FOR GOD AND MY COUNTRY

PARLIAMENT OF UGANDA

PARLIAMENTARY DEBATES

(HANSARD)

OFFICIAL REPORT

FIFTH SESSION - FIRST MEETING

TUESDAY, 9 SEPTEMBER 2025

PARLIAMENT OF UGANDA

IN THE PARLIAMENT OF UGANDA

Official Report of the Proceedings of Parliament

FIFTH SESSION - 12TH SITTING - FIRST MEETING

Tuesday, 9 September 2025

Parliament met at 2.00 p.m. in the Parliament House, Kampala.

PRAYERS

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

The House was called to order.

COMMUNICATION FROM THE CHAIR

THE SPEAKER: Honourable members, I welcome you to this afternoon's sitting. You will recall that in the last four days, the national football team, Uganda Cranes, has played two games in the 2026 World Cup qualifiers and won both. One against Mozambique, where they won 4-0, and the other was against Somalia, which was yesterday; they scored 2-0.

As a House, we would like to congratulate the Uganda Cranes for defending the pride of our nation and being patriots of their country. We wish them success in the coming games. Based on that, tomorrow we shall have a motion to pay tribute to the Uganda Cranes, which we have told the minister and Hon. Basalirwa to bring.

Today, we will start with the accountability reports. I am happy that the Public Accounts Committee (Central) has given us all the reports, and we will consider them today. I would like to congratulate them on a job well done; the reports are available.

Tomorrow, we shall look at reports from the Public Accounts Committee (Local Government). Thursday, we shall look at the reports from the Public Accounts Committee (COSASE). Where we do not get reports, we shall adopt all the reports omnibus. Leader of the Opposition, this is to inform you that we want the Public Accounts Committee (Local Government) reports tomorrow, and the Public Accounts Committee (COSASE) reports on Thursday. If you do not bring them, they will be adopted because we have gone beyond the time that is stipulated in the law. Thank you. Yes, Hon. Silwany?

2.04

MR SOLOMON SILWANY (NRM, Bukooli County Central, Bugiri): Thank you, Madam Speaker, for your communication. Before I react to it, I would like to take this opportunity to congratulate you on winning and becoming the second National Vice-Chairperson. Yesterday, I was in Busoga, and the people there told me to congratulate you, in a special way, for winning in that region; they are very happy.

THE SPEAKER: So, you have not been in the House since?

MR SILWANY: Yes, that is why I started from that note. Congratulations! As Busoga sub-region, we are very happy for you to be in that position, now that you are even our *mulamu*.

Madam Speaker, I rise on the issue of the Uganda Cranes. We are very lucky that we won the two matches. However, wouldn't it be good for us to first continue winning - because these are young people - aren't we going to excite them to think that they have reached and fail to perform very well, if we give them tribute after the two matches? Couldn't we wait for about three or four matches to thank them for the effort? It is just a thought, Madam Speaker.

THE SPEAKER: Hon. Silwany, the Uganda Cranes have ten international teams. The one that we are paying tribute to is the African Nations Championship (CHAN) team, the one that has been completed. Remember, they went to the semi-finals, which is the first of its kind for the Uganda Cranes. The team that is playing now for World Cup qualifiers is the main team, which is the Uganda Cranes. They have under 14 and under-17-year-olds, the main Uganda Cranes, and they have the girls.

MR SILWANY: I concede, Madam Speaker.

THE SPEAKER: That is the problem of not having an interest in sports. Yes, Hon. Sarah.

2.07

MS SARAH OPENDI (NRM, Woman Representative, Tororo): Thank you, Madam Speaker. I would like to respond to one of the issues given in your communication regarding the accountability committees. You will note that some time back, I submitted a motion to your office to discuss the issue of the omnibus adoption of these reports.

Recently, when we had the Makerere University Business School (MUBS) Principal charged in the Anti-Corruption Court, we started asking which report it was, because it was the Auditor-General's report. I recall that as a committee, we were told that it was a forensic audit report, and we would find time -

THE SPEAKER: And she did not come here?

MS OPENDI: No.

THE SPEAKER: That was a special human resource audit requested by the President.

MS OPENDI: Madam Speaker, we have the forensic audit reports on human resource. Even in discussing the Auditor-General's reports on matters of human resources, we would leave them waiting to specifically sit and consider the forensic audit report separately. The Constitution mandates this House to scrutinise these reports because some matters can be resolved when the accounting officers appear to explain.

However, when we adopt them omnibus, then we are not abiding by the constitutional provision, which says that Parliament shall consider, scrutinise, and debate. We will not be doing that when we do the omnibus. How I wish that we devise other means as much as possible to scrutinise these reports, other than adopting them omnibus; we might end up finding certain challenges.

THE SPEAKER: Hon. Sarah, when you refer to the Constitution, I also want to refer you to the same Constitution under Article 163(5), which states that Parliament shall, within six months after the submission of the report referred to in clause 4 of this Article, debate, consider the report, and take appropriate action. The reports that we have given out have gone beyond six months. It is a constitutional provision, and we swore to uphold this Constitution.

Secondly, there is a precedent that was set in this House in August 2020. There was a motion, which was moved in this House, and you were here when Hon. Nandala-Mafabi brought a motion, and the then Speaker - the motion took the day because it was decided that where an accountability committee does not consider the report within the prescribed time of the Constitution, it shall be adopted. It is not a matter of debate. Next item.

Honourable members, in the public gallery this afternoon, we have pupils and teachers of Kagando Primary School, Kasese. They are represented by Hon. Kabugo Florence and Hon. Muhindo Tony. Please, join me in welcoming them.

In the public gallery this afternoon, we have pupils and teachers of Mummy's Care School from Adjumani. Welcome and thank you for coming. They are represented by Hon. Ababiku Jesca and Hon. Gen. Moses Ali. You are most welcome. Have you seen how much your Members of Parliament are loved? Please, join me in welcoming them. Thank you. *(Applause)*

Further, in the public gallery again, we have a delegation from the Human Resource Managers Association of Uganda, Governing Council members and they include:

1. Mr Ronald Bbosa Kibuuka, who is the President. Where are you?
2. Ms Joyce Nakalema, Finance Director.
3. Mr Andrew Kaweesa, Director of Professional Development.
4. Mr Wasswa Moses, Director of Public Relations. Where are you?
5. Ms Angel Ayebazibwe.
6. Dawa Innocent, who is a member.

They are here to witness the presentation of the Human Resource Management Professionals' Bill that is coming next. Join me in welcoming them. Yes, Hon. Ssewungu.

MR SSEWUNGU: Thank you, Madam Speaker. I also want to congratulate the Ugandan Cranes because I am an ardent supporter of the team. However, my procedural matter relates to the numerous petitions that have come to your office regarding salary enhancement for science teachers.

Recently, there has been information circulating that in one sector - the Uganda People's Defense Forces (UPDF) – a good salary increment has been allowed for officers from the rank of a private to captain.

Now, there are teachers, police and prison officers that fall in the same bracket. My procedural matter, therefore, is about whether the Ministry of Finance, Planning and Economic Development and the Ministry of Public Service have increased the salary of a private soldier from Shs 400,000 to more than one million shillings but left out the Uganda police, Uganda Prisons Service officers, and primary school teachers who fall in the same bracket.

Could we know whether this enhancement of Shs 960 billion was given to only the Uganda People's Defence Forces officers from the rank of a private to captain, so that we -

THE SPEAKER: Now, you are mixing two things. You are talking about petitions that come to my office and do not see the light of the House, but you are also sneaking in the issue of the UPDF salaries.

First of all, when petitions come to my office - I would like to refer you to Rule 31 of the Rules of Procedure - if those petitions are urgent, like the one you are talking about, of the teachers, we write to the minister who is responsible for that docket and ask them to act. Or, the petitions come to the floor.

As we speak now, I do not have a petition in my office because that is not where they are supposed to end. They are supposed to end in this House and either go to the committee or the responsible minister.

And then the issue of UPDF salaries is another matter. If you have an issue with that enhancement, you can raise it on its own. Do not relate UPDF to teachers because these are two different disciplines.

MR SSEWUNGU: Most obliged, Madam Speaker. A while ago, you said that you have a petition in this House about Hon. Nandala Mafabi, and that is why I said that there are a number of petitions in your office – it is because, as I speak - so the issue I am raising is still related to the same thing you stated a while ago. However, I am not against the salary enhancement for the UPDF - actually, I am happy for them, but what I am saying is: that salary scale is the same under the Public Service Standing Orders.

I am only asking – with your permission – that the Ministry for Finance comes to explain - and the Prime Minister is here - whether people under the same scale -

THE SPEAKER: Actually, it should not be the Ministry for Finance because they are only told to pay. Let the Prime Minister or Public Service -

MR SSEWUNGU: Generally, that is why I said - I am avoiding dwelling more on UPDF for the safety of my words, but under the same scale -

THE SPEAKER: And remember, we approved that salary enhancement for UPDF officers when we were handling policy statements in this House. Hon. Kivumbi, when you were away, I praised you for bringing reports. Yes, Leader of the Opposition.

2.17

MR JOHN BAPTIST NAMBESHE (Manjiya County, Bududa, NUP): Thank you, Madam Speaker. I would like to join you to congratulate the Cranes upon their sterling performance.

However, as I give my take on the accountability committees reports, I would like to associate myself with what the Hon. Sarah Opendi said about this omnibus provision, which came to this House courtesy of Hon. Nandala's motion, and it has become a precedent.

Madam Speaker, it is true that accountability committee reports are time-bound, but the challenge these committees face is that, after the accounting officers realised that they are time-bound, they keep dodging to appear in order for most of the reports to be adopted omnibus.

Earlier, there were proposals to even split these committees to make the work lighter. For instance -

THE SPEAKER: Actually, there are about 30 or 40 members in the committee. You can have sub-committees working to deliver -

MR NAMBESHE: Like, I have keenly observed the Committee on Local Government, they split and have about four, three or two sub-committees. However, earlier, Hon. Okupa Elijah had moved a motion - I do not know whether it was a motion, but he had proposed that Committee on Local Government be split to have local governments, like districts, on their own and urban authorities under another committee, like you have done, Madam Speaker, with the Committee on Physical Infrastructure and I thought that was a brilliant idea.

THE SPEAKER: That is food for thought. We shall look at it later.

MR NAMBESHE: Most obliged, Madam Speaker.

THE SPEAKER: Thank you. Next item.

BILLS
FIRST READING

THE HUMAN RESOURCE MANAGEMENT PROFESSIONALS' BILL, 2025

THE SPEAKER: Honourable members, the right of a private member to move a private Member's Bill is enshrined in Article 94(4)(b) of the Constitution of the Republic of Uganda. And pursuant to Article 91 of the Constitution of the Republic of Uganda and Rule 127 of the Rules of Procedure of Parliament, I will then invite Hon. Margaret Namubiru, the Workers Representative, to table the Bill for the first reading. *(Hon. Kivumbi rose_)* Hon. Kivumbi, can she first table the Bill, then you come in?

2.20

MS MARGARET RWABUSHAIJA (Independent, Workers Representative): Thank you, Madam Speaker. The issue here is a request for space on the Order Paper for the Bill's first reading. Remember that on the 15th of February 2022, Parliament granted me leave to introduce a private Member's Bill entitled, "The Human Resource Management Professionals Bill, 2025."

Colleagues in that area are with us, as you have already mentioned.

On 30 April 2025, the Clerk to Parliament requested for a Certificate of Financial Implications for the Bill from the Minister of Finance, Planning and Economic Development, which was granted on 10 July 2025.

This is, therefore, a request for space on the Order Paper to enable the Bill's first reading under Rule 134 of the Rules of Procedure. I have with me the Certificate of Financial Implications and the Bill itself. I request that I lay both on the Table. Thank you.

THE SPEAKER: Thank you, Hon. Margaret. Honourable members, pursuant to Rule 135 of the Rules of Procedure, the Bill stands referred to the joint Committee on Public Service and Local Government and the Committee on Gender, Labour and Social Development.

I urge the committee to process this Bill as soon as possible. Thank you. Yes?

MR KIVUMBI MUWANGA: Madam Speaker, just bear with me. I beg your indulgence on this one; the country laid itself for the general election, which is a constitutional process. In my other capacity, I am a Deputy President of the National Unity Platform. There are continued abductions and arrests across the country of our members –

THE SPEAKER: Hon. Kivumbi, what are you raising? We are past that level. What we can do is to give you time when you are presenting your report; those can be your opening remarks.

MR KIVUMBI MUWANGA: My request is simple, that tomorrow, you avail us time on the Order Paper to present the extent of the abductions that are going on.

The Leader of the Opposition is not here because Hon. Betty Nambooze lost her father, and the burial is today. That is why most of our Members are not around.

THE SPEAKER: I will give you space next Tuesday, because tomorrow is congested. Today you have your PAC reports, which are going to take long; I will give you next Tuesday.

MR KIVUMBI MUWANGA: Thank you.

THE SPEAKER: Next item.

STATEMENTS BY MINISTERS ON:

(I) THE PETITION OF UGANDA LOCAL GOVERNMENTS ASSOCIATION AND URBAN AUTHORITIES ASSOCIATION OF UGANDA ON THE STATUS OF SERVICE DELIVERY IN LOCAL GOVERNMENTS

THE SPEAKER: Thank you. Point of Procedure?

MS OPENDI: Thank you, Madam Speaker. Last Thursday, I raised the issue of the guidelines that were issued by the Ministry of Education and Sports regarding tours, proms, and other things that happen in schools today.

The Minister of State for Sports, Hon. Ogwang, who is here in the House, pledged to bring those guidelines to this House. Since he is here, Madam Speaker, and it is not an item on the Order Paper, would it not be right that he lays those guidelines and we dispense with that business?

THE SPEAKER: Thank you. I think you were itching to speak to Hon. Ogwang.

Hon. Sarah Opendi, when there is any communication to the House, it will come through the Speaker's office. Therefore, the honourable minister is going to bring the guidelines first to the Speaker's office, before they are relayed to the House. Honourable minister, you will do the needful. Thank you.

Honourable members, you recall that on Wednesday, 3 September 2025, the House received a Petition of Uganda Local Governments Association (ULGA) and the Urban Authorities Association of Uganda (UAAU) on the state of service delivery in local governments.

Whereas the Minister was ready then, and had ready answers for all the issues that were raised, we requested him to present them today, when most Members are here, so that you can participate. All of you have local governments, and some of you claimed that you lost elections because of the service delivery. The minister is here to answer. You lost elections during the primaries.

Honourable minister, can you present your report? I heard that ULGA people are here - okay, I think they are still coming.

2.27

THE MINISTER OF LOCAL GOVERNMENT (Mr Raphael Magyezi): Thank you, Madam Speaker.

A statement by the Minister of Local Government on the petition of Uganda Local Government Associations, that is Uganda Local Government Association (ULGA) and the Urban Authorities Association of Uganda (UAAU), on issues affecting service delivery in local government. Madam Speaker, the statement has been uploaded.

I begin with the introduction. On the 24th of August 2025, the Uganda Local Government Association (ULGA) and the Urban Authorities Association of Uganda (UAAU) presented a petition to the Rt Hon. Speaker of Parliament, outlining 10 issues affecting the delivery of services by local governments.

On the 3rd of September, the Rt Hon. Speaker referred the petition to the Minister of Local Government for immediate handling and reporting back to the House.

Madam Speaker, the statement presents our response to the 10 issues raised in the petition of the Local Government Associations.

1. Induction of local government leaders

The local government associations petitioned the Speaker because the ministry had not carried out the induction of the councillors in this term of office.

Madam Speaker, the induction of the councillors is necessary to enable them to effectively execute their leadership mandate. It builds their confidence with respect to their roles and understanding of the operations of local governments. The induction of the councillors is positively correlated to the level of services provided by the councils to the citizens.

Unfortunately, during this term of office, the ministry was unable to conduct the induction of the local government leaders due to budgetary constraints.

We raised this each year in the budget, but it was considered unfunded. We are grateful to some development partners and projects that funded the training of councillors in some districts and urban councils. It is also true that some local governments were able to use their meagre local revenue to carry out minimal training of the councillors.

As an action point, Madam Speaker, the ministry undertakes to prioritise this activity in the 2026/2027 Financial Year. Our requirement is Shs 30 billion, and this will cover the induction of all councils and provide basic tools such as the Local Government Act, Council Model Rules of Procedure, a copy of the Constitution of the Republic of Uganda, the Physical Planning Act and other documents, which are needed by the councillors. We undertake to do this at the beginning of the new term of office of the local government leaders.

Therefore, I would like to call on you, honourable colleagues, that move together with us on this. We need councillors who know their roles, and therefore, we need to induct them right immediately after they are sworn in.

2. Salaries of local government political leaders

Madam Speaker, the local government associations raised this issue because the local government leaders are poorly paid and their pay has not increased for the last 20 years.

We observe that appropriate facilitation and payment of duty bearers is a statutory obligation. Unfortunately, the local government political leaders, across the board, are not well paid, and they are not well facilitated. We commend them for their patience, selfless service and sacrifice to the country.

I would like to observe that the least paid is the Chairperson of LC I, who is paid Shs 10,000 per month. It is so little that we cannot pay it to everybody every month, so we aggregate it and pay it annually, that is, Shs 120,000.

His Excellency, the President, has directed that the remuneration of political leaders be enhanced with effect from the Financial Year 2026/2027. We are covering this, and on Monday this week, I presented the proposal to Cabinet, which is still being processed. We shall keep the country informed of the results.

3. Transport for top political leaders of local governments

Madam Speaker, the associations complained– We have not provided vehicles for the top leaders of the local governments. This term, we provided bicycles to all the LCIs and LCIIs. We also provided motorcycles to the LCIII chairpersons.

We have not been able to facilitate transport to the district, city, and municipal leaders. Transport facilitation is necessary for the mobility of local government leaders to enable them to execute their leadership responsibilities. The Local Governments Act Schedule 3 makes transport (duty) facilitation for district chairpersons, city mayors, and municipal mayors mandatory, but for the Speakers, it should be monetised.

The Government has procured brand new vehicles - Toyota Double Cabin pickups - for all district chairpersons, city and municipal mayors. The first batch of 90 vehicles will be in the country by the end of September. As I speak, we have already received 45 of these vehicles. The last batch is expected not later than 15 November 2025.

We would like to thank His Excellency the President, the Cabinet and Parliament, especially you, Madam Speaker, for prioritising the appropriation of Shs 35.2 billion in the supplementary budget in April this year for this purpose. We are delivering them; the chairpersons and mayors will get their vehicles.

4. Staff recruitment

Madam Speaker, the local government associations complained of inadequate staffing, which was affecting service delivery. We do agree that adequate and well-trained staff is a *sine qua non* - indispensable condition - for efficient service delivery in local governments. We would like to observe, however, that there has been an improvement in staffing at local government levels, including the cities, although we are not yet at 100 per cent.

Whereas we were at 52 per cent in 2019, I have evidence here showing that currently, the staffing has improved to 70 per cent in general. I can read you some of the critical posts.

The district Chief Commercial Development Officers (CDOs) are at 81 per cent in the 135 districts. The principal human resource office managers are also at 81 per cent. The district education officers - when I say this percentage, I mean it - we have 96 out of 135, which is 71 per cent. The district health officers are also at 71 per cent. The district engineers, the least staffed, are at 27 per cent. We only have 36 out of 135.

The situation is not different in the cities because in the 10 cities, in terms of city health officers, we have 80 per cent. Out of 10, we have 8 of them. In terms of the principal human resource officer, we are also at 80 per cent.

In terms of the city's commercial officers, who are important for trade, we are at 70 per cent. On the city engineers, again, we are not doing so well. We are at 50 per cent, and the city's physical planner is at 30 per cent.

Madam Speaker, I beg to lay on the Table the statement on the summary of critical posts of local governments as of August 2025.

THE SPEAKER: Please lay.

MR MAGYEZI: Madam Speaker, the ministry shall continue engaging the Ministry of Public Service and the Ministry of Finance, Planning and Economic Development to improve the wage bill for all local governments.

Last week, the local government negotiation team, in accordance with the Constitution, negotiated the conditional grants between the local governments and the sector ministries. There was also a negotiation with the public service. We are aiming at carrying out a realistic wage analysis for these critical posts so that we have substantive officers for the most critical posts to 100 per cent.

Furthermore, I would like to observe that the Ministry of Public Service has put in place measures to expedite the approval of requests by local governments to recruit and fill the district service commissions. The public service commission is expediting the requests to appoint district service commission members. I think this should help us reduce delays in the recruitment of staff.

5. Road equipment for cities and municipalities

The District Urban Community Access Roads (DUCAR) are a responsibility of the local governments under decentralisation. Each level has its own unique type of road for which it is responsible. The Government has provided road equipment to all the districts, although some are reported to be in poor condition, and 13 of the districts received partial units.
The Government undertakes to procure a full set of road equipment units for all the cities and some critical equipment for municipalities in the next financial year. When I talk of the full set, I mean a grader, wheel loader, a roller, a boozer, a dump truck tipper, and a pickup. We shall do that.

6. Road fund for town councils and sub-counties

The local governments, through the associations, pointed out that we have not provided road funds for the newly created town councils, and I think this is right.

However, as pointed out, the local governments have been negotiating with the works ministry on this, and it is not good because inadequate funds to lower local governments affect the mobility of the citizens, especially in rural areas. It also affects the implementation of the Parish Development Model (PDM).

I would like to confirm that I have talked to my colleague in the Ministry of Works and Transport, and he is committed to providing funds through the budget for road maintenance in all town councils and sub-counties in the next financial year. *(Applause)* This is their undertaking. I do not know whether the minister is here; he could respond to that. *(Interjections)* Why not now, because that would require, perhaps, a supplementary budget?

7. Physical planning grant

Madam Speaker, this comes especially from the urban authorities. Uganda is one of the countries with a high rate of urbanisation. Our projection is at about 5.3 per cent per annum.

Indeed, Madam Speaker, honourable colleagues know that when they leave home and go back after a year or two, they will find the small centres in the rural areas already developed into trading centres. It is important, therefore, that we plan for this urban growth to avoid slums and other pitfalls of poor planning or failure to plan.

In the last two financial years, Government has been providing Shs 2 billion, in total, for the physical planning of all the urban councils.

Although we have only been able to cover 40 urban councils, I would like to give relief to the urban authorities and to you, honourable colleagues - I personally discussed this matter with His Excellency, the President last Monday – not this one, the one of last week – and he directed that we increase this provision substantially to cover all cities, municipalities, and town councils. *(Applause)*

The President is interested in having modern, well-planned and attractive cities and towns, and his instruction is to budget for Shs 2 billion for each city for physical planning, Shs 300 million for municipal councils, and Shs 50 million for town councils. We hope this will lead to better, lovable and attractive towns.

We shall work, as the Ministry of Local Government, with the Ministry of Lands, Housing and Urban Development and the Ministry of Finance, Planning and Economic Development to put in place measures to actualise the vision of His Excellency, the President of a well-planned country. We call on the local governments - this kind of relief should result in better physical planning of our towns.

Colleagues in local governments, strengthen your resolve so that we put our towns to good standards. As ministries affected, we shall strengthen our capacity for supervision and monitoring of this undertaking.

8. Centralisation of local government revenue

Madam Speaker, you will recall that this Parliament passed a resolution that the local government's own source revenue should be retained by them, instead of it being sent to the Consolidated Fund, which makes them wait for a month or two or even three before it is sent back. The local government associations have complained about this practice.

As the ministry, we are at par with Parliament and the local government associations. We totally think that local governments are able to manage their local revenues, they should be able to utilise and account for it in order to give the necessary services to the people. We continue to engage the Ministry of Finance, Planning and Economic Development on this matter so that the local governments are permitted to retain their local revenue.

I have heard that it is the Public Finance Management Act, 2015, which brings this about, but my team has examined the Public Finance Management Act (PFMA), 2015. Allow me to quote two provisions, which are critical to this. Section 27(3) of the PFMA states, *"A vote, state enterprise or public corporation shall retain revenue collected or received where the revenue is in form of levies, licences, fees or fines and the vote, state enterprise or public corporation is authorised through appropriation by Parliament to retain the revenue."*

Moreover, Section 28(1) of the PFMA, provides thus: *"All revenue or other money raised or received for the purpose of the Government shall be paid into and shall form part of the Consolidated Fund"*. Honourable colleagues, this does not apply to all votes, especially local governments, because under the interpretation clause in the PFMA, "Government" refers to central government.

Local governments are saying, "Honourable minister of finance, whichever instrument you used, we are ready to engage with you so that we see what justification there is for money to be removed from Kisoro, it comes here, we look at it, and then we send it back after two or three months." Yet during that time, people will be complaining of garbage, and the councillors are not paid. It has caused a little bit of friction between the local governments because there is a sharing arrangement for local revenue.

Now, when the sub-counties collect their revenue and it comes to the centre, when it is moved from the central government back to the districts, some districts keep quiet and they use the money. And the sub-counties down there never know that this money has come.

Therefore, we do not find any justification yet under decentralisation by devolution to make an enterprise, which has the powers under the Constitution to collect revenue, to appropriate and to move its supplementary budget, to bring the money here, you look at it, then after three–four months, you send it back. Maybe one time they may ask for an interest for those two–three months. *(Laughter)*

9. Regular elections of LCI and LCII

The local government associations petitioned the Rt Hon. Speaker because we have been extending the term of office of the LCs. They are pointing out that this is not good. These LC leaders have a term, which they agree on with the population during voting, so we should abide by it.

The term of office of the administrative units – when I talk of administrative unit, I mean LCI and LCII – they are not local governments; we call them administrative units - has been extended in line with the Local Government Council's Regulation 12(d). The reason has been mainly the lack of funds to conduct the elections.

In order to solve this matter once and for all, Government has harmonised elections of the local councils with the general elections and elections of local governments, with effect from next election, 2026. The budget for elections of the local governments is part of the Electoral Commission general budget for the next elections.

We are saying that we are no longer going to have another election midterm of LCs. After the elections of the President, the Members of Parliament, the LCV and LCIII; the Electoral Commission will continue with elections of LCI and LCII officials. *(Applause)*

10. The final issue was ULGA-UAAU subvention

Madam Speaker, Government appreciates the work done by the local governments in keeping decentralisation on track through the associations.

Now they have been complaining about budget cuts. We do, through the Ministry of Local Government, give what we call a subvention to ULGA and to UAAU. The ministry has been providing Shs 300 million to cover these associations; that is, Shs 200 million to ULGA and Shs 100 million to UAAU. However – indeed they are right, for example, last year this was cut to only Shs 60 million because it is categorised as "other" in the budget, so it is susceptible to budget cuts.

We plan to double this amount to Shs 600 million next financial year. We are discussing – we are going to discuss it with the Ministry of Finance, Planning and Economic Development to agree because these associations help us a lot as Government; we need them.

We have also strongly advised the associations of local government to mobilise their members to pay their subscriptions on time because the members' own support and ownership is the bedrock for survival of an association. But we are also going to change the categorisation in the budget to move it from "other" to give it its own stand-alone budget line so that it is not seen as money, which is available for budget cutting.

In conclusion, Madam Speaker, we would like to take note of the request of the local governments through the associations to have a meeting with His Excellency, the President. They made this request to you, Madam Speaker. I have discussed this matter with His Excellency, the President. He is the patron of ULGA. He is the key proponent and defender of devolution. And I can confirm to you, honourable colleagues, His Excellency, the President will meet the district chairpersons and mayors soon. We shall communicate the actual date and venue to the local governments. We are just waiting for the indication of the date and venue from the Principal Private Secretary to the President; he is going to meet them.

Much as the local governments, in their opening statement, decried of what they called deteriorating quality of service delivery at the local government level across the country, I wish to correct this impression.

The annual assessment of local governments by the Office of the Prime Minister and other bodies shows a tremendous improvement in services, which is attributed to Government programmes that are funded under appropriation by Parliament and are implemented by the local governments.

Programmes like Uganda Intergovernmental Fiscal Transfers Program (UgIFT), Uganda Support to Municipal Infrastructure Development Program (USMID), Parish Development Model (PDM), *Emyooga*, Social Assistance Grants for Empowerment (SAGE), and others, have made a critical improvement. Look at PDM itself, since we started, we were about 40 per cent of households in subsistence. As we speak, the Uganda Bureau of Statistics (UBOS) statistics show we have moved down by 33 per cent, and this is implemented through the local government structures. The local governments have also stepped up the collection and administration of their own revenues.

Madam Speaker, whereas the urban authorities, in the Financial Year 2021/2022, collected Shs 29 billion, last financial year, they collected Shs 51.3 billion. The districts have generally moved towards Shs 300 billion. This is because of digitisation, but also a more active understanding that they need their own local revenue. The situation is promising.

Our task ahead is to deepen decentralisation, to defend it and not to weaken it. This is because it is a key policy of the Government for service delivery, wealth creation, and mobilisation of the communities. I beg to present this statement to the House, Madam Speaker. *(Applause)*

THE SPEAKER: Thank you, honourable minister, for the response and action points. When you hear the local government team saying that there is a deterioration in service delivery - you look at what you have just talked about, the human resource. In most of these districts, classes are empty. There are no teachers. The hospitals do not have medics. The roads are in poor condition because they do not have equipment. They are right to say that there is a deterioration in service delivery.

Honourable minister, what these local government people are saying is an eye-opener for us. It helps us to plan. We should not sugar-coat it by saying that everything is okay because we have PDM and whichever. For us to reach the end-user of PDM, the roads should be worked on. We need the roads to be worked on. How do we collect that money, if these people do not have the workers to do that? These people have a point, which we must handle; we must resolve it. Honourable members, you have heard.

On the issue of the monies that are collected, we need to appreciate that because when you look at Article 176 of the Constitution of Uganda, you notice that it talks about the local government system. However, when you look at Article 191 of the Constitution, the power to levy and appropriate taxes is with Parliament, and it gives powers to local governments to collect money, taxes and levies.

However, Parliament also enacted a law, the Public Finance Management Act of 2025, which now controls how that money is collected and used, and how the money should come to the Consolidated Fund Account.

One thing that we should request is that when these districts collect money and they budget for it, it should be sent to them to be used, early enough, instead of sending the money at the end of the financial year, and it bounces back.

Yes, Members, you have heard the report. Hon. Omara, I am going to start with you. Be brief, because everybody must give a – Hon. Omara, before you speak, can I hear from the committee of local government? It will help us.

2.54

THE CHAIRPERSON, COMMITTEE ON PUBLIC ACCOUNTS (LOCAL GOVERNMENT) (Mr Gilbert Olanya): Thank you, Madam Speaker.

I appreciate the honourable minister for addressing the issues that concern us. The major issues, for example, on the road equipment - when we traversed all the districts in this country, their major concern is on road equipment. Most of the equipment that was supplied worked for less than one year. It is all grounded. Many of the districts cannot afford to repair the equipment when it is spoiled.

Madam Speaker, looking at the procedures of borrowing the equipment, we have regional offices in Gulu, Mbarara, Mbale, and Soroti. However, whenever the districts go to borrow the equipment, the regional offices do not supply them, and we discovered that many of them are hiring out the railroad equipment. In fact, they are making money instead of helping the government offices.

Madam Speaker, the minister needs to be very serious.

THE SPEAKER: Are you saying the regional offices hire out equipment to districts?

MR OLANYA: No, some of the regional offices hire out equipment to local contractors. The problem is quite huge.

Madam Speaker, on the payment of our local leaders, this is a very serious concern -

THE SPEAKER: That is going to be sorted out.

MR OLANYA: Exactly.

THE SPEAKER: We are going to budget for that money. Effective July, these people will be getting sufficient amounts.

MR OLANYA: Thank you. Finally, Madam Speaker, on the centralisation of local revenue, this is another problem. We discovered that many of the local councils were not sitting. This is because whenever the district collects local revenue, it sends it to the central government. For money to go back to the local governments, it is a tug of war. The accounting officers normally –

THE SPEAKER: What is your suggestion? Whoever speaks to an issue should give a way forward. What is your suggestion, now that you have enacted the Public Finance Management Act?

MR OLANYA: Madam Speaker, our suggestion is to let the local governments collect local revenue and manage it. Let them submit accountability of the money they collect.

THE SPEAKER: How do you now reconcile it with the Public Finance Management Act? I want us to speak as legislators, okay? You enacted a law - see Section 27(3)(a) of the Public Finance Management Act, 2015. Do you get it? Then 28(1). How do we cure that? The only way you can cure it is to bring an amendment.

MR OLANYA: Exactly.

THE SPEAKER: You will not continue lamenting in this House when you know you are the ones who created this, and the power to remove this is still with you.

MR OLANYA: Madam Speaker, I recall, Hon. Betty raised this concern and she brought it as a motion on the Floor of this Parliament, and Parliament resolved –

THE SPEAKER: Does a motion amend an Act of Parliament?

MR OLANYA: No.

THE SPEAKER: Thank you.

MR OLANYA: Madam Speaker, as you guided, we need to bring it on the Floor of Parliament and we do the amendment. Otherwise, what the honourable minister has raised is a very serious concern, and I pray that the Government takes it into consideration. Thank you.

THE SPEAKER: Just a minute. Let me hear from Hon. Onzima.

2.58

MR GODFREY ONZIMA (NRM, Aringa North County, Yumbe): Thank you, Madam Speaker. I want to make a comment on four areas. One of the areas is –

THE SPEAKER: I thought you were reacting to what he was saying. As the public service committee, okay. I am giving each of you two minutes.

MR ONZIMA: On the issue of employment, you have rightly mentioned that whatever the minister concentrated on and rated as 70 per cent, is the chore of the head of departments who are seated at the district headquarters. When you go to the health sector –

THE SPEAKER: In air conditioning.

MR ONZIMA: Yes. They are mostly, just as he had said, principal human resource officers, district health officers. However, when you go to these health units, you will find that the human resources are lacking. I am a member of PAC (Local Government). Most of the districts' ratings for teachers and health workers are below 50.

I talked to one of the people who called me from Herwa Health Centre. He told me that the whole health unit III had only two midwives. One was granted study leave and the other was granted maternity leave. Therefore, all the women who come for delivery are just referred because there is nobody to attend to them. We need to pay attention to this.

In the education sector, many of the schools do not have teachers for up to six or seven. Some of them have five, three, and the rest. There was a school about which information was circulating saying that all the children had failed. I managed to go to that school, and there were only four teachers, including the headteacher. Those are supposed to teach children of seven classes; from Primary 1 to Primary 7. The issue of human resource in the health sector and education, needs to be looked into.

Two, the minister stated that all the town councils are going to be given a road fund. However, we are aware that some of these town councils and even sub-counties are still sharing money with their mother sub-counties. For example, I have Kei Sub county, from which Lobe Town Council was created, and Arilo. These are still relying on the money given to Kei as their mother sub-county.

Therefore, if we are saying that the Ministry of Works and Transport is going to give money to all these other sub-counties and town councils, yet these town councils do not have Indicative Planning Figures (IPF), separately, how are we going to channel this? The best I knew was that they were giving Shs 50 million for this new town council that - *(Member timed out.)*

THE SPEAKER: Thank you. Honourable members, even as we discuss this, I will want the Public Service and Local Government committees to go and look at these issues that are on the ground, to harmonise what the petition is raising, *vis-à-vis* what the Minister's response is. I will also have a report from the shadow minister from the opposition. These will form a budget framework paper. If we are saying that we need Shs 30 million for training, then it should come out from the committee as a recommendation to form what should be put in the budget framework paper for us to consider it in the 2026/2027 budget.

3.02

MR PAUL OMARA (Independent, Otuke County, Otuke): Thank you, Madam Speaker. I thank the Minister, for the report. However, let me respond to three areas.

On the issue of centralisation of government revenue, Madam Speaker, this was done before the provision in the Public Finance Management Act was instituted, and it was discovered that most of the local governments were understating revenue in their budgets. So, when the matter was centralised, the amount of money increased. The issue is not so much about -

THE SPEAKER: They were under-declaring.

MR OMARA: They were under-declaring revenue. So, when this matter was centralised, because we only have one treasury -

THE SPEAKER: Hon. Ogwang has something - Information. Before we get the information - these kids to leave. We have, in the public gallery this afternoon, pupils from Alpha Nursery and Primary School, Kapchorwa. You are welcome. They are represented by Hon. Cheptoris Sam, Hon. Chemutai Phyllis, and Hon. William Chemonges. You are welcome. Thank you, for coming all the way from Kapchorwa. Join me in welcoming them. (*Applause*) Thank you so much.

We also have pupils and teachers from Dr Ambrosoli Memorial Primary School, Agago. They are represented by Hon. Akello Beatrice Okori, Hon. Lagen David, and Hon. Okot Amos. You are most welcome. Thank you for coming.

Hon. Ogwang - we are in debate, come on.

MR OGWANG: Madam Speaker, I just want to give some information to my colleague - *(Hon. Okot Amos rose_)*

THE SPEAKER: Hon. Okot Amos is the one representing them.

MR AMOS OKOT: Thank you, Madam Speaker. *(Laughter)* You know, we are in a very hectic and hot period, and so, if my people from Kalongo reach here, and they hear that they are being represented by the Member of Agago County, instead of the Member for Agago North County, who is Okot John Amos, it may cause me a problem. However, I want to welcome them all to the Parliament of Uganda. You are most welcome.

Madam Speaker, for the record, they travelled the long route because of the bad roads. The roads in Agago - to reach Kalongo, is not easy. We have talked about this here, and these children - if the ministry can take a step to work on the roads, you are going to save them and all of us. Otherwise, you, the children, are most welcome. God bless you.

THE SPEAKER: Children, we are going to work on the roads for you. You have very good leaders who are speaking for you. Go and tell your parents to vote for them. Thank you.

MR OGWANG: Madam Speaker, I want to give information to my colleague and to the House, and I want to refer to Mbale City. I thank the President for appointing me to work in the Office of the President under the Economic Monitoring docket. If there is anyone who understands what happens in local governments, I am here. (*Applause*)

Madam Speaker, I appreciate the report of my honourable colleague, the Minister of Local Government, but the question of us wanting to amend the Public Finance Management Act, 2015 is one I would really want to implore Parliament to be cautious about. Let me give an example. the Government of Uganda -

THE SPEAKER: Hon. Ogwang, we have not said we are going to amend it; it is a process.

MR OGWANG: Thank you so much.

THE SPEAKER: It is not something that you just dream. There is an intention why that clause was put there.

MR OGWANG: Thank you very much, Madam Speaker. There was a project under the African Development Bank for the construction of these markets. I can quote one in Mbale City. The Government spent about Shs 27 billion on that market.

However, according to the budget of Mbale City, in a whole year, they were only declaring Shs 12 million. After I carried out an inspection, His Worship, the Mayor, whom I love so much, a progressive leader, wrote back to me, after my intervention, saying that within one month, they had collected almost 67 million.

So, where is the problem? There is a problem of corruption, but also, there is a problem of undeclared revenue to the central government, deliberately, because this was done by technical people, whom I want to confirm. The city authorities, then knew those technical people very well, but I thank God I am out of it, and I really want to pray that I do not go back to it. My brother, that is the good information.

THE SPEAKER: Let people present.

MR OMARA: Let me first finish. Madam Speaker and honourable members, I was just saying that the issue is under declaration by local government authorities. It is good that we centralise tax collection.

The only issue, which we must look at is the funding of local governments. In the past, Madam Speaker, the local governments used to receive up to 15 per cent of our total budget annually, but now that has dropped to 7 per cent.

Therefore, honourable members need to look at more of the funding of local governments than centralising the local government revenue at the districts.

The other issue is about the road equipment. I think the recommendation for the cities and municipalities is okay, but honourable minister, the districts, which have received equipment, have since lost most of it. As the honourable colleague on the other side said, the regional government or the regional centres for road rehabilitation are not being helpful to the local authorities.

What we need to do is to check afresh. There should be an inter-ministerial action really to support the local governments - the ministers of works, finance, and local government should make sure that during the budget process, we provide sufficient money to the local authorities, especially for the repairs of the equipment. Most of this equipment has since collapsed, and we are relying so much on the regional centres for support, which is not forthcoming. All these issues of road equipment must be looked at carefully, across the board, for more funding.

The final issue is staff recruitment. In many of the districts – *(Member timed out.)*

THE SPEAKER: Honourable minister, even in the districts, there is some kind of negligence. If one vehicle or any equipment gets spoilt, it is left there for two years and you know there is wear and tear. The vehicles are left there, and nothing is done. At the end of the day, they say they do not have equipment. I do not know how people handle Government assets. Yes, youth?

3.11

MR EDSON RUGUMAYO (NRM, Youth Representative, Western): Madam speaker, I beg to be guided on the interpretation of our Act. I have not read from the primary source, but when I read the statement from the minister, he seems to argue based on the interpretation that the current Public Finance Management Act of 2015 is pro-retention of revenues at the local government level. He goes ahead to quote sections 27(3)(a) and 28, which categorise the Government as central government.

With the hindsight that Article 163 of the Constitution, if my memory serves me well, reads: "Local governments are autonomous bodies with powers to appropriate."

Madam Speaker, I beg to be guided; how do we interpret our own Act?

THE SPEAKER: Which Article?

MR RUGUMAYO: If my memory serves me very well, it is Article 163 of the Constitution. I do not know if it is correct.

THE SPEAKER: No, it is Article 173 of the Constitution.

MR RUGUMAYO: I beg to be guided on how this House can interpret this Act, because we might rush to an amendment, yet the problem was foreseen and solved.

THE SPEAKER: Look at Article 191 of the Constitution: it states: "*Power to levy and appropriate taxes*

(1) Local governments shall have power to levy, charge, collect, and appropriate fees and taxes in accordance with any law enacted by Parliament by virtue of Article 152 of this Constitution."

That is now the Public Finance Management Act, which was enacted by Parliament – but it further reads: *"(2) The fees and taxes to be* *levied, charged, collected and appropriated under clause (1) of this article shall consist of rent, rates, royalties, stamp duties, personal graduated tax, fees on registration and licensing and any other fees and taxes that Parliament may prescribe."*

MR RUGUMAYO: Madam Speaker, I beg your indulgence. When we read from the primary Act of PFMA, what does it say exactly on the issue of retention? I see the minister quoting it in his statement.

THE SPEAKER: Honourable minister in charge of finance, the owner of the Public Finance Management Act, is not in agreement with the Minister of Local Government.

3.14

THE MINISTER OF STATE FOR FINANCE, PLANNING AND ECONOMIC DEVELOPMENT (GENERAL DUTIES) (Mr Henry Musasizi): Thank you, Madam Speaker. I was here in 2015 with Hon. Magyezi and the others, when this law was enacted. What was the spirit? The spirit was what Hon. Omara said, that many local governments were understating revenue.

To address this problem, we said all revenues of government must go to the Consolidated Fund and local governments are not an exception. They collect revenue for and on behalf of the Government.

It is not true that when these revenues are collected, we take a lot of time to send the money back. We run a treasury single account- *(Interjection)- no, later.* We run a single treasury account. To access monies from the Consolidated Fund, you must go through this system. As long as you have a budget, when these revenues come, you automatically get them within the period under which it is collected.

What we always encourage is that accounting officers in local governments should not understate their budgets. If they understate, it means that to access these monies, we must - *(Member timed out.)*

THE SPEAKER: Continue.

MR MUSASIZI: We must go through the supplementary process. I remember the case of Omoro District in Acholi Sub-region, at one time, they had drastically understated their revenue, and they were failing to operate. When they brought the matter to our attention, we advised them - even in Gulu City, we advised them to correct their mistakes. Now, they are getting their revenues on time.

I would like to appeal to colleagues that - I know it is not good to - this is a report of the Government, but it did not talk about corruption in local governments. Yes, do you want to clarify on corruption?

MR GAFABUSA: Thank you, Madam Speaker. Honourable minister, just to follow from what Hon. Edison Rugumayo raised, the clarification we are seeking is that from the statement of the honourable Minister of Local Government, he indicated that this provision of the PFMA Section 27(3) states that all these revenues collected shall make part of the Consolidated Fund Account collected by the Government.

In the interpretation section of the PFMA, the Government refers to central government agencies and it excludes local governments. That is the clarification we are seeking from you, as the Minister of Finance, Planning and Economic Development, on whether the revenues we collect from the local governments that do not form part of the Government envisaged in the PFMA, should also go to the Consolidated Fund Account. That is the clarification we need.

MR MUSASIZI: Somehow, it is long ago - we can refer to our system - but I think somewhere we said that in terms of managing public finances, the PFMA supersedes all other laws. I remember us talking about it somewhere. Yes, it is there.

Therefore, my guiding principle is the PFMA, which defines revenues of the Government and how they are spent. You cannot access this money without going through the Consolidated Fund Account. And to access money from the Consolidated Fund Account, you must be part of the Treasury Single Account.

MR RUGUMAYO: Madam speaker, but we are quoting the same Act.

THE SPEAKER: Honourable members, all that you are speaking about rotates around money. If we had sufficient funding for local governments, we would not have this topic here.

Honourable minister, you are the one who brings the budget here - although it is an Executive function. When you look at our national budget, the Local Government takes only 9.5 percent. If you stood firm as a House and said, "We want money to be increased for Local Government, we would not be talking here."

Therefore, let us increase the money for local governments. All these issues will be resolved. We will not have a debate in this House. *[Hon. Magyezi rose_)* Would you like to say something? No, I am still on funding.

3.21

THE MINISTER OF LOCAL GOVERNMENT (Mr Raphael Magyezi): You are right, Madam Speaker. You have made a point that we wanted to hear all along. I have been with the Local Government for 30 years, as a statistician in the district, as a staff member in the ministry, as the Chairperson of the Parliamentary Committee on Local Government, and now as a minister.

I can tell you that at some time, I think around 2010 or a little before that, we had reached 34 percent of the national budget going to the local governments.

However, somewhere we lost track, and we went down to 26, to 18, and now you are right, it is 9 percent.

That is the key problem, colleagues. You cannot decentralise 80 percent of the responsibilities to districts and give them only 10 percent. It does not make sense.

I am a minister and certainly I would love to have more money in the ministry, and if we are going to move this country -

THE SPEAKER: Actually, that money is not in your ministry; it goes down to the local people. You are only overseeing it.

MR MAGYEZI: We are just overseers, monitors but the people doing the roads, schools - I could read to you a section here showing local governments, which have gone to an extent of buying their own grader, you can imagine; buying their own trucks, simply because we are not doing it as Government.

Therefore, my proposal - because we could debate this issue of the Public Finance Management Act (PFMA) for quite a long time and I would challenge anybody, go to the interpretation clause of the PFMA; Government means Central Government. That is Section 20. When we say that this PFMA is important, it cannot be more important than the Constitution.

The Constitution gives local governments the powers to collect, appropriate and to pass their own supplementary budgets. Why do we allow ourselves to go wrong and then at the end of the day we complain that things are not working?

Therefore, my proposal, honourable colleagues, in the next year, 2026/2027, we must see an increase in the money going to the local governments to at least 15 per cent, the following year to 20 per cent, the next year to 30 per cent, then we can sit and say, "Mr Local Government, what are you doing?"

THE SPEAKER: Thank you. honourable minister, you will be guided under Article 176 (D) and (E) - when making that increment of the money, you are guided by the Constitution. So, let us make sure that our local governments are well facilitated.

Therefore, I expect the committee to bring me that report that will form the budget framework paper for local governments. Honourable members, we have already got a solution to this. Next item.

(II) STATEMENT BY MINISTER ON THE CAUSE OF THE BROWNISH CLOUD, FOUL ODOUR AND OILY FILM AND WHITE CREAM ON LAKE BUNYONYI AND PROPOSED ACTIONS

THE SPEAKER: Yes, honourable minister.

3.24

THE MINISTER OF STATE FOR WATER AND ENVIRONMENT (Ms Aisha Sekindi): Thank you, Madam Speaker. Thank you for allowing me to present this statement on the cause of the brownish cloud, foul odour, oil films, and white creams on Lake Bunyonyi and the proposed actions.

This brief has been prepared to update you and the honourable Members of Parliament about the above. As you may be aware, over the last few weeks, waters of Lake Bunyonyi have suddenly turned brownish and begun emitting a strong foul odour with an oil film and white cream floating on the water.

In response, the Ministry of Water and Environment, working with its agencies, undertook a rapid assessment to get an understanding of the causes of the problem and actions to be taken to address the problem.

These are the considered causes as of now.

a) Lakes often undergo a natural process of water turnover where the deeper, colder water mixes with the warmer water at the surface, leading to increased turbidity. This is often caused by heavy rainfall events that lead to sudden temperature valuations. The increased temperatures in the dry season and heavy, intense rains in the wet season increase the frequency of lake turnover, not only on Lake Bunyonyi but also in other lake systems in Uganda.

b) The lake's location in the valley with the steep slopes makes it vulnerable to runoff from agricultural farms and numerous statements in the surrounding bare hills. Stone quarrying around the lake, as well as the ongoing iron ore mining within the catchment of the lake, could also be contributing to the siltation of the lake and the brown colour.

   This is exacerbated by the degraded shorelines of the lake, which result in the direct surface runoff entering the water body. This contributes significantly to the siltation of the lake and the resultant brown colour of the lake.

c) Poor waste management from the market, car washing bays and other establishments around the lake is also contributing to a decline in water quality, resulting in four odours, oil fumes, and white cream on the lake. Water quality measurements reveal that oxygen concentrations in the lake are low and pose a serious threat to the lake are low and pose a serious threat to the lake's ecosystem and its potential as a source of safe water.

The current brown colour of the water all over the lake, which has lasted for about three weeks, could be due to the mixing of sediments that have settled at the bottom of the lake with those coming into the lake from the surrounding hills due to runoff.

Madam Speaker, the brown colour observed all over the lake implies that dissolved organic matter in the water has reached a critical level.

These are the proposed measures we are considering as of now:

a) According to our regulations, the Ministry of Water and Environment has undertaken regular assessment and inspections to ensure compliance around the lakes.

b) The Ministry of Water and Environment has sensitised the local communities on poor waste disposal and the danger of farming near the lake. Equally, they are being empowered to be the stewards of the lake's environment.

c) Given the high turbidity and colour, as of now, the National Water and Sewage Corporation is already undertaking improvements in its technology for the treatment of the lake water. The filtration and chlorination treatment process is being enhanced to ensure that the final water meets the required standards.

d) We have scaled up the protection of the catchment around the lake to prevent soil erosion and agricultural runoff- *(Hon. Ssemujju rose_)*

THE SPEAKER: Why don't you allow the minister to finish, and then you can seek a clarification?

MS SEKINDI: The action will include, among others; promotion of sustainable farming practices, establishment of bench terraces, construction of soil and water harvesting structures, and tree planting, among other initiatives.

e) We shall provide alternative sources of income to the upstream communities to give them initiatives for the protection of the catchment.

f) We shall also collaborate with local governments and other stakeholders to establish proper sanitation and waste management facilities at the Harutindo Landing Centre market to prevent direct discharge of the waste into the lake.

Madam Speaker, by implementing the above measures, the ecological balance of Lake Bunyonyi shall be restored, thus ensuring its sustainability for both aquatic life and the local community.

We shall continue monitoring and carrying out further scientific research on Lake Bunyonyi so as to give a comprehensive report to this Parliament at the end of this month.

THE SPEAKER: Thank you.

MS SEKINDI: As I talk, the situation on the ground is encouraging. The water is better now, it is changing to its normal colour. I beg to submit, Madam Speaker.

THE SPEAKER: Leader of the Opposition (LOP).

3.26

THE CHIEF OPPOSITION WHIP (Mr John Baptist Nambeshe): Thank you, Madam Speaker. I would like to thank the minister for attempting to give this report on the challenges that are on Lake Bunyonyi.

However, it is defeatist, in the last paragraph, when she states that they are yet to come back to the House with a comprehensive report. I seek you indulgence to allow the line Minister of Water and Environment -

THE SPEAKER: The line shadow minister.

MR NAMBESHE: Shadow Minister of Water and Environment to also compile a report on the same before it could receive the views of the members.

THE SPEAKER: And then we shall debate both reports. I think that is okay. Yes, Hon. Dr Abed.

DR BWANIKA: Madam Speaker -

THE SPEAKER: The problem is, you people just enter and start clarification, motion and what not - people have been here -

DR BWANIKA: Madam Speaker, I have listened to this report and I do not -

THE SPEAKER: I have already made a ruling to that effect that -

DR BWANIKA: Madam Speaker, water is a science. The minister cannot come -

THE SPEAKER: Dr Abed, it is in our own wise ruling; we have said that let us have an alternative statement from this side and we will debate the report.

Honourable members, we will debate that report after we have received, from the alternative government, a report on the same. Yes, Hon. Sarah?

3.28

MS SARAH OPENDI (NRM, Woman Representative, Tororo): Thank you Madam Speaker. Yesterday, in the news, there was a public outcry from the people within Kabarole District, who said their water had actually turned green. Whether they cook greens it is green, whether they cook meat, it turns green.

Therefore, Madam Speaker, I want to simply suggest that the minister equally takes interest in that matter so that she can report to this House at once. Thank you.

THE SPEAKER: Honourable members, first of all, you did not raise that issue on the Floor. It is us who asked the minister to bring a statement on what is happening with the water. The water is turning green. That is why she has brought that statement. However, since we want both sides to bring a statement so that we look at it - what Hon. Sarah is raising, do not interest yourself only on Bunyonyi; you should look at the whole country; look at water naturally.

As the Hon. Dr Abed has said, water is life. If somebody is going to drink that water, and it is contaminated; we must handle it as fast as possible. I expect a report from Opposition on Thursday and we will debate this then.

MR NAMBESHE: Much obliged Madam Speaker.

THE SPEAKER: Thank you.

3.37

MR IBRAHIM SSEMUJJU (FDC, Kira Municipality, Wakiso): Thank you Madam Speaker. I am moving this motion under Rule 63. It provides, and I want to read: "*A Member may move an adjournment motion for the purpose of discussing a definite matter of urgent public importance*."

Madam Speaker, the motion I am moving - last week I raised here the issue of the abduction of one of my candidates for Rukungiri Municipality, Sam Mugumya, and you advised the Government to come and explain - *(Member timed out.)*

THE SPEAKER: Honourable member, you have come in the middle of a debate on - you are going to disorganise - you were not here. The Minister of Justice and Constitutional Affairs was also here, and you were not here.

MR SSEMUJJU: Madam Speaker, I was not here, but you provided us with the technology to follow, and I was following.

THE SPEAKER: Okay, let us look at that when the minister is here.

MR SSEMUJJU: There is a motion, Madam Speaker, to which you are supposed to respond under the rules.

THE SPEAKER: Is it seconded?

MR SSEMUJJU: Yes.

THE SPEAKER: By whom? (*Laughter*) Is the motion seconded?

MR SSEMUJJU: I have not moved it, so what do they second when they do not know what I have moved?

THE SPEAKER: Is the motion seconded?

MR SSEMUJJU: Yes. Madam Speaker, there is no motion. Can I move it?

THE SPEAKER: Hon. Ssemujju, let us finish today's work. You will bring your motion tomorrow. Next item. Whether you want it or not, I must finish local government today.

Honourable minister, tell Hon. Attorney-General and Minister of Justice and Constitutional Affairs to bring a report on what Hon. Ssemujju raised.

MOTION FOR A RESOLUTION OF PARLIAMENT TO AUTHORISE GOVERNMENT TO BORROW UP TO USD 99.56 MILLION FROM THE INTERNATIONAL FUND FOR AGRICULTURAL DEVELOPMENT (IFAD) TO FINANCE THE PROPOSED RESILIENT LIVESTOCK VALUE CHAIN PROJECT (RELIV)

THE SPEAKER: Honourable members, Article 159(2) of the Constitution of the Republic stipulates that parliamentary approval is required for the Government to borrow. On Wednesday, 3 September 2025, the Minister of Finance, Planning and Economic Development tabled a request for borrowing, and it was duly referred to the Committee on National Economy. Therefore, pursuant to Rule 58 of the Rules of Procedure, I invite the minister to move a motion seeking to borrow for approval of this House. Honourable minister.

3.41

THE MINISTER OF STATE FOR FINANCE, PLANNING AND ECONOMIC DEVELOPMENT (GENERAL DUTIES) (Mr Henry Musasizi): Thank you, Madam Speaker. Pursuant to Article 159(2) of the Constitution of the Republic of Uganda, Sections 36 and 37 of the Public Finance Management (Amendment) Act, 2015 and Rule 58 of the Rules of Procedure of Parliament, I beg to move a motion for a resolution of Parliament to approve the proposal by the Government to borrow up to $99.56 million from the International Fund for Agriculture Development to finance the proposed resilient livestock value chain project. I beg to move.

THE SPEAKER: Is the motion seconded? Seconded by Hon. Avur, Hon. Lagen, Hon. Dr Ayume, Hon. Nandutu, Honourable Member for Rukungiri Municipality, Hon. Afidra, Hon. Chemonges, the Honourable Member representing the elders, Honourable Member for Isingiro, Hon. Aisha, Hon. Maj. Dr Alanyo, Hon. Col Dr Nekesa, Hon. Olobo, Hon. Isodo, Hon. Koluo, Hon. Wanda, and Hon. Wokorach Simon. Hon. Wokorach, you resemble Hon. Lagen.

MR MUSASIZI: Madam Speaker, the goal of the project is to contribute to improved livelihoods of smallholder livestock farmers in Uganda. The project development objective is to enhance income, nutrition and resilience for smallholder dairy and beef producers.

Benefits and expected outcomes

Once this project is implemented, we will have the following benefits and outcomes:

i. Increased productivity, value addition, resilience, and climate impact on smallholder beef and dairy production systems;
ii. Enhanced access to markets and value addition for smallholder producers and access to finance;
iii. Strengthened police and regulatory environment.

The scope of the project

The project will focus on 55 selected districts in the cattle corridor of Uganda. The districts were selected based on the following:

i. The high incidence and density of poverty, food insecurity, and malnutrition;
ii. Herd size by the households and potential for dairy and meat, value chain environment including markets for animal-sourced products;
iii. High potential for women and youth to get involved in the dairy and beef value chain; and
iv. Climate vulnerability.

In addition, the selection was based on subnational priorities and potential complementarities with ongoing development initiatives in the dairy and cattle industry.

i. The project has three main components. Component one is increasing productivity and resilience, and reducing the impact of climate change on production. Component two is enhancing access to markets for the smallholder producers and investments in the value chain, and component three is policy support and coordination.

Financing

Madam Speaker, the overall cost of the project is estimated at $204.8 million. Of this total financing, $99.56 is from Uganda's IFAD 12 Performance-Based Allocation System and IFAD's Borrowed Resource Access Mechanism $50 million is from Global Environment Facility and Green Climate Fund, and $15 million is from the Africa Rural Climate Adaptation Finance Mechanism. The Government of Uganda will contribute $31.97 million in-kind or cash, and project beneficiaries will contribute to the project, in cash or in-kind, amounting to at least $8.3 million.

The financing terms are the following:

i) Facility amount. The loan is in three categories. Category A, $71.65 million, category B $17.91 million and category C is $10 million.
ii) The tenure of the loan is 50 years under category A, 40 years under B, and 29 years under category C.
iii) The grace period under category A is 10 years, under category B it is 10 years, and under category C it is also 10 years.
iv) The interest rate under categories A and B is zero; it is not applicable.
v) Under category C, we have a tentative interest rate of 5.35 per cent at the time of IFAD board approval, and the market reference rate is 4.4 per cent plus a variable spread of 0.9 per cent plus a maturity premium of 0.05 per cent.
vi) The service charge under category A is 0.1 per cent per annum, category B is 0.75 per cent and under category C, the service charge is not applicable.

What are the benefits? Madam Speaker, the project will directly benefit 400,000 households, equivalent to 2 million beneficiaries, and will indirectly benefit others through various components and activities. The project aims to achieve a minimum target of 40 per cent women and 25 per cent youth.

Madam Speaker, with this justification, I submit to the House for consideration.

THE SPEAKER: Thank you, honourable minister. I now want to invite the committee chairperson to present a report to that effect.

3.49

THE CHAIRPERSON, COMMITTEE ON NATIONAL ECONOMY (Mr John Bosco Ikojo): Thank you very much, Madam Speaker. Honourable Members of Parliament, this is the report of the Committee on National Economy on the proposal to borrow up to $99.56 million from the International Fund for Agricultural Development (IFAD) to finance the proposed Resilience Livestock Value Chain (RELIV) project. I beg to lay the report and the minutes of the committee before I read the report.

Madam Speaker, the minister has given the background to the project. On the 3rd September, the Ministry of Finance, Planning and Economic Development laid this loan proposal to the House, requesting for approval. You referred this to the Committee on National Economy and the committee scrutinised the loan.

We had an interaction with the Ministry of Finance, Planning and Economic Development, together with their technical staff. We had a meeting with the Ministry of Agriculture, Animal Industry and Fisheries that is implementing the loan.

The committee also went ahead to review the documents that were laid before it as they were presenting the loan request. That includes the minister's brief on the proposal to borrow $99.56 million from IFAD to finance RELIV and the RELIV Feasibility Assessment Report.

We also looked at the draft financing agreement. Initially, when the minister laid the brief in category (c) of the loan, the financing agreement indicated 29 years and the ministry accepted. We corrected it together and brought it to 29 years.

We looked at the Social Impact Assessment Report for the project and the letter from the National Planning Authority (NPA) clearing the project. Initially, this project was to benefit about 41 districts but with the intervention of the Members and NPA's guidance, they were pushed from 41 to 55 districts benefiting from this project.

We also looked at the RELIV Implementation Manual, the Minister of Finance, Planning and Economic Development's letter dated 21st on the financial implications of the loan and the RELIV Appraisal documents; the procurement plant, the management structure and the Physical and Financial Progress Report on externally-funded projects.

Madam Speaker, the committee went ahead and looked at the performance of previous projects that were under the sector, and more specifically, the one for Uganda's Climate Smart Agriculture, which is actually not doing very well.

The loan was approved on 25 June 2024. The closure is supposed to be 2028 and the loan amount is $325 million. To date, the disbursement is only $26.51 million, translating to 7.6 per cent of the loan amount.

We were also looking at loans that are not doing very well in the project. For example, the one for irrigation for climate resilience, which was approved in December 2020. To date, the disbursement is only 21 per cent. We looked at the National Oilseed Project, which was approved in July 2021, which was $99.59 million. The disbursement is only 19 per cent.

Madam Speaker, the committee looked at the project's target population of 200,000 households. That has been stated by the minister. The minister has gone through the objectives and the beneficiaries of the project. Like I said, the project will be allocated in 55 districts. An annexure is attached. Some districts were not part of it, but with the intervention, a few other districts were also included. The annexure has 51 districts, but the districts of Kumi, Kabale, Kasese and Namutumba were added while looking at other parameters – *(Interjections)* - we shall find out from the minister.

THE SPEAKER: Committee chairperson, continue.

MR IKOJO: The districts were selected based on the following criteria:

a. The high incidences of density of poverty, food insecurity, and malnutrition;
b. Herd size by the households and potential for dairy and beef or meat value chain development, including markets for animal-sourced products;
c. High potential for women and youth to get involved in the dairy and beef value chain; and
d. Climate vulnerability.

In addition, the project selection was based on sub-national priorities and potential complementarities with the ongoing development initiatives in dairy and beef projects.

Madam Speaker, the project components have already been mentioned by the minister. The project cost; financing and particularly the IFAD loan that finances about 99 per cent of the project – specifically, the committee was looking at the funding by IFAD - the three loan components.

The minister has already given us the loan terms. Madam Speaker, maybe I could read through the conditions of the loan. The loan financing has the following conditions, among others:

a. The financing agreement shall be suspended if the project implementation manual and any other provision thereof has been waived, suspended, terminated, amended, or modified without the prior agreement of the Fund, and the Fund, after consultation with the Government or the borrower, has determined that it has had or is likely to have a material adverse effect on the project;

b. Financing will be cancelled in the event that the borrower does not request disbursement of the financing for a period of 12 consecutive months without justification, subsequent to the first 18 months from the effective date;

c. Government shall provide counterpart contribution for the project in the value of an amount of $31,970,000 (in cash or in kind) or as may otherwise be agreed between the parties;

d. Approval in accordance with the laws of the Republic of Uganda, and such evidence of approval shall be provided to the Fund.

Conditions precedent to its effectiveness are:

a. Legal opinion of the honourable Attorney-General clarifying that the financing agreement has been duly executed and is legally binding on the Republic of Uganda;
b. Resolution of Parliament approving the terms and conditions of the loan; and
c. A certificate issued by a duly authorised representative of the borrower listing the persons authorised to sign on behalf of the borrower, the drawdown request, and any certificate in connection with the loan.

Conditions precedent to withdrawal:

a) The International Fund for Agricultural Development (IFAD) no objection to the Project Implementation Manual (PIM) shall have been obtained;
b) The project coordinator/manager, the procurement manager, and the finance manager/ financial controller (have been appointed or seconded) to the Project Management Unit (PMU) with the prior no objection of the fund.

Madam Speaker, allow me to speak on the concessionality of the loans.

The nominal value of the loan in US dollars is equivalent to: loan A is $71.65 million, loan B is $17.91 million, and loan C is $10 million, with a maturity period of 50, 40, and 29 years, respectively. All three categories of loans have a 10-year grace period.

The total debt service for loan A will be $73.62 million, loan B will be $20.93 million, and loan C will be $19.62 million. Jointly, the total amount the Government of Uganda will pay in 50 years will be $114.17 million.

The present value for loan A is $20.76 million, loan B $7.55 million, and loan C $9.95 million, jointly that is $38.29 million.

The grant element in loan A is 71 per cent, loan B is 58 per cent, loan C is 19 per cent, and jointly the concessionality is 62 per cent.

The proposed financing is purely concessional, and since the joint concessionality of the total IFAD borrowing for the project has a grant element of 62 per cent, the grant element is higher than the concessional unit limit of 35 per cent, as stipulated in our Public Debt Management Framework Financial Years 2023/2024, 2027/2028, as well as the International Monetary Fund (IMF) and the World Bank thresholds.

However, when isolated, it can be observed from table 7 that loans A and B are highly concessional, since their grant element is 71 per cent and 58 per cent, which are higher than our concessional limit of only 35 per cent in the Public Debt Management Framework, in the World Bank, and IMF thresholds. Moreover, their present value of debt is much lower than their nominal value, which implies that the total future payment of the loan is much cheaper than the proposed amount to be borrowed in present terms.

This is mostly driven by their lower service charges, which are less than 1 per cent longer grace period and maturity periods.

On the other hand, loan C is semi-concessional, since the grant element is 19 per cent, which is lower than 35 per cent of the concessional loan, but higher than 10 per cent, the limit for semi concessional loans. The present value of the loan is $9.98 million, which is lower than the nominal value of $10 million, which implies that the total future payment of the loan is cheaper than the proposed amount to be borrowed in present terms.

The budgetary implications

The project is not included in the proposed national budget for the Financial Year 2025/2026. In addition, the project is not listed among the projects in the Public Investment Plan for the Financial Year 2025/2026. However, the report on public debt, grants, guarantees, and other financial liabilities for the Financial Year 2024/2025 lists it as one of the projects in the pipeline as of the end of March 2025.

The impact on debt sustainability

As at the end of December 2024, the total public debt stock stood at $29.06 billion, which is equivalent to Shs 106.97 trillion, increasing from $27.77 billion, which is equivalent to Shs 102.95 trillion, as at the end of June 2024.

This debt stock consists of Shs 53.75 trillion, equivalent to $14 billion as external debt, and Shs 53.22 trillion, while $53.22 trillion, equivalent to $14.45 billion, is domestic debt as at the end of December 2024.

Uganda's debt remains sustainable, with a nominal value of public debt to Gross Domestic Product (GDP) at 50.3 per cent as at December 2024, compared to 50.9 per cent as at June 2024.

The approval of this loan will increase the external debt exposure for public and publicly guaranteed debt by $99.56 million, and the share of the GDP by 0.16 per cent, even though public debt will remain within the sustainable levels. Uganda is rated at moderate risk of debt distress. If Uganda experiences a diverse shock, leading to a decline in the GDP growth, some of the debt risk indicators will exceed our Code of Federal Regulations (CFR) thresholds, rendering our debt unsustainable.

Committee observations and recommendations

The committee observed that the Rules of Procedure of Parliament stipulate that business referred before any committee will be considered within 45 days. However, recently, we have noted a surge in loan requests being submitted to Parliament at the tail end of their loan approval dates.

However, the committee observed that the terms of the proposed IFAD loan were approved in September 2024, and it was cleared by the Prime Minister for presentation to Cabinet on 1st August. Consequently, the loan request was submitted to Parliament on 22 August 2025, a month before the expiry of the loan offered by IFAD to the Government of Uganda, and laid before the House on 3 September 2025. The committee had four working days to consider the loan request. This makes it very difficult for the committee to scrutinise the loan request and report to the House adequately.

The committee notes that the proposed financing terms of IFAD are highly concessional, with long maturity and grace periods. Of recent, the government has not been having access to such concessional loans, with most recent loan requests thought on either semi concessional or commercial terms, less than 30 years of maturity and a grace period of 5 years.

The committee recommends that Government, through Ministry of Finance, Planning and Economic Development, should develop a tracking mechanism for expiry of loan requests to ensure loans are submitted to Parliament within adequate time to facilitate scrutiny of the loan request, allowing at least a period of 45 days recommended in the Rules of Procedure of Parliament to enable Parliament to understand the details associated with each proposed request.

The need to discuss the project details

The committee observed that the project cost was $ 204.8 million. However, the cost breakdown is indicated at the component level. The outputs described under the project loan were not costed to facilitate oversight of the unit cost of various outputs that will be financed under the project.

In addition, the committee noted that part of the International Fund for Agricultural Development (IFAD) loan proceeds will be used to acquire vehicles, that is about $ 2,796,000. Consultancy is about $4.464 million, training and workshops is $4.11 million as observed in Table 4.

The committee is concerned that these are consumptive items taking up a substantial amount of the loan proceeds. A case in point is the project plan to acquire 15 vehicles, which translates to a unit cost of about $ 186,000 per vehicle, which is equivalent to Shs 671 million.

The committee requests the Ministry of Agriculture, Animal Industry and Fisheries (MAAIF) to share the costed units under the project component to facilitate oversight of the unit costs. However, by the time this report was made, this information had not yet been received.

The committee recommends that, given the time constraints where the Government needs to sign the loan by 12 September 2025 and the opportunity cost of the Government not signing the loan in time is high, the Ministry of Agriculture Animal Industry and Fisheries finds time to discuss the costed outputs of the project even after the IFAD funding is considered.

In addition, the loan should be renegotiated to remove resources from consumptive items to acquisition of goods and services and inputs, as well as equipment and materials.

Geographical location of the project

The committee observed that the project location is in the cattle corridor, and so all the districts in the cattle corridor were included. However, the selection criteria of projects had included some parameters related to poverty which saw some districts included in the project, for example, Luuka, Yumbe, Namutumba, among others.

The committee noted that while the criteria for selecting beneficiary districts in the cattle corridor is very clear, other parameters are not, namely:

i) The high incidences of poverty, food security and malnutrition;
ii) The herd size by households and potential for dairy and beef value chain development;
iii) High potential for women and youth to get involved in the dairy and beef value chain;
iv) Climate vulnerability; and
v) Subnational priorities and potential complementarities with the ongoing development in the dairy and beef industry.

The committee was concerned that some sub-regions had no districts benefiting from the project, yet they fall under the other categories used to select the beneficiary districts.

The committee was informed that most of the districts from those sub-regions had benefited from the Uganda Climate Smart Agricultural Transformation Projects, and so this project was benefiting the districts that did not benefit from the Uganda Climate Smart Transformation Projects.

The committee recommends that the Government should always ensure that all loans have a national character.

In conclusion, from the above detailed report, it can be inferred that the loan is highly concessional and the proposed project is viable and in line with the Government plans and aspirations.

Subject to the above observations and recommendations, the committee recommends the approval of the proposed borrowing of up to $ 99.56 million from the IFAD to finance the proposed Resilient Livestock Value Chain Project (ReLIV).

I beg to report.

THE SPEAKER: Thank you, honourable chairperson, for the report. You have heard the report from the chairperson but I just wanted a clarification where the chairperson said - Chair, you said, “smart what?” Climate Smart was performing at 7.6 per cent. Is that true?

MR IKOJO: Madam Speaker, you remember that the loan on Climate Smart became effective on 25 June 2024 and this loan was passed by this very House.

The loan amount was $325 million and to date, most of the components in this project facility have not actually taken off, except for the ones being implemented under local governments, that is the roads under …

THE SPEAKER: What activities have not taken off?

MR IKOJO: Madam Speaker, we were supposed to go to the field with the ministry for agriculture to assess the performance of this loan specifically because when we looked at the report that was laid by the Ministry of Finance, Planning and Economic Development, they had shown that the disbursement was only $26.5 million of the U$ 325 million.

Only $26.5 million had been received from the World Bank to finance this project, translating to the disbursement rate of only 7.6 per cent. So, the financial performance is actually indicating that it is very low compared to the time over the last one year. We have only had a disbursement of 7.6 per cent. So, maybe the ministry for agriculture – unfortunately, the minister is not here but maybe he would be the right person to explain why –

THE SPEAKER: No, he delegated the minister for finance – where is Hon. Musasizi? Has he gone out? Call Hon. Musasizi for me. Can I find out something? The interest that we are paying, is it on the $325 million or the $26 million?

Hon. Musasizi, why isn't – Honourable minister?

4.17
THE MINISTER OF STATE FOR FINANCE, PLANNING AND ECONOMIC DEVELOPMENT (GENERAL DUTIES) (Mr Henry Musasizi): Madam Speaker, can I get the question right?

THE SPEAKER: One, we have Uganda Climate Smart Agriculture. The loan that was approved was $325 million but as of now, what has been disbursed is only $26.5 million. The question is, how come that we are performing at only 7.6 per cent? The second question is, when we are paying interest, are we paying it on the $325 million or the $26.5 million?

MR MUSASIZI: Madam Speaker, the interest is normally charged on the total loan amount.

THE SPEAKER: That is $325 million. Why is the absorption low?

MR MUSASIZI: Why is the absorption low? Now the entity implementing can answer that. *(Laughter)*

THE SPEAKER: And then the districts - honourable chairperson, are the districts where we are implementing Climate Smart the same districts benefiting from this loan?

MR MUSASIZI: Madam Speaker, the districts that have benefited or are going to benefit under Climate Smart should not benefit from this programme –*(Interjection)*– Yes –

THE SPEAKER: Hon. Kivumbi?

4.18
MR MUHAMMAD MUWANGA KIVUMBI (NUP, Butambala County, Butambala): Thank you, Madam Speaker. First, I have just audited projects and I have seen districts that are in Smart Climate, Smart Agriculture, whatever it is, on the list of this one. Check Gomba District. I will give you one that I know of -

THE SPEAKER: Under Climate Smart, what activities are supposed to be done in Gomba?

MR KIVUMBI MUWANGA: Under Climate Smart, for all the projects, they are doing some feeder roads, they are giving people high-quality seeds, they are giving them cattle, they are giving them fertilisers and they are giving them solar pumps, things that I have seen in this project similar to what is in the other project. You have a district featured on both scales.

Also, Madam Speaker, there is something that I have known out of experience, having looked at projects. Honourable colleagues, look at the project component of finance. Is this project for government farms or the *wanainchi*? When I see the project component, $59 million, I do not know the page but on mine, it is on page nine. When you look at the project component, one, they are going to equip a national feed testing reference laboratory to support animal feed quality assurance, which is at NARO. The cost is not indicated.

Others are at Kawanda, Aswa and Nshaara. That is $59 million of the $99 million. When you go through that list up to (e), you do not see a farmer there. You only see Government ranches being equipped. For who is this loan specifically? And when you go to the third, the other component –

THE SPEAKER: Honourable, when the private farmers are being given say cattle or whatever, they get it from the Government ranch. So, what happens is they provide for the Government ranch and it is from the Government ranch that this can be distributed to individual ranches.

MR KIVUMBI MUWANGA: If you are to take that then you are going to have only two centres; Aswa and in Nshaara, something. But when I also look at project component two, which is the aggregation of production and access to market for small-hold farmers, that $31 billion, I looked at what they are going to do: solar pumps, whatever, rehabilitation and things for animal feeds.

When you study this component and what he has raised, plus a management fee of $8 million, which I have seen here is going to go towards management and the other components he has raised, is this project - because what is at the core of our report is that most projects you have looked at do not place money where it is adequately needed. It goes to components where it is easy to eat their money through consultancy, through management, and through other things.

By the time you evaluate a project component - and in my report, I am going to give you a couple, including Growth Opportunities and Productivity for Women (GROW), which I looked at. The loanable component is only $30 million out of $217 million. This looks like a classic failed project that is intended to benefit only the elite, not the real farmers.

I am not convinced that this committee has adequately looked at this project: the benefits; who will put a project component on all these 59, and tell us who exactly is going to benefit. I see a similarity with a pile of projects that I am going to give you here. None has succeeded.

THE SPEAKER: Okay, so we will wait to hear your report. Let me let these pupils leave. In the public gallery this afternoon, we have students and teachers from Meta Primary school from Oyam County North, Oyam District.

They are represented by Hon. Eunice Apio and Hon. Santa Alum. You are welcome. Where are the students? You are most welcome. Thank you so much for coming to the Parliament of Uganda. This is your House. Thank you.

We also have, in the public gallery this afternoon, a delegation from the Uganda Local Government Association and the Urban Authorities Association of Uganda. Where are they? We have Hon. Kitatta Abdul, LC V Lwengo; they left. We have Hon. Turahi Alone, LC V Chairman Isingiro, who is unopposed already. We have Hon. Richard Akuku, Secretary-General, Local Governments. Thank you for coming. Yes?

4.24

MR IBRAHIM SSEMUJJU (FDC, Kira Municipality, Wakiso): I want to thank you very much. Even before we discuss this request, the chairperson of the committee has raised the fundamental issues. The first issue is that they did not have adequate time to scrutinise this loan request and therefore, advise Parliament adequately. That is in his report.

Then he says you have nearly $3 million to buy 15 vehicles, management, et cetera. They were unable to look at the detailed cost component. Then, the chairperson of the committee, while presenting the report of the committee - I want to address the chairperson, this colleague, vending requests here -

So, Madam Speaker, the committee report says, go and renegotiate this loan request. I do not know what is wrong with colleagues, that you can say all the things that you have said, and then you say you want the loan approved.

Remember, we have approved loans here before, and the President said do not process them. It made us look so ridiculous before the public, and he was very angry –

THE SPEAKER: Honourable, not us, because before that loan comes here, it comes from the Cabinet. It makes the Cabinet, not us, because we approve what comes from the Cabinet.

MR SSEMUJJU: I agree, Madam Speaker. That is why I am saying, with the proposals that the committee has made, they have left us with no option but to say no to this loan request.

I think they are only polite not to make the Government look bad, after informing you of all the problems associated with the loan request, then they say it is up to you to hang yourself. I am asking this Parliament not to accept to hang itself. They have said the most fundamental issue is that they must renegotiate the terms of this loan request. Now, if you approve, what will you be approving?

THE SPEAKER: Which term are we talking about, if you can tell the House?

MR SSEMUJJU: I am referring to the report, Madam Speaker. If you look at the last page, after advising the Government to go and renegotiate, in conclusion they are saying, but you can pass. It is in the report.

Also fundamentally, the committee says this loan is not part of the - because the Minister of Finance, Planning and Economic Development presents to Parliament a borrowing plan every year that comes together with a budget. The committee says that this is even outside what they brought here. I do not know when they thought about it.

Most importantly, Madam Speaker, you are going to borrow Shs 34 trillion to finance the budget. Already, in the report on loans that the minister presented here, the public debt now stands at Shs 106 trillion but there is almost permission we have given them that to finance this budget, you borrow another Shs 34 trillion on top of Shs 106 trillion.

In their own report presented here, the minister said that now there is a high risk of distress. I therefore thought, Madam Speaker, if you allow me later, I will come and make my submission but I thought – Yes -

THE SPEAKER: Yes, Hon. Peter -

MR WOKORACH: Madam Speaker, there seem to be some contradictions here. With due respect, while the chairperson was submitting on these loans, I was there when you referred the loan to the committee. We got enough time to scrutinise it and that did not come from the chairperson. We interacted with all the stakeholders.

THE SPEAKER: Honourable members, let us have respect for each other. So, what is wrong with it? Go ahead.

MR WOKORACH: With due respect to the senior, I am not responding that our chairman did not mention that we did not have enough time. *(Interjections)* We interacted with all the stakeholders.

THE SPEAKER: Honourable members, the chairperson said that the committee is expected to report back within 45 days. However, because of the urgency of the loan, the timeline, and even when referring this loan request to the committee. I requested that they come back today because of the deadline that was given to us. This loan is supposed to be signed off on the 12th, and today is the 9th.

The chairperson said that he would have wanted to use the 45 days. However, because of the timeline that was given to the House, this loan had to come back today. Yes, Honourable minister -

MR MUSASIZI: Thank you, Madam Speaker. This loan indeed has strict timelines. We must sign off by the 12th or else we lose the money and also all other programmed borrowing under the International Fund for Agricultural Development (IFAD) if we do not ...

THE SPEAKER: Maybe what I can clarify is, while we were on a short recess, this loan was brought to my office, but we could not call the House just to receive one single loan, and almost one month plus, when people were busy looking for votes. It is not an issue of the Ministry of Finance or whatever.

MR MUSASIZI: Another clarification -

THE SPEAKER: Let us get clarifications from the minister.

MR MUSASIZI: Another clarification I would like to make to allay Hon. Ssemujju's fears is that this loan has the best terms. The terms are very okay and it is highly concessional, whereby under Categories A and B, the interest rate is zero.

So, you can imagine a loan that we are getting at a zero interest rate. There is no interest we are going to be charged, and the repayment period is 50 years. You can imagine a grace period of 10 years. So, this is the best arrangement you can have.

On the debt, he mentioned that it has increased to Shs 106 trillion. Whereas this is true, we also stated in the same report that our debt remains sustainable both now and in the medium term.

He also mentioned another point; that this loan is not part of our borrowing to finance this year's budget. It is not true, we cannot bring in a loan outside our programmed borrowing. This is part of our programmed borrowing for the year. With these clarifications, I want to pray that the House approves my motion.

THE SPEAKER: Hon. Silas -

4.34

MR SILAS AOGON (Independent, Kumi Municipality, Kumi): Madam Speaker. I would like to applaud the committee on the issue of having a national character whenever we borrow money.

THE SPEAKER: Including Kumi District.

MR AOGON: Yes, and the people are already benefiting. Most of the people who are benefiting from this kind of funding are people in the villages because most of the money that we have been borrowing has been benefiting the urbanites. Why don't you allow people from the rural areas, for the first time, to also see something?

Secondly, a grace period of 10 years these days is not something which is easy to get when you are borrowing money. Why wouldn't we really pass this loan? Where do you get it from around the world and at a time when Trump is saying, we are not giving money to foreigners? Where do you get it? I am also very excited that we are talking about a highly concessional facility.

Madam Speaker, I want to move, as a person, that we approve this loan because it is for the majority, not the minority; the urban areas. I beg to move.

THE SPEAKER: Thank you. Hon. Avur -

4.35

MS JANE PACUTO (NRM, Woman Representative, Pakwach): Thank you, Madam Speaker. Before I make my contribution as per this loan, I would like to stand here on behalf of the people of Pakwach District who requested me to heartily congratulate you for that high office that you have risen to. [*Hon. Opendi rose]*

THE SPEAKER: Let me first receive my congratulations. The people of Pakwach are watching.

MS PACUTO: Yes, it is me who represents them, not Hon. Sarah Opendi. Hon. Sarah, you are my friend. Let us cooperate. And about this loan, we have received several loans here and as a House, we have been very concerned at the -

THE SPEAKER: Hon. Avur, are you a committee member? Now that you have finished with congratulations, honourable members, I put the question that this House authorises the Government to borrow up to $99.56 million from the International Fund for Agriculture Development (IFAD) to finance the proposed Resilient Livestock Value Chain Project.

(Question put and agreed to)

THE SPEAKER: You are going to destroy your voice for no good reason. Can I ask the Clerk to immediately get the resolution and forward it for us to be able to meet the deadline?

Hon. Kivumbi Muwanga, for us to borrow, your work is to ensure that you report back on what is happening and I hope you are going to report exactly what is happening in these projects. Thank you. Next item.

MOTION FOR ADOPTION OF THE REPORT OF THE COMMITTEE ON PUBLIC ACCOUNTS - CENTRAL GOVERNMENT ON THE ANNUAL REPORT OF THE AUDITOR-GENERAL TO PARLIAMENT FOR THE AUDIT YEAR ENDED 31ST DECEMBER 2024

THE SPEAKER: Honourable members, on 21 January 2025, the House received reports from the Auditor-General for the audit year ended 31 December 2024. In furtherance to Article 163(3) of the Constitution of the Republic of Uganda, 1995, the report was referred to the Public Accounts Committee (Central Government) for consideration of the entities that are mentioned. As I said previously, I received the reports – all the reports – for PAC (Central Government).

Hon. Peter, there are things regarding education. Kindly stay around.

As I said before, I was impressed with the leadership of PAC (Central Government) and the members, that the reports are ready for submission. We will get the reports.

Pursuant to Rule 180(5) of the Rules of Procedure, I will invite the Chairperson of PAC (Central Government) to present. Meanwhile, allow me to thank the Chairperson of the Committee on National Economy and the members for the report. Yes, PAC?

4.39

THE CHAIRPERSON, COMMITTEE ON PUBLIC ACCOUNTS (CENTRAL GOVERNMENT) (Mr Muhammad Muwanga Kivumbi): Madam Speaker, I would like to thank the committee members of PAC who were exceptional. Even under difficult circumstances, they found time to come and do work. I am humbled by their contribution and thank them very much.

We have done the audit on all entities – you cannot do all, but the majority of them – to give us a good sample of what it is, except for classified expenditure. Today, Madam Speaker, I wrote a letter requesting that you, as the Chairperson of the classified expenditure, ensure that we have a meeting.

THE SPEAKER: That is an indoor management rule. We shall discuss those ones. *(Laughter)* That is why they call it classified. It is indoor management.

MR KIVUMBI MUWANGA: I beg to lay the report of PAC (Central Government) on all entities under PAC. I also beg to lay the minutes of the meetings.

THE SPEAKER: Thank you, chairperson.

MR KIVUMBI MUWANGA: Madam Speaker, the amount of work is huge. I am going to present some and the deputy chairperson will do the needful on Ministerial Policy Statements.

I am going to start with something we have been talking about: Consolidated accounts of Government. The Auditor-General reviewed the approved resource envelope –

THE SPEAKER: Honourable members, the report was uploaded but it is too big.

MR KIVUMBI MUWANGA: - and revenue estimates of Government for the financial year and noted that the Government planned to raise Shs 52.7 trillion to fund its expenditure. I have started with revenue. This was later revised to Shs 56.247 trillion. Details of the resource envelope are as shown below. From URA to everything is Shs 52 trillion.

Expenditure performance

During the financial year under review, the Government initially planned to spend a total of Shs 42.73 trillion, which was later revised to Shs 61.69 trillion. This indicated that Government's total expenditure supplementary budgets passed amounted to Shs 8.932 trillion. The summary of the distribution of the expenditure budgets is as shown below.

Observations

Madam Speaker, when you look at that table, the first two items tell you about the performance of what we are doing here: borrowing, raising funds. In the first table on revenue, Government planned to spend Shs 56.742 trillion. Actual money raised from borrowing, from whatever grants and revenue, was Shs 47.110 trillion. That is the amount of money that we got and we had a budget of Shs 61 trillion. In the budget of Shs 61 trillion, Government spent Shs 48.68 trillion. I have looked at revenue and expenditure.

Committee observation

i) Government revised its revenue budget from Shs 52 trillion to Shs 56 trillion.

ii) The actual revenue realised was Shs 47 trillion, leading to a shortfall of Shs 9.137 trillion. Actual revenue realised was Shs 47.11 trillion, which is below the initial budget of Shs 52.72 trillion, implying that revised revenue budgets of Shs 56 trillion were unrealistic and uncalled for.

iii) Government revised the expenditure budget from Shs 52 trillion to Shs 61 trillion, but actually spent Shs 48.061 trillion.

iv) By this revision, Government fails to match the revenue budget of Shs 61 trillion with the corresponding revenue revision, resulting in a shortfall of Shs 5.442 trillion.

v) Government's actual expenditure of Shs 48.68 trillion was over and above total government revenue of Shs 47.1 trillion, resulting in an over-expenditure of Shs 1.57 trillion.

Madam Speaker, this is scandalous. How do you spend more money than you were actually able to raise in revenue? *(Interjections)* I will go on. Anyway, there is no way you can spend money –

THE SPEAKER: What are you saying? How do you spend more than what you raised in revenue?

MR MUWANGA KIVUMBI: In total revenue –

THE SPEAKER: The source of funding is both on revenue and loans. Did you consider both of them?

MR MUWANGA KIVUMBI: No, no, no. The Shs 47 trillion which Government raised as revenue included loans, grants and revenue collections of URA and internal NTR. That is all we were able to raise as a country - Shs 47 trillion. But at the end of the year, we had actually spent Shs 48.68 trillion. That means, Shs 1.5 trillion was spent - *oba* from where? I will tell you from where.

The committee further discovered that Government had an overdraft – *(Interjections)* Yes, I am giving true information and you know it, Hon. Musasizi. And do not intimidate me.

The committee further discovered that Government had an overdraft of Shs 1.7 trillion, which was unauthorised borrowing, contrary to Section 34 of the Public Finance Management Act –

THE SPEAKER: Where was the overdraft from?

MR MUWANGA KIVUMBI: I am getting to it. They did an overdraft, okay? If I read the next paragraph, it will – the overdraft was later settled by the revenue of another financial year, 2024/2025, which is illegal. This is because appropriation of a financial year collapses on 30th of June. There is no way you can use revenue of another financial year to settle an overdraft that was borrowed in a previous financial year.

This is outright illegal, and it undermines Parliament. It undermines your power. Any powers of appropriation of money solely lie in this House that you chair. But this is what happened. It is not a rumour. It was conversed over with the committee – those who were there – a technical committee of them and us agreed. They realised and conceded that they did an overdraft, which was wrong.

THE SPEAKER: Honourable minister, take note of that.

MR MUWANGA KIVUMBI: The committee further observed that the Government had continued to operate an unbalanced budget, where the total expenditure estimates had not balanced with the total revenue. This has been a recurring concern over the years, as per the table below.

This is a little bit of impunity, Madam Speaker. As you sit in your good Chair over there, they bring you rosy figures which do not match revenue and expenditure. In the Financial Year 2020/2021, they had a budget of Shs 51.6 trillion. Their total revenue budget was Shs 48.7 trillion. In the Financial Year 2021/2022, it was Shs 51.561 trillion, the revenue was Shs 47.2 trillion. In the Financial Year 2022/2023, it was Shs 52.548 trillion, the revenue was Shs 48.13 trillion. In Financial Year 2023/2024, it was Shs 61.69 trillion, the revenue budget was Shs 56.247 trillion.

Therefore, Madam Speaker, that is why I have always argued that the issue of a ballooned budget for which the country approved Shs 71 trillion is for purposes of raising the three per cent, nothing else.

The committee further observed that the budget has been largely misleading and perhaps, the only purpose is to provide a huge quantum for the obnoxious yield of the three per cent supplementary expenditure.

Recommendation

The committee recommends that the accounting officer and the finance minister should be personally held responsible for running an unbalanced budget.

The accounting officer should put in place mechanisms to ensure that the national budget is always balanced.

I hope the minister knows the provision under which he is supposed to give an explanation for what happened where he spent more money than what was appropriated.

Unfunded approved budget

During the Financial Year 2023/2024, Parliament appropriated a total of Shs 61.669 trillion to finance the Government expenditure as highlighted in the table below.

The table below shows that the Government had planned to spend Shs 61.669 trillion, the total warranted was Shs 50.172 trillion, there was a variance between warrant and expenditure of Shs 11 trillion, and there was 18 per cent which could not even be warranted.

The committee observed that issuing expenditure limits to entities to spend beyond the revenue projections creates unnecessary outstanding commitments to the Government. That is why every agency of Government under this financial year has accumulated arrears, except the State House.

Madam Speaker, Section 14(1) and (2) of the Public Finance Management Act, Cap. 171 requires that after approval of the annual budget by Parliament, the Secretary to Treasury shall issue the annual cash flow plan of the Government based on the procurement plans, work plans, and recruitment plans approved by Parliament. The cash flow plan shall form the basis for the release of funds by the Accountant-General to the accounting officer. Therefore, the assertions by Permanent Secretary and Secretary to the Treasury that the actual revenue deviates from the projection due to internal and external economic shocks contradicts the law and is an aspect of poor planning.

Madam Speaker, for Parliament to continue to approve budget estimates without corresponding and predictable sources of funding is an indictment on the keenness of scrutiny and approval processes of the budget by Parliament. Even this House, Madam Speaker, is indicted in this. These committees that look through the budgets and bring here rosy pictures without revenue as well as any other –

Recommendations

The committee recommends that Parliament should exercise more due diligence on the budget and only proceed to approve if the proposals by the Government are matched with the projected revenue sources.

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

Unfunded invoices

Madam Speaker, I have spoken about an overdraft earlier, but the Auditor-General reported that unfunded invoices, by the close of the financial year, stood at Shs 11.12 trillion. The unfunded invoices are mainly comprised of Treasury operations, which is Shs 8.31 trillion, and MDAs accumulated Shs 2.8 trillion. Audit noted that the unpaid debt obligation of Treasury operations attracted penalties by Bank of Uganda (BoU) and an accumulation of domestic arrears and its associated costs. The penalties under the financial year by BoU to Government of Uganda for unfunded invoices amounted to Shs 250 billion. The figure will come later in the Treasury operations.

The Auditor-General reviewed the statement of financial position and the disclosure on Note 25 and noted an increase in payables. This means, Madam Speaker, you are issuing warrants, but you have no money to pay. Payables, which is money the Government has failed to pay its suppliers, rose from Shs 10.50 trillion in the Financial Year 2022/2023 to Shs 13.814 trillion by the end of the Financial Year 2023/2024, an increase of 31.54 per cent.

Further analysis revealed that the new payables accrued stood at Shs 6.639 trillion, compared to Shs 3.679 trillion paid during the financial year. In one financial year, they accrued a payable of Shs 6.7 trillion but only settled arrears of Shs 3.679 trillion. This indicates that the rate at which the Government contracts domestic arrears is much higher than the rate of payment, leading to continued accumulation of domestic arrears.

Observation

The committee observed that payables had increased from Shs 10.5 trillion to Shs 13.8 trillion. However, the audit revealed that unfunded invoices by 30 June 2024, stood at Shs 11 trillion. This implies that by the close of the financial year, the actual payable stood at

Shs 24.58 trillion, which is Shs 13.814 trillion plus the Shs 11 trillion, and that is the cost now. These are invoices.

The committee observed that during the appropriation, Parliament had allocated a mere Shs 200 billion towards the settlement of domestic arrears. However, the Government paid Shs 3.679 trillion during the year, according to the Auditor-General. This is an overpayment of Shs 3.4 trillion outside appropriation, which is illegal.

Committee recommendation *(Hon. Pacuto rose_)*

The committee recommends that the accounting officer should be held accountable for an overpayment of Shs 3.479 trillion over and above the appropriation.

THE SPEAKER: There is a point of procedure.

MS PACUTO: Thank you, Madam Speaker. Mr Chairperson, I thank you for the report, but you realise that the report you are giving is very important, not only to this House but to the nation. When you are talking about the payables, that means the amount of money that the Government owes to the suppliers. This definitely means that it has a negative effect on the quality or amount of service delivery. It would have been better if you were specific in showing which sectors are mainly affected as a result of that non-payment to suppliers. *(Interjections)* No, there are critical sectors like roads and water. If you could specify –

THE SPEAKER: Honourable member, this is an executive summary. When you look at the report, it will show you the specifics of the payables, for instance, the Ministry of Water and Environment, the Ministry of Energy and Mineral Development. Even people who have supplied the Government are still demanding money from the Government. When you look at the specifics, you will find it in those reports, and whoever really wants these reports can extract them. What the chairperson has done is to aggregate it to give you the increment from the last financial year, vis-à-vis this financial year under review; the consolidated one.

MS PACUTO: Thank you, Madam Speaker. How I would then pray that the chairperson presents and we are given time to go through this report, then we are able to generate the necessary debate and add to their recommendations. I beg your indulgence.

THE SPEAKER: First of all, in the public gallery, we have children and teachers from St Kizito Ediofe Orphans Primary School, Arua District. They are represented by Hon. Osoru Mourine and Hon. Lematia John. You are most welcome, all the way from Arua. Thank you so much for coming.

Hon. Avur, the chairman, is going to present this report. What we did was to upload it to the system. We will debate and approve it. We will make sure that we have the report because tomorrow, we will have another report. Let us go through this report and debate it. Yes?

MR MUWANGA KIVUMBI: Madam Speaker, I proceed to non-performing receivables.

THE SPEAKER: Non-performing receivables?

MR MUWANGA KIVUMBI: Yes. The Auditor-General noted that included in the receivables under Note 20 - Hon. Musasizi, take heart, every figure I read here is as is in the Auditor-General's report; I do not manufacture any number in the committee.

The Auditor-General noted that in the receivables under Note 20 of the Accounts are loans to private and state enterprises amounting to Shs 7.7 trillion, which included non-performing receivables of Shs 919 billion and had not been performing for over 20 years. A provision of bad debts of Shs 247 billion has been made in this regard.

Madam Speaker, sometimes when I speak these numbers – Shs 7.7 trillion is money the Government has up-fronted companies and organisations to do particular kinds of work, and they have not performed. The amounts appear irrecoverable, hence overstating the receivables.

Audit further noted that some of the private enterprises no longer exist, and those that still exist do not recognise the liability in their financial statements. Under the circumstances, the non-performing receivables in question may not be recoverable.

Committee observation

Upon review of the list of companies submitted to the committee, the committee noted that most of the companies and entities were still existing. Therefore, the assertion by the Accounting Officer is misleading.

The committee further noted that some of the companies for which the Ministry of Finance, Planning and Economic Development is seeking a write-off from Government are in good and sound financial position. Therefore, asking the Government to write off their receivables is a scheme to defraud Government of its intended funds. For example, the committee established that DFCU Bank, as one of the companies seeking a write-off, made a profit of Shs 72 billion in the Financial Year 2024, a significant increase from Shs 28 billion in 2023. Therefore, de-recognising their receivable tantamounts to deliberate loss of public funds. If a company made a profit of Shs 72 billion, how do we write it off?

Other entities with the non-performing receivables included Entebbe Airport, worth Shs 481.6 billion, Uganda Railways Corporation Shs 128 billion, and Uganda Tea Growers Corporation, Shs 186 billion. The committee noted that most of the entities, therefore, exist, and the Accounting Officer should proceed and make recoveries.

Committee recommendation

The committee recommends that the Accounting Officer institute recovery measures from the companies, including exploring the possibility of turning the outstanding amounts into equity.

Management of Letters of Credit

Madam Speaker, Letters of Credit, for the uninitiated, is money. For example, if Parliament in a given year intends to build a Chamber and it does not perform by the end of the financial year, and it does not want to return the money, it writes a Letter of Credit - I am just giving an example - to Bank of Uganda.

The Auditor-General reported that, disclosed under Note 19, are prepayments and advances of Shs1.472 trillion, which comprise of Letters of Credit of Shs 223.23 billion, other payments of Shs 478.865 billion, and advances of Shs 770.161 billion.

He further reported that Letters of Credit worth Shs 219.98 billion were classified under other payments and advances. In addition, 101 Letters of Credit worth Shs 154 billion had not performed for more than a year, out of which 80 Letters of Credit worth Shs 124 billion (80.1 per cent), had not performed for more than two years. Further, the Government incurred Shs 3 billion as a cost for renewals, extensions and commissions for Letters of Credit.

Madam Speaker, included in the Letters of Credit is a Letter of Credit from Parliament of Uganda for the Chamber. It is not performing well.

Committee observation

The committee observed that despite the PSST's guidance on Letters of Credit, there is weak enforcement by Accounting Officers.

The committee further noted that delays in the performance of Letters of Credit holds up financial resources for other priority activities besides the avoidable extra costs incurred in the renewals and extensions. As you search for money and borrow, there is money that has not been utilised for two years. It is in billions in the Bank of Uganda.

Madam Speaker, most of that money - later on, you will discover - is money for projects and also money for Ministry of Defence because it is consuming a lot of money. That letter that gave them sole monopoly to do all works in Government without capacity; all that agencies do is to issue Letters of Credit to the Ministry of Defence and the project remains undone for two years.

Slow recovery of Accumulated Arrears of Revenue

Audit noted that the Government had accumulated revenues by 30th June in the entities amounting to Shs 722 billion as follows:

i) Out of arrears of (NTR) as at 30th of June worth Shs 457 trillion, only Shs 107 billion was collected during the year, leaving Shs 367 billion (77.4 per cent) uncollected for two consecutive years as of 30th June 2024.

ii) A total of 45 Votes had accumulated arrears of revenue from the previous financial year of Shs 77 trillion, with zero collections/ recoveries made during the year. Those 24 Votes are next in the main report.

iii) By the 30th of June, the entities had accumulated arrears of revenue of Shs 772 trillion. Therefore, Hon. Musasizi, as you go on borrowing, you have a lot of money here. You can go after those who have arrears of revenue.

The committee observed that the Government not only failed to pay domestic arrears amounting to Shs 24 trillion, but also failed to collect Shs 722 billion in outstanding revenue arrears. This reflects a breakdown in both revenue and expenditure discipline.

THE SPEAKER: Hon. Musasizi knows that the principle of accounting is that you collect what is due to you before even you do the payment, so this is a serious matter.

MR KIVUMBI MUWANGA: The committee further noted that continued accumulation of arrears of revenue deprives the Government of much-needed financial resources and may result in loss of public funds. Furthermore, the Government had failed to formulate adequate policy guidelines in recognising doubtful debts and uncollectible arrears. This explanation by the Permanent Secretary and Secretary to the Treasury (PSST) is therefore not correct.

Recommendation

The committee recommends that;

i. The Accounting Officers who failed to collect revenue should be personally held liable. These accounting officers - we approve here - that failed to collect revenue, why should we continue to approve them? And that list is here.

ii. The PSST should formulate an effective policy to manage revenue and the resulting receivables as a matter of priority.

4.6 Supplementary releases without requests from Accounting Officers

Madam Speaker, a total of Shs 382 billion worth of supplementary releases were made without any written requests from the Accounting Officers of various entities. The law is very clear. It is an accounting office of Parliament that initiates a supplementary request. There is no way the reverse can happen where finance sends you money -

THE SPEAKER: How did finance know what the accounting officer needed?

MR KIVUMBI MUWANGA: The reverse happened. Finance sent money to these accounting officers without a request from them. Much as they are saying part of it was for gratuity, the first explanation we got was that the large amount of money was for gratuity and pension, which is not true. Even the monies outside the gratuity and pensions were advanced to accounting officers without their request and the schedule is in the report.

Share of - Hon. Ssemujju has ever come on the Floor about this issue.

4.7 Review of Share Purchase in M/S ROKO Construction Ltd

On 21 July 2022, the Parliament of Uganda passed a resolution authorising the Government to acquire 150,000 preference shares in M/S ROKO Construction Ltd worth Shs 207.013 billion. Audit noted that the Clerk to Parliament had communicated to Ministry of finance to pay Shs 207.13 billion, which was subsequently paid, resulting in an excess payment of Shs 117 million.

A share subscription agreement was signed on the 28 July 2022 between Ministry of Finance, Planning and Economic Development on behalf of the Government of Uganda, and the construction company.
A review of the share purchase process revealed the following:

(a) Irregular purchase of shares by Government. Section 22(1) of the Public Finance Management Act Cap 171, states that: "*A vote shall not enter a contract, transaction, or agreement that binds the Government to a financial commitment for more than one financial year or which results in a contingent liability, except where the financial commitment or contingent liability is authorised by Parliament.*"

THE SPEAKER: Hon. Kivumbi Muwanga, where you say the Clerk to Parliament had communicated to Minister of Finance, Planning and Economic Development to pay, you are better off saying that "The Clerk to Parliament communicated the resolution of Parliament."

MR KIVUMBI MUWANGA: I beg to amend, accordingly, the resolution of payment.

THE SPEAKER: I do not want the Clerk to be told that he is the one who authorised. No, it was a resolution of Parliament that he communicated. Thank you.

MR KIVUMBI MUWANGA: Of course, Parliament is not indicted here. The Parliament communicated the right amount.

THE SPEAKER: No, I want to protect my Clerk. Yes.

MR KIVUMBI MUWANGA: The Parliament communicated the right amount. It is the Ministry of Finance, Planning, and Economic Development that paid over and above what Parliament communicated. The problem is that they had paid earlier than Parliament approved. That is the resultant effect of doing things the wrong way.

A review of the company records at the Uganda Registration Services Bureau (URSB) revealed that:
The company, in a special resolution dated - this is too much, but I want to take you straight to where - let me read. This is critical. The company, in a special resolution dated 8 October 2021 as filed at URSB on 20 July 2022, resolved that the company create preference redeemable shares each valued at Shs 1,000,000 and issued at a premium of Shs 380,367 per share. The resolution also provided for the rights attached to the redeemable shares.

In a subsequent resolution dated 22 October 2021 and filed at URSB on 25 July 2022, the company resolved that 150,000 preference redeemable shares of Shs 1,000,000 issued at a premium of Shs 380,367 per share be allotted to the Government of Uganda. The company filed an amended company Memorandum and Articles of Association for the company with the URSB on 20 July 2022 in which the company indicated its share capital as Shs 222.130 billion, divided into 15,000 ordinary shares of Shs 1,000,000 each and 150,000 redeemable preference shares issued at a premium of Shs 380,367 per share.

The Auditor-General further noted that the process of purchase of shares and consequently the binding agreement had been completed before approval of Parliament, as noted by the following facts. This is the Auditor-General, Madam Speaker.

a. The share certificate issued by the company for the 150,000 redeemable shares for the Government was issued on 22 October 2021.

b. In a Company resolution made on 22 October 2021 at an extraordinary meeting, the company resolved that 150,000 preference redeemable shares be created and allotted to the Government of Uganda.

The company's Return of Allotment for shares dated 22 October 2021 provided that 150,000 preference shares had been allotted to the Ministry of Finance, Planning and Economic Development for an amount of Shs 207.13 billion. This implied that the prior allotment and purchase of shares were done before Parliament's approval. Furthermore, the failure to follow proper process by the entity undermined the controls in place and may lead to legal disputes in future.

Madam Speaker, we can easily lose that money in Roko because somebody can go to court on the basis of this buying of shares before parliamentary approval and question its authenticity. We are on the verge of doing that.

Observation

The committee observed that:

1. The process of purchase of shares and subsequent binding Government was completed before approval of Parliament and contravenes Section 22(1) of the Public Finance Management Act.

2. There was an overpayment of Shs 117 million to Roko.

3. There was no due diligence by the Ministry of Finance while paying Roko hence the overpayment mentioned above.

4. Government lacks policy guidance to guide bailout and government investment in private entities.

Madam Speaker, this is the cry of every committee of Parliament for this to happen; criteria and guidance on how to bailout.

Recommendation

The committee recommends that:

a) The PSST should be held responsible in accordance with Section 77 of the PFMA 2015.

b) The PS/ST should review the transaction to mitigate any legal risk that may arise to safeguard public funds.

c) The Government should speed up the formulation of guidelines on bailouts and government investments in private companies.

d) The PS/ST and the Attorney-General should have the excess funds recovered or more shares acquired equivalent to the overpayment.

4.8 Review of Investment in M/S Dei-Biopharma Limited of Shs 723.4 billion.

The Auditor-General noted that in April 2024, Parliament approved a supplementary budget of Shs 1.106 trillion, out of which Shs 578.4 billion was meant to support a private company, M/s Dei-BioPharma Ltd, to meet its debt obligation and operational requirements. The payment followed the Government initial investment in the company of Shs 70 billion, which had been appropriated in the budget of the previous financial year, and Shs 75 billion was further added in December 2023. Cumulatively, the Government has so far invested Shs 723.4 billion in the financial support.

The Auditor-General revealed the investment and observed:

i) There was no valuation report to establish the net worth of the company in which the Government was investing, and as such, the audit could not confirm whether the Government received shares worth the value. That is the Auditor-General's report.

ii) The Auditor-General was not provided with the shareholders' agreement of the company, of the Government investment in the company.

iii) The Government has yet to receive the share certificates of the company.

Observations

The committee observed that:

a) It defeats investment logic for the Government to invest over Shs 723.4 billion to a company valued at Shs 2 billion only, to get a minority shareholding of only 9.4 per cent.

Later on, in the interaction with the committee, we discovered that the net worth of the company was only Shs 2 billion. Then you, the Government of Uganda, generous as you are, invest Shs 723.4 billion in a company worth Shs 2 billion and you get a shareholding of 9.4 per cent. Not anywhere in any logical finance does that work.

b) There was no due diligence and feasibility study done by the Ministry of Finance, Planning and Economic Development to guide the Government's decision to invest in the company. No wonder the Government invested that amount of money in a company valued at Shs 2 billion.

c) The accounting officer flouted Section 37 (1)(c) of the Audit Act by denying the Auditor-General information.

Recommendations

i) The accounting officer should be held liable for flouting Section 37(1)(c) of the National Audit Act.

ii) The PS/ST should engage the Attorney-General and the company to ensure that the purchase agreement and the share certificates are submitted to the ministry to mitigate any legal risk that may arise.

Madam Speaker, these recommendations that the committee noted, are the same recommendations of the Auditor-General. I am done with the consolidated accounts.

Vote 130: Treasury operations

Budget performance

Treasury Operation had a revised budget of Shs 22.628 trillion in the financial year under review. Out of which, Shs 20.579 trillion was warranted and Shs 16.823 trillion was spent as illustrated in the table below.

There is a table that establishes that trend. We note - because, later on, these are fundamental issues - that Treasury Operation had a budget of Shs 22.628 trillion. This time, we have tackled an animal called "bond switch" and its impact on the economy - *(Interjection)*- no, this is another report of Treasury Operations for the financial- out of which was warranted and sixteen was spent as illustrated. That means Treasury Operation could not also spend all the money that was being warranted to it. Analysis of the performance of the total funds warranted indicate that Treasury Operations suffered a 10.27 per cent release variance.

Out of the revised budget of Shs 22.628 trillion that had been appropriated, Shs 20.579 trillion was warranted, resulting in unwarranted budget of Shs 2.048 trillion.

Madam Speaker, for Treasury Operation not to warrant money that is budgeted for, that is the statutory obligation, immediately means you are incurring a payable. That is why you are having those payables going up.

Further analysis of the warranted funds indicates that the entity was not able to utilise funds to the tune of 3.756 trillion, representing 18.45 per cent of the warranted funds. These unutilised funds mainly affected the following - I will put the areas. This is very critical.

You see, this Treasury Operation does not spend Shs 3.75 trillion of the monies that is warranted to it, but later on, you will see what they do.

Continued increase in payable

The Auditor-General reviewed the statement of financial position and disclosed under Note 27, and noted a significant increase in payables from Shs 6.144 trillion in 2022 to Shs 9.240 trillion by the end of the Financial Year 2023; an increment of 50 per cent.

Madam Speaker, that means that the Bank of Uganda was paying -

THE SPEAKER: In the year 2022/2023, which is the financial year. We are talking about the Financial Year 2022/2023. It was Shs 9.240 trillion, and then by the end of the Financial Year, 2023/2024 -

MR KIVUMBI MUWANGA: It was 9.42, yes.

THE SPEAKER: Yes. So, it is a financial year.

MR KIVUMBI MUWANGA: Yes, it is a financial year, but the money is Shs 9.42, 6.42. Madam Speaker, further analysis revealed that in the year of audit, new payables stood at Shs 4.950 trillion, compared to only Shs 2.692 paid during the financial year. Therefore, this is compounding the problem. They accumulated another payable of Shs 4.9 trillion, and were only able to pay Shs 2.69 trillion. The above scenario implies that the rate at which the Government contracts domestic arrears is much higher than the rate of payment, leading to the continued accumulation of domestic arrears. It is also a failure to comply with the budget commitment control guidelines.

Failure to fund invoices at the close of the Financial Year, under Treasury Operations, worth Shs 8.313 trillion.

According to Section 10.10.17 of the Treasury Instructions 2017, an accounting officer will ensure that no payments due in a financial year remain unpaid at the end of that financial year.

Towards the close of each financial year, the head of the finance and accounts function will take steps to obtain bills from any person to whom money may be due, and submit payment vouchers for them to the appropriate accounting officer for payment.

From the analysis of the budget performance at the close of the financial year under review, I noted that a total of Shs 8.13 trillion worth of invoices remained unpaid by the close of the financial year. Under the circumstances, there is an accumulation of unpaid obligations with BOU that attracts interest charges to the Government, which could have been avoided with an effective budget execution policy and therefore, budget discipline.

Further analysis of the Auditor-General reviewed - *(Interruption)*

THE SPEAKER: There is a procedural matter.

MR SSEMUJJU: Madam Speaker, we are 529 MPs. In the chambers right now, we are 24. You can discount the chairperson and the vice-chairperson. You can also discount the UPDF. The President said they are a listening post, which means we are twenty *–(Interjection)-* That is what the President said. Therefore, the procedural issue I am raising for your guidance -

THE SPEAKER: The presence of the UPDF is by the law.

MR SSEMUJJU: I recognise it. I was only reminding them that their Commander-in-Chief said that they are listening posts; they are not full Members of Parliament.

THE SPEAKER: When did he say that?

MR SSEMUJU: Not even once, but twice.

THE SPEAKER: The problem is that you like hearsay.

MR SSEMUJJU: Madam Speaker, if you allow me, I will bring you -

THE SPEAKER: What is the procedural matter?

MR SSEMUJJU: The procedural issue I am raising - this is a very important report - whether either the chairperson summarises for the few Members who are here, because when they leave, then he will be presenting to an empty Chamber, or you postpone and we start Parliament tomorrow at 10.00 a.m., when colleagues are here.

THE SPEAKER: The chairperson is actually making summaries, so let us continue with the report.

MR KIVUMBI MUWANGA: The other day, Hon. Ssemujju was on television complaining that there were very many people looking for votes, but after winning, they will not be in the chambers.

THE SPEAKER: So, you cannot continue waiting for people who will not be in the chambers.

MR KIVUMBI MUWANGA: No, I mean that Members of Parliament go out and seek for mandate to represent people, they campaign and do all manner of stuff; only to come to Parliament and they are not there.

THE SPEAKER: Exactly, I have complained several times that if you are not in the House and in the constituency, where are you? That is why the voters are very wise.

MR KIVUMBI MUWANGA: Madam Speaker, I will speed up. The committee observed that in the financial year ended, the Government -

THE SPEAKER: Make a summary.

MR KIVUMBI MUWANGA: For example, the penalties for these unpaid invoices was Shs 250 billion, which the Government paid.

Supplementary Expenditure

Audit revealed that supplementary funding extended to the Vote 130 and noted that a supplementary funding amounting to Shs 3.67 trillion had been uploaded on the Integrated Financial Management System (IFMS) for spending under the Vote below; there is a table below.

Unwarranted supplementary funding appropriated

Analysis of the big file extracted from IFMS indicated that a total of supplementary funding amounting to Shs 2 trillion was loaded on the system, awaiting warranting of funds to enable expenditure. However, it was observed that warranting did not occur, hence funds were not available for expenditure.

Public debt

We have talked about this the whole of today. The figure is known, I would be repeating and they were not contradictory. Members, you will read about the category and trend in public debt.

Cost associated with the bond switch

Madam Speaker, I will spend a minute here or so. The country requires a good explanation. We rightly said that we provided a budget of Shs 22 trillion, and the warranted sum was Shs 20 trillion. Now, the audit observed that, among other challenges, the treasury was facing cash flow constraints during the year. The treasury requested Bank of Uganda to switch bonds totaling Shs 684.01 billion during the period under review. This resulted in the accumulation of accrued interest totaling to Shs 1,546.907 billion by the maturity of those instruments. The table below shows.

I know for those who are not highly initiated in finance and economics, this may be a bit unusual. Let me explain. We give them money for debt deduction, that when these bonds mature, please pay. Now, what they do in the middle, for example, when Hon. Omara's debt matures, they do not even - this is not even a borrowing - they go to Hon. Omara and tell him that your bond has matured, instead of you having - let us give you two or three or 20 more years. The annual interest to those bonds is - the total was not put here - and what comes through, by the time they pay interest, there is no money that has gone to the Government. Hon. Omara let the Government to borrow the debt long time ago, his debt has matured and he does not pay. He says I can give you a three-year extended bond or even a 20-year bond. The table shows this.

THE SPEAKER: Financial re-engineering.

MR KIVUMBI MUWANGA: The question is that we have given them money under treasury operations to pay and the Auditor-General says there could be an element of diversion of funds through this bond.

Now the committee lacked the time to interrogate the diversional aspect of funds. That is why you requested some time back for a forensic audit, especially on bond switches because it is a very lucrative deal. If you look here, the Government goes and comes back in the evening - You cannot believe that in the morning they go and borrow from somewhere and in the evening, they also go back saying that they do not have enough. You cannot run a government like that. It is that bad.

Madam Speaker, this bond switch which causes - and they have done another one which might be in the next year's audit, where they have now paid a bond to Bank of Uganda to settle that huge debt. I have looked at the figure and it is going to be Shs 13 trillion by the time they settle the instrument, instead of Shs 8 trillion. This is paid in 20 years; many of us will not be in this space, but our children will grapple with these kinds of encumbrances.

When they are calculating the national debt, these figures are not included. That is why our figures of national debt are hugely misleading. These are not regarded as national debt, yet you have incurred a debt. They are done without parliamentary approval. If these bond switches were to come to your office and to a committee, we would look at the impact. Unfortunately, they do it through a statutory revision which is illegal, they have no powers whatsoever. Madam Speaker, it is your powers that they are taking away.

I am now summarising and will go to what they call bond placement. This placement of bonds, every year, the finance ministry should have a calendar for days on which they will float bonds. In the middle there, they simply look for who to borrow money from. They go soliciting: Madam Speaker, do you have Shs 1 billion? The interests here now vary. You will find a bond that was at 6 per cent or 10 per cent at 13 per cent and it is one officer negotiating with the guy for the money.

When you look at the amount of money that was switched during the year, it is Shs 3.362 trillion which was done through bond placement. The interests are mind boggling; a total of Shs 1,300.755 billion was borrowed from the domestic market using this. The net impact paid is going to be over Shs 2 trillion. This is not good financial engineering. This is borrowing without approval of Parliament.

Debt to Gross Domestic Product (GDP) level and debt sustainability, we have talked about it. I will leave that.

Assessment of fiscal discipline to GDP, I will leave that.

May I now go to what we tackled? I am done with treasury operations; those were silent issues therein.

Let me go to projects. I have a whole special report on projects, which I beg Members to peruse because most of these -

THE SPEAKER: Honourable members, as much as he is giving us a summary, kindly take time and read these reports.

MR KIVUMBI MUWANGA: Madam Speaker, during the financial year under review, an overall budget of Shs 61.6 trillion, out of which Shs 11 trillion was allocated for the implementation of various projects by different Votes.

In the scheme of things, where you had a budget of Shs 61.6 trillion, Shs 11 trillion of this money was in projects. That is how big it is. It is for the first time, and I must thank Members that a committee of PAC has found the time and space to look at audit reports of projects.

We just did a sample because the projects are so many. An institution like Makerere University has 61 projects, the Ministry of Water and Environment has 28. The Ministry of Finance, Planning and Economic Development has so many projects.
However, be as it may, the committee observed that the project implementation had faced a lot of challenges, which had led to a lot of – there are figures I have left that are important.

We had Shs 11 trillion under projects. Out of the Shs 11 trillion allocated for the project, Shs 7.9 trillion was through borrowed money; through loans.

Another Shs 3.09 trillion was from grants; money given to Uganda. I will explain to you that money given to Uganda in the financial year, Shs trillion, how much are we able to use? It is money given, not even borrowed.

Be as it may, the committee observed that project implementation had faced a lot of challenges, which led to a lot of wastage and abuse in their implementation. This is because of poor conceptualisation, poor planning, misalignment of priorities in a project component, and as a result, many projects are behind schedule, which almost doubles the initial overhead costs.

The committee identified the following challenges in the project implementation by the Government:

i) Undispatched loan funds and grants;
ii) Misaligned priorities in the project component;
iii) Exorbitant costs per unit;
iv) High costs of consultancy fees;
v) High commitment fees on debt servicing;
vi) Incomplete projects despite receiving and utilising all project funds; and
vii) Foreign exchange loss, among others.

Undispatched loans and grants

Madam Speaker, the Auditor-General reported that the Government secured loans and grants from partners worth 7.9 trillion, almost Shs 8 trillion, of which Shs 3.9 trillion respectively was a grant.

However - *(Interjection)* – Hon. Omara, can you listen? This will interest you. Out of the Shs 11 trillion, only Shs 3.8, 48 per cent of the loan money, was spent, and on the grant money of Shs 3 trillion, only Shs 788 billion, 25 per cent of the grant, had been drawn to support specific projects.

How do we fail to utilise grants, yet we are averaging 26 per cent? That is on grants; money given to us free of charge. Out of Shs 3 trillion, you only use this and you are here saying that we borrow. This leaves a huge undispatched loan of Shs 4.143 trillion and a grant of Shs 2.29 trillion lying idle in the Bank of Uganda.

Loans

The Auditor-General in the Consolidated Report Account sampled and analysed 17 Government loans extracted from the Debt Management and Financial Analysis System from June 2022 to December 2024 and noted an obnoxiously low disbursement performance of different loans as shown in the table below.

This table was put by the Auditor-General and I have extracted it from the Auditor-General's report. That tells you, for example, the Mbarara-Masaka transition line had a loan amount of $35 million. Only $122,000 had been utilised, which is 0.03 per cent.

On the Agago-Gulu transmission line, there was a loan of €40 million, which is a huge amount of money; undispatched is 18 per cent and undispatched is 21 per cent.

The Kampala City Roads Rehabilitation loan amount is of €224 million. Dispatched stood at 58. Then, 169 undispatched, and you can go on and on - Project per project to 16.

The committee observed that most of the loans will not be absorbed by the end of their tenure. For example, Mbarara-Masaka had performed at only 3 per cent. Luwero-Butalanga Road had performed at 23 per cent.

Madam Speaker, I sympathise with the President. You find him at the State of Nation Address reading about roads saying, these are done, these are going to be done. Money will be borrowed but remains on the account. Some of the grants are not being done, and you are busy on a budget day, reading all kinds of roads, power lines, water for money that will not be dispatched, and my sympathy goes to the old man.

Generally, the committee observed that the average undispatched loan performance stands at 37 per cent, far below average, indicating significant under performance in project deliverables, and yet those undispatched loans continue to attract commitment charges, which increase the cost of debt servicing.

Review of the Auditor-General's report by the committee revealed an increase in undispatched funds of Shs 1.90 trillion at the end of June 2024, from Shs 14.6 trillion in the financial year to Shs 16.49 trillion. Of the money which you, Madam Speaker, defied all odds to ensure you pass to these government offices, Shs 16 trillion of this money remains undispatched out there. You have done your part, cleared them to go and implement but every day, this Parliament is approving loans for which - you cannot feed an animal that cannot consume the food you feed it.

That is why, Madam Speaker, you should at least be cautious in placing those questions because they have no absorption capacity, representing a 22 per cent increment.

Also, commitment fees –

THE SPEAKER: Honourable minister for Finance, Planning and Economic Development, maybe that would require us to seek for a report from you on monies that have been borrowed; how much is utilised and how much is outstanding. We need a day to discuss that because, for instance, if you are looking at the climate smart, we have allowed you to borrow up to a tune of Shs 325 billion, but you have only used Shs 26 billion. That is worrying. We need to look at that seriously. That is why I asked the question: how much interest are we paying and on what? On what is disbursed or approved? Indeed, we are paying for what is approved. We are even paying interest on what we are not using. We will need a day to look at that.

MR MUSASIZI: Madam Speaker, the law already compels me to bring this report to Parliament, periodically –

THE SPEAKER: Which you brought the other day.

MR MUSASIZI: Which I brought the other day.

THE SPEAKER: That is what I am saying. We need to interest ourselves in it; you, not as a minister this time, but as a Member of Parliament, concerned about your people. Let us get a day and look at all those loans. Maybe, it will help these institutions to spend the money. Yes?

5.47

THE MINISTER OF DEFENCE AND VETERAN AFFAIRS (Mr Jacob Oboth): Madam Speaker, you are right about that. Listening to the Chairperson of the Public Accounts Committee (Central Government), I know he is summarising the report but also debating it. We get tempted to believe that he has – he is so passionate that if you are looking the other side, he will summon you - take your role.

Madam Speaker, I would love to hear some of the strict recommendations. For issues of loans, even on this side - I do not speak for everyone - we need to come out with something from the Public Accounts Committee. Let us not just point out what the Auditor-General raised. What can we do so that when we borrow, we get value for it? That - I have not got a copy of the report - I would be glad to support. If you want to propose amendments on what we borrow, that will be good but realising that it is the Government is a huge task to do.

THE SPEAKER: Can you finish up with the report.

MR KIVUMBI MUWANGA: Madam Speaker, when we were in China, where you sent us on a benchmarking trip, the Chinese gave us - with the Auditor-General - a critical objective of audits. Other than fault-finding, it is to ratify, write things up and ensure that things are not done with impunity. I want you to consume this from that paradigm, Hon. Oboth.

I can read the report but I have a summary. If you want it read, I can go to this huge volume and read line by line – *[Mr Peter Ogwang: "How shall we read the Hansard?"]*

THE SPEAKER: Hon. Ogwang, we are going to upload all the reports. They are already done so give us your summary and we finish.

MR KIVUMBI MUWANGA: Okay, let me give you the summary if that is what you want. Commitment fees paid on these undisbursed loans in the financial year under review is Shs 73 billion. The committee observed that the total commitment fees was - Let me give you another figure that will really throw you off balance. Let me take you to another - *(Interjection)* – now you are disorganising me.

When I look at contracting incompetent companies - you wanted us to say - during interaction with the accounting officers, the committee established that the causes of undisbursed funds were majorly due to:

i) Failure to meet project milestones and timelines by implementing agencies;

ii) Contracting incompetent companies;

iii) Weak contract management and supervision by accounting officers;

iv) Variations in project scope from approved plans without approval from a government development committee;

v) Commencing project without feasibility studies;

vi) Delayed acquisition of right-of-way by infrastructure projects; and

vii) Poor conceptualisation of projects, among others.

During the rice project implementation by the Ministry of Agriculture, Animal Industries and Fisheries in two districts of Bugiri and Bugweri, the Auditor-General noted the inadequate capacity of a contractor - he has put a figure here - this was a contractor advanced Shs 15 billion to do mobilisation of equipment, among others.

We have a list of the equipment this fellow mobilised and their functionality. He mobilised equipment that are not even functional but this is a contractor on a project –

THE SPEAKER: Read the report.

MR KIVUMBI MUWANGA: I read the report. Now you know I read the report.

Under the rice project implemented by the Minister of Agriculture, Animal Industry and Fisheries in the two districts of Bugiri and Bugweri, the audit noted that the contractor was advanced Shs 15.049 billion on 23 February 2023 to enable the contractor to mobilise sufficient equipment for execution of works. The funds were advanced as follows - the details are put there.

During inspection, the Auditor-General

compared the equipment that was required to be mobilised on site as per the contract and what the contractor had mobilised and noted significant variances. The contract provided for mobilisation of 47 units of equipment on site. However, at the time of inspection, only 15 units were mobilised, representing a mobilisation level of only 32 per cent. Audit found this inadequate.

In addition, some of the equipment that had been mobilised to the site were non-functional as indicated in the figure below:

1. Bulldozer. He needed five, mobilised three, and only two were functional;

2. Excavators with 1.0m buckets. Five were needed, he mobilised one (20 per cent). That one mobilised was not functional;

3. Motor Grader, HP 140. He needed three, mobilised one - average mobilisation.

4. I can go on and on, on this contractor.

Audit inspection undertaken in August 2024, 12 months after receipt of the advancement, revealed that the physical progress was estimated at 4.8 per cent. A number of primary activities had not been implemented by the contractor, as shown in the table below -

Grants

The Auditor-General reported that the Government entered into 10 grant agreements worth $127 million (Shs 467 billion) from different development partners. Audit sampled two grants, which were fully funded and were meant to close on 30 June 2024. A combined grant of the two projects, as per the agreement, was $87.17 million, approximately Shs 350 trillion.

However, by the close of the Financial Year 2023/2024, only $47 million (Shs 160 billion), had been absorbed by the two different projects. This meant that $40.42 million, an equivalent of Shs 149 billion, remained undisbursed by the Government of Uganda, even when the grant period had elapsed. The two grants relate to the following projects, illustrated in the table below.

The committee observed that the Government had not honoured its contractual obligations as per the grant agreement on some of the projects under Uganda Support to Municipal Infrastructure Development (USMID) and Uganda Inter-governmental Fiscal Transfers programme (UgIFT). For example, as part of its obligations, the Government was supposed to secure land titles for all government sites. However, this could not be done for all project sites. Failure by the Government to secure these land titles leads to underabsorption of grant funds.

The committee further observed that there were instances of slow execution of works by some contractors, and this led to under absorption.

There is a construction of aquaculture parks by the works ministry but let me go to 2 -.

Misalignment priorities in project components

We have been talking about this here. During interaction and consideration of the project accounts, the committee observed that the bulk of the project funds had been allocated to trivial project components like administrative costs, consultancy fees, and allowances, other than the core project components for which funds were intended.

Madam Speaker, this misalignment of project priorities has continued to deprive the Government of the desired impact and achievement of project objectives. For example, under Uganda Support for the Municipal Infrastructure Development Project (USMID), out of a total project cost of $360 million, which is Shs 1.29 trillion, $45,162 - 13 per cent was allocated to administration and coordination, leaving core project components such as municipal institutional support grants worth only $10 million, as per the figures below.

Generating Growth Opportunities and Productivity for Women Enterprises Project

(GROW)

Out of $10.6 million, Shs 38.1 billion was disbursed across four projects during the year under review, but only $1.46 million was disbursed to support micro enterprises for women groups, which is a core component and directly impacts the women, compared to $2.17 million, which is Shs 8 billion, disbursed to the multipurpose service and production facilities component.

Madam Speaker, also Shs 576.2 million was spent on the procurement of a supervising consultant for construction works for the common user facilities, which is more than what the women's group gets on average; Shs 576 million went for that purpose.

Madam Speaker, below is the project component allocation and expenditure for the year ended. I have put a figure to it

Under the reducing climate change vulnerability of local communities in Uganda through ecosystem-based adaptation in wetlands and forests in the Ministry of Water and Transport, Shs 1.24 billion had been allocated to increase knowledge and awareness of government officers and communities at the project intervention.

The committee observed that the activity of increasing knowledge and awareness of community officers had already been catered for under project management costs, monitoring, and evaluation. This has left core project components such as improving technical and institutional capacity at the local and national level to integrate Ecosystem-Based Adaptation (EBA) into existing management plans for wetlands and forests, with only $512 million which is Shs 1.8 million as illustrated below.

Exorbitant costs per unit cost

This one should concern all of us. During the committee interaction and examination of project reports, the committee established that some of the project costs were obnoxiously high. The Auditor-General reported that under the Uganda Support to Municipal Infrastructure Development (USMID) project, the cost of rehabilitating 1.37 kilometres of road in Arua City amounted to Shs 13.4 billion, with a supervision cost of Shs 3 billion. That means, they constructed 1.37 kilometres of a municipal road, built as is with no compensation it costed Shs 13.3 billion. The supervisor walked away with Shs 3 billion.

In Mbarara City, the cost of constructing 1 kilometre of Buremba Road amounted to Shs 4.9 billion, with a supervision of Shs 0.249 billion. In Mbarara, you are achieving it at Shs 4.9 billion and supervision is Shs 0.249 billion. The other side, supervision is Shs 3 billion, and is the unit cost is Shs 13 - *(Hon. Peter Ogwang rose_)* The detailed report is there.

In Fort Portal City, the cost of constructing 2.68 kilometres of road works amounted to Shs 21.4 billion, with a supervision cost of Shs 2.5 billion. While in Mubende, the cost of constructing 2.869 kilometres amounted to Shs 14.24 billion, with a supervision cost of Shs 2.5 billion. These roads measure the same in terms of kilometres, yet obnoxious differs in the cost of construction and supervision.

The committee noted that the Ministry of Works and Transport undertook a study to establish the unit cost rates, quantity estimates, regional compulsion and development of a software-based cost estimation and monitoring system.

The report established that the average cost of upgrading a paved road with bitumen surface treatment increased from Shs 2.3 billion in the Financial Year 2017/2018 to Shs 3.13 billion in the Financial Year 2018/2019. That was the average cost of constructing a bitumen road in an urban area. Here we are talking of Shs 24.13 billion. You wonder if someone else - Madam Speaker, these figures are approved by the committees of Parliament. Who approves? It is from the Cabinet to Parliament and to all our committees. If I had my way, I would summon the chairpersons of these committees and ask them, how on earth -

THE SPEAKER: Unfortunately, you have no powers. *(Laughter)*

MR KIVUMBI MUWANGA: I have no powers. I was going to say, who gives you the power to do this kind of thing? Going by estimates of the Ministry of Works and Transport, the Shs 13.3 billion cost of rehabilitating a two-point road in Arua District would have constructed 4.32 kilometres at a cost of Shs 3.1 billion, while the Shs 21.4 billion cost of constructing 2.86 kilometres Fort Portal Road would have constructed 6.9 kilometres at the above cost.

The committee, therefore, notes that these variations in cost overruns resulted in inflated road project costs and loss of public funds.

High consultancy and professional fees amounting to Shs 770.98 billion was paid during the financial year. The committee observed that at the time of designing the project proposal documents, they factored in high costs of consultancy and professional fees.

The committee further observed that in the audits consolidated estimates of financial performance, the Government paid a total of Shs 770.98 billion as consultancy and professional fees across Government Ministries, Departments, and Agencies (MDAs). For example, under the Resource Enhancement and Accountability Programme (REAP) implemented by the finance ministry, the project had a total budget of Shs 72.8 billion during the financial year, out of which Shs 62 billion was funded by the Government while Shs 12 billion was by development partners. Out of the Shs 12.0 billion budgeted by development partners, Shs 7.62 billion was spent on consultancy fees alone, leaving a mere balance of Shs 4.4 billion only for implementing other project components.

Comparatively, out of the Shs 60 billion received from the Government of Uganda, that is Shs 20 billion, was spent on staff salaries and related costs, leaving a balance of Shs 39.3 billion to the project itself.

The committee observed that this is an obnoxious amount to be spent just on salaries. Madam Speaker, that is what the committee notes. The committee recommendations are there for all to read.

Madam Speaker, that sums up the presentation of projects, units, and one of our recommendations is that projects be rationalised under RAPEX to go into the main ministries, other than the so-called consultants. What hurts is that irrespective of the huge fees, no single project in Uganda is on schedule.

Then, we also noted something small which I will not read. You find one project officer controlling trillions of shillings in three different projects; multitasking and some of these officers are in the Ministry of Finance, Planning and Economic Development. We found one under the private sector coordinating three huge projects; one gentleman, and these things hurt the country.

Madam Speaker, for the second part of the audit on ministries –

THE SPEAKER: Which one is the second part?

MR KIVUMBI MUWANGA: On ministries, universities, and referrals, I beg the vice-chairperson to do the needful. *(Applause)*

THE SPEAKER: I hope she is going to give a summary.

6.08

THE DEPUTY CHAIRPERSON, COMMITTEE ON PUBLIC ACCOUNTS (CENTRAL), Ms Gorreth Namugga: Thank you, Madam Speaker, I thank the chairperson for that brief presentation.

Madam Speaker, I appreciate you for the time you have allocated to the Committee on Public Accounts and also thank the Members. I am going to summarise. This is the sector of justice, law and order. The Ministry of Justice and Constitutional Affairs, the Judiciary, Office of the Director of Public Prosecution, Directorate of Government Analytical Laboratory, Uganda Police Force and Uganda Prisons Service.

I am going to begin with the budgets for these sectors. These entities received budgets as follows:

The Office of the DPP received a budget of Shs 92 billion, and it received 99 per cent of the budget. All these received their budgets, close to 93 per cent, save for the Ministry of Justice and Constitutional Affairs, that got a shortfall of Shs 10 billion. The Directorate of Government Analytical Laboratory got a shortfall of Shs 12.3 billion and the Judiciary had a budget shortfall of Shs 30 billion.

Madam Speaker, the accounting officer explained that these budget cuts were beyond their jurisdiction, and this arose out of the Ministry of Finance, Planning and Economic Development failing to warrant all the budgets as appropriated. This affects the implementation of the budget.

The committee notes that:

i) The accounting officer should ensure that statutory obligations and critical activities are given the first priority.

ii) The Ministry of Finance, Planning and Economic Development should allocate adequate resources and release it timely to facilitate the provision of services to the intended beneficiaries.

When you get budget cuts, that means some of these activities will not be implemented. Much as we have budget cuts, the little that is warranted to some of these agencies - the monies are not utilised as shown under. For example, the Uganda Police Force failed to utilise Shs 175 billion. The Ministry of Justice and Constitutional Affairs did not utilise Shs 4.7 billion; the Directorate of Government Analytical Laboratory failed to utilise Shs 2.3 billion, and the Judiciary also did not utilise Shs 11.54 billion.

The committee observed that failure to optimally utilise warrants by accounting officers meant that planned activities were not implemented on time and these inactions by accounting officers breach the Public Finance Management Act, that is Section 43(3), and that means this leads to under-absorption of funds and this distorts budgetary implementation that also denies beneficiaries of some of these projects the right to have services. You need to observe that much as budgets are not warranted as given, but also the warrants are also not utilised by the entities denying beneficiaries services.

From these five entities, I am just going to pick a few areas of concern.

The Office of the Director of Public Prostitution

Query one: Audit of the prosecution's case management information system

There was a delayed roll-out of this system, and a review of this second stage of the strategic plan showed that by the end of the previous plan, 30 offices were connected to this system, and there was a performance of only 21 per cent. This is in the interest of having automation of some of these systems to ensure that we simplify the offer of services to the people that are served by these entities.

Eventually, the committee observed that while the Office of the DPP had made incremental progress in rolling out the system, a 35 per cent performance was below the average that was desired.

The committee noted that the Office of the DPP had delayed to seek for support from the National Information Technology Authority –Uganda (NITA-U) to address the internet connectivity challenge, as was explained. Therefore, the accounting officer should budget for the funds to acquire the necessary support for infrastructure so as to accelerate and expand the roll-out of the system to these other entities; 148 entities that are not connected.

Secondly, the DPP should liaise with NITA-Uganda to expedite internet connection to some of these offices that were not connected.

Understaffing under the Office of the DPP

The accounting officer reported that the Office of the DPP had various directorates and departments with a total approved establishment of 1,482 staff, but they only had 577 positions filled. This means that the office is very understaffed and this automatically leads to delay in execution of their mandate.

The committee recommends that to enhance access to justice, the Government, through the Ministry of Finance, Planning and Economic Development, should provide adequate wage budget to ensure the recruitment of critical staff by the Public Service Commission.

The Uganda Police Force

I will raise just a few issues under the Uganda Police. With the Uganda Police Force, we have a challenge of the accumulation of arrears. Accumulation of arrears cuts across all these entities that we have mentioned, but what is special about the Uganda Police is that they had an accumulation of arrears up to a tune of Shs 122.953 billion -

THE SPEAKER: Is it 122 or 112?

MS NAMUGGA: Sorry, Shs 112.953 billion, Madam Speaker. We note that there is an obnoxious or abnormal increment in domestic arrears under the police.

The committee recommends that the accounting officer should be held liable because that led to the diversion of funds in the Uganda Police Force.

Access to the implementation of the sub-county policing model

The sub-county policing model also faces several challenges, where the model was supposed to be piloted in 12 policing areas. However, most of them have not been rolled out because of challenges of staffing requirements, inadequate transport requirements to implement the model, structures required to implement the model, and the planned addition of more sub-counties onto the Sub-County Policing Model.

Therefore, the committee observed that although ambitious in nature, the Sub county Policing Model was necessary as a countermeasure to the rampant surge in crime.

The committee further noted that the police had received only Shs 158.355 billion as classified budget, out of the Shs 905.72 billion budget, which could be used in addressing these identified challenges. There are budget challenges because the budget was Shs 905 billion and they were only given Shs 158 billion, meaning that there was insufficient funding for that area.

Uganda Prisons Service

I am picking out the areas that are very important.

Congestion in prisons

The Auditor-General reported that the current prison's holding capacity is 21,126 prisoners, while the prisoner population, as of June 2024, stood at 79,757, exceeding the holding capacity by 58,631 inmates. This resulted in an occupancy rate of 377.5 per cent.

Despite the Uganda Prisons Service constructing additional prison wards, Uganda Prisons Service continues to grapple with overcrowding of prisons, with the highest congestion noted in Aswa I, Kicheche, Bubulo, Kakumiro and Kigandalo Prisons. Honourable colleagues, you can look at the table that shows the excesses of inmates in prisons.

The prisoner population is growing at an average rate of 8 per cent, while the prisoner accommodation is expanding only by 3.5 per cent annually. Therefore, there is a very big discrepancy between the prisoner population average and the accommodation expansion rate.

The committee recommends that the Government should provide more funding to support the Uganda Prisons Service's efforts in constructing the accommodation space.

Also, as a sector of Justice, Law and Order, we must enhance efficiency systems to hasten the administration of justice. This would free up space in prisons.

Overstay on remand

Analysis of prisoners' statistics revealed that prisoners on remand make 48 per cent of the total prisoner population so this should be taken note of. We have so many inmates in prison and the ratio is simply too high.

Honourable colleagues, take note of the high ratio of custodial staff to prisoners. The Auditor-General noted that as of 30 June 2024, the staffing levels at Uganda prisons were at 14,145 staff against the approved structure of 42,724 staff, leaving 28,579 positions vacant.

The number of custodial staff was at 11,576, serving a population of 79,757 prisoners, resulting in a high average custodial staff to prisoner ratio of 1:7 instead of the recommended ratio of 1:3, meaning that every staff of prison looks after seven prisoners. When you look at the table detailed down, for example, when it comes to Kampala, the prisoner to staff ratio is 1:17 in some areas. In some areas like Masaka, it is 1:12. In some areas, like Masindi, it is 1:16, meaning that the prison staff are overworked.

Long distances between prisons and courts

Honourable colleagues, you should note that the Auditor-General noted that the long distances between prisons and court locations, with some prisons located more than 20 kilometres from the nearest courts that prisoners need to attend. This table shows the distances between prisons and the courts. Honourable colleagues, as we read, we must pay attention to this sector of Justice, Law and Order.

Operationalisation of the Prisoners Management Information System also has a lot of challenges.

Under budgeting for domestic arrears

The Auditor-General reviewed the approved estimates for the year and noted that Shs 9.7 billion was provided and released to settle domestic arrears.

However, domestic arrears brought forward from the previous year were Shs 182 billion. The arrears were Shs 182.35 billion versus a budget that was provided of Shs 9.7 billion, causing a shortfall of Shs 172 billion in arrears versus the budget that was provided. There is a serious challenge of under-budgeting for domestic arrears. The same entity faces challenges of accumulation of domestic arrears.

Inadequacy in disposing of civil and criminal cases

We still have a challenge of delay in the disposal of civil and criminal cases. The table shows the delays in the prison sector.

Accumulation of bail fees

An analysis of refunds revealed that the percentage of bail refunds relative to the bail balance remains below 30 per cent, with only 10 per cent refunded in the Financial Years 2022/2023 and 2023/2024. To date, we have an outstanding balance on bail funds of Shs 24.291 billion, meaning those who pay bail fees do not get an opportunity to receive that money back.

The committee recommends that the accounting officer should consider restructuring the bail refund process through digitalisation. This would reduce the long bureaucracy and other administrative delays to improve accessibility and ensure timely restitution to litigants.

The Ministry of Justice and Constitutional Affairs

This one has long outstanding court awards and compensation, honourable colleagues. This is the only matter among others that is so important under the Ministry of Justice and Constitutional Affairs, where the Auditor-

General reviewed 71 human rights awards, court awards, ex-gratia and compensation ordered by courts and reported that awards worth Shs 1.98 billion remained unpaid for the period ranging from two years to over 10 years.

We have these pending and the committee recommends that the accounting officer should budget for the awards, and the Government should provide the requisite funds.

The accounting officer, together with the Uganda Human Rights Commission, should establish the details of the beneficiaries for quick settlement to avoid the accumulation of interest.

Madam Speaker, whenever we delay payment of these arrears, interest is paid on these arrears. So far, the Government is going to pay Shs 159 billion as interest on these arrears that have not been paid on time.

Madam Speaker, the other report is the report of the Committee on Public Accounts (Central Government) on national regional referral hospitals and other specialised hospitals.

Honourable colleagues, I am going to summarise. We are looking at the details of the following hospitals in summary. We are looking at the following: Masaka Regional Referral Hospital, Entebbe Regional Referral Hospital, Mbale, Naguru, Jinja, Mubende, Fort Portal, Mbarara Regional Referral Hospital, Kabale, Lira, Gulu, Moroto, Hoima, Arua, Butabika, Mulago, Kawempe, Kiruddu, Soroti, and the Mulago Women's Specialised Hospital.

Implementation and budget performance

Madam Speaker, for all the regional referral hospitals we observed - I will begin with the implementation of the approved budget.

Regional referral hospitals are expected to collect Non-Tax Revenue (NTR) to support the Government budget. Honourable colleagues, the total NTR was supposed to be Shs 20.406 billion, and there was an over performance of Shs 21.924 billion.

However, this should be noted. From the table, the Government projected to collect the above, but Shs 21.924 billion was collected, meaning there was an over-performance.

Honourable colleagues, as a committee, we noted that all accounting officers who did not meet their budgeted Non-Taxable Revenue (NTR) targets, or failed to realise their NTR contravened instructions 4.102 of the Treasury operations.

The committee noted that less/non-transfer of NTR to the treasury deprives the Government of revenue and also noted that the Ministry of Finance, Planning and Economic Development failed to provide revenue targets to some of these entities.

That is why there was an over-performance and also an underestimation of NTR by these entities. Therefore:

(i) The accounting officer should ensure that NTR targets are set based on strong assumptions and benchmarks to enable realistic NTR.

(ii) The accounting officers should institute mechanisms to ensure that a billed NTR is fully collected.

(iii) The Ministry of Finance, Planning and Economic Development should always make prompt responses to requests of NTR revisions by entities.

(iv) The accounting officers should incorporate all NTR sources during the budgeting process.

Performance of the Government of Uganda warrants

Madam Speaker, a total of Shs 475.44 billion was budgeted to be released to these referral hospitals and national specialised regional hospitals.

However, a total of Shs 470.65 billion was released. From the above table, the Government allocated a total budget as mentioned and out of which, Shs 470 was warranted, implying a shortfall of Shs 4.77 billion. All these entities in total did not receive Shs 4.7 billion as releases.

The committee appreciates the Government for releasing 100 per cent for some of these referral hospitals, but also notes that some of these did not receive their budgets, as shown above by the under release of Shs 4.7 billion.

Utilisation

Honourable colleagues, much as the whole budget is not warranted, but also referral hospitals failed to utilise the warrants as were and we had a variance of Shs 41.76 billion as unutilised warrants, yet there are services that they were supposed to render.

Therefore, the committee observed generally that under-absorption of funds not only distorts planning and budget implementation but also denies services and other deserving beneficiaries.

The committee takes note of the action of the accounting officers and the PS/ST but should not in itself paralyse the implementation of these activities.

The committee recommends that, pursuant to Section 45 of the PFMA, the accounting officers should adhere to the annual budget performance contract signed with the PS/ST, which binds the accounting officers to deliver on the activities in the work plan of the Vote for which they are budgeted for. I am going to pull out a few areas of emphasis:

1. Management of medicines and health supplies

In all the entities, these regional and national referral hospitals, we had delays in the delivery of drugs. That should be noted.

2. Challenges of expired drugs

The committee recommends that the accounting officers should improve on inventory control by enforcing first in, first out and timely reporting on short-dated items and regular disposal of expired drugs. Stock outs and non-delivery/discrepancies in medicines and medical supplies delivered.

3. Utilisation and maintenance of medical equipment

In all the regional referral hospitals, we have old equipment. Leave alone being old, but also the budget allocated for maintenance is very low in all the referral hospitals. On top of that, most of the equipment was recommended for decommissioning. All the regional referral hospitals have old equipment that is expensive to maintain, much as the budget for maintenance is very low.

Therefore, the committee recommends that the accounting officers should actively engage the Minister of Health and Finance, Planning and Economic Development to ensure that a dedicated maintenance budget is allocated to these entities.

Mulago Specialised Women and Neonatal Hospital

Accumulation of domestic arrears

Domestic arrears are a challenge in all the regional referral hospitals, but to make matters worse, there are arrears in utilities. Hospitals are finding challenges of paying for water and electricity to the extent that the Women's Specialised Hospital has a bill of Shs 6.7 billion under water. Honourable colleagues, this should be taken note of as an area of emphasis.

Insufficient rehabilitation capacity in Butabika Hospital

The Auditor-General established that the hospital's alcohol and drug unit is the sole government rehabilitation centre in Uganda, with a capacity of only 80 patients. This limited capacity is inadequate to cater for all the patients requiring rehabilitation. Interviews with the management indicated that the hospital receives over 30 requests for admission to the rehabilitation centre a day. Additionally, the official capacity for the whole hospital is 550, yet the actual number of patients is 1,200. That means Butabika National Hospital is very congested. This should be taken note of.

High Doctor-to-Patient and Nurse-to-Patient Ratio

Madam Speaker, I am only going to mention the ratios. The high patient-to-doctor ratio; according to the interviews with the management, the ideal ratio for nurse-to-patient, is supposed to be 1:10, and the ideal ratio of doctor-to-patient is supposed to be 1:30 of the health facility's mental treatment.

However, in Butabika Hospital, the executive director, in one of the meetings, informed the committee that the nurse-to-patient ratio is 1:40 instead of 1:10, and the doctor-to-patient ratio is 1:70 versus 1:30. This means that the doctors are overworked.

Domestic arrears

I have taken mention of that.

Madam Speaker, there is a challenge of understaffing in all the regional and national referral hospitals, with an average of only 35 per cent.

Underutilisation of the Intensive Care Unit

In all the regional referral and the national referral hospitals, the Intensive Care Unit is very underutilised.

Inadequate storage capacity for medicines

In the referral hospitals, medicines are stored on the floor. Some are kept in containers. Some are kept under the beds of patients. This interrupts the services as you read in the details of the reports.

Honourable colleagues, most of the regional referral hospitals are under the Intensive Care Unit (ICU), and we identified five regional referral hospitals:
Soroti Referral Hospital -

THE SPEAKER: You said they are under ICU order. What do you mean?

MS NAMUGGA: The hospitals are under the intensive care unit. They are very sick.

THE SPEAKER: No, that is not correct English. Let us not use - They are either in a poor state or dilapidated, but not under ICU.

Hon. Gorreth, somebody will come tomorrow and read these reports, and they will wonder what we meant by a hospital being under ICU. We are mindful of what other people would look at.

MS NAMUGGA: Madam Speaker, mindful of what other people will look at, I was trying to communicate that these hospitals are in bad condition.

THE SPEAKER: They are not in ICU?

MS NAMUGGA: Yes, they are not in ICU, but they are very badly off. Among these is Soroti Regional Referral Hospital, Moroto Regional Referral Hospital, Entebbe Regional Referral Hospital, Jinja Regional Referral Hospital and Mbarara Regional Referral Hospital. Those need special attention.

Lastly, are the neonatal units in these referral hospitals where the young babies, the neonates, are kept. All these ones need special attention. That is just a summary of the National Referral Hospitals.

Madam Speaker, this is a report of a summary of ministries, departments and agencies. I am just going to mention: We have the Office of the President, the Ministry of Public Service, the Ministry of Agriculture, Animal Industry and Fisheries, the Ministry of Lands, Housing and Urban Development, the Ministry of Gender, Labour and Social Development, the Ministry of Water and Environment, the Ministry of Tourism, Wildlife and Antiquities, among others. You will read others, honourable colleagues.

In all of these, the issues of budgeting still come up. Underfunding in budgets, failure to utilise some of the warrants. Madam Speaker, I am going to pull out a few areas that need emphasis.

In the Ministry of Gender, Labour and Social Development, the issue of YLP: the recovery rates are very low. Low recovery rates under UWEP.

The other challenge is the untagged district recovery deposits on YLP and UWEP.

The Auditor-General reviewed the recovery account in Bank of Uganda and revealed that Shs 68 million worth receipts could not be attributed to a specific district or group. This was attributed to poor maintenance of recovery ledgers, inadequate training of these groups, and delays in reconciliation. This is money that belongs to some districts but is unrecovered because BoU cannot know where to allocate it.

Complaints against recruitment companies

We have issues on labour externalisation. Much as we do not have the law – that is the Bill on labour externalisation – but there are serious complaints on these companies that deal in labour externalisation.

We had a consolidated report on the management of the Parish Development Model. This being a game changer, a magic bullet and a transformational programme according to Government, I beg that you will give us a day to discuss the Parish Development Model, Madam Speaker. Therefore, for today, we are not going to give a summary of the project that is a game changer in just a few minutes. I beg that you allocate us time to have the Parish Development Model discussed in this House as a unique report.

Domestic arrears

This is a challenge in every entity. Long outstanding, failure by the Ministry of Finance, Planning and Economic Development to allocate appropriate domestic arrears. This has affected many entities.

In the Ministry of Lands, Housing and Urban Development, we have challenges of lack of land titles by most of these entities. Government land is not titled and there are delays in the issuance of these land titles.

Something unique about the Ministry of Agriculture, Animal Industry and Fisheries, Hon. Musasizi failed to release funds fully to this ministry, and they had a shortfall of seven –

THE SPEAKER: Do not put Hon. Musasizi's name in that report.

MS NAMUGGA: Madam Speaker –

THE SPEAKER: Let us have respect for colleagues.

MS NAMUGGA: The Ministry of Agriculture, Animal Industry and Fisheries had a budget of Shs 321.9 billion and they only received Shs 245.85 billion. The ministry had a shortfall of Shs 76.1 billion.

The activities that were affected by the underfunding included the following; training of 200 extension workers on appropriate technologies and general control of pests and diseases conducted in 20 districts, procurement and distribution of 100 tonnes of soya bean seeds to at least 500 farmers in all the project districts, targeting 50 per cent of the beneficiaries. All these did not get the service because the most dedicated finance ministry did not release funds to this entity.

Lastly, domestic arrears are a public outcry.

Failure to absorb contingency funds on the management of Foot and Mouth Disease (FMD)

That was a weakness under the Ministry of Agriculture, Animal Industry and Fisheries.

Under the Office of the President, there was failure of accountability.

Verification of expenditure meant for the Non-Aligned Movement

The Auditor-General reported that in January 2024, Uganda hosted those two major events - the 19th Summit on the Member States of the Non-Aligned Movement (NAM), from 19th to 20th January 2024, and the Third South Summit of the G77 countries plus China held from 21st to 22nd January.

The Government had a budget of Shs 61.73 billion. The auditor reviewed the utilisation and accountability of these funds and noted that Shs 3.01 billion had not been appropriately accounted for. Therefore, we need to pay attention to that area.

Madam Speaker, there is a special audit report on pension and gratuity. We also request that you give us time to submit on that consolidated report on pension and gratuity, as we have requested for on the Parish Development Model that is a game-changer.

Madam Speaker, allow me to present this in just a second:

Cost implication of the enhanced pay for science employees on issues of pension and gratuity

Following Government's decision to increase salaries for scientists, their salaries were subsequently increased accordingly. This move was aimed at attracting and retaining critical talents as well as the importance of science and innovation.

The Auditor-General reported that he did not obtain any evidence that there was a comprehensive analysis of the cost implication of the increased wages and resultant exponential increment in pension liability. In essence, the increase appears to have become an incentive for early retirement.

The Auditor-General further analysed two salary scales of an officer and a commissioner for science and arts who had served for 30 years, those are 360 months, to determine the effect of increase on the salaries on pension and gratuity and observed the following;

Scenario one: Honourable colleagues, pick interest in this. The auditor compared the position of an educational officer - this is a teacher for science - and a non-science teachers' payments to determine the effect on their retirement benefits.

The Auditor-General noted that the officer with the science qualification earns Shs 4 million per month, whereas the arts teacher earns Shs 1,078,162 per month. Now this is the implication. The science teacher will get Shs 172,800,000, while the arts teacher will get Shs 46,576,598 as gratuity payments at the end of their service.

The science teacher will get Shs 1,920,000, while the arts teacher will get Shs 517,518 as a monthly reduction on pension. The reduced monthly pension of the science teacher of Shs 1,920,000 is more than twice the net pay of the serving arts teacher of the same scale.

This is trying to show you the effect on pension and gratuity on these two teachers arising out of the decision to increase the salaries of the science teacher.

The Auditor-General also gives another scenario. Relatedly, the Auditor-General compared the payments for the positions of commissioner for science and the non-science to determine the effect also. The science officer will get Shs 462,711,657, while the arts teacher will get Shs 80,774,551 as gratuity payments at the end of their service respectively.

The science officer will get Shs 5,141,241, while the arts officer will get Shs 897,495 as monthly reduction on pension. The reduced monthly pension of the science officer of Shs 5,141,241 is more than thrice the net pay of a serving arts officer at the same level.

The accounting officer concurred with the observation and explained that the implication of salary enhancement on pension and gratuity were equally highlighted by the ministry, budgeted for and presented to Cabinet for consideration.

The committee recommends that the Government should conduct reforms on the policy for enhancing salary for all the calibres of teachers. I, therefore, beg to submit.

Long outstanding subscription fees

These are payables. We have challenges with subscription fees. The Auditor-General observed that the ministry had arrears of Shs 2.27 billion under the ministry, out of failure to pay for the agreed texts of the Lusaka Agreement on Co-operative Enforcement Operations and this is the ministry for tourism.

I beg to submit this as a report of a summary of the ministries as highlighted under.

Lastly, this is a report of the Public Accounts Committee (Central Government) on universities. I am just going to read them: Kyambogo University, Makerere University Business School (MUBS), Makerere University, Gulu University, Uganda Management Institute, Kabale University, Lira University, Muni University, Mbarara University of Science and Technology (MUST), Soroti University, Busitema University, Mountains of the Moon University (MMU) and Law Development Centre (LDC).

Budget performance for universities and tertiary institutions

It is the same story of budget cuts across all these universities.

There is also a challenge of underutilisation of warrants, where Shs 21 billion remained unutilised across all entities.

Recommendations

The accounting officers should strictly adhere to the annual budget performance.

Performance of Non-Tax Revenue (NTR)

In all the universities there is underperformance, where the annual approved budget for all of them was Shs 290 billion, but only Shs 265 billion was collected.

The issues of domestic arrears cut across.

Issues of students' halls of residence

The students' halls of residence are very old, dilapidated and there is a limited budget for repairs of these halls.

On accumulation of domestic arrears, it is the same story.

Under long outstanding receivables, it is the same story.

Irregularities in supplementary funding
This was submitted by the committee chairperson during the consolidated accounts, where entities received supplementary budgets that they had not requested for, from the humble Ministry for Finance, Planning and Economic Development.

Delayed projects were highlighted in the report for projects.

Dilapidated structures cut across the board. Madam Speaker, I am trying to summarise in the interest of time.

That has been a summary of these reports. I kindly beg that we pick interest and time to read through. I thank, you, Madam Speaker, for the time and thank colleagues who have enabled us to have this work completed. Thank you for listening in.

THE SPEAKER: Thank you, honourable chairperson and vice-chairperson for the report. I ask the *Hansard* to capture all the reports. Members, when you get time, kindly read; the reports are comprehensive. Honourable minister, do you have what to say?

6.48

THE MINISTER OF STATE FOR FINANCE, PLANNING AND ECONOMIC DEVELOPMENT (GENERAL DUTIES) (Mr Henry Musasizi): Thank you, Madam Speaker. I congratulate my friend, Hon. Kivumbi, together with Hon. Namugga and their team, for the job well done.

It is rare to find a committee presenting all the consolidated reports at once. *(Applause)* I am speaking from experience, having spent my initial seven and a half years of Parliament in the Public Accounts Committee.

Madam Speaker, the report raises significant issues on the consolidated accounts of the Government, Treasury operations, projects, and also other management aspects within our Ministries Department Agencies (MDAs).

I know the law provides that we provide a comprehensive response through the Treasury Memoranda. However, I wish to provide a rebuttal, especially on the numbers that the chairperson touched. I pray, Madam Speaker, that you allow me to bring my rebuttal in writing tomorrow afternoon before the report is debated and adopted. I thank you.

6.51

THE CHAIRPERSON, COMMITTEE ON PUBLIC ACCOUNTS (CENTRAL GOVERNMENT) (Mr Muhammad Muwanga Kivumbi): Madam Speaker, I also take those remarks with humility, but I also thank the Speaker because this time, the committee was fairly well-facilitated for all intents and purposes. *(Applause)* I am really being fair. We never lacked resources to do our work.

For the first time - I know that we have not presented the report on Missions – we were fairly well-facilitated because somewhere along the way - this is not a room for complaining.

Apart from the Ministry of Foreign Affairs, which, Madam Speaker, I beg you to allow the committee to finish an audit which is already approved - they are on their way with everything done. They will bring it as an addendum for New York and London. The Deputy Chairperson will lead the committee there in two or three weeks. Everything is underway. I beg for only those two reports. However, all the rest are done, and the reports are there.

Hon. Musasizi, you are free to contest those figures, but I must caution that you do not attempt to impeach the Auditor-General's report. Unless a figure is not in the Auditor-General's report, you are free. Those figures I have read and quoted are all in the Auditor-General's report.

THE SPEAKER: Honourable minister, thank you for appreciating what the committee has done and pledging to bring a response, but the law allows you only to bring the response as per Section 51, Submission of Treasury Memoranda to Parliament, after the report has been presented.

We are not fault-finding; we are only looking at how we can improve the systems and governance. If the Auditor-General has found those figures, let us go back and see how best we can do -because when you bring the Treasury Memoranda, you are going to tell us what action you have taken on these things that have been reported. Based on that, we will be waiting for the Treasury Memoranda as per Section 51.

Honourable members, I now put the question that the report of the Public Accounts Committee (Central Government), on the annual report of the Auditor-General to Parliament for the audit year ended 31 December 2024, be adopted by this House.

(Question put and agreed to.)

Report adopted.

THE SPEAKER: The pride of any chairperson of a committee is when his or her report is adopted by the House. The House is adjourned until 2.00 p.m. tomorrow.

(The House rose at 6.55 p.m. and adjourned until Wednesday, 10 September 2025, at 2.00 p.m.)