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PARLIAMENTARY DEBATES

(HANSARD)

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WEDNESDAY, 1 MARCH 2023

PARLIAMENT OF UGANDA

IN THE PARLIAMENT OF UGANDA

Official Report of the Proceedings of Parliament

SECOND SESSION - 12TH SITTING - THIRD MEETING

Wednesday, 1 March 2023

Parliament met at 1.59 p.m. in Parliament House, Kampala.

PRAYERS

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

The House was called to order.

COMMUNICATION FROM THE CHAIR

THE SPEAKER: Honourable members, I welcome you to this afternoon sitting. Members, since your ministers have ceased to be around, take over the seats on their behalf. *(Laughter)* We will not stop the operation of this House because ministers come at leisure.

Honourable members, during yesterday's sitting, I guided that the Prime Minister would present a statement in regard to Karamoja. However, because of the nature of the investigation – we do not want to interfere with the committee's investigation. Let the committee finalise its investigation and bring the report to this House. If the committee needs the Prime Minister, she will go to the committee.

Based on that, we will not have that report. Rather, we will now wait for the report from the Committee on Presidential Affairs, which is doing very well. I have been watching them; they are doing a very good job. This House will take appropriate action, based on their report.

Honourable members, during the recess, I received communication from His Excellency the President, dated 19 January 2023, returning the National Local Content Bill, 2022 pursuant to Article 91(3) of the Constitution.

In furtherance of rule 143(1) of the Rules of Procedure, I will now read the letter verbatim. The letter is addressed to the Speaker of Parliament.

"Re: The National Local Content Bill, 2022

The above subject matter refers.

I received the National Local Content Bill for assent.

Whereas the Bill seeks to address and remedy the shortcomings and defects in all existing policies, legislations and guidelines touching on the subject of local content in Uganda that include the Public Procurement and Disposal of Public Assets (PPDA) Act, 2003; the Petroleum (Exploration, Development and Production) Act, 2013; the Petroleum (Exploration, Development and Production) (National Content) Regulation, 2016; Guidelines on Reservations Schemes to Promote Local Content, 2018; and the "Buy Uganda Build Uganda (BUBU)" Policy, there is need to review some clauses to bring them in compliance with the 1995 Constitution, the East African Treaty and other legislations, as listed below, so as to avoid implementation challenges:

a. *Section 1(c) – Application of the Act*

It provides that the Act shall apply to the Mining Act, the Electricity Act, the Uganda Tourism Act and the Investment Licence Incentives. The above Acts already have provisions on local content. This Act should apply to the public sector procurement matters only.

b. *Section 1(g) and section 26 require Government's internal and externally acquired resources to comply with the local content obligations. This is not practical since each development partner has its own policies and guidelines that are negotiated before any project starts. The provision should be reviewed to allow the responsible ministry to negotiate local content in the agreements to the extent practical.*

c. *Section 2 defines the contracting authority to mean a ministry, department of Government or any other body established by Government and mandated to carry out a public function in public-private partnership. The definition is not adequate. It should be expanded to cover the authority, local government, local authority, statutory body or agency.*

d. *Section 3 establishes a local content department under the Ministry of Finance, Planning and Economic Development to implement the provisions of the Act. The functions of the department include, among others, monitoring and audit compliance with the local content obligation under this Act. Audit and compliance issues should be left to the Office of the Auditor-General, the internal auditor-general or the regulator, PPDA. The department should undertake the monitoring function together with the stakeholders.*

e. *Section 4 gives preferential treatment to Ugandan goods, works and services. This contradicts the East African Community Protocol on free movement of goods and services and the East African Monetary Union. The section should be amended to read "East African goods, works and services" instead of Ugandan.*

f. *Section 5(2) provides that where goods locally manufactured in Uganda or a service provided by a Uganda citizen or a company do not meet the required quality or timeline for delivery or completion, the local content entity may, with the written permission of the department, procure the good or service as directed by the department. The above will lead to inefficiency and affect service delivery.*

Procurement reforms decentralised procurement to increase efficiency. The accounting officer should be given the discretion to procure from a foreign source in case a locally manufactured good or service does not meet the required standard (quality, quantity, time, completion). The accounting officer shall remain personally responsible for any omission.

g. Section 6 provides for a reservation of goods or services to be exclusively procured from Uganda. Schedule 2 of the Bill lists services to be provided by Ugandans. This is against the spirit of the principles of the East African Common Market Protocol and specifically, Article 35, that requires that partner states shall not discriminate against suppliers, products or services originating from other Partner States for the purpose of achieving the benefits of free competition.

This is also against Article 13 of the East African Customs Union Protocol, which requires each of the Partner States to remove, with immediate effect, all non-tariff barriers to the importation, into their respective territories, of goods originating from other Partner States. This should be amended such that the section reads "East Africa" and not Uganda."

Hon. Oshabe, this is your law - *"There should be introduction of a category called "National Providers" comprising, exclusively of Ugandan based firms.*

Schedule 2 should be transferred to the Regulations and items added after a thorough assessment of the providers that they have the capacity and quality of items to satisfy Government of Uganda needs.

h. *Section 7(3) provides for preference of goods available on the Ugandan market. In this section, a good is readily available on the Ugandan market where the good is not locally manufactured in Uganda but is available on the Ugandan market and sold by a Ugandan entity.*

   The concept is not clear and seems to duplicate Section 6. It should be deleted since it is counterproductive to import substitution and against the intent and objective of the local content that ideally targets locally produced goods, services and utilisation of local personnel.

i. *Section 9 on reservation of contracts for public works. It provides that the minister, shall in consultation with the Public Procurement and Disposal of Public Assets Authority and by Notice in the Gazette, reserve certain contracts for public works to be exhaustively granted to Ugandan citizens and companies. The word "shall" be replaced with the word "may".*

j. *Section 10 on prohibition of subcontracting*

   The provision is ambiguous and should be revisited. It should be amended to read: "Prohibition of subcontracting by a subcontractor." It should be noted that a firm that has subcontracted remains liable for the subcontracted works or services. This is likely to raise quality assurance issues.

k. *Section 11(1), on the requirement to subcontract public works contracts or activities provides that every contract for public works granted to an individual or an entity other than a Ugandan company or citizen shall be subjected to fulfilling the eligibility requirements under Section 13, containing a requirement for such an individual or entity to subcontract at least 40 per cent of the subcontracted works to a Ugandan company. 40 per cent across the Board may not be feasible for every works contract. This should be transferred to the Regulations and a provision for exceptions be incorporated.*

l. *Section 12 on liability of subcontracted works*

   It provides that an individual or entity who subcontracts part of its contracted works under Section 11, shall, at all times, be responsible for the performance of the contract and shall, without recourse of the subcontractor, provide the relevant security and funds for the performance of the contract.

   Section 24(2,3) on compliance by subcontractors contradicts Section 12. The obligations under this Act accruing to a local content entity, contractor, supplier or subcontractor shall, in equal measure, accrue to a contractor, subcontractor, agent or successor in title of such person, body or entity. Parties who jointly undertake to execute any activity subject to this Act shall be jointly and severally required to comply with obligations arising under this Act.

m. *Sections 13(f) and 25(a) provide that the department or local content entity may blacklist such a local content entity, contractor, supplier or subcontractor, or impose a fine. This is likely to cause confusion in the procurement process since a ministry, department, PPDA and the local content entity can blacklist. In the spirit of good governance, the function should be left to the regulator- PPDA.*

n. *Sections 21 and 29 on the procurement, planning and evaluation of the local content in bids*

   The contents under these two provisions do not match the subtitles and in some cases, are confusing. These provisions *should be cross-referenced to the PPDA Act and Regulations on procurement, planning and evaluation.*

o. *Section 22(2) provides for the Department for Local Content which will have powers, among others, to approve all local contracts from all Procurement and Disposal Entities (PDE) in the country. The provision is in conflict with Article 119 of the Constitution that mandates the Attorney-General to give his opinion/advice in respect of all contracts, agreements, treaties, conventions or any document to which Government is a party to.*

p. *Section 28. There is a need to revisit the offenses. Some of them seem to be too harsh.*

q. *Section 32(1) on prohibition of importation of regulated goods and services*

It provides that a person shall not, while carrying on any activity regulated under this Act, import any good, service, agricultural produce or natural resources that are readily available, produced or manufactured in Uganda. It is not clear who the person being referred to in this Bill is.

In addition, a private sector has the right to import any good or service for business and their own consumption as long as they follow the existing legal framework.

r. *Section 38 on Appeal*

It provides that the local content entity, contractor, provider or supplier aggrieved by the decision of the department shall appeal the decision to the High Court within five days of the decision. The provision should be cross referenced to the PPDA Act and regulations. A well elaborated complaint handling mechanism is provided therein.

s. *Supremacy of this Act*

This provision on the Act taking precedence over all existing laws relating to the local content in Uganda may not be practical from the legal perspective.

t. *Sections 40 and 41 on prohibition of imposition of foreign standards and foreign technical qualifications*

The mandate of the Uganda National Bureau of Standards is to formulate and promote the use of standards in Uganda. The mandate takes into consideration that Uganda National Bureau of Standards does not have the standards for items procured or produced in the country. Therefore, a provision allowing international standards, where necessary, should be incorporated.

In view of the above, I hereby return the Bill to Parliament for review of the sections listed above in accordance with Article 91(3)(b) of the Constitution of Uganda."

Signed by Y.K. Museveni, President.

The Bill was returned and we are recommitting it to the Committee on Finance, Planning and Economic Development. Next time, committees, do a good job. Please put in more energy and effort on these Bills. It is not good for a Bill to be returned with all these clauses. I even got tired of reading it because it is too much. We need to be very critical when we are looking at these things.

I expect this Bill back in the House within one week. Remember the law gives us 14 days and I do not want to be taken to court again by Hon. Tebandeke. Let us have the Bill back in the House. Go and reconsider the Bill. The Member is here and we have the Bill.

2.22

MR PATRICK NSAMBA OSHABE (NUP, Kassanda County North, Kassanda): Madam Speaker, I rose when you made a comment to the committee. The committee did a very good job; I really do not think that the committee did not do a good job. I think the people from that side also did not do a good job -

THE SPEAKER: Honourable member, it is actually not the committee alone; it is the drafting people. At times we pass the laws here and the drafting people go and mess up everything. How come what was captured is not what is there?

2.23

THE LEADER OF THE OPPOSITION (Mr Mathias Mpuuga): Thank you, Madam Speaker. First of all, the President was acting within the ambit of the law to return, with discontent, provisions of the Bill but what should be particularised is that a return of that magnitude is an indictment on even the office of the First Parliamentary Counsel.

I am glad that the learned Attorney-General is here. The President does not respond to those Bills in person but through the offices that support him. Those same offices did not offer the requisite technical backstopping to the committee and remember, that is why this entire elaborate Bill is almost returned. This should really be a wakeup call.

Madam Speaker, we need to appeal to Government departments to support Parliament in its work. We are here for legislation; whether privately-moved or Government Bills, we give support. For a Bill to return, making reference to particular existing laws - The office of the First Parliamentary Counsel must have seen this in earnest and advised the committee and Members to either cross-reference or actually reconsider the provisions.

I would like to appeal to the learned Attorney-General to consider that Private Members' Bills are actually people's Bills and as such, offer the necessary support. This is so elaborate for it to simply pass as a Member having failed to consider what he wanted to portray. I believe that this should rouse us to the fact that we need to take care of these Bills. I appeal to Government - because Members propose these laws. Maybe Government is sluggish, lazy or even tired to sometimes acts on some of these small things. Support the Members to help you and Government. Thank you.

THE SPEAKER: Thank you, LOP.

Learned Attorney-General, when we passed this Bill in the House, you were in the House. You are the one who writes back to the President on what you think should be in the Bill, just as the Minister of Finance wrote to the President on our pension Bill and it was rejected. We thank God it was finally passed.

Now, Attorney-General, you are always in the House when we are passing Bills. How come you do not advise the House? You are the adviser of this Government. The issues that are being raised are very small things; why didn't you advise?

2.25

THE ATTORNEY-GENERAL (Mr Kiryowa Kiwanuka): Thank you, Madam Speaker. First of all, I must put it on record that we are available to the Members when you wish to seek assistance from us. -*(Interjection)*- No, let me finish. For Private Members' Bills - because the Leader of the Opposition mentioned it - we remain available and we are going to assist in every way possible. On these Bills, at times, Madam Speaker -

THE SPEAKER: Counsel, when the Bill comes to the House, it ceases to be a Private Member's Bill; it is for the House. For these Members, it is their constitutional right. These Members are helping Government and you. There are some things that you cannot bring, maybe because you are too busy or whatever. Therefore when they bring a Bill to the House, they are helping you.

MR KIRYOWA KIWANUKA: Madam Speaker, maybe to speak to that particular Bill, many of these things were written to the committee and the record is there.

THE SPEAKER: Can I have the record of what you wrote to the committee in relation to this?

MR KIRYOWA KIWANUKA: We shared them and said, this issue is covered here and there. However, we remain available to work with you and for the Members with whom we have worked, we have come up with very good Bills.

We are sorry about this and I am sure we shall do better next time. When we come to the committees, we shall work together to try and find solutions that can help us to get these Bills -

THE SPEAKER: Thank you.

MR KIRYOWA KIWANUKA: We sincerely apologise, Members, for this situation.

THE SPEAKER: Going forward, no Bill will come to the Floor before harmonisation has taken place and we want some of the things in writing so that we have something that we can refer to, not just coming here to say, I advised the committee. We will not allow that.

When a Bill is going to *Mzee*, we want a copy of the letter that you have - When the Bill is going to the President –*(Laughter)*– but he is old. *(Laughter)*

Attorney-General, when the Bill is going to the President, we will want a copy of a cover letter from you because we want to avoid that aspect of a Bill staying with the President for more than 30 days. We do not want raw material to go to the President. Let it be an exhaustive Bill that you have approved as the advisor of Government.

Honourable Members, we have -

MR NSAMBA OSHABE: Thank you, Madam Speaker. Yesterday when handling the Sports Bill, I had some confrontations with my chairperson where I referred to part of our conversation. It could have affected the presiding officer of this House.

I beg that, that statement is expunged from the record of Parliament and I apologise to you, Madam Speaker, for that. Thank you very much.

THE SPEAKER: Thank you. Apology accepted and we expunge that from the *Hansard*. That is the spirit we want in this House.

Honourable members, in the public gallery this afternoon we have a delegation of students from the Guild Council of Islamic University in Uganda, Kampala. They have come to observe the proceedings. Join me in welcoming them. *(Applause)*

In the VIP gallery this afternoon we have officials from the Federation of Uganda Football Association (FUFA). They include:

- Mr Darius Mugoye – the FUFA Vice-President
- Mr Ronnie Kalema – Executive Member
- Mr Humphrey Mandu
- Mr Sande Moni
- Mr Hassan Kirunda
- Mr Deo Mutabazi.

They are here to observe the proceedings and the Sports Bill. You are most welcome. Join me in welcoming them. *(Applause)*

I will give Members time tomorrow for matters of national importance.

STATEMENT BY MINISTER ON THE STATUS OF NATIONAL ROADS

2.32

THE MINISTER OF WORKS AND TRANSPORT (Gen. Edward Katumba): Thank you, Madam Speaker. I, again, apologise for yesterday’s mishap but we have harmonised with the Clerk and now have the right statement uploaded on the iPads. I will, straightaway, go to the introduction.

Following the midterm review of the -

THE SPEAKER: Honourable members, have you seen the report?

GEN. KATUMBA: Following the midterm review of the National Development Plan III by the National Planning Authority and a Cabinet meeting held on 19 December 2022, a proposal to re-prioritise funds allocated for development of the National Roads Network was discussed and Cabinet directed that emphasis be placed on the maintenance of the existing paved and critical unpaved National Roads Network, including critical industrial park roads and District, Urban and Community Access Roads, commonly known as DUCAR.

This followed an observation that funding for national roads maintenance has been insufficient over the years despite an increase in stock of the paved road network. Therefore, the road network gains in upgrading and development of several roads across the country are likely to be lost in the short term as seen in the increased number of paved roads currently in poor condition, resulting in a huge maintenance backlog if adequate resources are not committed for maintenance.

The National Roads Network comprises 21,120 kilometres in total length out of which 5,878.5, which is only 28 per cent, is paved standard and 15,241, which is 72 per cent, is unpaved.

As at July 2022, the condition of the paved national roads in fair and poor condition stood at 21 per cent – that is 1,235 kilometres – which indicated a decline from 17 per cent in 2021.

At the same time, the unpaved national roads were generally fair, with a percentage of the network in poor categories standing at 11 per cent as compared to 18 per cent in 2021.

Due to the long rainy season experienced in the country since August last year to date, the condition of the national roads continues to deteriorate and the kilometres of paved and unpaved network in fair and poor condition is likely to increase significantly.

This has further been accelerated by delayed maintenance interventions due to budget suppressions which we suffered in Financial Year 2021/2022 and the inadequate release of budget funds, especially in quarter one of Financial Year 2020/2023.

The sections below provide details of disaggregated commitments on on-going upgrading and maintenance projects, maintenance backlog and requirements for the next three years.

Major maintenance interventions

The following terms are used in road development and maintenance – and the explanations are as below:

Periodic maintenance

Periodic maintenance involves all maintenance works carried out on a road section after intervals of several years; the norm for paved roads being at intervals of four to seven years depending on the growth in traffic volume and action on environment and weather. The actual frequency of intervention is further determined using the asset management system, which we are developing within the Uganda National Roads Authority (UNRA).

Typical periodic maintenance works on paved roads include thin bituminous overlays, surface resealing, shoulder repairs/reinstatement, road marking and reinstatement of road signs.

Road rehabilitation

Rehabilitation includes activities that restore the original condition of the road through relatively extensive works like pavement layer reconstruction, mill and replace, reshaping of the cross-section, reconstruction of shoulders, drainage works and thick overlays – I gave an example of Kampala-Jinja Road and soon we shall be looking at Kampala—Masaka Road.

The frequency of intervention depends on the traffic volume and the state of road deterioration. Intervals of rehabilitation interventions are expected to range from 10 to 15 years. However, where available, the frequency is, again, determined by the asset management system.

Road reconstruction

When the road condition deteriorates to a very poor state, exhibiting weak and deteriorated pavement layers with a non-functional drainage system, it requires full replacement. Reconstruction is undertaken to rebuild the road pavement and drainage system. In some instances, improvement of the subgrade strength and geometric realignment may be required – I gave examples of Matugga-Kapeeka Road and Mutukula-Kyotera-Masaka Road.

The frequency of intervention depends on the state of road deterioration, which often triggers outcry from the road users for intervention.

Road upgrading

Road upgrading includes works that improve the level of service of the road to beyond that of its original standard. Activities like road widening, lane addition, geometric improvement, pavement works and related auxiliary works are executed – I gave the example of Rwenkunye-Apac Road.

On-going national roads projects

Periodic maintenance

UNRA is currently carrying out periodic maintenance on two paved national roads covering a total of 93 kilometres with a funding commitment of about Shs 13 billion over the next two years. There are a number of tables there and in Table 1, you will find those roads. I request honourable Members to look at those tables as we refer to them.

Rehabilitation projects

There is ongoing rehabilitation of six paved national roads covering a total distance of 531 kilometres with a funding commitment of about Shs 682 billion over a period of the next three years. The roads are at different levels of implementation, as shown in table two.

Further, a total of seven road rehabilitation projects covering a total distance of 324 kilometres were substantially completed in the Financial Year 2021/2022. These projects have outstanding payments such as retention funds in accordance with the contractual terms amounting to approximately Shs 55 billion.

The projects which are done include:

- Namunsi-Sironko-Muyembe-Kapchorwa road (65KMs), phase one and two;

- Masaka Town roads (7.3 KMs);

- Nakalama-Tirinyi-Mbale (93KMs) including Iganga, Busembatia and Namutumba Town roads;

- Fort Portal-Hima (55KMs);

- Kyenjojo-Fort Portal; and

- Hima-Katunguru and Kasese Town roads and Hima service roads.

Upgrading projects

Currently, there are 20 ongoing road upgrading projects. These roads are being moved from gravel to tarmac. They are being upgraded to paved standards across the country covering a total of 1,083Kms with committed funding requirements of approximately Shs 1.8 trillion. The upgrading road projects are at the different levels of implementation and are indicated in table three.

Further, a sum of approximately Shs 243 billion shall be required to close projects that were substantially handed over in the Financial Year 2021/2022.

Bridge development projects

Construction of bridges has continued across the National Road Network and progress is at different levels. The bridges are many and they are in table four. Currently, 14 bridges with a funding requirement of Shs 356 billion are under construction across the country.

The bridges that were substantially completed in the Financial Years 2020/2021 and 2021/2022 require at least Shs 17 billion to cover retention monies for the respective services provided after the final project has been handed over. The list shows the bridges which have been done.

National roads under procurement

We have four rehabilitation projects covering 323.5 kilometres and these are in table five.

Externally financed strategic national roads and bridges

A total of 13 projects covering a length of 720.8 kilometres have committed financing from development partners and shall require counterpart funding for land acquisition from the Government of Uganda. The estimated amount is Shs 254 billion required over a period of three years to ensure timely acquisition of the right-of-way and utilisation of the committed funds for successful project implementation. These details are contained in table six.

Town roads

A total of three town roads projects covering a length of 41 kilometres are under procurement. We require an estimated amount of Shs 213 billion for the implementation over the next two years. The details are in table seven.

National roads under procurement without confirmed financing

Many of these are what you have been referring to as directives; in blue letters. Among the national roads prioritised for implementation and Integrated Transport Infrastructure Services Programme (ITIS) for the NDPIII period, a total of 12, covering a length of 964 kilometres are already in advanced stages of procurement. It is estimated that they will require funding of Shs 3.7 trillion without the cost of land acquisition. The details of the specific requirements for each road are in table eight.

National roads and bridges due for maintenance interventions Currently, there are 10 paved national roads totalling 436.6 kilometres that have been technically assessed to be in need of rehabilitation intervention. They require a funding of about Shs 596 billion and the details are in table nine.

Periodic maintenance

A total of 1,204 kilometres of paved roads have been technically assessed to be in urgent need of periodic maintenance intervention to deter accelerated deterioration, rehabilitation or construction phases which would require five or more times the current costs in the next three years. They constitute key links within the national network and require about Shs 1.3 trillion over the next three years. These are in table 10.

Bridge development

The national road network, which is 72 per cent unpaved, traverses swamps, streams and rivers across the country. Some sections of the national road network across the country become very slippery and difficult to manoeuvre and a few totally get submerged or washed away whenever it rains. We had such an occurrence in the Elgon region and Bundibugyo areas.

The national unpaved road network has a total of 297 bridges across river crossings. Some of these bridges are as old as 70 years while others were installed as temporary crossing to aid movement. Over time, the Government of Uganda has been replacing the temporary bridges with permanent structures whose service life is about 50 years.

UNRA identified 21 small bridges across the national unpaved road network for reconstruction and eight locations where there exist culvert lines that require replacement with the new bridges. The proposed 29 bridges will form part of the future paved network when the roads are designed and upgraded to Class II paved standards.

The selected bridges lie on Class C gravel roads and generally in areas that have, over time, been affected by heavy rains and are prone to flooding whenever heavy rains set in.

The identified bridges are more than 50 years old and in very poor conditions with missing or damaged safety facilities due to inadequate maintenance. These small bridges require a total of about Shs 65 billion over the next three years and the details are in table 11.

Other strategic national roads

A total of nine projects covering a length of 359 kilometres are under different project preparation stages. Most of these roads were prioritised in the ITIS Programme for the NDP through the period and identified for funding under what you called the Alternative Financing Mechanism (AFM) which the finance ministry is finding difficult to accommodate.

Some of these roads are under appraisal by development partners although funding is not yet confirmed. The details of the specific requirements for each road due for upgrading are shown in table 12.

Review of the allocation for 2023/2024

In the next Financial Year, 2023/2024, national roads have been allocated a budget of Shs 595 billion for development, rehabilitation and land acquisition through the integrated transport programme.

Based on the current contractual commitments, even if the budget for Financial Year 2022/2023 is fully released, it is projected that there will be a debt of approximately Shs 300 billion by the end of this financial year, which will be carried forward to the Financial Year 2023/2024 Budget. This debt takes first call on the budget and it is, therefore, included in the required resources for the next financial year. This means that no allocation has been made towards works to be executed in Financial Year 2023/2024 and neither can any rehabilitation and periodical maintenance projects be commenced unless this situation changes.

It should further be noted that the progress of externally-financed projects largely depends on the speed of land acquisition to provide right of way for the projects and availability of counterpart funding in accordance with the financing agreements.

Therefore, the remaining amount of about Shs 295 billion, after removing the Shs 300 billion from the Shs 595 billion, will be committed to counterpart funding to realise success on externally-financed projects and reduce the burden on Government paying claims and fines of non-performing loans. This spells doom because we shall not be able to do any new projects unless the situation really changes.

National road maintenance strategy

Under normal maintenance of paved roads, it is desirable to undertake preventive maintenance in accordance with the operation and maintenance plan prepared for each road after completion of upgrading work to enable them serve the rest of their design life.

Listed are the estimated costs. For example, for routine maintenance, we estimate that it would require about US$ 2,500 to US$ 5,000 per kilometre while spot periodic maintenance about US$ 51,000 to US$ 100,000.

It is evident that for every delayed maintenance intervention, the cost at the next intervention level becomes exponential in the short-term. It takes about two to three years for a road to fall from periodic maintenance to rehabilitation level, increasing the cost of intervention four to seven times. I would like to appreciate the Committee on Physical Infrastructure as it has been very categorical on the issue of maintenance funds.

The outcome indicators of the above intervention ensure the preservation of the investment in form of maximising the asset value, where asset value is the cost of the road or bridge in its current condition after factoring in depreciation whereas replacement value is the cost as though the road or the bridge were new or at 100 per cent condition.

As of June 2022, the total asset value of paved roads is estimated at US$ 5.2 billion and the replacement value at US$ 6.9 billion. This shows an asset loss of 21 per cent. The total asset value of the National Road Network, including unpaved roads and bridges, is about US$ 7 billion with a replacement cost of US$ 9.5 billion.

International best practices in road maintenance dictate that about 3 per cent of the replacement value should be availed for preventive maintenance each year. Over the last nine years, however, allocation to maintenance has been an average of about one per cent of the value of the road network against the requested budget of Shs 690 billion per year. This allocation is only enough to maintain about 24.5 per cent of the national road network. It is for this reason that we have a backlog of maintenance and often let most roads slide into rehabilitation and reconstruction stages before intervention.

Requested budget for adequate maintenance

From the recent analysis, about 28 per cent, that is 1,590 kilometres of the paved road network was found to exhibit wide cracking and moderate roughness, which triggered periodic maintenance while seven per cent has severe to warning roughness and this requires light or heavy rehabilitation. A case in point is Kampala-Masaka road.

Furthermore, there are about 8,800 kilometres of unpaved roads that are due for upgrading because of the increased traffic volumes on these roads and they have been identified under NDP III. This category requires increased periodical maintenance. Even if they are still in their gravel stage, we need to maintain them and respond, especially when heavy rains happen and they damage the structures.

It is therefore recommended that at least Shs 690 billion per year be allocated and committed to sustainably undertake preventive maintenance of the national road network. This figure shall be updated annually, depending on the annual assessments undertaken.

In conclusion, before we embark on a structural sustainable maintenance strategy, we need to complete the ongoing projects. We cannot start new projects. As guided by the National Planning Authority, commence projects with confirmed external financing, reduce the current maintenance backlog created by inadequate allocation of maintenance funds and reconstruct aged and damaged small bridges, for example, the Sezibwa Bridge on Kayunga Road.

In summary, the cash flow requirements for the national roads and bridges can be stated as follows:

i) Total funds requirements for all ongoing periodic maintenance, rehabilitation, upgrading projects and bridges projects is estimated at Shs 3.26 trillion over the next three years. This necessitates an allocation of about Shs 1 trillion per financial year in the medium term.

ii) Total requirement for rehabilitation projects under procurement and Government of Uganda counterpart funding for externally-financed national road upgrading and town roads project is approximately Shs 1.2 trillion in the medium term. This necessitates an allocation of about 20 per cent advance payment, which is about Shs 240 billion in the next financial year to enable commencement of civil works on these roads.

iii) Total requirement for national road upgrade projects in procurement but without confirmed source of funding is approximately Shs 3.7 trillion. Most of these projects were proposed for financing under the alternative financing mechanism whose terms and conditions appear to be very stringent for the potential contractor and Ministry of Finance is yet to advise on the way forward. However, the little we understand is that the Ministry of Finance says it may not be tenable to employ this kind of funding.

iv) Total requirement for critical national roads and small bridges assessed for immediate maintenance intervention is estimated at about Shs 1.2 trillion.

Therefore, in light of the budget suppression and inadequate releases, it is our prayer that adequate resources are located to prioritise and clear the following backlog:

i) Ongoing national road projects

ii) Counterpart funding for externally-financed national road projects and procurement because these attract interest if we do not implement them and already, the contractor is on site. If they are not financed, they will charge for idle equipment.

iii) Rehabilitation projects under procurement. Some of these are very critical as you will see in the tables, for example: Mutukula-Kyotera-Masaka, Kikolongo-Bwera-Mpondwe, Nebbi-Goli and Nebbi-Arua. These are very critical roads, which we need to respond to now.

iv) National roads and bridges assessed for immediate periodic maintenance and intervention

v) There are a number of bridges, which are very critical and we cannot afford to postpone. For example, the Sezibwa Bridge I was talking about on Kayunga Road is over 70 years old and it is really gone. Katungulu Bridge in Kasese needs intervention as well as other bridges on major roads.

Madam Speaker, in the document, there is also another set of documents, which give the details about the DUCA Roads (District and Urban Community Access Roads.) In that document, you will find reports about the damage on our national roads, which happened during the rains where regions and districts have submitted for intervention. We visited the sites and costed them. There was a directive that we get money to intervene immediately after the rains but we have never received any money. Therefore, those roads have remained in those bad conditions - that is on the DUCAR network.

Also in the document, you will find ongoing projects which we are implementing, including the names of the contractors carrying out those projects. That is so that you can also be able to supervise and check on some of those projects.

There are many tables - I do not know if I can comment on some of them or I leave Members to - The Members must have gone through them and they can raise issues on specific ones.

Thank you, Madam Speaker. I beg to submit. *(Applause)*

THE SPEAKER: Thank you, General. Having heard from the minister, you realise that what is causing many of these problems is inadequate allocation of funds. We need to look at the issue of allocation of funds. He says he needs Shs 690 billion. We will need a response from the Minister of Finance. We need money for national roads.

There is also unequal distribution of these roads. *(Applause)* To ensure fairness and national character – that is a national objective in the Constitution - it must have a national character. I did not hear Nakapiripirit, Bukomansimbi - We also need to look at the local capacity of – Order! We need to build the local capacity of our contractors. We are not going to continue using these people from outside the country all the time. That is why I appreciate the Bill by Hon. Oshabe on “Buy Uganda Build Uganda (BUBU)”.

We need to promote our local contractors but most importantly, we need equal distribution of these resources. If there is a road in Masaka, let it also be in Teso. *(Applause)*

Honourable members, you have heard from the minister – *(Members rose_)* Eeh, you all want to talk about roads? I am going to give only - we have a very serious matter. Hon. Mpaka, is your report ready? He is ready. We have a report on NSSF, which must come now. Let me start with the shadow Minister of Works and Transport.

3.02

MR YUSUF NSIBAMBI (FDC, Mawokota County South, Mpigi): Thank you, Madam Speaker. *(Ms Namugga rose)* Hon. Namugga is my aunt so, I think she took it for granted that we are at home and as a son, I have to follow. *(Laughter)*

Thank you, honourable minister, for the comprehensive report. We have been talking about this issue with the Minister of Works and Transport. I think the problem does not lie with the ministry - we have to look at this squarely. The problem lies with the Minister of Finance, Planning and Economic Development_

THE SPEAKER: Minister for Finance, the problem is with you and you are busy talking.

MR NSIBAMBI: We have passed resolutions here to do with these particular matters but they have adamantly refused to abide and comply with whatever has been passed. Parliament, for example, has talked about operationalisation of the Uganda Road Fund but nothing comes out of all those resolutions.

Again, when you look at the budgetary appropriations and releases, still money is not remitted on time.

We also have an issue of appropriation and prioritisation. Whatever is appropriated, again, the ministry - It is my prayer – and I think I am also speaking on behalf of the infrastructure committee – that we should take up this matter, as Parliament, and come up with serious resolutions.

I looked at the report by the minister, which was uploaded yesterday, although a bit late. All the lamentations are about the Ministry of Finance, Planning and Economic Development. I find it hard for us to keep talking about issues to do with road maintenance and new projects when the minister adamantly comes up with supplementary budgets, which are classified, on matters which we do not know while we have issues concerning us as parliamentarians. If roads are not worked upon, you cannot talk about development. That is the bottom line.

The other day, my chairman of the infrastructure committee said we almost resolved not to see UNRA and the works ministry who were coming to explain why things are falling apart. They are not funded and the funding organ is Parliament. If you do not appropriate, how do we expect these people to come up with projects and maintenance?

It is my prayer -

THE SPEAKER: Can you conclude?

MR NSIBAMBI: It is my prayer, Madam Speaker, that this report be sent to the Committee on Physical Infrastructure for proper analysis and we come up with directives, this time around, to the Ministry of Finance, Planning and Economic Development. Unless we expect to have miracles from the Ministry of Works and Transport without any funding - Last time, I said that whatever you are saying, this is a wedding budget and you cannot perform miracles -

THE SPEAKER: We have got the message. We will need to make analysis of this report further but the issue of equitable distribution is not on the budget; it is by design.

3.06

MS HARRIET BUSINGE (NRM, Woman Representative, Hoima): Thank you, Madam Speaker. I thank the Minister of Works and Transport for his report, which I believe is becoming a norm. I feel tired because every time Hon. Katumba stands here, he becomes more or less a lamenter without giving solutions.

Madam Speaker, Ugandans are tired of bad roads. We have cried of budget cuts, but we are not finding solutions. For example, Hoima District gets Shs 380 –*(Interjections)*- for the district. Yes, I am talking about the district. Madam Speaker, protect me.

THE SPEAKER: Honourable members, if I hear anybody heckling at a colleague, I will chase them away.

MS HARRIET BUSINGE: Thank you, Madam Speaker. In the case of district roads, Hoima gets Shs 380 million for a year. This is insufficient. I believe we are making a mockery of ourselves -

THE SPEAKER: Is that for the oil roads?

MS HARRIET BUSINGE: Yes. Thank you, Madam Speaker. However, I believe the issue of budgeting and appropriation should be taken very seriously.

THE SPEAKER: Members, we need to agree on this: the issue is with the budget. If we cannot handle the aspect of budget - Let us give this issue to the finance ministry so that they come and report on how much they are budgeting for the roads. That is what is important.

The issue of maintenance and all that is in relation to money. For me, what is most important is equitable distribution of these roads because the distribution is by design not because there is no money. You can still take the other money. We want to know the kilometres you have made in each region. We need that report from you.

3.09

MR PATRICK NSAMBE OSHABE (NUP, Kassanda County North, Kassanda): Thank you very much, Madam Speaker. I expected Gen. Katumba to communicate, through this platform, the status of road units in the new districts. Unfortunately, he has become silent on it yet the new districts are suffering; they have no road units moreover Parliament appropriated money.

Secondly, in his report, he mentioned something very disturbing; that he needed Shs 232 billion. Madam Speaker, for the District Urban Community Access (DUCA) roads, he only got Shs 80 billion. I am disturbed that this morning, Amina of Atiak Sugar Factory was given Shs 274 billion on a closed Atiak Sugar Factory Project. I do not understand what the Ministry of Finance, Planning and Economic Development thinks about –

THE SPEAKER: Where was she given from?

MR NSAMBA OSHABE: Madam Speaker, I am a member of the Budget Committee. This morning –

THE SPEAKER: Hon. Oshabe, according to the Rules of Procedure of this House, you do not come and discuss what has been in the committee in the House. You are rumour mongering. *(Laughter)* Let us wait for the report from the committee to be brought to the House. We do not know what is happening in your committee.

MR NSAMBA: Madam Speaker, it is also public information that the Ministry of Finance, Planning and Economic Development gave Shs 274 billion –

THE SPEAKER: No, you have just apologised for hearsay and again, you are on hearsay. *(Laughter)*

3.11

MR NATHAN TWESIGYE (Independent, Kashari South County, Mbarara): Thank you, Madam Speaker. I want to thank the minister for the statement. However, my case is a unique one and I want the minister to pay attention.

Mbarara District received money from the Uganda Road Fund for district and subcounty roads. We have a central mechanical workshop which is meant to service graders and all the road equipment but the workshop is not facilitated. All the graders are grounded. The money is on the accounts of the subcounties and the districts but the roads cannot be worked on because the graders have no tyres and spare parts. They are just there. The money is idle on the accounts and the vehicles are not doing anything.

Honourable minister, I want to bring to your attention that the central mechanical workshop in Mbarara is in bad shape. We have the money but we do not have the graders. Thank you.

THE SPEAKER: Honourable members, I want to advise that next time, do not wait for the House to debate this. The honourable minister is available, so, report such cases to the ministry.

3.12

DR ABED BWANIKA (NUP, Kimaanya-Kabonera Division, Masaka City): Thank you, Madam Speaker. I want to appreciate -

THE SPEAKER: There is a procedural matter.

MR ODUR: Thank you very much, Madam Speaker. The item that you called is the status of national roads in the country. What the minister has presented is nowhere near the status of national roads. If you ask each and every Member of Parliament to scan through the table he has presented, some regions are not even reflected. Therefore, what is the minister reporting on?

Secondly –

THE SPEAKER: That is why I talked about national equitable distribution of these roads because I did not see some from my place.

MR ODUR: That is where my procedural matter lies. First, the minister has reported that Cabinet sat on 19 December 2022 and agreed to increase funding to the road sector - it is in your report and you stated it - yet you say there were budget suppressions and that you did not get funding and the Ministry of Finance, Planning and Economic Development is seated here. Wouldn't it be procedurally right that the Ministry of Finance, Planning and Economic Development first tells us how far they have implemented that Cabinet resolution to increase funding for the road sector?

Secondly, we reject this report until it has a national outlook; reporting on each and every road in this country.

GEN. KATUMBA: Madam Speaker, I seek clarification. I did not say Cabinet increased funding. This is what I read: "Following the midterm review of the National Development Plan III by the National Planning Authority and a Cabinet meeting held on the 19th day of December 2022, a proposal to reprioritise funds allocated to the development of national roads was discussed and Cabinet directed that emphasis be placed on maintenance of existing roads." Where is the increase?

THE SPEAKER: Can we hear from the Minister of Finance, Planning and Economic Development? There is already a motion that we do not continue with the report.

3.15

THE MINISTER OF STATE FOR FINANCE, PLANNING AND ECONOMIC DEVELOPMENT (GENERAL DUTIES) (Mr Henry Musasizi): Madam Speaker, thank you very much. To emphasise what the Minister of Works and Transport has just said, because of financial constraints, we agreed, as Government, that there is need to reprioritise, within the existing roads, what we can do and what we cannot do with emphasis on maintenance and improving the murram roads that are already in existence.

The bottom line is - and it is painful but I must say it - the circumstances we are operating in do not give us additional money to allocate to the ever growing priorities of Government. In the circumstances, we are saying, can we reprioritise?

There is a point Hon. Itungo made on – *(Interruption)*

MR OKIN P.P OJARA: Thank you very much, Madam Speaker. I feel very elated to put the minister to order. The minister has been talking about the issue of privatisation because of lack of funding. However, it is in the interest and knowledge of all Ugandans that Uganda is constructing a road in the DRC as a priority. Is the minister in order to say that the issue is about money, yet they have prioritised the construction of roads in the DRC, leaving most of the roads here as a non priority?

THE SPEAKER: Honourable member, the road from Uganda to Congo is connecting Uganda to Congo and improving business between Uganda and Congo. So, it is part of your priorities. *(Applause)*

Honourable members, we do not need to take a lot of time on this report. One, it does not have a national outlook. We are talking about national roads. Let us have a report on issues of national roads. Two, let it have a solution, not lamentation.

Minister of Works and Transport, work together with the Ministry of Finance and have solutions other than you coming to lament on the Floor. Let him support you and tell you what is available and what you want us to do as Parliament to support you because we need these roads. General, we know you need money but tell us what we can do. Which roads can we stop and which ones can we continue with? Which ones are a priority? Ministry of Finance, Planning and Economic Development, can you support the Ministry of Works and Transport?

3.19

THE LEADER OF THE OPPOSITION (Mr Mathias Mpuuga): Thank you, Madam Speaker. I would like to thank the General for the observation he has made. Now that the Speaker has clarified his statement - I will call them observations – I request the General to give us a peek into the road contracts that are awarded on those blue papers so we can know how they are secured.

If the Member from Kasese wants their road to come on a contract via the blue paper, what do they do with that signature which the General is accustomed to? What do we do to get those contracts? How do we get to have these roads included?

I know the Minister of Finance is also not aware. Remember, Madam Speaker, we classified the challenges with those roads because they constitute borrowing without parliamentary approval. May we know -

THE SPEAKER: Did you say borrowing "without parliamentary approval"?

MR MPUUGA: Yes.

THE SPEAKER: Is there any loan that is borrowed in this country without parliamentary approval?

MR MPUUGA: Yes. Madam Speaker, you know I use graphic communication and the learned Attorney-General is aware of what I am talking about.

THE SPEAKER: Attorney-General?

MR MPUUGA: No, let me be clear. When a contract is awarded from State House and it constitutes pre-financing; "Please construct, I will pay," that constitutes borrowing. By any stretch of imagination, it is borrowing.

THE SPEAKER: Counsel, I just want clarification. Is there any contract that is issued from State House? Attorney-General, I need a response from Government.

3.21

THE ATTORNEY-GENERAL (Mr Kiryowa Kiwanuka): Madam Speaker, there is no contract which is valid in this country, which is not cleared by me. That is under the Constitution and I do not sit in State House. *(Laughter)*

Madam Speaker, there is no contract that is issued other than through the correct procedures of the law. Even when you receive the blue letter, you are expected to implement it through the proper legal procedures.

THE SPEAKER: Honourable Members, pre-financing is not borrowing. We have an option in this House to reject a loan when it is brought here and whoever is given a blue letter should act within the law. You should not just rely on the blue letter. General, the LOP had not finished.

MR MPUUGA: Madam Speaker, I am happy with the explanation of the learned Attorney-

General; he is actually putting on notice people that have been acting *ultra vires* the law that he will not be available for your defence. All should be aware that the learned Attorney-General has put you on notice that he will not be available at your defence, acting on blue pages.

Madam Speaker, I think the intervention of Members to the General's statement is very clear. We need to get an understanding of how, for example, some projects inordinately delay and then we get information that UNRA returns funds to the Ministry of Finance. This same UNRA does not have money.

Also, why are these projects at times renegotiated at usurious rates? We get the sense that the delays are deliberate to attract penalties. I think this whole sector has a problem and I am very sympathetic to the good General because I believe he is frustrated. He wants the roads to be done very fast - they did some in Masaka because we were there to put pressure on UNRA to act fast.

Somebody is distracting the General who is frustrated by people working on the roads. We need a proper understanding on what we need to do as Parliament because I do not think we are indictable for the nature of our roads.

Secondly, is the General satisfied with the period within which these roads deteriorate? Some roads are done and in two years, they are gone and yet they were internationally contracted. Some bridges are washed away by storms and life goes on normally. Some roads are deteriorating very fast. General, is there a problem for which you need a remedy from this House; that a road can deteriorate in two years and then we look for more money to rehabilitate the same road? There is a problem. Is it contracting? Are the contractors really serious people?

Madam Speaker, I visited Mbale City in one of my oversight programmes and some of the Uganda Support to Municipal Infrastructure Development roads have been under construction for more than five years. The contractors abandoned some of the projects and are still getting new contracts. The Members from Mbale city can bear testimony to this problem. Is the General aware of this public waste going on in some of the USMID programmes?

One of the roads in the middle of Mbale city was abandoned but the contractor was fully paid. Who is bewitching us? I think we need to get a good understanding of what is happening to this sector in order to support this country to support the taxpayer. We need the roads but I want to encourage the General to speak out; we shall support you. Speak out on who is frustrating you. Who is paying the contractors with half done work and they get fully paid? Who is paying ahead of undone work? Who is exaggerating the cost of roads in Uganda?

We have a record of the highest cost road in the world; it is even written about in the Guinness World Records - I think it will be there - the Kampala-Entebbe Expressway. Who is negotiating road contracts in this country? Are our engineers devoid of capacity to negotiate?

THE SPEAKER: I can see how you are massaging -*(Laughter)* Can we conclude and go to the next item?

MR MPUUGA: I wanted to encourage the General to know that you are with him and to summon the courage to speak out; to expose so that he comes here to ask for money, now that we are in the budget period, having opened up to the challenge. Money will be available, of course with a promise from the Ministry of Finance that it will stop supplying air to local governments to do their work. I hear that the Ministry of Finance supplies air to ministries as well.

The Ministry of Finance should be candid on how much money is available so that people can plan properly. Please be candid on your resource envelope. It is not about you; it is not person to holder; it is Government. Tell us that you are handicapped and we will support you to work within the handicaps. Thank you, Madam Speaker.

THE SPEAKER: Thank you. Can we have another report in regard to what has been presented and solutions from the Ministry of Finance? You should work together with the Ministry of Finance and we need a report with national character. I know that the LOP is soliciting for words from you to say, so and so is frustrating me but I do not think you are being frustrated. It is financing not the Ministry of Finance. There is no money and we must appropriate that money and the money must be released. Therefore, we will wait for your report in two weeks' time, honourable minister.

GEN. KATUMBA: Much obliged, Madam Speaker. I just wanted to respond to the issue of the road unit equipment for the 16 districts. Yes, we got the Shs 29 billion – the total should be Shs 55 billion – and we have started the process of purchasing the equipment that we need.

We already brought it to the attention of the budget and infrastructure committees that we need Shs 26 billion more for the purchase of equipment for all the 16 districts.

THE SPEAKER: Honourable minister, we need that equipment for the new districts. I know very well that we budgeted for it – it is just the release.

LAYING OF PAPERS

THE SEMI-ANNUAL BUDGET PERFORMANCE REPORT FOR FINANCIAL YEAR 2022/2023

3.30

THE MINISTER OF STATE FOR FINANCE, PLANNING AND ECONOMIC DEVELOPMENT (GENERAL DUTIES) (Mr Henry Musasizi): Madam Speaker, I beg to lay on the Table the semi-annual budget performance report for Financial Year 2022/2023.

THE SPEAKER: Thank you. I refer that to all the committees to avail them with information on appropriation as we undertake to do our oversight role.

BILLS
SECOND READING

THE PHYSICAL ACTIVITY AND SPORTS BILL, 2022

3.30

THE MINISTER OF STATE FOR EDUCATION AND SPORTS (SPORTS) Mr Peter Ogwang): Madam Speaker, in accordance with rule 130 of the Rules of Procedure of Parliament, I beg to move that the Bill entitled, "The Physical Activity and Sports Bill, 2022" be read for the second time.

THE SPEAKER: Is the motion seconded? I am looking at the demeanour of the Members first. It is seconded by Hon. Nsereko, Member for Aruu, Hon. Paska, Hon. Santa, Hon. Christine, Hon. Mwijukye, Hon. Solomon, Hon. Bahati, Minister for Finance, the Attorney-General, Gen. Katumba – all the ministers and the whole House. *(Applause)* Thank you so much. Would you love to speak to your motion briefly?

MR OGWANG: Thank you, Madam Speaker. On Tuesday, 6 December 2022, a Bill entitled, "The Physical Activity and Sports Bill, 2022" was, in accordance with rule 128 of the Rules of Procedure of Parliament, read for the first time and referred to the Committee on Education and Sports for scrutiny.

The object of the Bill is to provide for the registration of the national sports federations, to continue the existence of the National Council of Sports, to provide for the administration and management of sports in Uganda, to designate a national anti-doping organisation, to provide for the role of the Uganda Olympics Committee, to repeal the National Council of Sports Act, Cap. 48, and to provide for other related matters.

Madam Speaker, the Bill was necessitated by the need to address the current challenges within the sports administration and management in Uganda, owing to the inadequacies of the National Council of Sports Act, Cap 48, an Act that was enacted in 1948.

The National Council of Sports Act, Cap. 48 is limited to only amateur competitive sports and does not provide for the commercialisation of sports, professionalisation of sports or the current global trends in sports development, management and practice and, therefore, to a large extent, it inhibits the development of sports in Uganda.

The Ministry of Education and Sports, therefore, developed the National Physical and Sports Policy to guide in the promotion of physical activities and sports in a framework responsive to modern practices and for the direction of sports at the national and international level.

Madam Speaker, sports remains a key area that unifies Ugandans and which generates a spirit of patriotism and national glory for Uganda. Physical activity is also the uncontested source of excellent health, physical fitness and mental health, which are the prerequisites for a productive population to develop a nation.

There was therefore a need for the Physical Activity and Sports Bill in line with modern national and international sports policies, conventions and the National Physical Education and Sports Policy of Uganda, 2004.

Madam Speaker, you will recall that on 1 December 2021, this House granted Hon. Moses Magogo leave to introduce a Private Member's Bill entitled, "The National Sports Bill" and subsequently, the Bill was tabled for the first reading on 10 November 2022 as, "The National Sports Bill, 2021". This Bill was also referred to the Committee on Education and Sports for scrutiny in accordance with the Rules of Procedure of Parliament.

The Speaker – then the Deputy Speaker – directed that both Bills be harmonised by the Committee on Education and Sports and processed.

The Committee on Education and Sports has finalised consultation on both the National Sports Bill, 2021 and the Physical Activity and Sports Bill, 2022 and is ready to report. I, therefore, move that the Bill entitled, "The Physical Activity and Sports Bill, 2022" be read for the second time.

THE SPEAKER: Thank you so much, honourable minister. It cannot be read for the second time before we get a report. Can we have a report from the Chairman of the Committee on Education and Sports? Bring the report and then we subject it to a vote.

3.36

THE CHAIRPERSON, COMMITTEE ON EDUCATION AND SPORTS (Mr John Twesigye): Madam Speaker, the report of the Committee on Education and Sports on the Physical Activity and Sports Bill, 2022 and the National Sports Bill, 2021 is ready. Before I proceed, I request that I lay on the Table the report and the minutes of all the meetings that the committee held to process this report. I beg to lay.

I beg that I do not repeat some of the areas that the honourable minister has talked about, for purposes of saving time.

However, Madam Speaker, allow me to say that, "The National Sports Bill, 2021" was read for the first time on 10 November 2022 while "The Physical Activity and Sports Bill, 2022" was read for the first time on 6 December 2022. Both Bills were referred to the Committee on Education and Sports for consideration, in accordance with rule 128 of the Rules of Procedure of Parliament.

The committee considered the Bills in accordance with rules 129 and 189(c) of the Rules of Procedure of Parliament and hereby reports as follows:

Madam Speaker, the report is uploaded on the iPads. I also request not to repeat the object -

THE SPEAKER: There is a procedural matter.

MR ODUR: Thank you very much. I am raising a procedural matter on our Order Paper and I would like to seek your guidance, Madam Speaker.

Item No. 9 is: "Motion for adoption of the report of the Select Committee on the Inquiry into the Operations of the National Council of Sports". We are about to process a very important Bill which relates very closely with the operations of the National Council of Sports. Therefore, wouldn't it be procedurally right that if that report is ready, we first receive it so that the pronouncement by this House can directly feed into the process of enacting this legislation? In the event that it is not ready, wouldn't it be procedurally right that after receiving this report, we stand over this process until we receive the report of the select committee on the National Council of Sports?

THE SPEAKER: Hon. Jonathan Odur, have you looked at the report you are talking about? Is it related to the Bill?

MR ODUR: Madam Speaker, I do not know if you want me to answer and debate but -

THE SPEAKER: The report you are talking about is on the financials; how finances are misappropriated in an institution. It has completely nothing to do with the Bill.

MR ODUR: I thank you for the guidance but it would inform us on how to constitute the new council under this law.

THE SPEAKER: It does not. Attorney-General, does it?

3.40

THE ATTORNEY-GENERAL (Mr Kiryowa Kiwanuka): To the extent that we have included in the Bill that funds shall not be misappropriated, I think it covers the issues you raised in that report. Otherwise, the report is looking for misappropriation and in the Act, we have said, do not misappropriate. *(Laughter)*

THE SPEAKER: Thank you. Chairperson, can you finish?

MR JOHN TWESIGYE: Thank you very much. As I have already mentioned, I request not to repeat what the minister has said. The background is given here and the object of the Bill is also stated. The methodology is also mentioned in the report.

We had a series of meetings and considered the position of the harmonisation meeting between the private Member and the Government. We held a stakeholders' meeting involving physical contacts with 26 federations and associations and other interested groups from the public who gave us their communication in writing.

Madam Speaker, allow me to go to the findings, observations and recommendations.

Inadequate funding of false sub-programme

Madam Speaker, under the Certificate of Financial Implications, Section 76 of the Public Finance Management Act, 2015 provides for cost estimates for Bills as follows:

1. *"Every Bill introduced into Parliament shall be accompanied by a Certificate of Financial Implications issued by the minister.*

2. *The Certificate of Financial Implications issued under subsection (1) shall indicate the estimates of revenue and expenditure over the period of not less than two years after the coming into effect of the Bill when passed.*

3. *In addition to the requirements under subsection (2), the Certificate of Financial Implications shall indicate the impact of the Bill on the economy.*

4. *Notwithstanding subsections (1), (2) and (3), a Certificate of Financial Implications shall be deemed to have been issued after 60 days from the date of the request for the certificate."*

The committee observes that:

a) The National Sports Bill, 2021 and the Physical Activity and Sports Bill, 2022 conform to the requirements of sections 76(4) and 76(1) regarding the Certificate of Financial Implications as prescribed in the Public Finance Management Act, 2015.

b) Despite the fact that the Government has committed Shs 8.412 billion, the funds that have been allocated to the sports sub-programme for the Financial Years 2022/2023 and 2023/2024 are only Shs 17.39 billion, thus raising concerns on whether the Government will allocate enough funds for the implementation of the law once enacted.

c) Whereas section 76(3) requires the Certificate of Financial Implications to indicate the impact of the Bill on the economy, the certificate issued highlights the need for the Bill only regarding the commercialisation and development of sports but does not indicate the expected gains or revenue to the Government projected once the Bill is enacted. The impact of the Bill on the economy is, therefore, not articulated as envisaged in the Public Finance Management Act, 2015.

d) Part one of the Physical Activity and Sports Bill, 2022 establishes a national recognition and reward scheme. Notwithstanding the fact that the Bill seeks to empower the Minister for Education and Sports to prescribe awards including monetary payments, pension and gratuity that may be awarded to sports personalities under the national recognition and reward scheme, the same has not been provided for under the planned expenditure over the medium-term expenditure framework. The committee reiterates its concerns on whether the Government's commitment to implement the provision was enacted.

e) Part three of the Certificate of Financial Implications tags funding of the Bill, once enacted, to funding within the available resources under the human capital development programme. The committee is aware that the physical education and sports sub-programme in Uganda has been underfunded previously.

f) According to the Ministry of Finance, Planning and Economic Development, regarding the sports budget, there has been a growth of 1,306.18 per cent from Shs 3.1 billion in the Financial Year 2016/2017 to Shs 47.81 billion in Financial Year 2022/2023. However, the reduction of the sports budget from Shs 47.81 billion to Shs 17.39 billion in Financial Year 2023/2024, which represents 64 per cent, is unexplainable.

The committee invited the minister responsible for finance to substantiate the matter concerning the Certificate of Financial Implications and commit to financing of the law, once enacted. The minister appeared before the committee and gave reassurances of the Government's commitment to the sports sub-programme.

The minister laboured to explain to the committee the several competing funding priorities of the Government and pledged to seek guidance of the minister responsible for sports on how best to promote sports development in Uganda. He confirmed to the committee that the Government has the capacity to implement the law once enacted.

Recommendation

The committee recommends that the Government's commitment to the funding of the sports sub-programme ought to be manifested through the current budget estimates and in the medium-term budget estimates.

The proposed sports dispute resolution mechanism

The committee observes that arbitration is internationally recognised best practice in the settlement of sports related disputes. Clause 42(3) of the Private Member's Bill is a prudent provision in the Bill as it provides for the council to regularly update the list of arbitrators from whom a panel of arbitrators may be appointed from time to time.

The benefits of having sports arbitration mechanisms are:

a) Autonomy of sport. With the availability of arbitration as the sports dispute resolution mechanism, third party influence from the national courts would be avoided as the parties would have consented to arbitration through arbitrators;

b) Additionally, arbitration would provide for expert, cost effective and prompt alternatives to the dispensation of justice compared to court based litigation. Experts in the field of sports law, labour law and any other law related to sports would ensure fair hearing and application of justice as per the laws and regulations of the international federations. Below is the opinion of the Attorney-General in the report, as given.

The committee recommends that:

a) Arbitration is in tandem with international sports statutes to settle sports-related disputes without recourse to courts of judicature. Most international sports status bar the referral of sports-related disputes to ordinary courts of judicature and is always a ground for suspension from participation in competitions organised by international sports federations.

b) The Council shall provide and regularly update a list of arbitrators from whom a panel of arbitrators may be appointed.

c) The Council may remove a person or persons from the list of arbitrators because of:

    i) Inability to perform the expected functions arising from physical or mental incapacity;
    ii) Abuse of office;
    iii) Lack of integrity and corruption tendencies;
    iv) Misbehaviour or misconduct; and
    v) Incompetence or failure to undertake three sports dispute resolution roles once appointed by a party to a dispute.

5.1 Interpretation Clause

Under the interpretation clause – that is the observation we have made as a committee –

THE SPEAKER: Mr Chairperson, have you gone to Committee Stage?

MR JOHN TWESIGYE: No.

THE SPEAKER: Interpretation Clause will come at Committee Stage.

MR JOHN TWESIGYE: Thank you for the guidance, Madam Speaker. I can go to "Provisions on Administration and Governance of the Council." Allow me also to proceed to Part II of the Bill.

Incorporation of national sports federations

Allow me, Madam Speaker, to go straight to the observations of the committee:

a) Incorporating national sports federations under the Companies Act, 2012 will pose a risk of having more than one national sports federation, in respect of a sports discipline, being registered. This not only causes confusion and conflict in the sports subsector but also affects Uganda's participation in international competitions.

b) The incorporation of the national sports federation under the Companies Act, 2012 poses further challenges in instances where a national sports federation is deregistered by the National Council of Sports, but the same federation continues its operations by virtue of its incorporation under the Companies Act.

c) A provision is created in the Bill to provide for the mandatory collection of beneficial ownership information to the federation to be able to meet the requirements of recommendations 24 and 25 under FATF.

The committee therefore recommends - Madam Speaker, allow me to go to, "5.4 Inclusion of sources of funds of federations and associations in the Bill." These are the observations that have been made. The recommendation is that declaration of sources of funds for federations should be included and adopted in the Bill.

There is need to monitor the sources of funds:

a) To avoid duplication of funding of activities by the federations; and

b) To link the funding of the sponsors and ensure that there are no ill motives behind the funding, such as the promotion of LGBTQ.

Part III of the Bill – Administration

Madam Speaker, the committee observes that:

a) The administration of the Act is provided for under Part III of the Government Bill while under the Private Member's Bill, it is under Part II. The committee observed that both Bills provide for the management of the Act in a similar manner.

b) Clause 24 of the Government Bill, which provides that a chairperson, any member of the Board or any other person authorised by any member of the Board can execute or contract on behalf of the National Council of Sports, is subject to abuse.

The committee recommends that:

a) The administration of the Act by the National Council of Sports, as prescribed under the Government Bill, be adopted.

b) Clause 24(4) of the Government Bill be amended to provide that an instrument or contract to be undertaken by the National Council of Sports can only be executed by way of a resolution of the Board.

Part VII - Offences and Penalties

Madam Speaker, I would request that for purposes of time - since Members spent a night with this report - allow me to proceed and read.

The committee observes that:

a) Both Bills prohibit offences of doping and unlawful utilisation of commercial rights and authorise the use of sports results in betting by specified persons, manipulation of sports competition, acts of violence and hooliganism and broadcast of sports events organised by federations without authorisation.

b) There are offences in the Private Member's Bill that are not incorporated in the Government Bill. These include the prohibition of electronic media production and dealing with counterfeit materials.

c) The provision in clause 45(4) of the Government Bill, which criminalises the failure to report a person who intends to commit an offence, is ambiguous and unforeseeable.

Recommendations

a) Clause 45(3) should be amended to remove ambiguity by prescribing that a person who knows or has reason to believe that, a person has committed a crime under sub-section (1) shall report the matter to the Uganda Police, the Council or a person authorised by the Council.

b) The Government Bill should, in principle, capture all offences provided for under the Private Member's Bill.

The Harmonisation Report

The harmonisation meeting reported back to the committee and the following were some of the positions:

6.1 Title of the Bill

The Bill should be entitled, "The National Sports Bill."

Justification: Cabinet principle (ix) under minute 333 (CT 2013) provides that the Bill should take cognisance of physical activity and sports as a means to enhance national health promotion and provide for concerted collaboration between all sports and health stakeholders to develop a healthy society.

However, the Ministry of Education and Sports has not yet developed a policy to support the principle. Therefore, there are no provisions relating to physical activity in the Government Bill.

Madam Speaker, allow me to go to the observation. Whereas the Government Bill is entitled, "The Physical Activity and Sports Bill," there is no policy, as explained above, relating to physical activity.

The committee recommends that:

a) The aspect of physical activity be dropped from the title since there are no provisions relating to the same.

b) Accordingly, the committee recommends that the title of the Bill should be, "The National Sports Bill".

Administration of the Bill (Part III of the Government Bill and Part II of the Private Member's Bill)
It was agreed that:

(a) The Bill should be administered by the National Council of Sports, which should have seven members appointed by the minister, as proposed in the Government Bill.

(b) At least three of the members of the Board shall have technical knowledge, administration or participation in a sports discipline.

(c) The other four members of the Board should have knowledge of sports.

(d) In appointing the members of the Board, the minister should ensure that the following are represented on the Board – as listed below, Madam Speaker.

(e) The term of office of a member of the Board shall be four years and a member is eligible for reappointment for one more term.

Justification

- Due to the uniqueness of the sports sector;

- To grant the minister the discretion to appoint members of the Board;

- To ensure the representation of critical sports stakeholders, the interests of the sports sub-sector and technical knowledge in sports. This will ensure that persons appointed to the Board have technical knowledge in sports, thereby ensuring the growth and development of the sports sector in Uganda.

Below is the observation from the committee. The justification is that this will provide for a representative council and ensure that stakeholders of the sports fraternity are represented by members of their choice.

THE SPEAKER: Honourable chairperson, aren't those part of your amendments?

MR JOHN TWESIGYE: Yes.

THE SPEAKER: So, what will you tell us when we reach that stage?

MR JOHN TWESIGYE: Madam Speaker, allow me to quickly summarise and pick out areas that we -

THE SPEAKER: Areas that are not part of the amendments and are not part of the Committee Stage.

MR JOHN TWESIGYE: Madam Speaker, allow me to pick only the observations and recommendations. To save time and to allow other business to flow, I request to go to page 26.

Conclusion

The eminent need to update, reform and consolidate the law relating to sports is vital because the existing National Council of Sports Act Cap. 48 was enacted in 1964 and has become obsolete.

Madam Speaker, the committee recommends that both Bills are harmonised into one and passed into law, subject to the attached proposed amendments. I beg to report.

THE SPEAKER: Thank you, Chairperson of the Committee of Education and Sports, for your report. The Floor is open. Honourable minister? I do not want us to take a lot of time debating the report. What we need to debate are the amendments.

4.01

THE MINISTER OF STATE FOR GENDER, LABOUR AND SOCIAL DEVELOPMENT (DISABILITY AFFAIRS) (Ms Hellen Asamo): Thank you, Mr Speaker. I would like to thank the chairperson for the report. I also thank the minister. I just want to make a small correction on the report. On arbitration, when you say "physical and mental capacity", "physical" means you are denying the disabled a chance to be part of that Bill. Therefore, I beg, Madam Speaker, that the word "physical" be removed. It does not sound good; it will be discriminatory. Thank you.

THE SPEAKER: That is a good observation.

4.02

MS AISHA KABANDA (NUP, Woman Representative, Butambala): Thank you, Madam Speaker. I am seeking clarification. On page 9, it is said that Hon. Eng. Moses Magogo proposed that sports federations be registered by the National Council of Sports as opposed to incorporation under the Companies Act to avoid bureaucracy in the incorporation of sports federations that now pertains.

However, on the following page, under the Attorney-General's advice – paragraph (b) – it is said that the proposal by Hon. Eng. Magogo to incorporate and register sports federations by the National Council of Sports will defeat the implementation of recommendations 24 and 25 of the Financial Action Task Force.

This presupposes that Hon. Magogo was proposing that they be incorporated yet initially he was saying that he was against the incorporation. This has caused confusion; which is which? What was the proposition of Hon. Magogo?

THE SPEAKER: Hon. Magogo, what was your proposition?

4.03

MR MOSES MAGOGO (NRM, Budiope East County, Buyende): Madam Speaker, in my Private Member's Bill, my proposal was to incorporate federations exactly the same way political parties are incorporated under the Political Parties and Organisations Act. My proposal was that if a federation goes to the National Council of Sports, it should come back as a body corporate that can sue and be sued. It was as simple as that.

However, what the Attorney-General said was that federations should first incorporate as companies limited by guarantee. Thereafter, they should go to the National Council of Sports to be registered.

From experience, we realised that, that is what exists currently and it causes confusion in that sports federations go to another legal regime and come back into another for them to operate. These are some of the challenges that we have experienced. The federations today are registered as trustees but this does not exactly fit into our requirements for international affiliations. This is not the practice in many other countries. The requirements of a company are not exactly the requirements of a federation.

Therefore, why don't we just go to the regulator; the National Council of Sports and come back as a body corporate so that we own property, can sue or be sued as federations? That was the proposal but, of course, the Attorney-General had another view. Thank you.

THE SPEAKER: Thank you. Attorney-General, what do you think?

4.05

THE ATTORNEY-GENERAL (Mr Kiryowa Kiwanuka): Thank you, Madam Speaker. The issue here is, where does a federation get its legal personality?

The regulation is going to be by the National Council of Sports, definitely. However, currently, we have entities that register persons to give them legal capacity. A company is registered under the URSB and then it goes and conducts trading business and it is regulated under the Trading Act. However, our colleague, the mover of the Private Member's Bill, was proposing that we create a new mechanism of granting legal capacity under the Ugandan legal regime.

While it is legally possible, I did advise that we have gone through a process of getting Uganda off the grey list under the Financial Action Task Force and we have already declared all methods that are used in Uganda for creating legal personality. If we make, under this law, a new method of creating legal personality, we are going to fall back on this process.

Therefore, we were proposing that the federation should be incorporated under one of the existing mechanisms for creation of legal personality. We had proposed companies but they said they do not want to be a company. We need to find one method of creation of legal capacity for them to be incorporated. I beg to submit.

4.08

MR WILFRED NIWAGABA (Independent, Ndorwa County East, Kabale): Thank you, Madam Speaker. Attorney-General, you are not fair to us because you have not been very clear. One of the ways you can create a body corporate is through an Act of Parliament. Is there a way we can create other bodies under this particular Bill?

MR KIRYOWA KIWANUKA: What I am saying is that it is legally tenable, but in the present circumstances, where we are being assessed by the Financial Action Task Force for June 2023, if we create a new method under this Act of creating a legal personality, Uganda will not get off the grey list.

THE SPEAKER: When do we get out of that grey list?

MR KIRYOWA KIWANUKA: We are supposed to be inspected in June 2023.

THE SPEAKER: So, can we pass the law and say it is effective July?

MR KIRYOWA KIWANUKA: Yes, we could do that but Madam Speaker –

THE SPEAKER: I am asking, is it possible?

MR KIRYOWA KIWANUKA: My advice to the House would be that we use one of the existing methods, which have been checked and tested without trying a new one.

THE SPEAKER: I do not know why we are going into this because that will be at the Committee Stage.

4.09

MR ASUMAN BASALIRWA (JEEMA, Bugiri Municipality, Bugiri): Learned Attorney-General, do not fix us in a box because of the Financial Action Task Force. This Parliament's hands are tied from creating corporate bodies under any subsequent legislation. I think there is need for us to reconcile our powers as an organ mandated to make laws and our obligations under the task force. You need to reconcile the two because the mover of the motion gave an example.

I registered JEEMA Party in 2005. At that time, we were registering it from the company registry. When we enacted the Political Parties and Organisations Act - because of the same reasons we are giving; creating uniformity in the law - if I have a political party to register, I only go to the Electoral Commission, which is the registry, according to that law, and I become a body corporate.

This is precisely the proposal by the mover of the motion, so, I would rather we move forward. Can we reconcile our obligation as Parliament with our obligation under the Financial Action Task Force and move forward? That is the only issue.

THE SPEAKER: There is a procedural matter.

MR ODUR: Thank you, Madam Speaker. The Bills we are processing are coming at the time when the chairperson has already reported. There are two Bills with different principles that have been harmonised and the chairperson has reported on the same.

Ordinarily, we should have debated the principles separately, which, in this case, may not be possible. The procedural matter I am requiring you to rule on is whether, with the report harmonising those provisions, we should again debate the principles when the report by the chairperson - and he is going to give us, clause by clause, how they have harmonised each and every item. Wouldn't it be procedurally right that we move to that stage where we can receive the actual harmonisation of the two Bills?

THE SPEAKER: Thank you. Honourable members, there were two reports and as you heard from the chairperson of the committee, there was a Private Member's Bill, which was tabled on 10 November 2022 and the Government Bill of 6 December 2022. The two Bills were harmonised and from the harmonisation, that is the report we got today.

What Hon. Odur is saying is that we should go to the Committee Stage now and look at the harmonised position clause by clause. Is that seconded? I put the question that the Physical Activity and Sports Bill, 2022 be read for a second time.

(Question put and agreed to.)

THE SPEAKER: Honourable members, under normal circumstances, we are supposed to go to Committee Stage. I am standing over that stage because of the problems that we realised with the local content. I want the Attorney-General, the minister, the private Member and the shadow minister to go and harmonise the clauses that have been harmonised by the two Bills and bring a harmonised position here. That will be brought here tomorrow at 2 o'clock. Can we go to the next item?

MOTION FOR ADOPTION OF THE REPORT OF THE SELECT COMMITTEE ON THE STATE OF AFFAIRS AT THE NATIONAL SOCIAL SECURITY FUND

THE SPEAKER: Honourable members, you recall we had a matter in this House in regard to the National Social Security Fund (NSSF) and we referred it to a select committee. The select committee was chaired by Hon. Mwine Mpaka and he is ready to report. The report has been uploaded and is on your iPads. Can we receive the report from Hon. Mwine Mpaka?

REPORT OF THE SELECT COMMITTEE ON THE STATE OF AFFAIRS AT THE NATIONAL SOCIAL SECURITY FUND

4.14

THE CHAIRPERSON, SELECT COMMITTEE ON THE STATE OF AFFAIRS AT THE NATIONAL SOCIAL SECURITY FUND (Mr Mwine Mpaka): Thank you, Madam Speaker. I beg to lay the report of the Select Committee on the state of affairs at the National Social Security Fund (NSSF). I beg to lay the minutes and the supporting documents.

THE SPEAKER: Please lay.

MR MWINE MPAKA: Madam Speaker, a report of the select committee on the state of affairs at the NSSF.

Introduction

On Wednesday, 25 January 2023, during communication from the Chair, the Rt Hon. Speaker of Parliament constituted a select committee to investigate the state of affairs at the NSSF. The select committee was given specific terms of reference and required to exercise its mandate under rule 190 of the Rules of Procedure of the Parliament of the Republic of Uganda and report back to the House within one month.

The select committee has carried out a thorough investigation into this matter and has agreed to report the following - Honourable members, the background is on page five and the rationale is on page six. Allow me to go straight to the terms of reference in the interest of time.

In executing its mandate, the committee was guided by the following terms of reference:

1. To examine the corporate governance structure at the NSSF fund;

2. To examine the circumstances surrounding the appointment of the fund's managing director;

3. To evaluate the status and safety of the savers' money in the fund;

4. To examine the extent of stakeholder engagement in decision making at the fund; and

5. To inquire into any other matter incidental thereto.

On page eight, there is the methodology. On page nine, we made reference to relevant laws, regulations and instruments. Again on page nine, we analysed documents submitted by the witnesses. On page 11, desk research was also carried out. Allow me to go straight to item 4.0 on the comparisons of the National Social Security Fund of Uganda to similar funds in the region, that is on page 11 and page 13.

The governance structure at the Fund before and after the National Social Security Fund (Amendment) Act, 2022

It should be noted that following the gazetting of the NSSF (Amendment) Act, 2022 that largely transferred the supervision of the NSSF from the Ministry of Finance, Planning and Economic Development to the Ministry of Gender, Labour and Social development on 7 January, 2022, Section 29 -*(Hon. Silwany rose)*

THE SPEAKER: Why are you disorganising someone who is flowing?

MR SILWANY: Madam Speaker, I thank you. We are handling a very important matter, which is the National Social Security Fund report and the minister in charge of this docket is totally absent in this House. This item has been on the Order Paper, not just this afternoon. I was aware that this item is coming together with all the Members and even the minister. The procedural matter I am raising is, is it intentional, because there are four ministers? *(Interjection)* No, I am very informed.

The NSSF falls under both the Ministry of Finance and Ministry of Gender. The minister in charge for Gender is absent. *(Interjection)* Oh, there is one.

Madam Speaker, the procedural matter that I am raising is whether it would not be procedurally right for the minister in charge of the docket to be present in the House as we handle this matter.

THE SPEAKER: Can we hear from the acting Government Chief Whip? We are discussing a very serious matter on NSSF, yet the minister responsible is not here. What information do you have for us? But we have one minister of Gender.

4.19

THE MINISTER OF STATE FOR EDUCATION AND SPORTS (SPORTS) (Mr Peter Ogwang): Madam Speaker, I am aware that Hon. Asamo is a minister in the gender subsector. I also have a Minister of Finance here and the Attorney-General. My guidance would be that Hon. Asamo, as of now, handles the docket, as you give me - Madam Speaker, I beg for your indulgence that you permit me to call the Minister of Gender then I get back to you in one minute. Let me get her on phone.

THE SPEAKER: Honourable members, we have a lot of work on the Order Paper. We have a minister here; Hon. Asamo. We are not going to start postponing our work because the ministers are not here. We have a Minister of Finance, we have a very able Attorney-General here and we are looking at Ministry of Gender. Please go ahead.

MR MWINE MPAKA: Thank you, Madam Speaker. It should be noted that following the gazetting of the National Social Security Fund (Amendment) Act, 2022 that largely transferred the supervision of the NSSF from the Ministry of Finance to the Ministry of Gender on 7 January 2022, Section 29 of the NSSF Act grants powers to the Minister of Gender to approve or disapprove, with amendments, the NSSF budget with reference to Section 2 of the definition part. The minister responsible for social security is a supervisor to the fund.

Section 30, as amended, introduced the role of the Minister of Finance, Planning and Economic Development with the authority to approve or disapprove investment-related aspects in the NSSF budget. This is how the dual supervision was created.

Whereas the old NSSF did not specify on the individual representation to the Board and gave the Minister of Finance discretion in appointment, Section 3 of the NSSF Act (as amended) introduced a tripartite stakeholder Board appointed by the minister, which comprises of the chairperson, the Permanent Secretary of the ministry responsible for finance, the Permanent Secretary of the ministry responsible for Labour, four representatives of employees nominated by the Federation of Labour Unions, two representatives of employers nominated by the Federation of Uganda Employers and the managing director who shall be an ex-officio member, without the right to vote.

Supervision and structure of NSSF before 2022 and its impact on governance

The committee was informed by the former Managing Director NSSF about how regulatory oversight of NSSF has evolved since 1985 when it was established as a body corporate in light of governance challenges, notably in 2004 when the NSSF was transferred from the Ministry of Gender to the Ministry of Finance in 2011 and when the Uganda Retirement Benefits Regulatory Authority was created.

It was noted by the committee that due to a breakdown in the governance structure of the NSSF, corruption scandals leading to the arrest and prosecution of the Chairman of NSSF Board, managing director, a contractor, the Minister responsible for Labour who jumped bail and fled into exile in the early 2000s, His Excellency the President, in a letter dated 6 September 2004 to the then Prime Minister of Uganda, the late Rt Hon. Apollo Nsibambi, directed the immediate transfer of the NSSF from the Ministry of Gender to the Ministry of Finance.

In his letter he highlighted, *"I have decided, with immediate effect, to transfer the NSSF from the Ministry of Gender, Labour and Social Development to the Minister of Finance, Planning and Economic Development. The money in NSSF is too much to be handled by a non-specialised ministry. The Ministry of Finance is to review NSSF decisions and ensure that they are sound business-wise and are free of corruption."*

Challenges in the supervision structure of the NSSF following the National Social Security Fund (Amendment) Act, 2022 and its impact on governance

The committee noted that on 7 January 2022, the NSSF (Amendment) Act came into force. The amendments to the Act provided for the dual political and technical supervision by the Ministry of Gender, Labour and Social Development and the Ministry of Finance, Planning and Economic Development, with the latter responsible for investment as specified in Sections 30,31,34,35 and 36 of the principal Act while the former is responsible for oversight and administration of the NSSF respectively.

However, the separation of the roles of the ministers presupposed that the provisions of the NSSF Act were exclusive. A case in point is separation of the approval of the annual budget estimates by the Minister of Gender from the approval of investments and declaration of annual interest by the Ministry of Finance and yet these two are closely intertwined activities.

The committee observes that the guidance of His Excellency the President in a letter dated 4 October 2019 to the Rt Hon. Rebecca Kadaga, the Speaker of the 10th Parliament of Uganda, confirmed her decision to have the fund supervised by the Ministry of Finance and Ministry of Gender. The letter tabled by Hon. Matia Kasaija, the Minister of Finance, Planning and Economic Development, from His Excellency the President reads, *"Rt Hon. Speaker, as you are aware, in September 2004, I directed the transfer of the NSSF from the Ministry of Gender, Labour and Social Development to the Ministry of Finance, Planning and Economic Development. The main reason for this is that the Ministry of Finance, Planning and Economic Development is a specialised government agency to oversee the management of large funds. The ministry also has the capacity to review the NSSF decisions and ensure that they are sound business-wise and free of corruption. I reaffirm my earlier decision on this matter. I do not agree with a proposal of the NSSF (Amendment) Bill, 2019 to split the oversight mandate of the NSSF under two Government agencies. The proposed arrangement would cause the delays in decision-making and create loopholes for corruption.*

I am, therefore, requesting that Parliament streamlines the oversight role of the NSSF on the Ministry of Finance, Planning and Economic Development in the ongoing amendments to the NSSF Act. The Ministry of Labour, Gender and Social Development is represented on the NSSF Board. Multiple apex authorities are dangerous for accountability; if things go wrong, whom shall we blame?"

The committee noted that the oversight mandate has indeed caused delays in the decision-making in NSSF, greater loopholes for corruption and has blurred lines of responsibility and accountability from the two ministries.

The committee mentions:

a) In the budget approval letter dated 16 June 2022, the annual budget estimates for Financial Year 2022/2023 were approved by the Minister of Gender who deferred approval of real estate investment budget estimates and set conditions without consulting the Minister of Finance on the ongoing investment projects. The letter reads, *"Under real estate component, the implementation of strategic land purchase totalling Shs 400 billion should be deferred at the moment pending a due diligence report."*

b) The Ministry of Gender directs the NSSF to undertake investment activities without following procedure. For example, in a letter dated 7 December 2022, from the minister of gender to the chairperson of the Board of directors of NSSF, we note the expectation that the NSSF management should simply pass on Shs 40 billion to the Grain Council of Uganda.

The committee observed that in less than one year of transferring the NSSF back to the Ministry of Gender, Labour and Social Development, allegations of corruption, influence peddling and delayed decision making scandals are back to haunt the savers. This is impacting negatively on the Fund's reputation.

Terms of Reference

Madam Speaker, in handling the assignment, the committee examined the terms of reference and hereunder reports.

6.1 To examine the circumstances surrounding the appointment of the Fund's managing director and deputy managing director

(i) The appointment of the managing director and the deputy managing director is provided for under sections 39 and 40 of the NSSF Act, Cap. 222 (as amended by Act No. 1 of 2022). Prior to the amendment of the NSSF Act, Cap. 222, the appointment and tenure of the office of the managing director and the deputy managing director were a sole desecration left to the minister responsible for the Fund.

(ii) The NSSF (Amendment) Act, 2022 amended sections 39 and 40 of the NSSF Act, Cap. 222, and created the appointment of the managing director and the deputy managing director by the minister upon the recommendation of the Board of Directors for a period of five years and are eligible for reappointment for one more term upon satisfactory performance.

(iii) On 1 July 2022, Mr Kimbowa, the chairman, NSSF Board of Directors notified Hon. Betty Amongi Ongom, the Minister of Gender, Labour and Social Development of the Board's decision on the recommendation for the reappointment of the managing director and deputy managing director of NSSF.

The Board highlighted, among others, exceptional stewardship of the Fund, widely acknowledged positive transformation of the Fund and that the two officers ticked all the performance boxes on technology, human capital innovation, customer obsession and sustainability.

The Board, therefore, recommended the reappointment of the two officers for a three-year contract, effective 1 December 2022 and 30 October 2022 for Mr Richard Byarugaba and Mr Patrick Ayota, respectively.

(iv) On 18 July 2022, Mr Patrick Ayota, the Deputy Managing Director of NSSF, notified Hon. Betty Amongi, the Minister of Gender, Labour and Social Development, of his retirement having attained the mandatory retirement age of 60 years in accordance with the NSSF Human Resource Policy Manual, under section 23.3.1.

(v) On 20 July 2022, upon receipt of the notification of the retirement from Mr Ayota dated 18 July 2022, the minister reappointed Mr Ayota as the Deputy Managing Director of NSSF on a one-year contract. The said reappointment was based on the recommendation of the Board, dated 1 July 2022.

(vi) However, on 22 July 2022, Hon. Betty Amongi directed Mr Richard Byarugaba to retire as managing director of the Fund, having attained the mandatory retirement age of 60 years, in accordance with section 23.3.1 of the NSSF human resource policy manual, before he could be considered for reappointment. Furthermore, the minister, in the same letter, directed Mr Richard Byarugaba to cease, forthwith, exercising the mandate and functions of the office of the Managing Director NSSF and designated Mr Patrick Ayota, the Deputy Managing Director of NSSF, as the acting managing director until Mr Richard Byarugaba retires, in accordance with the NSSF human resource policy manual.

(vii) On 22 July 2020, Mr Richard Byarugaba notified the minister of his retirement from the office of the Managing Director of NSSF and also expressed his desire to be reappointed as the managing director of the Fund, in accordance with the NSSF Human Resource Policy and Procedures Manual, for the retention of mission critical talent who have reached the Fund's retirement age.

(viii) The Attorney-General, upon receipt of the copy of the letter dated 27 July 2022 from the honourable minister stopping Mr Richard Byarugaba from exercising the mandate and functions of the office of the Managing Director of NSSF, having clocked the retirement age of 60 years, rendered a legal opinion contained in his letter dated 22 July 2022, to the effect that the five-year term of the MD was still valid and would continue in force until its lapse on 1 December 2022. In other words, the purported forceful retirement of the MD was unlawful and contrary to sections 39 (1) for the NSSF Act and the instrument of appointment.

(ix) Subsequently, the minister received the letter of recommendation for the reappointment of Mr Richard Byarugaba from His Excellency the President, dated 6 August 2022, in which the President noted the need for quiet consultations before the reappointments are concluded. His Excellency the President further noted the growth of the Fund from Shs 1.7 trillion in 2010 to Shs 17.2 trillion as at the end of June 2022 under the leadership of the MD and deputy MD of NSSF. The President directed that the issue of the appointment was to be discussed before Cabinet on 20 August 2022.

(x) The minister, however, on 30 November 2022, issued another instrument of reappointment of Mr Patrick Ayota as deputy MD of the Fund for a period of five years with immediate effect.

(xi) On 7 December 2022, well after the Cabinet meeting on 20 August 2022, the Rt Hon. Prime Minister, in her letter addressed to the Minister for Gender, recommended the reappointment of Mr Richard Byarugaba as the MD of the Fund. The Rt Hon. Prime Minister noted that His Excellency the President had tasked her with a mandate to conclude the matter in a State House meeting held on 6 December 2022.

(xii) Furthermore, the Rt Hon. Prime Minister notified the Minister of Labour, Gender and Social Development that comprehensive consultations with key stakeholders on the matter had taken place and, therefore, directed Hon. Betty Amongi Ongom to reappoint Mr Richard Byarugaba as the Managing Director of NSSF as recommended by the NSSF Board, to avoid managerial gaps, which could put the savers' fund at risk.

The Rt Hon. Prime Minister further advised that the allegations submitted by the minister responsible for labour against the MD had been referred to the Auditor-General for investigations.

(xiii) On 15 December 2022, Hon. Betty Amongi responded to the letter of recommendation dated 7 December 2022, authored by the Rt Hon. Prime Minister, declining the reappointment of Mr Richard Byarugaba, citing the one-on-one confidential meeting on 9 December 2022 and requested to first de-brief His Excellency the President before commencing investigations.

Deferral of reappointment of the Managing Director of NSSF

(i) On 7 December 2022, the minister for labour deferred the reappointment of the MD, citing a wide range of issues, which needed to be investigated before Mr Richard Byarugaba's reappointment could be considered. The issues and responses thereto are tabulated as hereunder: financial, impropriety (Pension Towers) – this is in regard to the variations.

In the second column are responses by Mr Richard Byarugaba and on the third column are responses by the committee.

Mr Richard Byarugaba, in a nutshell, said the variations were within the PPDA allowance of 25 per cent because the total of all the three variations were 23.91 per cent.

When the committee asked the honourable minister for evidence, the minister provided no evidence to support the allegations.
Madam Speaker, let me move to page 25 on the existing cracks – because all those are similar; they are in regard to variations *–(Interruption)*

MR ODUR: Madam Speaker, unlike other reports which were uploaded on the iPad much earlier for Members to follow, this report was loaded at 3.40 p.m. – about 15 minutes before he started presenting. Is he proceeding rightly to start skipping very important information, yet Members have just accessed this report and he is aware that, thereafter, we will be required to debate?

I implore you, Madam Speaker, that the chairman reads the report word for word. In the absence of that, Madam Speaker, you should allow Members adequate time to go, prepare and comeback to debate this report.

THE SPEAKER: Honourable members, are you not following? The chairman is doing a very good job. Chairman, go ahead.

MR MWINE MPAKA: Thank you, Madam Speaker. On page 25, there is the issue of the existence of a crack on Pension Towers. Mr Richard Byarugaba stated that the supervising consultant asserted that there was no crack. The minister provided no evidence to the committee to support the allegations.

On page 27, misinterpretation by the managing director of the budget for strategic land purchase. The real estate budget for Financial Year 2022/2023 of Shs 943 billion had an item of Shs 400 billion for strategic land purchase for Nakigalala, yet the minister had obtained a valuation of Shs 246 billion for the same land.

Mr Richard Byarugaba stated that due to the numerous claims relating to the -

THE SPEAKER: What did you say? Repeat what you just said.

MR MWINE MPAKA: Misinterpretation - I am on page 27.

THE SPEAKER: I just want you to repeat what you have just said.

MR MWINE MPAKA: Due to the numerous claims relating to the ownership of the land, which required a lengthy due diligence and approval process, no money was ever approved for the purchase of the Nakigalala land. That is a response by Mr Richard Byarugaba. The minister provided evidence and the committee reports below:

Corruption in the purchase of the MTN shares

Mr Richard Byarugaba stated that the IPOs are regulated offers by the CMA and USE listing rules. The minister provided no evidence to support the allegations.

Payment of Shs 3 billion kickback on contract for Mbuya CITADEL Apartments

Mr Richard Byarugaba stated that the allegations are not true. The minister provided no evidence to the committee in support of the allegations.

Exchange of money for the sale of the Mbarara plot

Mr Richard Byarugaba disputed the allegations. By the time the managing director left the Fund, they said no piece of land had been sold yet. The minister provided no evidence to support the allegation. However, it is true the land has not been sold.

Redesign of personal house of Symbion Uganda Limited in exchange for business

Mr Richard Byarugaba disputed the allegations as the managing director used the private contractors in the names of Mr Charles Mugambe and an architect - Susan Atai - in 2007, way before Symbion Uganda Limited was contracted by the Fund. The minister provided no evidence to support the allegations.

Commission of 5 per cent of the contract value for Lubowa construction contracts through De Point Consultants Limited

Mr Richard Byarugaba stated that the allegations are not true and the minister provided no allegations to support the allegations.

THE SPEAKER: No evidence. Honourable Chairperson, the minister provided no evidence; please repeat that.

MR MWINE MPAKA: The minister provided no evidence to support the allegations.

Commission of 5 per cent contract value for Temangalo project from Henan Goul

Mr Richard Byarugaba stated that the allegations are not true and the minister provided no evidence to support the allegations.

Observations

The committee made the following observations:

a) The committee noted with concern the casual manner in which the tenure of office of the managing director and the deputy managing director was being handled contrary to sections 39 and 40 of the NSSF (Amendment) Act.

b) The committee further noted that the tenure of office of the managing director and deputy managing director for reappointment is not discretionary in terms of the years to be served by the said officials under the NSSF (Amendment) Act, 2022. The recommendation by the NSSF Board for reappointment of the managing director and deputy managing director for three years and subsequently appointment of Mr Patrick Ayota, as the Deputy Managing Director by the minister for one year were contrary to clear provisions of sections 39 and 40 of the NSSF Amendment) Act.

c) The committee noted that the continued deferral of the appointment of the NSSF managing director is causing managerial gaps and thereby subjecting the savers' Fund to risk.

d) The committee noted that Hon. Betty Amongi Ongom's allegations contained in her letter dated 7 December 2022 justifying the deferral of the reappointment of the managing director were personalised to Mr Richard Byarugaba, yet the same would largely apply to Mr Patrick Ayota, the deputy managing director to the Fund since all initial decisions are taken at the management committee level, where both the managing director and deputy managing director participate for approval before they are sent to the Board for approval.

Petition by Mr Richard Job Matua

During the course of the investigations, the committee received a petition from Mr Richard Matua, who introduced himself as the petitioner against the reappointment of Mr Richard Byarugaba as the managing director to the Fund.

Mr Matua presented before the committee a petition with several documents supporting his grounds against the reappointment of Mr Richard Byarugaba as the managing director to the Fund.

The petitioner, in his letter dated 14 December 2022, addressed to the Minister of Gender, Labour and Social Development requested for the following documents:

a) Petitions regarding NSSF management from COFTU, NOTU, NSSF staff and any other sources;

b) The latest state of affairs report at NSSF;

c) Disciplinary related correspondences between the Board, Mr Richard Byarugaba and the minister's office;

d) Documents related to the fraud embezzlement in NSSF;

e) Retirement notices from the managing director and deputy managing director.

The petitioner presented to the committee all the documents highlighted above. The committee wished to know how the petitioner obtained all NSSF internal documents presented before the committee.

In response, the petitioner stated that the documents placed before the committee were furnished by the Minister of Gender, Labour and Social Development –*(Laughter)*- upon request in a letter dated 14 December 2022, made in conformity with the provisions of the Access to Information Act.

The committee noted that on 15 December 2022, a day after Mr Job Richard Matua had requested for documents from the Minister of Gender, Labour and Social Development, they responded and gave Mr Richard Job Matua all the documents he required.

Observations

The committee made the following observations.

a) The committee notes that all the documents presented before the committee by Mr Richard Matua were not certified by the Ministry of Gender, Labour and Social Development to show the authenticity and originality of the documents.

b) The committee noted that the Minister of Gender, Labour and Social Development, while appearing before the committee, reluctantly refused to give the committee petitions she had received from various petitioners when the committee requested for them, to substantiate the allegations against Mr Richard Byarugaba. She, however, gave Mr Job Richard Matua, all the documents he requested for including the petitions with ease and comfort.

c) The committee noted that there is no evidence placed before it to justify an impersonal relationship between Mr Richard Byarugaba and Mr Silver Mugisha, a Board member of the NSSF, as was alleged by Mr Matua who claimed that they were biological brothers and that their relationship affected the day-to-day activities at the NSSF.

THE SPEAKER: Honourable Chairperson, just a minute. I would like to find out from the learned Attorney-General: if it is true the documents were given to Matua, was it the correct Act?

4.44

THE ATTORNEY-GENERAL (Mr Kiryowa Kiwanuka): Madam Speaker, I need to look at the documents, their nature and the internal workings of the NSSF to know whether they are protected documents. I cannot really know at this point. If indeed they were issued under the Access to Information Act, that is perfectly fine.

THE SPEAKER: Okay.

MR MWINE MPAKA: Term of Reference No.2 –

To examine the extent of stakeholder engagement at the Fund.

Under this term of reference, different stakeholders and their relationship at the Fund are examined.

The Uganda Retirement Benefits Regulatory Authority (URBRA)

(a) Annual inspections

The URBRA is established under Section 2 of the Uganda Retirement Benefits Regulatory Authority Act, 2011, under which the functions are stipulated to regulate and supervise pension funds, licence the Fund and conduct site inspections as per section 5 of the Act.

The URBRA is expected to conduct an annual review and renew the licence of the Board members upon satisfaction that the members meet and fit the proper criteria.

The Board members at NSSF have running licences that enable them to execute their fiduciary duties as provided under Section 46 of the URBRA Act, 2011 to manage and oversee the operations of the retirement benefit scheme, provide for the proper investment of the of the scheme funds, appoint service providers to the scheme and ensure that they perform their functions.

Honourable members, in the interest of time, allow me to go straight to page 37. What we have skipped is how they do the fit and proper criteria tests and the rest, and how they operate with the NSSF.

Public Procurement and Disposal of Public Assets Authority relationship with the Fund's management regarding procurement audits

The Public Procurement and Disposal of Public Assets Authority carries out the procurement and disposal audit of the NSSF on procurement systems, procurement processes, asset disposal processes and procurement performance indicators in accordance with its functions stipulated under section 7 of the Public Procurement and Disposal of Assets (Amendment) Act, 2003 and Regulation 2014, which include: a duty to advise, inspect, monitor and report performance, approve deviation from bidding standards, among others.

Honourable members, page 39 on PPDA. The Authority conducted periodic procurements and disposal audits as indicated below;

a) The NSSF Audit Report for the Financial Year 2018/2019 dated 15 September 2020;

b) The NSSF Audit Report for the Financial Year 2017/2018 dated 20 September 2018;

c) The NSSF Audit Report for the Financial Year 2016/2017 dated 30 October 2017;

d) The NSSF Audit Report for the Financial Year 2015/2016 dated 14 October 2016; and

e) The NSSF Audit Report for the Financial Year 2014/2015 dated 9 March 2016.

Findings arising from the audit reports

The committee observed the following as the root causes of noncompliance in the audit that was carried out in the Financial Year 2016/2017:

i) Payment of VAT on air tickets, visa charges and per diem to a contractor. Whereas air tickets, visa charges and per diem do not attract VAT in the procurement of an Oracle Database Appliance worth Shs 611,652,751, the contractor - Sybyl Limited, charged VAT on these items.

ii) Irregular payment of VAT in the procurement of construction of the police guard booths for the undeveloped land in Nsimbe worth Shs 34,556,300. Whereas the contractor - Mose Technical Specialist Limited was not registered for VAT, the entity paid VAT worth Shs 5,271,300 against invoice number 001 dated 22 November 2017 and invoice number 006 dated 2 January 2018 leading to financial loss worth Shs 5,271,300.

iii) Preparation of shortlists for PPDA at NSSF that did not promote fairness. Whereas the entity had several pre-qualified providers, few of the providers were constantly invited while others were invited outside the pre-qualification list, as indicated below;

a) In the procurement of gift sets for the regional employers' meeting worth Shs 63,897,118 only two (Excel Brands and Dis and Dat - often invited) of the 20 pre-qualified providers were invited along three other unpre-qualified bidders.

b) In the procurement of the rehabilitation of the water distribution pipe system at the Workers' House worth Shs 408,056,803 by Maintenance Group Limited, Challenger Doka Investment, Wag Group, Elmac, Shine Plus, Ram Engineers, Vector Uganda and Bolt Constructions were pre-qualified with the entity; but of the pre-qualified nine, only one – Ram Engineers - was invited along with seven other not pre-qualified bidders.

c) In the procurement of CCTV cameras for Social Security House and Workers' House worth Shs 164,848,360; 13 providers were pre-qualified but only two of these were shortlisted along with four other providers that were not pre-qualified.

The committee also observed that a number of key noncompliance exceptional issues were noted and they included the following:

a) Inadequate solicitation documents evidenced by specification, brand and conflicting contractual terms issued to the bidders in four procurements worth Shs 755,606,924 which could lead to failure of bidders to prepare and submit responsive bids;

b) Inadequate technical specifications by user departments evidenced by inadequate terms of reference leading to low bidder participation in two procurements worth Shs 1,016,429,924, which could lead to bidders failing to submit responsive bids as per the requirements;

c) Execution on contracts outside the contract period evidenced by suppliers making deliveries after contract or local purchase orders periods have expired in three procurements worth Shs 523,500,924, which could result in poor contract implementation and delay in service delivery;

d) Irregularities in the evaluation of bids in the four procurements worth Shs 1.3 billion evidenced by alteration or evaluation criteria mostly at the evaluation stage, which could result in contract award of non-compliant bidders and compromises the benefits of maximum competition; and

e) Lastly, delayed evaluation of bids in two procurements worth Shs 657,902,924, which affects efficiency and service delivery.

Chief Government Valuer

The Office of the Chief Government Valuer does not have a principal legislation under which it is established. They derive their mandate from various Acts of Parliament granting them statutory functions, which include, among others; conducting valuation for the sale and purchase of government properties.

During the committee hearings, the committee was informed that the Chief Government Valuer who testified and presented documentation as proof that his office had conducted property evaluations on behalf of the NSSF -

I will go straight to part (c) because it has the Nakigalala land. Valuation of land comprising Plot 7 Busiro Block 372 Nakigalala; Plot 3 Busiro Block 366 Kansiri and Plots 2 and 10 Busiro Block 374 Nakigalala - Wakiso.

On page 43, the Chief Government Valuer conducted valuation on the land NSSF wanted to purchase - the Nakigalala land belonging to Madhvani and all the land had no encumbrances.

Observation

Property one and three above have the same registration instrument number – 00162626, which is suspect to fraud, if you can go to one and three in the table above. This is irregular and impossible. Much as the Chief Government Valuer stated that this land had no encumbrances, we have reason to suspect fraud. When you look at the instrument number in the third column - 01626261 and go to three; 00162626 that is suspect to fraud.

Honourable members, in the interest of time, allow me to go to page 46. Examine corporate governance structures at the NSSF Fund. Actually go to page 47.

In Uganda, corporate governance has been defined under Regulation (3) of the Capital Markets Corporate Governance Guidelines to mean;

"The process and structure used to direct and manage business affairs of the company towards enhancing prosperity and corporate accounting with the ultimate objective of protecting and promoting shareholders' rights and realising shareholders' long-term value, while taking into account the interests of the stakeholders."

Therefore, corporate governance can be easily understood to mean a framework of policies and guidelines that inform a company's conduct, decision-making and practice.

Honourable members, page 53. We are now looking at corporate governance in the NSSF and incidences where we believe there could be issues of it.

Political undue influence and pressure in the budgeting process

Information that has been adduced to the committee indicates that political undue influence was manifested during the budgeting process. Section 29(1) of the NSSF Act obligates the Board in each financial year, to make and submit to the minister for approval, the estimates of its income, its capital, recurrent and other expenditures likely to be incurred by the Board for the next ensuing year.

Furthermore, section 29(2) empowers the minister to approve supplementary estimates to provide for unforeseen or urgently required expenditures on matters not provided in the estimates or necessary additional expenditures on matters provided for in the estimates.

In accordance with section 29(3) of the NSSF Act, the minister is required, upon receipt of the annual budget, to approve or disapprove the budget with such amendments as she may deem necessary.

From the input of section 29, the committee observes that the role of the Board is to budget while that budget is approved by the minister in undertaking their respective mandates. Corporate governance principles require the minister and the Board to be independent of each other in carrying out their mandates.

However, information available to the committee indicates that this is not the case since the minister interferes in the budgeting process of the Board. For instance, the former managing director - Mr Richard Byarugaba - intimated to the committee that he was put under undue pressure by Hon. Betty Amongi, the Minister of Gender, Labour and Social Development to include Shs 6 billion in Financial Year 2022/2023 during the budgeting process. We noted that when the budget was sent to the minister for approval, as required under section 29(2) of the NSSF Act, the minister approved it with a rider to the chairman of the board of directors to include Shs 6 billion for the activities stated in the budget rider by the minister to include the following priorities;

(a) Undertake budget monitoring and oversight of the key activities of the Fund, diaspora mobilisation to facilitate their voluntary savings under the Fund, media engagements and benchmarking for skill development;

(b) Development and deployment of an online application (system) for tracking non-compliance of employers and lodging online complaints by employees' contributions to the Fund;

(c) Strengthening inspection and compliance and implementation of the NSSF Act by employers in respect to the contribution through peer-to-peer enforcement and technical support to the employees on standardisation of contracts for workers to incorporate NSSF contributions; and

(d) Enhancing partnerships and collaborations through stakeholder engagements. These stakeholders include, but are not limited to Parliament, Federation of Employers' Association, Private Sector Foundation and labour unions, among others.

The committee further notes the minister's letter dated 7 December 2022, to addressed -

THE SPEAKER: Chairman, have you just said that Parliament was one of the beneficiaries of the Shs 6 billion?

MR MPAKA: Madam Speaker, the minister's justification for requesting the Shs 6 billion was to engage Parliament, among others.

THE SPEAKER: On that one, I can put a disclaimer: no money is coming into Parliament. Nobody was going to be engaged in Parliament and no MP was going to get the money. My MPs are very clean. *(Applause)*

MR MWINE MPAKA: The committee further notes the minister's letter dated 7 December 2022, addressed to the Board chairman, wherein it was stated that the Shs 6 billion was lawful, but the managing director refused to provide for it until his contract expired.

In the said letter, the minister stated – and it is attached:

"Mr Chairman, the law provides for activities that should be implemented by the minister. How then will the minister execute those duties if the MD is not willing to support the Ministry of Gender, Labour and Social Development?"

Where the minister appears to suggest that she did not request for the Funds for her ministry, the NSSF Board – this was contentious. During our meetings, the minister kept saying she did not want this money to go to the ministry for gender. Therefore, we requested the Board to clarify where this money was going -where the minister appears to suggest that she did not request for the Funds for her ministry, the NSSF Board, in a letter dated 10 February 2023, addressed to the chairperson of the select committee, confirmed that the minister requested for the Funds in question for utilisation by her ministry. The letter further indicates that the Board did not approve the budget because the activities to back up the request were not provided.

The committee further confirmed that the Shs 6 billion was going to fund activities of the Ministry of Gender, Labour and Social Development. In the minutes of the meeting held on 14 July 2022, in the boardroom of the Ministry of Finance, Planning and Economic Development – luckily enough one of the ministers who was present is here – it was discussed under Minute 3, where Hon. Matia Kasaija, who chaired the meeting, cautioned the Minister of Gender, Labour and Social Development to desist from requesting for funding from the Fund for line ministry activities.

Further, in Minute 5, the chairperson of the NSSF Board requested the Minister of Finance, Planning and Economic Development to appeal to the Minister of Gender, Labour and Social Development to reconsider the proposed budget without the reallocation of Shs 6 billion, since it would be hard to account for it.

The Minister of Finance, Planning and Economic Development, Hon. Matia Kasaija, while appearing before the committee on 2 February 2023, informed the committee that he disagreed in principle with the idea of the Fund giving money to the ministry for gender to run its activities.

Furthermore, the committee received a collaborative testimony from Mr Hassan Mudiba, a Board member of the NSSF, who testified that while in a meeting at the Ministry of Finance, Planning and Economic Development, Hon. Matia Kasaija vehemently opposed the idea of the ministry for gender receiving funding from the NSSF, thus causing a heated exchange and the meeting ending prematurely.

The minister for finance (Hon. Matia Kasaija) further sought an opinion from URBRA, the regulatory body, which, in a letter dated 5 July 2022, guided that all the monies in the Fund belong to its members and should only be used for activities that are directly related to the management of funds in the interest of the savers.

The committee observes that the conduct of the minister, in directing the Board to provide funding for activities of her ministry as indicated above, and the subsequent political pressure exerted on Mr Richard Byarugaba when he refused to provide the said funding, not only contravenes the best principles of corporate governance, but also amounts to undue influence on the decision-making process of the Board by the minister.

The committee notes that whereas the minister is empowered to approve the budget, with or without amendment, the request for Shs 6 billion interfered with the discretion of the Board in the budget process and amounts to abuse of office by the said minister since the ministry's activities she sought to be funded by the Board ought to have been funded from the funds appropriated to the ministry.

The acts of the minister in this case are illegal and appear to contravene Section 4 (3) of the NSSF Act, which obligates the board to ensure that there is secure, profitable and effective financial management of the Fund for the benefit of the workers, in particular, and the country at large.

The transfer of funds from the NSSF to the ministry for gender to undertake the ministry's activities is illegal since it is not guided by law, highly risky and does not benefit the savers. It represents wastage of savers' funds and erodes the beneficial value.

The activities of the Ministry of Gender, Labour and Social Development are financed through appropriation under the Public Finance Management Act and, therefore, the minister should explain the matters for which such funding was required, which are not funded through appropriation.

The minister abused her office within the meaning of the law. Abuse of office is a criminal offence under Section 11(1) of the Anti-Corruption Act, 2009, which provides:

"A person who, being employed in a public body or a company in which Government has shares, does or directs to be done an arbitrary act prejudicial to the interest of his or her employer or any other person in abuse of the authority of his or her office, commits an offence and is liable on conviction to a term of imprisonment not exceeding seven years or a fine not exceeding 168 currency points or both."

It was held in *Uganda v. Hon. Eng. Abraham Byandala and Others (*High Court Corruption Division, Session Case 12 of 2015) that *the prosecution is required to provide the following elements against each accused on a charge of abuse of office:*

i. Employment in a public body or a company in which Government has shares;

ii. Wilfully doing or directing an arbitrary act to be done in abuse of his or her authority;

iii. Lastly - and which is the most important - *the arbitrary act must be prejudicial to the interest of his or her employer.*

What is arbitrary includes such misconduct as negligence, breach of duty, unreasonable conduct, illegal conduct and breach of rules, guidelines and accepted practices.

It was defined in *Uganda v Atugonza, (Criminal Case No. 37 of 2010), and Uganda v Kazinda (Anti-Corruption Division Civil Suit No. 138 of 2012)* as "an action, decision or rule not seemingly based on reason, system or plan and at time seems unfair or breaks the law".

On the other hand, "wilful" was defined in *Uganda v Hudson Jackson Andrua and Angol Michael, (High Court Anti-Corruption Division Criminal Session Case No.0054 of 2012),* as "deliberately doing something which is wrong, knowing it to be wrong or with reckless indifference as to whether it is wrong or not".

The actions of the minister in directing Shs 6 billion to be availed to her ministry amounts to abuse of office

since the minister, being the supervisor of the NSSF, without any law empowering her to do so and knowing that the ministry activities are financed through appropriation, did an act, which is prejudicial to the savers' and just administration of the NSSF.

The committee also finds the actions of the minister arbitrary and an abuse of the duty under the NSSF Act, thereby bringing her conduct within the ambit of the prohibitions under Section 11 of the Anti-Corruption Act on abuse of office.

The committee was also tongue tied and speechless as to how the Minister of Gender, Labour and Social Development, Hon. Betty Amongi Ongom came up with a budget totalling Shs 6 billion, which was neither a work plan nor a distribution mechanism of the said money amongst the strategic activities she had proposed. She gave the Board a budget of Shs 6 billion and activities but no one knows how it was going to be divided amongst those activities.

Undue influence during investments

Section 30 of the NSSF Act empowers the Board to invest any NSSF funds , which are not required to be applied for the immediate purposes of the Fund, to be invested in such investments as may be determined by the Board in consultation with the Minister of Finance, Planning and Economic Development.

Section 30 of the NSSF Act grants discretion to the Board to determine investments to be made. In exercise of its mandate, the Board complies with the investment policy framework constituting the NSSF Act, the URBRA Investment Policy Guidelines and the Internal Investment Policy of NSSF. The Investment Policy of NSSF provides a guiding framework for investments by the Board, with the overall objective of creating value for the members by generating competitive returns that provide benefits to the members in accordance with the law.

The committee observes that during the investment decision-making process, the Board comes under undue influence and pressure from members of the Board and other individuals with influence. This undue influence and pressure has led the Board to invest in projects on an ad hoc basis without complying with the investment framework, resulting in loss of the savers' funds or with little or no returns to the Fund.

The committee highlights some of the instances where undue influence has been manifested;

(a) Proposed investment in the Grain Council of Uganda

The minister, in her letter dated 7 December 2022, addressed to the Chairman, Board of Directors of NSSF stated on page 8; *"Estimated overall cost to the Fund, approximates Shs 40 billion for capitalisation of the programme. The operational funds would initially come from the revolving lines of funding and later from retained earnings. If we can allocate Shs 15 billion for staff welfare, Shs 220 billion for operations, US$ 1 million for construction of court, as Corporate Social Responsibility, why are we dragging on this contribution of only Shs 20 billion, which is a strategic investment proposed by a senior government official? Is there no firm commitment from the MD? I need his answer."*

The committee was informed that Shs 40 billion was earmarked for the Grain Council of Uganda Project. The committee was made aware that the Uganda Grain Council Project was not planned for by the Board and instead, the Board was solicited to invest in the project without NSSF management conducting any feasibility studies on the project.

The committee found out that the Grain Council of Uganda to which the NSSF Board was resolute to invest Shs 40 billion was a not-for-profit organisation. One wonders if due diligence was carried out by the Board before deciding to invest in the project. The only information available is that they are supporting the Government transformation agenda.

The committee observes that the action of the Minister of Gender, Labour and Social Development, Ms Betty Amongi Ongom, in directing the Board to invest Shs 40 billion in the Grain Council of Uganda is ultra vires to the mandate of the minister under the NSSF Act, since the investment decisions are a preserve of the Minister of Finance, Planning and Economic Development under Section 30 of the NSSF Act.

Therefore, the actions of the minister tantamount to abuse of office.

The committee observes that the nature and category of investment was not clear and its subsequent benefits to the savers, and the NSSF could not be ascertained by the committee, thereby rendering the above decision a breach of the fiduciary duty imposed on the Board under Section 4(3) of the NSSF Act.

(b) Land purchases by the Fund

The committee notes that land is one of the avenues through which the NSSF can invest. The initial of investments in land, the processes and the cost show undue influence on the Fund. For instance, the committee notes that the Board has a detailed policy on land acquisition but in some cases, it has acted contrary to the policy. They invest as and when they receive unsolicited offers from vendors, commissions' agents and any members of society who can approach the Board or any member of the Board, including Board members themselves.

The committee was informed of the following transactions:

(i) Proposed purchase of land in Mbale and Mbuya

The committee was informed that one of the Board members, Hon. Sam Lyomoki, approached the Chief Investment Officer, Mr Gerald Kasaato with the view of influencing the Board to purchase the land located in Mbale and Mbuya belonging to the said Board member and his friend, respectively.

According to the letter dated 14 March 2022, authored by the Chief Investment Officer and addressed to the Chairman, Board Special Task Committee, the Chief Investment Officer raised a complaint against Hon. Sam Lyomoki, stating that Hon. Lyomoki had asked him for a meeting on 26 January 2022 at COFTU Headquarters in Ntinda.

He further stated that during the meeting, Hon. Lyomoki, blackmailed him by alleging that the Chief Investment Officer and the managing director were being paid commissions on projects. He requested that they should cooperate with him in selling the two pieces of land to the Fund. Otherwise, he would not recommend them for the renewal of their contracts to the Board. Hon. Lyomoki was the chairperson of the Staff and Corporate Affairs committee, which was in charge of vetting and nominating members.

The committee finds that the conduct of Hon. Lyomoki in soliciting the purchase of his land and yet he is a sitting member of the Board, is conflict of interest and further gives credence to the allegation that the investment decisions of the Board are influenced by personal considerations at the expense of the overall objectives of the Fund.

As articulated in Section 4(3) of the NSSF Act, the conduct of Hon. Lyomoki contravenes the Principles of Corporate Governance, especially the principle on accountability, which obligates the entities to account for and explain every action and decision taken, and take ownership of the risks involved as a means of building trust between the businesses and its stakeholders.

Purchase of Nakigalala land

Solicitation also manifested in the purchase of Nakigalala land by the Board wherein letters dated 26 February 2019 and 6 March 2019 addressed to the NSSF Managing Director , and Madhvani Group Limited, offered the Nakigalala land for acquisition by the NSSF as they deemed it suitable for development into a satellite city to decongest Kampala.

Following this solicitation, the NSSF Managing Director presented a proposal to buy the land at Nakigalala as offered by Madhvani Group Limited, to the Management Investment Committee (MIC) at its meeting held on 17 April 2019, which decided to carry out a detailed due diligence.

The NSSF Management Investment Committee again sat on 25 September 2019 and approved two private valuers to conduct a legal and physical due diligence process alongside the Chief Government Valuer.

The above state of affairs begs the question as to how Madhavan Group Limited could have obtained information about the need by NSSF to build a satellite city to decongest Kampala.

The committee surmises that this information could have been leaked by an insider to Madhavani Group Limited, who then wrote a solicitation letter to the Board. The solicitation of NSSF's purchase of land implies that the NSSF does not have a plan for its strategic land purchases and this explains why the Fund has vast chunks of idle land in all parts of Uganda without a coherent plan for their development.

The reliance on vendor solicitation coupled with lack of a clear plan on land acquisitions has resulted in the tie-down of vast sums of money in idle land, which does not give returns to the savers. The solicitation also gives avenue to unscrupulous Ugandans a chance to defraud the Fund by selling their land at values which are beyond the market value of such land and, or land over which multiple and competing interests exist, thereby subjecting the Fund to protracted and costly litigation at the expense of the saver.

The above examples, therefore, illustrate that due influence peddling both from within and without the Board make independent, prudent and unjustifiable investment decisions based on the sound economic considerations that take into account the needs of savers and the current future demands of the Fund.

Nomination of representatives of employees and employers to the Board

There were issues by the petitioner where he claimed that some people were on the Board illegally and they nominated themselves.

COFTU appointments to the Board

The committee learned from a letter dated 30 July 2021, to the Minister of Finance, Planning and Economic Development, that Hon. Dr Sam Lyomoki had nominated himself and Ms Peninnah Tukamwesiga as official representatives of COFTU to the NSSF Board, and on allegations that they were nominated by the COFTU executive Board, during the CEC meetings held on the 26th and the 27th of July, respectively.

During the course of carrying out investigations, the committee learnt of petitions addressed to the Minister of Finance, Planning and Economic Development dated 30 August 2021 and 3 September 2021, and subsequently to the Minister of Gender, dated 15 February 2022, in which Mr Robert Keno, the General Secretary of Uganda Scientists, Researchers and Allied Workers Union, informed the two ministers that COFTU had never appointed Hon. Sam Lyomoki and Ms Penninah Tukamwesiga, and requested that their appointments be revoked.

The Minister of Finance, Planning and Economic Development relied on the same recommendation to appoint Hon. Sam Lyomoki, who was the Secretary-General of this union. Now he is the one who writes to the minister submitting the nomination. The Minister of Finance, Planning and Economic Development, relied on the same recommendation from the COFTU Secretary-General to appoint Hon. Sam Lyomoki and Ms Penninah Tukamwesiga to the NSSF Board representing COFTU in letters dated 30 August 2021.

Mr Robert Keno, who is a Central Executive Council (CEC) member and a member of COFTU, further informed the committee that the meeting Dr Sam Lyomoki refers to above on 20 and 27 July 2021, never took place. During the select committee hearings, the Minister of Finance, stated acknowledgement of receipt of the petition after he had already effected the appointments of Hon. Sam Lyomoki and Ms Penninah Tukamwesiga, and that the aggrieved parties were entitled to seek legal address in the courts of law.

THE SPEAKER: Chairperson, when you say the Minister of Finance, Planning and Economic Development, tell us specifically who because we have had a number of ministers.

During the select committee hearings, the Minister of Finance, Hon. Matia Kasaija, stated acknowledgement of receipt of the petition after he had already effected the appointments of Hon. Sam Lyomoki and Ms Penninah Tukamwesiga, and that the aggrieved parties were entitled to seek legal redress in courts of law.

The Treasurer-General of COFTU, Mr Joseph Mbabazi, while appearing before the committee, said that whereas the COFTU constitution is silent on the representation to the NSSF Board, the same constitution grants the powers to the Central Executive Council to determine all issues, which the Constitution is silent on. He also testified –*(Interruption)*

MR BASALIRWA: Madam Speaker, you have been emphasising the issue of reading the reports; the procedural issue I raise relates to the question you have put to the chairperson - to name the minister and the chairperson is naming the minister. In the report here, there is no Matia Kasaija. On the Floor -

THE SPEAKER: What is on the report is the Minister of Finance and I wanted him to lift the veil so that we know who that Minister of Finance is. You may be looking at Musasizi when it is not him. I wanted him to mention the name. He is just lifting the veil. The Chairperson has no problem.

MR BASALIRWA: Madam Speaker, you are right, but you see, the danger it has - and I think this goes to all reports - the specificity is very important.

THE SPEAKER: Yes. Next time you need to be specific. Minister of Finance, so-and-so; it is a very good observation.

MR MWINE MPAKA: Thank you, Madam Speaker, but in this particular case, there is only one minister.

THE SPEAKER: Pardon?

MR MWINE MPAKA: In this particular case, there is only one minister.

THE SPEAKER: In the particular case of Uganda, we have four ministers of finance.

MR MWINE MPAKA: Much obliged, Madam Speaker.

The Treasurer-General of COFTU, Mr Joseph Mbabazi, while appearing before the committee stated that whereas the COFTU constitution is silent on the representation to the NSSF Board, the same constitution grants the power to the Central Executive Council to determine all issues, which the constitution is silent on. He also testified that there are no elections conducted by the Central Executive Council to nominate the representative -

THE SPEAKER: Honourable Members, stay around to listen to the report. You all have savers in your constituencies. And I am going to tell all the savers that if you do not see your Members in the House - *(Laughter)* - Come back and listen to the savers' report.

MR MWINE MPAKA: Upon verification, the committee established that article 13(6)(k) of the constitution of COFTU provides that *"The council shall specifically carry out functions… determine any matter to which the constitution is silent, and to make interpretation of the constitution to the affiliate affiliates, members and any other interested parties."*

The committee observes that in the case of *Municipal Corporation, Jabarpul v. OM Prakash Dubey, Civil Appeal No.50607 of 2006 (India)*, court distinguished between irregular and illegal appointments - that where the appointment is in total disregard of the constitutional or legal framework, it is illegal; where there is partial compliance with the legal framework, it is irregular.

The committee further observes that the appointments of both Hon. Lyomoki and Ms Penninah Tukamwesiga were illegal, void ab initio and illegitimate since they did not qualify to be on the Board, having recommended themselves for appointment to the minister responsible for finance in disregard of the COFTU constitution .

Article 13(6)(k), wherein the Central Executive Committee, as the highest organ of COFTU has the sole mandate to determine and interpret to all stakeholders all issues which the constitution is silent on. This issue of selecting or nominating a representative to the NSSF Board of would have been determined by the CEC of COFTU. There is no evidence that the COFTU CEC nominated Hon. Sam Lyomoki and Ms Penninah Tukamwesiga to the NSSF Board, as mandated by their constitution.

There was also an issue as to if they were legally nominated, does it affect all the decisions that were taken by the Board during that time? In summary, they do not, because this would be similar to Parliament, if a Member of Parliament was found to have come to Parliament illegally - maybe because of academic qualifications - it will not affect all the decisions Parliament could have taken during that time - *(Interjection)* - Yes.
The committee observes that whereas Hon. Sam Lyomoki informed-

THE SPEAKER: Members, can you listen to the chairperson?

MR MWINE MPAKA: I am now on page 66. The committee observed that whereas Hon. Dr Sam Lyomoki informed the committee that the nominations of both him and Ms Penninah Tukamwesiga did take place in a CEC meeting held on 27 July 2021 by hybrid - on *Zoom* and in a boardroom at COFTU offices in Ntinda - where 31 members were purportedly in attendance, the following inconsistencies were identified:

No evidence of invitation for the *Zoom* meeting, that is, the *Zoom* link for the meeting was tendered before the committee. Collaborative evidence indicates inconsistencies when the committee requested witnesses of COFTU, while appearing before the committee, to state where and when the meeting for the nomination of the members to the Board was held. When Hon. Sam Lyomoki and the whole of COFTU appeared before the committee, they appeared with a large team. We selected a few and gave them pieces of paper and isolated them.
We asked each of them to write on that piece of paper the date, place and who was nominated.

Ms Beatrice Aciro stated that she heard that the meeting took place at COFTU offices in Ntinda, but could not remember when since she did not attend and did not know how many people expressed interest, except for Mr Nelson Wafana – who does not appear anywhere – who also called and sought her support.

The information above contradicts the tendered minutes of the 27th of July that Hon. Lyomoki tendered in of the people who were present on *Zoom*, wherein she appears to have attended. In those minutes, she was among the people who attended, but on the piece of paper, she said she was not there.

Similarly in the same minutes, there is no mention of Mr Nelson Wafana whom she claims to have shown interest.

Ms Grace Loyo stated that she did not know when the meeting was held and that only Ms Peninnah Tukamwesiga and Mr Nelson Wafana expressed interest.

The information above, again, contradicts Ms Grace Loyo’s statement because in the minutes of the 27th of July, which Dr Sam Lyomoki submitted, she was reported to have made a presentation in her capacity as the deputy secretary-general.

However, in this particular case, she said she did not know when and how the meeting took place. Mr Wafana was never mentioned in the minutes as one of the persons that expressed interest in the position.

The above inconsistencies create doubts as to whether the meeting that led to the nomination of Dr Sam Lyomoki and Ms Peninnah Tukamwesiga really took place. This renders the nomination of the COFTU members on the NSSF Board irregular.

Dual and conflicting functions of some members of the Board

During interactions with stakeholders, it was found that the Permanent Secretary Minister of Finance, Planning and Economic Development was a member of the Board of both the supervising body - the Uganda Retirements Benefits Regulatory Authority (URBRA) - and at the same time, of the NSSF.

The committee found this contrary to the best corporate governance practices since the member was serving on the regulatory body, while at the same time serving on the same entities being regulated by the regulatory body.

The committee observes that one of the functions of URBRA is to, among others, approve investment policy documents, which are developed by retirement schemes like the NSSF. On the other hand, Section 30 of the NSSF Act grants the Board powers to invest excess funds not required for immediate use.

The committee notes that while on one hand the permanent secretaries of the ministries of gender and finance are part of the Board members of NSSF, which is regulated by URBRA, they also sit on the URBRA Board as required in section 8(a) and (b) of the URBRA Act, 2011, to monitor the implementation of the URBRA Act, which Act applies to the NSSF.

This puts the permanent secretaries referred to above in a situation whereby they cannot freely perform their functions and mandate under both Acts, since the duties imposed under those Acts are in conflict with each other.

This situation is called the ‘regulatory capture’ phenomenon, which arises in a situation where the regulator ends up doing the bidding of the very industries that have an intrinsic duty to regulate.

The committee is, therefore, concerned that the dual functions of the permanent secretaries referred to above are a breeding ground for conflict of interest, abdication of their fiduciary duties and may affect the due implementation of the URBRA Act due to their vested interest in the NSSF.

Relatedly, the committee found other situations where the best corporate governance principles have not been followed. A case in point is where the NSSF Board members are nominated or seconded to sit on controlling boards or decision-making bodies of an entity in which the NSSF has invested.

The committee found that Mr Richard Byarugaba, the then Managing Director of NSSF, was seconded to the Board of Uganda Clays, the investee company of the NSSF. We noted that Mr Richard Byarugaba sat on the audit committee of Uganda Clays Limited at the time the NSSF extended a loan of Shs 11 billion in 2010. This loan was unsecured and has not, for the past 10 years, been repaid or secured.

On this particular matter, Mr Richard Byarugaba was on the Uganda Clays audit committee and Uganda Clays was not making profit for those past two years. So, he was aware of the financial status of Uganda Clays, but accepted for the Fund to extend a loan of Shs 11 billion. This is the conflict of interest we are talking about – you have to serve interests here and interests the other side.

This state of affairs puts the member of the Board in a conflicting situation where on one part he has to make decisions for the good of the Fund while at the same time be a member of the decision-making body of an investee of NSSF, reporting to the same Board where he serves.

This is breeding ground for possible conflict of interest, influence peddling and breach of fiduciary duty which, among others, requires the duty bearer to care for, be loyal to, act in good faith, bear confidentiality and act prudently to both the NSSF Board and the investee company. This is not practically possible.

Supervision of affairs of the Board by the minister

The NSSF Act provides for dual supervision of the Board by the minister responsible for labour and the minister responsible for finance. The minister responsible for labour supervises the overall functions of the Board, while the minister responsible for finance only deals with investment decisions of the Board, as provided for under Section 30 of the NSSF Act.

The committee observes that in performance of their individual mandates, the ministers are independent of each other and usually do not consult each other. A case in point is where the minister responsible for labour, while approving the budget of the Board, requested an additional Shs 6 billion to be provided to the ministry of gender to undertake certain activities related to the Fund. In exercising these powers, the minister responsible for labour acted alone. When the committee interacted with the minister responsible for finance, he indicated that he had disagreed with the minister in charge of labour on the matter of Shs 6 billion.

The committee notes that the exclusive exercise of functions of each minister, as provided in the Act, does not guarantee the achievement of the principles of corporate governance, specifically the principle of accountability, since the other minister is prevented from questioning the excesses of the other where such excesses exist.

The committee further notes instances where the supervisory functions of both ministers overlap. The decision-making function of the Board may be delayed since in such a situation, the approval of both ministers must be sought and heard.

This, for instance, arises during the budget approval process by the minister responsible for labour. If the budget contains investment in a specified asset class, the investment component of the budget has to, first, be approved by the minister responsible for finance before the minister responsible for labour approves the entire budget of the Board.

In such circumstances, decision-making delays, negatively affecting the Fund and the achievement of its overall objectives and is also a fertile breeding ground for conflicts between the two ministers, yet the law does not contain provisions for resolutions of such conflicts when they arise.

On page 71, there is the conduct of Board members. The exclusive powers and functions of each minister, under the Act, can further be observed in taking disciplinary action against errant members of the Board. As already noted, the overall supervisor of the Board is the minister responsible for labour. The function is performed to the exclusion of the minister responsible for finance.

The committee was informed of the misconduct of one of the members of the Board, Dr Sam Lyomoki. According to the letters from the chairman of the board of directors, dated 23 December 2022 and 10 January 2023, the chairperson complained about the general conduct of Dr Sam Lyomoki as a member of the Board.

The chairperson of the NSSF Board intimated to the committee that he had written several times to the minister for gender to take action against Dr Sam Lyomoki, in accordance with section 3(3) of the NSSF Act, which empowers the minister responsible for labour to remove a member of the Board on various grounds, including misbehaviour or misconduct.

The committee notes that the conduct of members of the Board is guided by the Board charter which, among others, obliges members to conduct themselves in a manner that displays specific characteristics, including integrity, accountability, informed judgement, financial literacy, maturity, confidence and business judgement, among others.

The complaints against Hon. Dr Sam Lyomoki were raised by the Chairperson of the NSSF Board including breach of fiduciary duty wherein he requested for payment of Shs 1 billion without legal justification, denigrating the Board in public, threatening the Chief Investment Officer with a view of obtaining financial inclusion, influencing the Board to purchase land located in Mbale and Mbuya allegedly belonging to Hon. Lyomoki and his friend, respectively.

He further underwent an investigation by a select committee of the Board. To cut the story short, on page 73 when we asked the gender minister, Hon. Betty Amongi Ongom, why she did not take action, the minister informed the committee that she had received several petitions against the misconduct of Hon. Lyomoki. She, however, insisted that whereas she had powers to remove a Board member under the NSSF Act as amended, she considered it prudent not to interfere with appointments made by her colleague, the finance minister, Hon. Matia Kasaija under the old NSSF Act, before the amendments.

Observations of the committee

The committee observed that in spite of the minister being aware of the conduct of Hon. Dr Sam Lyomoki from various letters written to her for action, the minister ignored, refused, or neglected to bring the member to book by exercising her discretion to remove Hon. Dr Sam Lyomoki from the office as she is empowered in section (3) of the NSSF Act.

The committee is concerned about the reputation damage suffered by the Board arising from the conduct of Hon. Dr Sam Lyomoki and is of the considered opinion that the allegations should have been investigated and appropriate action taken against the member.

Conflicts of interest

Conflicts of interest are situations in which individuals have interests that significantly threaten their roles and responsibilities, or would do so for a typical person having their role. (Michael Davis and Andrew Stark, 2001). The committee noted various incidents where conflict of interest was manifested.

During the interaction with the management of the NSSF, it was found that the Head of Business Department, Mr Geoffrey Waiswa Sajjabi, was supervising various workers of blood relations, namely;

a) Sarah Sajjabi, a sister.
b) Joel Muganza, a brother in-law.
c) Amanda Aceng, a niece.
d) Ian Lumonya, a nephew.

The committee observed that whereas it is possible to have one's relatives in the same organisation on merit, in this particular case, Paragraph 3.22 of the NSSF Human Resource Manual requires that where persons are employed in the same department, the head of department ensures that there is no direct reporting or supervisor to the subordinate relationship between the related employees. The manual further prohibits related employees from deployment within the chain of command, where one relative may influence the other relative's work responsibilities, salaries, career progression, benefits or other terms and conditions of employment.

Therefore, the committee finds the actions of Mr Geoffrey Waiswa Sajjabi, the head of business department in contravention of paragraph 3.22 of the NSSF Human Resource Policy Manual. The deployment of these officers in the business department, headed by a person they share close blood relations with is irregular and should be dealt with in accordance with the human resource policy manual.

His conduct further contravenes Section 13 of the Anti-Corruption Act, which creates offences of nepotism that occurs where a person being a holder of an office does any act in contention with the office for the purpose of doing favours to any person on the basis of blood relations between that person and the other persons.

In addition, the committee noted a case where Hon. Dr Sam Lyomoki, a Board member representing COFTU on the NSSF Board was at the same time requisitioning for funds from NSSF management for COFTU activities in the capacity of Secretary-General for the following activities:

a) Enhancing awareness and training of financial literacy;
b) Leveraging on technology;
c) Mobilising and engaging stakeholders;
d) Enhancing corporate social responsibility or investment.

The above is contained in a letter dated 14 December 2022 from the Board member, COFTU Secretary-General addressed to the Acting Managing Director of NSSF. In the same letter, the COFTU Secretary-General goes ahead to remind the Acting Managing Director, Mr Ayota of Shs 400 million budgeted and approved for the pillar of financial literacy, of which Shs 100 million had been dispersed and already utilised in quarter one of 2022/2023.

In the interest of time, on page 76, his prayers in that letter include:

1. Release of Shs 300 million outstanding on the pillar of financial literacy

2. Proposal to allocate Shs 600 million in the financial year for the remaining three pillars of leveraging technology, mobilising and engaging stakeholders and corporate social responsibility and co-investment.

Note that the above funds were never accounted for as accountability had never been a requirement of NSSF. One wonders how an NSSF Board member would enforce accountability of any other monies dispersed by the Fund in a situation where he is required of none. It should be noted that the amount of the Funds allocated to COFTU are the same amount allocated to NOTU.

We further see the COFTU Secretary-General, who is a Board member recommending Mr Ayota to Staff and Corporate Affairs Committee (SACA) for –*(Interruption)*

MS AISHA KABANDA: Thank you very much, Madam Speaker. This report is 150 pages and he is now on page 76; halfway the report. We have gotten the feel of the report. It is, therefore, my humble prayer that we go to the recommendations.

THE SPEAKER: Honourable members, I am going to leave you with this report. Read it throughout the night and then come and debate this report when you are all very sober. The aspect of going to the recommendations is okay because we will debate it tomorrow. *[Member rose_]* Is that another point of procedure?

MR OKUPA: Thank you, Madam Speaker. I know you have ruled on the matter but this is an investigation report; so, its consumption is not only for us who are here. Even people out there are glued on the TVs listening to it; they want to know the findings and the observations. I plead that we are patient. Otherwise, the chairperson is doing very well. Thank you.

THE SPEAKER: Chairperson, can you continue?

MR MWINE MPAKA: Madam Speaker, Should I continue with the recommendations?

THE SPEAKER: Go ahead.

MR MWINE MPAKA: It should be noted - I am still on page 76.

THE SPEAKER: Members, we are in the House; so, listen to the report.

MR MWINE MPAKA: It should be noted that the amount of funds allocated to COFTU are the same amounts allocated to NOTU.

We further see the COFTU Secretary-General, a Board member, recommending Mr Ayota to the Staff and Corporate Affairs Committee (SACA) for appointment as the managing director on contracts, pointing to a possible syndicate because immediately after Dr Sam Lyomoki recommended Mr Ayota for reappointment, Mr Ayota signed a memorandum of understanding giving COFTU more money. *(Laughter)*

THE SPEAKER: How much money was given to COFTU?

MR MWINE MPAKA: Madam Speaker, to avoid seeking the Attorney-General's guidance on the matter, they left it blank but when you look at their budget, it was Shs 800 million. *(Interruption)*

MR OGUZU: Thank you, Madam Speaker. I have listened to the chairperson and he is making reference to so many documents that have also been laid here. I have, through the office available in this House, asked to peruse through the documents laid and found that the chairperson is proceeding on a report, which is premised on documents that are not certified. You could request, if you choose to, to see if you are in agreement with me.

The procedural issue is whether we are proceeding well to entertain that report when earlier on the chairperson indicated that they rejected documents submitted by Matua Richard because attempts they made to verify the source could not yield results and the documents were not certified.

The documents laid on the Table there are not certified by any authority. Should we rely on them?

THE SPEAKER: Hon. Oguzu Lee, I can see how you people are trying to interrupt the report. The documents have just been laid on the Table. Your assertion is erroneous. You have not looked at it. Which one do you have? Can I receive the report? That is what you will bring in the debate. Do not divert us. I do not want mercenaries in this House. Can you go ahead.

MR MWINE MPAKA: 6.2(12) NSSF contribution to Board members Information available to the committee indicates that the members of the NSSF Board have been receiving 10 per cent contribution from NSSF, in addition to the contribution received on behalf of the members of the Board from their respective representative bodies, totalling to 20 per cent.

The committee is aware that Section 7(1) and (2) of the NSSF Act imposes an obligation on every eligible employer to register as a member of the Fund and to make regular contributions for his or her employees to the Fund in accordance with the NSSF Act.

Section (11)(1) of the NSSF Act requires every contributing employer to pay to the Fund within 15 days next following the last day of the month for which the relevant wages are paid.

In examining the matter, the committee is guided by the provisions of the Employment Act and the NSSF Act. Section 3 of the NSSF Act provides that the NSSF is governed by a stakeholder Board of Directors appointed by the minister responsible for Gender and consisting of the chairperson/permanent secretary of the ministry responsible for labour, the permanent secretary for the ministry responsible for finance, four representatives of employees nominated by the Federation of Labour Unions; two representatives of employers nominated by the Federation of Uganda Employers and the managing director, who shall be an ex-officio member without the right to vote.

Apart from the managing director who is an employee of NSSF, the rest are members appointed by the minister to the Board and are not employees of the NSSF. Indeed, NSSF employees are those individuals appointed by the Board pursuant to Section 42 of the NSSF Act, which provides thus;

"The Board may, subject to such directions as a minister may give on that behalf, appoint on such terms and conditions and as it may think fit for such officers, inspectors and employees as may be deemed necessary for the determination of the Fund."

In conclusion, therefore, the contribution by NSSF for members of the Board is illegal since there exists no employee- employer relationship between the members of the Board and NSSF to work on such contribution.

The committee also notes that such contributions are provided as benefits a member of the Board is entitled to under the board charter, making such contributions illegal. Total contributions will be indicated at the back. It is around Shs 612 million that the NSSF has illegally been giving Board members as 10 per cent contribution.

Corporate social investment of Shs 1.8 billion

The committee noted abuse of power, influence peddling and circumvention of processes, information hoarding and solicitation of investments during the budget process. We noted that when the issue of Shs 1.8 billion Corporate Social Investment unexplained and un-itemised in the budget came up, none had an explanation.

The former MD, Mr Richard Byarugaba, later shared with the committee from his phone, the itemisation of the Shs 1.8 billion to include Shs 400 million for each of the apex unions – NOTU and COFTU, Shs 250 million for the minister responsible for Labour – Hon. Betty Amongi Ongom, Shs 250 million for the Chairman of the Board of Directors and Shs 500 million to be shared among the remaining members of the Board.

The committee was concerned as to how the Shs 1.8 billion found itself in the budget and yet no one could explain it. Further probe by the committee revealed that the Shs 1.8 billion itemised above was sent to Mr Richard Byarugaba's phone as a *WhatsApp* message - we took Mr Richard Byarugaba's and the CFO's phones to CIID Kibuli for imaging. We verified that indeed they were sharing messages on how to allocate this money and how they had been given instructions from the Board - who vehemently denied any knowledge of the Shs 1.8 billion for Corporate Social Investment. Mr Stephens Mwanje and Mr Richard Byarugaba's phones were handed over to CIID. We processed a court order and the phones were imaged and we shall report.

When Mr Stephen Mwanje was taken to police to make a statement regarding the above matter, he confessed having actually sent the screenshot of the breakdown of the Shs 1.8 billion to Mr Richard Byarugaba's mobile phone.

Mr Stevens Mwanje further informed the committee that the managing director told him that he was under a lot of pressure from his bosses and thus they needed to include the figure.

A section of the Board members who appeared before the committee agreed to have passed the budget but vehemently denied knowledge of the purpose for the money. Mr Hassan Mudiba, a Board member, informed the committee that - if we have time, we can play the audios. If we do not, we can proceed –

THE SPEAKER: Play it.

MR MWINE MPAKA: Play the audio in the House.

(An audio recording was played.)

MR MWINE MPAKA: *"While at Emburara Hotel in Mbarara, I was with Mr Silver Mugisha, another Board member. Then Mr Byarugaba joined us. We were standing and not even seated. He rolled his phone and said, 'This one is for you. This is for you.'"* He was telling him how they were going to share, according to the Board member.

"This is the one who was soliciting me, again, he is coming here telling the committee that we were the ones putting pressure on him, yet on that day he wanted to renew his contract."

The committee observed that whereas several witnesses kept denying having knowledge, participated or passed the budget of the Shs 1.8 billion, it was actually passed by the Board in the NSSF Budget for the Financial Year 2022/2023 under other operating costs.

Below is the extract from the budget they passed for this financial year we are in. Extract from the NSSF Budget for the Financial Year 2022/2023 - Funding the strategy on the budget item; Shs 1.8 billion is shown below:

The Fund has planned joint activities with the Ministry of Gender, Labour and Social Development, labour unions, the Federation of Uganda Employers, the private sector and Members of Parliament representing workers – Shs 1.8 billion.

The committee further observes that whereas the NSSF Board has powers -

THE SPEAKER: Honourable members, let the chairperson continue.

MR MWINE MPAKA: The committee further observes that whereas the NSSF Board has powers to generate the budget under section 29, for approval by the minister, the same must conform to the spirit and scope of Section 4(3) of the NSSF Act, which provides for the functions of the Board.

The Shs 1.8 billion allocation contravenes section 4 in that it is not secure, not profitable and not an effective financial management for the Fund for the benefits of the workers, in particular, and the country at large.

The diversion of Shs 1.8 billion from its intended purpose as indicated in the budget to the personal aggrandizement in form of donations by Board members, the Minister of Gender, Labour and Social Development and the chairman of the Board and the unions (COFTU and NOTU) is not only a breach of the fiduciary duty imposed under section 4(3) of the NSSF Act, but also punishable conduct under the Anti-Corruption Act, specifically the offences of embezzlement, causing financial loss and abuse of office.

Organisational restructuring

The committee noted that the Fund was implementing a restructuring exercise. We noted that the Fund hired services of Deloitte (Uganda) Limited, which was contracted for the provision of consultancy services for the organisation redesign. The contract was signed on 17 May 2021. The Fund's restructuring exercise led to the demotion and promotion of some staff.

For the interest of time, let me go to page 82.

6.3 To evaluate the status and safety of the savers' money in the Fund

Madam Speaker, investment of savers' money at the National Social Security Fund is guided by the Fund's investment policy goal, which is "to generate returns at an appropriate level of risk to provide members and beneficiaries with benefits as required by the law" – NSSF Statement of Investment Policies and Goals.

The committee was informed by the NSSF management that the Fund invests savers' money in three major asset classes namely; fixed income, equity and real estate. The classes are: (a) fixed income portfolio; (b) equity portfolio, and; (c) real estate portfolio.

Total fund assets performance

The total fund assets under management fell from Shs 17.4 trillion at the end of the third quarter of 2022 to Shs 17.3 trillion at the end of the fourth quarter of 2022.

Madam Speaker, the safety and security of savers' money at the Fund is of paramount importance to their welfare and that of their immediate families, both now and in future. All efforts must be taken by key stakeholders to ensure that the investment decisions taken at policy and management levels guarantee return on investments.

Notwithstanding returns on investment from the aforementioned asset classes, the select committee noted with concern the following case scenarios where savers' money was lost.

1. Compensation of Ms Geraldine Ssali, the former Deputy Managing Director of NSSF, of Shs 1 billion as opposed to Shs 200 million awarded by court

Madam Speaker, if you can allow, I can summarise this without going deep. In 2016, Ms Geraldine Ssali Busuulwa, the former Deputy Managing Director of NSSF, filed various cases against the NSSF and Mr Patrick Byabakama Kaberenge - those cases are there.

The background to these cases is that in 2014, Ms Geraldine Ssali was reappointed as Deputy Managing Director of the NSSF by the minister responsible for finance. She took maternity leave from work. On her return, she was directed to go back on forced leave by Mr Byabakama Kaberenge, the Chairman of the Board of Directors.

Ms Geraldine Ssali rejected the directive to go on forced leave on grounds that she did not need it because she had just returned from maternity leave.

Having rejected the leave offer, the chairman of the Board wrote a letter suspending her from her job on grounds of lack of respect for her superiors. This suspension came on 14 March 2016.

In a nutshell, after her suspension, she took them to court and court declared that the decision to send her on forced leave was illegal, unlawful and arbitrary and oppressive and was outside the powers and competences of Mr Byabakama Kaberenge.

However, the Board members refused to reinstate her. Therefore, she went back to court seeking an injunction, which they did not follow and court awarded her costs of Shs 200 million.

The NSSF appealed those costs in case No. 116 of 2016. Surprisingly, six years after the decision – on page 87 – the Board, in its meeting on 24 November 2022, resolved to amicably settle the cases.

The Board could have paid Shs 200 million, but they allowed to give her Shs 1 billion, plus costs of the lawyers and this is being done in a nondisclosure agreement with the Fund – to give Ms Geraldine Ssali Busuulwa. I am just summarising.

The committee has examined the matter surrounding the proposal to pay Shs 1 billion to Ms Geraldine Ssali Busuulwa. The committee is of the considered opinion that the proposal is not based on any legal justification. The committee is aware that the entitlement of Ms Geraldine Ssali Busuulwa was only Shs 200 million plus interest accruing from the delay in paying the decreed sum. The other entitlement was in terms of costs arising from the various suits, which court had awarded her.

Taking the award of Shs 200 million, the interest of 6 per cent per annum and the delay in paying the sum by the Board, since the liability arose on 31 May 2016 – a period of six years – the amount due to Ms Geraldine Ssali should be Shs 272 – including the interests – as at end of 2022, not Shs 752 million proposed by the Board or Shs 1 billion that was agreed by the parties.

The committee is aware that the court had rejected the request of Ms Geraldine Ssali Busuulwa to be awarded Shs 1 billion in general damages. The agreement between the Board and Ms Geraldine Ssali Busuulwa, therefore, reversed the decision of court in the matter and awarded Ms Geraldine Ssali Busuulwa an amount that was not legally permissible since it misapplied the determination of court.

The agreement to award Ms Geraldine Ssali Shs 1 billion is an abuse of the discretion of the Board, unjustified and contradicts that award of court in court case No. 116 of 2016. This cannot be left to stand since it is tainted with illegality and will occasion loss to the savers.

The committee is also concerned that the proposal to enter into a nondisclosure agreement between the NSSF and Ms Geraldine Ssali Busuulwa further shows that the parties knew that this agreement was illegal and sought to keep it outside public scrutiny.

By its nature, a nondisclosure agreement is intended to protect from disclosure a matter subject to the agreement. Non-disclosure agreement between NSSF and Ms Geraldine Ssali Busuulwa is, therefore, contrary to the provisions of the Access to Information Act and the Constitution.

In the interest of time, let me go to page 90 – exit packages of resigned Board members.

Madam Speaker, upon the amendment of the NSSF Act, it created a need for gender balance and consideration of people with disabilities. However, at that time, there was already an existing Board.

Now, the minister for gender, Hon. Betty Amongi Ongom, in the several meetings they had, wanted to dissolve the entire Board. However, the amendment could not work retrospectively because these members were already there. They had several meetings and agreed on an exit package for the two Board members, to create space for two ladies to come on board.

Madam Speaker, as you may recall, Parliament passed the National Social Security Fund (Amendment) Act, 2022, among which, it granted powers to the minister responsible for labour, under section 3, to appoint members of the NSSF Board.

However, we wish to draw the attention of this House to the fact that the current board, which is the 12th board, was appointed by the minister responsible for finance at the time under the old Act and the appointment letters of members to the 12th NSSF Board are attached.

The committee was informed of an emergency consultative meeting held on 17 January 2022 convened by the Minister of Gender, Labour and Social Development, Ms Betty Amongi Ongom at Simbamanyo House, in which the Board members, the Attorney-General and officials from COFTU and NOTU attended. The gender and labour minister guided that the 12th Board of Directors of the NSSF needed to be urgently reconstituted as it did not specifically address gender equity concerns as provided under Articles 21(1), 33(4) and Objective VI of the National Objectives and Directive Principles of State Policy, and called for consensus on which members needed to relinquish their positions so as to ensure gender parity on the Board.

During the said meetings, discussions primarily centered on the criteria to follow in guiding which constituent/representatives would have to relinquish their positions to pave way for gender parity on the Board.

At the Fifth Extra Ordinary Meeting of the Board of Directors held on Friday, 21 January 2022 at Kampala Serena Hotel, board members were advised that the only options available were to either have the current Board disbanded and reconstitute a new one or to allow the current board to continue operations on condition that the members will, from amongst themselves, volunteer two board positions to be filled with females to enable reconstitution in conformity with the law.

During the same meeting, board members were advised that the minister was not agreeable to the possibility of letting the current Board run its full term to expiry, where the new board would be appointed in compliance with the applicable criteria.

The Minister of Gender, Labour and Social Development informed the committee that upon protracted debate without consensus, the Attorney-General, Hon. Kiryowa Kiwanuka, advised the minister to dissolve the Board and any consequences would be settled in court.

We interacted with one of the Board members, Mr Julius Bahemuka. Mr Bahemuka stated that whereas he tendered his resignation after they agreed, the Minister of Gender, Labour and Social Development, the Board Chairman and the Managing Director of NSSF did not acknowledge receipt of his resignation.

Madam Speaker, at this point, the Board members had run out of ideas on who would relinquish the position. The former Board member, Mr Bahemuka, told us that it was a very juicy position so it was hard for them to actually leave it.

In a letter dated 21 January 2022, Board Minute 1 of 2022, addressed to the Minister of Gender, Labour and Social Development, Ms Betty Amongi Ongom, the Chairman of the Board, Mr Peter Kimbowa, communicated the following recommendations of the Board's extraordinary meeting held on the same day:

a) That a member required to leave the Board to enable its reconstitution be compensated with the amounts that would otherwise have been due to them for the rest of their Board term pursuant to the Board appointment letters issued on 31 August;

b) That the affected Board members be compensated in cash in lieu of Board positions on the Fund's Investee Board – some of them were on different boards and they had to be compensated on the other boards – since it is not possible to guarantee board placements on the boards of the Fund's investee companies; and

c) The payments above would be made to the affected Board members upon receipt of the related communication confirming their recall.

In response to the Board Chairman's letter, the Minister of Gender, Labour and Social Development, Ms Betty Amongi Ongom, indicated no objection, with the principle of compensating retiring members in accordance with the Fund's existing policy, legal framework and practices.

The committee was informed that upon computation of the exit package, both Mr Fred K. Bamwesigye, the Chief Executive Officer of Civil Aviation (CAA) and Mr Julius Bahemuka were each to be compensated a gross total of Shs 311,708,880. Total for the both was about Shs 600 million.

However, while appearing before the committee on Thursday, 10 February 2023, Mr Bahemuka testified and confirmed that NSSF credited his bank Account No: 11000217676 held at Housing Finance Bank Limited, Kololo Branch with Shs 175,118,964 on 23 February 2022 as opposed to Shs 311,708,880.

The committee was informed by the Financial Accountant at NSSF, Mr Pius Ayebare, that crediting Mr Bahemuka's bank account with Shs 175,118,964 instead of Shs 311,708,880 was due to statutory deductions such as PAYE and NSSF. *(Laughter)*

The committee observes that the emergency consultative meeting convened by the Minister of Gender, Labour and Social Development, Ms Betty Amongi Ongom on 17 January 2022 at Simbamanyo House to discuss reconstitution of the 12th NSSF Board did not have clear guidelines, procedures and processes on determination of which Board members needed to resign so as to reconstitute the Board to take into consideration gender aspects.

In reaching this decision, the committee is aware that section 3(4) of the NSSF Act empowers a member to resign from the Board by giving notice of not less than one month in writing addressed to the minister. This same right is recognised under Paragraph 5 of the Board Charter.

The committee examined the Act and Board Charter and found no provision entitling a resigning member of the Board from being granted any benefits for exercising his or her right to resign. Resignation is voluntary and exercised pursuant to the inherent freedom of an employee to contract. Once members of the Board decided to resign, they were free to terminate their contracts in accordance with section 3(4) of the NSSF Act. The resignation did not give them any benefits whatsoever including compensation because they did not suffer any wrong which is being atoned for by compensation.

The grant of compensation to the resigning members of the board is, therefore, illegal and unjustifiable. It represents wastage of funds by the NSSF in contravention of section 4(4) of the NSSF Act.

In the interest of time, I will go to the projects written off. In 2010, NSSF embarked on a number of projects including the Smart Card System – Shs 2.6 billion and Arua investment property but all these projects were written off – *(Interruption)*

MR BASALLIRWA: Madam Speaker, I rise on a procedural issue relating to the significance of this report and the time we have so far been seated here. We have been here for the last four hours and there is now a lot of pressure on the Chairperson to skip important pages to try and catch up with time.

The public is watching this deliberation. Each time names are mentioned, there is a lot of note taking both here and there because of the consequences. Madam Speaker, wouldn't it be procedurally right to have a 10-minute break to allow the chairperson and Members breathe?

THE SPEAKER: Honourable members, can we just receive a summary of the recommendations and then sleep over this report. Tomorrow, an abstract, a summary of major findings in relation to the terms of reference, and then the recommendations. That is what will form our debate - so that even if you do not read, the chairman will still remind you tomorrow of what was discussed today. Can we just get a summary?

MR MWINE MPAKA: Madam Speaker, all the recommendations are derived from the observations, but if it is the Member's wishes, and under your guidance, allow me to go straight to the recommendations.

We have 27 recommendations. Page 139. Honourable members and Madam Speaker, recommendations. The following agreements and memoranda executed between the NSSF and the various entities and individuals, without the approval of the Attorney-General as required in Article 119 of the Constitution are null and void and should immediately be terminated:

a) Memorandum of Understanding between NSSF and COFTU.

b) The memorandum of understanding between the NSSF and Ms Geraldine Ssali Busuulwa, under which the NSSF agreed to pay Ms Geraldine Ssali Busuulwa Shs 1 Billion.

2. In order to incorporate best corporate practices in the management and decision-making, and processes of the NSSF Board:

a) The minister should, therefore, appoint - before appointing representatives nominated by employers and employees - to ensure that the persons nominated to the Board were nominated by a body which is mandated to take such decisions in the nominating entity;

b) Entities representing the NSSF Board should not be contracted by NSSF to provide services for or on behalf of the NSSF in order to avert conflict of interest that arises from such allocation.

c) Funds provided by the NSSF Board to any persons should be accounted for within 90 days of being disbursed;

3. The committee recommends that Parliament streamlines the dual supervision of the Fund. It is global practice to see pension funds as financial institutions and consequently, investment vehicles are not labour institutions, as was envisaged during the amendments of the NSSF Act. We strongly recommend that the NSSF Act be amended to give full supervision of the Fund with the Ministry of Finance. We further recommend that the appointment of the Managing Director and the Deputy Managing Director should be vested in the minister responsible for finance. However, the minister responsible for labour will remain the sole responsibility for appointing the Board members for checks and balances.

4. The competent notes that the write off of Shs 2.3 billion invested in West Nile Golf Club is unreasonable since the Board has not taken all reasonable steps to recover it and is, therefore, in breach of a fiduciary duty imposed on the Board by section 4(3) of the NSSF Act. The committee, therefore, recommends that the Board should take the necessary steps to protect savers' interests in the West Nile golf course projects-Arua with immediate effect.

5. The committee finds no justification for the continued holding of the land title over which Workers House is established by Tumusiime Kabega & Company Advocates and, therefore, recommends that the NSSF takes legal action to recover the land title from Alcon and Tumusiime Kabega & Company Advocates, with immediate effect.

6. The committee recommends for immediate investigations by the IGG, with the possibility of prosecution, the following officers involved in conceptualisation and executing the casual transaction that led to the loss of Shs 2.3 billion invested in the West Nile Golf Club: Mr Leonard Mpuuma, the then MD; Mr Onegi-Obel, the then Chairman of the Board of Directors; Board members namely:- Mr Egunyu Asemo, Fiona Lucy, Mr George Baitera Maiteki, Mr David Nkojo, Mr Alfonso Ojja-Andira, Mr Lyelmoi Otong Ongaba. Other members of the Board include: Aloysius Ssemanda, Ms. Rosemary N., Mr Francis Tumuheirwe, Mr Martin Bandeebire-Board Secretary and Hon. Zoe Bakoko Bakoru, the then minister responsible for supervision of the Fund; for the possibility of offenses of loss of public property, abuse of office and causing financial loss costs contrary to Section 10,11 and 20 of the Anti-Corruption Act, 2009 respectively.

7. The actions of the Minister of Gender, Labor and Social Development, Hon. Betty Amongi Ongom, in directing Shs 6 billion to be availed to her ministry, amounts to abuse of office since the minister, being the supervisor of the NSSF without any law empowering her to do so, and knowing that the ministry activities are financed through appropriation, did an act which is prejudicial to the savers funds, and the just administration of the NSSF. The actions of the minister are arbitrary, and an abuse of office of the duty under the NSSF Act, thereby bringing her conduct within the ambit of the prohibition under section 11 of Anti-Corruption Act on abuse of office. The committee, therefore, recommends that the Minister of Gender, Labour and Social Development, Hon. Betty Amongi Ongom resigns in public interest, with immediate effect. We further recommend that the President should take keen interest in the minister's conduct above.

8. Whereas the committee appreciates Mr Richard Byarugaba and the entire NSSF management for their effort in growing the Fund from Shs 1.7 trillion in 2010 to Shs 17.3 trillion as at the end of the 4th quarter in Financial Year 2021/2022, the committee notes their involvement in the initiation of the Shs 1.8 billion concealed under corporate social responsibility/ investment, Shs 250 million for the Board Chairman, Shs 250 million for the minister responsible for labor, Shs 500 million for the Board members, Shs 800 million for the unions, where they justified before the committee that they did it because of pressure from the Board members to make donations as an investment for stakeholders.

   The committee notes that their justification of succumbing to pressure to commit an illegality is no defense in criminal liability. The committee, therefore, recommends that the innocence of management that participated in the initiation of this Shs 1.8 billion budget for donations, much as they do not participate in the final approval, Mr Richard Byarugaba, the Deputy Managing Director, Mr Patrick Ayota, the CFO, Mr Stevens Mwanje, the Head of Marketing and Corporate Affairs, Ms Barbara Arimi Teddy, should step aside with immediate effect for investigations by the Office of the IGG for their offenses of abuse of Office, corruption, and conspiracy to commit a felony, with a view of immediate prosecution.

9. The committee notes that the Chief Financial Officer, Mr Stevens Mwanje, failed in his responsibility of ensuring that he obtains accountability for the

monies dispersed to COFTU and NOTU amounting to Shs 806,525,000 between January 2018 and December 2022. The committee further notes that Mr Mwanje was employed in October 2017 in the position of CFO without being a member of the Institute of Certified Public Accountants, contrary to section 34(2) of the Accountants Act 2013, which provides that all heads of accounts, finance and internal audit in public and private sector entities with public interests shall be members of the institute in accordance with the regulations made under this Act.

The committee, therefore, notes that the employment of Mr Stevens Mwanje as CFO at NSSF in 2017, without being a member of the Institute of Certified Public Accountants to date was irregular, illegal *ab initio* contravening the Accountants Act, 2013. The committee recommends that the Board, forthwith, terminates his employment with NSSF.

In addition, section 35 of the Accountants Act, 2013 provides for the office of practicing without a certificate. Section 35(1) states that a person shall not practice accounts in Uganda without a certificate of practice, issued under section 28 or section 29 of the Accountants Act. Similarly, section 35(2) states, "A person who contravenes subsection (1) commits an offence and is, on conviction, liable to a fine not exceeding 500 currency points or imprisonment not exceeding two years and 10 months or both."

The committee recommends that the office of the DPP prosecutes Mr Stevens H Mwanje for the offence of practicing without a certificate.

10. The committee notes that the two COFTU representatives on the NSSF Board, Dr Sam Lyomoki and Ms Peninnah Tukamwesigwa, were illegally nominated for appointment by the Minister of Finance, Planning and Economic Development to the NSSF Board. The committee recommends that the minister responsible for labour should write to COFTU to recall and legitimately nominate two members for appointment in accordance with their constitution.

11. The committee notes that the actions of Mr Geoffrey Waiswa Sajjabi, the head of business department, for accepting the deployment -

THE DEPUTY SPEAKER: Honourable members, let us listen. Hon. Ekanya, you have just come and you are making noise.

MR MWINE MPAKA: … of his relatives in the same department he heads were in contravention of Section 3.22 of the NSSF Human Resource Policy Manual and also contravenes Section 13 of the Anti-Corruption Act, which creates for the offence of nepotism which occurs where a person being a holder of an office does any act in connection with the office for the purpose of doing favours to any person on the basis of the blood relations between that person and another person.

The committee further observes that Mr Sajjabi was appointed as head of business at the NSSF when he did not have the required qualification of a masters' degree, therefore, rendering his appointment illegal *ab initio*.

The committee recommends that the NSSF Board terminates the employment of Mr Geoffrey Sajjabi with immediate effect. The committee further recommends that the IGG investigates all departments at NSSF to establish if there are similar incidents of nepotism.

12. The committee notes that the two former Board members, Mr Julius Bahemuka and Mr Fred Bamwesigye, upon resignation, were paid a total sum of Shs 624 million by the NSSF Board. Resignation is voluntary and exercised pursuant to the inherent freedom of an employee to contract. Once the members of the Board decided to voluntarily resign, the resignation did not give them any benefits whatsoever, including compensation, because they did not suffer any wrong which is being atoned for by compensation.

It should be noted that under the Contracts Act, 2010, compensation is only available if a party rescinds a contract under section 63 or any other circumstances arise that lead to breach of contract. Since there was no breach of contract on the part of the NSSF or the minister and the members of the Board decided to resign on their own volition, they were not entitled to compensation. The grant of compensation to the resigning members of the Board was, therefore, illegal and unjustifiable. It represents wastage of funds by NSSF in contravention of Section 4(4) of the NSSF Act.

The committee, therefore, recommends that the Board members to wit, Dr Peter Kimbowa, Mr Patrick Ocailap, Mr Aggrey Kibenge, Ms Peninah Tukamwesigwa, Dr Sam Lymoki, Mr Julius Bahemuka, Mr Hassan Lwabayi Mudiba, Mr Fred K Bamwesigye and Eng. Silver Mugisha, who participated in the conceptualisation and approval of the said payments, should collectively refund the money to the savers' fund within seven working days from the date of adoption of this report. Failure to refund, they should face prosecution by the Office of the DPP for causing financial loss to the Fund.

13. The committee recommends that the Auditor-General should conduct a value-for-money audit on the following projects: Lubowa Housing Project; NSSF Pension Towers; Yusuf Lule Land, and; Temangalo Land that were undertaken by NSSF.

14. The committee recommends that COFTU and NOTU should refund the Shs 806 million they illegally received from the NSSF. Specifically: Violet Kyakyo, who withdrew Shs 461,526,000 from account number 0100395423 – account name was withheld for security reasons of the bank – on behalf of NOTU; Dr Sam Lyomoki, who withdrew Shs 295 million from account number 0100462773 on behalf of COFTU – the banks begged us not to disclose their names, but the statements are among the attachments – and; Mr Joseph Mbabazi, who withdrew Shs 50 million from the same account on 2 September 2020 on behalf of COFTU. They should refund this money within seven days from the date of adoption of this report or face prosecution by the Office of the DPP.

The committee cautions the Board to desist from effecting any further disbursement to unions, contrary to Section 4(3) of the NSSF Act, which gives them the mandate to ensure that there is a secure, profitable and effective financial management of the Fund for the benefit of the workers.

15. The committee notes that the Board's expenses grew by 90 per cent and the director's expenses grew by 51 per cent between 2021 and 2022 while research and labour expenses grew by 107 per cent between 2020 and 2021. There was a Shs 33.3 billion bonus pay - honourable members, you will read when you get time. The staff of NSSF were given a bonus in two financial years. In the first financial year, they gave them a bonus of Shs 16 billion. In the second financial year, they were given a bonus of Shs 17 billion, which totals to this Shs 33 billion. Shs 200,000,000 was spent on team building of 85 staff in Dubai.

The committee recommends that the Board should be cognisant of their core responsibility, which is to ensure secure, profitable and effective financial management for the benefit of the workers while appropriating funds for operational costs in the NSSF budget and, therefore, desist from such unnecessary expenditure, which will occasion loss to the savers' fund.

16. The committee notes that in Financial Year 2020/2023 the Board resolved, in its meeting held on Tuesday, 20 September 2022, to adopt an audit training for four workers' representatives on the Board to enhance their audit skills in Arusha, of which the budget for this session was obtained from the unallocated funds. Now, when you go to the safety of savers' money, there is an account in NSSF called "Suspense Account". This account, as

at the end of June last year, had Shs 57 billion. If there is any way money is leaving NSSF, it is leaving NSSF through the "Suspense Account".

There was the previous case of the NSSF staff who was prosecuted – Sooka, who forged IDs and withdrew Shs 150 million. Now, the Board is also getting money from this account – you can see – to help to facilitate members of the Board who are going for training.

When they remove this money, they do what they call "creative accounting". The money on this account is for the people who have not been identified and whose accounts have not been reconciled. For that to happen, these people must go to the NSSF to declare these accounts. So, the committee finds this an irregular diversion of funds from the Suspense Account, which, as of 30 June 2022, had Shs 57 billion.

The committee recommends that the Auditor-General carries out a forensic audit on all transactions on the Suspense Account for the past five years and report back to Parliament within 60 days from the date of adoption of this report.

We could not do a forensic audit and for us to establish the names of people who have been withdrawing this money, it would take us almost a year.

17. The committee notes that the NSSF internal audit report for the financial year ended 2015 featured the stock of penalties amounting to Shs 31 billion. That arose from non-compliance in remittances of NSSF contributions to the Fund. When you read, there were several companies that had penalties, including banks like Housing Finance Bank. When you read the safety of savers' money, they did not remit this 10 per cent contribution. Housing Finance Bank had about Shs 1.5 billion. UCD, a Government parastatal, had about Shs 1 billion. However, all this was written off by Mr Richard Byarugaba. Whereas Section 14(2) of the NSSF Act gives the managing director the authority to do so, the committee recommends an amendment of the Act providing four parameters within which the discretion can be exercised in waiving penalties to avoid abuse of authority for personal gain.

The committee notes that it was erroneous for the NSSF to extend an unsecured loan of Shs 11 billion to Uganda Clays Limited in 2010 without conducting due diligence on its credit worthiness, which accrued interest of Shs 13.26 billion, totalling to now Shs 24.221 billion.

The committee further notes that the principal and interest was mysteriously capped at Shs 20.592 billion in 2016, because it was supposed to continue generating interest for the same. In this case, they capped it and we do not know why. The Board is, therefore, putting the savers' money at risk because Uganda Clays Limited to date has only paid Shs 221 million of the Shs 24.221 billion as of 2023 and to date. There is no security for the above loan.

The committee recommends that the current management should take all necessary legal action with immediate effect to have the loan secured and paid. The committee notes that URBRA carried out only three site inspections of the NSSF since its establishment in 2011, with the latest being 2020. Whereas the URBRA Act does not mandate them to conduct annual NSSF site inspections, as the regulator, the committee recommends that URBRA carries out annual site inspections to ensure compliance.

The committee noted that the Board members have been illegally receiving NSSF contributions of 10 per cent since there exists no employee-employer relationship between Board members and the NSSF to warrant such contributions. The committee further noted that such contributions are not provided as a benefit of a Board member under the Board Charter, making such contributions illegal.

The members who have been receiving the 10 per cent are shown in the table below. They include:

1. Bahemuka Julius - Shs 37 million
2. Bamwesigye Fred - Shs 80 million.
3. Annet Birungi - Shs 10 Million.
4. Hon. Sam Lyomoki - Shs 17 Million.
5. Isaac Mugoola - Shs 43 Million.
6. Mudiba Hassan - Shs 15 million.
7. Silver Mugisha - Shs 16 million.
8. Stephen Mugole - Shs 32 million.
9. Annet Nakawunde - Shs 5 Million.
10. Florence Namatta Mwanje - Shs 71 Million.
11. Andrew Steward Obita - Shs 22 Million.
12. Peninnah Tukamwesiga - Shs 82 million.
13. Nelson Wafana Makwasi - Shs 23 million.
14. Sarah Walusimbi Kibuka - Shs 39 million.
15. Peter Werikhe Christopher, -Shs 37 million.
16. Ivan Kyayonka Wambuzi- Shs 11 million.
17. Musa Okello - Shs 13 Million.
18. Agnes Kunihira, -Shs 12 million.
19. Richard Bigirwa - Shs 15 million.
20. Mukasa Mwami - Shs 13 million.
21. Romano Ochieng- 4 million.
22. Jolly Aripa a Kirabo - Shs 3 million and
23. Christopher Kahirita - Shs 90,000
24. Total - Shs 610,770,513.

The committee recommends that the above NSSF Board members who have been receiving the money should refund it within seven working days or face prosecution by the Office of the DPP.

The committee recommends that a lifestyle audit be done by the IGG on all officers of the compliance department because there are inconsistencies in their internal audit of companies that have been defaulting total contributions to NSSF compared to PAYE. The people paying PAYE in some companies have more contributions and more staff than what is going to NSSF yet these are the same companies. Therefore, we are requesting the Auditor-General to do a lifestyle audit on all the officers in the compliance department.

The committee notes that there are various claims of ownership of the Lubowa land NSSF purchased. In a letter by the former Managing Director Mr Richard Byarugaba to the then ISO Director-General, Col. Kaka Bagyenda, he acknowledged NSSF having unauthenticated titles from Mitchell Cotts Uganda Limited and they were waiting for the true owner to compensate him. Yet, they had already paid the other Mitchell Cotts and they were already undergoing investments of houses on this land. Furthermore, the Acting Managing Director, Mr Patrick Ayota informed the committee that there are actually various titles claiming the same land NSSF purchased.

During our interaction with these stakeholders, we received several petitions from several people who have claims on this land and are already investing in houses on it. The committee recommends that NSSF halts further investment on the Lubowa land and expedites the process of formalising the true ownership of the above land.

The committee recommends that IGG should investigate with the view of prosecuting officers the following officers: the former Managing Director, Mr Richard Byarugaba, Mr William Okabo, Mr Daniel Batekereza, Ms Joanita Asio and Mr Chancemille Liki and-

THE SPEAKER: Can we give you some water?

MR MWINE MPAKA: This was captured wrongly. Mr Brian Tindimwebwa was involved in the conceptualisation, procurement and installation of the geo-mapping system which caused a financial loss of Shs 748,861,114.

The committee recommends the prosecution of all officers and NSSF Board members involved in the creation and transaction of Victoria Property Developments for causing financial loss of $2.05 million and abuse of office, contrary to Sections 20 and 11 of the Anti-Corruption Act, 2009.

Madam Speaker, let me give a brief background about Victoria Property Developments. When you read it, it is very interesting. NSSF carried out a joint venture to avoid litigation with Premier Developments Limited (PDL). It set up another company to avoid litigation called PDL. PDL entered a joint venture that was called Victoria Property Development with another company known as Solel Beneh International Ltd (SBL). These were supposed to construct houses in Lubowa at $4.6 million.

NSSF further extended a loan to Victoria property through PDL which was 99.09 by the NSSF Managing Director, Mr Obel. The Solicitor-General declared this joint venture illegal and so cancelled the entire transaction and $1million disappeared from the savers in that process. Because of the interest accrued, it has now gone to $2.05 million. Read it and try to understand it.

The committee recommends that the IGG should conduct a lifestyle audit on the former Managing Director, Mr Richard Byarugaba, the Acting Managing Director, Mr Ayota Patrick, Chief Investment Officer, Mr Gerald Paul Kasaato, Chief Commercial Officer, Mr Geoffrey Sajjabi, Technology and Enterprise Solution, Mr Benoni Katende, Chief People and Culture Officer, Mr Milton Owor, Chief Risk Officer, Mr Edward Senyonjo, Head of Internal Audit, Mr Geoffrey Barigye, Head of Finance, Mr Stevens Mwanje, Head of Marketing, Head Procurement, Mr Gerald Mugabi, Corporate Affairs, Ms Barbara Arimi and report back to Parliament within 60 days from the adoption of this report. These are all part of management that has been approving all these projects you will read that have caused financial loss.

The committee recommends that NSSF should construct affordable accommodation for savers to purchase and pay partly from their savings as opposed to the Lubowa houses, which cost between Shs 800 million and Shs 3 billion. They are not only too expensive but could also cause loss to the Fund in circumstances where they are not occupied, as is the case now, where out of the 300 completed units, only three properties have partially been paid for.

The committee recommends that the IGG should investigate all persons who were involved in the smart card project, Customer Self-service Touch Pad, which caused a financial loss of Shs 2.6 billion and Shs 133,283,458, respectively with a view of prosecution. What these officers did was that they developed a concept of setting up a smart card, where you would go to a bank and see your balance. However, this was not practically possible.

They further went and procured an Indian contractor. They travelled to India. They were just cards that had a name and number but it was not practically possible to go to a bank and just access your balance without a charge. In actual sense, the saver was going to be charged every day he was seeing his balance.

It was also not practically possible because they had not done due diligence on how it was going to operate. They further went, bought machines and put in supermarkets for you to check your balance and get points. They call them "point of sale machines" but it was not possible. Who was going to give you these points to do shopping – under whose expense? After some time, they wrote off this project causing a financial loss; actually after a few months.

These include:

a) Ms Sarah Walusimbi, Chairperson of the Board of Finance Committee,
b) Ms Agnes Kunihira - Board Member, Finance Committee,
c) Mr Richard Bigirwa - member of Board, Finance Committee,
d) Mr Stevens Mwanje - Head of Sales and Operations,
e) Mr Collins Babirakamu - Head of Information Technology,
f) Mr Edgar Birungi – Acting Head Marketing and Communication,
g) Mr Moses Emodu - Customer Service Manager,
h) Ms Pauline Nagadya - Functional specialist,
i) Mr Gerard Mugabi - Head PDU,
j) Mr Gerald Kalinaki - Legal Counsel,
k) Mr Simon Kule - Network Administrator,
l) Mr Daniel Batekereza - Contributions supervisor,
m) Ms Geraldine Ssali who was the Deputy Managing Director of NSSF at that time.

In conclusion, the committee notes that the Board has failed on several occasions as seen in the report to ensure that there is a secure, profitable and effective financial management of the Fund for the benefit of the workers in particular and the country at large as stipulated in Section 4 of the NSSF Act – General Functions and Duties of the Board.

The committee, therefore, recommends that the 12th NSSF Board be dissolved by the Minister of Gender, Labour and Social Development – Hon. Betty Amongi Ongom - with immediate effect and a new Board should be constituted. I beg to submit. *(Applause)*

THE SPEAKER: Thank you. Honourable members, I want to thank the chairperson and the members of the committee for a very comprehensive report. It is both qualitative and quantitative and that is what makes a report. We have heard what is in the report and we are still going to read what is there.

I want us to go – Hon. Betty, can you stop disorganising_ There is one chairperson in the House. You came late and got us seated here. Keep quiet and listen.

Honourable members, the issues of savers' money, is a very important one. All of you, in one way or the other, have savers in your constituencies. You are here to legislate for humanity, for people outside there who cannot come and speak for themselves. I am going to let you sleep over this report. Tomorrow, the chairperson will come and make a recap and we debate the report.

I will also ask the minister to come and make a statement on the allegations that have been brought against her. She will make a statement tomorrow on what has been said.

The ministers; I have a Minister of Gender, Minister of Finance and my Members of Parliament. All of them will make statements tomorrow - the Members of Parliament who have been mentioned in the report.

6.51

THE MINISTER OF STATE FOR EDUCATION AND SPORTS (SPORTS) (Mr Peter Ogwang): Madam Speaker, I am aware that some of our colleagues have been mentioned in this report. Maybe, we would seek your guidance: what should be the case to them –*(Interjections)* – Please, can I be heard? Could they be given an opportunity to make personal statements in line with –

THE SPEAKER: In line with where their names are mentioned. A person like Hon. Rwakajara cannot stand because his name is not mentioned -*(Laughter)*– so we want in line with what they have mentioned about them.

Honourable members, we will debate this report with all the soberness and objectivity without having any bias and any business people around the House. Let us talk about the savers' money. Let us see how we save that money. A wrong is wrong and we will not allow any mercenaries in this House.

If there is something that we can do to help savers' money, then we should do it as the 11th Parliament.
You can either do it today or you will never.

I now adjourn the House to 2 o'clock tomorrow.

(The House rose at 6.52 p.m. and adjourned until Thursday, 2 March 2023)