****

**Wednesday, 31 May 2017**

*Parliament met at 10.11 a.m. in Parliament House, Kampala.*

PRAYERS

*(The Deputy Speaker, Mr Jacob Oulanyah, in the Chair.)*

*The House was called to order.*

 COMMUNICATION FROM THE CHAIR

**THE DEPUTY SPEAKER:** Honourable members, I welcome you to this sitting. Today, as you aware, the main business of the day is dealing with the Committee of Supply, the figures, and handling the Appropriation Bill. Today is 31 May and it is the last day, in the law, for us to finish with that process. That will be the main business today. We will start that in about an hour. However, there is preceding business before that. We would like to handle that as we move on to deal with the budget.

There were statements that were supposed to be made this morning by the Minister of Internal Affairs on two issues. I will ask him to do that now. It is not on the Order Paper but I will ask him to do that. After laying the papers on the Table and other things have been completed, the minister will make that statement and then we see how to proceed. Thank you.

10. 14

**MS JESCA ABABIKU (NRM, Woman Representative, Adjumani):** Thank you, Mr Speaker, for the opportunity. I rise on a matter of national importance. Our road from Adjumani to Atiak is badly off. It has not been tarmacked and because of the heavy rains, the murram road is bad. The road is being washed off and there are potholes.

Mr Speaker, we used to take two hours to travel from Adjumani to Atiak but now we take four hours. Therefore, I would like to request Government, through Uganda National Roads Authority (UNRA), to ensure that the murram road is maintained. Otherwise, we shall be blocked from accessing some parts of this country. Thank you.

**THE DEPUTY SPEAKER:** Rt Hon. Prime Minister, would you like to speak on this subject?

10.15

**THE FIRST DEPUTY PRIME MINISTER AND DEPUTY LEADER OF GOVERNMENT BUSINESS IN PARLIAMENT** (**Gen.** **(Rtd) Moses Ali):** Mr Speaker, what she is saying is true. Definitely, many attempts have been made to see to it that this road is fixed. What hon. Ababiku has said is also going to add to what we have been doing quietly.

Mr Speaker, as of now, from Atiak to Ayugi Bridge, it is nine miles and you can take two to three hours. Sometimes, you can find big lorries blocking the road or stuck in the middle of the road because of fear of overturning. Therefore, this road must be done - *(Interjection) -* I am supporting her.

**THE DEPUTY SPEAKER:** Rt Hon. Prime Minister, you said there were things you were doing quietly. Can you say them openly?

10.17

**THE MINISTER OF FINANCE, PLANNING AND ECONOMIC DEVELOPMENT (Mr Matia Kasaija):** Mr Speaker, this road is destined to be tarmacked and I know that for sure. However, on the issue of it being impassable, I will undertake to inform the Minister of Works and Transport and UNRA to ensure that it is made passable until we have completed the plans of tarmacking it - *(Interjection)-* This should be immediate.

**MR SSEWUNGU:** Thank you, Mr Speaker. Honourable minister, you have given me the Floor; So, humbly, take your seat as I seek for clarification.

Mr Speaker, the honourable member for Adjumani has brought up something very pertinent. I am lucky that the Minister of Finance, Planning and Economic Development is around. The issue of the Ministry of Finance, Planning and Economic Development not giving money to Uganda Road Fund as per their collections is affecting us. Members of Parliament can testify here. We are always going to the Uganda Road Fund asking for money to repair roads but they always say they do not have money.

Mr Speaker, when you read the Uganda Road Fund Act, 2008, it is very clear that all the collections must be given to them. The clarification I am seeking from the honourable minister is: How will you sort out this problem? It has been a rainy season; money must be availed to the Uganda Road Fund, which caters for those small roads within our subcounties that are impassable. That is the clarification I am seeking. Thank you, Mr Speaker.

**MR KASAIJA:** To my best recollection, all the funds to Uganda Road Fund have been released. Of course, they may not be sufficient to handle each and every small road in the rural areas. However, that is the best we can do at the moment, until we have sufficient resources to be able to fund each and every road that is required. That is what I can say.

**MS ABABIKU:** Mr Speaker, I am not content. If this is not worked on, when I go home I may not be able to come back using the same road.

Mr Speaker, my proposal is that as you have done for other Members on issues concerning their districts, let the minister, after working on that road, report to this House so that we can get assurance. We often raise this matter but the roads remain impassable.

Mr Speaker, the minister is saying they will take immediate action. We need to know whether it is going to be done in either two weeks or one month, so that we can disseminate this information. This is affecting the entire Madi sub region because we use the same road.

Mr Speaker, thirty years down the road, Madi sub region has never got a tarmacked road. You know who we are to you in this Government. They should report to this House so that we get assurance through you. This brings a lot of mistrust. It is not the first time we are raising this issue. We believe in you, Mr Speaker, more than the ministers who are making the statement here. Thank you.

**GEN. (RTD) MOSES ALI:** Mr Speaker, I would like to inform the House and the country at large that it is not true that in thirty years, no tarmac road has been attempted. They attempted and you can go and see the remnants.

Mr Speaker, we are correcting records. In 2003, China Sichuan International Cooperation Co. Ltd (SIETCO) was in Pakele, Adjumani. They started making the road across big mountains and it passed across the Nile; if you go to Moyo - They started there and if you go there, you will see.

Mr Speaker, The problem is these people had to leave because of insecurity. That is what they said. Therefore, if there was no insecurity, we would have tarmacked already. It is not fair to say this Government has never attempted to do something.

**MR ATIKU:** Thank you very much. I have been constrained to put my senior to order. Mr Speaker, hon. Ababiku is raising a very important issue. The fact of the matter is that since Independence, the roads connecting Madi subregion have never been tarmacked, save for the few kilometres that have been given to serve the town councils. Moyo has half a kilometre, Adjumani also has half a kilometre and the road they are talking about connects not only Moyo or Adjumani but also Yumbe.

As we know, this is a sub-region hosting refugees and when it comes to supplies, that is the route-

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

**MR ATIKU:** For the General to come here and begin telling us about attempts is misleading, because he is a senior Government official who should be able to supply this Parliament with the right information. At the moment, what we want is that road permanently tarmacked. Secondly, immediate steps to-

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

**MR ATIKU:** Is Gen. (Rtd) Moses Ali in order to deceive this Parliament and waste its time by telling us attempts that have been made? (*Laughter*)

**THE DEPUTY SPEAKER:** Honourable members, I think the word “attempt” was first used by the person who raised the matter. The Leader of Government Business only said it is not true to say no attempt has been made in that context. I cannot rule him out of order. (*Laughter*)

Do you want to debate this matter? Ordinarily, you should have come and alerted the Speaker so that we agree on how we are going to proceed. Since you did not come to me, for now rest-

10.25

**MR HENRY MAKUMBI (NRM, Mityana County South, Mityana):** Thank you, Mr Speaker. Last financial year, the Government of Uganda granted some areas town councils, including Busunju Town Council which is in my constituency. These town councils for all that time, especially Busunju Town council, have been run by an interim administration, which expired six months ago.

Mr Speaker, no election has taken place in that town council and there is now a leadership crisis. Some people are threatening to sue the interim local government because it is there illegally. We do not know when these residual elections will take place. We have written to the Electoral Commission, but they claim they do not have the money at the moment. Therefore, Mr Speaker, I wish the minister responsible, if he is around, could explain this matter.

The Chief Administrative Officer (CAO) has now called back the interim council to the mother sub county and this has created a problem. People are threatening to strike and they are coming to us, Members of Parliament. We do not know what we can do at the moment.

10.27

**THE MINISTER OF STATE FOR LOCAL GOVERNMENT (Ms Jenipher Namuyangu):** Thank you, Mr Speaker. I would like to thank my colleague for raising the issue.

It is not only in Busunju. The issue of the new local governments which have not been given substantive leaders, municipalities, town councils and even councillors is still critical. As Ministry of Local Government, we shall work together with the Ministry of Justice and Constitutional Affairs which is concerned with the election of leaders in this country.

**MR SSEWUNGU:** Thank you, Mr Speaker. This issue is very serious. First of all, we went through an election and an LCIII chairperson was in charge of a whole sub-county where they curved out the town councils. In that area, you have to create a chief or an accounting officer. One time, hon. Mutonyi - unfortunately she is not around - was trying to bring an amendment here where we could see if the chairperson LCI who won can decide where to go and then we get elections for the other area.

The issue of councillors and the chairperson, however, still remains a problem. I think the best way forward, honourable minister, is for you to write to the Electoral Commission. However, it is also worrying because remember we failed to carry out LCI elections because the money was diverted to feed people, which we are not sure happened. Do you remember the Shs 16 billion?

Mr Speaker, this matter should be handled expeditiously because it is almost two years. The worst thing in this system is that when an LCIII chairperson or councillor dies, there is no by-election. It is only when an MP has died in that constituency that a by-election can be conducted. That is what has been happening. In Kalungu, we spent five years without an LCIII chairperson for Lwabenge because he died after elections.

Why do you create these municipalities and town councils when you cannot deal with them yet you know you give them more funds than LCIIIs? (*Interruption*) I can take it, but I rose up on a point of clarification. I do not want to flaunt the Rules of Procedure. Honourable minister, can’t you write to the Electoral Commission showing your discontent about the same?

**MS NAMUYANGU:** Mr Speaker, we normally write as the Ministry of Local Government to the Electoral Commission for all the created local governments where there is a vacuum in leadership.

Last week, I was in Kiboga and Kiboga Town Council has no mayor. It is the chairperson of a rural sub-county handling both responsibilities. Like I said, it is a countrywide issue. It is this Parliament that appropriates money; therefore, the best way forward is to find money and give it to the Electoral Commission so that the elections are conducted.

**MR MACHO:** Mr Speaker, I seek clarification from the minister on how we operate as Government. How do we put an interim government in place to operate for a certain period of time and then withdraw power from the people who have already started functioning under these leadership institutions? I see this bringing loopholes in Government and it affects the image of the ruling Government. The reason we always speak on this matter is because people have confidence in the ruling Government and in the way it operates.

Therefore, I need clarification from the minister as to whether your ministry operates as a fire brigade system or a testing system where you just try to put in place a municipality or a town council and when things fail, you write again. From the way you are explaining, it is as if you experiment. Write to the Electoral Commission and then put things in place. Thank you, Mr Speaker.

**MS KAWOOYA**: Thank you, Mr Speaker. I would like to seek further clarification from the Minister of Local Government. I have listened to her explaining that the problem of having administrative vacuums is countrywide. I do appreciate that Ssembabule District, which had eight subcounties and a town council, now has 16 subcounties and three town councils, and we are moving towards having Lwemiyaga District. Therefore, how are we going to move because the subcounties have been accepted, authorised and are supposed to start effective 1 July?

The minister is saying that the problem is countrywide. Are these subcounties that have been created going to remain with this vacuum? As of now, one subcounty, which has been divided into three subcounties, has one chairperson. The chairperson is allowed to choose whichever area he wants to go to but this is just an assumption; there nothing that the Government or the local government ministry has given to these people saying that they can move from one place to another.

Secondly, the parishes which were also subdivided need to have an administration. How are we going to operate? I am finding a problem; the whole week I was there trying to settle these disputes. Therefore, the clarification I seek is: is it true that the Minister of Local Government just gives out administrative units without guidelines? How are those people supposed to operationalise their administrative units? I thank you.

**MS NAMUYANGU**: Mr Speaker, starting from the issue raised by hon. Macho, that we are just experimenting, I would like to say that it is not true that we are experimenting. As a Ministry of Local Government, under the Local Governments Act we are mandated to create new local governments depending on the demand and also on the requirements that are normally provided in the Act. There is the demand from the people but also service delivery to the people, accessibility and the population. These are some of the criteria.

When we create these local governments, we normally write to the Electoral Commission to indicate that we have created a local government, and we advise them to go ahead and conduct elections. However, at times due to limitations of our resource envelope, they are not able to do that. I imagine that every ministry has its mandate. By my colleague asking-(*Interruption*)-

**MR SSEWUNGU:** Mr Speaker, I have been listening to the minister and in her submission, she is saying they normally write to the Electoral Commission, and as a Ministry of Local Government, her concern is seeing that these local governments are created and functional.

Is she in order to insinuate before us that there are limited resources when she is not in the Electoral Commission and she has not tabled any evidence showing that the Electoral Commission has answered them saying that they have no money? Is she in order to insinuate that there is no money and that the resource envelope is limited? Thank you, Mr Speaker.

**THE DEPUTY SPEAKER:** The only prohibition that I see in the rules is when you make statements that impute improper motive on another Member. I have not yet come across the one on insinuation; so I cannot rule very well on that.

**MS NAMUYANGU:** Thank you, Mr Speaker, for your wise ruling. I would like to inform my honourable colleagues that all these local governments are not non-functional; they are functioning.

Hon. Kawooya, the eight local governments that you have got in terms of subcounties are not going to be under one chairperson. Definitely, we shall have elections conducted – (*Interjection*) - As to when elections can be conducted is not my mandate. That is why I told you that the Ministry of Justice and Constitutional Affairs, which is in charge of the Electoral Commission, is better placed to tell us when.

**THE DEPUTY SPEAKER:** Can we close this matter? Honourable minister, let us close this matter. I am in charge of this House; can we close this matter?

**Ms NAMUYANGU:** Mr Speaker, I have closed my case.

**MS NAMAYANJA**: Thank you very much, Mr Speaker. Yesterday, I raised a matter of great national importance and you guided that this morning the minister comes with a statement. Are we proceeding well?

**THE DEPUTY SPEAKER**: Which minister?

**MS NAMAYANJA:** The Minister of Defence. You guided, Mr Speaker.

**THE DEPUTY SPEAKER:** Yes, I said the Minister of Internal Affairs and he is here; he will make a statement.

**MS NAMAYANJA:** Thank you, Mr Speaker.

**THE DEPUTY SPEAKER**: Therefore, we are proceeding properly. You are the one who is not proceeding properly. *(Laughter)*

LAYING OF PAPERS

10.40

**MS JULIET KINYAMATAMA (NRM, Woman Representatives Rakai)**: Mr Speaker and honourable members, I beg to lay on the Table a report of the delegation of the Parliament of Uganda to the 45th Session of the African, Caribbean, Pacific (ACP) Parliamentary Assembly and the Inter-Sessional Meetings of the ACP-EU Joint Parliamentary Assembly held in Brussels, Belgium from 21 to 24 March 2017. I beg to lay.

**THE DEPUTY SPEAKER:** Let the records capture that. Honourable members, we will find time to have these kinds of reports from delegations discussed by the House.

PRESENTATION OF A PETITION BY THE UGANDA PRIVATE HEALTH TRAINING INSTITUTIONS ASSOCIATION

10.40

**MS LILLY ADONG (Independent, Woman Representative, Nwoya)**: Mr Speaker, I rise under rule 29 of the Rules of Procedure of the Parliament of Uganda to present a petition by the Uganda Private Health Training Institutions Association.

*This is the humble petition of the Uganda Private Health Training Institutions Association over a circular issued by the Ministry of Education and Sports regarding admission of students in the health training institutions.*

*Whereas the Education Act, 2008 made legal provisions for guiding and implementing general education including the Business, Technical, Vocational Education and Training (BTVET) subsector and the BTVET Act, 2008 guidelines, policy formulation and reforms in the BTVET subsector;*

*The BTVET Act, 2008 provides that objectives of BTVET are to provide relevant and quality knowledge, values and skills for purposes of academic progression and employment in the labour market to a larger number of persons in an affordable way, and to enhance the productivity, capabilities of the individuals for employment and self-employment;*

*On the 12 February 2015, the Minister of Education and Sports issued a circular to all principals of private and Government health training institutions, directing that the admissions of students in health training institutions should be done in accordance with the directive in the circular.*

*The directives were to the effect* - *(Interruption)*

**MR MUYINGO:** Mr Speaker, I have checked my iPad but the statement being read out is not there; are we proceeding well?

**THE DEPUTY SPEAKER:** Yes, we are; it is a petition. Proceed.

**MS ADONG:** Thank you, Mr Speaker. *On 12 February 2016, the Minister of Education issued a circular to all principals of private and Government health training institutions directing that the admissions of students in health training institutions should be done in accordance with the circular.*

*The directives were to the effect that all certificate courses should be admitted once a year in November, and that all diploma programmes for extension should be admitted once a year in May and should only consider students who have worked for two years and have registered with the Uganda Nurses Council, and the applications should be done through their employers.*

*The circular also directed that students applying directly from S.6 for diploma programmes are admitted by the Joint Admissions Board (JAB) and are sent to Government through Government schools and their training commences in November.*

*Your petitioners allege that they were not given sufficient notice. The directive was issued in the middle of the academic year when the health training schools had made preparations for admissions, including acquiring loans from banks to enable them carry out infrastructural development.*

*Wherefore, your humble petitioners pray that Parliament urges the Ministry of Education and Sports to halt the implementation of the circular issued regarding admissions of students into the health training institutions until further notice because as of now, over 3,000 students have already been admitted to start their studies in May but now the circular is stopping them.*

*Your humble petitioners pray that Parliament urges the Ministry of Education and Sports to give sufficient notice of at least two to three years to especially the private institutions and faith based health training institutions to adjust their programmes and plans.*

*They pray that the Ministry of Education and Sports at least reviews the decision of admitting students in November only as it encourages high dropout rates among students waiting for a whole year to join nursing education, especially the girl-chid.*

*If the decision is to be maintained, then some grace period of at least six to five years should be given to private and faith based health training institutions to adjust their programmes and strategic plans.*

*The Government should bail out the institutions that shall collapse as they had already acquired loans to implement and expand the schools for the two admissions. They request for a fair hearing.*

*Attached herewith is the list of your petitioners and member institutions.* I beg to submit.

**THE DEPUTY SPEAKER:** Thank you, honourable member for Nwoya. Please proceed and lay the petition on the Table.

**MS ADONG:** I beg to lay the petition on the Table.

**THE DEPUTY SPEAKER:** Let the records capture that. Honourable members, I have looked at this petition and also met with the petitioners. In the circumstances relating to the business of the House at the moment, it would not solve the urgent matters raised by the petitioners if this matter is referred to a committee to report within a certain timeframe.

I am, therefore, using my authority under rule 29 (6) to specifically refer this matter to the minister responsible for the sector to handle it within the timeframe and come back and advise the House on whatever these petitioners have raised. In the interim period, take administrative measures to preserve the interests of the petitioners so that they are also accommodated within the timeframe.

While you are considering how you will respond to this petition, handle the issues they have brought to you, honourable minister, and then come back to the House and advise us on the issues raised by them. In that way, we can also notify them that the following has been brought back by the minister and the steps taken are these. Clerk, please extract this petition and forward it to the minister responsible for education for expeditious handling. Thank you.

We amended the Order Paper to accommodate the Minister of Internal Affairs to make a preliminary statement in respect to two issues that we raised yesterday.

MINISTERIAL STATEMENT

10.47

**THE MINISTER OF INTERNAL AFFAIRS (Gen. (Rtd) Jeje Odongo):** Thank you, Mr Speaker. Honourable members, yesterday, during the course of the proceedings of this House, an issue was raised in relation to an individual called Imam Suleiman Mudenya. It was stated that Mudenya was arrested and his whereabouts are unknown and it is a matter of concern.

I would like to clearly state that Imam Suleiman Mudenya, a resident of Bunya, was arrested in Busia in relation to the general investigations concerning the death of the late Kaweesi. He was brought and detained in Nalufenya and is still there. Investigations have been carried out and his file has been forwarded to the Directorate of Public Prosecutions (DPP) for advice on prosecution. Mudenya has not disappeared; he is in Nalufenya Police Station and the family can visit him.

10.49

**MR WAIRA MAJEGERE (Independent, Bunya County East, Mayuge):** Thank you, Mr Speaker and honourable minister. The facts from the family indicate that Mudenya was not arrested from Busia but from his village home at Mwenu.

**THE DEPUTY SPEAKER:** The issue is where he is and not where he was arrested. Is he accessible?

**MR MAJEGERE:** He is not accessible because the family was in Nalufenya on Monday 20th but they were advised to go to Kireka. Initially, Mudenya was taken to Iganga in Buligo, Wembley-

**THE DEPUTY SPEAKER:** Honourable member, they have told you where the person is; go and confirm and if he is not there, come back. The House wanted to know if this person has disappeared in the hands of Government but now they are telling you that the person is in Nalufenya. So, you can go and see and if he is not there come back and inform us.

**MR MAJEGERE:** Mr Speaker, before I sit down, I would like to make it clear to the minister that the family went to Nalufenya but they were told that Mudenya was not there and they advised the family to go to Kireka. My concern is that if Mudenya was at Nalufenya, why did they refer the family to Kireka and then Kireka referred the family to Luzira?

**THE DEPUTY SPEAKER:** That was on the 20th of May and today is 31st.

**MR MAJEGERE:** But it is now two months, Mr Speaker.

**MS WATONGOLA:** Thank you so much. Mr Speaker and Members, my information to Members and my colleague is that sometimes people fear the police and they do not go to the right office to get information. In most cases-

**THE DEPUTY SPEAKER:** Honourable members,the issue that was raised yesterday was that an individual by those names was arrested by Government agents and has disappeared. However, they have tried to trace where he is and they cannot find him. I ordered from the chair that the minister responsible for the sector should come and inform this House where this individual is. The minister has come and done exactly that.

There is no way for us to verify at this moment whether the individual is at Nalufenya or not. Therefore, somebody has to go there and find out if the minister has told us the truth or not and the matter ends there. Please, let us leave this matter at that and we will not extend it. We have received the information and so we should stop at that.

If what the minister has said is not correct, somebody needs to come back to us and advise us; otherwise, nobody has information in this House to give us. Honourable members, I will not extend this matter further because there is still another issue from Nwoya, which the minister has to report on.

MINISTERIAL STATEMENT

10.52

**THE MINISTER OF INTERNAL AFFAIRS (Gen. (Rtd) Jeje Odongo):** Mr Speaker, thank you very much. Again in the course of the proceedings of the House yesterday, hon. Oyet Simon raised a matter concerning an individual in Nwoya who was killed.

I would like to state that Mr Alex Ochama is now pronounced dead. The circumstances are that on 22nd of this month, Mr Ochama and his family went to clear a bush to prepare a garden. In the course of that activity, an individual known as Juma, who was eventually determined to be a soldier and an escort of Maj. Gen. Otema, came to the group of Mr Ochama and his family and said, “You are the people who are interfering with the land of Maj. Gen. Otema”. His wife and daughter ran away but Mr Ochama stayed.

His wife and daughter, from a distance, heard the sound of a gun and that evening, Mr Ochama did not return home. The next day, the mother and daughter went to inquire about the whereabouts of Mr Ochama. They went to Mr Juma who feigned ignorance; so they went to the police who mounted a search. A body was found and they were not at that particular point able to determine the cause of death, so the body was delivered to Gulu Hospital for a post-mortem. The post-mortem was carried out by Dr Onen Olwendo who determined that Mr Alex Ochama died of shock caused by a bullet wound.

As I speak, we are looking for Mr Juma to assist in investigations and further management of this matter. This is the situation as it is.

10.57

**MR SIMON OYET (FDC, Nwoya County, Nwoya):** Thank you, Mr Speaker. I would like to thank the Minister of Internal Affairs, Gen. Jeje Odongo, for being very honest. The information he has given to this House is exactly what happened to the family of the late Mr Alex Ochama.

The additional information that I would like to give to him, to enrich the investigations so as to be able to arrest the culprit, is that yesterday at around 10.00 p.m., Mr Juma and one called Arop, who is the head of security of Maj. Gen. Otema in that farm, were in Latoro trading centre. They were in a saloon car, warning and terrorising the community that whoever dared to report their whereabouts would be the next victim.

I would like to further inform the minister that the police should not only stop at investigating the death of Mr Ochama; several people have disappeared from that village and to date they have not been accounted for. On the same day when they confirmed that Mr Ochama was dead, they came and wanted to steal his body, but thank God the police responded so fast and took the body away. If the police did not retrieve the body in time, we do not know what could have happened. It could have been the same thing that has been happening time and again.

Thank you so much, Gen. Jeje Odongo. We are available to provide all the necessary information that you need to help you in the investigations –(*Interruption*)

**MR OLANYA:** Thank you so much, Mr Speaker. I would like to thank hon. Oyet for bringing up this very important matter. I would like to seek clarification from the honourable minister. In most areas –

**THE DEPUTY SPEAKER:** Honourable, if you are seeking clarification, why didn’t you allow him to finish because you are seeking clarification from the minister not him.

**MR OLANYA:** Okay; thank you, Mr Speaker.

**MR OYET:** Thank you so much, Mr Speaker. As I conclude, I would like to appeal to the Minister of Internal Affairs to work together with the Minister of Defence in ensuring that justice prevails for the people of Nwoya County in Nwoya District. As I speak now –(*Interruption*)

**MS ADONG:** Thank you, colleague, for giving way. The information I would like to give is that on the 22nd of May, as I was trying to gain access to the gardens of youth in one village in Lungolo Subcounty called Leb Ngec Upper, there were three people who had earlier on been chased from their land by another section of soldiers deployed by the same Maj. Gen. Otema. These soldiers harassed people who even had titles for their land. They hurt about four people using their gun bayonets.

**MR OYET:** Thank you. I was saying that you need to work together with your colleagues from the Ministry of Defence because the information we have received is that there is a lot of intimidation from Maj. Gen. Otema and his colleagues against any further investigation or possible arrest of the perpetrators of this crime.

Secondly, as I speak now, there is still deployment of soldiers to guard private farms of relatives and friends of Maj. Gen. Otema. Now it is not only Maj. Gen. Otema, but there are two people who are competing over power and how mighty they are - that is Maj. Gen. Otema and Gen. Salim Saleh together with Aber Harriet. They deploy soldiers to burn people’s huts, chase people from their gardens and beat them. Personally, if it was not due to the intervention of the police, I was supposed to be beaten and left disabled. However, thank God I am still alive and kicking and I will continue to pursue justice for my people. Thank you.

**MR OLANYA:** Thank you, Mr Speaker. I would like to appreciate hon. Oyet for this very important matter. The clarification I would like to seek from the honourable minister is: what are the roles of our Uganda People’s Defence Forces (UPDF) and police officers?

What is happening right now in our area is that the UPDF and the police officers are the ones taking care of land of Government officials. I do not know if that is one of the roles of the UPDF. Why are you still allowing the UPDF and the police officers to continue helping the land grabbers by burning people’s houses and destroying their crops? You need to be very clear and tell us if it is a policy from the Ministry of Internal Affairs that the UPDF should keep guarding people’s land.

Mr Speaker, a case in point is Amuru in a place called Leb Ngec and Pagak Parish; currently, the UPDF are based in the farms. Whenever that Indian is digging and he is opening his gardens, you find the UPDF in charge. This abuses the integrity of our UPDF. Our soldiers are so professional and they are respected in the whole continent, but now you are reducing them to merely helping land grabbers. Therefore, honourable minister, I would like to seek that clarification from you.

**GEN. (RTD) ODONGO:** Thank you very much, Mr Speaker, for this opportunity. Again, I would like to thank my colleagues, hon. Simon Oyet and hon. Gilbert Olanya, for raising these points of inquiry.

I think the roles of the UPDF are very clear, because their mandate is spelt out in our Constitution and we do know that very clearly. Indeed, sometimes errors are made and it is our duty to ensure that we correct them.

I would also like to take this opportunity to point out that the situation in Nwoya in particular, which has occasioned this very sad incident, and indeed the situation you are describing, is a situation of struggle over land. I think we need to pay a lot more attention to it and resolve that matter once and for all. As long as it continues, we might continue to have incidents of this nature and that will be very unfortunate.

I would like us to come together, join hands and resolve this matter of ownership of pieces of land in Nwoya and in that area generally. I will appreciate your contribution and support in this endeavour.

**THE DEPUTY SPEAKER:** Thank you. I think there was another issue that was raised directed to the Minister of Defence and Veteran Affairs. There was a matter from Bukoto about a notice of eviction issued by the UPDF and they had given people five days around the lake shores.

**MR OYET:** Thank you so much, Mr Speaker. I rise on a procedural issue. As we were giving information and seeking clarification, there were issues that were raised regarding the ongoing deployment of the UPDF to guard private farms. Now that the Minister of Defence and Veteran Affairs is here, isn’t it procedurally right to hear from him what the position of the Ministry of Defence and Veteran Affairs is? Is it a policy matter or is it something which is going to be taken for granted?

**THE DEPUTY SPEAKER:** I thought that is what he was going to do. I was giving him the additional matter from the eviction around the lake shores of Nabugabo raised by the member for Bukoto. That is the first one that you have raised in his presence and then the other one was from Bukoto. I was just bringing it to his attention so that he can speak.

11.07

**THE MINISTER OF DEFENCE AND VETERAN AFFAIRS (Mr Adolf Mwesige):** Thank you very much, Mr Speaker. I would like to thank the honourable members for raising these issues, as people’s representatives.

I had the occasion to have a meeting with my sister, hon. Lilly Adong, yesterday and she had the courtesy to come to my office and raised the issues as pertaining to Nwoya. Immediately she left my office, I commissioned a team of officers to investigate the issues she had raised. I am yet to get a report. I had thought I would interact with her bi-laterally but now that it is a House issue, I will definitely bring my report to the House.

I have just got this complaint now on the deployment of UPDF soldiers on private farms. I will quickly carry out an investigation this afternoon and report back at the earliest opportunity, which you will give me, Mr Speaker.

**THE DEPUTY SPEAKER:** You could also take appropriate action in the meantime, whatever your investigations will reveal. Reporting then could be on both the situation and the action taken. What of the one on Nabugabo?

**MR MWESIGE:** Concerning Nabugabo, I have just got the complaint. It definitely requires some investigation.

**THE DEPUTY SPEAKER:** No, the issue is that the eviction is to start in five days and now I think there are only three left.

**MS NAMAYANJA:** Mr Speaker, I would like to give further information to the minister. Five days were given to the people living in Mumpu and Mutemante villages located in Buwunga Subcounty along the lake shores and those five days elapse tomorrow. Some of the people have been seen moving their property from the villages. Each house they leave is destroyed and this is being done by the UPDF*- (Interruption)*

**MR OUMA:** Mr Speaker, the matter of the UPDF in the waters is a serious issue. I therefore appeal to the minister as well as this House to take action. One time, I was speaking here and I said that it was very good that the President said that UPDF should go and control the illegal fishing methods in the waters. However, I am reporting with dismay that the deployment of the UPDF in the waters has come to destroy this country and even the people whom it represents.

As I talk now, over 238 boats have been destroyed in my area, where there is no ferry. I have 11 islands, where people use these boats to take their children to various schools. However, as I speak now, children cannot move to the schools because the boats have been destroyed.

They had said that they were going to control the illegal fishing but when they get people with a 20 or 30 kilogramme fish, they ask them why they have killed the mother fish. They also ask them which fish is going to produce the rest and then they are beaten. I therefore want my sister*- (Interruption)*

**MS NAMAYANJA:** Thank you for the information. It is a bit related but my issue is on the eviction that is going on in the established villages with polling stations. I would like to know from the minister the state of these people because they were given five days, elapsing tomorrow.

You know the power of the gun; we do not know what is going to happen tomorrow, so this matter is very urgent. It needs immediate intervention. Please clarify on it because I want to report back to my constituents.

**MR MWESIGE:** Mr Speaker, if the notice of eviction expires tomorrow, I will quickly suspend the eviction. If the threat is eminent, then it is in order that we intervene now and then investigate later. I can assure the honourable member that the eviction will not proceed until the circumstances under which the notice – if it is there – was given are investigated.

**MR SSEWUNGU:** Thank you, Mr Speaker. I would like to thank you for this approach that is giving us very good results from the ministers. One time on this Floor of Parliament, I raised the issue about deployment of the UPDF soldiers to pastors. I would like it to be put on record.

When you go to Rubaga at Pastor Kayanja’s church, there are UPDF soldiers and the military police, even Pastor Kakande. The issues raised by hon. Namayanja also involve soldiers. The Military Police is supposed to discipline the UPDF infantry, but it is also deployed. The procedural matter I am raising is: would it be procedurally right that when the minister is reporting back, he also sorts out the issue of pastors?

I will give you an example. One time, Pastor Yiga came for a burial in my constituency and he had two escorts who were soldiers, with radio calls. His wife too had soldiers in uniforms. I have never seen the Speaker with soldiers as escorts. Even when you invite him, you do not see his policemen with him there. It is alarming that it is pastors – not even the Cardinal, by the way! The procedural matter I am raising is about the same, so that you can help us –

**THE DEPUTY SPEAKER:** Honourable members, we get things lost in translation if we widen them too much. *(Laughter)* This is a very specific thing and the minister has undertaken to work on it. Now you want to delay it by going to pastors all over the country before he comes back. Let us deal with a specific issue that has been raised and is on the record.

There are specific issues that have been raised; the one of pastors, the minister can look at, but the specific issues are the ones on the eviction to which he has taken action, and the one in Nwoya. Please, let us deal with these things first.

**MS KAWOOYA:** Mr Speaker, I rise on a point of procedure, which is surely a simple one. I appreciate the Minister of Defence’s commitment and explanation, especially on the issue of Nwoya. However, it is not the first time that this is happening; another Member of Parliament came on this Floor and brought up the same issue, but these people are persistently going on with their activities. I witnessed what took place when this Member was being confronted by the soldiers.

The procedural issue I am raising is: is it not procedurally right for the Minister to give us a timeframe within which this comprehensive statement will be presented on the issue of Nwoya? At the African Parliament, this issue was debated widely. Uganda is a signatory to the African charter on policing and use of the gun. I therefore rise to find out if it is procedurally right to have a timeframe as a matter of urgency and we solve this matter once and for all? I thank you.

**THE DEPUTY SPEAKER:** Honourable members, let us have one thing clear; some of these matters are not really for Parliament to solve. Sometimes Parliament does not have the capacity to solve them; for instance, how will Parliament solve the issues in Nwoya? Will we do it by a motion or by declaration? How will Parliament solve the issue of soldiers standing on pieces of land?

The minister has said that he is coming back after looking at what is going on, and he will have given instructions. This is why I said, whatever you find, take administrative measures and then report to us on both aspects - what is going on and what you have done.

As Parliament, are we going to say that do not deploy? Who is going to ensure that the soldiers are not deployed at night? It is the minister because that is his sector. He is the executive head of that particular institution. Let him deal with it and report to us on the steps that he has taken and we also report back to him as Members of Parliament that now everything is okay. That would be a better way to proceed. Otherwise, you will bog down Parliament, doing things that we should not be doing.

**MR MAJEGERE:** Mr Speaker, the Minister of Internal Affairs had allowed me to raise two simple issues –

**THE DEPUTY SPEAKER:** The Minister of Internal Affairs is no longer holding the Floor.

**MR ANTHONY OKELLO:** Thank you, Mr Speaker. I have heard the issues raised and I think that if our intelligence system was strong enough, Government would have learnt about these issues probably, before they even came on the Floor of Parliament. This leads to bring up the issue of our security intelligence systems in the country. I wonder what Government is doing to organise our security intelligence systems in Uganda.

Mr Speaker, would it not be procedurally right for Government to come here and give us comprehensive and well-coordinated security information? That is the procedural matter I am raising.

**THE DEPUTY SPEAKER:** For what purpose? What do you want to achieve? Members, let us do things that we are supposed to do. Let security be manned by the people responsible for that docket. If there are lapses, we then deal with them.

**MR BYARUGABA:** Thank you, Mr Speaker. For some time now, I have been watching with lots of concern, and my heart is beginning to bleed -

**THE DEPUTY SPEAKER:** On what matter do you rise, honourable?

**MR BYARUGABA:** It is clarification.

**THE DEPUTY SPEAKER:** Clarification from whom? *(Laughter)*

**MR ONYANGO:** Mr Speaker, I rise on a point of procedure. Hon. Ouma Abott gave information that I think is really relevant, much as our sister said that it was not related. We have a lot of noise, especially on Lake Victoria. We have the UPDF that is deployed to ensure good fishing, but the UPDF officers that are on the lake are turning out to be grabbers. I will give you an example; my counterpart from Samia Bugwe South –

**THE DEPUTY SPEAKER:** Honourable member, you rose on a point of procedure.

**MR ONYANGO:** Yes. They ordered for the arrest of some of the boats. These boats where being used by the UPDF officers who are supposed to ensure safety on the lake. Would it not be procedurally right for the minister to give us a report on this matter?

**THE DEPUTY SPEAKER:** Honourable minister, the operations of the people that have been deployed to manage the lake and fishing therein is becoming an issue. Would you like to look at that and see how you can rectify it? You could make it something that is comfortable with the people whose livelihood is derived from that source. That is what the Members are raising.

**MR MWESIGYE:** Thank you, Mr Speaker. We will look into the issue and investigate the complaints that have been raised by the Members and get back to the House on that issue.

11.21

**MR ELIJAH OKUPA (FDC, Kasilo County, Serere):** This is a matter of public importance which I would like to bring to the attention of the honourable Minister of Internal Affairs, for his understanding. There was also a matter I raised last time – I think I will share that one with you – where I asked for a report on some people who were beaten back home.

However, last week, the people who live around Soroti University in Teso were woken up by people who had been organised and brought from Mbale to beat and evict them at night. You saw in the *Etop* newspaper pictures of bloodstained people who were arrested. Good enough, your brothers from there are former Arrow Boys, so they were able to arrest them.

To date, however, there are a lot of counter accusations and accusations. It has even cost the Resident District Commissioner (RDC) of Soroti his job. There are also accusations that the police are not playing their role because the people who allegedly hired these people from Mbale to come and beat them are at large. Some of them have run to Kampala and they have given the names of the university secretary, Prof. Ikoja and others.

However, no one is responding to the concerned people who were beaten and evicted. Could you please interest yourself in this matter and report to this House so that we are able to know? Mr Speaker, I think the Committee on Education and Sports should also interest itself in this matter because Soroti University is not just a university for Teso; it is for the country. They should pick interest in this matter. We have had situations where people even undressed in that area. I think there is something hidden going on but hidden by some people *– (Interruption)*

**MS AMONGIN:** Mr Speaker, I want to thank my senior, hon. Okupa, for giving way. In regard to Soroti University, as we speak now, some of these people who were terribly beaten by people who were not actually from Teso but ferried to that area are admitted in the various health centres. However, no action has been taken in regard to those who were tortured.

This happened sometime back. Obviously, we have a Government in place and respective offices right from the village represented by the Gombolola Internal Security Officers (GISOs) up to national level. Therefore, it would be important that Government makes a statement in regard to the issue that took place in Soroti.

**MR OKUPA:** Our inaction is making the people feel jittery and think that we, the leaders from Teso, are silent about it. Secondly, nationally, as Government, I think action should be taken and those responsible should be brought to book. Thank you.

11.25

**THE MINISTER OF INTERNAL AFFAIRS (Gen. (Rtd) Jeje Odongo):** Mr Speaker, I would like to thank hon. Okupa for raising this matter. It is true that a very ugly situation has developed around Soroti University. It is also true that as Ministry of Internal Affairs and indeed the police, we are investigating the circumstances and all the events that have taken place.

It is sad that at this particular point, I cannot give a report because I am still investigating. However, the truth of the matter is that something happened, we are not happy with it but we would like to know the facts before we can speak.

**THE DEPUTY SPEAKER:** Thank you. Honourable members, as I said earlier, the main business we have are the budget and the loan under item No.5. However, under the circumstances, our colleagues processing these matters are saying that they still need some time and therefore, I am suspending the House and we shall resume at 2.00 o’clock.

*(The House was suspended at 11.26 a.m.)*

*(On resumption at 2.02 p.m., the Deputy Speaker, Mr Jacob Oulanyah, presiding)*

MOTION FOR A RESOLUTION OF PARLIAMENT TO AUTHORISE GOVERNMENT TO BORROW SDR 35.5 MILLION ($50 MILLION) FROM THE INTERNATIONAL DEVELOPMENT ASSOCIATION (IDA) OF THE WORLD BANK GROUP TO SUPPORT THE DEVELOPMENT RESPONSE TO DISPLACEMENT IMPACTS PROJECT (DRDIP) IN THE HORN OF AFRICA

2.04

**THE MINISTER OF STATE FOR FINANCE, PLANNING AND ECONOMIC DEVELOPMENT (PLANNING) (Mr David Bahati):** Mr Speaker, I beg to move a motion for a resolution of Parliament to authorise Government to borrow $50 million from the International Development Association of the World Bank Group to support the Development Response to Displacement Impacts Project in the Horn of Africa.

**THE DEPUTY SPEAKER:** The motion is seconded by members from Amuria, Manjiya, Lamwo, Budyebo. Is there no Member supporting this loan from this side? Okay, there is the member for Kilak South County. Would you like to speak to your motion?

**MR BAHATI:** Mr Speaker, the object of this project is to improve access to social services, expand economic opportunities and enhance environmental management in communities hosting refugees in Uganda. It is a regional project which covers Uganda, Djibouti and Ethiopia. Nationally, the project targets support to host communities to improve their welfare in the districts of Adjumani, Arua, Kiryandongo and Isingiro.

The project will cover issues to do with socio-economic infrastructural development, sustainable environment management, economic empowerment through livelihood programmes, and management as well as monitoring and evaluation. It is basically to support the communities that are hosting refugees in Uganda by giving them the infrastructure needed to cope with these additional pressures they are getting because of the refugee situation in our country.

Mr Speaker, the committee has considered this loan and is ready to report to this House for consideration. I beg to move.

**THE DEPUTY SPEAKER:** Thank you, honourable minister. Honourable members, the motion that I propose for your debate is for a resolution of Parliament to authorise Government to borrow SDR 35.5 million ($50 million) from the International Development Association of the World Bank Group to support the Development Response to Displacement Impacts Project in the Horn of Africa. That is the motion for your debate and debate starts now. To start our debate, we will hear from the committee – what advice they will give us.

2.01

**THE VICE-CHAIRPERSON, COMMITTEE ON NATIONAL ECONOMY (Mr Lawrence Bategeka):** Mr Speaker, I am here to present a report of the Committee on National Economy on the proposal by Government to borrow $50 million from the International Development Association of the World Bank Group to support the Development Response to Displacement Impacts Project in the Horn of Africa.

Before, I do it, Mr Speaker, allow me to lay on the Table a signed report of the committee, signed minutes, the minister’s brief on the proposal, the loan approval guide, National Development Plan II (NDP II) compliance letter from the National Planning Authority (NPA), responses on issues raised by members of the committee on the loan request by the Office of the Prime Minister (OPM), and the quarterly report on loan performance. I beg to lay.

**THE DEPUTY SPEAKER:** Let the record capture the report of the committee and the documents the committee relied on to come to their conclusion.

**MR BATEGEKA:** Mr Speaker, the Committee on National Economy considered the request by Government to borrow $50 million from the International Development Association of the World Bank Group to support the Development Response to Displacement Impacts Project in the Horn of Africa in accordance with rule 166 (2) (b) of the Parliamentary Rules of Procedure.

The request was presented to this House by the Minister of Finance, Planning and Economic Development on 2 February 2017 and accordingly referred to the Committee on National Economy for consideration. The committee considered and scrutinised the request and now begs to report.

The committee held meetings with the Ministry of Finance, Planning and Economic Development and the Office of the Prime Minister. The committee studied and made reference to the following documents:

i) The Minister of Finance, Planning and Economic Development’s brief on the loan request.

ii) Appraisal documents.

iii) The draft loan agreement between the Republic of Uganda and the World Bank Group.

The Committee also undertook a field visit to acquaint themselves with the matter.

Background

The Development Response to Displacement Impacts Project in the Horn of Africa is a regional project that seeks to address challenges being faced by refugees and host communities in three refugee-hosting countries of Uganda, Djibouti and Ethiopia in the first phase. The three countries were chosen for their significant forced displacement challenges:

1. Uganda has a very progressive refugee policy and is a favoured asylum destination.
2. Ethiopia is host to the largest number of refugees in Africa.
3. Djibouti has a major problem with significant migrant inflows alongside refugees.

Mr Speaker, In Uganda, refugee camps are in relatively underdeveloped and underserved areas compared to the rest of the country. The refugee hosting communities have a precarious socioeconomic situation plagued by food insecurity, limited access to basic social services and economic infrastructure, poor livelihood opportunities and degraded natural resource base.

The communities that host refugees are also plagued with competition over scarce social services, economic infrastructure and livelihood opportunities. This competition leads to faster environmental damage and growing incidences of conflicts and clashes. Enhancing the productive capacities and coping mechanisms of the host population is seen as an important step to safeguard the very much needed asylum space for refugees in the host communities in the Horn of Africa.

The project objectives are: to improve access to basic social services, expand economic opportunities and enhance environmental management for communities hosting refugees in targeted areas of Uganda. This is the Ugandan component.

Project Description and Components

The project comprises the following components:

1. Social economic infrastructure development, $30 million.

2. Sustainable environmental management, taking another big proportion of 20 per cent ($8.5 million).

3. Economic empowerment through livelihood programmes.

The rest is about management of the project.

Project Cost and Financing

The overall regional project cost is estimated at US$ 300 million, of which the World Bank has agreed to avail US$ 50 million for Uganda. For those of you who have the report, the table below shows project costs by component under World Bank financing. The entire financing is by World Bank.

Loan Terms and Conditions

Loan amount - US$ 50 million;

Maturity period - 38 years, including grace period of six years;

Commitment charge - 0.5 per cent on un-withdrawn credit balance;

Service charge - 0.75 per cent on withdrawn and outstanding credit balance

The Loan and the Current Debt Situation of the Country

The loan will increase the total nominal public debt, which is currently at US$ 8.5 billion as at the end of November 2016. External debt contributes 60 per cent of the total debt while 40 per cent is domestic debt.

The Debt Sustainability Analysis conducted in November 2016 revealed that in both the medium and long-term, Uganda’s Public and Publically Guaranteed (PPG) external debt is sustainable. The country is under no debt distress when subjected to stress tests, with the present value of public debt to GDP ratio standing at 24.6 per cent as at end of November 2016. This is relatively below the Public Debt Management Framework threshold of 50 per cent.

Implementation Arrangements

The Permanent Secretary in the Office of the Prime Minister (OPM) shall take the overall responsibility for implementing and accounting for project funds and coordinating all the project components, assisted by the Project Implementation Support Team (PIST) that will be established under the Refugee Department.

Committee Observations

The committee observes that benefits of a conducive environment for hosting refugees are of great benefit not only to the communities themselves but to the country as a whole. Through the three main components of the project, Government shall be able to improve the social and economic infrastructure, improve the environment and fight poverty through livelihood programmes. This is in line with the National Development II objectives.

The committee also observes that in the short and medium-term, the project will benefit both refugees and the host communities and households who will gain additional skills through skills training to improve their competitiveness in the respective sectors. In the medium to long-term, it will benefit a larger community through synergies and trickle down on incomes through purchase of goods and services by the direct beneficiary households. The Government of Uganda will benefit from a community whose purchasing power is improved and their ability to pay taxes is improved. Also, an improved environment will support Government programmes of addressing challenges of climatic change.

The committee further observes that the project will require acquisition of some land for the establishment and expansion of the required buildings for the targeted beneficiaries. However, land acquisition will be limited to site-specific civil works for rehabilitation or construction in the selected institutions. Mr Speaker, I may not read all the observations in the interest of time.

The committee observes that the project will support investments with potential negative environmental impacts, associated with component one on physical infrastructure development.

An Environmental and Social Management Framework (ESMF) was prepared to guide the subsequent development of site-specific Environmental and Social Impact Assessment (ESIA) and Environmental and Social Management Plans (ESMPs) during implementation.

The committee also observes that for sustainability in both OPM and district local governments, since they will be the major implementing institutions of the project, the project coordinators remain Government staff. Significant capacity will be built at the project coordinator level and all technical staff hired under the project will work closely with the respective units, though reporting will be directly to the project coordinator.

Stakeholders in the participating areas will seek broad community support for the project; and in accordance with its community driven development approach, subproject activities will be identified, prioritised, implemented and monitored by beneficiary communities. There will be community participation.

The committee observed that there is rapid urbanisation of the areas surrounding the refugee hosting communities. We visited Bweyale – the refugee hosting communities are getting urbanised very fast. Therefore, there is need to plan for that urbanisation.

Utilities will be put in place in the refugee hosting communities because the utilities in place are not commensurate with the funds normally available through allocations to Ministries, Departments and Agencies (MDAs). The money that is sent is not enough.

Committee Recommendations

The committee recommends that:

1. The uptake of this loan is necessary because funding of Government programmes in refugee host communities is inadequate to address the identified problems.

2. The host communities should also be given opportunity to share services provided for refugees in the area.

3. The second phase of the programme should be rolled out to benefit other communities because these are not the only refugee hosting communities. There are others and it should be rolled out in different areas hosting refugees in the country.

4. Due to land pressure, when Government is giving land to refugees it should take into account the local communities. There are some Ugandans who were displaced in refugee hosting areas and some of them went to court and have court judgements. If Government cannot handle this, then it should make a plan of resettling them.

5. Government should establish local factories where Ugandans can be employed and live relatively comfortable lives.

6. The Local authorities in refugee hosting areas should be involved in planning and implementation of activities involving refugees.

7. Part of the loan is meant for construction of markets and health centres which will also help the local community. Priority should be given to local communities arising out of these job opportunities and they should be availed to the local community.

8. Empowerment funds from the loan should be preserved for locals only.

9. Uganda should join the rest of the world in addressing conflicts between refugees and refugee hosting communities. Uganda, therefore, cannot isolate herself from a regional approach to a problem like this under DRDIP.

10. Uganda should explore support from the United Nations and other donors for grants to address development challenges that refugee hosting communities face.

Mr Speaker, in conclusion, the committee recommends approval by Parliament for the request by Government to borrow US$ 50 million from the International Development Association (IDA) Of the World Bank Group to support the Development Response to Displacement Impacts Project (DRDIP) in the Horn of Africa.

I beg to report, Mr Speaker.

**THE DEPUTY SPEAKER:** Thank you very much, Mr Chairperson and the committee members, for bringing this report back on the request by Government. Honourable members, I have already proposed the question for your debate. We also have to deal with the budget today. The report is being uploaded now; that is why I could not start with it because Members still do not have it. Let us see how we can use as short a time as possible to deal with this.

Honourable members, there are general concerns that this House has been raising about the trend of borrowing and all these other things; the House is aware. Let us deal with the specific issues on this loan and see if we can finish quickly. Let me see how many Members - you know the number determines how long you speak.

Given the explanation I have offered, can I have interventions of one minute each -(*Laughter*)- so that I can accommodate all of you? Am I right? The Leader of the Opposition can then wind up. The people who manage my time are instructed that each Member is entitled to one minute. No preambles or thanking the committee; just go to the subject. Do not even thank the Speaker for picking you. (*Laughter)* Just proceed to the issue you would like to raise in one minute.

2.24

**MR ROBERT CENTENARY (FDC, Kasese Municipality, Kasese):** Thank you, Mr Speaker. I again express my dissatisfaction and displeasure with these continuous procuring of loans, especially loans that are not productive. Logically, when you borrow money, you must have a clear financing strategy and the loan must be able to finance the interest and repayment in the end.

Uganda is currently choking on debts. Why should we continue borrowing for non-productive sectors like this one? As I speak, if we are not able to control our borrowing rate, we are going to plunge this economy into a very huge debt trap which we shall not be able to sustain as an economy. By the time we have priority areas to borrow for, we are not –(*Member timed out.*)

2.25

**MR GILBERT OLANYA (FDC, Kilak County South, Amuru):** Thank you, Mr Speaker. I support the borrowing of this money. I come from an area that hosts refugees. It is terrible the way the local people are competing with refugees for resources in districts like Amuru, Kiryandongo and Lamwo. There are no good health centres, water points or schools. Therefore, this loan is very important.

Mr Speaker, I request that we include the districts of Lamwo and Amuru in this project, because we have thousands of refugees from South Sudan settled there. Look at the number of the refugees in this country –(*Member timed out.*)

2.26

**MR JOHN LOKII (NRM, Matheniko County, Moroto):** Thank you very much, Mr Speaker. In the interest of time, I would like to speak to this motion by asking a question. The intention of the loan is good and it is going to help our people who are facing pressure from refugees. However, the loan is not covering areas that it should have covered.

When you look at the kind of displacement, there are some people from the neighbouring countries that have been displaced due to different reasons and one of which is drought. The drought in countries like Kenya and South Sudan has forced the cattle keepers in those countries to enter Uganda to look for water and pasture. However, when- (*Member timed out.*)

2.28

**MR STEPHEN KANGWAYE (NRM, Bukanga County, Isingiro):** Thank you, Mr Speaker. I also stood up purposely to support the borrowing of this money basing on so many factors.

Mr Speaker, I come from Isingiro and 75 per cent of its area, especially Bukanga County, is occupied by refugees. Now, Government has come up with a very good programme which is going to help those people who have been giving each and everything to make sure refugees also live a happy life. If we get this money, we are going to get schools, hospitals, roads and so many things. I totally support this motion. I thank you, Mr Speaker.

2.29

**MR FRANCIS MWIJUKYE (FDC, Buhweju County, Buhweju):** Thank you very much, Mr Speaker. I did research about the conflicts between refugees and the host communities. I am happy the chairperson is bringing these facts on board, especially concerning land distribution and access to services.

I am encouraged by the observations and findings, although I have a reservation on the many loans we are procuring. Given the fact that we have had challenges with the host communities and they have been included, I am inclined to support the motion so that we borrow and help the refugee host communities access services, land, education and health in order for us to develop together as a country. I beg to support.

2.30

**MR STEPHEN MUKITALE (Independent, Buliisa County, Buliisa):** Mr Speaker, the aliens outside refugee camps in this country are many more than those in the camps. In Bunyoro, in the Lake Albert area bordering the Democratic Republic of Congo (DRC), 30 per cent of the population are refugees and they have depleted the fish and forests. We are only talking about refugee camps when we are aware we have an alien policy which allows refugees to stay outside refugee camps.

Where is the intervention for the aliens who are not in the three refugee camps you mentioned? We have bigger problems in our schools and health centres. They are also causing land pressure. I would like Government to address the bigger problem than making Parliament discuss this drop in the ocean in a very idle way in one minute. I am protesting because we have a bigger problems arising out of -(*Member timed out.*)

2.31

**MR JAMES ACIDRI (NRM, Maracha East County, Maracha):** Thank you, Mr Speaker. I support the idea of taking this loan simply because it has come at the right time, when we in West Nile are hosting the highest number of refugees in this country. Our resilience and ability to take care of refugees has reduced. I am very optimistic that if we borrow this money and it is well utilised, we would be able to address the challenges facing the host communities.

My only word of caution is on the issue of corruption, since this loan is going to be handled by one of the most notorious Government ministries, the Office of the Prime Minister. (*Laughter*) If you have appetite for this money, we are cautioning you to tame it –(*Laughter*)

2.32

**MR TERENCE ACHIA (NRM, Bokora County, Napak):** Thank you, Mr Speaker. I rise to support the motion. This money we are borrowing is going to benefit not only refugees but also the hosts will eventually be beneficiaries. Currently, it looks like we are helping the refugees but when they go, then the host communities will be able to benefit. Therefore, it is very important for our country. Let us borrow without fear. Thank you.

2.33

**MR PAULSON LUTTAMAGUZI (DP, Nakaseke South County, Nakaseke):** Thank you, Mr Speaker. I do not support this motion, well knowing that the majority of Ugandans today are feeding on termites. How will the local communities perceive Government of Uganda when they start looking after refugees and foregoing their own people? I do not support this.

Secondly, Uganda is performing United Nations (UN) work. That should have been the work of the UN. I do not support it –(*Interruption*)

**MR OLANYA**: Thank you, Mr Speaker. The chairperson and the minister presented very clearly that the money we are borrowing is to help the communities that are hosting the refugees. It is quite embarrassing for a colleague to turn the motion upside down. Is he in order to turn the motion upside down yet we are discussing a different thing?

**THE DEPUTY SPEAKER:** Honourable members, we have a rule on relevance. You have to be relevant to the debate. The debate is that we want to support host communities, not refugees. Therefore, the Member was discussing something that we are not discussing.

2.35

**MR EMMANUEL ONGIERTHO (FDC, Jonam County, Nebbi):** Thank you, Mr Speaker. I would like to seek a small clarification. We know that as a policy, implementing agencies for UNHCR are supposed to put in about 10 per cent of their investment in the refugees. Therefore, 10 per cent is supposed to go to the host communities of every -(*Interjection*)- Now it is even better - 30 per cent of every investment they are putting in refugees is supposed to go to host communities.

I hope this loan is taking cognisance of that, so that we are not over borrowing. However, we should task the implementing agencies to do their part of 30 per cent to the host communities. Thank you very much.

2.35

**MS HELLEN KAHUNDE (NRM, Woman Representative, Kiryandongo):** Thank you very much, Mr Speaker. I would like to support the motion since Kiryandongo District is one of the host districts. The host communities are very poor in terms of livelihood, incomes and also education and health services. This will help to enhance their livelihood and also to improve on their education status in those areas since in their proposal, they plan to invest in vocational training because most of these refugees come with school going children.

I would like to pray that all Members support this loan request. It is the only time that we can benefit as host communities. We have hosted these people for a long time but we have just been spectating as they receive their relief from the UN -(*Member timed out.*)

2.37

**MS WINNIE MASIKO (NRM, Woman Representative, Rukungiri):** Thank you very much, Mr Speaker. I would like to support the motion and especially appreciate the committee for raising the issue of sustainable environmental management as one of the components of the loan. They have talked about tree planting and ensuring that there are woodlots at family level.

I would like to request the implementers of this to make sure that they look at fruit tree planting. If they are going to do tree planting, they should emphasise the growing of fruit trees so that we can fight malnourishment that is common in our communities, improve on food security and also ensure that we get more money for households. That is the only way we can have sustainable environmental protection and make sure that the communities - (*Member timed out.)*

**MR MUKITALE:**  Mr Speaker, last week, Uganda was recognised by the UN as one of the leading destinations for refugees. Uganda has done the work very well by providing a UN airbase in Entebbe at the cost of the UN. We fly to Sudan, the Democratic Republic of Congo and take relief to other neighbours in the region.

The problems being caused by host communities are due to immigrants, aliens and refugees; why should Government of Uganda borrow on behalf of the UN mandate and UNHCR, which I know very well? Uganda is now borrowing to take responsibility of UNHCR and UN mandates.

Mr Speaker, are we proceeding procedurally well to start borrowing on behalf of the UN when we know that we are doing this responsibility on behalf of the UN? It is a UN mandate; shouldn’t we be looking for money from the UN or UNHCR to carry out this responsibility? Mr Speaker, I seek your guidance.

**THE DEPUTY SPEAKER:** Procedurally, this request was brought to Parliament. Procedurally, it was sent to the Committee of National Economy, which has examined it. Procedurally, it has come back and it is ready, and we are procedurally debating it –(*Laughter*)- Therefore we are proceeding very well. *(Laughter)*

2.40

**MS MOLLY LANYERO (NRM, Woman Representative, Lamwo):** Thank you, Mr Speaker. I rise to support the motion and ask Members to support this motion. I would like to appeal to Members to also include other districts like Lamwo and Amuru and others that are hosting the refugees.

Mr Speaker, Lamwo is a peculiar case; while in other districts areas are gazetted and refugees are taken to be resettled, in Lamwo refugees are settled within an area where communities are living. You find that as they are being settled, gardens are being graded to make roads and you find that- (*Member timed out*.)

2.41

**MS DOROTHY AZAIRWE (NRM, Woman Representative, Kamwenge**): Thank you, Mr Speaker. I would like clarification. First, Kamwenge is one of the 12 host districts that are hosting refugees in this country. Recently, we were invited by the UN family and they told us clearly that they are going to cater for these things in the 12 districts. They said this in the presence of the minister in charge of disaster preparedness.

I would like to know now, having this loan request in place, what criterion was used to choose only four districts and leave out the rest? Can we have something wholesome? If we are passing a loan request, can we consider all the 12 host districts in this country instead of doing this piecemeal? The observations of the report are very real. The UN family should come in and intervene for the rest of the other districts that have remained. I thank you.

2.42

**MS CECILIA OGWAL (FDC, Woman Representative, Dokolo):** Thank you, Mr Chairman *–(Interjections)-* Sorry, Mr Speaker. I have been dealing with the budget and I have been looking only at the chairman for the last couple of days.

Mr Speaker, whoever has a dissenting view on this loan maybe does not know the tactical move that we should make because of the regional geographical situation where Uganda finds itself. It is very important that we strategically develop mechanisms to deal with refugees and the better infrastructure we have, the better equipped we can be to deal with challenges of refugees. We should identify the pitfalls in the management of the loans but we must ensure that we put on the ground mechanisms and infrastructure that can effectively deal with the challenges of refugees. *(Member timed out.)*

2.44

**MR ATKINS KATUSABE (FDC, Bukonjo West, Kasese):** Thank you very much, Mr Speaker. I implore and encourage the entire House to explore the possibility of not passing this loan proposal until the following:

One, this proposal encompasses $ 50 million and that is a lot of money. Moreover, it restricts itself to the host communities and yet we have what we call the transient communities, particularly in Kasese.

Mr Chairman and your committee, I would encourage you to bring on board the transient communities, especially in Kasese. You know that every hospital in Kasese literally has 50 per cent of patients coming from DRC and 50 per cent coming from Kasese. It is the same with the schools. *(Member timed out.)*

**THE DEPUTY SPEAKER:** Thank you. We need to close this now. I will pick a few Members.

2.45

**MS JESCA ABABIKU (NRM, Woman Representative, Adjumani):** Thank you, Mr Speaker. I support the borrowing of this money. However, I request that all the recommendations that have been put in this report be addressed through the policy that is supposed to be used in the management of refugee affairs in our country. We have been raising this but it has not been fully implemented by the relevant ministry.

There is a high increase of conflict between the host communities and the refugees because we are struggling over the same scarce resources. I support the committee’s recommendation and I thank the committee for having considered Adjumani District. We are among the districts that have been hosting refugees for time immemorial. Thank you.

2.46

**MS VIOLET AKURUT (NRM, Woman Representative, Katakwi):** Thank you, Mr Speaker. I rise to support the motion on borrowing. However, we are aware that the effects of climate change are real in Uganda. A colleague talked about communities eating termites; it was because of the drought that the country faced.

The component on sustainable environmental management and economic empowerment through livelihood programmes has a small budget and more has gone on infrastructure. I would propose that the committee revisits the distribution so that we have more money on economic livelihood and on sustainable environmental management. If we are to address issues of climate change and empower our communities on adoption and mitigation of some of these issues that we went through *–(Member timed out.)*

2.48

**MR ALEX BYARUGABA (NRM, Isingiro County South, Isingiro):** Thank you very much, Mr Speaker. I would like to thank the committee for this very good report and I would like to associate myself with their conclusions.

Isingiro District is one of the districts in the country that hosts the largest number of refugees in the whole world. The sixth largest refugee settlement areas, both in size and population, are Nakivale and Oruchinga. These two refugee settlement areas have been in existence from 1957 to date. I have seen refugees getting good schools while the neighbouring communities do not have even shanty schools. Refugees are getting good medical care while the host communities are not.

This loan is coming in at the right time. Therefore, I would like to appreciate this request and recommend that it passes. Thank you.

2.49

**MS LILLY ADONG (Independent, Woman Representative, Nwoya):** Thank you, Mr Speaker. I would like to appreciate the work of the committee and Government for thinking about the host communities.

Mr Speaker, some of us who worked with the refugees or Internally Displace Persons (IDPs) know of stories where for members of the community to benefit, they had to disguise themselves as refugees to get food, for example. I believe with this kind of approach, our communities will feel appreciated.

However, as the honourable colleague from Kamwenge has indicated, if Government also receives funding from the UN, they should be transparent. This is because we may approve this money and they start implementation but along the way, the UN may come and give support. We need to know about the money coming from the Government of Uganda and from these agencies. We should know how much the UN and other world bodies are contributing to support –*(Member timed out.)*

2.50

**THE LEADER OF THE OPPOSITION (Ms Winfred Kiiza):** Mr Speaker, last year I took an oversight tour to West Nile and while I was there, I toured the refugee camps of Bidi Bidi and Pagirinya. While at those refugee camps, I noted the cry of the host communities. They told of how they are excluded from services and how the refugees are treated better than them, and this was creating a rift between the host communities and the refugees. Actually, some host community members opted to register as refugees so as to get food. They would bribe leaders in the refugee camps to get cards so as to access medication.

When I was there, I saw that there need for affirmative action to be given to the host communities. However, I did not anticipate the fact that we would borrow on behalf of the host communities. Mr Speaker, this now ceases to be a matter of the host communities. It is now the whole country becoming the host community because when we start repayment of the loan, all Ugandans, whether you are a host community or not, will pay back the loan.

We are in a budgeting process and I would have loved it if these specific targets and interventions would have been incorporated into the different budgets of the specific ministries so that we spread them out. The specific interventions would have been reflected to cater for the host communities but within our budget, not necessarily borrowing. We are known as a country that borrows money, which we do not use for the purposes for which it was intended.

Mr Speaker, it is good and right to look into the affairs and welfare of the host communities. However, I would have loved that the quickest intervention would have gone into water for production, so that the neighbouring communities can grow food that the UN can buy to support the refugees.

We are getting an influx of refugees because Uganda, as a country, is being looked at as having a big heart. We let our children go hungry because we must take care of our neighbours but our neighbours do not have such big hearts. Therefore, as a country we should learn. How many times are we going to borrow? The whole country is turning out to be a refugee settlement; we are a clearing house. How long will we continue hosting refugees?

Another problem I realised is that some of these refugee settlements are excluded from the population so that at the time when the refugee camp is closed, some of the infrastructure that has been put into the refugee camps may not be easily accessible to the local people. Pagirinya was a living example. It is a bit far from the population, so the schools that have been constructed there will not be easily accessible to the host community when the refugee camp is closed.

Therefore, even as we talk about refugee settlement areas, let them be within the population because we know that these camps are not here to stay. We are not going to say that we are building permanent homes for refugees because we believe that they are in transit and they will go back to their home countries at an appropriate time.

As we plan for refugees, let us also have a big heart for our own children, the citizens of Uganda. I would like to thank you, Mr Speaker.

**THE DEPUTY SPEAKER:** Thank you very much, honourable members. I think that the debate rotates around the same issues of too much borrowing, absorption problems, among others. However, I think the crux of the request has been supported by the Members. Can I put the question so that we go to the budget?

Honourable members, I now put the question to the motion that the request by Government to borrow SDR 35.5 million, equivalent to $ 50 million, from the International Development Association (IDA) of the World Bank Group to support the Development Response to Displacement Impacts Project (DRDIP) in the Horn of Africa be approved.

*(Question put and agreed to.)*

MOTION THAT THE HOUSE RESOLVES ITSELF INTO A COMMITTEE OF SUPPLY TO CONSIDER THE HARMONISED FIGURES FOR SUPPLY TO VOTES FOR FINANCIAL YEAR 2017/2018

**THE DEPUTY SPEAKER:** Honourable members, allow me to recognise, in the public strangers’ gallery this afternoon, students from YMCA Comprehensive Institute in Kampala. They have come to observe the plenary proceedings. Please, join me in welcoming them. You are very welcome.

2.56

**THE MINISTER OF FINANCE, PLANNING AND ECONOMIC DEVELOPMENT (Mr Matia Kasaija):** Mr Speaker, I move that the House resolves itself into a Committee of Supply to consider the harmonised figures for supply of votes for the Financial Year 2017/18. I beg to move.

**THE DEPUTY SPEAKER:** Is the motion seconded? It is seconded by hon. Niwagaba, hon. Makumbi, hon. Karungi, hon. Okupa, hon. Centenary and hon. Egunyu. Would you like to speak to your motion?

**MR KASAIJA:** Mr Speaker, as per the Public Finance Management Act, the budget should be completed by 31st May. Therefore, we are under a legal obligation to ensure that this happens. I am appealing to each one of us to look at the figures and arguments in the proposed budget, which we submitted to this House some time back, and pass it. Thank you, Mr Speaker.

**THE DEPUTY SPEAKER:** Thank you very much. Honourable members, when this motion was first proposed, we referred the substance of it to our committee. We will have two processes. We will have to listen to what the committee has said and probably other views on what has been proposed and we deal with that. We will then go to the actual Committee of Supply and supply the figures.

At this moment, I will invite the chairperson of the committee to report. Chair, please keep time.

2.58

**THE CHAIRPERSON, COMMITTEE ON BUDGET (Mr Amos Lugoloobi):** Mr Speaker, I beg to present the report of the Budget Committee on the annual budget estimates for Financial Year 2017/18. This report has been uploaded on your iPads.

In accordance with Article 155(4) of the Constitution of the Republic of Uganda and section 13(4) of the Public Finance Management Act, 2015, as amended, and rule 138(2) and (3) of the Rules of Procedure of Parliament, the Budget Committee is mandated, among others, to:

(a) Examine, discuss and review the budget estimates and make appropriate recommendations to Parliament.

(b) Consider sectoral committee reports on the budget estimates referred to the committee by Parliament for reconciliation and harmonisation.

Mr Speaker, on 29 March 2017, the Minister of Finance, Planning and Economic Development laid before Parliament the proposed annual budget estimates for the FY 2017/18 and this was referred to the Budget Committee. In addition, Parliament referred the sectoral committee reports on the ministerial policy statements for the same year for reconciliation and harmonisation.

The Budget Committee has consulted, discussed and reviewed the proposed annual budget estimates with all reports referred to it, and now wishes to report to the House as follows:

Mr Speaker, with your permission, I will skip the scope and methodology and go to the substance. We have two parts of this report. The first part is on the macro-level observations and recommendations. The second part is on the sectoral level observations and recommendations. I beg to present part one in the interest of time, as you have indicated.

Proposed Annual Budget For FY 2017/18

The total proposed annual budget for FY 2017/18, as originally submitted to Parliament by the Minister of Finance, Planning and Economic Development on 29 March 2017, amounted to Shs 28,990.6 billion of which Shs 19,065.4 billion (65.8 per cent) was for appropriation and Shs 9,925.2 billion (34.2 per cent) was for statutory expenditure.

However, on 18 May 2017, the Minister of Finance, Planning and Economic Development submitted corrigenda to the draft estimates, which revised the total proposed annual budget for FY 2017/18 to Shs 28,008.5 billion of which Shs 19,082.6 billion is for appropriation and Shs 9,925.9 billion is for statutory expenditure.

Budget strategy for the FY 2017/18

The committee notes that the budget strategy for FY 2017/18 will focus on the following key interventions:

1. Increasing agricultural production and productivity for food security and strategic exports.
2. Enhancing private sector development for export promotion and import substitution.
3. Intensifying energy and transport infrastructure development to lower production costs.
4. Completing oil related infrastructure development to enable commercialisation and the first oil output in 2020.
5. Increasing affordable long term credit to finance private sector investment.

f) Improving service delivery through human capital development.

g) Intensifying the fight against corruption.

h) Boosting domestic revenue mobilisation.

The committee notes that whereas the Budget strategy for the Financial Year 2017/2018 is well focused to address the current and medium term economic challenges, it is short of addressing the critical issue of ensuring value for money during the execution of the Budget.

The committee notes that through the performance reports of the previous Budget, there is still a big challenge of realising the required levels of efficiency, effectiveness and economy in the utilisation of national resources. There is evidence of wasteful expenditure in some areas and lack of accountability for results, which renders the Budget weak in implementation.

The committee notes that there is need to review and rationalise the Budget strategy. For instance, while the current capacity at Judiciary can handle 1,500 cases per annum, there are over 27,000 suspects on remand in prison facilities. This implies that Judiciary would take about 18 years to clear the current number of cases, everything remaining constant. In the meantime, Government is feeding and caring for the suspects.

The committee notes that a number of key interventions in the Budget strategy are either partially funded or not funded at all. For instance, the Uganda Export Promotion Board, which is responsible for export strategy, is allocated Shs 3.2 billion against a requirement of Shs 8.5 billion in the proposed annual Budget.

The committee also notes that while Government indicates that industrialisation is a key strategy for job creation, no funds have been allocated in the proposed Budget for industrial parks’ development.

Consistency of the Annual Budget with the Charter of Fiscal Responsibility

Pursuant to section 5 of the Public Finance Management Act, Parliament approved a Charter of Fiscal Responsibility on 21 December, 2016. The charter presents Government’s strategy for operating a fiscal policy, which is consistent with sustainable fiscal balances over the medium term and the maintenance of prudent and sustainable levels for public debt.

The charter specified the following measurable fiscal objectives:

1. The Government fiscal balance, including grants, is reduced to deficit of not greater than three per cent of GDP by Financial Year 2020/2021;
2. Public debt in net present value terms is maintained below 50 per cent of GDP of which the net present value of external debt is maintained below 30 per cent of GDP and a net value of domestic debt is maintained below 20 per cent of GDP.

Subject to section 13 (6) of the Public Finance Management Act, 2015, the committee assessed the fiscal measurable objectives of the charter against the proposed annual Budget for the Financial Year 2017/2018 and made the following observations:

1. The overall fiscal deficit is projected to rise to 5.1 per cent of GDP in Financial Year 2017/2018 from 4.6 per cent in Financial Year 2016/2017 but projected to decrease to two per cent by Financial Year 2021/2022.
2. The public debt in the net present value terms is projected at 31.19 per cent of GDP in 2017/2018 of which NPV of external debt is 18.59 per cent of GDP and NPV of domestic debt is 12.6 per cent of GDP.

The committee was able to confirm that the annual Budget for 2017/2018 is consistent with the Charter of Fiscal Responsibility as required by section 13(6) of the Public Finance Management Act.

Compliance of the Annual Budget to the National Development Plan II

The committee observes that on the whole, compliance of the Financial Year 2016/2017 annual Budget to NDP was assessed at 58.83 per cent. The score is far below the one registered the previous financial year at 68.3 per cent. In other words, we are coming down. The declined score was attributed to the poor performance at the macroeconomic level, which declined from 72 per cent the previous year of 2015/2016 to 48.1 per cent in 2016/2017.

The committee notes with concern that a considerable number of sectors do not have sector strategic plans that are aligned to the NDP II. The committee notes that nine out of 16 sectors, 112 out of 131 MDAs and 107 out of 133 local governments do not have strategic plans cleared by NPA.

The sectors with aligned plans include: Legislature, Public Administration, ICT, Health, Energy, Social Development and Security.

Sectors with draft strategic plans include: Lands and Housing, JLOS Accountability, Agriculture, Environment and Natural Resources and Education.

Sectors with no strategic plans include: Works and Transport, Tourism, Trade and Industry and Public Sector Management. I wonder whether they are worth allocating any resources.

The committee notes that most of the MDAs do not have performance indicators aligned to the NDP II and that no previous studies and surveys have been conducted to constitute baseline information for performance indicators. The situation affects monitoring of the performance indicators and constrains effective Budget allocation, execution and monitoring.

The committee recommends:

1. The accounting officers, who exhibited a poor performance in the compliance assessment, should be given warning letters from the Permanent Secretary/Secretary to Treasury.
2. Government should strengthen planning units and inter-agency coordination to ensure harmonised targets that can be monitored by Parliament and other oversight agencies are well-established.
3. NPA should spearhead an integrated planning approach to avoid MDAs fighting for projects.
4. Government explores the possibility of acquiring land for huge infrastructural development to avoid MDAs increased budgetary resources to cater for land compensation. Government should suspend disjointed land acquisitions for different projects on the same land, as evidence has it now.
5. Government should establish a metropolitan planning authority to ensure harmonised planning for the city and the neighbouring districts of Wakiso, Mukono, Mpigi and Luweero, among others.
6. NPA should issue clear guidelines to assist Government sectors to formulate strategic plans.
7. All MDAs without strategic plans should be given one last opportunity this financial year to formulate strategic plans that are aligned to the NDP.
8. Next financial year, all sectors and MDAs, which will have failed to produce strategic plans, will face strong sanctions including non-approval of their annual budgets.
9. All non-complaint MDAs will be treated in accordance with sections 78, 79 and 45(2) of the Public Finance Management Act, 2015.
10. Next financial year, names of accounting officers who will have failed to comply with the Public Finance Management Act, 2015 shall not be allowed to manage public funds.

Compliance of the ministerial policy statements to Gender and Equity Requirement

The committee notes that some accounting officers have not fully appreciated the requirements under the Public Finance Management Act, 2015. This perhaps explains why some of the MDAs scored poorly with regard to gender and equity issues.

The committee recommends that the Ministry of Finance, Planning and Economic Development should carry out deliberate sensitisation and awareness programme of the PFM Act to all accounting officers.

The committee observes that the guidelines for gender and equity assessment have never been published. This has created a gap in reporting and integrating gender and equity issues in the budgets, especially for foreign missions that performed poorly during the assessment.

The committee recommends that guidelines for gender and equity assessment should be disseminated to all MDAs and local governments.

The committee notes with concern that they have reported regional disparities in the performance of PLE and USE. The committee recommends that Ministry of Education and Sports takes up the matter and addresses the regional imbalances through affirmative action. A diagnostic study should be carried out to establish why poor performance is concentrated in eastern, west Nile and Lango areas***.***

The committee recommends that sectoral committees of Parliament should assess how well sectors or votes have complied with the previous assessment. In the following year, committees will be advised to introduce a section in the reports on ministerial policy statements that reports on the progress and achievements towards the observations and recommendations of the previous assessment.

To ensure effective implementation of the PFM Act, sectoral committees should monitor the progress of the gender and equity interventions during their oversight activities. This time round, the sector committees did not adequately handle gender and equity issues in the ministerial policy statements reports.

The committee further recommends that next financial year, any vote that will not submit its ministerial policy statement to the Equal Opportunities Commission for gender and equity assessment and those votes whose scores will be less than 50 per cent should be tasked to make a detailed explanation to the House and their appropriation withheld until the necessary scores are attained.

The committee notes that there are institutional capacity gaps in respect to human resource and finances at the Equal Opportunities Commission that need to be addressed to ensure the production of high quality assessment reports. The committee recommends that an additional Shs 2 billion be provided to the Equal Opportunities Commission to roll out the assessments to all MDAs and local governments, and to sensitise the stakeholders about the gender and equity responsive budgeting.

Mr Speaker, one of the requirements on laying the Annual Budget Estimates was a multi-year commitment. This paragraph presents issues on the multi-year commitments of Government for the Financial Year 2017/2018.

Multi-Year Commitments of Government FY 2017/18

The committee observes that multi-year commitments in FY 2017/18 for new and on-going projects amount to Shs 13.3 trillion, of which Shs 5.89 trillion (44 per cent) is Government of Uganda financing and Shs 7.49 trillion (56 per cent) is external funding.

However, according to the Medium Term Expenditure Framework, the total development budget stands at Shs 11.4 trillion in FY 2017/18. This implies that there is a shortfall of Shs 1.9 trillion between the multi-year commitments and the MTEF provisions for FY 2017/18. While the Government of Uganda shortfall is Shs 1.5 trillion, the external financial shortfall is Shs 423 billion.

The committee notes that the shortfall mostly affects the following sectors:

1. Works and Transport - Shs 1.048 trillion shortfall
2. Security - Shs 628 billion shortfall
3. Energy and Mineral Development Sector - a shortfall of Shs 517 billion
4. Social Development Sector - Shs 212.66 billion

The committee notes that there are some sectors that were allocated resources in the MTEF beyond the multi-year commitments for FY 2017/18. These sectors include:

1. Health Sector - Shs 477 billion
2. Public Sector Management - Shs 160.3 billion

The committee recommends that Government should reconcile the multi-year commitments and budget allocations for FY 2017/18, before Parliament pronounces itself to the multi-year commitments of Government, as required under the Public Finance Management Act, 2015.

Parliamentary Recommendations on the Budget Framework Paper FY 2017/18 – FY 2021/22

Section 13(6) of the Public Finance Management Act, 2015 provides that the annual Budget shall be consistent with the National Development Plan, the Charter of Fiscal Responsibility and the Budget Framework Paper.

The committee notes that despite the numerous parliamentary recommendations through the Approved Budget Framework Paper (BFP) for FY 2017/18 – FY 2021/22, Government was not able to incorporate them in the annual Budget for FY 2017/18 citing resource constraints and other challenges.

The committee notes that Government has made numerous other variations, which were originally not considered in the BFP. The deliberate failure, by the Executive, to incorporate parliamentary decisions in the annual Budget undermines the integrity of Parliament and the principle of separation of powers.

The committee recommends that the Executive should respect the role of Parliament in the Budget approval by keenly considering the recommendations of Parliament during compilation of the annual Budget.

The committee recommends that in future, Parliament should take very strong exceptions against the Executive for non-compliance of the provisions of the PFM Act, 2015.

Inconsistencies in sectoral allocation between the Approved BFP and the Annual Budget

The committee notes that there were some inconsistencies in sectoral budget allocation between the approved BFP and the annual Budget and this is demonstrated in Table 1 below. Although the total allocation reduced from Shs 22,947 billion to Shs 22,001 billion, some sectors such as the Health, Public Sector Management and Education were increased by 2.67 per cent, 1.43 per cent and 0.93 per cent in percentage shares respectively.

The committee recommends that the Government should comply with section 13(6) of the PFM Act, 2015 even for sectoral allocations as this non-compliance renders the work done by Parliament on the BFP almost irrelevant.

Challenges identified with the Programme Based Budgeting (PBB) tool

This is a new tool, which the ministry has introduced. While Parliament observed during the BFP processing that the upgrading of the Government budgeting system from the Output Budgeting Tool (OBT) to Programme Based Budgeting (PBB) had been rushed through and that there was no proper policy guidance to MDAs, this has been confirmed during the scrutiny of the ministerial policy statements.

The committee noted that the current PBB framework will not be very effective because-

* 1. most of the key outcome indicators lacked baseline information and the projections lacked means of verification;
	2. the outcome indicators have not been properly identified and agreed upon by the various multi-contributors (MDAs) to a single outcome;
	3. there is no institution of Government that has been identified to monitor and report on the performance of the outcome indicators and the system does not capture such an arrangement;
	4. while the outcomes are long term and their assessment has to be handled in that perspective, the annual budgets are short term. Government has to maintain the planning, approval, execution and assessment framework for the short term outputs that eventually feed into the long term outcomes.

The committee recommends that these observations should be acted upon as a matter of urgency to ensure adequate monitoring of Government programmes.

The resource envelope FY 2017/18

The committee notes that the projected resource envelope for FY 2017/18 is estimated at Shs 28,992 billion. That is the original figure, which is a 10 per cent increase compared to the FY 2016/17. The main contributor to the total annual increment is the domestic revenue (refer to Table 2). While domestic borrowing will increase by 175.7 per cent, Budget support will instead decline by 96.2 per cent. The external financing will increase by 8.5 per cent compared to FY 2016/17.

The committee notes a decline by 4.1 per cent in the resource envelope for the annual Budget of FY 2017/18 compared to what was provided under the National Budget Framework Paper. The major decline is in respect to domestic debt refinancing and project support.

Let me talk about the resource envelope as presented in Table 2.

The proposed domestic revenue Shs 14,507 billion

Domestic borrowing Shs 90,054 billion

Domestic revenue is Shs 15,062 billion

Money drawn from the Petroleum Fund Shs 10,025 billion

Budget support is Shs 35 billion

Project support through external financing is Shs 7,077 billion

Appropriation-in-aid is Shs 740 billion

Domestic debt refinancing is Shs 4,999 billion

Total Shs 28,992 billion

Government Discretionally Resources

The committee notes that the projected budget discretionary resources for FY 2017/18 amounts to Shs 12,989 billion, which is just 44.8 per cent of the annual resource envelope. Although the budget discretionary resources will increase, the percentage of the discretionary budget over the total resource envelope will reduce by 2.8 per cent from 47.6 per cent in FY 2016/17 to 44.8 per cent in FY 2017/18.

The committee observes that the declining level of the discretionary spending in the Government budget raises a question of fiscal sustainability in the short and medium term.

The committee notes that the percentage share of the interest payments to the total resource envelope is increasing from 7.7 per cent in FY 2016/17 to 9.2 per cent in FY 2017/18. The increasing interest payments are constraining resources that would otherwise be utilised in the productive and social service sectors of the economy.

The increased spending in the productive and social service sectors will trickle to the majority of the citizens and ensure inclusive growth and sustainable development.

Government Discretionary Resources for FY 2016/17 and the projected FY 2017/18 (Table 3)

Total Resource Envelope - Shs 28,991.56 billion

External Debt Repayments - Shs 950 billion

Domestic Arrears Payment - Shs 300.85 billion

Project Support - Shs 7,077 billion

Domestic Debt Refinancing - Shs 4,999 billion

Interest payments - Shs 2,675 billion

Revenue Policy Measures

The committee notes that domestic revenues, including grants, are projected to increase by 18.06per cent in the FY 2017/18 against the projected revenues of FY 2016/17. In the FY 2017/18, domestic revenue collections are projected at Shs 16,698 billion of which tax Revenue is Shs 14,682 billion, Non Tax Revenue is Shs 380 billion and Grants Shs 1,636 billion. The projected revenue is equivalent to 15.2 per cent of GDP against 14.42 per cent of GDP in FY 2016/17.

The major drivers of the increased projected domestic revenues in the FY 2017/18 are summarised in the Table 4 below, which I believe you can read for yourselves but much of this revenue is coming from enhanced tax revenue collections due to GDP growth.

The Budget Financing Options

In FY 2017/18, the overall fiscal deficit is projected at Shs 5,606 billion (5.1 per cent of GDP). This will be financed by borrowing externally Shs 4,527 billion and domestically Shs 1,079 billion. The domestic borrowing will increase by Shs 596 billion from Shs 483 billion in FY 2016/17.

The fast raising trend of borrowing to finance fiscal deficit will, in the short run, constrain growth as substantial amounts of resources will be spent on debt service instead of the productive and social services sectors.

In addition, domestic borrowing escalates the interest rates on the market, which crowds out the private sector. Higher interest rates constrain access to credit, reduce private investment, increase production costs and consumer prices, reduce aggregate demand and hence lower GDP growth.

The committee recommends that Government should endeavour to restructure the Budget and revisit spending priorities in order to reduce the fiscal deficit and assist the country to live within its means.

Budgets of Public Corporations and State Enterprises FY 2017/18

In compliance with section 13(3) and section 13(11)(f) of the Public Finance Management Act, 2015 and section 13(3), the Minister for Finance, Planning and Economic Development laid before Parliament the proposed budgets for Public Corporations and State Enterprises for FY 2017/18.

The committee notes that only 18 out of the 62 Public Corporations and State Enterprises submitted their budgets on the Programme Budgeting System. Therefore, 44 Public Corporations and State Enterprises did not comply with the PFM Act, 2015.

The committee recommends that all Public Corporations and State Enterprises should have their budgets presented and appropriated, as stipulated by law.

The committee recommends that all the heads of Public Corporations and State Enterprise who did not comply with the law should be given warning letters by the Permanent Secretary/ Secretary to Treasury.

I should mention that because we do not have their figures, we cannot appropriate their budget and therefore, they are spending without the authority of Parliament.

Public Debt Accumulation

The committee recommends that Government addresses the vulnerabilities with enhanced domestic revenue mobilisation, increased trade openness and improved market integration to ensure that growth dividends from the projects financed by public debt are all equitably distributed.

The committee recommends that Government should be more transparent and tell the country the social and economic implications of the accumulating public debt stock and to assure the country that the middle-income status will still be attained by the end of FY 2020/21.

In addition, the committee has a strong view that the current public debt situation for the country is unsustainable. This is evidenced by the fact that out of the total resource envelope of Shs 28.992 trillion for the financial year 2017/2018, only Shs 12.989 trillion will be available for discretionary spending. The balance of Shs 16 trillion is earmarked for debt servicing and project support.

This makes the country highly vulnerable to the extent that the budget can no longer adequately provide for quality education and health services, re-capitalisation of vital enterprises, such as Uganda Development Corporation (UDC) and Uganda Development Bank (UDB), financing the productive sectors and the local governments.

The committee recommends that Government takes measures to re-structure the budget as well as lowering budget ceilings, where possible. For instance – by reviewing some of the major construction projects such as developing the cheaper marine transport instead of the costly Standard Gauge Railway *–(Interjection)-* Mr Speaker, I request for your protection.

**THE DEPUTY SPEAKER:** Mr Chairman, your best protection is in winding up. *(Laughter)*

**MR LUGOLOOBI:** I am about to do that, Mr Speaker.

**THE DEPUTY SPEAKER:** Then you are much protected.

**MR LUGOLOOBI:** The committee recommends that Government takes measures to re-structure the budget as well as lowering budget ceilings, where possible. For instance -

1. by reviewing some of the major construction projects such as developing the cheaper marine transport instead of the costly Standard Gauge Railway (SGR);
2. focusing on tarmacking priority roads with highest returns on investment for example tourism roads, oil/mineral roads and major agricultural roads;
3. cutting back on expenditure in public administration;
4. undertaking a policy reversal to allow cost-sharing in education and health services;
5. reducing unit costs of Government scholarships and match the cost with unit cost of student loan scheme, thereby releasing resources for more students;
6. reducing national priorities and focusing on a few that Government has the capacity to support and to generate more economic dividends;
7. scale down and eventually discouraging domestic borrowing;
8. creating an agricultural bank to effectively intermediate and support private sector growth, as the current arrangement through the agricultural financing facility of commercial banks is not effective; and
9. no new loan request should be approved by Parliament for any MDA whose total absorption of loans is less than 50 per cent. This will curb poor preparations and funding of non-priority development projects.

The high interest payments

The committee was concerned about the high level of interest payments, particularly domestic interest payments in the financial year 2017/18. The higher short-term interest payment is a consequence of the high borrowing requirements, necessitated by the need to scale up infrastructure spending. The higher domestic borrowing by Government has crowding-out effects of private sector as I have described and it affects public investments and a number of areas.

The committee notes that because of the high interest payments, budget allocations hence delivery of quality services in key sectors such as social services is being compromised. This is evidenced by the declining quality of education and health services, increasing unemployment among the youth and the low productivity from the agriculture and industrial sectors.

The committee recommends that Government takes concerted initiatives to mitigate the crowding-out effects of the public investment on the private sector by enhancing domestic revenue mobilisation and fast-tracking regional market integration.

Economic stimulus

The committee notes with concern a significant decline in economic activity across the country, evidenced by the lower agriculture and industrial output, closedown of large business enterprises and increasing unemployment of the youth.

The committee recommends that Government should –

1. adopt a quantitative easing paradigm in order to provide the necessary stimuli in the economy that will boost aggregate demand;
2. apply all measures available to lower interest rates in order to support private sector investment;
3. explore the crop financing intervention and buffer-stocking in order to stimulate increased agricultural output and, therefore, employment;
4. make deliberate and direct interventions to boost industrialisation by supporting Small and Medium-sized Enterprises (SMEs), fast-track the boosting of local content in big procurements such as roads, undertake a special export promotion drive by supporting export zones, embark on massive export of labour especially the youth in order to stimulate the economy; and
5. set up a special taskforce of experts to advise Government on economic stimulus.

The Prime Minister’s Delivery Unit (PMDU)

The committee observed that while Government established a delivery unit in the Office of the Prime Minister (OPM), with a fully functional technical team to fast-track the implementation of the core projects, the delivery unit has not yielded any tangible results.

The committee recommends that Government reviews the mandate and operations of the unit and also explores other means of strengthening institutional implementation capacity in order to deliver quality services in a timely manner.

Mr Speaker, I would like to conclude.

**THE DEPUTY SPEAKER:** If you need the conclusion, it is on page 46.

**MR LUGOLOOBI:** Mr Speaker, I was consulting because I am receiving new figures different from what I have in the report. I need to verify their source before I pronounce myself on the conclusion. Meanwhile, the report could be debated while I confirm these figures before I commit myself.

**THE DEPUTY SPEAKER:** Honourable chairperson, you could just say you urge Parliament to approve the figures, which you will give.

**MR LUGOLOOBI:** Mr Speaker, the committee recommends that the House approves the proposed budget estimates for the financial year 2017/18 with amendments as detailed in Table 5 above. I am sorry I have not been able to take you through that schedule, in the interest of time.

**THE DEPUTY SPEAKER:** There will be time for that.

**MR LUGOLOOBI:** Yes, I will come back to request you to approve the entire sum of the budget for appropriation for the financial year 2017/18. I beg to move. Thank you very much.

**THE DEPUTY SPEAKER:** Thank you very much. You need to alert the House if you have received any concerns that there are some areas of disagreements with the main report. You are the one in charge.

**MR LUGOLOOBI:** Thank you very much, Mr Speaker. I am sorry for that omission. I have a minority report on the main report of the Committee on Budget. It was written by hon. Muwanga Kivumbi, hon. Cecilia Ogwal -

**THE DEPUTY SPEAKER:** The minority report, a copy of which I have seen, is signed by three Members of Parliament: Hon. Muwanga Kivumbi, hon. Cecilia Ogwal and hon. Centenary Robert. Those are the three people I have consulted and been advised that the honourable member for Dokolo will be presenting the minority report. Please, proceed.

3.43

**MS CECILIA OGWAL (FDC, Woman Representative, Dokolo):** Thank you, Mr Speaker. I will be extremely brief. I would like to commend the Committee on Budget, for the report. Although, there was shared understanding with the majority of the committee members on many national development issues especially public debts, there were many issues where we disagreed. The areas of dissent are as follows:

Mr Speaker, I am presenting the opinion based on Rule 194, of the Rule of Procedure of Parliament of Uganda. Our areas of disagreement include:

1. The Treasury Operation, which takes a lot of resources
2. Oil Roads Allocation
3. State House Scholarship Scheme
4. Purchase of cattle for slaughtering
5. Kalangala Infrastructure Services
6. Auditing of Public Private Partnerships
7. Construction and upgrading of health facilities
8. Operations of the Uganda National Cultural Centre
9. Presidential Initiative on Banana and Industrial Development (PIBID, and
10. New Ministry of Kampala Capital City and Metropolitan Affairs.

Mr Speaker, I would like to start with the Treasury Operations. Vote 140 for the Treasury Operations is charged with the mandate of effectively and efficiently managing Government debt obligations, investments and contingency fund.

In the financial year 2017/18, Treasury Operation is projected to receive Shs 8.623 trillion, which is 30 per cent, of the total resource envelope of the 2017/18 budget, which stands at Shs 28.992 trillion.

However, in the execution of its mandate, the following concerns were observed by the minority members: One is about the excessive domestic borrowing above the legal threshold. I would like to emphasize the phrase, “above the legal threshold.” Government domestic borrowing - (*Interjection)* – I am speaking English. *(Laughter)*

Mr Speaker, they are taking my time. Government’s domestic borrowing comprises of mainly securities, treasury bills and treasury bonds. Treasury bills are issued in maturities of 91, 182 and 364 days, while treasury bonds are issued in maturities of between two and 15 years; this is known.

However, Section 36(5a), of the Public Finance Management Act, as amended, stipulates that loans raised for Treasury Operations shall not exceed 10 per cent of the domestic revenue of Government. For instance, out of the proposed Shs 8.623 trillion budget for the Treasury Operations, funds towards treasury bills amounts to Shs 4.70 trillion, far above the legal threshold of 10 per cent, of the domestic revenue of Government.

Section 36(5) (b), of the Public Finance Management Act, as amended, defines Treasury Operations to mean day to day management of Government cash needs by undertaking annual, quarterly and daily cash forecasts for ensuring thorough investments and temporary borrowing. Mr Speaker, this clearly defines the depth and width of the Treasury Operation purposes as prescribed in the law.

However, based on the above legal prescription, it is imperative to note that in the financial year 2107/18, domestic revenue is projected at Shs 15.062 trillion. Therefore, Government is bound by law not to borrow over and above 10 per cent of the Shs 15.062 trillion, which is Shs 1.5062 trillion.

Mr Speaker, in this financial year, Government seeks to borrow funds worth Shs 4.70 trillion for treasury bills, far above the Shs 1.5 trillion, which is the legal threshold of 10 per cent, of the domestic revenue of Government, which is Shs 1.5062 trillion. This is illegal for it violates the provisions of the Public Finance Management Act.

Effort was undertaken by the committee leadership and individual members to avail the Ministry of Finance, Planning and Economic Development an opportunity to come and clarify on this illegal irregularity. However, the finance minister and his team failed to attend any of the three meetings set aside to meet the committee. Mr Speaker, it is in that regard that we decided to come up with this minority report to express the concerns of the Members of the budget committee who disagreed with the content in the main report.

Excessive domestic borrowing crowds out the private sector and contributes to the high prevailing commercial bank rates. High lending rates constrain private sector growth and hence, strangulate economic development. That is why, the Auditor-General, in the report on the Treasury Operations for the financial year, which ended on the 30 June 2016, confirmed this position that highlights the following:

1. Ever increasing cost of domestic borrowing was crowding out the private sector
2. Under section 2.3(3) of the Public Debt Management Framework 2013, Government of Uganda aims to ensure that the ratio of total normal interest payments on domestic and external debt combined to total Government revenue, excluding grants does not exceed 15 per cent, and that interest shall continue to be fixed. To the contrary, interest payments revealed that in the financial year 2015/2016, the debt office was in breach of its debt management policy when finance interests repayments reached 16 per cent, of total Government revenue excluding grants; and
3. Treasury operation lacks investment policy, which otherwise, would have assisted in guiding its operation. This is of paramount importance to this Parliament.

Our recommendation, Mr Speaker, is that Parliament should reject the approval of Shs 3.2 trillion, which is above the legal 10 per cent threshold of the domestic revenue of Government. This will ensure compliance to Section 36 (5) (a) of the Public Finance Management Act, as amended. Unless otherwise, the Ministry of Finance, Planning and Economic Development wants Parliament to endorse it to continue operating illegally, which I doubt this institution would agree to.

Mandamus Payment

Mandamus is an order issued by court against - (*Interjections*) - Mr Speaker, you are a lawyer. Can you defend me from personalities behind who are not even lawyers?

**THE DEPUTY SPEAKER:** As a lawyer, you may have to give me my instruction fees to defend you. (*Laughter*) However, as a Speaker, please you are protected.

**MS CECILIA OGWAL:** Mr Speaker, mandamus is an order issued by court against a tribunal of a public body or official requiring it, him or her to perform a duty that it has failed to do. It is issued against the secretary to the treasury. In next financial year it is expected that mandamus amounting to Shs 322.176 billion will be settled as per Appendix I.

However, over the years, it has been observed that the Ministry of Finance, Planning and Economic Development has engaged in negotiations and made payments without writ of mandamus. This has been confirmed by the Auditor-General’s report for financial year 2015/2016, which clearly confirmed that out of 17 court order settlements, only three of them were found to have been verified and authentic for payment. This again is of serious concern to this House; it amounted to Shs 53.692 billion, which is 85 per cent of the total payment made by the treasury as mandamus was not supported by a writ of mandamus. I insist the House must follow up this money and have the culpable people refund it to the people of Uganda.

The Ministry of Finance, Planning and Economic Development negotiated with some beneficiaries or judgement creditors and reached agreement with them to curtail the accumulation of interest while settling timeline within which payment would be finalised. However, contrary to advice from the Solicitor-General, the negotiated settlements, subsequent to a court ruling, were not filed in court to amend a court order.

The committee requested for copies of the writ of mandamus to confirm and verify the authenticity of the list presented to the committee, but the Minister of finance, Planning and Economic Development failed to obey up to now.

We wish, therefore, to recommend that Parliament rejects the settlement of the outstanding payment amounting to Shs 332.176 billion until the Ministry of Finance, Planning and Economic Development provides copies of writs of mandamus and that sanctions should be imposed this time so that it does not happen again.

Contingency Fund

Mr Speaker, Section 26 of the Public Finance Management Act, as amended, requires that the Contingency Fund is replenished with an amount equivalent to 0.5 per cent of the appropriated annual budget of the Government for the previous financial year.

A situation like severe famine and hunger would have been handled by the Contingency Fund. The fund is meant to respond to natural disaster. This has not been done again in defiance of the legal provisions. It is not worrying to note that the entire country was stuck recently because of the drought, famine and hunger simply due to irresponsible actions by the line ministry.

Mr Speaker, the recommendation I would like to give is that Parliament should allocate 0.5 per cent of the national budget for the financial year 2016/2017, amounting to Shs 131.8 billion to the Contingency Fund to take care of the disaster for the coming financial year.

On the oil and road allocations, I do not want to go into details, but I would like to say that out of the roads I have listed on page 6, only two had the required documents that give it all the details of the road as required of any project that needs to be funded.

Unfortunately, the rest of the roads as put there do not have the required feasibility studies. Therefore, we do not know the cost and design. It is like they are waiting for Parliament to approve the money so that they go back to redesign. This is a strategy to steal the resources of the people of Uganda. *(Applause)* Mr Speaker, this is a very serious matter – the Uganda National Road Authority had pointed out – and I would like to share this with the House - that the President got wind of this matter. In his State of the Nation Address last year, he highlighted that according to the commission of inquiry set up to inquire into the mismanagement of the Uganda National Road Authority that Shs 9 trillion spent between 2009 and 2016 could have built 5,000 kilometres of roads instead of just 1,000 kilometres. This is the President expressing concern over our lack of scrutiny on the work of the Ministry of Works and Transport and of course ministry of finance because they are supposed to supervise such works.

Mr Speaker, over the years, it has been noted that the cost of road construction is high. I would like to give you a comparative analysis according to the World Bank’s diagnostic report on the roads in the region. Fifty kilometres of first class new road paved based on this - the lower level cost would range from Shs 1.465 billion per kilometre -(*Interjection*)- yes, per kilometre. In the middle range, it would be $581,278 or Shs 2 billion per kilometre. The upper level cost would have been $1.228 million or Shs 4.3 billion per kilometre.

Now the one of Uganda, which is on the first paragraph of page 7, calculates to Shs 5.3 billion per kilometre. Where does Uganda get this hyper cost? If the upper level, which has been analysed with all the complexity of the geographical terrain in sub-Saharan Africa, comes to the upper level of Shs 4.3 billion, where did the Uganda Government officials and the entire team get their Shs 5.3 billion per kilometre?

Mr Speaker, a total of Shs 708 billion should be reallocated from all roads without feasibility studies and detailed designs to fund other priority areas and my recommendation is that that money should go to foot and mouth disease sector because this will stimulate production in the animal sector. It should go towards post-harvest investment in agriculture to stimulate production in the agricultural sector.

The third point is about the State House scholarship scheme? Mr Speaker, these are matters, which should not be coming to the Floor but I thought it is important that the House gets to know it from us and I would have expected it to have come in the main report. However, in the financial year 2015/16, Parliament resolved to that State House sponsorship scheme be gradually phased out and no new students were to be taken on as a resolution of Parliament.

However, Mr Speaker, as I talk and as you can see from page 8 - see Table 3, you find that not only do we have 20 new students - and the cost comes to Shs 120 million per student per year. Then they are 45 other students studying abroad and it works out to roughly about Shs 100 million per student. This time round, doors and windows have been opened for even primary and secondary school pupils.

Mr Speaker, I feel this is a matter, which again should have come from the main report but I am doing my duty to share this information with my colleagues, given the fact that the year 2015, Parliament resolved to phase out the scholarship scheme; no new intakes were supposed to enrol, which means any enrolment of new beneficiaries is done in disrespect of parliamentary resolutions.

I do not want to withdraw the scheme completely. That is not our recommendation. Our recommendations is that we reduce on the amount that went into recruiting new cases and which is going towards educating children in primary and secondary schools when the country has adopted a policy and is promoting free primary and secondary education. How can we abuse our own policy to now recruit pupils in primary and secondary schools under this scheme? Therefore, it is our recommendation that Shs 5.687 billion should be reallocated from the State House scholarship scheme to higher education loan financing scheme - whatever it is called; I mean the loan education scheme.

Mr Speaker, the reallocation has to be made from allocation appropriated for the new intake. I would like you to know that money allocated for the new intake is the one, which should go to the student loan scheme.

Mr Speaker, let me now get to the purchase of cattle for slaughter. During the consideration of the National Budget Framework Paper of 2017/18, this Parliament rejected the allocation of Shs 30.687 billion towards the purchase of fattened animals for private abattoirs for slaughtering. *(Applause)* There is no PPP arrangement or any form of memorandum of understanding signed between these private abattoirs and the Government of Uganda.

Therefore, this Parliament decided - and I was not here - that Shs 30.687 billion should not be given for this project. This is your own decision. I am just bringing it to your attention; it should have come from the main budget committee. Ministry of Agriculture, Animal Industry and Fisheries, in the 2017/18 budget, has been allocated funds so as to purchase high quality animals and so on. You know the reasons why it was done.

Mr Speaker, our recommendation is that that money the Shs 30.687 billion should be reallocated to the unfunded priorities under the same sector of agriculture. That is to stimulate economic growth, which is very important.

We also feel that the country should not go into building new valley dams when the old valley dams have remained there not de-silted. It will cost us less but we are leaving these all valley dams not de-silted and useless when we could spend less money to de-silt before getting money to build fewer new ones. Therefore, we want that money to be utilised within the same sector.

Mr Speaker, the issue of foot and mouth disease is becoming wide spread in this country. We still recommend that some of that money should be used for that project.

Briefly, I would like to look at the Kalangala Infrastructure Services and I would like to request Members to understand our argument with respect to this.

The Auditor-General has noted in his report of 2015/16 that Uganda National Roads Authority budgeted for Shs 10 billion for the full operation of nine ferries across the country. In contrast, the Ministry of Works and Transport every year is remitting Shs 14 billion to the Kalangala Infrastructure Services for the operation of two ferries between Luuka and Bukakata in Kalangala Island. *(Interjections)* Mr Speaker, if I asked these people to pronounce a village in Dokolo, they will fail. *(Laughter)*

Mr Speaker, according to UNRA the cost of acquiring a similar ferry like the one operating in Kalangala in the market is estimated at around Shs 14 to 18 billion –*(Interruption.)*

**MR OKUPA:** Mr Speaker, our rules are very clear on how we do address Members. I have just heard hon. Cecilia call Members “these people” yet we are not just people. So, is she in order to refer to Members as “these people”? *(Laughter)*

**THE DEPUTY SPEAKER:** Honourable members, are we not people? *(Laughter)*

**MS OGWAL:** Mr Speaker, I hope if these people could listen to my recommendations - *(Laughter) -* that Government should exclude ferry services from the concession with Kalangala Infrastructure Services effective -

**THE DEPUTY SPEAKER**: Honourable member, you are better off calling them “these honourable members”.

**MS OGWAL:** Honourable members, my recommendation is that the Shs 36 billion already provided for - we would like to recommend that we do not withdraw the money but the money we have already allowed in this budget - should go toward purchasing two brand new ferries that will be operated as the peoples’ own ferry by UNRA.

Mr Speaker, about the audit of the Public Private Partnership, the Auditor-General has not audited all Public Private Partnership contracts as required under Section 30 (1) of the Public Private Partnership ACT, 2015. Failure to avail funds to audit projects that are costly to Uganda defeats the purpose of intervention to address our problem in time of reach.

As a consequence, we recently handled the issue of tax waiver to Bujagali Power Project without knowing the actual cost as audited by the Auditor-General.

Mr Speaker, we recommend that the Auditor-General’s Office be allowed Shs 5 billion in order to provide audit reports for all the PPPs so that we know the performance of the companies, which we are collaborating with in the development of this country.

Mr Speaker, we are also concerned with the construction and upgrading of the health centres, we are talking about construction at a cost of Shs 2 billion per unit. However, the current health units, for example, in some of the areas we have visited, need rehabilitation, reequipping yet we are not doing that. We would rather construct the buildings and leave them with us as white elephants.

Mr Speaker, I am pleading with the House that we should critically look at this sector and see if we can utilise the resources available in order to reequip and restore the health centres that we currently have instead of constructing new ones, which we will not be able to manage.

Therefore, we recommend that we halt the construction of new health facilities. In the medium term, the World Bank’s Health System Strengthening Project should be renegotiated toward ensuring that all existing health facilities operate at full capacity in terms of staff, equipment and drug supply.

Shs 100 billion should be availed in a phased manner for two financial years to purchase for all health facilities essential medicine, health supplies and lab equipment.

Mr Speaker, honourable members are aware of the fact that when we talk about the national cultural centres - we have two at the moment - that is the National Theatre and Nomo Gallery. Mr Speaker, we would like to recommend that the Committee of Gender Labour and Social Development should undertake investigations in order to come up with a recommendation to be adopted by this Parliament, and must be done quickly before our National Theatre is given out to an investor.

We should also be able to conclude the disagreements between the Uganda Government and Nomo Gallery where there is an accumulated rent of Shs 1.6 billion so that we will be able to know how we can run our own centre.

We, therefore, recommend that the redevelopment of the cultural centres should be done on the basis of PPP and that the project should be started although some funding should be made available so that the feasibility study can be made before the project starts. We are trying to avoid giving away prime land to investors and at the end of the day we lose it all.

Finally, on the Presidential Initiative in Banana – and this should have come in the main report because as you have heard, Mr Speaker, the main report declined to approve the Shs 16 billion, which was requested under the supplementary budget, which will soon be tabled before you.

On the basis of the fact that this project now lacks legal instruments for Government to engage with these companies, we would like to suggest that the Shs 9 billion which has been set aside to run this project be deployed elsewhere.

The Government should be reminded of the fact that every year they have been putting money in that project though its proprietor has decided to ask for an absolute right over that in complete disregard of the support done. That means that we should do everything possible to rectify ownership so that Government can take full control of it for it to run for the benefit of the country.

Mr Speaker, PIBID should never ever again in future receive any public funds until it becomes a legal entity and the patent rights are transferred from Dr Florence Muranga to Uganda Government. *(Applause)*

The new Ministry of Kampala City and Metropolitan Affairs, Mr Speaker, under Section 7(4) it is stipulated there that the minister responsible for the administration of Kampala city is charged with the supervision, guidance, monitoring, coordinating of governance activities and no need for fully pledged ministry and status quo therefore, is being recommended.

Mr Speaker, I would like the Members to know that the moment you set up a new ministry, you have to equip it fully with the permanent secretary, undersecretary, ministers and ministers of state and you take away resources from service delivery. Therefore, why should we take away money from service delivery from Kampala city and put it on administration?

Mr Speaker, we would like, therefore, to recommend that the Shs7.9 billion should be rejected and be reallocated for service delivery within Kampala.

Mr Speaker, we have attached some documents, which will allow you to fully understand some of the issues I have raised. There are three sets of documents there and I would like Members to address their minds to them as they scrutinize this minority report. This report is done in good faith in order to open the eyes of Members to debate from an informed position. I thank you, Mr Speaker. *(Applause)*

**THE DEPUTY SPEAKER:** Thank you very much, honourable member, for going through that minority report and also thanks to the chairperson of the committee for presenting the main report.

Honourable members, we have a processing issue of this debate; we have a timeline attached to it, but we also have a procedural challenge because of the lack of actual procedures in the rules on how we manage this.

Therefore, I would like to give the following guidance on how we will proceed with this debate because Rule 140 of our Rules of Procedure, which used to manage the budget as it then was in the Budget Act, has been altered fundamentally. We have adopted the new system where we front load the entire budgeting process and we come to pass the budget by today. We even impose the date by which the budget should be passed, which is today yet today has only a few hours left.

As I speak, based on the Public Finance Management Act with this new provision, there is no provision in our Rules of Procedure to regulate the processes in the new arrangement on how to deal with the Committee of Supply.

In the initial Committee of Supply that we used to have, we would receive the budget statement from the Minister of Finance and also the President would speak as the Constitutional Minister of Finance. Those matters would come back to Parliament.

After those processes, the ministerial policy statements would come before there would be another whole process of interrogating budget matters and the Motion for a Committee of Supply would be moved on budget day, but that has changed fundamentally. Therefore, we can no longer say the Committee of Supply, as it was then, can be used in this situation.

Anyhow, this is how we will proceed - because now we have the Committee of Supply but we also have an Appropriation Bill to conclude the budget process.

I will now take this particular debate that we are about to start to be a process of debating whether we should go to the Committee of Supply and supply the figures, which will be proposed there. That is the debate and that debate, therefore, will encompass the principles of what has been presented.

I have listened carefully; the Chairperson of the Budget Committee has articulated some issues. Also the minority report has articulated some issues.

What the committee interrogated are the following - and I need to guide this so that we can structure this debate and finish it quickly - the budget strategy for the financial year 2017/18, which is on page (7) of the main report. What is its focus? They said they will increase agricultural production and productivity, enhance private sector development, intensifying energy and transport infrastructure, completing oil related infrastructure, increasing affordable long-term credits, among others. That is the strategy for this budget.

The committee assessed this strategy to find out whether the actual figures proposed support this strategy and they have made recommendations.

The committee has also asked the question of consistency of this budget with the Charter of Fiscal Responsibility and they made recommendations.

They interrogated the issue of compliance with National Development Plan II, policy statements that were brought to us here about a month and a half ago and the multi-year commitments.

They have also interrogated the issue of the parliamentary recommendations on the Budget Framework Paper because when they presented the Budget Framework Paper on the 31th December 2016, Parliament made recommendations. So, the committee interrogated whether what has now been proposed as budget respects the recommendations that were made by Parliament.

In their final assessments, they said that what they have recommended, in terms of reallocating some of the money within the sectors, will go a long way to meet what the Government declared in their budget strategy for 2017/18 and answer some of the questions related to its compliant with the Charter of Fiscal Responsibility among others.

However, the minority report did not contest what the committee has said, no, they do not. In fact they are in agreement with what the committee has said. What they are saying is that in relation to the detail the actual provisions, there are problems and the problems relate to some vote called treasury operations, the focus on oil roads allocation, State House scholarships, purchase of cattle among other things that they have been able to raise. Therefore, there is no contest between the two reports. Are we together on this?

Therefore,the main report has recommended reallocation within the sectors. The minority report has too recommended reallocations, which they think if it is added to what the main report has proposed, it would answer to a great extent what the purpose for this budget would be. Therefore, our debate is along those lines. Are we harmonising what has been proposed because as we speak now there are figures that have been proposed which we need to supply and take to appropriation. Are we together on this, honourable members?

Therefore, what are we going to debate? What we are going to debate is not that there is disagreement between the main and minority reports, but what they have recommended in areas of reallocation. Do we agree with them satisfactorily or we have some areas where we think should not have been done? That is where we are honourable members.

Therefore, I do not like things like the bridge in some constituency was not captured because one can hardly identify the bridge in this budget. Let us start debate now and we will limit it. Now that the area for debate has been narrowed down, can we limit it so that we can deal with the figures and finish them before we go to the Bill and finish it? That is when we will say this Parliament has complied with the law relating to the passing of the budget by the 31 May 2017. That is where we are. Therefore, if you are not going to speak along these lines, please do not stand because I will stop you from continuing. Are we together? *(Laughter)*

**MR MUWANGA KIVUMBI:** Thank you, Mr Speaker. By and large, I agree with your analysis but from the minority report, there was a legal issue that was raised that needs to first be dealt with decisively because it impacts on fairly 30 per cent of the national budget; that is on Treasury Operations. This Parliament cannot proceed if a legal question is brought forward. In my humble view, we should first interrogate the legal question.

**THE DEPUTY SPEAKER:** Okay, can we have the Attorney-General address that issue?

4.35

**THE DEPUTY ATTORNEY-GENERAL (Mr Mwesigwa Rukutana):** Mr Speaker, to the best of my appreciation of the legal question, the minority report raises an issue as to whether the figures provided for Treasury Operations do not offend the provisions of Section 36 (5) (a) of the Public Finance Management Act.

I beg your indulgence, honourable members, because I want us to move on the same page. If we are to appreciate the explanation I am going to make, we should take it slowly and understand what the law says.

That section reads, *“Notwithstanding subsection (5), where a loan is raised for the Treasury Operations, the loan shall not exceed 10 per cent of the domestic revenue of Government of the financial year, and shall in any case be repaid automatically from the Uganda Revenue Authority collections account held in the Bank of Uganda within the financial year.”*

We are talking about a loan, not an aggregate of loans. We are talking about one loan raised for the Treasury Operations; the loan shall not exceed 10 per cent of the domestic revenue of Government of the financial year and we are talking about that financial year. The question now is what loan are we talking about for this financial year?

When you go to the figures, the loan proposed for the financial year is a figure of Shs 954 billion. The question therefore is does the Shs 954 billion exceed 10 per cent of the domestic revenue of Government for the coming financial year? My answer is that it does not because the revenue of Government for this financial year is Shs 15 trillion; 10 per cent would be 1.5 trillion and we are now talking of Shs 954 billion so my considered opinion is that there is no breach of the law. I beg to submit. *(Applause)*

**MR MUWANGA KIVUMBI:** Mr Speaker, these are indeed intricate issues. I would also beg that the Attorney-General carefully listens to this explanation concerning the loan we are talking about. First of all, it is true that we are going to borrow an amount equal to Shs 955 billion.

However, in these terms of Treasury Operations, we are going to go ahead and borrow money for domestic debt re-financing. We are also going to go ahead and borrow Shs 4.9 trillion plainly put here. We are going to the bank again to borrow because we are going to issue treasury bonds and treasury bills for this money. It is still borrowed money.

Now the borrowing he is talking about of Shs 954 billion is one, you better understand these issues Attorney-general, or you will require some assistance; the Shs 954 billion you are talking about is what you are going to go in actual borrowing of real money for this financial year.

However, for this financial year; why can’t we pay this domestic refinancing which we borrowed long time? Why do we go back and borrow? We will pay interest on domestic refinancing, which will amount to 2.7 trillion. Therefore, the net debt this financial year is not Shs 954 billion. This is very critical.

When you read the law, they will tell you the borrowing should be for purposes of monitory policy management. Now when you go down and interrogate - that is why it required ministry officials to meet the committee and interrogate this issue. In between that money, the net value will be Shs 8.8 (I am not putting the whole figure) because some of it will not be on bonds and treasury bonds. Therefore, the understanding of the economics of these loans is highly questionable and I beg your clarification.

**THE DEPUTY SPEAKER:** You could probably help with this also; are loans the same as borrowing? Are all borrowings loans?

**MR NIWAGABA:** Mr Speaker, the part in the Public Finance Management Act that deals with a public debt, grants and guarantees begins with section 36, which is entitled, “Authority to raise loans” and under sub-section (5) of that section, the loans that have been authorised to be borrowed include the management of monetary policy and Treasury Operations.

Looking at this particular budget, in respect of Treasury Operations, we do not only have the domestic borrowing aspect but we also have the aspect of domestic debt re-financing. The total sum of the domestic borrowing and the aspect of domestic debt re-financing far exceeds the 10 per cent envisaged under the law.

Unless the Minister of Finance, Planning and Economic Development wants to educate us on how and where he intends to raise this sum of almost Shs 5 trillion for the aspect of domestic debt re-financing other than under the provisions of section 36 of raising loans through borrowing.

**MR MWESIGWA RUKUTANA:** Mr Speaker, I begged all of you to listen careful to the provision. With the greatest respect, I thought my colleagues across had listened. There is a distinction between a roll-over of what was previously borrowed and the provision for borrowing for this financial year.

This section, which they are trying to rely upon, only relates to the borrowing intended for the coming financial year, irrespective of whether there was borrowing before or not. It does not matter that there is a roll-over or; that we had borrowed before; it does not matter how we shall treat what was borrowed before. We are only looking at the borrowing that we are seeking to make for the financial year in question. It is in plain English. I do not see why my colleagues, including the learned ones, should over-stretch their imagination on words which are plain.

**MR NIWAGABA:** I have a lot of respect for you, as one of the brilliant lawyers but I also know how you can keep the law. I just wanted you to clarify to this House; for purposes of this financial year, how much money are we going to borrow for Treasury Operations?

If you say that it is Shs 954 trillion, then, why do we have this other item of domestic debt re-financing? Where are we going to get that money from and why did you include it under this particular provision of the budget?

**MR RUKUTANA:** You see, my explanation was plain –

**THE DEPUTY SPEAKER:** Attorney-General, why don’t you take this question and respond to both of them at ago?

**MR NANDALA-MAFABI:** Thank you, Mr Speaker. I would like to thank the Attorney-General. The total budget for Financial Year 2017/2018 - according to the Medium-Term Microfinance Report by then which was adjusted to 30 - was Shs 28,253,000,000,000. In that includes the following issues, which the honourable Attorney-General is raising; Shs 4.99 trillion and Shs 954 billion, which is what we are borrowing to come up with a total budget then we spend.

I, therefore, would like the Attorney-General to assist us: if it was re-financing or a debt earlier on, why should a debt appear as an income in the budget? We need to just state that we have arrears of Shs 4.99 trillion; however, it now appears as income. This clearly shows that you are going to borrow an additional Shs 4.99 trillion from domestic – *(Interruption)*

**MR RUKUTANA:** Mr Speaker, I would like to go back to the wording of the section. It says, “where a loan…” it does not speak of loans but speaks of a loan. A loan means the loan you are going to pick and not the previous loans - *(Interjections) –* yes, “where a loan is raised for Treasury Operations the loan shall not exceed 10 per cent of the domestic revenue of Government of the financial year…” and “financial year” means the year in question. It is not the previous financial years.

This Shs 4.99 trillion you are talking about could have been raised over several financial years but that is not what the law says. The law says that “irrespective of what could have transpired in the past.” If in this financial year, we want to raise a loan for Treasury Operations, that loan should not exceed 10 per cent of domestic revenue of Government. I have given you the figures.

Mr Speaker, these are plain words, they do not even need legal interpretation but I have used my prerogative and mandate, under Article 119 of the Constitution, to give my opinion; and courts of law have said that my opinion is binding. *(Laughter)*

**MS WINFRED KIIZA:** Mr Speaker, we appreciate the fact that the guidance of the Attorney-General is binding. I know some areas and some instances where the Attorney-General has been rendered unconstitutional and therefore, not necessarily binding. However, in the current situation, we are budgeting and looking for funds through various avenues but we need to understand our sources of money to finance our budgets.

The Attorney-General still insists that the domestic debts re-financing is not a loan per se. I just would like him to educate me: where do you intend to get the money for the domestic debt re-financing and if you think the monies you borrowed in the previous financial years are irrelevant, why are we considering them in the present budget?

**MR RUKUTANA**: Mr Speaker, there is a distinction between debt re-financing and raising a loan. Re-financing is re-payment whereas raising a loan is new borrowing.

**MR MUWANGA KIVUMBI:** Mr Speaker, we are grappling with an issue that was clearly defined in subsection 36(5) (b) of the amended Act. It defines Treasury Operations, which is the bone of contention, and I read: *“Treasury Operations, for purposes of this Act, means the day-to-day management of Government cash needs by undertaking annual, quarterly and daily cash forecast for ensuring, through investment and temporary borrowing, that Government has sufficient liquidity to meet its obligations on time in line with parliamentary appropriation.”*

Mr Speaker, what is defined in (b) does not define a single loan and I think the Attorney-General has a moral obligation before this Parliament to speak the truth and the whole truth. For him to come here and try to juggle around and say a loan means one loan, really is to take us for a ride.

I want him to understand -

**THE DEPUTY SPEAKER:** Honourable members, this matter can be complicated and yet it is not. Article 159, of the Constitution; “Powers of Government to borrow or lend…” and a loan is only that borrowing, which is approved by Parliament. Anything else is not a loan by definition of the Constitution.

Anything else is not a borrowing within what the Constitution states; that is why it authorises Parliament to say, make laws to regulate borrowing and any such must come back to Parliament for approval before it is done.

My understanding is that whatever 900 totals is what will come to Parliament for approval. Whatever will not be required to be brought to Parliament for approval does not become a loan within the definition of what the Constitution says and what the Public Finance Management Act says.

If Parliament is not supposed to approve it, then it is not a loan within the meaning of the Constitution. It is in the Constitution. You cannot say you do not know that. However, for as long as a matter will require parliamentary approval, then it is a loan.

Now, is domestic refinancing going to be a borrowing approved by Parliament? Please, let us not confuse issues. Is it going to be proposed to this House? That this particular item is for domestic financing, we want the approval of Parliament and we send it to the Committee on National Economy, it brings up and we approve?

Please do not go by implication. I am asking a rhetoric question because it is in the Constitution. Minister of Finance, Planning and Economic Development, this refinancing bit, is it going to be an item that will require parliamentary approval to achieve? Be on record please.

4.57

**THE MINISTER OF FINANCE, PLANNING AND ECONOMIC DEVELOPMENT (Mr Matia Kasaija):** Mr Speaker, I would like us to look at it this way. There is what we call fresh money - the over 900 billion is the fresh money and that is the borrowing.

The Shs 4.9 trillion is not fresh money. A debt that must be reflected like loans for example that we acquired and which you approved in this Parliament; we still reflect them in the budget. Therefore, colleagues, let us not complicate issues. The money that we are looking at is the fresh money because we cannot go to get that money without the approval of Parliament. The other one is being reflected, it is not fresh money that even the Treasury would access but we must show it because it forms part of your debt. That is why we are showing it in the books; that is all.

**MR NIWAGABA:** Honourable minister, if the Shs 4.99 trillion is a domestic debt incurred under Treasury Operations, when did you incur it without parliamentary approval?

**MR KASAIJA:** Parliament approved in the past. It is an accumulated figure. We did not borrow that money in a single financial year. Every time we wanted to borrow that money, we would come here and seek permission; that is all.

Just as I have said that let us look at the external loans we get. Every year, I bring here loans for your approval and even now, I have been asking you for approval and you have just approved one. Now, the loans of last financial year, I do not come back here to ask you for approval and yet because I have to pay interest, I must reflect them in my budget so that when I tell you I am going to pay interest of this amount of money, you know where the money is being spent on. It is very simple mathematics and simple logic.

**THE DEPUTY SPEAKER**: But, honourable members, really, I still think this thing should not be complicated. If you have already borrowed money and you are servicing, is the interest still a fresh loan or fresh borrowing?

The issue is, it is already your obligation to pay and you are paying and servicing it; does that require you to reflect it as a new borrowing or it is part of what you have already borrowed and you are servicing?

**MR MUWANGA KIVUMBI**: Mr Speaker, sorry I am taking Parliament back to the ministerial policy statement. Let us understand where it comes from. If I pull page 18 in the ministerial policy statement of ministry of finance, this is what they say and this is a whole page of how they are going to finance this. One is called redemption. They are going to issue treasury bills at cost, they are going to issue treasury bonds at cost, and that is what will amount to total redemption.

Therefore, they will go out there in the market and issue fresh treasury bills at a cost and treasury bonds at a cost. That is how you come to Shs 4.99.

**THE DEPUTY SPEAKER:** Now, those treasury bills and treasury bonds, will they require parliamentary approval?

**MR NANDALA- MAFABI:** Mr Speaker, if you want to understand where we are rising from, you need to look at vote 130, which talks about Treasury Operations. Under Treasury Operations codes 3216115 and 321616, is where the money they are trying - it is not that we are querying the payment. That one appears as a debt and all the debts are on the balance sheet; whatever you are going to pay is what you come and appropriate this year.

However, what we are talking about here is that if you look at Treasury Operations, there is already the Shs 4.99 trillion being borrowed. It is Shs 3.624 trillion and Shs 1.634 trillion. You know the Ministry of Finance, Planning and Economic Development is very intelligent when trying to confuse. When you total that, you get Shs 4.99 trillion.

Therefore, we are saying that if you are paying a debt, we have no problem and we will appropriate for it. However, the law allows you to borrow 10 per cent for operations. This money you are asking for, you have not got the authority to borrow it. And if we are going by the law which talks about 10 per cent, why are you talking of Shs 4.97 trillion and at the same time Shs 954 billion?

Mr Speaker, that is our argument and it is based on the law which the Attorney-General read. It talks about the 10 per cent of Treasury Operations. We are not saying anything outside that. We want an explanation from the Minister of Finance, Planning and Economic Development but not you coming and looking as if you do not know. You appeal to colleagues on one side, they clap and you assume you have won. We want you to explain to us then we will give you the money.

**MR KASAIJA:** Hon. Nandala-Mafabi, the Attorney-General has said this and let me repeat it for clarity. I want to refer you to section 36 of the principal Act – part (5)(b): *“Treasury operations, for the purpose of this Act means the day to day management of Government cash needs by undertaking annual, quarterly and daily cash forecasts for ensuring through investment and temporary borrowing, that the Government has sufficient liquidity to meet its obligations on time in line with parliamentary appropriations.*”

It is simply saying borrowing for cash. *(Laughter)* It is for cash in a day to day, quarterly and so forth. I have told you that the Shs 4.97 trillion is not cash. The cash we are looking for is the Shs 954 billion. Please, this is a very simple law. I am not a lawyer but it is very simple for even a layman like me to understand.

**MR KATUSABE:** Mr Speaker, we shall need the intervention of the entire House because what is before us is a crisis. The greatest challenge of leadership is the ability to detect and solve a problem before it becomes a crisis.

Mr Speaker, the law is very clear and I think we need a bipartisan conversation. This is about the country. We have a deadline and I will ask that you use your leadership to create an equation where all of us can fit. What we are getting from the other side is a story. This side has given specific and solid issues basing on the law.

Mr Speaker, would it, therefore, be procedurally right to have the learned Attorney-General come on the Floor and tell a story that is not backed up by our legal provisions?

5.07

**MR MAXWEL AKORA (UPC, Maruzi County, Apac):** Thank you, Mr Speaker. I wish to refer Members to page 15 of the report of the Committee on Budget – Table 2. Let us start from the total budget that has been proposed, which is Shs 28.992 trillion. Up on that table, you will see that the domestic revenue is Shs 15.062 trillion. In addition, there is project support of Shs 7 trillion. That means there is a gap.

This is a cash budget and the minister has actually mentioned it. The total cash requirement for Government for the next financial year will be Shs 28.992 trillion. Government has Shs 15 trillion only. There is external financing of Shs 7 trillion. If we borrow domestically – that Shs 4.97 billion – there will still be a shortfall because it has to spend Shs 28.992 trillion.

The Shs 4.99 trillion is actually a committed expenditure to service the debt that has already been borrowed in the previous years. Government must pay that money but it does not have that money. As a result, they will borrow that money afresh to refinance. It is a refinancing cost, not for implementation of any activity.

If you move on to the second table on page 16 – just to illustrate the point – out of the Shs 28.992 – a total of the figures listed up there including the Shs 4.97 – are committed expenditure. Therefore, what is actually available for Government to spend, which is called discretionary expenditure, is Shs 12.5 trillion.

Honourable minister and the Attorney-General, this is not English. You can play with English but not mathematics. *(Laughter)* It is very clear that Government needs Shs 28.992 trillion, including debt re-servicing. You do not have that money and have to borrow it afresh. Could you, please, tell us how you will get the Shs 4.99 trillion if you are not going to borrow it?

**MR TAYEBWA:** Thank you, Mr Speaker. I want clarification. Are you going to borrow this money afresh to repay the loan? This is how I understand it; I have a loan in a bank. I do not have the capacity to pay this loan. What I will do is go back to the same bank and say I do not have the capacity to repay the loan but I can pay interest. So, roll over the loan. I do not need to borrow afresh and repay the loan and we start counting the loan afresh *– (Interjection) -* Allow me to finish this and then you give me information.

I already have a loan with a bank and do not have capacity to repay the entire loan. Can you allow me to go with the same loan and roll it over to the next year but pay interest? That would not be fresh borrowing. Fresh borrowing will mean that I apply afresh and get a new loan *– (Interruption)*

**MR AKORA:** Thank you, Mr Speaker. Colleagues, I beg that we do not speculate on what is going to happen. I also think the Ministry of Finance, Planning and Economic Development should put us at ease on this matter because they know the truth. The truth as I stated is that we need Shs 28.992 trillion in cash and we do not have that cash.

If you do not have the cash but have a debt of Shs 4.97 trillion to pay, what do you do? You borrow. If you are going to roll it and only service the interest, then you do not really need the cash. They need Shs 4.97 trillion – cash – to pay whoever we borrowed from. If it was a matter of rolling over, they would only show the interest. Maybe the Shs 4.9 trillion is actually interest. They need to service it in cash.

**MR TAYEBWA:** Thank you, honourable, for the information. If I have a loan and do not have the capacity to pay it back, I do not need to borrow afresh. However, it must be reflected in my books and that is what I am saying. Being reflected does not mean that I am borrowing afresh. This is very simple. I just pay the interest and continue with the loan.

**MR MUKITALE:** Mr Speaker, I would like to give information to the effect that a lot of Government borrowing does not go through the constitutional parliamentary approval of loans. Whether that is the right thing or not, is another matter.

Mr Speaker, apart from the domestic borrowing, which has a lot of microeconomics effect to the economy as has been rightly put by the committee – Even domestic arrear is a borrowing. In the recent days of Public Private Partnerships (PPPs), and productions sharing agreements, Government of Uganda has borrowed $3.6 billion to fund the oil without parliamentary approval.

Government of Uganda just last week, allowed the Attorney-General to sign the pipeline in Tanzania, which will cost another $3.5 billion. Government has licensed the oil joint venture partners consortium – again, if they succeed in the frontend engineering design taking place now in the rift way and the financing investment decision is about to be made in four months; Government of Uganda may be committed to another $8 billion, without parliamentary approval.

Mr Speaker, I am raising this so that we can review the mandate of Parliament. Is it proper for Government to be committed to the tune of yet more projects like the refinery, which will be around $5 billion, without parliamentary approval, when the Bank of Uganda and the development partners have already warned Uganda that unless you have a financial windfall, our exposure by 2021, is in a dangerous situation?

Mr Speaker, I agree with you that in the legal gymnastics, we may be discussing the borrowing, which is not as per the Constitution now provided for parliamentary approval.

Mr Speaker, the bigger picture I am raising as a leader that I think the Tenth Parliament must be interested in, is that this Parliament is about to commit the country to borrowing more than $25 billion in PPPs, production sharing agreements, in refinery, in the pipeline, which is bigger than the size of the economy. That is why I thought beyond the legal gymnastics lawyers want to introduce here, the Tenth Parliament should be interested in the commitment of this country. You can see that the debt servicing is the first column in our budget and it is the first call of our budget. That is the bigger picture I would like us to discuss. Thank you, Mr Speaker.

**MR KASAIJA:** I am not being defensive, Mr Speaker. The truth must be said and you know me on this. The pipeline is an investment. Let us distinguish between investment and borrowing. The oil companies are bringing in their own money. Can I seek protection from you, Mr Speaker? *– (Interjections)* - I am mentioning it because hon. Mukitale raised it that we are committing this country into a debt which will be unsustainable. I am saying that that is an investment.

For example, Mr Speaker, we are going to do a PPP agreement for the Jinja–Kampala Express Highway. That is an investment like anyone would bring money here, invest in a factory and use that money to earn more money and pay taxes. If he or she wishes, at the end of the project, he or she goes away. *(Interruption)*

**MS OGWAL:** Mr Speaker, you have done the minister a favour to explain himself to the House so that we can dispose of the issue of legality of the action we are about to take.

Mr Speaker, instead of helping us come up with a solution, the minister is talking of investment, desperation of pipeline, which I think - therefore, is it procedurally right, after you have warned that we have no time - we have been very patient for one hour. You asked the minister a question to justify the legality of the action.

Mr Speaker, experts in economics and accountancy have explained where the figure they have quoted falls. Even the minister has stated that they are asking for borrowing. You have asked them whether they can help us - if they have stumbled over a mistake, we can backtrack and renegotiate how to move forward. This is a very important matter. Therefore, is it procedurally right, for the minister to beat around the bush and taking us through issues which are irrelevant to the subject, instead of giving us a solution?

**THE DEPUTY SPEAKER:** Honourable members, I think the procedure has been complicated by the legal matter that was raised. When you ask lawyers to think on their feet, they normally search before they come to a final position on the matter. Right now, people are talking in the process of thinking. Let us give a benefit to analyse the situation properly and come with a way forward on this matter. Attorney-General, are you up to -

**MR GUMA:** Mr Speaker, I would like to inform hon. Mukitale, that Foreign Direct Investments (FDIs) are not loans.

**THE DEPUTY SPEAKER**: Thank you. I would like us to find a way on how to move with this matter now. Let us have contributions on how we can move with this matter.

**MR NANDALA-MAFABI:** Thank you very much, Mr Speaker. We need to find a way to come out of this. However, the reason we are raising the issue of debt is that we must make a decision on whether we cut somewhere the expenditure of what we have in order to pay the debt, instead of borrowing more because we are in a very big problem.

Mr Speaker, I would like to give you the rationale –*(Interruption)*

**THE DEPUTY SPEAKER:** Can you propose?

**MR NANDALA-MAFABI**: I am going to propose but before that, in the budget of Financial Year 2017/2018, the debt ration to GDP is 32 per cent yet taxes to GDP ratio is 13 per cent. What it means is that even if we are collecting taxes, we are not able to pay the debt. Our purpose is to reduce this debt so that we are not declared bankrupt.

The only way to do this is that in our budget where the ministry is talking of refinancing, we better remove that figure, first of all, and put it away. (*Interjections*) If you want Shs 1.5 trillion, then you have to cut the budget so that we tell all Ugandans to tighten their belts. My proposal is that the refinancing, which is also another borrowing, should not exceed Shs 1.5 trillion as per the law. Then, we can deal with that matter in that line.

**MR NIWAGABA:** Mr Speaker, I could also give another way out –(*Interruption*)

**MR AKORA:** Hon. Niwagaba, I have asked the Speaker to give me an opportunity to clarify. I wish the Ministry of Finance, Planning and Economic Development could really make a clear statement but I want to volunteer an explanation and maybe, they can refute it. This figure is a repayment of treasury bills. The minister indicated that they will not come for Parliament’s approval. We know that certainly when Government is issuing treasury bills especially for monetary policy, Parliament does not approve. It is not actually a public borrowing but for monetary policy.

Therefore, can the minister confirm that the Shs 4.9 trillion is either repayment to commercial banks, Bank of Uganda or the National Social Security Fund for buying treasury bills for Government? It is really an aspect of monetary policy and should not be used to finance the budget. In domestic refinancing, you must borrow by treasury bills.

**MR NIWAGABA:** Mr Speaker, under the provisions of Section 36 (2), we could still allow the minister to include a loan specifically to finance a budget deficit. It is because that one is not limited under sub-section (5) as amended so that Shs 4.99 trillion is removed from Treasury Operations, which are not to exceed 10 per cent and taken to another item to finance the budget deficits. (*Interjections*)Use Section 36(2)(a) and stop proceeding under Section 36 (2)(b) and (5).

**MR MWESIGWA RUKUTANA:** Mr Speaker, this Public Finance Management Act is intended for the present budgeting, not the past. What we are seeking to raise by way of Treasury Operations is Shs 954 billion. The Shs 4.9 trillion was raised sometime back. It is now considered as a resource because it is still within our resource envelope, notwithstanding the fact that it has not been repaid. We are not asking Parliament to approve it now because it was approved long ago, maybe over a number of years. What is being asked for today is Shs 954 billion.

In the past, these figures were not actually indicated here. However, last financial year, it was required that this amount for refinancing domestic debt should be included and indicated so that Parliament knows. This is a resource envelope, which is already there, notwithstanding that it was raised sometime back.

**MR NANDALA-MAFABI:** Thank you very much, Mr Speaker. The Attorney-General is saying this is not income because it was already approved. Yet, when you look at the revenue, there is shs 4.999 trillion. (*Interjections*) What is this financing? You are going to borrow here and pay - It is okay if you agree with me.

Mr Speaker, there is income and in the expenditure, it is there. That means you are going to pay. If you are saying it is an old income with a corresponding date, why do you bring it here for appropriation when it has already been expended and paid? Therefore, is the Attorney-General in order to tell lies that it is not income, yet there is income and expenditure in our revenue books of this year?

**THE DEPUTY SPEAKER:** Honourable members, we need to find a way to finalise this issue. However, I am looking at the Budget Framework Paper. If you look at part two on page 17, there is table 4 (a) which is the resource envelope for the financial year 2016/2017 and 2017/2018 in shillings. Then, there is table 4 (b), which is the expenditure allocations for the financial year.

In the first table, there is an item called “Domestic Debt Refinancing” and the amount is Shs 4.999 trillion. If you come to the expenditure allocation for the same financial year, there is also an item called “Domestic Debt Refinancing” with the same amount. If you are explaining it from the resource envelope side, what source is this? We need to see how to move ahead with this matter.

Do you have a copy of this?

5.32

**THE MINISTER OF STATE FOR FINANCE, PLANNING AND ECONOMIC DEVELOPMENT (PLANNING) (Mr David Bahati):** Thank you very much, Speaker. Allow me explain these amendments we are referring to which we passed here. The section of the amendments, which requires that when we borrow, we should pay within one year was moved by hon. Nandala-Mafabi- (*Interruption*)

**MR NANDALA-MAFABI:** Mr Speaker, I am raising an order on hon. David Bahati because we made the Public Finance Management Act when we were backbenchers. As soon as he went to the Ministry of Finance, Planning and Economic Development, he proposed we must amend the law so that we can borrow within the year. He argued until we all kept quiet. Therefore, is hon. Bahati in order to say I am the one who brought the amendment, yet he is the one who did it? (*Laughter*)

**THE DEPUTY SPEAKER:** What the honourable minister is talking about is that there were two amendments; there is the amendment, which was brought by an amendment Bill to the Act. Then there was an amendment that was brought to the Bill by one honourable member. Now, if the honourable member does not agree to it having brought an amendment to that Bill, then that is where the issue would be.

However, any Bill that is brought here is subject to amendment and I can conclude without any fear of contradiction that you sponsored the amendment to the Bill not to the Act. That is what the minister was talking about. (*Laughter*)

**MR BAHATI:** Therefore, previously, what used to be done was that when we had a shortage of revenue, we would go to the central bank and borrow money and then, use it. For example, in the first quarter of the year like July, you start a year without any money and yet you must finance it. Therefore, we used to borrow and then use that money to finance the activities that have been appropriated by Parliament.

Therefore, this particular amendment, we said if and that is why we are calling it for treasury operations and it has been defined in the amendment, to suggest that it is for a day-to-day, month to month operation cash requirements of Government. We are passing this budget today; in July, we might find that we do not have cash to finance the operations of Government. Therefore, we borrow the finance the first quarter of this coming Financial Year.

When we came here, we said let us limit this borrowing. If you are to borrow to finance the operations cash requirement to finance the budget, it must be restricted to 10 per cent of the domestic revenue. We agreed 10 per cent. Then we said, somebody moved this amendment that we should go ahead because previously, it would keep rolling it. We said we should go ahead and say, if you borrow this money, you should pay it within that same financial year and I am glad to inform you friends that the previous year, we ended without any advance from the Central Bank. We paid what we borrowed because we respected the law. (*Applause*)

Therefore, this particular one that we are talking about should be depreciated from the Shs 4.999 trillion and the 10 per cent cannot be seen in light of Shs 4.999 trillion because there are two different things. This particular one Shs 4.999 billion is Treasury Bills that we have borrowed over time and during the financial year, we still need this money to roll them over to continue - (*Interruption*)

**MR NIWAGABA:** We would like one simple clarification. Honourable minister, you have told us when you brought this amendment yourself and we agreed to restrict you to not borrowing more than 10 per cent of your domestic revenue for the financial year and you did well in the last financial year. If you did well with the last financial year, how much money do you need for treasury operations this financial year, where you want us to pass this budget?

**MR BAHATI:** For our cash requirements, we are making a provision of Shs 954 billion. This is what we are making provision for to cater for our cash requirements on the day today basis. That is why I agree with hon. Nandala, you sit on resource and expenditure because we are redeeming, we do not have the Shs 4.999 trillion to pay; now, we are rolling it over. It is a book entry. What we are going to pay on the Shs 4.999 for this financial year is the interest that will accrue out of the roll-over of the Shs 4.999 trillion.

Therefore, it is as simple and as technical as that –(*Laughter*)- but I would urge, Mr Speaker and colleagues, that we differentiate the two things. The minority report has raised an issue on the Shs 954 billion the 10 per cent on the treasury operations and that is the answer we are giving.

Mr Speaker, the Attorney-General of the Republic of Uganda has answered that issue.

**THE DEPUTY SPEAKER:** Honourable, we need to proceed now.

**MR NANDALA-MAFABI:** Mr Speaker, since the minister is saying what will be paid is interest, then there is no need for us to put revenue Shs 4.999 trillion in the budget and expenditure Shs 4.999 trillion. What we have to do - because we are exaggerating our budget figure for nothing if it is a book entry. What we should be budgeting for is interest and if that is the case, we delete that and leave only that part of interest and this matter will be settled.

**THE DEPUTY SPEAKER:** Honourable minister, the exact same figure is appearing both on the revenue side and on the expenditure.

**MR BAHATI:** Mr Speaker, we have a duty as custodians of the resources of this nation to have full disclosure of whatever we say. That is the reason why we must have these figures here. They might budget neutral but they must appear. You must know what we are doing. It is wrong that we go to the treasury and do some things and the leaders of the nation are not aware. (*Applause)*

**MR NANDALA-MAFABI:** Mr Speaker, if that is that, then - if that is what you are saying as a book entry for information, then it can be a footnote. And –(*Interjections*)- Yes, it should be a footnote that we are going to have treasury Bills of Shs 4.999 trillion which will even be paid within a year. The only thing we are going to work on is the interest repayment. The interest payment has been budgeted for in this.

The reason we are raising that, Mr Speaker, there is no reason for us to talk about a Shs 30 billion budget when we know the budget is Shs 25 billion. Everybody out there will imagine Uganda has Shs 30 trillion yet the right one is Shs 25 trillion. That figure has a huge implication; if we remove it, it will show us exactly what our debt burden is.

When you remove it, if you have done it as he was going to do, it shows that the figure of the debt to GDP ratio is going to go beyond 32 per cent. If it is going beyond 32 per cent, the implications are so high that debt service alone is going to be the first call on the budget with the biggest amount and the Ugandans will be complaining of no health, no salary and more, yet, all the money is going for debt service. That is the issue.

Therefore, we need to get the Ugandans to under the debt service which is our problem and we deal with the matter there and then. The reason is there, like last year, we have paid about Shs 8 trillion they came here for about Shs 4. Something trillion but what we have paid is exactly Shs 8 trillion. Therefore-

**THE DEPUTY SPEAKER:** Honourable members, let us do this, I need a consultation out of this House for about 10 to 15 minutes. When we come back, it is a mistake we will make, it is not a mistake, we will still make but we have to pass the budget in whatever way. If the 15 minutes adjournment cannot yield any fruit, I will come here and propose questions and if there are mistakes, the courts are outside, they will sort it out. *(Applause*) Because today is the deadline and we need to find a way of dealing these issues. I am going to suspend the House for 15 minutes and honourable members, please, come back.

I am asking the ministers responsible for Finance, the Attorney-General and the people who moved the minority report and whoever will require to support their teams to step out for 15 minutes and we come back after. Please, find a place and have this meeting.

*(House was suspended at5.43 p.m.)*

*(On resumption at 6.22 p.m., the Deputy Speaker presiding\_)*

**THE DEPUTY SPEAKER:** Honourable members, I suspended the House to facilitate consultation on that issue of section 36 of the Public Finance Management Act and I am sure the consultation is done. Can I ask the Minister of Finance, Planning and Economic Development to report?

6.23

**THE MINISTER OF FINANCE, PLANNING AND ECONOMIC DEVELOPMENT (Mr Matia Kasaija)**: Thank you very much, Mr Speaker and colleagues. We have met. There are two issues we have agreed on; one is the question of the 10 per cent. We all agreed that the 10 per cent – Shs 954 billion is the new borrowing meant for treasury operations. Therefore, when you take 10 per cent, we are not breaking the law. The law would mean 15 per cent and so we are not breaking the law. (*Interjections)*

Secondly, the Shs 4.99 trillion; about this we have agreed – (*Interjections)* - (*let me first explain before I tell you)*

**THE DEPUTY SPEAKER**: No, honourable minister. Please, report on the agreement.

**MR KASAIJA:** We have agreed that this is borrowing and how does it operate? As the financial year runs around, securities (bonds) matures. For example, if my sister hon. Cecilia Ogwal sells worth cash then I, Kasaija, will go and pay in cash and then she is paid off. However, because the Government does not have money to clear it at ago, simply, it is cash in and out and that cash never comes to the treasury for service delivery.

Mr Speaker, that is how we have treated this matter. Therefore, the Shs 4.99 trillion is borrowing, but borrowing which does not bring money within the Treasury. It is like giving it to Peter and taking away from him and giving Paul. Thank you.

**THE DEPUTY SPEAKER:** So, where is it going?

**MR KASAIJA:** We have agreed that this issue has been sorted and so, we proceed to other issues.

6.26

**THE LEADER OF THE OPPOSITION (Ms Winifred Kiiza):** Mr Speaker, as someone who was in the meeting and indeed, when you sent us out, it was for a reason and to see how to guide this House to move. We have agreed in that meeting that we have looked at our budget having a deficit and in that meeting, we have agreed that we call it deficit financing. Then we appropriate here knowing that that money will be borrowed for purposes of financing a deficit in the budget.

**THE DEPUTY SPEAKER**: Thank you. Honourable members, there were issues that were raised in the course of this discussion on the general issues of the report and proposal. I think we are ready to move to the next stage.

I will put the question that the House dissolve itself to the Committee of Supply. Honourable members, I now put the question that the House resolve itself to the Committee of Supply to consider the harmonised figures for supply to votes for Financial Year 2017/18. I put the question to that motion.

*(Question put and agreed to.)*

COMMITTEE OF SUPPLY

Central Government Vote

Recurrent expenditure

**THE DEPUTY SPEAKER:** Honourable members, I propose a question that a total sum of Shs 5,273,074,100,000 be provided for recurrent expenditure for Central Government vote for Financial Year 2017/2018. I now put the question that the total sum of Shs 5,273,074,100,000 be provided as recurrent expenditure for Central Government for votes for financial year 2017/2018.

*(Question put and agreed to.)*

Central Government Vote

Development expenditure

**MR NANDALA-MAFABI:** Mr Chairperson, the procedural issue I am raising is that there are votes, which have issues and you are reading the whole amount and we are rising to pin point them omnibus. At what time shall we raise issues we want to raise because we have specific votes, which we want to raise? There are even arithmetic problems in some of the votes which we need to resolve. We are appropriating whereby they are saying that we need Shs 900 million, yet when you total it, it comes to Shs450 million. Therefore, where is the Shs450 coming from? These are the issues we would like to raise.

**THE DEPUTY SPEAKER:** Honourable members, we are supplying and then, we will come back and deal with the appropriation. If you need to raise the matters you can raise them because I am going back there and you can raise the matter when I am there. However, while here I am handling this matter strictly.

I propose the question that the total sum of Shs 11,002,844,103,000 be provided as development expenditure for Central Government votes for financial year 2017/2018. I now put the question that the total sum of Shs 11,002,844,103,000 be provided for as development expenditure for the Central Government vote for Financial Year 2017/2018

*(Question put and agreed to.)*

Local Government Vote

Recurrent Expenditure

**MR MUWANGA-KIVUMBI:** We have figures in this report and the figures you are reading fairly defer from what we have.

**MR LUGOLOOBI:** Mr Chairperson, when we are supplying the figures, which you already have, we do break it down between Central Government expenditure, referral hospitals, foreign missions, Local Government and statutory. Therefore, we have this separate schedule, which is not part of the committee report *- (Interjections)-* no, it is not for the committee report. This comes for purposes of appropriation, when we add up the numbers in these various categories. (*Interjections*) It is not personal; if you want to have it, you can have it. (*Interjections)* It is not a variation from the number that you have. It is just a break down for purposes of supply.

**THE DEPUTY CHAIRPERSON:** Honourable members, we were all here; I remember when the chairperson was presenting the report, he said that we should take note that the figure that was in the report is now different. He said that he would not be able to state the figure on the report because the figure is different. We were all here, honourable members.

**MR LUGOLOOBI:** Mr Chairman, I think I should amend that figure, which they have for the record. If you allow me, I will do that because there was a small error; we put the figure meant for development expenditure on recurrent expenditure so that had affected the numbers. Therefore, we corrected it and the corrected figure now reads, “Total Recurrent Budget is Shs 7,605,606,623,000.” (*Interjections)* You do not have the revised figure because I wanted to make this amendment. (*Interjections*) You remember I requested the Speaker *-* *(Interruption)*

**MS WINFRED KIIZA:** Mr Chairman, the report we are debating, even at this stage, is from the Budget Committee. It is what is supposed to guide us in our deliberations. Every time we pronounce ourselves on a matter, we should know how much we are pronouncing ourselves to.

If it remains an issue of the chairperson of the committee and possibly the presiding Chairperson, then it ceases to be a matter of the whole House. We would, therefore, request that the chairperson of the committee finds it relevant to give us copies of the documents that you are reading, presiding Chairperson, so that we are guided. (*Mr Nandala-Mafabi rose\_)*

**THE DEPUTY CHAIRPERSON:** Honourable members, before we move too far, the Shs 5 trillion I read was the recurrent expenditure for the Central Government Votes only. Then I will also read the total, which is combined with the Local Government, which will come to Shs 7,605,606,623,000. Is that correct?

**MR NANDALA-MAFABI:** Mr Chairman, I have a procedural issue. The moment we say, “Aye” to a figure here, it means we have supplied. The committee sat and it has got figures, which we wanted to comment on. Even if we are dealing with the committee, I can see the Chairperson reading a new figure.

The new figures should not be supplied by you, Chairman, but it should be the chairperson of the committee and the Minister of Finance, Planning and Economic Development. The moment you say “aye” and you have put there Shs 100 billion, I promise you there is no way you will reverse it. When you cannot reverse it, it means that you have given them a way to deal with it.

Therefore, Mr Chairman, the procedural issue I am raising is; is it not proper that we look at this figure, harmonise it - for example we are talking of Central Government; what does the chairperson have that it has deferred again from what we have? We have what the Minister of Finance, Planning and Economic Development supplied us and what the Budget Committee has come up with, we should ask them why the difference? Then we reconcile the figures and we shall be happy, Mr Chairman.

**MR NIWAGABA:** Wouldn’t it have been prudent that we begin with vote by vote? Wouldn’t it be wise for us to examine and then afterwards we get the total and supply it at once? It would be better than beginning with the totals and then we go vote by vote, where we might have to change and reschedule.

In view of the fact that the chairperson of the committee seems to have held another meeting alone without bringing fresh minutes from another committee held; for us to be at per; let us begin vote by vote and come to the supply of the general figures after.

**THE DEPUTY CHAIRPERSON:** Honourable members, in the last budget system, we used to do vote by vote. When we adopted the Public Finance Management Act, it changed everything.

In the past, we used to supply all the figures because we did not even have an Appropriations Bill; we would supply it and then, they go and print the Bill. After words, they would bring it back but now the bill is brought before. We have the Bill; after we are done with this, it is not going anywhere to print the supply figures.

**MS WINFRED KIIZA:** While hon. Cecilia Ogwal was presenting her minority report, she made some proposals. For example, she talked about the high cost of constructing roads in Uganda; she compared that cost with other countries in the region and told the House that in other countries, the highest limit is around Shs 4.3 billion while in Uganda, it is Shs 5.3 billion.

I was looking forward to a moment where we would also look at this expenditure and see whether we can bring it to a Shs 4.3 billion, the maximum limit with our neighbours. Then possibly we could reallocate that money to some other area.

I was looking at a situation where we could use her proposal of cutting money from the State House Scholarship to the Loan Fund for purposes of refinancing the loan fund. I thought we would have a moment where we would bring these issues at the point of supply.

However, the way you are guiding, Mr Chairman, it is like now this moment is no more. We are just going to be announcing the figures and then we just say “aye.” At what stage are we going to make amendments and possibly reallocations before we pass the budget, Mr Chairman?

**THE DEPUTY CHAIRPERSON:** Honourable members, usually, and I was hoping this was a usual stage, by the time the figures come from the Budget Committee, we supply. We supply them based on what the Budget Committee has discussed with all the chairpersons from all the other sectors and usually all the reallocations have been discussed; we supply those figures. I am hoping this is a usual situation.

**MS CECILIA OGWAL:** Mr Chairman, I am seeking clarification. The Chairman of the Budget Committee is presenting a committee report and I really appreciate that you gave us time to reflect on the legality of this final process; we have discussed and we have brought the report.

Now the procedural issue and clarification I am seeking is the figures that the chairman is now reading; what is the source? He does not have any other authority to sit with any other caucus outside the budget and arrive at a different figure. All our figures have been signed by all the members so it means that we are accountable for each and everything that you have recommended.

Therefore, the Chairperson is presenting a document containing figures that the committee is not aware of and of a source we do not know about. I am humbly asking not to disgrace some of us that have worked day and night to arrive at where we are.

We do all these exercises hoping that we are going to help this country through this Parliament and we are over ruled and a different figure is brought and read.

The Chairperson has no power whatsoever to read a document which is not authentic and approved by the committee. The committee cannot even account for those figures he is talking about. Can you please guide me, Mr Chairperson?

**THE DEPUTY CHAIRPERSON**: The Chairperson.

**MR LUGOLOOBI:** I would like to give assurance to this House that the error that happened does not affect the figures in the report. What only happened was that instead of putting a figure into the development expenditure line on the same Vote, it was put on the recurrent expenditure. So you end up with a total recurrent expenditure that is different from what it should have been. That error was corrected by shifting the figure from recurrent to development, but it did not affect the figures that the budget committee recommended.

We are now moving at a level of supply but we were at a level of reporting and the figures that we reported are still the same but the figures you have in there have to be mapped in terms of whether that figure is recurrent or it is development or it is statutory.

When we give you figures in that schedule, we do not reflect that, but when we come here to supply, we must put figures in categories for purposes of supply. That is what we have done but your figures have remained the same. I think that you have trusted me, for a long time *– (Interjections) -* if there is something that is really fundamental – I cannot amend what you have agreed on. Everything is there and I can demonstrate where this change has happened –

**THE DEPUTY CHAIRPERSON:** Please demonstrate.

**MR LUGOLOOBI:** Mr Chairperson, we had moved some figure on NAADS [HON. MEMBERS: *“Give us the page.”*]. I am getting there *(Laughter)*– the figure is on page 42 of the report. The movement of that money and the re-allocation of the numbers is where that happened.

This is a system where when you enter a figure, it affects all other figures. I cannot do that manually - but it is the NAADS figure that was being affected in the votes. You do not have the details of these votes.

**MS CECILIA OGWAL:** Mr Chairperson, on page 42 which the Chairperson of the Budget Committee has referred us to, it contains Shs 40 billion under Treasury Operations, which has already been moved according to our report of the budget. It has now been moved to the Ministry of Justice and Constitutional Affairs.

He is now lumping it together with the total of these particular figures. How does the Shs 40 billion, after the committee has already removed, come back to the same list? I think we need –

**MR LUGOLOOBI:** Which vote are you referring to because I was talking about NAADS?

**MS CECILIA OGWAL:** I am referring to page 42. It includes a figure of Shs 40 billion and another Shs 40 billion –

**MR LUGOLOOBI:** I am not talking about the Shs 40 billion. I was talking about NAADS –

**MS CECILIA OGWAL:** That is the page you have referred us to. For the figure of Shs 382 billion includes the Treasury Operations of Shs 40 billion. Why is it there?

**MR LUGOLOOBI:** These Treasury Operations – the question you are asking - the page you are reading shows the figures that were being moved. When you go further, you get into prioritised allocations in the budget, on page 43 onwards.

**MS CECILIA OGWAL:** Can you explain to us the highest the committee had approved?

**MR LUGOLOOBI:** This is what you approved and that is what we have.

**MS CECILIA OGWAL:** Can you explain which figures were removed and where –

**MR LUGOLOOBI:** The figures that you moved are from pages 40, 41 and 42. These are the figures that you moved, and the movements and the destinations where the figures went are on pages 43, 44 and 45.

**MR SSEWUNGU:** Thank you, Mr Chairperson. Let me state this. It seems that this budget is not ready, however much we rush it.

I have evidence on my iPad and members can bear me witness. We do not have these figures there. My eyes are sharper and I can assure you that I am seeing the typo –*(Interjections)*– they are not there –

May I be protected by the Chairperson? I am on a procedural issue. The paper that the Chairperson of the Budget Committee is holding is different.

Secondly, when you are ruling on the minority report before we went to the 10 per cent issues and the legal matters, there were issues we wanted to address - there are illegalities here.

The banana initiative has its own vote somewhere on the Presidential Initiative and others. When you go to State House scholarships, they are within the State House budget as it is stated.

Now that we are going to the Committee of Supply, we want to raise matters here. The banana initiative will be an illegality because there is no renewed contract and you cannot give them money.

I do not know where the Chairperson of the Budget Committee is getting his figures from. What do we lose if they go and photocopy the papers he has so that we get access to them and compare notes? Let us get the photocopies.

**MR MUKITALE:** Thank you, Mr Chairperson. The procedural matter I am raising is in attempt to get a way forward to avoid the committee processing its work during plenary when actually the committee report has already been presented before the plenary.

The chairperson of the committee had earlier requested to give us the amended figures but he was not given the opportunity.

Would it not be wise to allow the copies of the amended figures to be given because it would now be futile for the committee to continue claiming that what has been presented on the Floor is still a committee report?

The moment a report comes here, it is now in the hands of the plenary and we can add value benefitting from their input.

Therefore, I would like to request if the chairperson can be allowed to give us copies of the amended records so that we can be on the same page.

**THE DEPUTY CHAIRPERSON:** Honourable members, the final reconciled figures here were arrived at by the staff of Parliament trying to put all the supply figures together from all the documents that they have seen.

For example, if you go to page 42 of the committee report, look at Vote 152 on NAADS, there is Shs 25 billion. Now go to page 49 on the supply figures, you will see Vote 152 and that particular item is now negative Shs 19 billion. Therefore, the technical people are saying that is what caused the problem of this change of the figures because this is minus (-) 19 and yet it was 15.

Therefore, when they were entering into the final report on Vote 152, it showed minus Shs 19 billion because of a computer error but I do not know what happened but it is there on page 49. That is what the technical person of Parliament has just brought to my attention.

It is even in the report and even on the iPad of the honourable member for Kalungu West - if you look at those pages.

**MS WINFRED KIIZA:** Mr Chairperson, I have looked at the pages and I have seen the mismatch in 25 and then the minus (-) 19.

However, I would also feel comfortable as someone handling this money and one who is going to tell my voters and Ugandans about the money that we have appropriated to each sector to which I am going to pronounce myself, to have this small paper that the chairperson has. We can all share it.

Secondly, is the issue of the minority report. The way we are proceeding is as if there is no minority report which we should also address ourselves to.

I wished for us, as we go to handle the other subsequent issues, to first pronounce ourselves on the minority report and either adopt it so that as we pass the vote, we pass the votes together with the contents of the minority report – the issues that we shall be agreeing on.

**THE DEPUTY CHAIRPERSON:** Honourable members, I allowed consultation and when you came back that is what was reported. I was hoping that by that time, we would have built consensus on how we proceed because the solution to that is that I put the matter on the minority report to vote.

Do you want me to do that? Would that be the solution to this? Would it help the process? Do you want me to put that matter to vote honourable members really?

**MR MUWANGA KIVUMBI:** Mr Chairperson, as you guided, our humble opinion was that all these issues would be dealt with at the committee of supply. As we go vote by vote, we would find where the convergence is because on so many of these votes, the minority report does not adversely disagree.

Therefore, my humble opinion is that if we go to votes like NAADS and you call it, if somebody does not have a question, we put it to vote and we proceed.

**THE DEPUTY CHAIRPERSON:** Honourable members, this is what was done in the last budget under the new law. Therefore, a precedent has been set that this is how you handle it in the new situation. I told you in the past we used to sit here for hours reading figures.

However, that has changed. The last budget we used this procedure so it is not new. That is why I am saying that in a normal situation, it would not have been an issue because we did it last year. This is how we supplied last year.

**MS CECILIA OGWAL:** Mr Chairperson, we sat in the committee room waiting for the chairperson to come back and tell us how we can trade off these figures. In some areas, we said we reduce by say Shs 5 billion and place it under the agricultural sector, then we hope that from the agricultural sector, we decide whether we should go to Foot and Mouth Disease, NAADS and so on which had not been done. The chairperson never came back.

Therefore, we all came to the House and are still waiting. He never came back to the committee.

**MR LUGOLOOBI:** Order. I came back. Why are you talking like that?

**MS CECILIA OGWAL:** As far as I am concerned, we are responsible for what we have signed. Show us whether we have signed on that paper that you are reading?

**MR LUGOLOOBI:** Mr Chairperson, with all due respect, we were here until late in the evening and all we were doing was to reconcile the figures in the report. [HON. CECILIA OGWAL: *“With who?”*] We eventually agreed on the figures and said we were going to implement what we agreed. We went back and started dealing with the details of the figures.

In the morning, the Members were in the room and they looked at the report and signed it. The report is here duly signed. Is she therefore in order to insinuate that the chairperson manipulated these figures?

**THE DEPUTY CHAIRPERSON:** Honourable members, it is against the rules of this House to impute improper motive on another. Please let us respect each other as we do these things. You cannot make those kinds of imputations of improper motive on another member.

**GEN. (RTD) MOSES ALI:** Mr Chairperson, I am making proposals based on what has happened since we started this debate.

First, we received two reports; the main and the minority report, each with its own proposals recommending cuts here and there. I think before we reach the stage of cutting, we should vote on the two reports then from there we can move accordingly otherwise, I do not see - *[Members rose­\_]*

**THE DEPUTY CHAIRPERSON:** Honourable members, the question I proposed for the vote was based on procedure. I explained that there is a gap in the rules on how to handle the new situation brought by the Public Finance Management Act. In the past, there was another procedure, which is still in the rules. We had been discussing the general framework of what had been proposed.

The question that I proposed for your vote was that we move to Committee of Supply and the decision was taken that we move to the Committee of Supply and we are here in the Committee of Supply.

When we come to the Committee of Supply, we do it the way we have always done it. We supply the figures as aggregated and agreed upon and that is what we are doing. However, it now seems to be a matter that we should vote on the report of the committee.

Honourable members, when a Bill is brought to this House and you discuss the principles of the Bill, you do not vote on the report of the committee. You do not vote on the minority report. Instead, you vote on the motion for the second reading of the Bill.

The report would have informed the discussion in the principles. I have not had the opportunity and I hope I will never have, to sit on the second reading of the Bill and put a question, first on the report of the committee and another question if there is a minority report and then say, I now put the question on a motion for second reading. That is not what was anticipated, honourable members.

There is no stalemate here. If we are to go back and start voting on the minority and majority reports, what will we achieve? What I am proposing is that the way we are proceeding is okay, really. We did it last year and I see no reason to depart from the precedent already established under the new law. Please, honourable members, can we proceed?

**MR JONATHAN ODUR:** Thank you, Mr Chairman. Normally, precedents are binding on the authority itself as well as the lower authorities.

Within the law, Parliament can deviate from its own precedent because it is the top-most. The procedural matter I am raising is, would it not be proper that this same House deviates from the precedent it has set? It is within the law because this is now the highest organ. Even if there is a precedent, this same House can still deviate from it.

Secondly, the explanation that the technical officer gave of the Shs minus (-) 19 billion under recurrent expenditure; what does it mean in terms of the budget? That explanation of Shs minus (-) 19 billion is under recurrent expenditure. Does it mean the recurrent expenditure will not have any other budget?

**THE DEPUTY CHAIRPERSON:** That is no longer a procedural question. The procedural question you asked was in relation to an authority.

**MS ALUM:** Mr Chairman, you have rightly said that there was a precedent set in the last budget. However, in the last budget, as I can remember, there were no variations in the figures like this one.

What we are faced with is that the chairperson of the committee is reading figures which are not with members, including those of the committee.

We have just seen and heard the figures from a distance and I do not know whether it would not be procedurally right for us to have those figures so that at least we who are not members of the committee plus other members of the committee go together and understand these things. Thank you.

**THE DEPUTY CHAIRPERSON:** Honourable members, an institution with powers to take decisions on some matters can depart from its previous decisions, based on reasons and justifications. You do not just change your mind because you have woken up badly. You have to interrogate and justify why the change is necessary. This is because it sets a new precedent.

We do not have the figure to supply Vote by Vote as per now. That would mean we have to go back and take some time, break these things with the number of Votes available and start supplying Vote by Vote. It will take more than two days to break these figures down.

Please, let us be practical on this matter. The practical - *(Mr Centenary and Mr Katusabe rose\_) -* I do not know what is wrong with honourable members.

**MR CENTENARY:** Mr Chairman, we have built consensus on both reports and I beg to move that we agree that we adopt both reports, as amended, and move on.

**MR KATUSABE:** Mr Chairman, this is not the time that we need to finger-point. This is a time that we need to put the country first.

The problems of yesterday cannot be solved with the same level of thinking we were at when we created them. It is very important that we own that along the way we missed the point.

This is my point, Mr Chairman. Statistics are like twin brothers in Buganda. Before you have Kato, you need to have Wasswa – first things first. The reason I wanted to whisper to the committee chairperson is that statistically, it is not a crime – [MS KAWOOYA: *“Order.”*]Excuse me, order for what, my sister? I am making a point, please. This is serious business.

Mr Chairman, the reason I wanted to dialogue with the chairperson of the committee is basically that statistically, it is not a crime to have different figures. The only advice that I would have given the committee would have been to consider what statistical model you applied to arrive at different – [MS KAWOOYA: *“Order.”*] You do not understand these things, please – [MS KAWOOYA: “Aaah, you do not understand. Order.”]- *(Interruption)*

**MS KAWOOYA:** Okay, sit down. That was the order.

**THE DEPUTY CHAIRPERSON:** Committee chairperson, you have the Floor.

**MR LUGOLOOBI:** I request that we go to page 49. You can note that on page 49, we have Vote 152 – NAADS Secretariat. The Shs 25 billion we moved from NAADS was meant to be moved from the second column with Shs 299.2 billion. Instead, the figure was moved from this column and that is why we ended up with minus (-) Shs 19 billion. What we have done in the correction is to deduct it from the Shs 299 billion. We reversed the situation as it was for this recurrent expenditure.

I would like to move an amendment in the figures in the report on page 49. Vote 152 - NAADS Secretariat, instead of this figure of minus (-) Shs 19,589,810, please write Shs 5,410,190,000. The previous figure which was Shs 299,294,648 because we have offset that figure by 25 billion, becomes Shs 274,294,648. Those are the new figures that we are going to work with.

Mr Chairperson, given those figures, the summary that we should now have in the conclusion on page 46 of the majority report. We amend those figures as follows – and you will see that Shs 25 billion factor in these figures.

1. Total Recurrent Budget – Shs 7,605,606,623,000. That is the new total Recurrent Budget.
2. The new Total Development Budget – Shs 11,427,609,750,000
3. Statutory Expenditure – Shs 9,975,326,836,000, remains the same.
4. Grand Total – Shs 29,008,543,209,000 has also remained the same.

Thank you very much. Those are the amendments

**MR NANDALA-MAFABI:** Mr Chairperson, I would like to seek clarification from the chairperson of the committee.

On page 27, number 64, which talks about Revival and Payments of War Debts to Traditional Cooperative Unions; the committee recommends Shs 20 billion, that was earmarked in the Budget Framework Paper for Financial Year 2017/2018. Under what heading does Shs 20 billion fall in the summary?

**THE DEPUTY CHAIRPERSON:** What item? You could go to the pages of the summaries of the allocations.

**MR NANDALA-MAFABI:** Mr Chairperson, I have crosschecked there. Vote 015 - Ministry of Trade, Cooperatives and Industries is Shs 64,645,985,000. However, Shs 20 billion, is not included in the Shs 64 billion. That is what I am raising. I would like to find out where you have put Shs 20 billion for the cooperatives.

**MR LUGOLOOBI:** Mr Chairperson, when we go through the sectoral reports, we propose certain recommendations extracted from the sectoral reports.

When reconciling these recommendations with the reality of the money available, that is when some of them are knocked out, some reduced and some retained and we end up with this schedule in the report from page 40 onwards. These are the reconciled figures based on the resources available.

**THE DEPUTY CHAIRPERSON:** Honourable members, can we proceed?

**MR TUMWEBAZE:** Thank you**,** Mr Chairperson. Without contradicting the chairperson of the committee, I am seeking guidance on the proposed reallocations, where someone fails to make an appeal and where the proposed cut has some grave implication.

For example, on Uganda Broadcasting Corporation (UBC) which broadcasts the proceedings of this House, every Member of Parliament wants his or her constituents to watch the proceedings but the proposed reallocations will hurt us. At what stage can this concern be put forward?

**THE DEPUTY CHAIRPERSON:** At the stage when the Committee on Budget was consulting with the chairpersons of the different sectoral committee’s and harmonising those things.

I have been a chairperson of a committee and I know that the Budget Committee has interfaced with all the chairpersons of the sectoral committees. So, if there were issues, they should have been raised by the chairperson of the sectoral committee of that sector that “please, reconsider this” and you would be reconsidered.

**MR AKORA:** Thank you, Mr Chairperson. I am the Vice Chairperson of the Committee on Information, Communication and Technology. We presented our report to the Budget Committee. We certainly did not get any verdict in terms of our submission. However, what we have seen is that the Budget Committee has proposed cuts without consulting our committee.

We thought we could use this opportunity as a committee or any member of the House could take up that matter that they are seeing these proposals for the first time. So, they should be heard so that we receive explanation so that we can either concede or the House pronounces itself on the proposals made by the Budget Committee.

**MR LUGOLOOBI:** Mr Chairperson, we indeed interacted with the Chairperson of the Committee on Information, Communication and Technology. We asked for a detailed breakdown and work plan of Shs 20 billion which has been earmarked for UBC –*(Interjections)*– please, allow me to make my submission.

We looked at the breakdown and we saw some funds which could be spared to be shared by other priority areas. But they retained Shs 18 billion.

Mr Chairman, we must understand that we are dealing with a common resource which has got to be shared fairly. As we speak now, the student loan scheme did not have any funds at all but we had to find money with the other various priorities, in the spirit of sharing the little cake that is available - Shs 12 trillion. We requested that out of Shs 20 billion, surrender Shs 2 billion. Not all the money was removed – *(Interruption)*

**MR TUMWEBAZE:** Madam Chairperson *–(Laughter)–* my apologies.

**THE DEPUTY CHAIRPERSON:** I hope no proof is required.

**MR TUMWEBAZE:** My apologies, Mr Chairperson. I was the former chairperson of the Committee on Finance, Planning and Economic Development and by virtue of that, I was a member of the Budget Committee.

The long standing practice of this House I am conversant with is that when an entity has demonstrated its case to the sessional committee and the Budget Committee wants to do otherwise, especially when there is no consensus from the sessional committee, an opportunity is availed to the entity to demonstrate its case.

UBC, the former UTV, which shifted from Nakasero to where it is now and was never given any money, has a debt burden confirmed by the Auditor-General of over Shs 40 billion *– (Interjections)-* you can look at all that but that was in the past. We are now dealing with the present.

Mr Chairman, I beg for your protection. We would like to buy equipment for UBC to cover the whole country and hire new staff. The committee did not only cut money for UBC, but also for ICT innovations. The innovative young talent of this country that wants support - I am really wondering why the already underfunded ICT sector is seen as –(*Interjections*)– I am making my point and I beg to be heard.

The point I am raising is, when the Budget Committee deems it important and that an entity comes to –(*Interjections*)– I think I am more conversant with the practice of this House than my colleague here. Please, listen to me.

**THE DEPUTY CHAIRPERSON:** Point of order.

**MR KATUSABE:** Thank you very much, Mr Chairman. As a House and under your leadership, we have a priority list. Legislation has everything to do with timing.

Mr Chairman, the honourable member has a great point but wrong timing. Therefore, is hon. Tumwebaze in order to eat into our valuable time and yet we have a deadline to catch up with? Thank you. *(Applause)*

**HON. MEMBER:** We have to pass the budget because today is the 31st.

**THE DEPUTY CHAIRPERSON:** Honourable members, can I deal with this procedural matter?

**MR OKUPA:** Mr Chairman, I know the established procedure regarding these reallocations is as you have put it to the members – the chairperson of a committee goes to the Budget Committee and presents their case. However, where the case has not been heard, they are given a second chance when they come to the House.

The procedural matter that we have to address is can we provide an opportunity for him and then the House takes a decision whether to agree with his position or not because reallocation is done by the whole House? They only make their proposals to the chairperson of the Budget Committee which the committee brings here.

If the case has not been heard, let it be given a second chance and if we do not see any merit in those issues, Mr Chairman, you put the question and we decide.

Mr Chairman, is it procedurally right for us to deny the honourable minister the opportunity to be given a second chance for the whole House to hear him and then decide? Thank you.

**THE DEPUTY CHAIRPERSON:** Honourable members, at this stage, we normally now operate by presumption. You even saw I found these figures on the table here. They were not with me. I presumed that whatever processes were taken to bring in the figures, I can rely on. That is why I came and found the papers here.

By this time really, lots of consultations should have already been finalised so that when we come here, we do not open it up. If we are to open up all the grievances from all the sectors, then we will not be able to manage this. (*Applause*) Therefore, I am asking the minister, just in the interest of -

**MR TUMWEBAZE:** Mr Chairperson, following your guidance, I concede.

**THE DEPUTY CHAIRPERSON:** Thank you.

**MS CECILIA OGWAL:** Mr Chairman, I am seeking clarification since I do not have the figures as requested. I agree with the methods you are proposing to the House.

However, if we are to adopt these figures, let us assume the chairperson, on behalf of the committee, has shifted the figures as recommended by the committee. I would like to draw your attention to page 48 about Vote 130 where the Budget Committee has requested for movement of Shs 40 billion from Vote 130 to Vote 007.

If we pronounce ourselves on the figures presented under Vote 130, will the chairperson confirm to us that they would have removed the Shs 40 billion as requested and directed by the Budget Committee to be moved to Vote 007?

As far as I am concerned, we should pronounce ourselves on this and whatever we would have confirmed for Vote 130 would be Shs 8.583 trillion and not as recommended by the Budget Committee. That is my concern.

**MR LUGOLOOBI:** That figure is statutory and we removed it from the statutory provisions. [MS CECILIA OGWAL: *“It is on Page 48.”*] Yes, I have seen it. I would like to come back to you in a few minutes. Allow me to check.

**MR NANDALA-MAFABI:** Mr Chairman, we are raising this because we have not gone through the documents one by one because each of us has an issue on every vote.

The Budget Committee does work for us as Parliament and when it comes here, their word is not final. We must do what we should do. For example, we have no opportunity to reach the Budget Committee with the issues we are raising.

One of them, Mr Chairman, is about the law. For example, we passed a law that Uganda Development Corporation must be capitalised by Shs 500 billion. However, the committee is recommending Shs 50 billion.

Since we do not have enough money and we have not acted according to the law, this Shs 50 billion should now be shifted to handle activities which are urgent.

When I mentioned co-operatives, somebody mentioned Bugisu Co-operative Union. The money we are talking about is for the following unions: Banyankole Kweterana, Teso Cooperative Union, West Madi - they are 36 unions we are talking about.

You will remember that in 1985, there was a war *– (Interjections) -* this union had what we call Uganda Central Cooperative Union, Uganda Cooperative Transport Union and the Cooperative Bank. They also they had their own assets.

The war was financed by all of us and the biggest culprits are cooperatives. Now you are paying people who have lost things on the streets and leaving cooperatives yet we are saying cooperatives are the engine for development and we cannot pay them their money. I think we are being unfair.

Therefore, Mr Chairman, I would kindly ask that you allow us to raise issues in specific votes, when we agree then we total up and we move. That would be the best way to move.

Hon. Franca Akello has raised a very important issue. We are saying that we go ICT and we want youth to get jobs. If we do not invest money into ICT, what are we talking about? We are talking nothing. If I may go further, if you look at treasury operations and the figures raised, there is an excess of about Shs 474 billion which we must pull out and be able to reallocate. This can be done if you allow us, Mr Chairman, to handle one at a time and after that where we have no case, we can conclude the matter.

**THE DEPUTY CHAIRPERSON:** Honourable member, first of all, I do not have the figures to go one at a time. I do not have them. Therefore, honourable member, I am proposing that we finish with this process; if it is a mistake, it is a mistake but the time we have will simply not allow us to go vote by vote when the papers are prepared this way following the procedure used last year.

If this was the procedure, it would have been prepared differently. We do not have the time and we are on the deadline. If we had started this process two days back, we would have had the latitude to do this but I only have few hours left before the day ends. Can I proceed honourable members?

Recurrent Expenditure, Local Government votes

**THE DEPUTY SPEAKER**: I now put the question that the a total sum of Shs 2,126,008,562,000 be provided as recurrent expenditure for Local Government votes for the financial year 2017/2018.

*(Question put and agreed to.)*

Development Expenditure - Local Government Votes

**THE DEPUTY CHAIRPERSON**: I put the question that the total sum of Shs 385,538,684,000 be provided for as development expenditure for Local Government votes for the financial year 2017/2018?

*(Question put and agreed to.)*

Recurrent Expenditure - Regional Referral Hospitals

**THE DEPUTY CHAIRPERSON:** I now put the question that a total sum of Shs 70,031,846,000 be provided as recurrent expenditure for regional referral hospitals for the financial year 2017/2018?

*(Question put and agreed to.)*

Development Expenditure - Regional Referral Hospitals

**THE DEPUTY CHAIRPERSON:** I now put the question that a total sum of Shs 21,342,562,000 be provided for as development expenditure for regional referral hospitals for the financial year 2017/2018?

*(Question put and agreed to.)*

Recurrent Expenditure - Missions Abroad

**THE DEPUTY CHAIRPERSON:** I now put the question that a total sum of Shs 136,492,116,000 be provided as recurrent expenditure for missions abroad for the Financial Year 2017/2018?

*(Question put and agreed to.)*

Development Expenditure - Missions abroad

**THE DEPUTY CHAIRPERSON:** I now put the question that a total sum of Shs 17,884,400,000 be provided for as development expenditure for missions abroad for the financial year 2017/2018?

*(Question put and agreed to.)*

Total recurrent expenditure for the Financial Year 2017/2018

**THE DEPUTY CHAIRPERSON:** I now put the question that a total sum of Shs 7,605,606,623,000 be provided for as total recurrent expenditure for financial year 2017/2018.

*(Question put and agreed to.)*

Total development expenditure for the Financial Year 2017/2018

**THE DEPUTY CHAIRPERSON:** I now put the question that a total sum of Shs 11,427,609,750,000 be provided for as total development expenditure for the Financial Year 2017/2018.

*(Question put and agreed to.)*

Total statutory expenditure for the financial year 2017/2018

**THE DEPUTY CHAIRPERSON:** Honourable members, I propose a question that a total sum of Shs 9,975,326,836,000 be provided for as total statutory expenditure for the financial year 2017/2018.

I now put the question -

**MR NIWAGABA:** Mr Chairman, before you put the question, there is an issue I wanted to raise and seek clarification from the minister. Under statutory expenditure, we have treasury operations and we have seen a total budget of Shs 8,623,676,550 and yet in the budget deficit financing we passed, the figure was Shs 4.99 trillion. And yet in the budget, they are showing a figure of Shs 5.4 trillion. Where is this excess Shs 400 or 500 billion coming from? And what is it going to do? Isn’t it the right time here and now for us to reallocate it to another deserving sector?

**MR LUGOLOOBI:** Mr Chairman, Vote 130 has a separate ministerial policy statement that details all the expenditure associated with this vote. Therefore, the 4.99 trillion you are talking about is just one of those expenditures falling under it. This has been available for a long time; I thought you had the opportunity to peruse it and you would have seen where that figure is coming from. We reduced Shs 80 billion from that figure of the Shs 8.623 trillion, that includes court awards and the figure that we discovered was double-counting. So, we removed and reallocated it. We have moved Shs 40 billion to the Ministry of Constitutional Affairs for court awards.

**MR NANDALA-MAFABI:** Mr Chairman, at least I am lucky I have the ministerial policy statement; I have the figures of Vote 130 of Shs 4.99 trillion which has been passed. However, when you look at the budget before us - the chairman should know that I am aware that the Treasury Bills at cost for redemption to be Shs 3.875 trillion. Treasury Bonds at cost will be Shs 1.598 trillion. If you total that, that is already over Shs 5.4 trillion and yet, what we have allowed is Shs 4.99 trillion but you have reallocated only Shs 80 billion.

So, Shs 80 billion out of about Shs 500 billion leaves us with Shs 420 billion; where is it? It is indicated on page 13 of the ministerial statement. I brought the book because I knew you are a very tricky person. *(Laughter)*

**THE DEPUTY CHAIRPERSON:** Imputation of improper motive.

**MR LUGOLOOBI:** Mr Chairman, the grand total on that page is Shs 8,623,676,550,356. We discovered that the draft Appropriation Bill raised this figure to Shs 8,623,676,550,356 billion - in other words, there was an additional Shs 40 billion which we could not reconcile with the figure in the policy statement.

The Appropriation Bill was higher by Shs 40 billion. So, we removed that money. On top of that, we removed the Shs 40 billion, which is associated with arrears and court awards and moved it to the Ministry of Justice and Constitutional Affairs.

We addressed those problems but the pages, which he has read indicate the breakdown of these figures. If you are to challenge any number, I think the Minister of Finance, Planning and Economic Development is here; they went to the Committee on Finance, Planning and Economic Development, they presented their issues; they were articulated and here we are. We took those decisions.

**THE DEPUTY CHAIRPERSON:** I now put the question that a total sum of Shs 9,975,326,836,000 be provided for statutory expenditure for the Financial Year 2017/2018.

*(Question put and agreed to.)*

MOTION FOR THE HOUSE TO RESUME

7.40

**THE MINISTER OF STATE FOR FINANCE, PLANNING AND ECONOMIC DEVELOPMENT (PLANNING) (Mr David Bahati):** Mr Chairman, I beg to move that the House do resume and the committee of supply reports thereto.

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

*(Question put and agreed to.)*

REPORT FROM THE COMMITTEE OF SUPPLY

7.41

**THE MINISTER OF STATE FOR FINANCE, PLANNING AND ECONOMIC DEVELOPMENT (PLANNING) (Mr David Bahati):** Mr Speaker, I beg to report that the Committee of Supply has considered the harmonised figures for supply to votes of the Financial Year 2017/2018 and passed them.

**MS CECILIA OGWAL:** Mr Speaker, I think hon. Nandala-Mafabi raised a very valid point and some members from the Committee on Budget were conscious of a figure of Shs 500 billion plus which has now been reduced by Shs 80 billion but it still leaves a gap of about Shs 400 billion plus which is hanging somewhere.

We would like the ministry to agree as they did in the previous year; that that money is made available for us to reallocate to very serious underfunded sectors like SAGE.

The Ministry of Gender and Youth came to us and pleaded for nationwide SAGE and we agreed. They need only Shs 110 or 130 billion. That should go for those very serious and underfunded sectors of national importance.

Mr Speaker, the money is there and we know where to find it; there is no way they should pretend. We discovered that money years earlier and we were able to use it for underfunded deserving areas.

It is very difficult for us to go into detail now but as a person who has been very conversant in following up figure by figure - the ministry cannot deny that there is a figure of about Shs 400 billion plus, hidden somewhere. We would like to get hold of that money and deploy it to those very serious underfunded areas. I beg to move.

**THE DEPUTY SPEAKER:** Honourable minister -

**MR NANDALA-MAFABI:** Further information around the same area. I would like to thank hon. Ogwal -

**THE DEPUTY SPEAKER:** Can I finish this process and then we have that issue, please?

7.52

**THE MINISTER OF STATE FOR FINANCE, PLANNING AND ECONOMIC DEVELOPMENT (PLANNING) (Mr David Bahati):** Mr Speaker, I beg to move that the report of the Committee of Supply be adopted.

**THE DEPUTY SPEAKER:** Honourable members, the motion is for adoption of the report of the Committee of Supply. I put the question to that motion.

*(Question put and greed to.)*

BILLS

SECOND READING

THE APPROPRIATIONS BILL, 2017

7.52

**MR WILFRED NIWAGABA (Independent, Ndorwa County East, Kabale):** Mr Speaker**,** I beg to move a motion that the Bill be recommitted to consider the item on statutory expenditure, which has been passed with the view to look at a figure of Shs 420 billion which is the difference between a sum of Shs 5.4 trillion and Shs 4.99 billion that has been approved as deficit budget financing so that this House can reallocate that figure of Shs 420 billion to deserving unfunded projects like SAGE and UBC among others.I beg to move.

**THE DEPUTY SPEAKER:** Honourable members, through the execution of the Budget, those issues can be dealt with because we have committees of Parliament which can oversee these things. However, that motion is not sustainable because it is prohibited by the rules; Rule 143 says, *“No motion to recommit the report of the Committee of Supply may be moved except by the minister.”* We will monitor these figures.

BILLS

SECOND READING

THE APPROPRIATION BILL, 2017

7. 53

**THE MINISTER OF STATE FOR FINANCE, PLANNING AND ECONOMIC DEVELOPMENT (PLANNING) (Mr David Bahati):** Mr Speaker, I beg to move that the Bill entitled, “The Appropriation Bill, 2017,” be read for the second time.

**MR OKUPA**: Thank you, Mr Speaker. Just a few minutes ago, a member of the front bench, hon. Tumwebaze, had an issue of his vote being underfunded. Therefore, is it procedurally right for us to proceed when the minister who has a burning issue has not brought up his matter, when we have got money, which is allocated?

**THE DEPUTY SPEAKER:** Honourable members, if we are to deal with all the burning issues and burning members, this House will not proceed. This is because hon. Cecilia Ogwal and hon. Niwagaba are burning, among other members. In the process of executing the Budget, the committee will be vigilant enough to monitor and ensure that these things are done properly. Otherwise, what will we be doing with one year that is coming?

**MS JOY ATIM:** Thank you very much, Mr Speaker. We are handling issues of finances and we know that there is money, which has not been allocated; we cannot just leave that money on suspension just like that unless they are putting it on a suspense account. This is serious, Mr Speaker. We would like the Minister of Finance, Planning and Economic Development to commit himself and tell us how such monies will be handled. We are passing the budget and we cannot handle issues of finances just like that.

Therefore, is it procedurally right for us to leave this money in suspense and the Minister of Finance, Planning and Economic Development not to commit himself over this matter? Thank you.

**THE DEPUTY SPEAKER:** Honourable members, we are not at that stage now. Honourable minister, please, move the motion for seconding of this Bill and we proceed.

**MR NANDALA-MAFABI:** Mr Speaker, you read that the rule states that it is only the minister who can move but we have our Parliamentary Administration Act, which has created shadow ministers.

**MR NIWAGABA:** Mr Speaker, I beg to move under Rule 15 of our Rules of Procedure that this House suspends Rule 142 (3) for purposes of considering my motion to recommit. I beg to move.

**THE DEPUTY SPEAKER**: It is seconded by hon. Abacacon Gutomoi. I put the question for the suspension of rules of this House to enable those matters to be done. I put the question.

*(Question put and negatived.)*

**THE DEPUTY SPEAKER:** Honourable Nandala-Mafabi, please, let me finish this process.

7.58

**THE MINISTER OF STATE FOR FINANCE, PLANNING AND ECONOMIC DEVELOPMENT (PLANNING) (Mr David Bahati):** Mr Speaker, I beg to move that the Appropriations Bill, 2017 be read for the second time.

**THE DEPUTY SPEAKER:** Is the motion seconded, honourable members? It is seconded by hon. Bintu, hon. Mbabazi, and hon. Baryomunsi. Would you like to speak to your motion?

7.58

**THE MINISTER OF STATE FOR FINANCE, PLANNING AND ECONOMIC DEVELOPMENT (PLANNING) (Mr David Bahati):** Mr Speaker, on 1 April 2017, we brought to this House the budget estimates for the Financial Year 2017/2018 in fulfillment of our National Development Plan of the Public Finance Management Act and also to support and facilitate the NRM manifesto. This House has considered the figures for the Committee of Supply and we are ready, Mr Speaker, to now appropriate. I beg to move.

**THE DEPUTY SPEAKER:** Thank you. Honourable members, the motion is that the Appropriations Bill, 2017 be read for the second time. That is the motion I propose for your debate.

8.00

**MR AMOS LUGOLOOBI (NRM, Ntenjeru County North, Kayunga):** Mr Speaker, we have considered this Bill and made amendments to match what we have just been looking at because originally this Bill had a memorandum with numbers and we have amended those numbers.

In the Title page, we had figures and those figures have been changed and we will propose amendments to those numbers. In clause 2, there are numbers there for, which the decisions we have just taken in terms of supply have been changed and so we shall be proposing changes to those numbers.

Mr Speaker, when it comes to the Schedule – given that we had corrigenda immediately after the laying of this Bill in the House, a number of figures were affected. These figures have further been affected by the amendments that we have done. Therefore, all the votes here have been affected; we shall be proposing amendments to all those figures.

Those are the major issues, where we shall be requesting for amendments. I beg to submit.

**THE DEPUTY SPEAKER:** Thank you. Honourable members, this is the Appropriations Bill and the principles are clear. Ordinarily debate on the principles of the Bill will be carried out at the second reading of the Bill but the principles are clear that it is an Appropriation Bill. Can I put the question for the motion for second reading; then, we can go and deal with the figures. *(Laughter)*

**MR NANDALA-MAFABI:** Mr Speaker, while we are aware some of our colleagues are ready to say “Aye”, what I wanted to raise is that we are happy the committee is going to make a proposal on amendments. We had thought that this time, you would allow us to debate a report so that we also propose our amendment. This will ensure that the whole House is aware of the reasons we want to move amendments. For example, my interest is in three areas; Treasury Operations Votes, Cooperatives and in the Ministry of Education and Sports.

I do not know at what time you will allow us to debate so that we are able to make our case or for the people to know what we want to discuss.

**THE DEPUTY SPEAKER:** Honourable members, the passing of an Appropriations Bill is a conclusion of the supply process of what Parliament has taken a decision on, even in the previous procedure under the Budget Act then. The only difference is that we would have supplied the figures today and they would have sent it now to print the Appropriations Bill, which would now come two or three days later. Thereafter, we would now come and pass the Appropriations Bill.

However, an intensive debate on the Bill itself is usually not really there because you have debated the figures that have gone into the Appropriations Bill. Hence, that is what is normally done so we have supplied and now the formal process of adopting the Appropriations Bill to activate what we have supplied is what we are going to do now.

Therefore, can I now put the question on the motion for second reading of this Bill? I put the question that the Bill entitled, “The Appropriations Bill, 2017” be read for the second time.

*(Question put and agreed to.)*

BILLS

COMMITTEE STAGE

THE APPROPRIATIONS BILL, 2017

Clause 1

**THE DEPUTY CHAIRPERSON:** I put the question that clause 1 stands part of the Bill.

*(Question put and agreed to.)*

*Clause 1, agreed to.*

Clause 2

**MR LUGOLOOBI:** Mr Chairman, I propose an amendment after the expression “30 June 2018”; the numbers are indicated there. The amendment will read, “The sum of Shs 19,033,216,372,000...” I beg to move.

**THE DEPUTY CHAIRPERSON:** Honourable members -

**MR NANDALA-MAFABI:** Mr Chairman, I would like to move an amendment that we shift the Shs 50 billion earmarked in that Shs 19 trillion to be reallocated to the Ministry of Trade, Industry and Cooperatives for development purposes in areas of cooperatives for paying the war debts for cooperative unions and also for development of the cooperative unions.

**THE DEPUTY CHAIRPERSON:** Are you amending the figure because the only amendment is in the figure?

**MR NANDALA-MAFABI:** Mr Chairman, that figure of Shs 19 trillion is a figure for development. Therefore, what I wanted to move -

**THE DEPUTY CHAIRPERSON:** I need you to look at the provision we are amending. It reads, *“The Treasury may issue out of the Consolidated Fund and apply towards the supply granted to the Government for the service of the year ending 30 June 2018 the sum of Shs 19,033,215,372,000.”* That is all it is saying for this particular clause; and the chairman has now proposed an amendment to conform to what we passed, the final total figure. Is that correct?

**MR NANDALA-MAFABI:** Mr Chairman, are we not going vote by vote?

**THE DEPUTY CHAIRPERSON:** No, we are dealing with the clause. Votes are in their schedule and we shall go to the schedule after this.

**MR NANDALA-MAFABI:** Then, Mr Chairman, I would like to propose that we stand over that so that we deal with schedules and then we come back.

**THE DEPUTY CHAIRPERSON:** Honourable members, are we going to supply again?

**MR NIWAGABA:** Probably additional information to that. As the amount we supplied far exceeds the amount mentioned in this particular clause, I thought the chairperson of the committee would bring an amendment so that the figure we supplied, both under recurrent, statutory and development, tallies with the figure we are supposed to supply under clause 2.

**THE DEPUTY CHAIRPERSON:** I thought the new amendment he has read is the total.

**MR NIWAGABA:** I probably did not hear him because -

**THE DEPUTY CHAIRPERSON:** Chairperson, could you read the total you are amending in clause 2 again?

**MR LUGOLOOBI:** It is Shs 19,033,216,372,000.

**MR NANDALA-MAFABI:** Mr Chairman, we passed a budget of Shs 29 trillion, why are you talking of Shs 19 trillion?

**MR LUGOLOOBI:** I think you should make a decision between appropriation and statutory. This figure does not include the statutory figures.

**THE DEPUTY CHAIRPERSON:** The House does not appropriate statutory figures. That is standard practice. We appropriate these ones but the statutory ones were supplied and that is sufficient. That is why it is less. Can we proceed?

Honourable members, Can I put the question to the amendment as proposed by the chairperson?

*(Question put and agreed to.)*

*Clause 2, as amended, agreed to.*

Clause 3

**THE DEPUTY CHAIRPERSON:** Are there any other proposals? I put the question that clause 3 -

**MR NIWAGABA:** Mr Chairman, when we look at the schedules mentioned in clause 3, there is no Vote 130 and I do not know whether we are going to proceed to supply without Vote 130.

**MR LUGOLOOBI:** Vote 130 has already been supplied under statutory provisions.

**MR NANDALA-MAFABI:** Mr Chairman, I remember when we created Vote 130, we never shifted it under statutory provisions. I recall that very well because by then, hon. Frank Tumwebaze was the chairman of the Committee on Finance, Planning and Economic Development. When did we shift Vote 130 to statutory? Hon. Tumwebaze, you must explain.

**THE DEPUTY CHAIRPERSON:** Honourable members, can I put the question to this? I put the question that clause 3 stands part of the Bill.

*(Question put and agreed to.)*

*Clause 3, agreed to.*

*Clause 4, agreed to.*

The Schedule

**MR NANDALA-MAFABI:** Mr Chairperson, I would like to propose that you put a question to all the schedules and we pass them as they are – those in favour say “aye” and to the contrary say “nay” – *(Laughter)*

**THE DEPUTY CHAIRPERSON:** Hon. Mafabi, this is not a meeting of Bugisu Cooperative Union – *(Laughter)*

**MR LUGOLOOBI:** Mr Chairperson, while considering the report, we presented the details of the Appropriations Bill; the revived appropriation figures for 2017. We cannot consider vote by vote. I propose that since all the numbers have been provided in that schedule; which starts from page 47-57, all the amendments in the votes have been provided there, save for the correction I made earlier and read the figure then, on Vote 152.

**MR NIWAGABA:** I just wanted two clarifications from you, Mr Chairperson. The first one is; I would like to know whether your proposed allocations have been captured in the amendments as you have told us. Secondly, your proposed amendments capture Vote 130 and yet we have passed clause 3, where you specifically said that it is not subject to this Appropriation Bill. Should we not amend your report by deleting Vote 130 from your proposed amendment?

**MR LUGOLOOBI:** Vote 130 is now a foregone conclusion because you supplied statutory; you supplied and that is where it ends. It does not come in to this Bill. This is the Appropriations Bill. I have given you the figure for appropriation, which I have just read.

**THE DEPUTY CHAIRPERSON:** Do those figures that you have read include Vote 130? From the pages you have read, is there Vote 130?

**MR NANDALA MAFABI:** Mr Chairman, Vote 130 is on page 48 and it is the third last. That is the reason I said that we just say “aye” and we conclude that business. *(Laughter)*

**MR LUGOLOOBI:** Mr Chairman, the idea is that when you go through this Bill - because we are amending it - you will not find Vote 130. That one, you will just keep. It is not going to be there in this Bill.

**MR NIWAGABA:** Do not be mean with words. Can you be courageous and man enough and withdraw from your own report anything to do with Vote 130, for the record?

**MR LUGOLOOBI:** If I remove it, then I will not be reporting about statutory expenditure, that is the dilemma. I presented it here –

**THE DEPUTY CHAIRPERSON:** Honourable members, let us make this thing easy. What we have supplied includes figures for appropriation and statutory. We only relate to votes that require appropriation. They are automatically excluded. You cannot appropriate statutory. Whatever is a statutory vote under that report does not now come here. It is only those votes that require profession that we are now to import the amendment to this place. For instance, Vote 534; that will automatically come and the figures proposed here will now change to correspond to the figure proposed by the committee.

**MR NANDALA-MAFABI:** Mr Chairman, the reason you saw us raising that is because we are aware that there are many statutory votes up here but many of them have not raised issues. We have raised an issue on Vote 130, which we are seeing that there is excess money of about Shs 420 billion. If we have committed an error by supplying air, we need to correct it. That is what we are trying to say.

The reason why I am also raising this issue is, if we are going to go by that, there must be a mechanism of when we can come up to do re-submissions too. We must agree on that to be done either today or some other time. When the committee makes its presentation, we also need to have a say. First of all, they have amended the Appropriations Bill; does it mean that we Members cannot also amend? Is it only the committee chairperson and the members therein only entitled? Are they the only ones entitled to make amendments or also other members can also make their contribution within the total budget that has been supplied? Can’t we amend?

**THE DEPUTY CHAIRPERSON:** Honourable members, we have supplied the figures that we are incorporating in the schedules. We have already supplied those figures. We cannot change them at this stage. Those are the figures that we are importing to alter what was in the Appropriations Bill as an amendment. For instance, if there is Vote 534, which was stating Shs 12, 660,144,000 that figure will be altered in accordance with what this House has supplied. It will not be what is in the Bill. That is why we are now amending the schedule to correspond to what we have supplied, based on the report of the committee.

**MR NANDALA-MAFABI:** Mr Chairperson, that is very good. Since it has come now while we are making an amendment – to finalise a Bill, the other was a supply and the most important is supplying the total. Nobody can go beyond that because the law allows us to play within the total and shift accordingly. I want to find out – now that we are handling the Appropriations Bill. We have got an opportunity to deal with the Bill now – is it not possible to shift X to Y? *(Interjections)* Hon. Rukutana, why do you disagree without even listening?

**THE DEPUTY CHAIRPERSON**: Honourable members, we cannot conclude this process if we continue like this, can we conclude this process? I will put the question to the amendment proposed by the committee to alter the schedule to correspond to what has been proposed by the committee and supplied by the whole House.

*(Question put and agreed to.)*

*The schedule, as amended, agreed to.*

*The Title, agreed to.*

**MR LUGOLOOBI:** Mr Chairperson, when you look just below the title – *(Interjections) –* just below the title, the Appropriations Act, 2017, there are figures –

**MR NANDALA MAFABI:** Mr Chairperson, is it in order for a member to amend a section we have already passed? He wants us to go back; is he in order?

**MR LUGOLOOBI:** Chairperson, this was not passed.

**THE DEPUTY CHAIRPERSON:** The long title will now correspond to what has been passed in the law. Attorney-General, do we have to amend the long title?

**MR RUKUTANA:** There will be a consequential amendment.

**THE DEPUTY CHAIRPERSON:** Maybe for the avoidance of doubt, we can amend it to correspond to the figure that has been proposed.

**MR LUGOLOOBI:** Mr Chairman, I propose to amend the long title. The amendment reads as follows: “An Act to apply a sum of Shs 19,033,216,372,000 out of the Consolidated Fund to the service of the year ending on 30 June 2018 and to appropriate the supply granted.” I beg to move.

**THE DEPUTY CHAIRPERSON:** Honourable members that is the alteration of the long title to correspond with what we passed in clause 2 of the Bill. I put the question to that amendment.

*(Question put and agreed to.)*

MOTION FOR THE HOUSE TO RESUME

**THE MINISTER OF STATE FOR FINANCE, PLANNING AND ECONOMIC DEVELOPMENT (PLANNING) (Mr David Bahati):** Mr Chairperson, I beg to move that the House do resume and the Committee of the whole House report thereto.

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

*(Question put and agreed to.)*

REPORT FROM THE COMMITTEE OF THE WHOLE HOUSE

8.24

**THE MINISTER OF STATE FOR FINANCE, PLANNING AND ECONOMIC DEVELOPMENT (PLANNING) (Mr David Bahati):** Mr Speaker and honourable colleagues, I beg to report that the Committee of the whole House has considered the Appropriations Bill, 2017 and passed it with amendments.

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

8.24

**THE MINISTER OF STATE FOR FINANCE, PLANNING AND ECONOMIC DEVELOPMENT (PLANNING) (Mr David Bahati):** Mr Speaker, I beg to move that the House adopts the report from the committee of the whole House.

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

*(Question put and agreed to.)*

BILLS

THIRD READING

THE APPROPRIATIONS BILL, 2017

8.25

**THE MINISTER OF STATE FOR FINANCE, PLANNING AND ECONOMIC DEVELOPMENT (PLANNING) (Mr David Bahati):** Mr Speaker, I beg to move that the Bill entitled, “The Appropriations Bill, 2017” be read the third time and do pass.

**THE DEPUTY SPEAKER**: Honourable members, the motion is that the Bill entitled, “The Appropriations Bill, 2017” be read the third time and do pass. I put the question to that motion.

*(Question put and agreed to.)*

A BILL FOR AN ACT ENTITLED, “THE APPROPRIATIONS ACT, 2017”

**THE DEPUTY SPEAKER:** Thank you. Congratulations, honourable minister, chairman and thank you, honourable members. *(Laughter)* I am not congratulating the honourable members; I am being very thankful to the honourable members, because of the participation, resilience and the commitment. We have demonstrated respect to the law we passed ourselves; that the budget of the House would be passed by the 31st of May and we have accomplished that. So, I am saying thank you and congratulations.

Honourable members, we still have pending business, which we will be able to deal with tomorrow. I do not know whether we can start in the morning so that we can finish early and go on recess. Can we start in the morning? Honourable members, let us start tomorrow early at 10 o’clock so that we can also finish early and we see what to do with the rest of the day. The House is adjourned to tomorrow at 10 o’clock

*(The House rose at 8.28 p.m. and adjourned until Thursday, 1 June 2017 at 10.00 a.m.)*