance. The two ministries must sit and harmonise and then we come to you with a harmonised position. I thank you.

THE SPEAKER: Honourable members, this is a matter for the Executive. Go, harmonise and come up with how we can better deliver services to our people. It is not just a matter of saying that there is no problem with the law and – Minister of Finance, Planning and Economic Development, please, go and harmonise and report back to this House. I am giving you a month to do that. Next item.

ADOPTION OF THE REPORT OF THE
COMMITTEE ON FINANCE, PLANNING
AND ECONOMIC DEVELOPMENT
ON THE MICROFINANCE DEPOSIT-
TAKING INSTITUTIONS (REVISION OF
MINIMUM CAPITAL REQUIREMENTS)
INSTRUMENT, 2022

THE SPEAKER: Honourable members, on Thursday, 6th July, the Minister of Finance, Planning and Economic Development tabled a Microfinance Deposit-Taking Institutions (Revision of Minimum Capital Requirements) Instrument, 2022. These regulations were aimed at operationalising Islamic Banking in Microfinance Deposit-taking Institutions.

I am duly informed that the Chairperson of the Committee on Finance, Planning and Economic Development, is ready with the report. Chairperson, I now invite you to present the report.

1.06

THE CHAIRPERSON, COMMITTEE ON FINANCE, PLANNING AND ECONOMIC DEVELOPMENT (Mr Amos Kankunda):

Thank you, Madam Speaker and colleagues. Indeed, we are ready and I hereby lay on the Table, the report copy, the minutes and the addenda, in regard to this report.

Madam Speaker, I was also notified of a minority report in accordance with rule 205, and a copy has been attached.

The Microfinance Deposit-Taking Institution’s (Revision of Minimum Capital Requirements) Instrument, 2022 was presented to the Plenary by the Minister of Finance, Planning and Economic Development on 6 July 2023, and referred to the Committee on Finance, Planning and Economic Development, for consideration in accordance with Rule 189 of the Rules of Procedure of this Parliament.

Methodology

The committee held meetings and received submissions from the Ministry of Finance, Planning and Economic Development and the Bank of Uganda. The committee further made reference to the Microfinance Deposit-Taking Institutions (Amendment) Act, 2003.

Justification for the Microfinance Deposit-Taking Institutions (Revision of Minimum Capital Requirements) Instrument, 2022

The ministry seeks to increase the minimum paid-up cash capital requirement of the Microfinance Deposit-Taking Institutions from 25,000 currency points to 500,000 currency points.

The objectives of the Microfinance Deposit-Taking Institutions (Revision of Minimum Capital Requirements) Instructions, 2022, are therefore, the following:

- i. To improve the soundness of the financial sector and enhance the efficacy of the monetary policy transmission;

- ii. To ensure that minimum capital requirements are commensurate with economic growth and inflation developments, are aligned with the financial system of development and sufficient to address emerging risks;
- iii. Ensure that Ugandan Microfinance Deposit-taking Institutions hold strong capital that is adequate to finance national development priorities and strategies, and compete in the regional markets;
- iv. To ensure that Microfinance Deposit-taking Institutions hold reasonable capital to protect their depositors and creditors against the risk of losses from the banking business; and
- v. To ensure that Uganda's minimum capital requirement for Microfinance Deposit-taking Institutions is in line with the international standards.

The Ministry of Finance, Planning and Economic Development proposes that the increase in minimum paid-up cash capital requirement for Microfinance Deposit-taking Institutions shall take effect from June 2024.

Observations

1. Erosion of minimum capital requirements

The committee observed that the value of the required minimum capital requirement has been eroded over time, and needs to be aligned with the macroeconomic developments of this country. Between 2010 and 2020, real GDP increased by an annual average of 5.8 per cent; annual headline inflation averaged 6.1 per cent, the Uganda shillings/USD exchange rate depreciated by 58.1 per cent while Microfinance Deposit-taking Institutions minimum capital remained unchanged.

2. Alignment of capital with the growth in assets, risks and regulatory developments

The committee observed that the current paid-up capital is insufficient to efficiently operate

new Microfinance Deposit-taking institutions given the earlier mentioned macroeconomic evolution in the microfinance markets.

The committee further observed that the currently operating microfinance deposit-taking institutions already have the minimum paid-up capital requirement being proposed. The four microfinance deposit-taking institutions currently in operations are FINCA Uganda Limited, Pride Microfinance Uganda Limited, and others.

3. Need to enhance domestic capacity to finance Uganda's growing economy

The committee observed that enhancement of paid-up capital will enable banks to finance strategic development projects and sectors that are currently largely financed with external borrowing and domestic syndications due to the single obligor limits restricted by low minimum capital requirements.

4. Benchmarking

The committee observed that there is a need to enhance Uganda's banking industry in competitiveness in the East African community common financial services market. In real terms, Uganda has the lowest paid-up capital among regional peers, undermining Uganda's bankers' competitiveness while exposing the sector to the risk of regulatory arbitrage.

Therefore, the committee recommends that the microfinance deposit-taking institutions (Revision of Minimum Capital Requirements) Instrument, 2022 be approved by this Parliament. I hereby submit, Madam Speaker.

THE SPEAKER: Thank you so much, chairperson. You said there was a minority report. Who has it?

1.14

MR MUHAMMAD MUWANGA KIVUMBI (NUP, Butambala County, Butambala): Madam Speaker, we have a minority report but I will not go into the details of the background. I will straightaway go to the essence of the

minority report. I will start with - maybe the quoted currency points - let me put the figures so that Members can know what exactly we are doing.

We are raising the minimum capital for microfinance deposit-taking institutions from Shs 500 million to Shs 10 billion requirements. Shs 500 million to Shs 10 billion in one, go. When you quote currency points, Members may not convert them quickly. So, what we are saying is that the minimum requirement for microfinance deposit-taking institutions will be raised instantly from the day we adopt it, from Shs 500 million to Shs 10 billion. That is why I have a minority report.

THE SPEAKER: What informed that increment from Shs 500 million to Shs 10 billion? Is that correct, honourable minister? And is that what you want?

MR KANKUNDA: Madam Speaker, Hon. Muwanga-Kivumbi has given details. When we talk about currency points, then what he has said is exactly the right interpretation; we are shifting from Shs 500 million to Shs 10 billion. And I justified this in my report for the Committee on Finance that there is an element of benchmarking and considering the East African community and how the rest have adjusted.

It is also important to note that from our discussions with the Ministry of Finance, it was confirmed that the four microfinance deposit-taking institutions have already aligned to that amount of Shs 10 billion.

THE SPEAKER: Can we hear from the finance ministry? What a shift. Let us resolve this. Because from Shs 500 to -

MR MUWANGA-KIVUMBI: Madam Speaker, I think it would be better that I first make my presentation. Based on the above, currently under tier-3 microfinance institutions, Uganda has only four microfinance deposit-taking institutions, namely Pride Microfinance Limited, FINCA Uganda, UGAFODE Microfinance Limited and EFC that can fulfil those conditions.

In our view, this increment is high and prohibitive in a way that will discourage new entrants into the sector. Uganda has a large unbanked and underbanked population, especially in rural areas.

The idea of establishing microfinance deposit-taking institutions in Uganda was to help bridge this gap by offering financial services to individuals and small businesses, which might not have access to traditional banks.

By providing deposit-taking services, microfinance deposit-taking institutions enable people to save money securely and access credit, which can lead to increased financial inclusion and economic development.

High capital requirements might limit the lending capacity of MDIs, particularly small institutions with limited resources. They may be more cautious about extending loans, resulting into reduced access to credit for microfinance enterprises and low-income borrowers.

To meet high capital requirements, microfinance deposit-taking institutions may need to raise additional funds, either through equity investment or retained earnings.

This can increase their cost of capital and potentially lead to high interest rates on loans, affecting the affordability of credit for borrowers.

Small scale microfinance deposit-taking institutions may struggle to meet the stringent capital requirements, which could hinder their growth and expansion. As a result, the sector might become concentrated with the larger institutions dominating the market.

In conclusion, the high capital requirement for microfinance depositing institutions can enhance financial stability, credibility and risk management.

They may also pose challenges in terms of lending capacity, growth for smaller microfinance deposit-taking institutions and financial institutions' financial inclusion.

Striking the right balance in setting capital requirement is crucial to enabling a stable and inclusive microfinance sector that benefits both the institution and the communities they serve.

Our appeal is that for the first time, if this is the first go, let this requirement be raised from Shs 500 million to Shs 2 billion.

The justification is that, if the capital requirement is Shs 10 billion, that means Shs 10 billion is stuck up there and people cannot access that money; it has to be there. And you are talking about microfinance institutions.

You also risk the four crowding out the rest and entry becoming strongly difficult yet you want to expand and to enable other people.

The other problem is that our local people who are struggling to grow these institutions, to finance and grow institutions that will help people may find it difficult to thrive.

Therefore, our humble view is that by any extension, a single raise in a single instrument like this one has adverse effects because no adequate research has been furnished.

And we are coming up with another argument on banks because there is another instrument we are dealing with on banks. Actually, we are not going to debate it because, the same has been done on banks where capital has been raised to Shs 130 billion.

We believe this, in the long run, will crowd out the local people and surrender our entire financial sector to foreign domination.

We must be very careful to avoid legislating our local players out of this sector. I am aware that a little caution should be taken to ensure these institutions have the requisite capital to lend and to meet our economic growth needs.

However, we must be very careful not to relegate our local entrepreneurs because there is a lot of capital flight. When they make these profits, they will go out of the country.

So, on whose behalf are we legislating? That is why for those of you who want a justification, this is pro-people, pro-black participation in a global economy, it is patriotic and Pan-African.

MR MUWANGA KIVUMBI: Madam Speaker, I want to appreciate my colleague and friend.

THE SPEAKER: Are you responding to the -

MR KANKUNDA: Just one issue that Hon. Muwanga-Kivumbi has said: there are issues of concern on capital flights. And one of the reasons the committee considered this a valid point was to look at how we can protect our depositors and creditors. And for that reason -

THE SPEAKER: First explain to members, what the capital requirement that we are discussing is all about; the money that you must deposit with Bank of Uganda for you to be licensed to operate as a bank; but that money is not taken by anybody; it remains yours.

However, in the circumstances that you as a bank get a problem, this money is used to pay back the depositors. I am not saying we take the Shs 10 billion but I am explaining what it is.

MR KANKUNDA: Madam Speaker, you are very right. And indeed, the concern of the committee is that if our own citizens who are operating businesses in Uganda and depositing with these micro-finance deposit taking institutions; do business, we avoid money being taken away; we avoid people losing their money.

Once this requirement is deposited and this microfinance deposit-taking institution is licensed, then there is a fallback position to recover money of depositors in case there is any situation. *(Applause)*

THE SPEAKER: How much is the minimum capital for Tiers 1 and 2?

MR KANKUNDA: Madam Speaker, for commercial banks, the minimum capital requirement is Shs 150 billion. In this one, we

are saying Shs 10 billion should be sufficient. I am yet to confirm - because I do not have it on record – the one for Tier 2. I have asked my clerk to get it and I will give it immediately.

THE SPEAKER: Honourable members, we have four tiers: 1,2 and 3, where the microfinance deposit-taking institutions, which is the one we are talking about. In these deposit-taking institutions, they do not give you cheques and no foreign exchange; that is the difference.

The minimum capital for Tier 1 is for commercial banks like Standard Chartered, Centenary, Stanbic; that is the Tier 1 class. That is why I am saying we want to know how much money is for those other tiers.

The other issue is: what was the basis for the Shs 10 billion? Why not Shs 1 billion?

MR MUWANGA KIVUMBI: Madam Speaker, the chairperson clarified this but I need to clarify something. You cannot run a policy in a financial institution based on a caution that institutions will collapse. Rather, the forward-looking policy is how I can grow the financial strength of institutions. This kind of approach is self-defeating.

THE SPEAKER: When talking about financial institutions, also talk about risks.

MR MUWANGA KIVUMBI: Yes, I know the risks. However, no matter how big a bank is – those of us who studied how Wall Street got issues – the deposit is not the caution that helps. Why banks collapse and succeed is not this; they are different arenas.

What this one effectively does is you stack away money in the Bank of Uganda –(Interjection)- Yes, I know this, Hon. Ekanya; I know who you work for. (Laughter) You work for the people of Uganda; what is wrong with that – (Interruption)

MR EKANYA: Madam Speaker, I have very high regard for my shadow minister of finance. However, is it in order for my minister of

finance, who is supposed to be well informed, well researched and has technical staff supported by you, to give information to this House which is not factual?

He says that the minimum capital requirement will stop capital flight, yet the intention in the financial market is to protect depositors and enable the commercial banks and financial institutions to be able to have liquidity at ease. Is he in order to give false information to this House?

THE SPEAKER: Honourable members, the principle in banking is about liquidity versus profitability. The amount of money that you are going to lend out will be based on what minimum capital you have with the Central Bank.

It is based on how much money you can keep; the percentage of what you can lend out, *vis-à-vis* how much money you can keep as cash to maintain liquidity in the bank. (Applause) It is also based on how much security or how secure your depositors and borrowers are. That is the basis of the capital requirements by the central bank.

MR MUWANGA KIVUMBI: I respect Hon. Ekanya. He was once a shadow minister and working for the people.

Madam Speaker, the argument I am making – and that is why we have differences – is where we have a problem, not only in Uganda but the whole of Africa. When you do this kind of thinking by the World Bank institutions, what happens is that the local players are crowded out of the financial market.

THE SPEAKER: It is because they cannot raise the money as minimum capital.

MR MUWANGA KIVUMBI: Therefore, as we legislate - that is why I raised the question of capital flight. I said that as long as those that earn profit at the end of the day in the bank are foreign, consequently, there is no trickle down to the people in rural areas –(Interruption)

THE SPEAKER: There is a procedural matter.

MR KIBALYA: Thank you, Madam Speaker. We received the two reports and the people who presented the reports have dominated the debate –

THE SPEAKER: No, I have not opened debate; we are clarifying. It is a clarification; I am going to open debate. First clear what has been raised.

1.35

THE MINISTER OF STATE FOR FINANCE, PLANNING AND ECONOMIC DEVELOPMENT (GENERAL DUTIES)

(Mr Henry Musasizi): Thank you, Madam Speaker. Let me thank my friend, Hon. Muwanga Kivumbi, for raising the issues that concern him. I tried to persuade him in the committee. I thought I had convinced him satisfactorily but let me also try my level best to convince him to agree with us.

One, the measure this will form is not aimed at protecting foreigners. We have tiers in banking. We have Tier 1, where commercial banks fall. We have Tier 2 for the credit companies, which are allowed to take deposits. We have Tier 3, where we are now. We have Tier 4, where most of our people in SACCOs fall.

Madam Speaker, it is in the interest of this economy and the banks that they have a sound base, which is capital. If you are going to do business, you need to notice that there is business that is done by strong people. The strength in business is nothing else but the capital. We have a duty to manage this economy and ensure that this economy continues to be sound.

Madam Speaker, you asked about the basis upon, which we arrived at this. We looked at the inflation numbers over the years since 2003 and now and so many things have happened. We have developments in the financial system – the money laundering you keep hearing about. We have increased risk because of technology so our depositors must be adequately protected. Also, over the years, we have seen the economy continue to grow.

Once all this happens, there are potential risks, which we must guard against. This is why we are saying if in 2003, the minimum capital under Tier 3 was Shs 500 million, 20 years down the road, we are proposing to take it to Shs 10 billion.

Under Tier 2, if in 2003, we were at Shs 1 billion, now the minimum capital required here is Shs 25 billion.

For tier 1 banks, in 2003 we were at Shs 25 billion. Now we are at Shs 150 billion. All of this has created an opportunity for these banks to become strong. I want to appeal to the House to see and appreciate that there is really need to present an environment where our financial system is sound and strong enough to manage both internal and external business.

For those who my brother, Hon. Muwanga Kivumbi, is concerned about, we can start them from Tier 4 and nurture them to graduate to other levels. I feel that at one point, every company that starts up would wish to grow. Anyone of us who does business would wish to grow and raise capital of Shs 10 billion or so, in order to be one of the big ones. We graduate from small to big.

I wish to invite all of our colleagues and Hon. Muwanga Kivumbi to really appreciate that even when you cannot afford this capital, you have a window, under Tier 4, to do some business.

Madam Speaker, with this submission, I would like to appeal to the House to support the committee position and our position in approving this instrument. I beg to move.

THE SPEAKER: Thank you. Honourable Members, we can now debate.

1.37

MR JOHN LUKWAGO (DP, Kyotera County, Kyotera): Thank you, Madam Speaker. I need clarification from the chairperson. When you look at the methodology in the report, you realise that the entities that were consulted are only Bank of Uganda and Ministry of Finance, Planning and Economic Development yet he

highlighted that we have four microfinance deposit-taking institutions in this country.

THE SPEAKER: So, the stakeholders were –

MR LUKWAGO: They were not but secondly, the microfinance deposit-taking institutions are the ones, which are easily accessible by rural people. We already have a bad precedent in this country; the cost of credit is very high. If we make the capital requirement very high, we shall be closing out more new players. If we allow new players to come into the market, we shall create the cost of credit lower because of competition. I do not agree with the majority report and I wish to adopt the minority report. Thank you.

1.38

MR YUSUF MUTEMBULI (NRM, Bunyole East County, Butaleja): Thank you, Madam Speaker. I have had the opportunity of listening to the minister when he said that if one cannot afford Tier 3 then they can try Tier 4. I have had the benefit of looking at Section 90(1) of the Tier 4 Act, which regulates moneylenders. I noticed that the minister is authorised, under that section, to come up with the maximum interest rate to the moneylenders.

This is an Act of 2016 but to date, Madam Speaker, there is no such instrument in place. As you are aware, some of our colleagues here have been arrested and taken to prisons because of unregulated interest rates. My question to the minister is: when is he going to come up with this instrument so that he gives the maximum interest rate that the moneylenders must charge? This is how we are going to protect Ugandans otherwise; we have left it to the moneylenders to charge 150 per cent per annum. Others are charging 300 per cent because Section 90 has not been invoked by the minister for purposes of regulating the maximum interest rate.

The reason is that some of them are also interested. That is why he is now pushing the Members to go to Tier 4; it is because that is where there is a lacuna in the law. Otherwise, we pray that you do this as early as possible.

Otherwise our people are dying just because of what the moneylenders are doing, including the Members of Parliament here.

Madam Speaker, when you look at most of our colleagues who have been taken to Luzira, you realise they borrowed Shs 20 million but at the end of the day, they were supposed to pay Shs 100 million. This all because the interest rate is not regulated. The minister must be ordered and directed that within one week, this must be in place. Thank you.

THE SPEAKER: Honourable minister, were you aware of that provision?

MR MUSASIZI: Madam Speaker, yes, I am aware the law is there because I enacted it.

THE SPEAKER: Have you acted as per the law?

MR MUSASIZI: What I need to follow up on is whether the instrument was worked on or not. I will report back to the House.

THE SPEAKER: Can I give you one week to report to my office on that issue?

MR MUSASIZI: Much obliged, Madam Speaker.

THE SPEAKER: The moneylenders who are really harassing Members of Parliament with very high interest rates even if a Member passes one day - the easiest way of getting their money is from Parliament. I am going to cancel the MOUs between those moneylenders and Parliament. I will do it because I cannot afford having Members of Parliament in court every time, especially those who are dealing directly with Parliament. They must behave. Hon. Lee, we are debating on the amount; the minimum capital requirements.

1.42

MR DENIS OGUZU (FDC, Maracha County, Maracha): Madam Speaker, I have listened to the minister and the chairperson submitting and I can categorically say that they are submitting from a speculative perspective.

The minister has talked about inflation and the changes in technology as the basis for the proposal they are making. A proposal of this nature must be subjected to regulatory impact assessment, which the two parties have not been able to present.

The finance chairperson has leveraged their recommendation on what is being benchmarked in the region but we all know that Kenya's economy and Tanzania's economy is bigger than ours. If you look at the GDP of those countries, it is different from ours. Therefore, I would have expected the chairperson to make sure that we cut the size of our clothing according to the size of our cloth, which you did not do.

Madam Speaker, the recommendations of the majority report are intended to reinforce uncompetitive practices. You are only trying to increase entry barriers for our local people. There is no basis whatsoever to increase the capital requirement for our microfinance institutions. You know there are only four in that category. Why do we think there are not more coming on board? And now you want to put in more barriers for people to enter.

This government has a policy of promoting micro, small and medium enterprises. What this recommendation is going to do is to stifle the growth of those small, medium and micro enterprises, if this House buys into it. Therefore, I am of the strong opinion that for us not to reinforce uncompetitive practices in this country, if we want the small people to grow and if we want to raise more taxes, we must abandon the recommendation of the majority altogether and we must implore the Ministry of Finance, Planning and Economic Development to carry out a regulatory impact assessment on the proposals they are making so that we would then be able to know how each of those considerations may affect the people of Uganda and, going forward, how it will serve the economy of this country. I thank you.

THE SPEAKER: Honourable members, under Tier 1, we have the Deposit Protection

Fund law, which allows you to get only Shs 3 million – has it been amended? It is now Shs 10 million. So, why don't we also amend that one? There are some very rich people who have their money in the bank and if the bank closes, you can get Shs 10 million only. Why don't you also amend that one?

MR MUSASIZI: Madam Speaker, any effort towards strengthening the financial sector is welcome. We are going to look into the Deposit Protection Fund law with the view of raising the minimum refund the customers can get from Shs 10 million to another figure, which we shall agree on.

THE SPEAKER: Yes, Hon. Samuel? It is Hon. Samuel, not Sam. Okay, let me use the local name, Hon. Okwir.

1.47

MR SAMUEL OKWIR (NRM, Moroto County, Alebtong): Thank you very much, Madam Speaker. I appreciate the committee for this report and also appreciate my brother, Hon. Muwanga Kivumbi, for the minority report. However, the recommendation of the committee has issues: it crowds out other players and limits the space to a few players who would want to take advantage because they have all the advantage to exploit the common man who wants to get access to these funds.

Therefore, Madam Speaker, we should reduce the minimum requirement so that there are many entrants because there are associated benefits of competition. I thank you.

THE SPEAKER: Honourable members, when you look at the methodology, you realise that the Ministry of Finance, Planning and Economic Development was consulted, Bank of Uganda was consulted, but FINCA was not consulted; the stakeholders were not consulted. I am going to defer this so that the committee goes back to consult with more stakeholders. *(Applause)*

MR KANKUNDA: Much obliged, Madam Speaker.

THE SPEAKER: Next time when you have a report, make sure all stakeholders are consulted for you to hear their views.

MR MUWANGA-KIVUMBI: Thank you for this ruling. However, you need to help this country further. I know you referred the statutory instrument on the minimum requirement for banks to the committee, but the rules are not necessarily as they are with the MDIs. So, it is being implemented.

However, as the minister has informed you, it has a huge impact on the economy. Would you find it also proper that the Government comes here to explain the justification for the increase from Shs 45 million to Shs 150 billion – and they are intending to increase it further?

You will help because there are huge economic implications. It is not necessarily that these will come here, but we need to have a well-informed opinion as Parliament on what that may imply to our local banks.

Consequently, we are going to be required to, from the Consolidated Fund, give more money to Housing Finance Bank and Post Bank. Therefore, we need to know the impact that those instruments, issued by Bank of Uganda, will have on this economy. We are going to commit public money, consequently, to capitalise Housing Finance Bank and Post Bank in the interim.

THE SPEAKER: Okay, we will get that information also. Of course, when you look at the clientele base, how much money is being borrowed from those institutions? I know most Members love going to the Housing Finance Bank and Post Bank because they are Government institutions. You will find someone is borrowing Shs 2 million and if they are about a hundred people - anyway, LOP? By the way, we started the House early.

1.52

THE LEADER OF THE OPPOSITION (Mr Mathias Mpuuga): Thank you, Madam Speaker, for your indulgence. Your ruling gives space to rethink our financial sector model. I

would like to invite the Minister of Finance, Planning and Economic Development to have a liberal view of how this sector is managed elsewhere.

We are actually running a struggling financial sector in as far as local involvement is concerned. This is partly because we do not have anti-trust legislations. Anti-trust legislations are laws relating to competition in Uganda. It is the reason why banking is an oligopoly sector and telecommunication is oligopolistic. That is in a way suffocating the growth of these sectors.

What we call protecting clientele – part of the protection will be in how we manage the competition. If you leave this sector to act as an oligopoly, you are actually inviting - and that is why we have the highest interest rates in the region. Part of the reason is because we do not have anti-trust legislations. The banks look around, they have a monopoly, the local banks are suffocated, the foreign banks have huge capital and they are lending to the Government. Therefore, the Minister of Finance, Planning and Economic Development should go back and rethink the model of this sector.

Madam Speaker, the biggest mobiliser of savings in this country is National Social Security Fund. The Minister of Finance, Planning and Economic Development here, while chairing the Committee on Finance, Planning and Economic Development, brought a report to liberalise this sector and then withdrew it. If you look at why the financial sector is struggling, it is because savings are not mobilised properly.

Therefore, encouraging microfinance to go rural in a liberal manner will mobilise savings and grow the economy and bring down interest rates. (*Interjection*) Did we go to the same school of economics, honourable minister?

THE SPEAKER: Honourable LOP, we need to work on the perception towards saving. When you look at Ugandans, I do not know why – first of all, there is the issue of the outreach of the financial institutions. When

you look at the banks, how many of them have a wide outreach? All of them are concentrated in one area. So, we need to look at issues of outreach and saving culture. Do you get it?

MR MPUUGA: Madam Speaker, as I finalise, you will not legislate outreach but you can make it possible -

THE SPEAKER: You can improve outreach by reducing the minimum capital.

MR MPUUGA: That is exactly my point. When you do that, then you have more institutions going to the people on top of liberalising the savings sector -

THE SPEAKER: Honourable members, I want to remind you that I worked in the bank for 12 years and I left as a senior manager. *(Applause)*

MR MPUUGA: Madam Speaker, we are speaking the same language and the Minister of Finance, Planning and Economic Development is speaking an alien language to the banking and finance. I hope he speaks the same language coming back and we find a way of involving our people in the sector. Otherwise, capital flight is so high in this sector, partly because of the huge requirement by the locals to participate in banking. I thank you.

THE SPEAKER: Thank you. Maurice?

1.56

MR MAURICE KIBALYA (NRM, Bugabula County South, Kamuli): Thank you, Madam Speaker. You guided that the committee goes and consults further with more stakeholders. You realise that even the current stakeholders in Tier 3, FINCA Uganda Limited and Pride Microfinance Limited - Pride Microfinance Limited has Government money. If we had left Pride Microfinance Limited to operate alone, it would not be at that level. FINCA Uganda Limited has money from the Clinton Foundation. If they had not got that support, they would equally not be on that level.

The moment we only look at these big levels and get a report of that kind, it means there are people who have accumulated a lot of money and only want to be the players in the market and want to crowd out the rest, yet my people in Bugabula can only afford small ones.

When we see this coming, according to what the minister presented - that the other one was Shs 25 billion and now it is Shs 150 billion; the other one was Shs 2 billion and it is now Shs 30 billion. It means they are moving to SACCOs; they will say that they must have Shs 50 billion. So, we must guard against this.

THE SPEAKER: Thank you. Anthony?

1.57

MR ANTHONY ESENU (NRM, Kapelebyong County, Kapelebyong): Thank you, Madam Speaker. I just want to add to the debate on the Floor of the House. The President has encouraged us and the country at large, to go for the Parish Development Model.

Conceptually and theoretically, by the end of five years, if each parish participates as required, they will be having about Shs 500 million. By the current level of capital required for a microfinance deposit-taking institution to be able to be recognised on a capital basis, literally, every parish in this country would be capable of qualifying as a microfinance deposit-taking institution.

We have a savings problem in this country and for the last 15 to 20 years, we have had only four of these microfinance deposit-taking institutions.

The Committee on Finance, Planning and Economic Development and the ministry, should come to this House with proposals that create an enabling environment for increased participation of more local players in this sector than ring-fencing and making it very difficult for locals to continue and leave it only for the highly capitalised foreigners to take over this area.

I strongly stand with the view of the minority report. We, as a House, should create policies that make Ugandans increased players in this sector rather than locking them out. I beg to submit.

THE SPEAKER: Thank you. Honourable members, there is an official sports training for East African Legislative Assembly (EALA) games. I am surprised the chairman has not announced it. You need to start training because we will be having the games towards the end of this year. I now adjourn the House to Tuesday, 15 August 2023.

(The House rose at 1.59 p.m. and adjourned until Tuesday, 15 August 2023 at 2.00 p.m.)