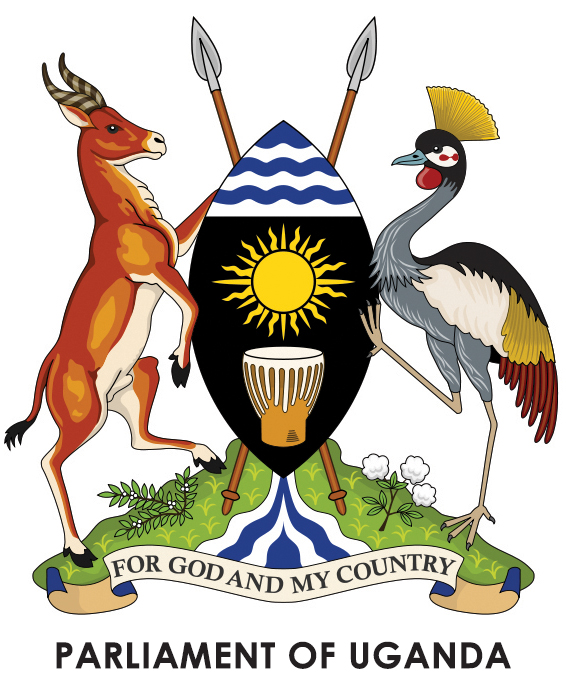
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**Tuesday, 30 August 2022**

*Parliament met at 10.07 a.m. in Parliament House, Kampala.*

PRAYERS

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

*The House was called to order.*

COMMUNICATION FROM THE CHAIR

**THE SPEAKER:** Honourable members, I welcome you to this morning sitting. I know that it has not been an easy one, but we are glad you are here to do your legislative work.

We have called for this sitting because of the urgent Bills that we have to pass this morning, as communicated by the Presiding Officer on 23 August 2022.

As you may recall, on the 23rd, Government tabled Bills that included:

1. The Trustees Incorporation (Amendment) Bill, 2022
2. The Anti-Terrorism (Amendment) Bill, 2022
3. The Anti-Money Laundering (Amendment) Bill, 2022
4. The Cooperative Societies (Amendment) Bill, 2022
5. The Partnership (Amendment) Bill, 2022
6. The Companies (Amendment) Bill, 2022
7. The Insolvency (Amendment) Bill, 2022

These Bills seek to address the definition and the matters incidental to beneficial ownership and proliferation financing, as part of Uganda's obligation in compliance with international financial regulations under the Financial Action Task Force (FATF). Failure for Uganda to comply and pass these Bills would mean sanctions on Uganda, and this would negatively affect the country as a whole.

Therefore, it is our responsibility, as legislators, to do what is required of us and ensure that these Bills are passed and we are not sanctioned for non-passing of these Bills.

To ensure timely consideration of these Bills, a joint public hearing of the committees to which these Bills were referred to, was organised with the stakeholders. The hearing took place and the stakeholders made their input, which input is incorporated in the Bills. Therefore, there should not be an issue of non-involvement of stakeholders.

As you are aware, these committees are ready, and the Bills are ready for presentation in the House.

Honourable Members, yesterday, I represented this House at the requiem mass held at Kololo Ceremonial Grounds. I implore you to keep the bereaved family of Gen. Tumwine in your prayers. I went there to represent Parliament. We pray that the merciful Lord rests his soul in eternal peace.

Still on a sad note, we lost another former legislator - a former minister in the Obote Government - Hon. Yona Kanyomozi. He was a Member of EALA. We pray for the family to have peace; and may his soul rest in eternal peace.

We have also lost the Second Deputy Katikkiro of Busoga. May we rise and observe a moment of silence in their memory.

*(Members rose and observed a moment of silence.)*

**THE SPEAKER:** Honourable members, I draw your attention to rules 112 and 113 of the Rules of Procedure, which prescribe the modalities for leave of absence from both the House and committees, and attendant sanctions in case of breach.

I have carefully evaluated the attendance records of committees and the House for the month of July to-date. I have found very high level of absenteeism of Members of Parliament. We are 556, but you find common faces every day; day in, day out, you see the Hon. Namuggas here, you see Hon. Ssemujju there, Hon. Franca here and Hon. Amos there - the same, same faces, and Hon. Bahati is a permanent person in the House.

Government Chief Whip and Opposition Chief Whip, you have a lot of work to do; Members are not attending the House and committees. We are forced - because we have talked about this each and every day; you know, however much you love your children, you have to use a stick and carrot approach.

We are using taxpayers’ money. The money that Government pays us is from taxpayers. You are not in the constituency; you are not in the House - so where are you? Are you representing your people? You are talking about accountability; what are you accounting for? You are getting money and using it, but you are not anywhere. You are not helping your people. You are not legislating for them. We will be forced to give you warning letters. We are going to give you warning letters. *(Applause)*

I have a list of Members who attend committees. I am calling upon all chairpersons of committees to come for a meeting. I want the lists of Members who attend committees - I already have the lists of Members who attend the House. We are going to take action. We are sorry about it, but we have nothing else to do.

Honourable members, as representatives, we are helping you because tomorrow, you will need to come back to this House. What will you tell those people, that you did in this House; or what have you done in the constituency anyway? You will have done nothing. So, just expect your caution if you have not been attending the House.

In the meantime, I urge you, Members, to always clock in when you are entering and clock out using the biometric system, so that we are able to know how many times you have attended the House. At the community level, you have a register and you should always register. We will use that register to evaluate who attends committee and who does not attend committee.

Honourable members, during the State-of-the-Nation Address, which was held on 7 June 2022, Government issued a legislative agenda containing 62 Bills to be introduced in the Second Session of the 11th Parliament; aware that the First Meeting of the First Session of the 11th Parliament ends on 30 September 2022.

I urge the Government Chief Whip, together with the Attorney-General, to give us an update of how many of the 62 Bills have been brought to this House, how many are pending and what is the way forward? And, we want that information tomorrow, in this House.

I have seen a lot of campaigns on the East African Legislative Assembly (EALA). The current Fourth Assembly of the East African Legislative Assembly, was inaugurated on 18 December 2017, and its end of five years is 17 December 2022.

Article 51 of the treaty for the establishment of EALA provides that, “*Subject to this article, an elected Member of EALA shall hold five years of office and shall be eligible for re-election for a further five years*.” Meaning that the NRM Members are eligible for re-election for another five years.

In this pursuit, the Clerk to Parliament on 12 May 2022 communicated the roadmap for the election of Members of the Fifth East African Legislative Assembly to all secretary-generals of the political parties represented in the House.

The same was published in the *New Vision* of 14 April 2022, and it was gazetted. Subsequently, the Clerk went ahead and appointed dates for nomination of candidates as being Monday, 19 September 2022, which is next month; and Tuesday, 20 September 2022. The same was also published and gazetted.

This is, therefore, to remind all the whips to ensure that all their political parties provide Parliament with their nominated candidates. We have so far received some candidates, but none from NUP. Once we receive your candidate, who will get a select committee from all parties that are represented in Parliament, as per the rules. That committee will be the one to vet the candidates that will be brought to Parliament, and the process will start; and that should be done within the first two weeks before we go for nomination.

I thank you very much. We are dedicating this morning to the Bills. Whoever has a matter of national importance will bring it up in the afternoon. We still have a session in the afternoon. Thank you.

10.23

**THE LEADER OF THE OPPOSITION (Mr Mathias Mpuuga):** Thank you, Madam Speaker. I wish to make a very brief reaction to your communication, particularly, the EALA elections.

One of the issues that make us look like some form of pariah nation, is how we manage our political differences. Across East Africa, Uganda is the only country, where the ruling party believes that they can have their own Members and also choose for other parties. At the by-election of Hon. James Kakooza, to replace the late Hon. Kasamba, we had a matter on the *Hansard* record, to the effect that when these elections arise like the case is now, we would sit as parties to discuss amicably on the form of representation. For some reason and without a formula, the NRM believes that it is entitled to six Members at EALA. Somehow, they believe they are entitled; and that entitlement is eternal; even when its numerical strength was tilted up to the last election.

Madam Speaker, wouldn’t it be proper going forward, now that the schedule is given for us to rethink - because it is an election and not a ritual? And, the treaty in stating that Members can be re-elected, is not a matter cast in stone, even with numerical strength and representation as per the treaty, because it is represented by the different shades of opinion. But even when it tilts, then the ruling party is at liberty to say, “We have our six” as if the six are ordained, and that actually, the others should look at them in admiration. And, after choosing their six, they also choose for the others.

Madam Speaker, are we going for an election or some ritual of sorts, so that we can know? That is why you even asked that you have not seen candidates for NUP; NUP is not going to be part of the rituals for EALA. NUP will participate in an election, where the rules of the game and the parties are respected; we are in a multiparty dispensation. We are not here courtesy of anybody’s magnanimity, but as a matter of law and a right. We need your guidance on the way the election is organised.

**THE SPEAKER:** Thank you. Hon. Mpuuga, the Leader of the Opposition, we are going to discuss EALA exhaustively and we will elect as per the treaty, which has been laid down, and it is not a ritual. The voters of EALA are in this House. They will vote from this House. The best nine will take it and we will follow the law.

10.27

**MR SOLOMON SILWANY (NRM, Bukooli County Central, Bugiri):** Thank you, Madam Speaker. I thank you, for your elaborate communication on the matter of attending the House and attending committees, as Members of Parliament.

I want to pledge that we shall support you, of course, in this, in order to ensure that Parliament is moving on effectively and efficiently to deliver our mandate that Ugandans gave us.

However, Madam Speaker, regarding the issue of warning Members, I seek your indulgence. You know, Members sometimes get delayed by the committee sittings; sometimes, the House is going on, but you find that the committee is still stretching beyond 2 o’clock because of a lot of work.

Madam Speaker, there is a time – you remember very well - when only 100 Members could access this House. I would seek your indulgence that whereas you are going to give the Members a warning, it should be a light warning since they are first offenders, and it is just the first time that this message is coming out strongly.

Madam Speaker, I seek your mercy on Members so that we remain together. Let the warning be light because in the next session, you are going to see flowers in this House. Members are going to be available; they are going to perform and committees are going to be full to capacity. I just seek your indulgence that you do not pull the tough whip on Members of Parliament. I beg to submit.

**THE SPEAKER:** Commissioner, I wonder whether you love your Members of Parliament, because you should be the last person to talk about that. You can only be seen to perform if you are in the House, in the constituency or in the committee. If you are not seen anywhere, not even in the premises of Parliament, where are you? Do you want me to fail because you are failing? I am never going to allow failure. We will not allow failure, as presiding officers, because you want to have that laxity. *(A Member rose\_)*

10.29

**MR ASUMAN BASALIRWA (JEEMA, Bugiri Municipality, Bugiri):** Thank you very much, Madam Speaker. Regarding the issue of attendance and the sanctions, I think it is important for the presiding officers to guide on two aspects.

One, on the issue of attendance of this House in shifts, I recall, Madam Speaker, that with the advent of COVID-19, attendance of the House was done in shifts. I do not know whether that has been reversed, and if it was reversed, there is need to have an official communication to the effect that, now, the House is free, we can all come in at once and we become part of the process. Madam Speaker, once that decision is not pronounced, it is going to be a very big challenge.

Relatedly, Madam Speaker, I recall in the 10th Parliament, when COVID-19 struck, the Rules of Procedure were amended to cover virtual sittings. I think it is also important, as a presiding officer, to guide on how those who participate virtually will be captured in as far as attendance is concerned so that the procedure is known and we do not, at the end of it all, become victims. I thank you, Madam Speaker.

**THE SPEAKER:** Thank you so much, *Hajji*. Last week, the Presiding Officer lifted the sitting of 100 Members, and it is unfortunate that you were not in the House. I presume you were not in the House.

In terms of virtual sitting, I want to refer you to page 15 of our Rules of Procedure, which talks about Members’ virtual presence in the House. It states, *“… refers to a Member participating in the proceedings of Parliament outside the Chambers of Parliament through a designated digital platform, having obtained leave of a Speaker and registered with the Clerk 12 hours before.”*

You should be able to inform us that you will be attending the House virtually, 12 hours before. Is that understood, *Hajji?* *(A Member rose\_)*

10.32

**MR IBRAHIM SSEMUJJU (FDC, Kira Municipality, Wakiso):** Thank you very much, Madam Speaker. On the matter that you addressed in your communication, that the Leader of the Opposition responded to, I just wanted to let the House know that first of all, we are happy you are the one chairing Parliament, because when we selected you in the Forum for Democratic Change (FDC) to go to the East African Legislative Assembly (EALA)*,* the National Resistance Movement (NRM) connived and stopped you from going. *(Laughter)*

I thought Parliament would benefit, especially our colleague on the other side, that the person you victimise today can be the one presiding over you tomorrow. *(Applause)* So, it is important that parties and individuals in parties are not greedy. Madam Speaker, I wanted to bring that to your attention; how happy I am. Maybe we will now not be victimised –*(Interruption)*

**MR BASALIRWA:** The information I want to give is that, in fact, the Rt Hon. Speaker now, successfully petitioned courts on this matter of equity, and the courts gave guidance on how these positions should be equitably shared. So, you are absolutely in order to raise that reminder. *(Laughter)*

**THE SPEAKER:** Honourable members, the most recent case on EALA is my case, and we shall use it for that election. *(Members rose\_)*

10.34

**MR ALLAN MAYANJA (NUP, Nakaseke Central County, Nakaseke):** Thank you, Madam Speaker. In your communication, you have talked about absenteeism in committees, but one of the challenges we are facing, as Members, is that there is no harmonisation. You find yourself, on the same day, same time – I sit on two committees; Committee on Gender, Labour and Social Development and Committee on Human Rights. The Chairperson, Committee on Human Rights calls a meeting and then, the one of the Committee on Gender, Labour and Social Development is also calling a meeting on the same day, at the same time.

We need your guidance, as a Presiding Officer, on this. I think it would be best that Tuesday and Wednesday be for sectoral committees and then, Thursdays and Fridays for the standing committees. We need your guidance, Madam Speaker, on that matter. Thank you.

**THE SPEAKER:** We wrote to committee chairpersons, unless they are defiant. *(Interjections)* Tell me those who are defiant. We wrote to committee chairpersons assigning you when sessional committees and when the standing committees should sit. Where you feel you have an issue, let our office know, but we wrote.

10.36

**MS ETHEL NALUYIMA (NUP, Woman Representative, Wakiso):** Thank you very much, Madam Speaker. As part of your communication and what you have just said, you have referred us to page 15. In our rules, we have Page 15 as part of the continuation of contents. Therefore, we request that the Commission also provides us with the harmonised Rules of Procedure.

That aside, Madam Speaker, we request that the Information Communication Technology team harmonises the logging in machines. Many times, you have to go from one point to another until you find a machine that is working. Biometric machines should also be handled. Thank you.

**THE SPEAKER:** Clerk, take note of that. We need the updated Rules of Procedure for everybody. We also need the biometric machines to be working. The Members cannot be moving from one door to the other; some of them are allergic to the other side. *(Laughter)* Hon. Jacob?

10.37

**MR JACOB KARUBANGA (NRM, Kibanda South County, Kiryandongo):** Thank you, Madam Speaker. My comment is based on what a colleague raised regarding the overlapping of committees.

It is true, guidance was given, but sometimes, the volume of work accorded to committees is too much. Yet, sometimes, you, Rt Hon. Speaker, gives guidance that on such and such a day, a report must be presented. I will quote an example. The other day, we had to go for a retreat in Gulu to ensure that the Committee on Public Service and Local Government presents a report. That took our time -

**THE SPEAKER:** Did you have to go all the way to Gulu?

**MR KARUBANGA:** We went for a retreat to ensure the report is thrust out consistently and presented on time. *(Interjections)* Quietly *-(Laughter)-*

Madam Speaker, my Chairperson of the Committee on Presidential Affairs, also sits on the Committee on Public Accounts (Commissions, Statutory Authorities and State Enterprises (COSASE)) - you find that COSASE is consistently sitting and so, sometimes, it does not accord - So, we have that challenge, which requires harmonisation.

**THE SPEAKER:** Hon. Jacob, you are talking as if the Speaker has never been a chairperson of a committee and a member of the Committee on Presidential Affairs. I have been on these committees and I know what happens. I know what should be done – and - reports must come to the House. Members must attend.

Hon. Ababiku, could you first tell Members how we would come and report that you were in COSASE? I chaired COSASE, but I had to go and report to my committee and say, “I am available, but I am chairing a committee”.

10.39

**MS JESCA ABABIKU (NRM, Woman Representative, Adjumani):** Thank you, Madam Speaker, for giving me this opportunity. We still recognise you, Rt Hon. Speaker, as our former member of the committee.

That being said, my prayer is: As a mother to all of us, the decision taken by your office, which was communicated last week, be taken as a warning so that we do better for the remaining years. Thank you. *(Applause)*

10.40

**MR AMOS OKOT (NRM, Agago North County, Agago):** Thank you, Madam Speaker. I am rising on two matters. One, I need your guidance on this - In most cases, committees go to the field, yet, the rules state that if a Member of Parliament is not going to attend House, he or she should notify your office in writing.

In a situation where, for example, a committee travels to the field for a week, would it warrant a Member of Parliament to write, or the committee to communicate about those not going to be in the House? We need to make this clear so that Members are abreast.

Two, last week, this very issue about attending the House was communicated. However, I seek your indulgence to make it clear for Members of Parliament to attend House. If, for example, a Member is not going to attend House, he or she should notify the Speaker in writing.

Madam Speaker, it is as though a new precedent is being set, where Members of the front bench, especially ministers, are going to attend House in schedules. They will make a timetable and attend the House accordingly. I do not know if that is already a precedent we are setting or something that I have not known about before. You can make it clear to the House.

**THE SPEAKER:** Hon. Okot, all Members that go to the field notify the Speaker in writing. The chairperson writes to the Speaker that Members A, B, C, and D will be in the field, so that we are aware of all the Members in the field. That is point number one.

Two, on the issue of the ministers - these people are too many.   You can even see that they have only one bench, yet, they are 82. When they make a rota and state that on this day, it will be so and so in the House, that is okay with us.

The decision on who attends the House, especially the front bench, is a preserve of the Speaker. Let us have the Government Chief Whip and then, we go to the next item.

10.42

**THE GOVERNMENT CHIEF WHIP (Mr Hamson Obua):** Madam Speaker, in the spirit of your communication, let me start by thanking Members who responded to the calls by the two whips and turned up for this morning session. Members, thank you very much. *(Applause)*

As the Government Chief Whip, I undertake to comply with your directives on whipping Members; both Cabinet and members of NRM, updating Parliament tomorrow about the 62 Bills listed by the President: How many are brought, how many are pending and the way forward - indicating which Bill belongs to which ministry. Has it been brought to Parliament or not?

On the issue of the EALA roadmap, I believe we have complied. On attendance, I want to support you, as Government Chief Whip. As whips, we communicate and we will do our part.

Members, let me also remind you that rule 112(7) states that, *“The Speaker shall, if it comes to his or her attention that a Member is consistently absent from the sittings of the House without permission, give a written warning to the Member, which warning shall, in addition, be read during a sitting of Parliament.*”

Rules of every game - for someone who comes from sports - are set before; not during or not after. The rules are clear. We have a constitutional mandate. Our role is to comply. We went all over the country looking for votes, and when we have written rules, let us comply. In addition to whipping, we shall apply all the applicable rules including that, where we are granted the mandate by the Rt Hon. Speaker.

This is my humble call, especially to the Members I whip. Let us commit to attending Parliament on Tuesdays, Wednesdays, and Thursdays. Then, you will have time to go to the constituency and handle your constituency business. I beg to submit.

10.46

**THE CHIEF OPPOSITION WHIP (Mr John Baptist Nambeshe):** Just a supplementary to what my counterpart on the other side has said, and you have, Madam Speaker, already alluded to it.

Concerning a Member's participation in the proceedings of this House outside the Chamber of Parliament, on a designated digital platform - If you go to rule 240(4) of our new Rules of Procedure - that only comes into effect upon a proclamation by your office, Madam Speaker. The word is “shall” – it says “…*a designated digital platform shall only take effect upon a proclamation made by the Speaker*”. In the event that, that is yet to be realised, for those attending Parliament outside this chamber, their presence may not be recognised.

**THE SPEAKER:** Whip, I already guided on this. I said, those who wish to participate, must notify me within 12 hours. For the rest, leave it to my office.

MOTION FOR RECONSIDERATION OF THE EXCISE DUTY (AMENDMENT) BILL, 2022

AS RETURNED BY HIS EXCELLENCY THE PRESIDENT

**THE SPEAKER:** Honourable members, as you may recall, this House passed the Excise Duty (Amendment) Bill on 18 May 2020. The Bill was duly transmitted to His Excellency the President for assent, pursuant to Article 91(2) of the Constitution of the Republic of Uganda.

However, through a letter, dated 5 July 2022, His Excellency the President returned the Bill for reconsideration by the House. The Presiding Officer read the letter, which was sent by the President, to this House on 21 July 2022. This is in line with rule 143(1) of the Rules of Procedure of this House, and it was referred back to the Committee on Finance, Planning Economic Development, pursuant to rule 143(2) of the Rules of Procedure.

The committee is ready with its report. I wish to invite the chairperson of the committee, although we shall, first have the Minister for Finance, Planning and Economic Development move a motion for reconsideration of the Bill.

10.49

**THE MINISTER OF STATE FOR FINANCE, PLANNING AND ECONOMIC DEVELOPMENT (GENERAL DUTIES) (Mr Henry Musasizi):** Thank you. Madam Speaker, I beg to move a motion for reconsideration of: The Excise Duty (Amendment) Bill, 2022 as returned by His Excellency the President.

**THE SPEAKER:** Is the motion seconded? It is seconded by the Government Chief Whip, Hon. Bahati, the Prime Minister, Hon. Amos, Hon. Bosco, Hon. Jesca, Hon. William, Hon. Peter, Hon. Adidwa – by the whole House. *(Laughter)* I like it when you heckle. Would you love to speak to your motion?

**MR MUSASIZI:** Madam Speaker, I beg your indulgence that since you have given a background, in the interest of time, we, straightaway, go to the committee report.

10.50

**THE CHAIRPERSON, COMMITTEE ON FINANCE, PLANNING AND ECONOMIC DEVELOPMENT (Dr Keefa Kiwanuka):** Thank you, Madam Speaker. The Excise Duty (Amendment) Bill, 2022 was first presented in Parliament on 31 March 2022, as part of the budget process. The Ministry of Finance, Planning and Economic Development tabled, in total, nine Bills.

Out of the nine, seven have been assented to, that is; The Income Tax (Amendment) Bill, 2022, The Value Added Tax (Amendment) Bill 2022; The Tax Procedures Code Bill, 2022; Stamp Duty (Amendment) Bill, 2022;The Tax Appeals Tribunal (Amendment) Bill, 2022; and The Traffic and Road Safety (Amendment) Bill, 2022.

However, the Bill on excise duty was returned by the President for reconsideration. In returning the Bill, the President gave three reasons, with the first being that Parliament introduced an excise duty of 20 per cent on sugar confectionaries, gum, sweets and chocolates against Government’s decision not to increase tax in the current financial year.

That excise duty on sugar confectionaries was first introduced in Financial Year 2014/2015 at 10 per cent. It was later increased to 20 per cent in the Financial Year 2018/2019 and then, removed in Financial Year 2019/2020. It was removed because of complaints from manufacturers that their products were being out-competed by cheaper products smuggled in from low-cost production countries.

The President, therefore, cautioned that, Parliament introducing this tax goes against Government’s decision not to increase taxes in Financial Year 2022/2023. Not increasing tax is intended to support the speedy recovery of the economy from the devastating effects of COVID-19, the ravaging general rise in consumer prices – which everybody is crying about – and the escalating headline inflation.

In his letter, dated 5 July 2022, His Excellency the President, therefore, cautions that the reintroduction of the 20 per cent excise duty will constrain the targeted economic recovery, and lead to the rise of smuggled in imports.

Secondly, the decision will lead to a decline in local production of sugar confectionaries, thus, a decline in the use of our local raw materials.

Thirdly, the Bill had sought to repeal the current provision of excise duty on all plastics and plastic granules of 2.5 per cent or $70 per tonne (2.5 per cent or Shs 266 per kilo), and replace it with a targeted excise duty rise – from what I have just mentioned – to 40 per cent or Shs 4,000 per kilo (40 per cent or $1,052 per tonne) – as opposed to the $70 per tonne – which was a drastic increase of over 1,400 per cent.

Parliament was not convinced about the rationale of waiving the tax from the majority – and who accept that they are involved with carrier bags or plastics – and then slamming it on a smaller minority of the industry, which is just seven per cent.

Secondly, Parliament did not get a satisfactory explanation around how the Ministry of Finance, Planning and Economic Development had reached the tax figures for that disproportionate tax that was being proposed.

Finally, Parliament did not receive any figures on the cost-benefit analysis. For instance, it was not clear how much the refocused tax will be generating; how it will affect the industry and the resultant either increase or loss, of jobs and revenue. As a result, Parliament rejected the proposal and found it reasonable to maintain the 2.5 per cent or $70 per tonne, which was also seen as a green levy to help collect tax, that could help with cleaning the environment.

However, in his letter, His Excellency the President, argues that the decision by Parliament to reject the above proposal, undermines the objective Government had intended to achieve, through the Excise Duty (Amendment) Bill, 2022.

Firstly, that the provision had been intended to streamline taxation of plastic products, as provided for in the Excise Duty (Amendment) Bill. The President mentions that the objective of Government had been to refocus the tax away from sensitive sectors that use elements of plastics.

Secondly, that the objective had been to streamline tax administration. By implication, there are challenges around the administration of the tax of 2.5 per cent or Shs 260 per kilogramme by Uganda Revenue Authority (URA).

Thirdly, the President mentions that the objective of Government was to incentivise owners of plastic recycling plants to enhance their efforts towards cleaning up the environment.

Although we had very limited time to handle this - returned Bills are supposed to be handled within two weeks - we still held a number of meetings, consulting the stakeholders again. Those stakeholders included: the finance minister, Uganda Manufacturers Association (UMA), Uganda Plastic Manufacturers and Recyclers Association and URA. These are the stakeholders’ views - what they say about this.

First of all, on the 20 per cent excise duty on sugar confectionaries - Madam Speaker, as you may recall, that was not the position of the committee. We, therefore, agree with the President. It was already a position of the committee that we introduce the 20 per cent on sugar confectionaries. So, we agree with the President that that should be deleted.

On the 40 per cent or Shs 4,000 excise duty on plastics - which is clause 3(d) - UMA, appearing before the committee, submitted that the tax of 2.5 per cent or Shs 266 per kilogramme, since its introduction a year ago, has caused them several undesired consequences, and that they have justification that it should be repealed. They are saying it is a killer for the business.

They argued that the public has misunderstood what *kaveera* is and what *kaveera* is not; that often, *kaveera* is used to mean carrier bags and water bottles as the most commonly used items. However, that there are a myriad of kinds of plastics, ranging from mattress covers, utensils, packaging materials, face masks, baby diapers, to footwear and many others - that some of them can be recycled, but others cannot be recycled. Therefore, in addressing the challenge around plastics, they argued that we need to come up with a standard definition, which is accepted, of what we mean by plastics.

Secondly, that the overarching application of tax is hampering access to raw materials for other sectors, contrary to its earlier intention; that whereas it is helping as an environmental levy and helping to reduce the environmental litter, it has affected several other sectors like the foam, paints and leather products.

UMA reported that it has also distorted the existing dependence and the supply chain, as 87 per cent of packaging requirements of other industries are plastic in nature and 90 per cent of plastic factories are engaged in essential products, other than *kaveera* and PET bottles. And, that as a result, the tax increase of 2.5 per cent or $70 per tonne has precipitated a rise in packaging prices and, therefore, a rise in the cost of several products, curtailing the competitiveness of Uganda domestic sector players, compared to the cost of their regional competitors. And, that this, inadvertently, is leading to loss of market for Ugandan products.

Other concerns that the group raised were that the tax is frustrating social welfare programmes, as plastic products are key household items for an average Ugandan family. They argued that the new tax is impacting on access to affordable water and food storage containers for the majority of Ugandans. In some cases, they also saw it as double taxation. They argued that, for instance, the user of plastic bags would already have paid a tax somewhere else.

Citing regional practices, UMA pointed out that there has been no country across the region that has imposed a blanket tax on raw materials for production of plastics. Instead, incentives have been around promoting “reducing, reusing and recycling” of plastic, as is the case in Rwanda and Kenya. The group, therefore, prayed that the tax of 2.5 per cent or Shs 266 per kilogramme be repealed, as it is a killer to the industry and reduces Ugandan goods’ competitiveness.

As a committee, we had a fear of loss of revenue because the earlier projection had been that this will generate Shs 60 billion. However, we were surprised, as we were considering this Bill, when we received a letter from the minister, waiving this tax and restricting it to a small group, which is less than seven per cent. We also had a letter – a representation from URA - also showing that it has been very difficult for them to administer that tax for reasons earlier cited by UMA.

What the committee had to address then was: Do we maintain the status quo of 2.5 per cent or $70 per tonne? If we are maintaining it, how do we deal with complaints by UMA, URA and the waiver by the finance ministry itself?

Secondly, do we waive it for the majority and leave it on the minority 7 per cent? Do we accept the new tax that is being proposed for the minority, which is 7 per cent of the industry involved in plastics?

Now, in response to those issues that we were battling with, we had a representation from Uganda Plastic Manufacturers and Recyclers Association (UPMRA). In their submission, actually their petition to Parliament - UPMRA wrote that they welcomed the National Environment Management Act, 2019.

Before the National Environment Management Act, 2019, there was a lot of uncertainty about issues of plastics, the sector had sort of stagnated; people could not invest because it was not clear what was going to happen.

Now, after the National Environment Management Act, 2019, came into place, the uncertainty regarding the plastic industry in Uganda was settled as a negotiated settlement between those for and those against plastics. While some said that there should be a total ban on plastics, others said, “No”; and as a negotiated settlement on that, an agreement was reached. The agreement was to ban the plastics, which are very thin; which are less than 30 microns that cannot be reused.

The Act also stated that production requirements emphasise reducing the carrier bags, reusing them, and recycling, which is an internationally accepted practice. Actually, in some countries at that time that we looked at - I was in the Committee on Natural Resources at that time - for example, in Sweden, we noticed that it had recycled everything that they had in their country, and they were importing materials for recycling from other countries.

As a result of this Act, investment increased. The recycling industry grew and plastic industries grew from 65 to 100 per cent. Recycling also increased and actually, now, imports for plastic materials for recycling are on the decrease.

The industry at the moment is making a contribution towards income tax of Shs 50 billion. The young people employed in the recycling industry are now over 65,000, and jobs have increased in the recycling industry. By 2030, it is expected that the number employed will grow to 200,000. It is paying Shs 40 billion in excise duty.

However, UPMRA, just like their colleagues in UMA, also complained that with the coming in of the 2.5 per cent or $70 per tonne tax, they are also at the moment suffering, and that they have also been struggling.

They mentioned that this tax is imposed on even recycled products locally produced by their members, and that any mistake in the management of this tax or the introduction of a new tax, will lead to massive closures of recycling plants that were beginning to flourish in the country. And, in particular, they expressed concern about the possible threats by the proposed tax of the 40 per cent or $1052 per tonne.

Firstly, they proposed that the tax, if implemented, will be contrary to the spirit of the NEMA Act, which they thought had provided certainty on the future of the plastics industry in Uganda.

They argued that a tax should not be imposed arbitrarily, and that a good tax should be fair to all. It should be certain and convenient. In this case, they argued that if implemented, the proposed tax would be arbitrarily, unfair and discriminative, would cause a lot of chaos in the plastic sector, and lead to closure of most of the factories, which will mean loss of jobs, revenue and a huge loss in investments.

They pointed out that since the coming into force of the National Environment Management Act, members of the association imported into the country, state-of-the-art recycling plants, and they are recycling over 145,000 metric tonnes annually. The imposition of such high, unfair and irregular tax would mean the closure of these factories, and hence the end of recycling technology in Uganda.

Observations and conclusions

In our interaction with the stakeholders including the finance ministry, it was clear from their submissions why the 2.5 per cent or $70 per tonne was being waived or why it was a problem; and why the minister had opted to waive it.

However, the ministry failed to show why this *Kaveera* is a much broader issue and why it was targeting a smaller section of only 7 per cent. And, very interestingly, Madam Speaker, the ministry acknowledged that the proposed new tax would lead to the closure of many factories in the country.

Their argument, however, was that it is easier to close them through taxation than through the blanket ban via the National Environmental Management Act. If you were to directly go for a ban, then under the existing legislation, you would have to compensate the affected factories. Here you do not have - if you just go for taxation, they will be deemed to have failed and so, you do not have to compensate them.

The committee was also concerned that the proposed tax increase on plastics was against the President’s argument that the Government decision was not to increase taxes in the Financial Year 2022/2023, to support the speedy recovery of the economy.

However, the ministry was unable to explain to the committee, why it was instead increasing this tax, but also very interestingly, we asked them how they reached this figure, which is a disproportionate increase of 1,400 per cent, from $70 per tonne to $1052 per tonne. They told the committee, Madam Speaker, that they used the mathematical models.

The last meeting we had with them was on the 9th August; they promised to deliver and give us those mathematical models the same day. However, Madam Speaker, we are still waiting up to now. Hopefully, they will surprise us by showing us those models before Parliament.

Madam Speaker, the committee also inquired whether the finance ministry had done the cost benefit analysis. With a cost-benefit analysis, we mean an understanding of the cost on the economy, an understanding of the benefits, and then, weighing the costs and the benefits; and also, whether it makes business sense for them. Again, we have still not received that response. Hopefully, it will be provided here for the House.

Therefore, having taken all that into consideration, the committee is persuaded by the arguments of UMA, UPMRA and URA that the tax that has been in place is difficult to administer. The existing tax has led to several undesirable consequences. Therefore, the committee recommends that the tax of 2.5 per cent or $70 per tonne be repealed.

On the other hand, the committee observes that the proposed new tax is arbitrary and would be disastrous for the economy. The committee recommends, therefore, that it should be rejected. We recognise that there is an issue of management of plastics in Uganda. However, we do not think that, that broader policy issue can be managed through short-cuts; just tax measures. It requires a bigger debate that should be led by the Minister for Water and Environment, and our sister Committee on Environment and Natural Resources.

The committee does not agree that tax measures, as a fiscal tool, should be used against what Government has committed to as its policy. That is counterproductive and will send a very bad signal to the investors, that if they fail to get you through other policies, they will just impose tax on you and you close.

The committee agrees with the President, and the reason that he has given for his rejection of the 20 per cent excise duty on sugar confectionaries. The committee, therefore, recommends that that clause should be deleted from the Bill.

Secondly, the current excise duty on plastics and plastic granules of 2.5 per cent or $70 per cent per tonne should be repealed. The proposed new excise duty of 40 per cent or Shs 4,000 per kilo is not fair and is unrealistically targeted to the minority seven per cent. The committee, therefore, recommends that it should be rejected.

The committee further recommends that a holistic study on how best Government can clean and protect the environment at individual, community and Government levels be undertaken immediately.

Having said that, Madam Speaker, I beg to lay:

1. The letter from the President dated 5 July 2022 returning the Excise Duty Bill for reconsideration.
2. The minutes of the meetings held with the stakeholders as part of the reconsideration of the Bill.
3. The letter from URA to the Ministry of Finance, Planning and Economic Development warning that it is going to be very difficult to administer the 2.5 per cent or $70 per tonne tax.
4. A letter dated 2 August 2022 from UMA petitioning Parliament on the 2.5 per cent or $70 per tonne tax.
5. A letter dated 18 July 2022 from the Plastic Manufacturers Association petitioning Parliament about the 2.5 per cent or 70 per tonne and the warning about the dangers of the 40 per cent or Shs 4,000 per kilogramme.
6. The submission by the Minister of Finance, Planning and Economic Development when we were reconsidering the Bill on the 9 August 2022.
7. The reconsidered Bill.
8. The letter dated 2 August 2022 from the Ministry of Finance, Planning and Economic Development waiving the 2.5 per cent or $70 per tonne on the majority, but maintaining it on a smaller minority, which is 7 per cent.

I beg to lay, thank you.

**THE SPEAKER:** Thank you. Do you have a minority report?

**DR KIWANUKA:** Yes, Madam Speaker. I have a minority report on this.

**THE SPEAKER:** The chairperson has said he has a minority report. Can we hear from Hon. Karim.

11.21

**MR KARIM MASABA (Independent, Industrial Division, Mbale City):** Thank you, Madam Speaker –

**THE SPEAKER:** Try to be brief.

**MR MASABA:** Yes, I am going to be brief. I am the Shadow Minister for Tourism, Wildlife and Antiquities presenting a minority report on the recommendations of the Excise Duty (Amendment) Bill, 2022. Before I present, I beg to lay on the Table a copy of the report.

Madam Speaker, pursuant to rule 205 of the Rules of Procedure of Parliament, we hereby present a dissenting opinion from the majority report. I will specifically go to section 2.0, which is the area of dissent. We dissent with the majority of the committee members on taxing a limited scope of plastics, a measure that also contradicts Government's position of maintaining tax measures in the Financial Year 2022/2023.

Dissenting Observation

The environmental rhetoric

The rhetoric of advocating for environmental protection while lacking the courage to abate the nuisance of plastics packaging should be checked. Plastics, particularly bottles and bags, are the widest spread environmental pollutant in Uganda.

Every household in Uganda has a form of plastic, which is poorly disposed of. It is only logical that deterrent measures are taken to reduce the adverse impact and encourage innovation of environmentally-friendly alternatives. Neither amendment by the President nor the majority report is deterrent.

Conflicting Government positions

Unfortunately, each time Parliament seeks to amend the problem through fiscal and legislative means, the Executive offers conflicting policy positions, that is, pursuing eradication or banning of harmful plastic products while at the same time, seeking to encourage continued regulated production and recycling of plastics.

It is clear that Government lacks the courage to take bold steps in curtailing production of harmful plastic products. This is affirmed in the letter of the President under the guise of facilitating sensitive sectors through continued production of plastic packaging for food, juice, tea, coffee and sanitary pads.

This was followed by a tax waiver granted on 2 August 2022 by the Minister of Finance, Planning and Economic Development, Hon. Matia Kasaija, on domestic and imported plastic products and materials. The tax waiver is for Financial Year 2022/2023. Hence, if any of the amendments advanced by the President or majority report is adopted, it would be inconsequential and a waste of Parliament’s time.

Targeting of a limited scope of plastics

Important to note is the fact that the proposal by the President intends to reintroduce a tax on a limited scope of plastics that was repealed by the current Excise Duty (Amendment) Act, 2022. The repeal was a negotiated position with plastic manufacturers and recyclers. It was justified on the grounds that it was discriminatory for it targets only seven per cent of the plastics, leaving 93 per cent outside the tax bracket.

Secondly, the repeal was intended at keeping plastic manufacturers afloat, while encouraging them to invest in recycling plastics. This is a premise behind section 10 of the Excise Duty Act that provides for a refund of the tax paid for products manufactured from recycling plastics. Refunds are also given for plastics packaging for export and medication.

The proposed amendment by the majority report would extinguish the import of the provision of the tax refund. On the other hand, it is contradictory that the President's recommendation seeks to revert to what was repealed, and is in contravention of a freshly granted tax waiver. No wonder, the plastics manufacturers and recyclers outrightly rejected the tax measure reversal.

Lack of a comprehensive study

The Minister of State for Finance, Planning and Economic Development informed the committee that Government had not undertaken any study to inform the proposed amendment by the President. Nevertheless, the committee established that the measure will result in a loss of up to Shs 60 billion. This is equivalent to two forgone hospitals, each estimated at about Shs 30 billion, or 54 foregone health centres IV, each estimated at Shs 1.1 billion.

However, due to lack of a study, the committee was unable to determine how much revenue would be generated from the proposed amendment by the President. Worryingly, the proposed amendment by the majority report would result in no revenue collection at all.

With the absence of a comprehensive study to inform the reversal or evaluation of current tax measures contained in the Excise Duty (Amendment) Act, 2021, it would be illogical to make any amendment.

Cherry-picked consultation

The situation was not helped by the inadequate public consultation. The committee only invited and interacted with the finance ministry and UMA alongside its members, represented in the UPMRA. Unfortunately, during the committee meeting, UPMRA disagreed with UMA on the concession that was being made.

Surprisingly, the committee never interacted with the lead agencies such as NEMA, which is the regulator of the plastics industry under the National Environmental Act, 2019. Nor did the committee meet with URA to ascertain the tax revenue productivity projections of the proposed amendment.

A public notice was also not advertised in the newspapers of wide circulation to solicit views from the public. This contravenes the Constitution particularly, the National Objectives and Directive Principles of State Policy X that demands that necessary steps are taken to involve people in the formulation and implementation of development plans and programmes that affect them.

Considering the above issues, the recommendations in the majority report to amend clause 3 of the Bill by amending the duty rate of plastics to nil, is untenable and catastrophic to the environment and the Treasury.

Lastly, both the proposed amendments by the majority report, and the President, contradict Government’s position on fiscal policy for the Financial Year 2020/2023, particularly maintaining tax measures for Financial Year 2021/2022.

Rt Hon. Speaker, I will read for you from the Compendium of Tax Laws of Uganda, Financial Year 2021/2022. This is not a new tax. When you go to page 457, the excise duty rates – for plastics, plastic products and plastic granules - the tax has been there. This financial year, it was at 2.5 per cent or $70 per tonne or whichever is higher in the currently existing law.

This is a copy of the initial Bill, which was brought by the Minister for Finance, Planning and Economic Development. They were seeking to increase it to 40 per cent or Shs 4,000 per kilogramme or whichever is higher. According to the report, they are now recommending it to be at zero per cent.

Rt Hon. Speaker, one of the key issues we are facing right now is climate change. Recently, you saw the flooding in Mbale City. This is partly because of plastics and environmental degradation. Therefore, once we take this step, we are encouraging the destruction of our environment and climate.

There is already a proposal by the finance ministry, which was already passed - they have exempted these manufacturers in this financial year. So, if it is to support the businesses, what price change have we so far seen, given that they have already exempted them for this financial year? Has there been a decline in the price of water - because they have exempted the tax on water bottles? Has there been a decline in the price of food, which is packaged under plastics, because they are already being exempted? Yet, the country is losing about Shs 60 billion.

Rt Hon. Speaker, if it were true, as it is being justified, then we would have a price change right now. However, I believe there are cartels of the big companies that are benefiting from this tax exemption right now and the country is losing out.

Lastly, we recommend that it would be prudent that the duty rate for the Financial Year 2021/2022 be maintained through Financial Year 2022/2023, as a comprehensive study is undertaken to inform future tax measures. Therefore, the proposed amendment by the President and majority report should be rejected. I beg to submit.

**THE SPEAKER:** Thank you very much, Hon. Karim. Chairperson of the committee, I also thank you for the report.

Honourable minister, there are documents you were supposed to furnish the committee with. When are you giving them the reports? In addition, is it important to give a committee a report? Are they working within their mandate?

11.33

**THE MINISTER OF STATE FOR FINANCE, PLANNING AND ECONOMIC DEVELOPMENT (GENERAL DUTIES) (Mr Henry Musasizi):** Thank you, Rt Hon. Speaker. As far as we are concerned, we gave the committee all the necessary information within our means. Whatever is coming out now is something, which in my view, is outside the scope of the engagement we had with the committee.

**THE SPEAKER:** I do not admire it when those in the ruling party come and start accusing each other in the House.

One, if the committee needed a report – it is stipulated under Article 90 that a committee of Parliament has powers to get whatever document they require to help them in doing their work. Therefore, if the committee needed documents and information, you were supposed to give them. If you did not, next time, give committees what they require from you. It is not only finance but all the ministries.

Honourable members, you have heard the two reports; we will have a limited debate. This is a very simple thing.

Honourable minister, is it also true that you gave a waiver to the majority? And, what was the basis for giving that waiver?

**MR MUSASIZI:** Madam Speaker, yes, it is true. That has been the position, but we are persuaded by the committee to give an exemption to everybody.

**THE SPEAKER:** Which committee?

**MR MUSASIZI:** Madam Speaker, the majority committee report is proposing nil, which is an exemption on all plastics, and which we agree with.

**THE SPEAKER:** By the way, the matter of a waiver is an Executive function; it is not a matter of the committee. Therefore, you cannot say it has been moved by the committee. Let me hear from the chairperson and then, I come to you.

**DR KEFFA KIWANUKA:** Madam Speaker, I think what the minister is saying is - one, he is accepting that they gave that waiver, but he is saying they are also agreeing with us now.

**THE SPEAKER:** How do you agree with a report, which has not been discussed in the House? Why have you brought this Bill to the House? Is it a post-mortem? You are already implementing what you agreed; you agreed in a boardroom and so, what is the use of this House?

11.36

**MR ASUMAN BASALIRWA (JEEMA, Bugiri Municipality, Bugiri):** Madam Speaker, with due respect to my Old Boy (OB), the minister –

**THE SPEAKER:** Who of them is your OB?

**MR BASALIRWA:** The younger one; I cannot be the other’s OB. *(Laughter)* Hon. Musasizi. He was even my voter at Makerere University – for the guild. What we are talking about is actually not a waiver. So, you cannot construe conceding by the committee as a waiver. That would not be a waiver: the tax is either there or not. If it is not there, you do not say it is a waiver.

It is important that you clarify. If you are saying you have given a waiver to everybody, where is the communication? I think it is important that you take Parliament a little bit more seriously as far as that matter is concerned. *(Applause)*

**MR MUSASIZI:** Madam Speaker, in the principal Act, there is a provision for an exemption, which excludes the small players.

However, under the new proposal, which is coming now, they are proposing a nil rate on the sacks - bags of polymers of ethylene and plastics under the HS codes, which have been identified. This nil rate will cover everybody.

My OB, Hon. Asuman Basalirwa, there is a difference between a waiver and an exemption. Madam Speaker, I do not have powers to grant an exemption to anybody. These powers are with Parliament. As far as I am concerned, we are here today to discuss exemptions, not waivers.

**THE SPEAKER:** Are you here to discuss the exemptions or the tax? What are we discussing? The tax or the exemption?

**MR MUSASIZI:** We are here this morning to discuss whether the tax on plastics should be levied or not.

**MR MUWANGA KIVUMBI:** Madam Speaker, I think –

**THE SPEAKER:** Members, we have started a debate on this and I am going to limit it.

**MR MUWANGA KIVUMBI:** Madam Speaker, the rules stop me from debating because I am a member of the committee. However, I am only giving information. There are only two bones of contention on this issue.

The first is on  whether this country can afford a zero rate and we become a *kaveera* state – and that we are standing here, in this Parliament, to say no tax on *kaveera* and we are witnesses to this country, to say, “go and pollute as you want” and that this Government is willing to go in that direction. The moment we waive tax or whatever they are doing, it is literally saying, “producers of *kaveera,* be at liberty”.

Therefore, all those that want to make quick money, go and invest in *kaveera*. It is a question of whether that is the way to manage and sustain our environment. This is the occasion for us to make that bold decision.

The second decision is on whether we can afford to legislate when we all do not know; the Government does not have a study on the impact and cost-benefit analysis of the decision they are proposing, nor is Parliament informed. Therefore, it would be very catastrophic for this Parliament to debate and pass a law in a state of ignorance, both by Government and ourselves.

That is the clarification I wanted to give.

**THE SPEAKER:** *(Dr Keefa Kiwanuka rose\_)* Let us first get a clarification from your deputy.

11.41

**MS JANE PACUTO (NRM, Woman representative, Pakwach):** Thank you, Madam Speaker. I want to disagree with my colleague, Hon. Muwanga Kivumbi. He should not underrate our undertaking here, as Parliament. *(Applause)*

As we do this, we are very aware that there are Government agencies responsible for the environment, and there are existing policies already, which we can even improve upon, as Parliament. As Parliament, we must also look at other consequential benefits. Taxation is not about raising revenue only, but sometimes, it is to address – in this case, we are just coming out of COVID-19. This is to allow the plastics industry to recover and, also, to allow young Ugandans, who are employed in this industry, to maintain their jobs. As they maintain jobs, they earn income and they will pay other forms of taxation, for instance, VAT and PAYE, and Government will earn.

So, please, let us not be persuaded to think that everybody will start littering everywhere in this country. Thank you.

**THE SPEAKER:** [HON. NAMUGGA: *“Order.”*]Order on what? Hon. Gorreth Namugga, if you want to make a statement, make your own statement. There is no order on what she is saying. What she is saying is factual.

Make your own statement and we see, which one will take the day.

**MS NAMUGGA:** Thank you, Madam Speaker. I was trying to put the vice-chairperson to order because she was differing from what the chairperson stated. The chairperson was very clear that they did not have enough time to do the consultations, with stakeholders such as NEMA.

The shadow minister stated that we are debating out of lack of information. If some stakeholders were not consulted, Madam Speaker, we are right to say that there is inadequacy of information as far as this legislation is concerned.

**THE SPEAKER:** Hon. Gorreth, when the law is returned, check how long it is supposed to be with Parliament and after how long it should go back. You cannot give me the excuse that there was no time. Consultation was done. So, if the chairperson said his own words, that is his business. The clarification was being made by his deputy.

11.44

**MR HENRY KIBALYA (NRM, Bugabula County South, Kamuli):** Thank you, Madam Speaker. We all love this country and the chairperson was very clear in his communication. It is unfortunate that Hon. Musasizi, the OB to Hon. Basalirwa, is out. When I was the Guild President at Makerere University, Gen. Moses Ali was a student. So, he is equally my OB. *(Laughter)*

Madam Speaker, the chairperson concluded that Government should make a holistic study and find the best way to address this, because the argument of the committee was that they are levying tax on a minority (7 per cent) and leaving the majority. Meanwhile, the chairperson was saying, “Let us have a zero-rate tax because it was not clear. Nobody understood it and they were levying it on a few people.” This, as we engage Government agencies that are concerned, to come up with what is clear. Everybody is crying about *kaveera* and NEMA’s role in this, but we cannot discriminate against some sections as others are benefiting.

So, if we must have the law – the report of the chairperson was very clear and open. It is very unfortunate that the current minister, Hon. Musasizi, who is the former chairperson, does noy wish to move and leave footsteps that are clear for the people that are coming after him. He is not willing to help them to perform. Instead, he just goes there in his own way to bulldoze and make his own statements the way he wants, and he is not there to see them move.

We want him, as a performer in the last committee; let him help the current leadership also perform by giving them the right information, but not hide some documents. Sometimes, you bring letters; and on other days, you do not bring the letters. Let the minister support the committee to perform.

Lastly, Madam Speaker, ministries must know that they are answerable to the committees because they go to the committee to report and give information. If they fail to agree with the committee, they should know that when we come here, we come to debate what the committee has presented, not what the ministry wants us to listen to. Thank you, Madam Speaker.

**THE SPEAKER:** Thank you too. Honourable members, in the Public Gallery this morning, we have students and teachers from Hillary Storm Nursery and Primary School from Kumi County, Kumi District, represented by Hon. Okaasai Opolot and Hon. Christine Apolot. You are most welcome. *(Applause)* Please, stand up. You are most welcome; this is your Parliament. Welcome. Join me in welcoming them. *(Applause)* Thank you for coming. You can now sit down.

11.48

**MR AMOS KANKUNDA (NRM, Rwampara County, Rwampara)**: Thank you, Madam Speaker. As a matter of fact, being a member of the Committee on Finance, Planning and Economic Development, mine -

**THE SPEAKER:** Honourable member -

**MR KANKUNDA:** I am just giving information -

**THE SPEAKER:** Honourable members, if you are a member of the Committee on Finance, Planning and Economic Development, kindly – the rules are very clear.

Hon. Jesca -

11.48

**MS JESCA ABABIKU (NRM, Woman Representative, Adjumani):** Thank you, Madam Speaker. I rise to support the committee recommendations.

In my opinion, as we discuss this report, let us be alive to the communities that we represent. There is a difference between plastic products and poor disposal. These products are in our homes and we know how far Uganda is. The middle-income status that we are talking about, is still being evaluated.

Therefore, if we want to use better strategies in managing the disposal of these products, we should meet and discuss on how to make use of the line ministry, other than using taxation as a 100 per cent strategy to deter the production of plastic products. Therefore, I support the recommendations of the committee - the majority report. Thank you very much.

**THE SPEAKER:** Honourable members, I want to refer you to a letter from the President, which was addressed to none other than me. And, in one, it states that, *“The Excise Duty (Amendment) Bill, 2022, submitted by Government proposed to impose tax duty at a rate of 40 per cent or Shs 4,000 per kilogramme, whichever is higher, on sacks and bags of polymers of ethylene and other plastics under HS Codes 3923.21.00 and 3923.29.00 except vacuum packing bags for food, juice, tea and coffee for direct use in manufacturing sanitary pads. However, Parliament rejected the foregoing provision and it is thus not included in the Bill.”* Meaning that, the President did not reject - The President did not say that we should have a zero rate. Can you give us an interpretation of that?

11.51

**THE ATTORNEY-GENERAL (Mr Kiryowa Kiwanuka):** Thank you very much, Madam Speaker. The President’s position is that we should have a rate of 40 per cent or Shs 4,000 per kilogramme, whichever is higher, on sacks and bags of polymers of ethylene and other plastics under HS Codes 3923.21.00 and 3923.29.00.

The justification for his proposal is that if you remove it, you would incentivise owners of recycling plants to enhance their efforts towards cleaning up. To that end, rejecting Government’s proposal implies that manufacturers shall not have any incentive to invest in recycling plants. As a result, there will be increased pollution.

The idea here is, if you have a high tax, instead of importing polymers or throwing them away, you will be forced to put them into recycling plants in order to reduce the pollution. The position of Government is not zero; at least the position of Government is not a nil rate.

I beg to submit. *(Applause)*

**THE SPEAKER:** Thank you. Honourable members, I now put the question that this House reconsiders the Excise Duty (Amendment) Bill, 2022, as returned by His Excellency the President.

*(Question put and agreed to.)*

**THE SPEAKER:** You see, Members, those ones who are saying, “No” do not even understand what they are saying -*(Laughter)*- because what we wanted is what has been clarified. You know, before you open your mouth, analyse what you are going to say.

BILLS

COMMITTEE STAGE

THE EXCISE DUTY (AMENDMENT) BILL, 2022 AS RETURNED BY HIS EXCELLENCY THE PRESIDENT

**MR SSEMUJJU:** The Rules of Procedure do not allow honourable members to move around just like they are pn a farm.

Are the honourable members, Attorney-General and hon. Musasizi, in order to violate the rules by moving around as if they are on their farms?

Paragraph 11 of Schedule 2

**THE MINISTER OF STATE FOR FINANCE, PLANNING AND ECONOMIC DEVELOPMENT (General Duties) (Mr Henry Musasizi):** Madam Chairperson, I beg to move that Paragraph 11 of Schedule 2 be deleted and replaced by the words “sacks and bags of polymers of A3 and other plastics under SH codes 3923.2100 and 3923.2900, except vacuum packing bags for food, juices, tea and coffee sacks; and bags for direct use in the manufacture of sanitary pads at the rate of 40 per cent or Shs 4000 per kilogramme, whichever is higher.” I beg to move.

**DR KEEFA KIWANUKA:** Madam Speaker, I find it a bit difficult because the -

**THE CHAIRPERSON:** Do you agree or not?

**DR KEEFA KIWANUKA:** Madam Speaker, the position of the committee is that this tax should be deleted.

**THE CHAIRPERSON:** First of all, the committee deviated from what the President wanted. How did you arrive at your position as a committee? Remember, this is a Government not your personal Bill. Where did you get it?

**DR KEEFA KIWANUKA:** I can explain, Madam Speaker.

**THE CHAIRPERSON** No, do you agree with the President’s position or not?

**DR KEEFA KIWANUKA:** The President’s position is not mainly on the 40 per cent or Shs 4000. It is mainly on the 2.5 per cent or $70 per tonne. I can reveal that this was as a result of heavy lobbying of the Executive. The Ministry of Finance, Planning and Economic Development even moved to repeal that tax. There is no way it can be justified, that you slam a tax; they are already complaining about the 2.5 percent or Shs 4000.

**THE CHAIRPERSON:** Can we hear from the Attorney-General?

**MR KIRYOWA KIWANUKA**: Thank you, Madam Chairperson. I do not know where the chairperson is getting his material from? *(Laughter)* What I have is a written communication from the President, in which he states his position, as follows: “The Excise Duty (Amendment) Bill submitted by Government proposed to impose a tax at a rate of 40 per cent or Shs 4000 per kilogramme, whichever is higher on sacks. However, Parliament rejected the provision and it is thus not included in the Bill.”

He then requests that the Bill be recommitted to Parliament for reconsideration of clause 3(d) of the (Amendment) Bill, 2020 to impose excise duty at a rate of 40 per cent or Shs 4000 per kilogramme, whichever is higher, on the sacks and bags or polymers, ethylene and other plastics under HS codes 3923.21.00 and 3923.29.00, except vacuum packing bags for food, juices, tea and coffee sacks, and bags for direct use in the manufacture of sanitary pads.

The question the committee should answer is whether they agree with that position or not. I beg to submit.

**THE CHAIRPERSON:** Thank you, Attorney-General. I put the question that Paragraph 11 of Schedule 2 be substituted by the original provision in the Bill.

*(Question put and agreed to.)*

*Schedule 2, as amended, agreed to.*

**THE CHAIRPERSON:** Chairperson, did you address the issue of confectionaries?

**DR KEEFA KIWANUKA:** Yes, we agreed that it should be deleted.

**THE CHAIRPERSON:** Move the amendment.

**DR KEEFA KIWANUKA:** I thought the question was: “What is our position on sugar and confectionaries? The 20 per cent tax -

**THE CHAIRPERSON:** What is the amendment? Do it the way you did it on plastics. What amendment do you want to move in respect to confectionaries?

**DR KEEFA KIWANUKA:** That the clause be deleted, Madam Speaker.

**THE CHAIRPERSON:** Which clause do you want to be deleted?

**DR KEEFA KIWANUKA:** Actually, it was -

**THE CHAIRPERSON:** Honourable members, I want a training for all the chairpersons. *(Applause)*

**DR KEEFA KIWANUKA:** The clause was not in the original Bill.

**THE CHAIRPERSON:** Yes, Attorney-General.

**MR KIRYOWA KIWANUKA:** Thank you, Madam Speaker. When the Excise Duty (Amendment) Bill, was presented, a new clause was introduced; to impose a tax of 20 per cent on sugar confectioneries. The President then requested that it be deleted from the Bill.

**MR MUSASIZI:** Madam Chairperson, in Schedule 2 of the Excise Duty(Amendment) Bill, I propose that Paragraph 16 be deleted.

**THE CHAIRPERSON:** It is Paragraph 16 of Schedule 2.

**MR MUSASIZI**: Yes, and this is in regard to sugar confectioneries - chewing gum, sweets and chocolates - at the rate of 20 per cent.

**MR KIRYOWA KIRYOWA:** Thank you, Madam Speaker. That is a correct position.

**THE CHAIRPERSON:** I put the question that Paragraph 16 of Schedule 2 be deleted.

*(Question put and agreed to.)*

*Paragraph 16, Schedule 2, deleted.*

MOTION FOR THE HOUSE TO RESUME

12.06

**THE MINISTER OF STATE FOR FINANCE, PLANNING AND ECONOMIC DEVELOPMENT (GENERAL DUTIES) (Mr Henry Musasizi):** Madam Chairperson, I beg to move that the House do resume and the Committee of the whole House reports thereto.

**THE CHAIRPERSON:** Honourable members, I put the question that the House does resume and the Committee of the whole House reports thereto.

*(Question put and agreed to.)*

REPORT FROM THE COMMITTEE OF THE WHOLE HOUSE

12.06

**THE MINISTER OF STATE FOR FINANCE, PLANNING AND ECONOMIC DEVELOPMENT (GENERAL DUTIES) (Mr Henry Musasizi):** Madam Speaker, I beg to report that the Committee of the whole House has considered the Bill entitled, “The Excise Duty (Amendment) Bill, 2022” as returned for reconsideration by His Excellency the President, and passed it with no amendments.

MOTION FOR ADOPTION OF THE REPORT OF THE COMMITTEE OF THE WHOLE HOUSE

12.07

**THE MINISTER OF STATE FOR FINANCE, PLANNING AND ECONOMIC DEVELOPMENT (GENERAL DUTIES) (Mr Henry Musasizi):** Madam Speaker, I beg to move a motion that the report from the Committee of the whole House be adopted.

**THE SPEAKER:** Honourable members, I put the question that the House adopts the report of the Committee of the whole House.

*(Question put and agreed.)*

BILLS

THIRD READING

THE EXCISE DUTY (AMENDMENT) BILL, 2022

12.08

**THE MINISTER OF STATE FOR FINANCE, PLANNING AND ECONOMIC DEVELOPMENT (GENERAL DUTIES) (Mr Henry Musasizi):** Madam Speaker, I beg to move that the Excise Duty (Amendment) Bill, 2022, as returned by His Excellency the President for reconsideration, be read for the third time and do pass.

**THE SPEAKER:** Honourable members, I put the question that the Excise Duty (Amendment) Bill, 2022, as returned by the President, be read the third time and do pass.

*(Question put and agreed to.)*

A BILL FOR AN ACT ENTITLED, “THE EXCISE DUTY (AMENDMENT) ACT, 2022”

**THE SPEAKER:** Title settled and Bill passed. (*Applause)* There is a procedural matter from -

**MR MUWANGA KIVUMBI:** Madam Speaker, now that we have passed this amendment, there is some homework for the country. Members moved a motion for a comprehensive study of tax exemptions and tax waivers because the net effect to our country is a whopping Shs 8 trillion in exemptions.

The country still grapples with debt refinancing of an equal amount. That means that if we did some small homework and revisited our policy on tax exemptions and waivers, we could progressively do away with the debt refinancing; and by so doing, we will save nearly Shs 5 trillion in interest payment that goes towards that. It comes to a point where what we are doing will be unsustainable.

Therefore, Government should take it as a clear, first wholesome obligation to study this and come up with a comprehensive report to this Parliament, so that we fundamentally - Madam Speaker, we are waiving Shs 1 trillion in the Parish Development Model as a game changer. Every year, we lose Shs 5 trillion in interest payments. Of what impact will it be to this country?

Therefore, you have a wholesome obligation to come to this Parliament with a comprehensive review so that we revisit this. I beg to beseech this Government.

**THE SPEAKER:** Committee on Finance, I had given you that assignment; to analyse all the companies that have been given waivers. When do we expect a report on that?

12.11

**THE CHAIRPERSON, COMMITTEE ON FINANCE, PLANNING AND ECONOMIC DEVELOPMENT (Dr Keefa Kiwanuka):** Madam Speaker, I have written to you and given a copy to the Deputy Speaker. I have also written to the Minister for Finance, Planning and Economic Development. This matter has been so slow in progressing on the side of Ministry of Finance, Planning and Economic Development. In the last letter that I wrote, I indicated that we should have had the meeting on 9th, but they wrote to us saying that they had other commitments.

The meeting that had been scheduled should have been this morning -

**THE SPEAKER:** Do you want to say the Minister for Finance, Planning and Economic Development has not come to the committee or has not given you the information you require?

**DR KEEFA KIWANUKA:** Yes, he has not given us the information that we require. The meeting had been rescheduled for this morning, unfortunately, it had to be cancelled because we are here. I would like to appeal to the Government Chief Whip - and that is why I copied you in – that there has been a slow response, which needs to be addressed.

**THE SPEAKER:** Honourable members, it still perturbs me when a committee starts saying that the ministry is not giving information. Honourable minister, I would like to refer you to Article 90(3) of the Constitution.

Hon. Henry, you used to be a very obedient chairperson. You are supposed to give the committee whatever they want. We asked for this information and we have not received it. When do you expect to give the committee what is required of them?

**MR MUSASIZI:** Madam Speaker, we are working with the committee. Personally, together with my colleague Hon. Lugoloobi, we have appeared before the committee twice and we were looking forward to appearing again this morning before this programme came.

Like you have stated, I was the Chairperson of the Committee on Finance for five years and I am very obedient; I respect the committee 100 per cent. All this information is available and will definitely be availed to the committee at the earliest opportunity. Even if you said we provide it in an hour's time or so, this is information, which is public, which should be provided. We are working with the committee to make sure that this information is provided.

I would also like to use this opportunity to thank Hon. Muwanga Kivumbi. I am going to incorporate him in the committee, which we are working with to review all the tax exemptions and expenditures we have made, with a view of ascertaining, those which are relevant for the current economic circumstances, and those which are not, and then we terminate them.

I welcome your idea; it is an idea in the right direction. We are already making some strides and I welcome the ideas of everybody in this House and stakeholders out there, because we think we should bring our tax to a GDP ratio from 13.5 per cent where it is now, to 18 per cent; and all these efforts are very important, Madam Speaker.

**THE SPEAKER:** Honourable minister, time is not on our side.

12.15

**THE LEADER OF THE OPPOSITION (Mr Mathias Mpuuga):** Thank you, Madam Speaker. I have two brief statements. One is on a lighter note to the Honourable Minister for Finance, Planning and Economic Development, that he has no right to deploy my Member on any assignment of his. *(Laughter)* When finally your Government collapses - with the manner in which you are working - he will be able to headline this side. *(Laughter)* So, that right does not sit with you.

Two, I was a bit constrained - but of course, relieved - when the learned Attorney-General finally clarified what I thought was a very big contradiction on the Floor, and that is the way things should not be done. It should be the last time we come here and wrestle over basic issues. It makes us look shabby.

Also, when Government intends to undertake legislation, especially of a tax nature, the intentions must be unequivocal to avoid lobbies in the House. I get the sense that some of these Bills we are making are being disturbed by outsiders, which is very dangerous for posterity. So, Government must be very clear whenever they have an intention.

Of course, on another day, I would have introduced a conversation as to why the 93 per cent wasnot brought into the discussion of the tax regime, bearing in mind the fact that the basic principles of environmental protection have not changed; the Polluter Pays Principle. So, some polluters have gone scot-free; when others are being netted.

I think we can wait as we said. In the next financial year, Government should be prepared to come under this arrangement with clarity, and assess the intentions on taxation and the environment, to avoid this kind of back-and-forth contradiction that make us look a funny lot. I thank you.

**THE SPEAKER:** Thank you very much, Leader of the Opposition.

BILLS

SECOND READING

THE ANTI-TERRORISM (AMENDMENT) BILL, 2022

**THE SPEAKER:** Honourable members, as I stated earlier in my communication, there are seven Bills for the second reading today. The Anti-Terrorism (Amendment) Bill is one of them. The minister will move a motion for the second reading of the Bill, and thereafter, we will get a brief statement from the Attorney-General on the Bill. I propose that the Attorney-General speak on all the seven Bills, because they are related to each other. Yes, procedure -

**MR SSEMUJJU:** Madam Speaker, if you had ruled, I would not be standing, but since you have said you are proposing, it creates room for you to reconsider. I want to persuade you, Madam Speaker, that we deal with Bill by Bill, because these Bills were processed by different committees. We have different issues over these Bills. It will be difficult for the Attorney-General to speak on all of them, yet, one will have been presented.

**THE SPEAKER:** Thank you. Hon. Ibrahim Ssemujju, MP for Kira Municipality, we are going to handle these Bills one by one. What I am saying is that the Attorney-General will speak about all of them because the amendments are interrelated. So, we will speak about them, but we will handle Bill by Bill. We never handle them the omnibus way. *(Hon. Ssemujju rose\_)*

Hon. Ssemujju, I do not need a rebuttal from you; I was informing you about what I meant. I know you have a minority report.

**MR SSEMUJJU:** I do not know if they are going to be dealt with that way. At what stage will I come to make my own presentation?

**THE SPEAKER:** When it comes to your Bill. We are now handling the Anti-Terrorism (Amendment) Bill, 2022. Is that understood? *(Laughter)*

12.21

**THE ATTORNEY-GENERAL (Mr Kiryowa Kiwanuka):** Thank you very much, Madam Speaker. I beg to move that the Bill entitled, “The Anti-Terrorism (Amendment) Bill, 2022” be read for the second time.

**THE SPEAKER:** Is it seconded? It is seconded by the famous Hon. Musasizi –*(Laughter)*-, the Government Chief Whip, the chairperson, Hon. Bahati, the Leader of the Opposition, Hon. Denis  and Hon. Lamwaka. It is seconded by the whole House. Would you like to speak to your motion, briefly?

**MR KIRYOWA KIWANUKA:** Thank you very much, Madam Speaker. As you guided earlier, all the Bills before the House today are dealing with the issue that we are handling in the Financial Action Task Force (FATF).

Madam Speaker, about six years ago, Uganda was required to implement 14 recommendations with regard to her financial management system and its laws governing the management of anti-money laundering and countering of terrorism financing.

One of the things that we were required to do in those recommendations was to make amendments to the seven Bills to address three fundamental aspects. These are:

1. Beneficial ownership, where we are required to disclose, in an entity, who the beneficial owners are;
2. Proliferation financing, where monies, premises and other properties or persons are used to finance terrorism; and
3. Anti-terrorism financing.

Unfortunately, Madam Speaker, this process was interrupted by COVID-19; it delayed and led us to get onto a grey list. The implication of a country being placed on a grey list is to say to all the financial players in the world that while dealing with that entity, be careful.

The next stage after that will be a blacklist. The blacklist will stop us from getting into the financial space. As you may all appreciate, our Euro transactions are done in various capitals in Europe, including Frankfurt. Our pound transactions are done in London and our dollar transactions are done in New York. The moment you are blacklisted, then, those places where you will be doing this foreign currency transactions are curtailed, and that will have a very serious effect on our country.

The purpose of this Bill is to deal with Recommendation 7 of the Financial Action Task Force (FATF), which requires countries to implement targeted financial sanctions to comply with United Nations Security Council resolutions relating to the prevention, separation and disruption of the proliferation of weapons of mass destruction and its financing.

The UN Security Council has called upon countries to apply Recommendation 7 and related guidance papers to effectively implement the targeted financial sanctions related to proliferation.

Honourable colleagues, as we go through the various Bills that will be before you, you will realise that the three fundamental aspects that I have raised here will be cutting through the different Bills. If it so pleases the House, I may repeat this speech at every turn of the Bills, for purposes of making that, but the submission will be the same. For purposes of time, it may not be necessary for me to repeat this at every stage.

At present, the offence of proliferation financing, which is addressing this particular Bill, as required by the Financial Action Task Force (FATF), is not provided for in our legal regime –*(Interruption)*

**THE SPEAKER:** Hon. Ssemujju?

**MR SSEMUJJU:** Madam Speaker, rule 80 of our Rules of Procedure does not allow debate in anticipation. You have called a Bill on anti-terrorism. The minister representing the Government must restrict himself – not to begin making wild references to Bills that are not before Parliament.

**THE SPEAKER:** The minister is giving a preamble to the Bill.

**MR KIRYOWA KIWANUKA**: Thank you, Madam Speaker. The Anti-Terrorism (Amendment) Bill, 2022 has two clauses. Clause 1 deals with defining what proliferation financing; is and clause 2 seeks to make a consequential amendment to section 32A to incorporate the aspects of proliferation financing. I beg to submit.

**THE SPEAKER:** Thank you very much. Honourable chairperson, please, just make it brief.

12.27

**THE CHAIRPERSON, COMMITTEE ON DEFENCE AND INTERNAL AFFAIRS (Ms Rose Nyakikongoro):** Thank you very much, Madam Speaker. The Attorney-General has given the overview, background, introduction and defects in the law. Of course, we went through the methodology and everything else.

I will just go to the analysis of The Anti-Terrorism (Amendment) Bill, 2022 – and the report has been uploaded.

Clause 1

Amendment of Section 2 of the Anti-Terrorism Act

The headnote of clause 1 does not speak to the intended amendment under clause 1. Clause 1 seeks to insert a new clause after Section 9A, not an amendment of Section 2 of the Anti-Terrorism Act, 2022 -

**THE SPEAKER:**  Procedure? We have reached committee stage.

**MR NIWAGABA:** Madam Chairperson, these are very short Bills. I beg to move that we proceed to the Committee Stage, and for whichever amendment, we consider it there, instead of going into debate.

**THE SPEAKER:** Thank you, Shadow Attorney-General. *(Member rose\_)* No, the Shadow Attorney-General has spoken. *(Laughter)* Honourable members, I put the question that the Anti-Terrorism (Amendment) Bill, 2022 be read for the second time.

*(Question put and agreed to.)*

BILLS

COMMITTEE STAGE

THE ANTI-TERRORISM (AMENDMENT) BILL, 2022

Clause 1

12.29

**THE CHAIRPERSON, COMMITTEE ON DEFENCE AND INTERNAL AFFAIRS (Ms Rose Nyakikongoro):** Madam Chairperson, in clause 1, we have one amendment, which is for the headnote to be amended to read as follows: “Amendment of The Anti-Terrorism Act, 2022”

Clause 1(3) be amended to read:

“Notwithstanding any other written law, a person or organisation that contravenes section 1 is, on conviction, liable to imprisonment not exceeding 20 years or a fine not exceeding 500,000 currency points.” Therefore, we just need to add “…notwithstanding any other written law”.

The justification is that the application of this Anti-Terrorism Act, 2002 should not be subjected to the application of The Law Revision (Fines and Other Financial Amounts in Criminal Matters) Act, 2008 since the offences of terrorism are very grave to mankind and the purpose of punishment is to deter.

**THE CHAIRPERSON:** Attorney-General?

**MR KIRYOWA KIWANUKA:** Thank you very much, Madam Chairperson. We have no objection to the proposed amendment by the committee.

**THE CHAIRPERSON:** Thank you. I put the question that clause 1 be amended as proposed.

*(Question put and agreed to.)*

*Clause 1, as amended, agreed to.*

*Clause 2, agreed to.*

*The title, agreed to.*

MOTION FOR THE HOUSE TO RESUME

**MR KIRYOWA KIWANUKA:** Madam Chairperson, I beg to move that the House do resume and the Committee of the whole House reports thereto.

**THE CHAIRPERSON:** Honourable members, I put the question that the House do resume and the Committee of the whole House do report thereto.

*(Question put and agreed to.)*

*(On resumption, the Speaker presiding\_)*

REPORT OF THE COMMITTEE OF THE WHOLE HOUSE

12.31

**THE ATTORNEY-GENERAL** (**Mr Kiryowa Kiwanuka):** Madam Speaker, I beg to report that the Committee of the whole House has considered the Bill entitled, “The Anti-Terrorism (Amendment) Bill, 2022”and passed it with amendments.

MOTION FOR ADOPTION OF THE REPORT OF THE COMMITTEE OF THE WHOLE HOUSE

12.31

**THE ATTORNEY-GENERAL** (**Mr Kiryowa Kiwanuka):** Madam Speaker, I beg to move that the report from the Committee of the whole House be adopted.

**THE SPEAKER:** Honourable members, I put the question that the report of the Committee of the whole House be adopted.

*(Question put and agreed to.)*

*Report adopted.*

**MR SSEMUJJU:** Thank you very much, Madam Speaker. I would like to draw your attention – and the attention of the House – to Rule 204 of our Rules of Procedure. Specifically, the rule requires that a report on a Bill must not be debated until the expiry of three days. In the past – and I am not advising the NRM, because I am not their legal advisor – motions would be moved in this Parliament to suspend these requirements.

The procedural issue I am raising is, whether the process that we have undertaken does not violate the rules.

**THE SPEAKER:** Hon. Ssemujju, you are reading that part in isolation. Read from subrule (3):  “In case of a complaint as to the authenticity of the report…” My office has not got any complaints yet. If I get the complaint, that is when I will refer it to the Clerk, and it will be debated after three days. However, as of now, I have not yet received it. So, we are moving the right way – and you are very aware that the custodian of these rules is none other than the Speaker of Parliament of Uganda. *(Laughter)* So, can we go ahead?

BILLS

THIRD READING

THE ANTI-TERRORISM (AMENDMENT) BILL, 2022

**THE SPEAKER:** Whether you rise on procedure or what, we will finish these seven Bills today. *(Laughter)*

12.33

**THE ATTORNEY-GENERAL (Mr Kiryowa Kiwanuka):** Madam Speaker, I beg to move that the Bill entitled, “The Anti-Terrorism (Amendment) Bill, 2022” be read the third time and do pass.

**THE SPEAKER:** Honourable members, I put the question that, “The Anti-Terrorism (Amendment) Bill, 2022” be read the third time and do pass.

*(Question put and agreed to.)*

A BILL FOR AN ACT ENTITLED, “THE ANTI-TERRORISM (AMENDMENT) ACT, 2022”

**THE SPEAKER:** Titled settled and Bill passed. *(Applause)*

12.36

**MR ASUMAN BASALIRWA (JEEMA, Bugiri Municipality, Bugiri):** Madam Speaker, now that the Anti-terrorism Bill has been enacted, as amended, I want to make a clarity call to the Attorney-General.

If I had had enough time at Committee Stage, I would have moved an amendment on the definition of “terrorism.” Your Government, my learned friend - the Attorney-General – is using terrorism as a form of political persecution. Whoever is being arrested, even for simple politically-related issues, is being charged with terrorism. Our colleagues are in prison because of terrorism.

You have seen the unanimity exhibited here today, because we believe that terrorism is a cancer we are going to live with. It is a problem that we all agree must be addressed and fought. Never use terrorism for political purposes. This idea of using it for persecution is completely unacceptable. We have passed the law. I hope that you take it in good faith and never use terrorism as a way of persecuting political opponents.

**THE SPEAKER:** Attorney-General, I think you need to take that seriously. If you are persecuting others today, tomorrow, you will be the one persecuted. *(Applause)* I liked what Hon. Ssemujju said; I was persecuted when I stood for EALA. Today, I am going to be the Presiding Officer -*(Laughter)*– for EALA. I was knocked out by this Parliament and today, I am here. Therefore, when you persecute people today, tomorrow, it will be you.

Today, you have heard how this House is united on these kinds of laws, because they are for the good of this country. If you cannot do that for others, what do you expect other people to do for you? *(Applause)*

12.38

**THE ATTORNEY-GENERAL (Mr Kiryowa Kiwanuka):** Thank you, Madam Speaker and my learned friend. I do note the concerns. I can reassure all Members of this House that the NRM Government has not and will never use terrorism as a method of political persecution. We commit to continue ensuring that the laws are used fairly on everyone. We promise this House that if any such thing happens, we are available here to have conversations about it.

**THE SPEAKER:** Honourable minister and Attorney-General, we want you to check on the issue of the political prisoners. As we asked you, we need you to report back to this House.

**MS PACUTO:** Madam Speaker, I want to lay the minutes and the report on the Table. Thank you.

**THE SPEAKER:** Okay.

BILLS

SECOND READING

THE COOPERATIVE SOCIETIES (AMENDMENT) BILL, 2022

12.40

**THE ATTORNEY-GENERAL (Mr Kiryowa Kiwanuka):** Madam Speaker, I beg to move that the Bill entitled, “The Cooperative Societies (Amendment) Bill, 2022” be read for the second time.

**THE SPEAKER:** Is the motion seconded? *(Members rose\_)* It is seconded by Hon. Okeyoh, Hon. Henry, Hon. Olobo, Hon. Avur, the Chairperson of the Committee on Legal and Parliamentary Affairs; the whole House. Hon. Ojara Mapenduzi - who took the workshop to Gulu, is there. *(Laughter)*

Do you need to say the same thing again?

**MR KIRYOWA KIWANUKA:** For the record, Madam Speaker –

**THE SPEAKER:** Hon. Niwagaba, does he need to say the same thing?

12.41

**MR WILFRED NIWAGABA (Independent, Ndorwa County East, Kabale):** Madam Speaker, I believe the Attorney-General needs to read just one paragraph from the objects of the Bill and we proceed to the Committee Stage, just to favour those who have not read the Bill.

**THE SPEAKER:** Please, give us the object of the Bill.

**MR KIRYOWA KIWANUKA:** Thank you, Madam Speaker. The object of this Bill is to introduce a definition of “beneficial owner” and to require that the register of beneficial owners of cooperative societies be kept.

**THE SPEAKER:** Thank you. Chairperson, do you have anything to say? In the absence of the chairperson, do you have amendments?

**MR KIRYOWA KIWANUKA:** Madam Speaker, I am in possession of the report of the committee, which only –

**THE SPEAKER:** Lay it on the Table.

**MR KIRYOWA KIWANUKA:** I beg to lay the report – *(Interruption)*

**MR SSEMUJJU:** Madam Speaker, in our rules, ministers are not members of committees. An elaborate procedure –

**THE SPEAKER:** Do I have a member of the Committee on Trade here? Come and lay it on the Table – Chairperson, Hon. Mwine Mpaka, come and lay your report. They have spoken about it.

12.43

**THE CHAIRPERSON, COMMITTEE ON TOURISM, TRADE AND INDUSTRY (Mr Mwine Mpaka):** Thank you, Madam Speaker. I beg to lay the report of the sectoral Committee on Tourism, Trade and Industry on the Cooperative Societies (Amendment) Bill, 2022 and the minutes –

**THE SPEAKER:** Hon. Ssemujju, do not disturb the young man. He is one of the best chairpersons, if you did not know.

Honourable members, I put the question that the Cooperative Societies (Amendment) Bill, 2022 be read for the second time.

*(Question put and agreed to.)*

BILLS

COMMITTEE STAGE

THE COOPERATIVE SOCIETIES (AMENDMENT) BILL, 2022

Clause 1

**THE CHAIRPERSON:** I put the question that clause 1 stands part of the Bill.

*(Question put and agreed to.)*

Clause 2

**MR MWINE MPAKA (NRM, Mbarara City South, Mbarara):** Proposed amendments to the Cooperative Societies (Amendment) Bill, 2022.

Clause 2: Insertion of a new section 12A, in the principal Act

12A: Register of beneficial owners.

Clause 2 of the Bill is amended in the proposed section 12A;

1. In paragraph 1(a) by inserting the word “contact” immediately after the word “names”.
2. By substituting paragraph (3) with the following : “A cooperative society shall, within 14 days after creating the register or changing the place where the register is kept, send notice of the place where the register is…”

**THE CHAIRPERSON:** Yes, Attorney-General.

**MR KIRYOWA KIWANUKA:** Thank you very much, Madam Chairperson. We have no objection to the amendment to clause 2, section 12A(1)(a), to include the word “contact” after the name. We just have an addition to section 12A(3) where, after the word, “register” add the words “of beneficial owners” to read as follows: “A cooperative society shall, within 14 days, after creating the register of beneficial owners, or changing the place where the register of beneficial owners is kept, send a notice of the place where the register of beneficial owners is kept or change of the place to the register.” I beg to submit.

**MR NIWAGABA:** I believe the chairperson and the Attorney-General will concede that we also include in that subclause, the words “the cooperative society lodges a copy of that register with the registrar of cooperatives.”

The justification is to enable the public access the information on beneficial owners from a Government agency, other than restricting it to the cooperative society itself.

**THE CHAIRPERSON:** I put the question that clause 2 be amended as proposed by the Attorney-General, the committee chairperson and Hon. Niwagaba.

*(Question put and agreed to.)*

*Clause 2, as amended, agreed to.*

*The Title, agreed to.*

MOTION FOR THE HOUSE TO RESUME

12.47

**THE ATTORNEY-GENERAL (Mr Kiryowa Kiwanuka):** Madam Chairperson, I beg to move that the House do resume and the Committee of the whole House reports thereto.

**THE CHAIRPERSON:** Honourable members, I put the question that the House do resume and the Committee of the whole House reports thereto.

*(Question put and agreed to.)*

*(The House resumed, the Speaker presiding\_)*

REPORT FROM THE COMMITTEE OF THE WHOLE HOUSE

12.48

**THE ATTORNEY-GENERAL (Mr Kiryowa Kiwanuka):** Madam Speaker, I beg to report that the Committee of the whole House has considered the Bill entitled, “The Cooperative Societies (Amendment) Bill, 2022” and passed it with amendments.

MOTION FOR ADOPTION OF THE REPORT OF THE COMMITTEE OF THE WHOLE HOUSE

12.48

**THE ATTORNEY-GENERAL (MR KIRYOWA KIWANUKA):** Madam Speaker, I beg to move that the report of the Committee of the whole House be adopted.

**THE SPEAKER:** Honourable members, I put the question that the House adopts the report of the Committee of the whole House.

*(Question put and agreed to.)*

*Report adopted.*

BILLS

THIRD READING

THE COOPERATIVE SOCIETIES (AMENDMENT) BILL, 2020

12.49

**THE ATTORNEY-GENERAL (Mr Kiryowa Kiwanuka):** Madam Speaker, I beg to move that the Bill entitled, “The Cooperative Societies (Amendment) Bill, 2020” be read for the third time and do pass.

**THE SPEAKER:** Honourable members, I put the question that, “The Cooperative Societies (Amendment) Bill, 2022” be read the third time and do pass.

*(Question put and agreed to.)*

A BILL FOR AN ACT ENTITLED,

“THE COOPERATIVE SOCIETIES (AMENDMENT) ACT 2022”

**THE SPEAKER:** Title settled and Bill passed. *(Applause)*

BILLS

SECOND READING

THE ANTI-MONEY LAUNDERING (AMENDMENT) BILL, 2022

**THE SPEAKER:** Yes, honourable minister.

12.50

**THE ATTORNEY-GENERAL (Mr Kiryowa Kiwanuka):** Madam Speaker, I beg to move that the Bill entitled, “The Anti-Money Laundering (Amendment) Bill, 2022”, be read for the second time.

**THE SPEAKER:** The Bill is seconded by Hon. Bahati*,* the honourbale members for Kanungu, Kalaki, and the Youth, Hon. Omara, Hon. Abed, Hon. Wakayima Musoke, Hon. Wandwasi; thank you. It has been seconded by the whole House. Would you like to speak to it?

**MR KIRYOWA KIWANUKA:** Madam Speaker, the object of the Bill is to amend the Anti-Money Laundering Act to empower the Financial Intelligence Authority and supervisory authorities to levy administrative penalties for the breach of the provisions of the Act, and for related matters. I beg to submit.

**THE SPEAKER:** Committee Chairperson, do you want to say something or has it been said?

12.52

**THE DEPUTY CHAIRPERSON, COMMITTEE ON FINANCE, PLANNING AND ECONOMIC DEVELOPMENT (Ms Jane Avur Pacuto):** Thank you, Madam Speaker. Before I report on the Bill, permit me to lay, on the Table, a copy of the Bill.

I stand to present a report of the Committee on Finance, Planning and Economic Development on the Anti-Money Laundering (Amendment) Bill, 2022.

This Bill was referred to the Committee on the 23rd of August, and the committee expeditiously handled it. In the process, we met the finance minister, the Attorney-General, and officials from the Financial Intelligence Authority –*(Interruption)*

**THE SPEAKER:** Yes, Hon. Ssemujju

**MR SSEMUJJU:** Madam Speaker, the procedure adopted in our rules requires a chairperson to table a report and the minutes. She has, in fact in her own words, said she was tabling the Bill. But if that was meant to be a report, she is supposed to table the minutes as well.

**MS PACUTO:** Thank you, Hon. Ssemujju for the reminder, I think that was a slip of the tongue. What I tabled includes a copy of the report of the committee and the minutes; we handled both the Companies’ Act and the Anti-Money Laundering *-(Interjection)–* the minutes are there.

**THE SPEAKER:** The minutes are meant for me, Hon. Semujju.

**MR SSEMUJJU:** No, I am making a simple request; can she wave the minutes if they are there; can she wave the ones she has tabled?

**MS PACUTO:** They are here. *(Laughter)*

**MR SSEMUJJU:** Can she wave the minutes, Madam Speaker, that she is purported to have laid?

**THE SPEAKER:** By the way, when the Speaker sits here and reads these minutes, it is for the good of the whole House. Therefore, when I see them, you have all seen them.

**MR NIWAGABA:** We have already adopted the procedure and the Member was here. So, instead of labouring to read the entire report, I beg to move that we move to committee stage. *(Applause)*

**MS PACUTO:** Thank you.

**THE SPEAKER:** I put the question that the Anti-Money Laundering (Amendment) Bill, 2022, be read for the second time.

*(Question put and agreed to.)*

BILLS

COMMITTEE STAGE

THE ANTI-MONEY LAUNDERING (AMENDMENT) BILL, 2022

Clause 1

12.53

**THE CHAIRPERSON:** I put the question that clause 1 stands part of the Bill.

*(Question put and agreed to.)*

*Clause 2, agreed to.*

*The Title, agreed to.*

MOTION FOR THE HOUSE TO RESUME

12.55

**THE ATTORNEY-GENERAL (Mr Kiryowa Kiwanuka):** Madam Chairperson, I beg to move that the House do resume and the Committee of the whole House reports thereto.

**THE CHAIRPERSON:** Honourable members, I put the question that the House do resume and the Committee of the whole House reports thereto.

*(Question put and agreed to.)*

REPORT FROM THE COMMITTEE OF THE WHOLE HOUSE

12.56

**THE ATTORNEY-GENERAL (Mr Kiryowa Kiwanuka):** Madam Speaker, I beg to report that the Committee of the whole House has considered the Bill entitled, “The Anti-Money Laundering (Amendment) Bill, 2022” and passed it without amendments.

MOTION FOR ADOPTION OF THE REPORT OF THE COMMITTEE OF THE WHOLE HOUSE

12.56

**THE ATTORNEY-GENERAL (Mr Kiryowa Kiwanuka):** Madam Speaker, I beg to move that the report of the Committee of the whole House be adopted.

**THE SPEAKER:** Honourable members, I put the question that the House adopts the report of the Committee of the whole House.

*(Question put and agreed to.)*

*Report adopted.*

BILLS

THIRD READING

THE ANTI-MONEY LAUNDERING (AMENDMENT) BILL, 2022

12.57

**THE ATTORNEY-GENERAL (Mr Kiryowa Kiwanuka):** Madam Speaker, I beg to move that the Bill entitled, “The Anti-Money Laundering (Amendment) Bill, 2022” be read for the third time and do pass.

**THE SPEAKER:** Honourable members, I put the question that, “The Anti- Money Laundering (Amendment) Bill, 2022” be read for the third time and do pass.

*(Question put and agreed to.)*

A BILL FOR AN ACT ENTITLED, “THE ANTI-MONEY LAUNDERING (AMENDMENT) ACT, 2022”

**THE SPEAKER:** Title settled and the Bill passed. *(Applause)*

BILLS

SECOND READING

THE TRUSTEES INCORPORATION (AMENDMENT) BILL, 2022

**THE LEADER OF THE OPPOSITION (Mr Mathias Mpuuga):** Thank you, Madam Speaker. I do appreciate the learned Attorney-General for the haste with which he is acting on these Bills, and we have given him a blank cheque to pass these amendments.

However, I would like to rise for the umpteenth time on this Floor, to demand that while we close the doors for money laundering, we are leaving the windows and vents open.

When is the law governing crypto currency going to be tabled in this House? I am aware that this House harbours victims of crypto currency, and the last time Hon. Bahati laboured to explain its inexistence, it did not make a lot of coherency.

Could the learned Attorney-General explain to this House whether crypto currency could, in some way, constitute a fissure in which money laundering could be really active or actually, the money launderers are officials laundering for t Government and, therefore, they do not need the law?

**THE SPEAKER:** Maybe to expound on what the Leader of the Opposition is talking about - I have heard Hon. Okeyoh say, “Order”. He wants to put you to order. In the Tenth Parliament - you had gone on sabbatical leave and you were not in this House - there was an issue of the D9, where most Members – Hon. Amero, do you want to say something? *(Laughter)* Members in this House suffered a lot because of the D9. A lot of money was lost and so many people were conned.

Therefore, when the Leader of the Opposition talks about digital currency, it is real. It is not a myth as you may think; it is real and it is also prudent that the Attorney-General thinks about it in that way. Is it part of money laundering? Does it constitute this?

1.00

**THE ATTORNEY-GENERAL (Mr Kiryowa Kiwanuka):** Thank you very much, Madam Speaker and the Leader of the Opposition. When we interacted with the committee a couple of days ago, the Leader of the Opposition did raise this issue with me.

I have sanctioned the Uganda Law Reform Commission and the Office of the First Parliamentary Counsel to study this matter and advise me on whether or not we have sufficient laws to deal with it; and if not, what amendments can be brought.

However, the matter that came to me just recently; I had never quite addressed my mind to it and once we have got the report, I will definitely be happy to report it to Cabinet, and then Cabinet will decide on how to address it. Crypto currency makes for very interesting reading, and I think it is something we need to all look at very carefully and understand how to address it. Thank you very much for the guidance.

**THE SPEAKER:** Next item. Today, we are looking at Bills.

BILLS

SECOND READING

THE TRUSTEES INCORPORATION (AMENDMENT) BILL, 2022

1.02

**THE ATTORNEY-GENERAL (Mr Kiryowa Kiwanuka):** Madam Speaker, I beg to move that the Bill entitled, “The Trustees Incorporation (Amendment) Bill, 2022” be read for the second time.

**THE SPEAKER:** Is it seconded? It is seconded by the whole House. Would you want to say something on your – I will allow you and then the Attorney-General on this side.

**MR KIRYOWA KIWANUKA:** Thank you very much, Madam Speaker. The object of this Bill is to amend the Act to widen the nature of trustees required to register with the minister; define the beneficial owners in context of those trusts; and to provide for a register of beneficial owners to be kept by the trustee or trustees, which shall contain particulars of beneficial owners and other related matters. I beg to submit.

**THE SPEAKER:** Thank you. Briefly, I am also aware that there is a minority report on this.

1.03

**THE VICE-CHAIRPERSON, COMMITTEE ON LEGAL AND PARLIAMENTARY AFFAIRS (Mr Yusuf Mutembuli):** Madam Speaker, in accordance with rule 219, I hereby lay the report of the committee accompanied by the minutes of 25 August and 26 August 2022. Also, appended is the minority report, in accordance with rule 205 of our rules. I beg to lay.

**THE SPEAKER:** Thank you.

**MR MUTEMBULI:** In accordance with rule 130(2), I hereby present the report of the committee. There is a difference between laying and presenting. I have laid and I am now presenting. *(Laughter)*

**THE SPEAKER:** Can you present a summary - actually a synopsis; your recommendations.

**MR MUTEMBULI:** Madam Speaker, the background has been given by the Attorney-General; in the interest of time, I am not going to repeat that.

On the recommendations, we recommend that clause 2 be adopted with an amendment to define the minister responsible for implementing the Act. The Act just talks about the minister, but it is not specific on who the minister is. So, we are saying that the minister must be described. That is one recommendation.

We also recommend that this House adopts the principle contained in clause 3, save that clauses 1 and 3 should be merged for clarity and proposed subsection 1(a) be deleted to avoid duplication.

Another recommendation is that clause 4 be adopted with an amendment to require trustees to send copies of their beneficial owners to the minister, and to reduce the daily default fine from 25 currency points to five currency points. I think, colleagues, this is very important. We are saying that whereas the amendment mandates the trustees to have a register in their offices, the same must be sent to the minister so that whoever is interested can also access the same.

We also say that instead of twenty-five currency points, we reduce it to five currency points. Colleagues, a currency point is Shs 20,000 daily; if you default, you will be required to pay twenty- five currency points. This is excessive and we are only just reducing it to five currency points, from Shs 500,000 to Shs 100,000. That is our recommendation.

Colleagues, without wasting a lot of time, I beg to report and pray that this report be adopted.

**THE SPEAKER:** Thank you so much, chairperson. Minority report? Just give us your recommendations.

1.07

**MR IBRAHIM SSEMUJJU (FDC, Kira Municipality, Wakiso):** Madam Speaker, rule 205(2) makes it mandatory for you to give me time to present my report. But since you have guided me that you want a summary, I will skip the introduction -

**THE SPEAKER:** And, you can give me your areas of dissent.

**MR SSEMUJJU:** Madam Speaker, I will straightaway go to page 4 because this dissent must be housed properly; otherwise, I will look like a mad person who dissents without giving a background and reason.

This Parliament needs to note that the recommendations of the international taskforce, which is the reason we are passing these Bills - these recommendations were made in 2016.

Parliament also needs to note that a regional body that is supposed to be reporting to the international taskforce, reviewed Uganda in 2016, and made another review in 2019, but it has taken this Government all this time since 2019, to come to Parliament and say, “There is a crisis; we need to pass these things at night.” Madam Speaker, Parliament must note that. The recommendations were made in 2016, and a review is made -*(Interjection)*- I am giving information and you are saying “order”, do you want to remain the same? *(Laughter)*

Therefore, Madam Speaker, I wanted that background to be known; that this Parliament can allow to be stampeded, but it must get information that this Government went to sleep on the job. I am summarising and in the next one or two minutes, I will be done.

Having given that background, Madam Speaker, these are my areas of dissent. First, the process and procedures adopted by the committee do not comply with our Rules of Procedure. When a Bill is referred to the committee – and people who made these rules did so because they know we are representatives of people here. That is why you are given, as a committee, 45 days to process a Bill. The idea is that during those 45 days, you consult widely because the law you make will not affect only MPs and ministers. You are making a law for the country.

As you are aware, Madam Speaker, we were invited to attend a seminar in the Conference Hall, and then almost immediately we were told, “You go and write a report.” We never had time to consult widely. I sit on the Committee on Legal and Parliamentary Affairs for a while now; there are almost no Bills we have handled without inviting the Uganda Law Reform Commission and the Uganda Law Society. They never appeared because the Attorney-General came and said, “Please, this thing, you must pass now, now, now!”

**THE SPEAKER:** Honourable member, you had asked for one minute.

**MR SSEMUJJU:** I am summarising now, Madam Speaker. Thank you very much.

The second point of dissent - we are here on behalf of the population. Under our Constitution - Article 1 and 8A(i) – it is a procedure we have adopted before, that when we have Bills, we invite the public; people who are affected to come and appear before us.

I sympathise with my colleagues who signed the majority report because the way the Attorney-General came, he made you believe that actually, the sky is about to fall on us, therefore, we must quickly – so this procedure that is constitutional was also not complied with. My people in Kira want to come and give views on this law, but it is now being passed.

Madam Speaker, the rules are elaborate on how you invite a meeting. You can imagine, from a seminar, we were being whispered to: “Let us run to the committee and begin writing.” *(Laughter)* But there is a requirement in our rules, of giving written notice to Members to come and attend a meeting. That is a requirement in our rules.

Therefore, since everybody is being rushed, I want to finally ask this Parliament that we must be very careful because there are cases here – and I have gone to court to take this Parliament before and the court agreed with me. One of the problems of the law, for which I went to court, was that colleagues who did not sit in meetings of the committee appended their signatures on the report because they were being told by the whips, “Please, you append, we need quorum.”

There is a huge possibility of some other people going to court to challenge these processes. I am only sounding a warning that since the sky is not about to fall, can we suspend consideration of this Bill and allow the normal legal process to take place, so that we do not find ourselves in court being challenged. You know that a challenge will not make us look very good. That is my plea, Madam Speaker.

**THE SPEAKER:** Thank you very much, Hon. Ssemujju. It is also good that you did not have any area of dissent. You only had procedural issues. When you look at the issue of the number of days, rule 129 says, “within 45 days”. You can even do it in one hour. I passed the Administration of Parliament Act here in 15 minutes, and without a report, and it passed. It is operational to date.

I am also aware that the public was invited. When you look at page 4 of the main report, stakeholders were invited. Most importantly, courts are there to serve us. If you feel like going to court, we should give court work because if we do not give court work, what will they do? *(Laughter)* I am asking any of you who feel dissatisfied with whatever is happening – please, the courts are there. Chief Justice Owiny-Dollo is there. He will receive you and handle you effectively.

1.16

**MR YUSUF MUTEMBULI (NRM, Bunyole East County, Butaleja):** Since I am a committee member and I signed the majority report, I beg that we go to committee stage. (*Applause*)

**THE SPEAKER:** Thank you. Honourable members, I put the question that “The Trustees Incorporation (Amendment) Bill, 2022” be read for the second time.

*(Question put and agreed to.)*

BILLS

COMMITTEE STAGE

THE TRUSTEES INCORPORATION (AMENDMENT) BILL, 2022

Clause 1

**THE VICE-CHAIRPERSON, COMMITTEE ON LEGAL AND PARLIAMENTARY AFFAIRS (Mr Yusuf Mutembuli):** Thank you, Madam Chairperson. Before I proceed, it is my duty as the committee vice-chairperson, in one way or the other, to guide the House. My learned friend -

**THE CHAIRPERSON:** We are at committee stage. *(Laughter*) Clause 1?

**MR MUTEMBULI:** Much obliged.

Proposed amendments to The Trustees Incorporation (Amendment) Bill, 2022

Clause 1: Amendment of Section 1 of Cap. 165

Substitute for Clause 1 the following –

“Amendment of section 1 of Cap. 165

1. The Trustees Incorporation Act, hereinafter referred to as the “principal Act”, is amended by renumbering section 1 as section 1(A), and;
2. Substituting for subsection (1) the following -

“(1) Trustees or a trustee may be appointed by anybody or association of persons established for any religious, educational, literary, scientific, social, athletic, charitable or other lawful purpose, or any persons who have constituted themselves for any such purpose may apply, in the manner provided in this Act, to the minister for a certificate of registration of the trustees or trustee of such body or association or persons as a corporate body.”

The justification is to appropriately place the intended amendments to section 1 of the principal Act, which are erroneously captured under clause 3.

**MR KIRYOWA KIWANUKA:** I have no objection to the proposed amendment.

**THE CHAIRPERSON:** I put the question that clause 1 be amended as proposed.

*(Question put and agreed to.)*

*Clause 1, as amended, agreed to.*

**MR MUTEMBULI:** Clause 2: Insertion of new section 1 in the principal Act.

Clause 2 is amended in the proposed section 1 by inserting the following new definition –

“Minister” means the minister responsible for lands.”

Justification

To achieve clarity since neither the principal Act nor the Bill provides for the definition of “Minister”.

**THE CHAIRPERSON:** Minister?

**MR KIRYOWA KIWANUKA:** I have no objection. I thank the committee for that.

**THE CHAIRPERSON:**I put the question that clause 2 be amended as proposed.

*(Question put and agreed to.)*

*Clause 2, as amended, agreed to.*

Clause 3

**MR MUTEMBULI:** Clause 3: Amendment of section 2 of the principal Act. We propose that clause 3 be deleted.

The justification is that the proposed subsection (1) under clause 3 has been carried to clause 1 for proper placement. The proposed subsection (1a) under clause 3 has been deleted to avoid duplication since it is already covered under subsection (1).

**THE CHAIRPERSON:** Minister?

**MR KIRYOWA KIWANUKA:** I have no objection.

**THE CHAIRPERSON:**I put the question that clause 3 be deleted as proposed.

*(Question put and agreed to.)*

*Clause 3, deleted.*

Clause 4

**MR MUTEMBULI:** Clause 4 is amended in the proposed section 3A -

1. By inserting immediately after the proposed subsection (3) the following new subsection-

“Notwithstanding subsection (2), trustees or a trustee shall, within 14 days after creating the register of beneficial owners, transmit the copy of the register to the minister.”

1. In subsection (5), by substituting for the words “twenty-five” the word “five”.

Justification

1. To require the trustees or trustee to submit a copy of the register of the beneficial owners to the minister for ease of accessibility of the same by the public; and
2. To reduce the prescribed daily default fine from Shs 500,000, which is 25 currency points, to Shs 100,000, which is five currency points, to make it reasonable. Thank you.

**THE CHAIRPERSON:** Minister?

**MR KIRYOWA:** No objection, Madam Chairperson.

**THE CHAIRPERSON:** I put the question that clause 4 be amended as proposed.

*(Question put and agreed to.)*

*Clause 4, as amended, agreed to.*

*Clause 5, agreed to.*

*Clause 6, agreed to.*

*Schedule 1, agreed to.*

*The title, agreed to.*

MOTION FOR THE HOUSE TO RESUME

**MR KIRYYOWA:** Madam Chairperson, I beg that the House do resume and the Committee of the whole House reports thereto.

**THE CHAIRPERSON:** Honourable members, I put the question that the House does resume and the Committee of the whole House reports thereto.

*(Question put and agreed to.)*

*(On resumption, the Speaker presiding\_)*

REPORT FROM THE COMMITTEE OF THE WHOLE HOUSE

1.22

**THE ATTORNEY-GENERAL (Mr Kiryowa Kiwanuka):** Madam Speaker, I beg to report that the Committee of the whole House has considered the Bill entitled, “The Trustees Incorporation (Amendment) Bill, 2022” and passed it with amendments.

MOTION FOR ADOPTION OF THE REPORT FROM THE COMMITTEE OF THE WHOLE HOUSE

1.22

**THE ATTORNEY-GENERAL (Mr Kiryowa Kiwanuka):** Madam Speaker, I beg to move that the report from the Committee of the whole House be adopted.

**THE SPEAKER:** Honourable members, I put the question that the House adopts the report from the Committee of the whole House.

*(Question put and agreed to)*

*(Report adopted.)*

BILLS

THIRD READING

THE TRUSTEES INCORPORATION (AMENDMENT) BILL, 2022

1.23

**THE ATTORNEY-GENERAL (Mr Kiryowa Kiwanuka):** Madam Speaker, I beg to move that the Bill entitled, “The Trustees Incorporation (Amendment) Bill, 2022” be read for the third time and do pass.

**THE SPEAKER:** Honourable members, I put the question that, “The Trustees Incorporation (Amendment) Bill, 2022” be read the third time and do pass.

*(Question put and agreed to.)*

A BILL FOR AN ACT ENTITLED, “THE TRUSTEES INCORPORATION (AMENDMENT) ACT, 2022”

**THE SPEAKER:** Title settled and Bill passed. *(Applause)* Thank you, honourable members.

BILLS

SECOND READING

THE COMPANIES (AMENDMENT) BILL, 2022

1.24

**THE ATTORNEY-GENERAL (Mr Kiryowa Kiwanuka):** Madam Speaker, I beg to move that the Bill entitled, “The Companies (Amendment) Bill, 2022” be read for the second time.

**THE SPEAKER:** Is it seconded? *(Members rose\_)* It is seconded by the whole House. Mr Chairman?

1.25

**THE CHAIRPERSON, COMMITTEE ON FINANCE, PLANNING AND ECONOMIC DEVELOPMENT (Dr Keefa Kiwanuka**)**:** The committee has considered the Companies (Amendment) Bill, 2022. We agree with the Bill, but we have several amendments to reinforce it, which we would like to make. However, generally, the committee recommends -

**THE SPEAKER:** We will make the amendments at Committee Stage.

**DR KEEFA KIWANUKA:** Okay, the committee recommends that the Bill be passed with amendments.

**THE SPEAKER:** Can you lay the report – the minutes?

**DR KEEFA KIWANUKA:** We had joint meetings and the minutes have been laid, but I have the report of the committee and the submissions by the stakeholders, which I would also like to lay.

**THE SPEAKER:** Thank you. Shadow Attorney-General?

1.26

**MR WILFRED NIWAGABA (Independent, Ndorwa County East, Kabale):** I beg to move the House moves to the Committee Stage.

**THE SPEAKER:** Thank you, Shadow Attorney-General. I put the question that the Companies (Amendment) Bill, 2022 be read the second time.

*(Question put and agreed to.)*

BILLS

COMMITTEE STAGE

THE COMPANIES (AMENDMENT) BILL, 2022

Clause 1

**THE CHAIRPERSON:** I put the question that clause 1 stands part of the Bill.

*(Question put and agreed to.)*

*Clause 2, agreed to.*

*Clause 3, agreed to.*

*Clause 4, agreed to.*

*Clause 5, agreed to.*

*Clause 6, agreed to.*

*Clause 7, agreed to.*

*Clause 8, agreed to.*

*Clause 9, agreed to.*

*Clause 10, agreed to.*

*Clause 11, agreed to.*

*Clause 12, agreed to.*

*Clause 13, agreed to.*

*Clause 14, agreed to.*

*Clause 15, agreed to.*

*Clause 16, agreed to.*

*Clause 17, agreed to.*

*Clause 18, agreed to.*

*Clause 19, agreed to.*

*Clause 20, agreed to.*

Clause 21

**THE CHAIRPERSON:** I put the question that clause 21 –*(Dr Kiwanuka rose\_)* Yes, on what clause?

**DR KEEFA KIWANUKA:** Clause 21. The Bill is amended in clause 21 by inserting immediately after the proposed section 119(a) the following:

“119(b) centralised register of beneficial owners:

1. Notwithstanding section 119(a), there shall be kept by the registrar a record called the centralised register of beneficial owners.
2. The minister shall, by regulation, prescribe the procedure for accessing the centralised register of beneficial owners.

Justification

This will ensure collection and disclosure of beneficial ownership of information in a systematic and centralised register. It will ease access of beneficial ownership information in a standardised format.

The centralised register will also limit the practical barriers in accessing beneficial ownership information that may be spread in various laws.

**MR KIRYOWA KIWANUKA:** Thank you, Madam Speaker. This issue came up in the committee and we did register some reservations. The Trustees’ Incorporation Act is run under the Ministry of Lands; The Companies Act is under the Uganda Registration Services Bureau (URSB). Partnership is under a different department; and even the requirements and beneficiary - the Cooperatives Act is under the Ministry of Trade.

Are we not going to create confusion when you bring all these together? And, then if I am looking for a partnership, I may not be clear as to which register I am referring to.

It is a good idea to find a place where we can have them, but they may not be centralised. Maybe we may think about keeping a copy of all of them in a common place, but mixing them as a centralised register - We will need some time to understand how this will be done. I propose that we drop this for now, but reconsider it. I beg to submit.

**MR NIWAGABA:** I think the idea is to make sure that these companies that keep their own registers of beneficial owners, lodge and submit a copy to the Registrar of Companies, but a centralised register would require us to amend the Uganda Registration Services Bureau (URSB), and give it that specific mandate.

So, if the Attorney-General, on the other side concedes, we would redraft this particular section requiring the companies registered under the Act to submit a copy of the beneficial owners register they keep themselves with the Registrar of Companies for purposes of the Companies’ Act.

**MR KIRYOWA KIWANUKA**: Thank you, Madam Chairperson, and my learned friend. One of the major amendments we are bringing here is to require the registrar to keep a register of beneficial owners. It is already taken care of; the registrar must keep it - that is the major amendment of beneficial owner definition and the requirement to keep the register.

While I appreciate where we are coming from, honourable colleagues, I think it is something we need to review, interrogate properly and address, so that we can find the ideal situation in which to place this. It is likely to cause more confusion, if you bring the register of trustees, partnerships and companies, and put them together. Any misreporting can cause very serious problems.

I pray that this be dropped, although the registrar has already been required, under this amendment, to keep a register of beneficial owners. I beg to submit.

**MR MUWANGA KIVUMBI:** Madam Chairperson, I was a strong advocate of this requirement. I have looked at it and explained it to the Attorney-General - because we have looked at other legislations from for example, Nigeria and other countries. However, I am also partially persuaded by the submission of Hon. Niwagaba to the effect that it may require amending the Uganda Registration and Services Bureau Act.

I also want to persuade the Attorney-General to the point that in this Act specifically, like we have done in the Trustees Incorporation Act, which we have just passed, we make it a requirement, under the law, for companies to submit the list of the beneficial owners to one central register under this Companies Act. No, it should be – I have looked at the amendment; it is not there. So, we need this to be amended so that companies are required to submit the lists to the registrar.

**THE CHAIRPERSON:** Move the amendment.

**MR MUWANGA KIVUMBI:** Hon. Niwagaba can assist.

**MR KIRYOWA KIWANUKA:** Madam Chairperson, if you allow me, we could include, under clause 119(A)(5), a requirement to read: “A company shall send a notice to the registrar of the place where the beneficial owners’ register is kept”, but insert another clause, which requires the registrar to keep a register of all the companies with beneficial owners, under the Companies Act, at the office of the registrar.

**MR NIWAGABA:** Why don’t you do it this way? If it is a notice, then we can say, “…the notice, together with a copy of its register or beneficial owners” so that we use that in one clause.

**MR KIRYOWA KIWANUKA:** In that case, we will amend clause 21, Section 119 (A) (3) to state as follows:

“A company shall send a notice, together with a copy of its register of beneficial owners, to the registrar of the place where the register is kept, or any other change of place within 14 days after creating the register or changing the place of the register.”

So, we will insert the words “a copy of the register of beneficial owners” after the word “registrar”. I beg to submit.

**THE CHAIRPERSON:** Honourable members, I put the question that clause 21 be amended, as proposed by the Attorney-General.

*(Question put and agreed to.)*

*Clause 21, as amended, agreed to.*

*Clause 22, agreed to.*

*Clause 23, agreed to.*

*Clause 24, agreed to.*

*Clause 25, agreed to.*

*Clause 26, agreed to.*

*Clause 27, agreed to.*

*Clause 28, agreed to.*

*Clause 29, agreed to.*

*Clause 30, agreed to.*

*Clause 31, agreed to.*

*Clause 32, agreed to.*

*Clause 33, agreed to.*

**THE CHAIRPERSON:** Attorney-General, stop disturbing the House. *(Laughter)* I put the question that clause 34 stands part of the Bill.

*(Question put and agreed to.)*

*Clause 34, agreed to.*

*Clause 35, agreed to.*

*Clause 36, agreed to.*

*Clause 37, agreed to.*

Clause 38

**DR KEEFA KIWANUKA:** Madam Chairperson, the committee recommends that clause 38 be amended by substituting the proposed subclause (5), with the following, so it reads:

“(5) Notwithstanding subsection (1), a foreign company shall publish notice of cessation of business in the Gazette, or any other media of wide circulation, as the registrar may determine, by notice published in the Gazette, specifying that the company is solvent and intends to cease business in Uganda, after 30 days from the date of publication of the notice.”

The justification is that there is need to recognise other forms of media of wide circulation, other than newspapers.

**THE CHAIRPERSON:** Attorney-General?

**MR KIRYOWA KIWANUKA:** We have no objection to that and we thank the committee for that.

**THE CHAIRPERSON:** Thank you. I put the question that clause 38 be amended, as proposed.

*(Question put and agreed to.)*

*Clause 38, as amended, agreed to.*

*Clause 39, agreed to.*

*Clause 40, agreed to.*

Clause 41

**DR KEEFA KIWANUKA:** Madam Chairperson, clause 41 is on the insertion of a new section 265 (A) in the principal Act and it reads: “Clause 41: Insertion of a new section 265(A) in the principal Act:

The principal Act is amended by inserting, immediately after section 265, the following new section:

Section 265(A) - Power of the registrar to strike defunct companies off the register –

1. The registrar may, at the request of the company, or on his or her own accord, cancel registration of a company under this Act;
2. A company that is struck off the register, under subsection (1), shall no longer carry on business;
3. The registrar shall, before cancelling the registration of a company, give a 30-day notice to the company of the intention to cancel the registration of the company from the register, in accordance with section 274 of the Act, and shall publish a notice in the *Gazette* or any other media of wide circulation, as the registrar may determine, by a notice published in the Gazette; and
4. Where there is no objection and upon the expiry of the 30 days’ notice under subsection one, the registrar shall strike the company off the register.

The justification for this is the need to provide for the procedure to be followed by the registrar before a company is struck off the register, and to require the registrar to give a 30 days’ notice to a company that is to be struck off the register. This will provide a company an opportunity to respond to the notice should the company deem it fit prior to the registrar striking it off the register. I beg to move.

**MR KIRYOWA KIWANUKA:** We have no objection to the amendment.

**THE CHAIRPERSON:** I put the question that clause 41 be amended as proposed.

*(Question put and agreed to.)*

*Clause 41, as amended, agreed to.*

*Clause 42, agreed to.*

*Clause 43, agreed to.*

Clause 44

**DR KEEFA KIWANUKA:** Madam Chairperson, clause 44; amendment of section 272 of the principal Act.

“Clause 44 is amended by substituting for paragraph B, the following:

By inserting immediately after subsection one the following:

“(2) Notwithstanding the provisions of subsection 1, where a company passes a resolution for voluntary winding up of the company and the registrar is satisfied, in accordance with the regulations made by the minister that the company, has no assets or liability, the registrar may strike off the company from the register without applying the provisions of the Insolvency Act, 2021.”

The justification is, this is -

**THE CHAIRPERSON:** Is it 2021 or 2011.

**DR KEEFA KIWANUKA:** I am sorry; it is the Insolvency Act, 2011.

**THE CHAIRPERSON:** Thank you.

**DR KEEFA KIWANUKA:** The justification is to empower the minister to prescribe, by regulations, the procedure for voluntary winding up of the company.

**MR KIRYOWA KIWANUKA:** We have no objection to the proposed amendment.

**THE CHAIRPERSON:** Thank you. I put the question that clause 44 be amended as proposed.

*(Question put and agreed to.)*

*Clause 44, as amended, agreed to.*

*Clause 45, agreed to.*

Clause 46

**DR KEEFA KIWANUKA:** Madam Chairperson, clause 46 is an amendment of section 277 of the principal Act. Clause 46 is amended by substituting the words “section 276” with the words “section 277.” This is just a correction of a typographical error.

**MR KIRYOWA KIWANUKA:** We have no objection, Madam Chairperson.

**THE CHAIRPERSON:** I put the question that clause 46 be amended as proposed.

*(Question put and agreed to.)*

*Clause 46, as amended, agreed to.*

*Clause 47, agreed to.*

*Clause 48, agreed to.*

*Clause 49, agreed to.*

*Clause 50, agreed to.*

New Clause

**DR KEEFA KIWANUKA:** Insertion of a new clause in the Bill. The Bill is amended by inserting, immediately after clause 50, the following: “51 - amendment of the principal Act.

This principal Act is amended:

1. By inserting the words, “if any” immediately after the word “memorandum” wherever it appears.
2. By substituting for the words, “Gazette and newspapers of a wide circulation” wherever it appears the words, “Gazette or any other media of a wide circulation as the registrar may determine by notice published in the Gazette.”
3. By The justification for this is to ensure consistency; that the requirement to file a memorandum is optional. Secondly, that there is no need to recognise other forms of media other than the newspapers of wide circulation as a means of publication of the notice.

**MR KIRYOWA KIWANUKA:** We have no objection to those grandfather clauses.

**THE CHAIRPERSON:** I put the question that the proposed new clause stands part of the Bill.

*(Question put and agreed to.)*

*New clause 51, agreed to.*

*The Title, agreed to.*

MOTION FOR THE HOUSE TO RESUME

1.51

**THE ATTORNEY-GENERAL (Mr Kiryowa Kiwanuka):** Madam Chairperson, I beg to move that the House do resume and the Committee of the whole House reports thereto.

**THE CHAIRPERSON:** Honourable members, I put the question that the House does resume and the Committee of the whole House reports thereto.

*(Question put and agreed to.)*

*(The House resumed, the Speaker presiding\_)*

REPORT OF THE COMMITTEE OF THE WHOLE HOUSE

1.52

**THE ATTORNEY-GENERAL (Mr Kiryowa Kiwanuka):** Madam Speaker, I beg to report that the Committee of the whole House has considered a Bill entitled, “The Companies (Amendment) Bill, 2022” and passed it with amendments.

MOTION FOR ADOPTION OF THE REPORT OF THE COMMITTEE OF THE WHOLE HOUSE

1.52

**THE ATTORNEY-GENERAL (Mr Kiryowa Kiwanuka):** Madam Speaker, I beg to move that the report of the Committee of the whole House be adopted.

**THE SPEAKER:** Honourable members, I put the question that the House adopts the report of the Committee of the whole House.

*(Question put and agreed to.)*

*Report adopted.*

BILLS

THIRD READING

THE COMPANIES (AMENDMENT) BILL, 2022

1.53

**THE ATTORNEY-GENERAL (Mr Kiryowa Kiwanuka):** Madam Speaker, I beg to move that the Bill entitled, “The Companies (Amendment) Bill, 2022” be read for the third time and do pass.

**THE SPEAKER:** Honourable members, I put the question that “The Companies (Amendment) Bill, 2022” be read the third time and do pass.

*(Question put and agreed to.)*

A BILL FOR AN ACT ENTITLED, “THE COMPANIES (AMENDMENT) ACT, 2022”

**THE SPEAKER:** Title settled and Bill passed. Congratulations.

BILLS

SECOND READING

THE INSOLVENCY (AMENDMENT) BILL, 2022

**THE SPEAKER:** Honourable members, do not go. This is the second last Bill and they are small Bills. Hon. Hanifah, come and sit. *(Laughter)* They are really brief. We shall go for lunch and then resume.

1.53

**THE ATTORNEY-GENERAL (MR KIRYOWA KIWANUKA):** Madam Speaker, I beg to move that the Bill entitled, “The Insolvency (Amendment) Bill, 2022” be read for the second time.

**THE SPEAKER:** Is it seconded? It is seconded by Hon. Ogwang, Hon. Linos, Hon. Prossy and Hon. Avur, Hon. Hanifa – by the whole House. Can I hear from the Shadow Attorney-General?

1.55

**MR WILFRED NIWAGABA (NRM, Ndorwa County East, Kabale):** Now that you have given me the responsibility, the committee has considered the Insolvency (Amendment) Bill, 2021 and recommends that it be passed, subject to a few amendments –*(Interjections)*

**THE SPEAKER:** Honourable members, Hon. Niwagaba is a member of the Committee on Legal and Parliamentary Affairs. The vice-chairperson is in agreement – aren’t you?

1.55

**THE VICE-CHAIRPERSON, COMMITTEE ON LEGAL AND PARLIAMENTARY AFFAIRS (Mr Yusuf Mutembule):** Madam Speaker, I agree. However, we should not default the rule.

**THE SPEAKER:** Can you lay it on the Table? I am the custodian of the rules.

**MR MUTEMBULI:** Yes. Madam Speaker, I am doing that in accordance with rule 130(2) as the committee's Vice-Chairperson. I lay the report, the minutes and the minority report in accordance with rules 204, 205 and 219.

**THE SPEAKER:** The minority report was already read for all. It had the title of all three Bills. Honourable members, I put the question that the Insolvency (Amendment) Bill, 2022 be read for the second time.

*(Question put and agreed to.)*

BILLS

COMMITTEE STAGE

THE INSOLVENCY (AMENDMENT) BILL, 2022

Clause 1

**THE CHAIRPERSON:** I put the question that clause 1 stands part of the Bill.

*(Question put and agreed to.)*

*Clause 1, agreed to.*

*Clause 2, agreed to.*

*Clause 3, agreed to.*

*Clause 4, agreed to.*

*Clause 5, agreed to.*

*Clause 6, agreed to.*

*Clause 7, agreed to.*

*Clause 8, agreed to.*

*Clause 9, agreed to.*

*Clause 10, agreed to.*

*Clause 11, agreed to.*

*Clause 12, agreed to.*

*Clause 13, agreed to.*

*Clause 14, agreed to.*

*Clause 15, agreed to.*

*Clause 16, agreed to.*

*Clause 17, agreed to.*

*Clause 18, agreed to.*

*Clause 19, agreed to.*

*Clause 20, agreed to.*

*Clause 21, agreed to.*

*Clause 22, agreed to.*

*Clause 23, agreed to.*

*Clause 24, agreed to.*

*Clause 25, agreed to.*

*Clause 26, agreed to.*

*Clause 27, agreed to.*

*The Title, agreed to.*

MOTION FOR THE HOUSE TO RESUME

2.01

**THE ATTORNEY-GENERAL (Mr Kiryowa Kiwanuka):** Madam Chairperson, I beg to move that the House do resume and the Committee of the whole House reports thereto.

**THE CHAIRPERSON:** Honourable members, I put the question that the House do resume and the Committee of the whole House reports thereto.

*(Question put and agreed to.)*

*(The House resumed, the Speaker presiding\_)*

REPORT FROM THE COMMITTEE OF THE WHOLE HOUSE

2.01

**THE ATTORNEY-GENERAL (Mr Kiryowa Kiwanuka):** Madam Speaker, I beg to report that the Committee of the whole House has considered the Bill entitled, “The Insolvency (Amendment) Bill, 2022” and passed it without amendments.

MOTION FOR ADOPTION OF THE REPORT FROM THE COMMITTEE OF THE WHOLE HOUSE

2.02

**THE ATTORNEY-GENERAL (Mr Kiryowa Kiwanuka):** Madam Speaker, I beg to move that the report of the Committee of the whole House be adopted.

**THE SPEAKER:** Honourable members, I put the question that the House adopts the report of the Committee of the whole House.

*(Question put and agreed to.)*

*Report adopted.*

BILLS

THIRD READING

THE INSOLVENCY (AMENDMENT) BILL, 2022

2.02

**THE ATTORNEY-GENERAL (Mr Kiryowa Kiwanuka):** Madam Speaker, I beg to move that the Bill entitled, “The Insolvency (Amendment) Bill, 2022” be read for the third time and do pass.

**THE SPEAKER:** Honourable members, I put the question that the Insolvency (Amendment) Bill, 2022 be read the third time and do pass.

*(Question put and agreed to.)*

A BILL FOR AN ACT ENTITLED, “THE INSOLVENCY (AMENDMENT) ACT, 2022”

**THE SPEAKER:** Title settled and the Bill passed. *(Applause)* Thank you, honourable members.

BILLS

SECOND READING

THE PARTNERSHIP (AMENDMENT) BILL, 2022

2.03

**THE ATTORNEY-GENERAL (Mr Kiryowa Kiwanuka):** Madam Speaker, I beg to move that the Bill entitled, “The Partnership (Amendment) Bill, 2022” be read for the second time.

**THE SPEAKER:** Is it seconded? It is seconded by the Government Chief Whip, Members for Buliisa, Serere, and the Shadow Attorney-General – by everybody. Even by Hon. Mbwatekamwa. Honourable, would you want to speak to it?

**MR KIRYOWA KIWANUKA:** Madam Speaker, this Bill looks to deal with the issue of beneficial ownership and requires the register of beneficial owners to be kept as a public document. I beg to submit.

**THE SPEAKER**: Thank you. Chairperson?

2.04

**THE VICE-CHAIRPERSON, COMMITTEE ON LEGAL AND PARLIAMENTARY AFFAIRS (Mr Yusuf Mutembuli):** Madam Speaker, in accordance with rules 204, 205 and 219, I beg to lay on the Table, the report of the committee, the minutes and the minority report.

**THE SPEAKER:** Thank you. Shadow Attorney-General?

2.05

**MR WILFRED NIWAGABA (Independent, Ndorwa County East, Kabale):** Madam Speaker, the committee, where I am a member, considered the Bill and we signed it. The minority report, essentially, talks about the procedures of passing the Bill, but does not dispute the contents of the Bill. Therefore, I beg to move that we proceed to Committee Stage.

**THE SPEAKER:** Thank you so much, Shadow Attorney-General. *(A Member rose\_)* Honourable members, I wonder how this House would be without Hon. Ssemujju. You know, we were a little bored but now that you are here, the House is getting lively.

I now put the question that, “The Partnerships (Amendment) Bill, 2022” be read the second time.

*(Question put and agreed to.)*

BILLS

COMMITTEE STAGE

THE PARTNERSHIPS (AMENDMENT) BILL, 2022

Clause 1

**THE CHAIRPERSON:** I put the question that clause 1 stands part of the Bill.

*(Question put and agreed to.)*

*Clause 1, agreed to.*

2.06

Clause 2

**THE VICE-CHAIRPERSON, COMMITTEE ON LEGAL AND PARLIAMENTARY AFFAIRS (Mr Yusuf Mutembuli):** Thank you, Madam Chairperson.

Clause 2: Insertion of new section 52A in the principal Act.

Clause 2 is amended in the proposed section 52A as follows:

1. By inserting immediately after the proposed subsection (3), the following new subsection –

“Notwithstanding subsection (2), a limited liability partnership shall, within 14 days after creating the register of beneficial owners, transmit a copy of the register to the registrar.”

1. In subsection (5) by substituting for the words “twenty five” the word “five.”

The justification is

1. To require the limited liability partnerships with beneficial owners to submit a copy of the register of beneficial owners to the registrar of companies for ease of accessibility of the same by the public.
2. To reduce the prescribed daily default fine from Shs 500,000 to Shs 100,000 to make it reasonable.

**THE CHAIRPERSON:** Attorney-General?

**MR KIRYOWA KIWANUKA:** We have no objection to the amendment.

**THE CHAIRPERSON:** I put the question that clause 2 be amended as proposed.

*(Question put and agreed to.)*

*Clause 2, as amended, agreed to.*

*The Title, agreed to.*

MOTION FOR THE HOUSE TO RESUME

**MR KIRYOWA KIWANUKA:** Madam Chairperson, I beg to move that the House do resume and the Committee of the whole House reports thereto.

**THE CHAIRPERSON:** I put the question that the House do resume and the Committee of the whole House reports thereto.

*(Question put and agreed to.)*

*(On resumption, the Speaker presiding\_)*

REPORT FROM THE COMMITTEE OF THE WHOLE HOUSE

2.08

**THE ATTORNEY-GENERAL (Mr Kiryowa Kiwanuka):** Madam Speaker, I beg to report that the Committee of the whole House has considered the Bill entitled, “The Partnerships (Amendment) Bill, 2022” and passed it with amendments.

MOTION FOR ADOPTION OF THE REPORT OF THE COMMITTEE OF THE WHOLE HOUSE

2.09

**THE ATTORNEY-GENERAL (Mr Kiryowa Kiwanuka):** Madam Speaker, I beg to move that the report of the whole House be adopted.

**THE SPEAKER:** Honourable members, I put the question that the House adopts the report of the Committee of the Whole House.

*(Question put and agreed to.)*

*(Report adopted.)*

BILLS

THIRD READING

THE PARTNERSHIPS (AMENDMENT) BILL 2022

2.09

**THE ATTORNEY-GENERAL (Mr Kiryowa Kiwanuka):** Madam Speaker, I beg to move that the Bill entitled, “The Partnerships (Amendment) Bill, 2022” be read for the third time and do pass.

**THE SPEAKER:** Honourable members, I put the question that the Partnership (Amendment) Bill, 2022 be read the third time and do pass.

*(Question put and agreed to.)*

A BILL FOR AN ACT ENTITLED, “THE PARTNERSHIPS (AMENDMENT) ACT, 2022”

**THE SPEAKER:** Title settled and Bill passed. *(Applause)*

2.10

**THE ATTORNEY-GENERAL (Mr Kiryowa Kiwanuka):** Madam Speaker and Honourable Members of this House, I would like to thank you, personally and on behalf of Government, for the support you have shown this morning to these Bills. They will go a long way in getting us out of the quagmire or dilemma in which we are. We promise to do better and not stampede the House like this.

I sincerely thank you, on behalf of Government. *(Applause)*

**THE SPEAKER:** Thank you, Attorney-General. I thank the honourable Members of Parliament for your diligence and resilience and for affording to be here this morning; it is not an easy thing. We do appreciate, as presiding officers. I pray that the Attorney-General, keeps his word for the good of this country.

The Bills that we have passed this morning will help this country and go a long way with legislation, especially on financial matters and anti-terrorism. I pray that this House will not be deceived, again, with the digital currency. *(Laughter)* Attorney-General, you need to take that up.

Honourable members, especially Hon. Ssemujju – my very good friend – in the specific reference that you made, I want to get the House this way. Rule 204(6) bestows the authority on the Speaker to pre-empt a debate upon a particular report, immediately it is presented or laid on the Table.

Therefore, for avoidance of doubt, I urge you to address your mind to rule 204(6). That rule applies to the Bills we have considered today. That will help you in going to court – as you may wish - and I wish you good luck.

I really want to thank all of you. I am suspending the House for an hour to 3.00 p.m., in order for us to go for lunch. *(Laughter)* We came to work.

*(The House was suspended at 2.13 p.m.)*

*(On resumption at 3.01 p.m., the Deputy Speaker, presiding\_)*

REPORT OF THE COMMITTEE ON NATIONAL ECONOMY ON THE PERFORMANCE OF THE ECONOMY AS AT JUNE 2022

**THE DEPUTY SPEAKER:** Thank you, Chairperson of the Committee on National Economy?

However, before he comes in and maybe, for the new colleagues who might not know the practice, when we adjourn, we issue a new Order Paper, and the Speaker goes through the main entrance and everything is done. However, when we suspend, the Speaker goes out from the side exit and that is where the speaker enters from to resume the sitting; that is where I passed, and because communication and all the other things had been done for the day, we have just continued with the session. That is why I called the next item; it is because I do not have any luxury of making communication and talking about matters of national importance.

So, I just wanted the new colleagues to know that - no, you cannot supplement on that; there is nothing to supplement. *(Laughter)* I have not communicated anything. I was just clarifying for the new colleagues.

3.03

**THE DEPUTY CHAIRPERSON, COMMITTEE ON NATIONAL ECONOMY (Mr Robert Migadde):** Thank you very much, Mr Speaker. Allow me to first lay, on the Table, the minutes of the Committee on National Economy meetings while we considered this report on the performance of the economy.

**THE DEPUTY SPEAKER:** Chairperson, is the report uploaded?

**MR MIGADDE:** Mr Speaker, it was submitted to your office and the duty to upload lies with -

**THE DEPUTY SPEAKER:** Clerk, is the report uploaded? Okay, the Clerk says it was uploaded; colleagues should be able to access it.

**MR MIGADDE:** Mr Speaker, also, allow me to lay a copy of the report of the same committee -

**THE DEPUTY SPEAKER:** Can you read the report again for the new members?

**MR MIGADDE:** This is a Report of the Committee on National Economy on the Performance of the Economy as at June 2022. I beg to lay.

**THE DEPUTY SPEAKER:** Thank you.

**MR MIGADDE:** Mr Speaker, the report is a bit voluminous, but I will do my best to summarise it.

**THE DEPUTY SPEAKER:** I give you 30 minutes, Chairperson.

**MR MIGADDE:** Thank you. Mr Speaker, Article 90(1) of the 1995 Constitution mandates Parliament to establish committees necessary for the efficient discharge of these functions, and pursuant to rule 178(2)(a) and (g) of the Rules of Procedure of Parliament, the Committee on National Economy is mandated to examine and monitor the state of the national economy and explore avenues for improving it.

The overall objective of this report is to inform Parliament on the performance of the economy as at June 2022.

**THE DEPUTY SPEAKER:** There is a procedural point.

**MR MAYANJA:** Mr Speaker, the report has not been uploaded yet. If it is allowed, can we at least see it on the screen? Otherwise, we do not have it on the iPads.

**THE DEPUTY SPEAKER:** It should also be uploaded on the iPads. Clerk, kindly, can you crosscheck that?

**MR MAGOLO:** Mr Speaker –

**THE DEPUTY SPEAKER:** Honourable member, you do not access the microphone without my permission. *(Laughter)* I have not authorised you yet. Okay, what is your issue, honourable?

**MR MAGOLO:** Mr Speaker, what is here is a Report of the Committee on National Economy on the State of Indebtedness, Grants and Guarantees as at December 2021. I do not know whether that is the one.

**THE DEPUTY SPEAKER:** We have two reports from the Committee on National Economy. So, if the other one is not uploaded, Chairperson, you can be handling the one on indebtedness in the meantime as we upload the one on the performance of the economy.

**MR MIGADDE:** Much obliged, Mr Speaker. In that spirit -

**THE DEPUTY** **SPEAKER:** But, Clerk, please ensure it is uploaded because we must finish these reports today. So, ensure the one on the performance of the economy is uploaded as well.

Go on, Chairperson.

**MR MIGADDE:** Mr Speaker, in that spirit, allow me lay on the Table a copy of the Report of the Committee on National Economy on the State of Indebtedness, Grants and Guarantees as at December 2021. I beg to lay.

Mr Speaker, I also want to lay the minutes pertaining to meetings that led us into writing this report. I beg to lay.

Mr Speaker, the Committee on National Economy exercises its mandate under rule 178(2)(c), (d) and (f) of the Rules of Procedure, to assess the state of indebtedness, grants, guarantees and performance of loans.

At a later date, Mr Speaker, we shall come with the detailed analysis of the performance of loans per specific sector.

Objects of the report

The overall objective of this report is to document critical information on the state of indebtedness as at December 2021. In particular, this report is intended to inform Parliament on the state of public debt and its sustainability.

The specific objectives of the committee were:

1. To examine the country’s state of indebtedness, as at December 2021 and preliminary statistics, as at June 2022;
2. To assess the overall performance of loans and grants; and
3. To assess the sustainability of the same.

Methodology

Mr Speaker, we met a number of stakeholders; they can be seen there. We reviewed a number of documents, which can also be seen there.

The current state of Uganda’s debt and financial performance of loans and guarantees as at June 2022

Uganda’s public debt stock increased by 22 per cent, from Shs 56.9 trillion, in the Financial Year 2019/2020, to Shs 69.5 trillion in Financial Year 2020/2021.

The preliminary statistics received by the committee indicate that by end of June 2022, the total public debt stood at Shs 78.7 trillion - an increase of 13 per cent from the June 2021 levels. This debt stock constitutes of Shs 48 trillion as external debt and Shs 30.6 trillion as domestic debt, as the table highlights.

Mr Speaker, from the above table, over the last five years, the stock of debt to GDP has consistently been on the upward trajectory, cumulatively increasing by 17 percentage points, from 30 per cent, in Financial Year 2015/2016, to 47 per cent in Financial Year 2020/2021. The trend has been attributed to the large investment in the infrastructure and energy projects to stimulate Uganda’s growth in line with the National Development Plan and the need to finance COVID-19 related expenditures.

Debt continues to rise as Government continues to increase public investment in infrastructure, in preparation for oil production while at the same time, increasing investment in other key sectors such as agriculture, energy, education, water and environment, plus roads.

Public debt accumulation has continued to grow faster than economic growth. Whereas in Financial Year 2020/2021 the economy grew by 3 per cent, public debt grew by 22 per cent on account of budget support loans acquired from the International Monetary Fund and the World Bank to support Government's response to COVID-19.

Consequently, nominal debt to GDP ratio grew from 40.76 per cent in Financial Year 2019/2020 to 46.98 per cent in Financial Year 2020/2021. The rest can be seen there.

External debt

Uganda’s external debt exposure grew by 16 per cent from $15.7 billion in Financial Year 2019/2020 to $18.2 billion in Financial Year 2020/2021. This was largely driven by disbursed and outstanding debt that increased by 19 per cent, driven by the budget support disbursements, which are disbursed in one financial year unlike the project disbursements that are spread over a number of financial years, resulting in committed, but undisbursed debt.

Similarly, there was an increase in committed, but undisbursed debt during the Financial Year that increased by 11 per cent from $5.3 billion in Financial Year 2019/2020 to $5.9 billion in Financial Year 2020/2021. Table 2 and figure one clearly tried to illustrate that. However, preliminary statistics indicate that by June 2022, external debt exposure had reduced by 2 percentage points as amortisation - that is repayment of principal of debt, more than offset the new commitments undertaken from June 2021.

In addition, there were no new external budget support loans acquired from June 2021, which contributed to reduction in external debt. Mr Speaker, table 2 clearly illustrates that.

As a share of GDP, total external debt exposure increased by 2 percentage points to 44 per cent by the end of June 2021. This was mostly driven by the increase in external debt disbursements that grew by 19 percentage points. Consequently, disbursed and outstanding external debt in Financial Year 2020/2021 accounted for 68 per cent of the total public debt exposure, leaving 32 per cent committed, but undisbursed.

However, preliminary statistics indicate that external debt exposure as a share of GDP is projected to decline to 39 per cent by the end of June 2022; that was a few months ago, mostly driven by a reduction in the share of committed, but undisbursed debt, owing to the slow growth of new external debt acquired during Financial Year 2021/2022.

Mr Speaker, the total foreign loan grants and disbursements increased by 20 per cent to Shs 9.3 trillion in Financial Year 2020/2021 from Shs 7.7 trillion in Financial Year 2019/2020. Despite the increase, external resources performed at 76 per cent of the expected disbursements mostly on account of low performance of project support loans at 52 per cent.

Specifically to do with grants, during Financial Year 2020/2021, total grants received increased by 148 per cent. That was because of COVID-19; and Shs 1.9 trillion from Shs 788 billion in Financial Year 2019/2020. The contribution of grants disbursements to total foreign aid during the year was at 21 per cent above the target of 14 per cent. Projects support grants performed at 84 per cent of the programme levels for Financial Year 2020/2021, while budget support grants over performed at 470 per cent. Figure 3 illustrates that.

Grant disbursement during the first half of Financial Year 2021/2022 performed at 42 per cent of the approved levels. This performance was mostly driven by the poor performance of project support grants at 31 per cent. Budget support grants realised 90.9 billion from the European Union that came in earlier than expected.

Loan disbursements

The total loan disbursed during Financial Year 2020/2021 amounted to Shs 7.442 trillion against a budget of Shs 10.702 trillion representing a disbursement rate of 70 per cent. This performance is largely attributed to the performance of the budget support loans disbursement at 120 per cent of the approved budget, while project support loans performed at 52 per cent during the year.

Performance of loan disbursements during the first half of Financial Year 2021/2022 followed a similar trend, as illustrated in figure 4.

The over performance of budget support loans was occasioned by the need to finance revenue shortfalls and the COVID-19 containment related expenditures necessitated by the need for Government to mitigate the effects of the pandemic on the economy.

On the other hand, underperformance of the project support loans was attributed to absorption challenges amidst disruptions in the global demand and supply chains due to COVID-19 shocks since 2020.

2.2 Domestic debt

Domestic borrowing is intended to bridge Government financing gap operation of monetary policy; that is by Central Bank capitalisation and development of the financial markets.

Consequently, Government, for purposes of fiscal policy, started issuance of treasury bills and bonds in Financial Year 2012/2013. Since then, the stock of domestic debt has been accumulating. The total stock of domestic debt increased by 39 per cent to Shs 25.451 trillion in Financial Year 2020/2021 from Shs 18.248 in trillion Financial Year 2019/2020. This was driven by an increase in the stock of treasury bonds by Shs 5.9 trillion, which is 43 per cent and stock of treasury bills, which grew by Shs 1.2 trillion, that is 29 per cent, in Financial Year 2020/2021.

By December 2021, the stock of domestic debt had increased to Shs 27.7 trillion from the June 2021 levels. Table 5 clearly illustrates that.

The ratio of treasury bonds to treasury bills stood at 81:19 per cent in December 2021. However, preliminary outturns of June 2022 indicate that by the end of the Financial Year 2021/2022, the ratio of treasury bonds to treasury bills debt had changed from 85:15 per cent.

Contingent liabilities

Mr Speaker, contingent liabilities oblige Government, in future, to make unexpected payments leading to fiscal risk exposure, and driving public debt on an unsustainable path.

Contingent liabilities are two types; explicit and implicit. Government issues guarantees to Government institutions and private companies. The management of debt resources is entirely by the beneficiary institution. Government only maintains a monitoring role; it is public debt upon default.

Table Seven: Exposure of Government guarantees as at December 2021.

It is illustrated there, but important to note is that the rate of the total disbursed and outstanding guarantees remained at 52 per cent, mostly driven by arrears of the Islamic University of Uganda (IUIU) from the 2004 and 2010 loans, as well as the slow disbursement of the 2018 loan. These, altogether, offset the effect of the debt servicing repayments made by the Uganda Development Bank Limited. However, the total Government exposure to guarantees stood at $421,000 as at December 2021, due to the arrears from IUIU, from zero-recorded at the end of June 2020.

Whereas the guarantees are on track in terms of servicing by the Uganda Development Bank Limited, those to Islamic University Uganda are in arrears. We saw disbursements as at the end December 2021.

Cost and risk profile of Uganda's debt

Uganda's external debt, which is 62 per cent of the total debt stock, largely comprises concessional loans characterised by long repayment periods and very low fixed interest rates. As such, developments in the overall risk and cost profile of the debt profile are mainly influenced by external debt.

Table 8 shows cost and risk indicators.

Cost of debt

The cost of debt increased during the past financial year. Interest payments as a percentage of GDP rose to 3.1 per cent in December 2021 from 2.8 per cent, as at the end of June 2021, which was higher than its level of 2.2 per cent at the end of June 2020. This implies that the interest payments have increased relative to income of the country.

In addition, there was a marginal increase in the weighted average interest rate of Government debt from 5.4 per cent to 6 per cent in June 2021, and 6.1 per cent in December 2021. This was mostly driven by the increase in external debt interest costs on account of increased Government non-concessional debt acquisition in the recent past, notwithstanding the fact that the debt portfolio is still concessional dominant.

Interest rate risks

Average Time to Re-fixing (ATR) is the average time required to reset the interest rate for the portfolio – Members, I will invite you to read that, aware that I was given 30 minutes.

Foreign exchange risks

The share of external debt, that is, foreign currency-dominated debt to total debt decreased to 63.2 per cent in June 2021 from 67.5 per cent in June 2020. This implies increased exposure to changes in exchange rates, which could increase debt service costs.

Similarly, the short-term foreign debt reserves, which measure the liquidity risk international reserves will be subjected to short-term external debt liabilities, has increased from 6.5 per cent to 9.8 per cent, implying that Government increased the external short-term debt liquidity risk during the year under review.

Table 4 shows the drivers of accumulation of this. I invite you to look at that.

Specifically, in Financial Year 2020/2021, the increase in public debt as a share of GDP by 5.7 percentage points was driven by both the infrastructure investments as well as Government's response to the COVID-19 pandemic.

Debt sustainability for Uganda as at June 2021

A debt sustainability analysis (DSA) allows the country to assess its future sustainability. Based on this approach and given the recent COVID-19 global pandemic which has had devastating effects on the country's real GDP growth, and which reduced from 6.8 per cent in Financial Year 2018/2019 to 3.4 per cent in Financial Year 2020/2021 - world economic growth was estimated to be minus 3.11 per cent for 2020 and projected to be 5.88 per cent in 2021, according to the International Monetary Fund (IMF) - as well as the reduced remittances of the country. The country's debt carrying capacity had an estimated score of 2.99 in the Financial Year 2020/2021.

Uganda's debt carrying capacity was downgraded from a strong to a medium performer in the Financial Year 2019/2020, when it had an estimated score of 2.95, and a score of 2.99 for the Financial Year 2020/2021. This still lies within the range of 2.69 to 3.05 for medium performance.

Consequently, the reclassification of Uganda's debt carrying capacity from a strong to medium performer implies that the country's debt level is now assessed against a lower threshold than previously.

The debt sustainability analysis was based on a number of assumptions, which include the following among others - Madam Speaker, I will invite Members to look at them.

Total public debt to GDP trajectories under the baseline remains below the indicative threshold of both the public debt management and other liabilities framework for the Financial Year 2018/2019, and low-income debt sustainability framework, which is illustrated in table nine. Therefore, Uganda's debt remains sustainable over the medium to long-term. However, it is vulnerable to risks, especially shocks that dampen exports.

Table 7 shows change in public debt with the drivers in the medium-term and the external debt analysts.

Uganda’s overall risk rating

Uganda's public debt deteriorated from low risk of public debt distress to moderate risk of public debt distress in the Financial Year 2019/2020, and maintained the moderate risk rating in the Financial Year 2020/2021. This is arising from the external debt that has a moderate risk of debt distress. Therefore, the country is now faced with an increased risk of debt distress compared to three years back.

Domestic debt sustainability indicators

Domestic debt benchmark indicators are based on the public debt management and other liabilities’ framework as well as the charter of fiscal responsibility.

The present value of domestic debt to GDP ratio increased by 28 per cent from 13 per cent in June 2020, and to 16.6 per cent in June 2021. Table 11 illustrates that. This implies that the domestic debt stock relative to the country's income is on the rise and expected to exceed the benchmark for domestic debt sustainability in the public debt management framework that sets a threshold of 15 per cent under the domestic debt sustainability threshold.

Observations

Need to commit fiscal consolidation over the medium-term

The primary deficit remains the main driver of the fiscal deficit and accumulation of public debt, and in the medium-term, the growth rate is projected to decline as the primary balance declines with the onset of the oil revenues, among others. This implies that in the short-term, efficiencies in Government that lead to reduction in expenditure, as well as reduction in the number of projects, will reduce on the speed of acquisition of debt, as Government spends within its available revenues and grants.

The committee observed that Government indicated, in the National Budget Framework Paper for Financial Year 2022/2023 to Financial Year 2026/2027, that the budget for Financial Year 2022/2023 was Shs 43 trillion, but introduced a draft budget for Financial Year 2022/2023 amounting to Shs 47 trillion and the final budget was Shs 48 trillion.

Consequently, the fiscal deficit to GDP widened from 4.7 per cent to 5.1 per cent in the budget, suggesting a diversion from the fiscal consolidation path. Consequently, nominal debt to GDP was projected at 52.9 per cent. This is consistent with the Charter for Fiscal Responsibility, but the draft budget brought it to 53.9 per cent, above the charter’s threshold of 53.1 per cent for Financial Year 2022/2023.

Maintaining public debt on a sustainable path will require adherence to budget discipline throughout the budget process, while comprehensively monitoring possible fiscal risks.

The committee recommends that Government should remain committed to fiscal consolidation aimed at eliminating any duplications and inefficient expenditures, as a means of freeing up resources to more productive areas. In addition, Government should consider urgently sequencing new projects in the medium-term, and spread some projects or programmes to after Financial Year 2023/2024, as a measure of improving public debt sustainability.

Declining concessionality of external debt

The committee observed that the share of concessional loans dropped by 18 percentage points in the past five years, from 74 per cent as at the end of June 2017 to 58 per cent as at December 2021. While that of non-concessional loans increased from 11 per cent to 24 per cent during the same period as shown in Table 3.

The committee further observed that as a country attains a middle income status, it will have less access to concessional borrowing, which is cheaper. Mr Speaker, this is important to note. As we struggle to move to middle income status, access to concessional borrowing will reduce because we shall have been perceived as able.

Although, there are many terms and conditions associated with concessional lending, which often involves a longer process to acquire the funds, it offers a cheaper source of financing. The budgets are approved with a resource envelope. However, during implementation, the creditors are identified and then loan terms submitted to Parliament.

The committee recommends that Government explores mechanisms for early sourcing and utilising the available concessional windows for external borrowing, which remains a cheaper option, compared to non-concessional financing, for the remaining period when the country can access concessional financing.

In addition, non-concessional borrowing should apply to projects that are financially and economically viable, and with rates of return higher than the finance cost of the loan – that is, an economic rate greater than the interest rate charged, in line with public debt and other financial liabilities.

Further, the minister responsible for finance should, at the time of submission of the National Budget to Parliament, present the new borrowings with the respective creditors. These are not loans, but proposed sources of borrowing, for proper planning.

Mr Speaker, after passing the budget with 40 per cent of it to be borrowed, the committee has a challenge to decline a budget that was passed by the same Parliament. So, most of these loans are part of that.

Slow growth in private sector credit

Mr Speaker, I am soon concluding –

**THE DEPUTY SPEAKER:** Please, conclude.

**MR MIGADDE:** Thank you.

Slow growth in private sector credit

The committee observed that the trend of domestic borrowing has been high in the recent past, from Shs 1.7 trillion in Financial Year 2017/2018 to Shs 2.1 trillion in Financial Year 20l8/2019, and to Shs 2.5 trillion in Financial Year 2019/2020; and recently Shs 6.3 trillion for Financial Year 2020/2021 – as Government seeks to provide an economic stimulus to address the effects of the COVID-19 pandemic. In Financial Year 2021/2022, the approved budget had domestic borrowing.

Mr Speaker, the committee recommends that Government reduces on domestic borrowing to slow down the ratio of domestic debt to private sector credit. This will ensure that domestic borrowing does not crowd out private sector growth.

Domestic arrears on the rise

The committee recommends that Government develops a deliberate implementable strategy to clear domestic arrears within the medium-term, as a means of supporting the economy and reducing the cost of doing business in the country.

In addition, Government should ensure that the domestic debt stock and its forecasts take into account the stock of domestic arrears to reflect the actual level of the country’s indebtedness.

Need for timely and efficient implementation of projects

The committee recommends that respective Ministries, Departments and Agencies (MDAs) prioritise counterpart funding and ensure efficient, effective and timely implementation of projects to maximise returns to borrowing and minimise deviations from fiscal plans.

In addition, the committee reiterates its recommendation that Government should limit highly non-concessional and commercial borrowing.

Develop measures to support faster exports growth

The committee recommends that Government should remain focused on promoting exports to enhance foreign exchange earnings in the short to medium-term as a priority. Measures that support faster growth of exports should be explored to minimise the risks to debt sustainability, emanating from exports.

To limit the impact of foreign exchange risks, arising from increased external debt, Government needs to significantly increase its foreign reserves through increase in the export capacity of the economy, attract foreign direct investments and minimise imports to only capital and essential goods.

Need to remain committed to NDP III debt targets

The committee recommends that Government should devise a mechanism of returning domestic debt to the NDP III debt target to minimise expenditure on domestic interest costs during the remaining life of the plan’s implementation period.

Revenue loss due to tax expenditures

In order to successfully implement the Government Domestic Revenue Management Strategy, the committee recommends that tax losses on account of tax expenditures, should be reduced to at most two per cent of GDP in any given financial year. In addition, the Ministry of Finance, Planning and Economic Development should expedite the undertaking of an impact assessment on all existing tax exemptions and report back to Parliament, as earlier directed.

Public debt service

The committee recommends that Government should enhance domestic revenue mobilisation as a sure means of reducing the fiscal deficit and ensuring that the debt service obligations are met on time. To this end, tax administration should broaden the tax base to incorporate the informal sector that accounts for the largest part of the economy, which is 6 per cent.

Mr Speaker, in conclusion, total public debt has increased over the recent years due to the implementation of Government’s investment agenda and effects of the COVID-19 pandemic that caused revenue shortfalls. Public debt is projected to increase over the medium-term, as Government continues to implement its investment programme to boost economic recovery.

Whereas debt is still sustainable, debt service ratios point to elevated risks, majorly due to slower growth of export earnings. Therefore, Government should boost her efforts in production for export to mitigate against these risks.

Uganda’s debt carrying capacity was revised to “medium”. This implies that the country’s debt sustainability is assessed using more strict terms, compared to that with low risk of debt distress. Therefore, Government should develop mechanisms to ensure that the country returns to a low risk of debt distress by supporting economic growth and boosting exports to enhance the country's reserves, among others.

Mr Speaker and honourable members, I beg to report.

**THE DEPUTY SPEAKER:** Thank you, chairman and your team for the job well done. Colleagues, we have two reports that are closely related. So, the moment we decide to debate this one of indebtedness and thereafter debate the one on performance of the economy, we shall be repeating ourselves. Therefore, let us have presentations of both reports, and then we have an extensive debate. Clerk, can you -

MOTION FOR ADOPTION OF THE REPORT OF THE COMMITTEE ON NATIONAL ECONOMY ON THE PERFORMANCE OF THE ECONOMY AS AT JUNE 2022

**THE DEPUTY SPEAKER:** Chairperson, resume from where you had stopped. And, use strictly 30 minutes, because I want Members to have time to debate.

3.42

**MR ROBERT MIGADDE (NRM, Buvuma Islands County, Buvuma):** I will do my best, Mr Speaker. Report of the Committee on National Economy on the Performance of the Economy as at June 2022.

Mr Speaker, one is consistent with the terms of responsibility.

Objective

The overall objective of this report is to inform Parliament on the performance of the economy as at June 2022.

Methodology

We met a number of key stakeholders; and we looked at global and domestic economic developments, but it is important to note that according to the IMF and the World Bank outlook, global inflation has gone up due to food and energy prices, as well as due to lingering supply of demand imbalances. It is anticipated to reach 6.6 percent in advanced economies, and 6.5 percent in emerging markets and developing economies. This implies an upward revision of 0.9 and 0.8 percentage points, respectively.

Mr Speaker -

**THE DEPUTY SPEAKER:** HonourableChairperson, since you might take longer on this report, it is important we recognise these young children because they need to go back in time.

In the Public Gallery this afternoon, we have students and teachers of Kapnarkut View Nursery and Primary School from Kween District, represented by Hon. Cherukut Rose Emma, Hon. Chemaswet Abdi Fadhil Kisos and Hon. Chemonges William. They have come to observe the proceedings of this House; join me in welcoming them. *(Applause)* Thank you. Chairman, you can resume.

**MR MIGADDE:** Thank you, Mr Speaker. It is important to note that inflation remained well below the 5 per cent target during the first 10 months of the Financial Year 2021/2022, reflecting a combination of low aggregate demand, largely due to the effects of COVID-19 on economic activities, and the robust supplies of essential commodities. Inflation rose above 5 per cent largely from May 2022 and continued into June 2022, reflecting a combination of the same.

Poverty and unemployment

Mr Speaker, I will pick out key issues. The Uganda National Household Survey 2019/2020 report by UBOS indicates that the percentage of people living below the poverty line - that is $1 per day - modestly decreased from 21.4 percent in Financial Year 2016/2017 to 20.3 percent in Financial Year 2019/2020.

However, in absolute terms, the number of poor people increased from 8 million to 8.3 million. In rural areas, poverty reduced to 23.4 percent - that is 7 million in Financial Year 2019/2020 from 25.2 percent - that is 7.1 million. That is according to UBOS and not the committee. There are wide regional poverty disparities observed, with Acholi at 67.7 per cent, Karamoja 65.7 per cent, Bukedi 34 per cent and Busoga 29 per cent, among others.

Unemployment

The Uganda National Household Survey 2019/2020 report by UBOS indicates that the national unemployment rate in Uganda stands at 8.8 per cent. Then the monetary sector development, commercial interest rates and treasury bills - some of them were highlighted in the other report.

Mr Speaker, we also noted exchange rate movement on a yearly basis. The shilling recorded an appreciation of 2.4 percent, an average annual mid-rate of Shs 3,571 per US dollar. The Uganda shilling subsequent to the weekend dropped against the US dollar in June 2022, with Shs 3,747 at a period average per US dollar as the highest rate recorded during the financial year.

According to Bank of Uganda, the depreciation was mainly driven by higher demand for any currency rearing sentiments on the Ukraine-Russia war, and related sanctions on Russia, besides inflows from NGOs and other sectors.

Private sector credit

The private sector growth increased at an annual growth rate of 11.7 per cent in Financial Year 2021/2022 from 6.7 per cent.

Non-performing Loans

Mr Speaker, for this, it was mentioned there, but we shall come back with the details, probably before November, as per the Rules of Procedure, for detailed reporting per loan.

Overall Deficit

Preliminary outturns indicate that during Financial Year 2021/2022, Government operations resulted in an overall fiscal deficit of Shs 11.6 trillion as at June 2022. This is lower than the fiscal deficit of Shs 13.4 trillion recorded in Financial Year 2020/2021 and Shs 3.2 trillion higher than the planned deficit of Shs 8.5 trillion.

Revenue performance

Preliminary outturn indicates that during the Financial Year 2021/2022, total domestic revenue realised amounted to Shs 21.8 trillion, performing at 97 per cent of the Budget, which translates to a revenue to GDP ratio of 13.5 per cent below the budget target of 14.6 per cent; as shown in Table 7. The total revenue shortfalls recorded amounted to Shs 594 billion, which represents a shortfall of 3 per cent against the target. Of this, Shs 412 billion was taxed while Shs 182.6 billion was non-tax revenue.

For the 12 months of the fiscal year, positive fiscal balance was realised only in the month of December 2021 at Shs 175 billion.

Expenditure performance

Preliminary outturns indicate that the total expenditure for Financial Year 2021/2022 amounted to 34.7 trillion. This is 4 per cent higher than the planned spending levels for the year, which was Shs 32.3 trillion.

Expenditure on the recurrent activities exceeded its annual target by Shs 3.3 trillion while development activities fell short of the target expenditure by Shs 1.9 trillion. This was mainly on the account of external development activities, which had a shortfall of Shs 3.3 trillion against the target.

The major driver of poor development expenditure performance was project execution challenges among MDAs that affected disbursements from the development partners. On the other hand, expenditure on the domestic development activities exceeded the annual target by Shs 1.3 trillion.

Expenditure on the arrears performed at 151 per cent by end of June 2022

Uganda shillings 605 billion was spent out of the planned target of Shs 400 billion. This was in line with Government’s decision to increase arrears payments in a bid to support private sector recovery from the negative effects of COVID-19.

Table 8 illustrates the balance of payments while Table 9, the current accounts in millions. I invite Members to read that –

**The Deputy Speaker:** Mr Chairperson, we have Table 5. For the record, is it Table 9 because I want the whole report captured by the *Hansard*, the way it is signed.

*(The committee report is hereby appended.)*

The current account from the report, I see is shown in Table 5.11 -

**Mr migadde:** That is Table 9.

**The Deputy Speaker:** Okay, I get you. It is 9A.

**Mr migadde:** Balance on trade in goods - this is important to note, Mr Speaker. The balance on trade in goods in the Financial Year 2020/2021 resulted into a deficit amounting to $3 billion. This was an increase from a deficit of $2.4 billion recorded in the Financial Year 2019/2020, and attributed to growth in the import bill, which exceeded receipts from exports.

Receipts from exports improved by 39 per cent, driven by the non-coffee exports earnings (excluding gold earnings), which increased by $220 million. The total earnings from exports of coffee increased by $57.5 million in the Financial Year 2020/2021.

On the other hand, the imports of goods increased by 18.3 per cent largely on account of increase in Government and private imports that grew by 24 and 18 per cent respectively, in the Financial Year 2020/2021. The increase in both the exports and imports resulted into the widening of the trade balance illustrated in Table 10.

Mr Speaker, Figure 12 shows the trend of exports by major composition in million dollars. I invite Members to read that.

Figure 13 shows the destination of Uganda’s exports in million dollars. Allow me note that Uganda's imports decreased by 14.9 per cent from $8.3 billion, in the Financial Year 2020/2021, to $7 billion in the Financial Year 2021/2022. Asia continues to be Uganda's major import source that represents 44.9 per cent.

Trade in the East African Community (EAC)

Uganda was a net importer to the EAC during the Financial Year 2021/2022 with exports amounting to $2.3 billion compared to the total imported goods worth $2.1 billion. Formal exports accounted for 75 per cent of the country's exports in the region during the Financial Year 2020/2021.

Kenya, South Sudan and DRC were the major importers of Uganda’s goods during the Financial Year 2021/2022 as illustrated in Table 11.

Uganda’s exports to Rwanda declined by 57 per cent, from $6.4 million, in the Financial Year 2020/2021 to $2.7 million in the Financial Year 2021/202. This is attributed mainly to the closure of the border. The table shows the trade between Uganda and the rest of the East African Community.

Mr Speaker, Table 15 shows the international investment position as per the country, and Table 5.3 shows external debt, which I addressed in the earlier submission.

External sector outlook

Exports – that is goods and services - are projected to increase from $6.6 billion realised in the Financial Year 2020/2021 to more than $7.3 billion in the Financial Year 2024/2025 as projected in the NDP III.

On the other hand, imports of goods and services are expected to decrease from $11.7 billion realised in the Financial Year 2020/2021 to $10.5 billion in the Financial Year 2024/2025 projected in NDP III.

Uganda will pursue an ambitious trade strategy that will involve both export promotion and import substitution - that is in an attempt to boost its reserves. The strategy is envisaged to yield a healthy level of reserves cover equivalent to an annual average of at least 4.7 months of imports of goods and services.

Public debt

The country’s public debt was mentioned in the earlier presentation.

Observations

There is need to finance timely statistics. Mr Speaker, the statistics are contradicting in terms of population, World Bank, IMF and Government. They are different.

The committee recommends that Government should prioritise facilitating the Uganda Bureau of Statistics to conduct a National Population and Housing Census in the Financial Year 2023/2024 for proper planning in the country.

Boost aggregate demand in the economy

The committee recommends that Government expedites the process of enacting and implementing the local content law to ensure that procurements that use public funds support the country to generate more tax revenues, create jobs and support domestic economic growth.

In addition, Government, through the finance ministry and Uganda Revenue Authority (URA), should critically review the tax regime with a view of promoting consumption of goods and services.

Need for more inclusive economic growth

The committee recommends that Government carefully implements the Parish Development Model (PDM) with continuous monitoring to ensure there is performance improvement, and any gaps identified be addressed in a timely manner. This will ensure efficiency and value-for-money in government expenditure in the PDM and various programmes, complementing it while supporting the country to achieve more inclusive economic growth in the subsequent years.

Poverty measurements and policy interventions

The committee recommends that going forward, Government develops measures to eliminate poverty based on the statistics informed by the multi-dimensional measure that is broad, as opposed to relying on the only monetary poverty measure where a large percentage of people who are multi-dimensionally poor are left behind.

In addition, affirmative action should be undertaken by Government to support the most disadvantaged communities. This will help in bridging the existing economic gap.

High cost of doing business

The committee recommends that Government urgently operationalises the Uganda Road Fund - that one has been an issue on the Floor. I do not want to dwell much on it.

Government, through the Ministry of Energy and Mineral Development, expedites the implementation of electricity transmission projects to facilitate evacuation of power to those in need and increase connectivity to include 81 per cent of the population without access to the national grid.

For the hard-to-reach areas, the use of solar power should be explored where the grid may not be economically viable.

Climate; smart investment in the country

The committee recommends that Government ensures that the planned mitigation measures to address climate change are fully financed during Budget implementation and not subjected to Budget suppression.

In addition, Government should explore restoring the environment with carbon credits, and use of the National Environment Day to sensitise and promote conservation of the environment.

Furthermore, Government, through the Office of the Prime Minister, should establish formal working partnerships with faith-based organisations and traditional leaders to drive the environmental protection campaign given the success that has been registered in other areas like immunisation and the fight against HIV/AIDS, among others.

Government, through the Ministry of Works and Transport, should review its building and construction standards, taking into consideration climate changes to ensure that current and future designs for infrastructure are resilient to the floods that are affecting more districts with each passing year.

In addition, an urgent policy for transport pollution to reduce greenhouse gas emissions should be developed.

Government should scale-up investment in climate-smart agriculture across the country, to ensure that more districts are supported with irrigation equipment, among others, to reduce over reliance on rain-fed agriculture.

Need for price stabilisation mechanisms in the country

The committee recommends the following:

In the short-term measures, Government should fast-track the implementation of the national oil pump project by way of compensating project-affected persons, to enable the project access the land in order to boost domestic supply of crude oil. This will also address the issue of the price of soap and other commodities.

In addition, Government should adopt the use of fiscal policy to stabilise prices in the production of goods and services. For instance, establishing a bufferstock for fuel and critical food products to build resilience of the economy to guard against external shocks, and better manage excessive increase in prices due to supply shortages.

The Government should support research and innovation in close substitutes for commodities that have high demand, yet are inadequate in supply.

Further, Government should fast-track the oil refinery project to boost domestic supply of refined petroleum products.

The committee also recommends that Government should review its policies to ensure that all Government policies have greater multiplier effects on the economy and the continent’s Agenda 2063 at large.

In addition, the Buy Uganda - Build Uganda campaign should be supported as one of the ways of stimulating demand and supply in the economy.

The committee recommends that Government capitalises Government-owned commercial banks with a view of bringing down the interest rate. The committee noted that whereas we have Government banks like Post Bank and others, they are almost lending out at the same rate like other banks.

In addition, the Government should strengthen efforts to clear domestic arrears to support the banking system and minimise the riskiness of clients who do business with it.

The committee also recommends that Government slows down the pace of acquisition of domestic debt to slow down the ratio of domestic debt to private sector credit. This will ensure that Government domestic borrowing does not crowd out the private sector, as noted earlier.

The committee, in addition, recommends that Government considers establishing sector-based banks. For example, banks that can handle agriculture, manufacturing and education, like in other countries, because these sectors have different challenges.

Rt Hon. Speaker, the committee further recommends that Government develops a deliberate strategy to stop accumulation and clear domestic arrears, in the medium-term, as a means of supporting the economy and reducing the cost of doing business in the country.

The committee also recommends that Government devises mechanisms to address the poor performing interventions in the domestic revenue mobilisation strategy.

**THE DEPUTY SPEAKER:** Mr Chairman, if you could tell us the subtitle, say for example, “On boosting domestic revenue, the committee recommends a, b, c, d” so that our *Hansard* is clear.

**MR MIGADDE:** Much obliged, Mr Speaker.

Revenue loss due to tax expenditures

Table 13 shows tax revenue foregone in billions. In order to successfully implement the Government domestic revenue management strategy, the committee recommends that tax losses on account of tax expenditures should be reduced to at least two per cent of GDP in any given financial year.

In addition, the Minister for Finance, Planning and Economic Development should expedite the undertaking of an impact assessment of all existing tax exemptions and report back to Parliament as earlier directed.

Diversification of funding sources to include the population

Table 14 shows the distribution of capitation grants based on UPE guidelines.

Rt Hon. Speaker, it is important to note that this table shows the capitation grant based on a school that has 500 pupils. The committee observes that subregions are at different levels of poverty and so, generalising contributions to be made by the population could lead to overburdening some areas with unaffordable fees leading to some citizens missing out on the intended services. Therefore, such a measure would require amounts approved by area councils.

The committee recommends that given the budget constraints, Government considers enhancing funding to specific sectors through initiatives that support local revenue mobilisation. For example, allowing modest contributions to the education and health facilities as well as fast-tracking the establishment of a national health insurance system to boost the respective sector budgets and enhance service delivery.

In addition, Government should enhance efforts towards adjusting the tax policy focus away from deepening tax payments to widening the tax base.

Efficiency and effectiveness of Government expenditure

The committee recommends that Government should fast-track the implementation of the proposal to rationalise Government size, with appropriate action taken on MDAs that duplicate already existing mandates, to enhance efficiency and effectiveness of service delivery in the country.

In addition, the finance minister should adhere to the requirements of the Public Finance Management Act, 2015, as amended, to ensure that all budgets are implemented in accordance with the law and minimise nugatory expenditures that are associated with penalties for delayed repayments of temporary advances from the central bank.

Further, Government should strengthen e-government services to enhance efficiency of service delivery across the various Government Ministries, Departments and Agencies (MDAs).

The budget support loans or non-concessional - Mr Speaker, it was highlighted in the other report.

Strengthen local content in externally financed projects - That was also highlighted.

The committee recommends that Government considers establishing companies and recapitalising existing ones to compete for infrastructure in works starting nationally, and targeting internationally over the medium-term, to enhance local content in infrastructure investment, create jobs and boost export earnings through the international works secured.

External sector; that is the need to boost exports in the country

The committee recommends that a value-addition drive is developed for five to seven leading exports from Uganda, so as to boost export earnings in the country, and reduce or eliminate the balance of deficit, as opposed to majorly relying on only coffee for major export earnings.

In addition, Government establishes export guarantee insurance through the Insurance Regulatory Authority as a matter of strategic national importance to de-risk exports to the largely volatile regional markets like DRC, CAR, and South Sudan.

Further, Government should continue to adhere to the competitiveness enablers like the cost of finance, labour productivity, cost of power and water, and standards of tradable goods and services, among others.

Furthermore, the import substitution strategy should be strengthened.

Need to track the quality of externalised labour force

The committee recommends that the Government, through UBOS and the Ministry of Gender, Labour and Social Development provides regular statistics on the category of skills for externalised labour to facilitate tracking and monitoring the welfare of Ugandans working abroad, and provide statistics to guide policy decisions on labour exportation.

Balance of payments

The committee recommends that Government strengthens the balance of payments surplus in the medium to long-term through increased Foreign Direct Investment inflows and export earnings, as opposed to increased debt that puts the country’s foreign reserves at a high cost.

Utilisation of public debt

It was mentioned earlier, but it is important to note that the committee recommends that Government, among others, acquires loans for projects whose sites have been acquired, enhances the capacity of local contractors, and builds the capacity of project management units and in-house supervising teams, to ensure quality and timely delivery of public goods and services.

Need to increase tradable assets in the country

The committee recommends that Government explores the possibility of strategically positioning the country in the region, to attract services, which will enhance foreign exchange inflows in the country and increase the country’s foreign assets, and thus strengthen the country’s international investment position in the medium to long-term.

Mr Speaker, in conclusion, despite the global economic challenges that affected the country mostly through imported inflation, supply chain disruptions, and global shortages compounded by the geopolitical conflict between Ukraine and Russia, Uganda’s economy grew slightly faster than projected in the Financial Year 2021/2022, although the growth is still below the NDP III target. However, economic growth is projected to return to its NDP III forecasted path by the end of Financial Year 2022/2023.

In order to maintain this resilience over the medium-term, Government should remain committed to actualisation of the strategic policies aimed at boosting aggregate demand to spur economic recovery in all sectors. In addition, Government should continue addressing all aggregate supply constraints, as well as building the much needed resilience towards external and domestic shocks to guarantee all-inclusive growth. I beg to report.

**THE DEPUTY SPEAKER:** Thank you, Chairperson and team. *(Applause)*

**MR KIRUMIRA:** Thank you, Mr Speaker. I am rising under rule 205(2), which states: *“The Member or Members dissenting from the opinion of the majority of the committee shall be given time to present the minority report at the time of consideration of the committee report”.*

Mr Speaker, I informed the chairperson of the committee about the minority report and I thought we had time. Unfortunately, the Order Paper has been amended to accommodate this particular report. There are a lot of issues –

**THE DEPUTY SPEAKER:** No, you have finished your part. Okay?

**MR KIRUMIRA:** Mr Speaker, can I just make my conclusion?

**THE DEPUTY SPEAKER:** No, do not mind, it is very okay.

**MR KIRUMIRA:** Thank you.

**THE DEPUTY SPEAKER:** I know you have a minority report and you informed the chairperson.

**MR KIRUMIRA:** Much obliged.

**THE DEPUTY SPEAKER:** So, now the obligation is on the chairperson to tell us if he was informed.

**MR MIGADDE:** Mr Speaker, the Member informed me one-and-a-half hours ago, just in the lobby here, when many Members had already signed the report. I appreciated his views, but I told him it was out of time.

**THE DEPUTY SPEAKER:** Colleague, do you have a letter?

**MR KIRUMIRA:** No.

**THE DEPUTY SPEAKER:** You inform the chairperson in writing. Notice for a minority report is done in writing, and not verbally, because it cannot be his word against yours. I was not there; whether you met in the corridor or not, we were not there. So, the only way we can know is by you writing a letter and the Clerk is obliged to support you in writing your report.

**MR KIRUMIRA:** Much obliged.

**THE DEPUTY SPEAKER:** Let us make it very clear. Honourable colleague, you are a member of the committee. So, I will do something very exceptional; I will give you chance to submit some of those views to go on record during the debate.

Colleagues, whenever you have a minority view, put your notice in writing and the Clerk is obliged to support you in writing your minority report just like he or she is obliged to support the committee in writing the main report.

Now, I am hearing very many issues, yet I want to open up to you.

**MS CECILIA OGWAL:** Mr Speaker, I have been attentive and I have listened to the report of the committee as at 31st December 2021. I have also just listened to this one of June 2022.

Mr Speaker, I have had the advantage of looking at the background of the budget; the document we have. I do not want to rubbish the report of the committee - it is definitely quite analytical and good. Unfortunately, the figures are based on the figures provided two years ago, according to the background of the budget. I just want to give you an example. The GDP, which you are reporting now is Shs 130 trillion, but the background to the budget puts it at Shs 162 trillion, which means your report is actually confusing. If we are to use your report to plan for tomorrow, then we are in a fix.

I am glad you are sitting next to the Minister for Finance, Planning and Economic Development. He was a former and a long-term serving chairperson of that committee and so, he should have advised you that before coming up with this report, you should have first read the relevant documents so that when you come, you come to inform us.

Mr Speaker, we now have to read a lot to understand what the committee is trying to communicate to us. That is the little I have been able to capture, and this is why I am seeking this clarification.

Chairperson, how long will you take to deal with the debt situation because that is also what Parliament would like to know, and the public is interested, since you are the expert committee on this particular subject? Can you tell us how bad the situation is, and you have admitted it! Can you tell us how long it will take this country to arrive at a situation where we feel comfortable about our state of indebtedness? Thank you, Mr Speaker.

**THE DEPUTY SPEAKER:** I am glad you have already read thoroughly. *(Laughter)* If it requires us reading thoroughly, they should learn from you, Hon. Cecilia Ogwal.

Chairman of the committee, Hon. Ikojo, I will need you to sit here – in front – so that you can support your vice-chairperson. Even if you have delegated him to read the report on the Floor, you need to be here so that you support him in responding to these issues.

Point of procedure? You see, colleagues, some of these issues – clarification and all that – are more or less going to be issues of debate. However, if it is very quick, and you feel it will guide the debate in the House, let the minister clarify that first and then you come in.

4.21

**THE MINISTER OF STATE FOR FINANCE, PLANNING AND ECONOMIC DEVELOPMENT (GENERAL DUTIES) (Mr Henry Musasizi):** Thank you, Mr Speaker, for the opportunity.

For the good of this debate, I would like to clarify as follows: The arguments by Hon. Cecilia Ogwal and the committee chairperson are both right. In what sense are they right? The committee limited itself to the period under which the reports they considered were prepared.

However, Hon. Cecilia Ogwal would have wished them to go beyond the period and look at the current circumstances, which, I feel, is right. This is because if we are to debate the economy now, we need to address our minds to the current challenges we are facing, but also not forgetting that they are arising from the past events, which the committee is looking at - [MS CECILIA OGWAL: *“Order.”*]

**THE DEPUTY SPEAKER:** I thought he said you are right. *(Laughter)* Point of order?

**MS CECILIA OGWAL:** Mr Speaker, it is not a question of being right. I do not feel good by saying “I am right”. No! What I am saying is, we now have a new budget, which was debated and passed. That is what I am talking about. That new budget was processed under the new figures, but what you are presenting to us are figures of two years ago. That is what I am saying.

So, I do not want you to appreciate that I am right. No! I am saying we have already passed the two years’ figure.

We have processed the current budget, based on the figures of Financial Year 2021/2022 because we are now in Financial Year 2022/2023. So, we have already processed those figures into the new budget. So, why do you tell us stories of two years ago? That is what I am trying to ask.

Actually, when you look at your two documents, it will inform you that, definitely, there is something wrong with that document. Thank you.

**THE DEPUTY SPEAKER:** Thank you. Colleagues, let us not dwell so much on this. It is very clear; because where I pick Hon. Cecilia Ogwal’s concern – chairperson, you are saying “Report of the Committee on National Economy on the Performance of the Economy as at June 2022”.

Now, we received these figures. That is what she is telling you; that the figures we used for the budget of Financial Year 2022/2023 were received much earlier: Why didn’t you use these figures if you are reporting up to June 2022? Just simple, if you could answer that.

**MR MUSASIZI:** Mr Speaker, you know I am an accountant by profession. *(Laughter)* For emphasis, I think it is important to appreciate that we report in periods. This is a report for the period ending 30 June 2022. There is no way it can capture the figures from the background to the budget relating to Financial Year 2022/2023. This will come in June 2023.

**THE DEPUTY SPEAKER:** Okay, to resolve this, colleagues, I think next time, we lose nothing by just including a paragraph that can give these highlights, isn’t it? We lose nothing.

The committee is reporting based on financial years – not even on half years. However, next time, to bring everyone on board, chairman of the committee – I am saying our rules do not stop you from including a paragraph. Just a simple paragraph, which can refer – you can even refer to where you are getting these figures from. You say, “According to the background to the budget document submitted to Parliament for the financial year – these are the figures” so that Members can be brought on board. That is what they want.

**MR MIGADDE:** For purposes of clear understanding, much obliged, Mr Speaker. *(Applause)*

**THE DEPUTY SPEAKER:** Yeah. Very simple. Hon. Sarah Opendi?

4.26

**MS SARAH OPENDI (NRM, Woman Representative, Tororo):** Thank you, Mr Speaker.

Mr Speaker, when I look at the list of members that signed this report, they are supposed to be 41, but I think 14 members signed the report.

When I heard about the minority report, Mr Speaker - sometimes I want to be curious. Not everything that comes from the minority is wrong or bad. I became a little curious, Mr Speaker, to understand why the Member was trying to raise an objection, and what issues he had.

This is why, in accordance with rule 205 on the minority report – the Member may not know the procedure, but I am just wondering if he had his report. If it pleases you, Mr Speaker, we would listen even if the rules say -*(Interjection)*– yes, the Member can present. He is free, as a Member.

I am just requesting, Mr Speaker. I am a bit curious to understand because the issue of this public debt has been an issue of concern-

**THE DEPUTY SPEAKER:** Thank you, Hon. Opendi. Colleagues, these are reports we are going to adopt to help us in our work. We are not going to adopt resolutions of a nature that are going to be implemented here and there. These are reports, which should help us in our work, and also help Government in its work.

I promise that I will allow the Member – I will break my own rules – who is not supposed to be debating, to also debate and we listen to him. That is a compromise because he is a new Member and he should have been guided much earlier.

So, colleagues, we have two reports. Please, I want Members to debate. You know people have been here since 10.00 a.m. Colleagues, we have two reports; they are closely related and both are going to be debated. So, the debate on the Report of the Committee on National Economy on the Performance of the Economy as at June 2022; and the Report of the Committee on National Economy on the State of Indebtedness, Grants and Guarantees as at December 2021, starts now.

I think I better start with this side. Let me pick the whole group that is standing; you will follow each other. Or, let me start with the colleague who had different views. Yeah, let me give him chance. Honourable colleague, others are having two minutes, but you have three.

4.29

**MR HASSAN KIRUMIRA (NUP, Katikamu County South, Luweero):** Thank you, Mr Speaker. I participated in all committee meetings, where we discussed these reports - resolutions and the way forward – the recommendations.

Whereas I agreed entirely with the state of indebtedness and the discussion of the committee, there are issues, especially with the report on the state of our economy, that we disagreed on. That was my point of departure.

Specifically, we talked about the stimulus. Remember our country was affected by COVID-19, and we got money from the IMF to help in supporting businesses in terms of economic stimuli. Government borrowed $491 million from the IMF. Some of this money was meant for lending to Ugandan businesses. The report was totally silent on how much was spent and who received that money.

Mr Speaker, the committee observed that URA was missing out on a lot of taxes embedded in tax exemptions. It was equal to something like Shs 7.7 trillion in the FY 2020/2021. But they made no serious recommendation to reverse the trend.

My thinking, in the minority report, would be to set a minimum reduction on revenue -

**THE DEPUTY SPEAKER:** Honourable colleague, we do not have a minority report. You are debating.

**MR KIRUMIRA:** My view on this was to reduce revenue losses to at least 0.3 per cent of our GDP.

The other issue was on poverty and fighting poverty in our country. Mr Speaker, you know our country has been affected by inflation and it has impacted negatively on different households. I was more interested in the education sector, owing to the fact that parents have to take back children to school. When I look at the poverty levels in our country *vis-à-vis* the views of different schools increasing school fees - I was looking at the solutions and how the report is addressing the households of people in Uganda in terms of the poverty, *vis-à-vis* the ability to move forward in terms of educating their children. The report was totally silent about that.

Mr Speaker, those were my views that I wanted to present in the minority report. Thank you.

**THE DEPUTY SPEAKER:** Thank you, too, colleague. You have done an analysis of the report, but have not given your views. You have not given the proposed recommendations. It would be your recommendations versus the committee’s recommendations.

**MR KIRUMIRA:** Mr Speaker, I was of the view that, because this report has been presented by amending the Order Paper, we be given an opportunity to present our report. It was in the process; we are organising it. We thought the report was not on the Order Paper today. We did not come here today to get a report of the Committee on National Economy. I request that we be given an opportunity to explicitly present our views and the solutions to these issues that have been picked up.

**THE DEPUTY SPEAKER:** Unfortunately, colleague, a minority report is always attached to the main report. By the time you submit it to the Clerk and Presiding Officers to get space on the Order Paper, both of them should come together. We never received the minority report. Colleague, like you have told him how you want to present the minority report. That is not how it is done; it is through a notice. But you have learnt. Next time do better. *(Laughter)* It is a process. We will support you. That is why I gave you that time to share your views.

4.35

**MR PAUL OMARA (Independent, Otuke County, Otuke):** Thank you, Mr Speaker. First, I want to thank the chairman for his report, which is very detailed. I agree with the recommendations. The chairman talked about a debt distress for the country. We have now established that our total debt is $20.98 billion. Our GDP as a country is $45 billion. What the members and chairman have to know is that the debt to GDP is now 48 per cent, which is comfortable given what we had established on the Charter for Physical Responsibility for this financial year, which is 53.5 per cent.

Mr Speaker, there is a contradiction though. Forty eight (48) per cent debt to GDP is not really what we should be worried about. The problem is that regardless of the size of our GDP, we seem not to be generating sufficient revenue, in domestic revenue collections, to really meet our budget streams.

Secondly, the debt that we have established over the years has very minimal impact on our GDP growth. As a consequence, the projections for the GDP growth for this financial year is 4.6 per cent. For the last five years, our tax to GDP ratio has been only 13 per cent. There is a dichotomy. Why is it that, as our debt accelerates, we continue to be -*(Member timed out.)*

**THE DEPUTY SPEAKER:** Honourable member, please. Two minutes are gone. Just conclude.

**MR OMARA:** I want to conclude by saying that we need to prioritise the debt that we collect, so that we generate sufficient revenue. We need to make sure that the committed funds are quickly disbursed so that they can have an impact on the economy. The issue of debt sustainability is on account of our revenue generation. We also need to make sure that the contingent liability needs to be - We do not have time. We need time to debate this. I thank you.

**THE DEPUTY SPEAKER:** I think this is an issue that puzzles me. When you look at a country like Zambia whereby their debt to GDP ratio is around 106 per cent,their tax to GDP ratio is at 18 per cent - discipline is equally important. Then we should ask ourselves, because as Parliament, we have given Government all the support in terms of tax collection.

All the measures you have brought, honourable minister, we have given support. If you think there are extra measures you feel we should deploy and support the URA in collecting more taxes - It pains me to find that the regional tax to GDP ratio is around 17 per cent, but we have been stuck at 13 per cent. We need to find a way of collecting more money. If we can push our tax to GDP ratio to between 19-20 per cent, we would be able to collect more Shs 9 trillion. That would help us at least offset most of the debts that we have.

There is also something tricky, honourable minister, which I would want us to look at, especially on domestic debt. On domestic debt, I will give an example of money we give to the Microfinance Support Centre. We give money to institutions to lend to SACCOs at eight per cent. At what cost have we mobilised those resources? Some of those resources we have mobilised through domestic borrowing at 16 per cent - You borrow at 16 per cent and lend at 8 per cent. Outrightly, you have made a loss of 8 per cent. How are you going to recover? How are you going to repay?

I see that we have an appetite for domestic borrowing because it is quick. In a short time, you can easily raise money. I think this is all about the planning and the projections we make so that we do away with this too much domestic borrowing, where we are crowding out the private sector and where banks are finding it much better to deal with Government than the private sector.

4.41

**MS FLAVIA KABAHENDA (NRM, Woman Representative, Kyegegwa):** Thank you, Mr Speaker. I would like to thank the chairman and the committee for the comprehensive report. I address myself to this state of the economy.

Mr Speaker, given that the labour productivity index in this country stands at a mere 30 per cent, we need to look at social protection as part of the short and long-term response according to the Malabo Declaration.

We need to ensure inclusive recovery pathways and generate significant multiplier effects in the local economy. This does not only require cash grants, but also transiting people, who are already in production, into the service sector with toolkits and fair labour markets.

We need to provide productive safety and hunger safety nets. If we are not going to address the issue of food and nutrition and we are using people to work when they are hungry, I think it is time for us to come up with a food and nutrition policy, because it has spent about 13 years sitting on the shelves without being passed and/or launched.

Also, the involvement of young people, not only as a demographic unit, but as a broad category encompassing many specific categories that need specifically targeted interventions.

We, in addition, need to invest in data and statistical systems, because *–(Member timed out.)*

4.43

**MR JOHN BAPTIST LOKII (NRM, Matheniko County, Moroto):** Thank you, Mr Speaker, for giving me the opportunity. I would like to join my colleagues in thanking the Chairman of the Committee on National Economy and the members for a good report.

Mr Speaker, a vibrant economy begins from strategic planning and this demands that an economy must prioritise sectors that drive the nation. That is when the country will be able to withstand internal or external shocks.

In our case of Uganda, the sectors that drive the economy are agriculture and the mining industry. The services, especially the tourism industry, requires that at the time we are appropriating, funding needs to be prioritised. My colleague has just alluded to the fact that we need food for the population. Even before you think of export of crop produce, we need food for the local population.

Mr Speaker, we cannot drive the economy if the budget for agriculture in Uganda is less than 7 per cent, which is even not in line with the Maputo Declaration, which demands that budgets for developing economies in Africa should be 7 per cent and above.

Here in Uganda, we are still below 7 per cent. With that, we cannot talk about driving an economy that is able to absorb external shocks, in case they ever happen or occur. An example is the Ukraine and Russian war *(Member timed out.)*

**THE DEPUTY SPEAKER:** Thank you. The problem I have with those international declarations is that if you are to implement all of them, you may run a budget of 300 per cent. The reason is that the groups are scattered – the Maputo Declaration of 7 per cent for agriculture, another group on health, say, they need 10 per cent. I think we need to find a way of harmonising. However, Hon. Lokii, you forgot an important sector; coming from Karamoja, security should be number one.

The moment you have security, you can go to your farm *–(Laughter)*- but agriculture is very important too.

4.45

**MS DORCUS ACEN (NRM, Woman Representative, Alebtong):** Thank you, Mr Speaker and I thank the committee for this good report. The committee has noted that the country gets remittances from abroad from our externalised labour force; and that contributes to foreign exchange earnings.

However, we all know that right now and in the recent past, we have had a lot of challenges with our citizens or children who are working abroad, even though money is coming in; issues to do with their welfare. We have those who are being mistreated; those who are dying; and whose bodies have not been repatriated in time; and in most cases, no explanation is given with no person being held responsible.

I would agree with the report’s recommendation, but I think there are so many areas that need to be streamlined. These areas concern the externalisation of the labour force, including fast-tracking the signing of bilateral agreements.

Right now, we have, I think about only two countries, which have signed; so many are missing, yet this is contributing to the suffering of our people, seeking greener pastures out there. I suggest that we streamline this sector very broadly, so that we take care of the welfare of our citizens. I thank you.

**THE DEPUTY SPEAKER:** Thank you.

4.47

**MR JULIUS ACON (NRM, Otuke East County, Otuke):** Thank you, Mr Speaker. I would like to thank the Committee on National Economy for presenting a good report. When we talk about the shilling against the dollar, if you look at the United States dollar and the pound - if you have $1 and you go to a forex bureau, you need a bag to carry Uganda shillings. This is one of the weakest points regarding our economy.

Secondly, we talked about employment - the chairperson said that currently, we employ about 8.8 per cent. How about the 71 per cent? What is the rest of the population doing? This brings a lot of challenges to the country. You hear about people doing funny things; we need to find something that can put the population in this country in a working environment -

**THE DEPUTY SPEAKER:** Like the Parish Development Model.

**MR ACON:** We hope that works because each year in our budget, we hear about trillions, but the action does not take place. So, we wonder where these trillions go. We have so many youth who are willing to start their own jobs. So, if Government would supply each village with electricity, I think everyone would be able to start their own jobs.

4.49

**MR PETER OKEYOH (NRM, Bukooli Island County, Namayingo):** Thank you, Mr Speaker. I also thank the committee for the good report. The committee clearly pointed out that overdependence on coffee, as a key product for export, is one of the root causes of the absence of balance of trade and balance of payments. It also clearly indicates that, for example, if the fish industry and other products were given time and money, this would be a goldmine.

The fisheries subsector is a goldmine that can help this country turn around its economy, but little attention is given to this subsector.

The committee also clearly points out that the finance and the agriculture ministries, should give attention to these other products.

The committee further points out a solution to the extension of power to those areas that cannot be connected to the national grid. For example, the committee chairman clearly indicates that islands like his own island Buvuma, Bukooli Island and Kalangala should be connected to solar. This is a very noble issue and is in line with the Parish Development Model. If we are to turn around this country, then power should be extended to these distant places through solar power. I thank you.

**THE DEPUTY SPEAKER:** Thank you. I think the energy minister needs to update the House on the progress of connecting the islands to the national grid –*(Applause)*– because I remember in the 10th Parliament, they told us –the one of the islands is very unique.

In the 10th Parliament, they were going to use a cable under the lake and they said they had concluded on it. This is a cable under the lake to connect the islands that were being supplied off grid. Therefore, the minister needs to update the House on that or the Committee on Environment and Natural Resources should engage the minister and follow up on that issue.

Who was next? Hon. Magolo.

4.52

**MR JOHN MAGOLO (NRM, Bungokho County North, Mbale):** Thank you very much, Mr Speaker. The committee report was very elaborate and definitely, reveals a number of issues, particularly, the public debt of Shs 78 trillion and the trajectory that it has been increasing. At least for the past five years, it is not decreasing.

They have identified that the debt is increasing as a result of infrastructure development, which is a good idea. However, in the face of an increase in infrastructure development, there are gaps in many areas, especially in the usage of this borrowed money.

I am part of the natural resources committee and sometimes we go out to places and you find this very well built water generation or power generation dam, but there are no evacuation lines. That is why we are passing a budget called “deemed energy”. Where is that coordination of development that brings about effective usage of borrowed resources?

Secondly, Mr Speaker, the mobilisation of domestic revenue is a very good idea that the committee has come up with, but as we do that, I implore the authority that collects revenue to look at widening the base more than deepening the already existing small ventures, because this deters those particular investments or those people who are innovative. Therefore, they should increase or widen the tax base. Thank you very much.

4.54

**MR HILLARY LOKWANG (NRM, Ik County, Kaabong):** Thank you very much, Mr Speaker. I want to thank the committee for the report.

In our country, we depend on donations from other countries and whenever there are disasters, we always call the donors. How shall we move if we are not self-reliant in our economy?

The other issue is job creation. I see many youth are job seekers rather than job creators. We have been having a lot of money going to the youth; *Emyooga* and so on, but they are not able to create their own jobs. They are simply “eating” the money. How shall we change the mindset of these individuals in order to boost the economy?

Another issue is about the transport sector, because it is still very poor. We do not have upcountry roads in some parts of the country.

The other issue is the health sector, which is still very poor. If people are healthy, they will be able to produce because now we are not –*(Interjection)*- Yes, we are talking about labour not children. You need to understand very well. *(Laughter)*

The other issue is on planning and prioritising because we would spread resources to every sector if we planned very well. That is what I wanted to submit, thank you. *(Laughter)*

**THE DEPUTY SPEAKER:** Thank you. Hon. Hillary Lokwang has been crying over affirmative action for the Ik community in Karamoja subregion. They were 2,000 people; I do not know how many you are now, and whether there is enough labour now.

**MR HILLARY LOKWANG:** Mr Speaker, during the last census, the Ik people were 11,339 people, but I am now sure they are around 20,000 people because they are producing and are healthy. *(Laughter)* Thank you very much.

**THE DEPUTY SPEAKER:** That is good news from Ik. *(Laughter)*

4.56

**MR MICHAEL TIMUZIGU (NRM, Kajara County, Ntungamo):** Thank you, Mr Speaker. Allow me to first thank the Speaker. In the morning, she communicated to the House that we lost a former Member of Parliament for Kajara and a former Member of EALA, Hon. Yona Kanyomozi. That is my county. We are preparing for burial on Friday and tomorrow, we shall be at All Saints Church Nakasero, for prayers. I invite you, on Friday, to come and be with us as we send off the lion of Kajara.

Mr Speaker, on the performance of the economy, the committee commented on domestic borrowing and recommended that Government should increase domestic revenue generation. However, according to a report made by the Office of the IGG on 5 December 2021, it was discovered that every year, Shs 20 trillion of Uganda’s money is lost to corruption. Particularly, Shs 131 billion –

**THE DEPUTY SPEAKER:** Shs 20trillion? So, it is nearly half of the Budget.

**MR TIMUZIGU:** Yes, half of the Budget. Particularly, Shs 131 billion is lost through taxation, which means Shs 131 million of the money collected through URA is lost. It is stolen in the process.

Mr Speaker, my proposal is, if we are to get a better economy –*(Member timed out.)*

**THE DEPUTY SPEAKER:** Conclude, honourable member, since you first gave us an announcement. *(Laughter)*

**MR TIMUZIGU:** Thank you so much. If we are to have a good economy, we must fight corruption and there must be political will starting from us, the leaders, to the local leaders. Let us talk against corruption the way we talked against the Coronavirus, HIV/AIDS and the rest, and we shall have a better economy. Thank you, Mr Speaker.

**THE DEPUTY SPEAKER:** I think we can say, let us “act” because talking does not help. Let us act against corruption. Thank you.

**MR TIMUZIGU:** Most obliged, Mr Speaker.

**THE DEPUTY SPEAKER:** Hon. Lillian Paparu, is West Nile now fine?

4.59

**MS LILLIAN PAPARU (NRM, Woman Representative, Arua):** Thank you, Mr Speaker. West Nile is still complaining, especially about connection to the national grid. I want to applaud the committee; you did mention the areas that can be connected to the national grid and that is what West Nile is crying for.

Mr Speaker, the committee reported on the confusing data or statistics, especially about poverty. The level of poverty among the people of West Nile was about 30 per cent. All of a sudden, the UBOS report indicated that West Nile is now at 16.9 per cent. When this report came out, I think last financial year, no one could believe it, well aware that almost nothing has changed. We are still running our generators to operate our small businesses. We wondered how West Nile came from 30 per cent to 16 per cent.

I think in the committee report, they said that the poorest areas should be considered and prioritised. We fear such statistics, because then, the area will be left out and we do not understand why.

If UBOS captured revenues or finances that the donors are bringing to support the refugees that we host in West Nile, we want to understand that because the ordinary Ugandans are still as poor and even getting poorer.

The committee said that Government should have a regulatory framework on exports, and they mentioned two countries that are volatile; that is the DRC and South Sudan. Of course, if you see the region -*(Member timed out.*)

5.01

**MR AMOS OKOT (NRM, Agago North County, Agago):** Thank you, Mr Speaker. Let me start with what my colleague talked about regarding poverty and the index that the committee gave us.

In the Parish Development Model, we are talking about bringing up the 39 per cent living below the poverty line. However, in this report, they are talking about 23.4 per cent. They have also stated that Acholi subregion is at 67.7 per cent, while Kampala is at 1.6 per cent. This is where Government has to do some affirmative action.

Mr Speaker, during the war, the poverty line in the north was not at this level. The war is over, but people have continued to live in poverty. What is the problem? This is the question we should ask ourselves.

My recommendation is, since we are talking about borrowing money to build roads - in Northern Uganda, for example in the Acholi subregion, we are talking about only one road, that is, Kampala-[Olwiyo-Gulu-Acholibur-Kitgum-South](https://www.google.com/search?rlz=1C1CHBD_enUG887UG887&sxsrf=ALiCzsb9n3oZ94VptLij8YD-tTCUw2CYVA:1661872526170&q=Olwiyo-Gulu-+Acholibur-Kitgum+road&sa=X&ved=2ahUKEwjw8tXM7e75AhWH_IUKHSPODZwQ7xYoAHoECAIQNQ)Sudan Border, but the bulk of the roads are terribly bad.

Regarding electricity, the voltage, which goes there, cannot support any industrialisation. So, how will you pull people out of poverty? That needs some attention.

We also wondered a lot about Karuma; we are building a power station, but the power from Karuma - first of all, they bring it to Kawempe before starting distribution. And the power in Jinja, that we have been waiting for - they also started distribution in Jinja –*(Member timed out.)*

**THE DEPUTY SPEAKER:** Okay, conclude your point.

**MR AMOS OKOT:** Thank you. I am trying to stress that let us increase the strength of electricity in that area.

Also, let us compensate the war victims because the animals that they raided would help them - Can you imagine Karamoja, which had been rated the poorest area is at 65 per cent and Acholi subregion is now higher than it. Let us compensate these people - not in a cosmetic way, but real compensation, so that they get back their animals. Once we do that, the country is going to it. I want to thank you.

5.03

**MS SARAH OPENDI (NRM, Woman Representative, Tororo):** Thank you, Mr Speaker. I thank the committee for the report. I was shocked that our stock of debt is now at Shs 78 trillion. That is really something not pleasant to us. The report from the committee clearly states that the external debt constitutes 61 per cent while domestic debt is at 39 per cent.

It is really sad that we have, in the recent years, been borrowing to finance our own recurrent expenditure, something that should not happen. I would like to attribute all this to illicit financial flows in this country. Of course, this is hampering and affecting the growth of the economy; the issues of corruption, the opaqueness in the mineral sector - I have talked about this before. We are exporting minerals and the country is reporting trillions of shillings from gold and other minerals; but this is not our money. This has to be dealt with. We have to address the gaps.

I would also like to state that I attended a meeting where I was shocked that we are exporting items out of this country; cash crops like tea, coffee, and others - and the report on what is exported in our books differs from the reports from those countries that are importing. That gap must be addressed.

Therefore, in the interest of time, I would like to conclude that we are not short of resources as a country - *(Member timed out.)*

Mr Speaker, can I just conclude that statement? We are not short of resources -

**THE DEPUTY SPEAKER:** Everyone is saying, “Can I conclude”, but you are getting an extra minute. I want us to finish at 6.00 p.m.

**MS OPENDI:** We are not short of resources as a country. Our biggest problem is the gaps that are allowing the resources to go into the wrong areas - corruption and these illicit flows, and the opaqueness in the mineral sector has to be dealt with. Thank you, Mr Speaker.

**THE DEPUTY SPEAKER:** Colleagues, we need to really look at the position of Government on value-addition. This is where we shall recoup what we are losing mostly.

I was in Milan some time back and went to the coffee Starbucks roastery. A kilogramme of Arabica coffee from Uganda was being sold at €45. This was just a few days ago at the Starbucks roastery in Milan. But the same Arabica coffee from my constituency - because I have a rift valley in Kiyanga - is bought at Shs 6,500; not even €2; and then someone who is not even in the coffee business is earning that much.

Therefore, we have to add value and support Government’s efforts that are aimed at value-addition so that we can add value from here, and a bigger chunk of that money remains here. If we do not do that, then we shall continue to read from the Book of Lamentations.

The other day, someone tried to read from the Book of Psalms and Hon. Cecilia Ogwal reminded him how Psalms has many chapters on lamentations -*(Laughter)-* so we are not sure.

5.07

**MR IBANDA RWEMULIKYA (Independent, Ntoroko County, Ntoroko):** Thank you very much, Mr Speaker, for the opportunity. I also want to take this opportunity to thank the committee and members for this good report.

Mr Speaker, we have really understood that the public debt in the country, whether external or domestic is increasing, which is not a good sign. The committee is excited that this increase is brought about by an increase in public investment, for instance, the infrastructure.

On infrastructure, I have been following how we are running. They are talking about infrastructure, but in our district roads - I think Government is only minding about highways yet, our District, Urban, and Community Access Roads (DUCAR) are impassable. That is why we were arguing the other day that we should operationalise the Uganda Road Fund so that our roads are passable. When we give people good roads, people will think of what to do with the roads.

They are talking about energy, but Mr Speaker, most of our subcounties do not have power, yet it is one of the drivers of development in this country. Therefore, I would like to urge the chairperson of the committee, through the Rt Hon. Speaker, to call upon the minister to come and update this Parliament on how far they have gone with the issues of giving the citizens of Uganda power.

What has been bothering me so much is domestic borrowing. I think we have *mafias* -*(Member timed out.*)

**THE DEPUTY SPEAKER:** Honourable member, I warned earlier on the issue of “add me some time so I conclude”.

Colleagues, on the issue of excess power, the breakdown of Isimba dam has shown us that we are living a lie. Even if Karuma comes on board, if we do not plan for another dam in the next six to eight years, we shall be in trouble. Otherwise, with the rate at which consumption is growing, we better start planning early. Whether we develop Ayago or encourage more of solar and all of that, Isimba has taught us a very big lesson.

5.10

**MR MILTON MUWUMA (NRM, Kigulu County South, Iganga):** Thank you, Mr Speaker. Allow me to thank the committee for the informative report.

The report has, at some point, given me a smile and, to a certain extent, made me miserable. When they reported that the biggest importers of Ugandan products were South Sudan and the DRC, that gave me a smile – justifying the decision that was taken to pacify and deploy in DRC and South Sudan. Whereas the country was being castigated at some point, I think the point has finally come out clearly on why it was necessary, and we need to invest and network with our neighbours. That is a *kudos* and I salute the committee for highlighting it.

Mr Speaker, there is the issue of cost of doing business. Whereas Uganda is a liberalised economy, the Ministry of Finance, Planning and Economic Development, through Bank of Uganda, has left Ugandans under the mercy of financial institutions.

I remember during the lockdown, we kept on reminding the ministry to prevail over these banks. They would still charge and demand for loan recoveries when people were at home and not working. Even now, they are operating the fixed method of charging interest, yet we need to practice the reducing balance method. Honourable minister, let us do something.

I have a voter who is losing property in Iganga. Having borrowed Shs 30 million, they kept charging a flat rate. To date, if you consider the amount of money he has paid – even when he had around Shs 1.5 million outstanding, the interest rate remained the same –

**THE DEPUTY SPEAKER:** Is that a money lender or a bank?

**MR MUWUMA:** Mr Speaker, the minister seems uncomfortable and I am addressing the Chairperson. I seek permission because I got these documents. This is Postbank charging that fixed method of recovering interests.

When you consider a constant figure, I think we are operating like silos. This is a bank - moreover, having resources from the Government of Uganda. We need to do something. Thank you.

**THE DEPUTY SPEAKER:** Share that with the minister. He should be able to help.

5.13

**MR SILAS AOGON (Independent, Kumi Municipality, Kumi):** Thank you, Mr Speaker. Allow me, first, to appreciate the committee and, more so, the leadership. Where I see Hon. Ikojo, usually, I am comfortable; I know his capacity. Thank you for the good report.

First, borrowing money is not a bad idea. The problem is the utilisation of the money. In my constituency, some poles were planted for power. However, up to now, they are not connected. People do not have power. That is the kind of waste we are talking about in the country.

Borrowing money is not a bad idea, but the issue is about the productivity of the loans. Up to now, five years - count from 2017 - the days of *“Togikwatako”*.

**THE DEPUTY SPEAKER:** Honourable member, what is “*Togikwatako”*? That is not an official language. *(Laughter)*

**MR AOGON:** I withdraw that one and replace it with from the days of “*Don't touch”* up to now, the lines have not been connected. That is what I am talking about.

Secondly, when it comes to the issue of roads, the road which runs from Kumi to Serere and back to Soroti, up to now, is not tarmacked - from 1900, during the days of the Buganda Agreement. I do not know whether Government is aware of that road or it forgot about it. Mr Speaker, that is one concern that must be taken into account.

The other is the issue of value-addition, which we are talking about. In Teso, drought has affected us several times, but up to now, irrigation has not been actualised. Why are we borrowing money, but it is not able to reach my constituency, for instance? Where is it? We are waiting forever. Mr Speaker, there is not even a single factory in my constituency *– (Member timed out.)*

5.15

**MR CHRISTINE KAAYA (NUP, Woman Representative, Kiboga):** Thank you, Mr Speaker. My comment begins with the methodology and source of information. When the two reports cite that agriculture is the backbone of our economy and you find that in the consultations, the agriculture ministry is not part, and public adverts are also not, we begin questioning the responses; and the recommendations will automatically fall short. That is what even happened in the earlier excise duty amendment. How could NEMA miss out on being among the consulted entities?

The report, especially on the economy, has not mentioned anything about the effect of COVID-19, yet those are the years that affected exports greatly. So, why shouldn't we talk about such a problem, and then devise means in the next period?

The other issue that has been omitted is that of marketing for our agricultural produce or even environmental products such as timber. People are willing to conserve the environment - plant trees - but they cannot stay poor. We need to incentivise them to leave our environment by paying them for leaving their trees standing. That is very important at the moment.

I hope next time in the budgeting, we shall not be fighting for our sectors. Let us look at this report on the economy and agree not to suppress the budgets of – *(Member timed out.)*

5.17

**MR DAVID SSERUKENYA (NUP, Makindye-Ssabagabo Municipality, Wakiso):** Thank you, Mr Speaker. I propose that if we are to get out of debt as a nation, first, we should put emphasis on our areas of strength, for example, tourism. When you reach big national parks such as the Murchison Falls, you are going to find that most of the hotels are foreign-owned, whereby all the money is taken out of the country.

Secondly, we need to major in agriculture by mechanisation and value-addition. That is when we can make more profits in the country – also in sports.

We also need to emphasise “Buy Uganda, Sell Uganda”. For example, just imagine how much money is taken out of the country by MTN per second. I wish all workers and Government officials are forced to use UTL so that we can retain that money in the country. We need to make sure that we buy Uganda and sell Uganda.

Another thing is, why do we put our money in things such as Kiira Motors whereby almost 300,000 parts are imported, yet we can invest in agriculture, where we have more strength? Is it necessary to build a pipeline to Tanga in this economy, which is not doing well, yet we can build a refinery and use our fuel? Thank you.

**THE DEPUTY SPEAKER:** What about building both? *(Laughter)*

5.19

**MR ALLAN MAYANJA (NUP, Nakaseke Central County, Nakaseke):** Thank you, Mr Speaker. The committee’s report talked about the externalisation of labour. When I read about the collections, URA collected Shs 7 billion from export companies in only seven months. However, the ministry does not have a monitoring system. Our brothers and sisters are suffering in foreign countries. The ministry should develop a monitoring system for these Ugandans who are in Saudi Arabia or Dubai because they are suffering, yet Uganda is generating a lot of revenue from this industry.

Secondly, when the committee talked about elimination of extravagances, I think Government should emphasise more on investing money in productive projects, instead of wasting it. Thank you, Mr Speaker.

5.20

**MR GEOFFREY KAYEMBA-SSOLO (NUP, Bukomansimbi South County, Bukomansimbi)**: Thank you, Mr Speaker. I have listened to the committee report well, but I am somehow disappointed that they are very silent on the corruption and embezzlement of public funds taking place in this country.

In the IGG report, she mentioned that more than a trillion shillings every year is taken through corruption and embezzlement. That money would have helped take good water to Bukomansimbi, put electricity or construct a tarmac road somewhere in our country. However, they are losing all that through embezzlement and corruption.

I think we should put more emphasis on how we can recover that money, and how we can fight corruption, despite someone's connection to Government, affiliation or the post he/she holds. Thank you, Mr Speaker.

5.21

**MS RITA ATUKWASA (Independent, Woman Representative, Mbarara City)**: Thank you, Mr Speaker. I add my voice to thank the chairman and the entire committee for the report.

My concern is on how, in a skimpy way, they have singled out “climate change smart” without paying attention to climate change in its totality. Everyday here, if you pay attention to matters of national importance, that is the reason we are always crying on this Floor, yet the budget does not address it with the intensity that it deserves.

Right now, in Mbarara City, a sack of charcoal costs about Shs 120,000. Therefore, start imagining how many people will afford to cook food, even when they have it. Therefore, issues that will mitigate reusable energy, need to be addressed. As you mentioned, maybe 20 years or 10 years from now, we may find ourselves unable to cook; what shall we do?

It is very important that as Government and Parliament, we take this and grab it by the horns, so that we are able to deliver on that.

Lastly, the issue to do with the externalisation of labour; the recommendation seems to focus on domestic work. I wonder, what happened to our professionals that cannot get jobs here? Could the gender ministry also focus on that? We have nurses, IT specialists and engineers that are roaming around trying to do small businesses in markets; that is not to say it is downplayed that they do small businesses, but they could do better with economies that could put them -*(Member timed out.)*

5.23

**MS JANEPHER MBABAZI (NRM, Woman Representative, Kagadi):** Thank you, Mr Speaker. I also want to add my voice by thanking the committee.

I will go to the issue in paragraph 16, 22 about utilisation of public debt. Mr Speaker, there is need for this Government to improve on debt absorption. This is mainly through improving pre-borrowing, feasibility and planning processes. This will help to provide domestic financing for planning and other pre-implementation of other integrations. For example, land acquisition, feasibility studies, designs and drawings.

On the balance of payments, there is need for a deliberate effort towards cottage industries. In this case, we need to improve on innovation and quality that is linked to ongoing innovations. In our case, we have the PDM, which we are implementing now.

Agriculture is largely private sector-led in this country. Government may not necessarily come in, directly, but we may need to put up enabling laws, policies, and also regulatory regimes so that we are able to meet markets for our farmers by getting an enabling environment that can help them access very good markets and fair prices for their products. I beg to submit.

5.25

**MS HELLEN WANDERA (NRM, Woman Representative, Busia):** Thank you, Mr Speaker. When you look at agriculture in Uganda, it is at 24.2 per cent; industry is at 25.5 per cent; and the service sector, is at 50.5 per cent.

I have a belief that when we focus on agriculture, it is one of the ways of lifting the economy. However, you will find that we have poor roads; there is no way we can perform very well in agriculture when we have poor roads. In addition, our people engaged in agriculture, sometimes fail to find markets for their produce.

Secondly, we have a problem of inequality according to that report. If you look at our country, there is a lot of inequality in different categories, especially in employment; 64 per cent of the youth in the country are unemployed and yet they are the majority.

Therefore, this goes to the ministry and maybe the chairperson of the committee; please, try to look into this and work on it. Thank you.

5.26

**MR SIMON OPOLOT (NRM, Kanyum County, Kumi):** Thank you, Mr Speaker. First, I would like to thank the Committee on National Economy for the elaborate report.

I have read a number of reports that we generate as Government. However, I have come to realise that we have not focused on talent identification. When I talk about talent, I do not simplify it to mean say athletics or football or music; I am looking at the natural ability of someone to do something well. This is because, when you look at the economies that have developed rapidly, they have put much effort on applied science that is believed to be inborn in every human being. These people have focused on qualitative production that supports the economy.

Internationally, for example, people who have been regarded as wealthy, majority of them are people who may not even have acquired a formal degree at university, but people who have identified their talent early enough, and were able to deploy it to the right area.

That brings me to the question of the focus of the Parish Development Model; when you look at it, it tends to identify the 39 per cent – those who are not in the money -*(Member timed out.)*

**THE DEPUTY SPEAKER:** Hon. Opolot, please conclude.

**MR OPOLOT:** Looking at the Parish Development Model, it is focusing on identifying the 39 per cent of those who are not in the money economy. However, if these people have not been able to naturally come out and go into the money economy, how can the money that we are putting in be able to bring them to the money economy?

There are people who are already productive; we should focus on the people who are producing. Those are the people who need monetary support. For example, in my village, the people who are not in the money economy are those who are loitering every day and drinking. Thank you.

5.29

**MR RICHARD WANDA (NRM, Bungokho Central County, Mbale):** Thank you very much, Mr Speaker. I want to thank the committee and the leadership for the report. But this is what I want to observe.

We have redundancy in terms of loans that are negotiated and we sign up for them, and also pay commitment fees that my colleague from Kagadi referred to. I expected the committee to highlight the magnitude of such losses and then make recommendations on how we can best save our country from such haemorrhage.

In the report, Mr Speaker, the chairperson indicated that it was necessary to establish a Government bank that would help many of the businesses. However, my view would have been to suggest ways of strengthening Postbank Uganda Limited such that it does more of business enhancement than what it is doing now. I appreciate that as a country, we are losing a lot of money and resources to these banks, yet we need an indigenous bank.

There are economies that have grown by focusing on only three areas; trade, transport and tourism.

5.32

**MR MOSES GOLI OGWAL (NRM, Dokolo North County, Dokolo):** Thank you very much, Mr Speaker. The issues I want to mention mainly focus on purchasing power. Chairperson, we need to focus our attention on how we can boost the purchasing power of our local people. That is what will solve the issues of industrialisation and issues relating to tax.

So, let us put our energies together, plan and see how we can improve the purchasing power of our people.

The second issue, which I looked at, is domestic borrowing. Mr Speaker, I am proposing that under domestic borrowing, if you have the banks being provided treasury bills at a total of 78 per cent for banks, let us think a little bit more carefully; how can we link lending directly to the people? After all, that money is not for the banks; go direct - maybe using telecom companies - so that we can get this money and the banks will focus on the the easy area of treasury bills and suffocate the private sector, so that they can now think harder.

However, Government is making it very easy for them to make money in what is not core to them.

The other issue is tax policy. If you could allow the committee to explore; supposing we had a lower tax rate than we have actually now, won’t we have a bigger turnover? If you consider tax as a product and if you had the price *–(Member timed out.)*

**THE DEPUTY SPEAKER:** I know Hon. Goli was pushing for these issues so much when he was the Director, Private Sector Foundation Uganda. So, conclude.

**MR GOLI OGWAL:** If we consider that, possibly, we will have a win-win for Government; the revenue will increase and it will be easier if we find a productive sector to pay tax, especially those who are lower. Let us explore that.

**THE DEPUTY SPEAKER:** Thank you.

5.34

**MS NOELINE KISEMBO (NRM, Woman Representative, Kibaale):** Thank you, Mr Speaker, for the opportunity. I want to appreciate the committee for the comprehensive report.

I was particularly impressed by the performance of our country as far as trade within the East African Community is concerned; that we were able to export more and then we were able to import.

This means we need to focus more on investment within the productive sectors of our economy as opposed to consumption - and agriculture is one of these. I would even implore that we all make efforts to defend, support and ensure the effective implementation of the Parish Development Model, since it is aimed at increasing production, so that we are able to export more.

Secondly, Mr Speaker, other colleagues have mentioned that we really need to ensure value-addition on our products so that we are able to export more value and add more from what we are exporting. This will help our economy to do better. I thank you, Mr Speaker.

5.35

**MR GODFREY ONZIMA (NRM, Aringa North County, Yumbe):** Thank you, Mr Speaker. I want to thank the committee for the report. I have three areas to comment on:

Firstly, the area of domestic arrears. Many of our contractors have abandoned businesses just because Government has failed to pay them. You will realise that most of our big projects are being managed by most of these foreign contractors. And when it comes to financing, many of them access easy money. We have very many Arab contractors in the country, many of them benefit from Islamic banking, where once you borrow money, you end up paying back the money with no interest.

However, most of our businessmen whose capacities should have been built by Government suffer in the hands of Government, which does not pay back their money. Yet, the monies that most of these foreign companies make out of the country, they take it through capital flight. If the capacities of our own contractors are developed and they get these contracts, these monies will remain in our country.

So, I urge Government to ensure that they look into the issue of domestic arrears. The other day, we were here trying to rescue ROKO Construction Limited – And, if you follow closely, you will find that somewhere or somehow, ROKO Construction Limited might have not been paid by Government. Those are some of the issues.

Secondly, usage of loans: I think the issue of putting our loans to good use, Mr Speaker, must be taken seriously. We have gone to the fields to supervise projects, which are done through loans, but when you look at them, there are wastages. Many times, we scrutinise the Government Budget Framework Paper and the ministerial policies, but if you *–(Member timed out.)*

5.37

**MR EDSON RUGUMAYO (NRM, Youth Representative, Western):** Thank you, Mr Speaker. I want to commend the committee for a wonderful report. And, I would like to comment on two issues.

The report highlights something to do with less revenue collection. As a country, for us to collect more revenue, we have to be intentional and deliberate on creating more revenue.

Mr Speaker, this country boasts of the youngest population in the world - over 78 per cent - and yet world over, it is known that the youth are the most innovative generation. As Government, it is important that you consider thinking about innovation, deliberately supporting start-ups for young people, especially in the ICT sector, because it is these young start-ups that are supported by Government that grow into companies that can be taxed and collect more revenues.

We need to have a strong policy on incubation of start-ups. This is very important for us as a country, because this is what will grow into businesses that collect revenues for us.

Secondly, Mr Speaker, it is getting to over 15 years as a Government prioritising and investing in infrastructure, but the impact of this is not felt because there is less play by local actors. There is need to have a strong policy on supporting local contractors, and this is very important.

There needs to be policy advocacy on forming joint ventures to allow our local contractors to have the capacity to play on big contracts. Thank you very much, Mr Speaker.

5.39

**MS FLORENCE ASIIMWE (NRM, Woman Representative, Masindi):** Thank you so much, Mr Speaker. I am raising the issue of externalisation of labour. As a member of the Committee on Gender, Labour and Social Development, we were informed that for each vacancy, the Government earns about $30.

Therefore, as we talk of value-addition on agriculture, I am of the view that we have value addition on externalisation of labour. We should stop externalising maids, but instead externalise professionals so that the money is increased from $30 to $100 because of the value-addition.

I did not hear about the population policy; I do not know what we can do. As the population increases and the GDP decreases, we need to come up with a population policy where a family should have the number of children they can afford to look after. Otherwise, the burden always falls on Government. Thank you.

5.41

**MR DONONZIO KAHONDA (NRM, Ruhinda South County, Mitooma):** Thank you so much, Mr Speaker. I expected the committee to attach the annexes of these loans so that Members are informed on how the loans are performing in their constituencies or in their sectors. For example, Mr Speaker, you talked about value-addition. We processed a loan for value addition and supply chain, but Government has been silent about it. The Ministry of Agriculture, Animal Industry and Fisheries is supposed to be the implementing agency, but since then, Government has been quiet about it.

We passed a loan from Exim Bank to connect all subcounties in this country with electricity. I remember, Mitooma District was in Phase II, but since then, Mr Speaker, I have seven subcounties, but only one – *(Member timed out.)*

**THE DEPUTY SPEAKER:** Hon. Kahonda, there is another report coming on performance of loans from the same committee.

Hon. Nyakikongoro?

5.42

**MS ROSEMARY NYAKIKONGORO (NRM, Woman Representative, Sheema):** Thank you so much, Mr Speaker. My interest is in investment on returns. For the last so many years, Government has been investing in roads and electricity, but when you look at the areas where those roads and electricity are, what do we use to generate revenue from those areas?

I am not going to mention the road because you might castigate me. There is a road on which cars transport banana leaves and *kabalagala*. You really wonder the investment that was put in the infrastructure development of that road and what is being generated on that road.

Sometimes I think we, politicians, put a lot of pressure on Government to construct roads, and to put electricity in –*(Member timed out.)*

**THE DEPUTY SPEAKER:** Are you denying me a road indirectly? *(Laughter)* Namisindwa?

5.43

**MS SARAH KAYAGI (NRM, Woman Representative, Namisindwa):** Thank you, Mr Speaker. I will address myself on the issue of tax exemption. Every time we hear about investors coming to this country, we celebrate because we believe that we are going to collect revenue.

Unfortunately, at the end of it all, these investors end up getting tax exemptions and after a short period of time, they claim they are making losses and they leave the country.

I think, as a committee and the Minister for Finance, Planning and Economic Development, we need to look into this and reduce on this plan of tax exemptions all the time.

Secondly, the poor planning that we have when we are borrowing these loans. We borrow the loans when we are not even ready to use –*(Member timed out.)*

5.44

**MR DAVID LAGEN (NRM, Agago County, Agago):** Thank you, Mr Speaker. My concern is specifically on the issue of public debt.

Mr Speaker, in this country, we have enough resources that we can be able to utilise effectively to support this country. However, one of the key challenges I have realised is management. If the management of these resources is not very effective, definitely we are bound to have a problem.

We can only reduce this public debt when we have good management systems with good principles. Then, we will be able to realise enough resources that we can utilise effectively to support this country.

Then the issue of the repatriation of the resources –*(Member timed out.)*

**THE DEPUTY SPEAKER:** Hon. Babungi?

5.45

**MS JOSEPHINE BABUNGI (NRM, Woman Representative, Bundibugyo):** Thank you so much, Mr Speaker. I will also interest myself in increase of productivity, especially in agricultural produce.

Mr Speaker, Bundibugyo District produces 70 per cent of cocoa in Uganda, which is exported as beans. The 30 per cent is from the other districts. According to research which was done, Uganda’s cocoa is the best in the world, especially the one which comes from Bundibugyo.

On value-addition, Bundibugyo District, because of its cocoa productivity, needed a factory yesterday. Mr Speaker, why can’t Government consider getting us a factory so that we can add value to our cocoa and it will –*(Member timed out.)*

**THE DEPUTY SPEAKER:** Isingiro?

5.46

**MR RAUBEN ARINAITWE (Independent, Isingiro West County, Isingiro):** Thank you very much, Mr Speaker. I also want to thank the committee for the good report.

My contribution is on high lending rates. Mr Speaker, you know the economy of this country depends mostly on agriculture. Now that Government no longer supports the 61 per cent of those in the money economy with inputs like seeds, seedlings and other planting materials and with these big bank loans, I am worried that the people in the agriculture industry might get a problem.

I am of the view that we should have sector-based banks like agricultural banks, cooperative banks, if possible even construction –*(Member timed out.)*

**THE DEPUTY SPEAKER:** Today, I have not allowed free sitting. So, I can take it formally that Hon. Moses Ogwal has crossed the Floor and Attorney-General, we can take action? *(Laughter)*

Hon. Okwir?

5.48

**MR SAMUEL OKWIR (NRM, Moroto County, Alebtong):** Thank you very much, Mr Speaker. I want to join my colleagues in thanking the committee for the good report.

I am going to speak in two perspectives: one, on the side of how the economy is performing. Mr Speaker, the Uganda Revenue Authority is not doing well on the mushrooming companies. Why? They put a lot of pressure on mushrooming companies and they give tax holidays to companies, which are doing well. In that way, they are reducing the tax base. So, they squeeze the small companies and then give tax holidays to the big companies.

Secondly –*(Member timed out.)*

5.49

**MS HOPE NAKAZIBWE (NRM, Woman Representative, Mubende):** Thank you very much, Mr Speaker. I join the Members who have thanked the committee and its chairperson for the two reports.

I want to comment on the indebtedness of our country. Mr Speaker, the chairperson informed Parliament that our foreign loan increased by 20 per cent. The level of non-disbursement is at 32 per cent; yet, considering the number of loans we have, only 76 per cent are performing.

It is on that note that I want to implore Minister Musasizi and the whole Ministry of Finance, Planning and Economic Development to ensure that when we get these loans, they put them to good use, to ensure that Ugandans who pay tax do not pay in vain. We pay a lot of tax on loans that are *-(Member timed out.)*

**THE DEPUTY SPEAKER:** Hon. Pacuto, you are a member of the committee. Colleagues, remember that I am the one who deployed you on those committees, and you maintained your committees; so, I know each one of you.

5.50

**MR TOM AZA (NRM, West Moyo County, Moyo):** Thank you, Mr Speaker.I also thank thecommittee for the report. I would like to talk about the issue of transport and communication. It is very vital for the movement of goods and services.

The development of West Nile has been arrested at a place called Laropi, where there is a ferry and normally people delay at the ferry point, for sometimes two or three hours waiting for the ferry. We request Government to build a bridge across the Nile at a place called Laropi, so that we can have free movement of goods and services.

Mr Speaker, time is money. When I was in the seminary, we were taught that “*Tempus Est Pecunia”* (Time is money). When –*(Member timed out.)*

5.51

**MS CATHELINE NDAMIRA (NRM, Woman Representative Kabale):** Thank you, Mr Speaker. I want to thank the members of the committee for the work they have done. They have done their part and the rest is left for us.

The report is a bit scary. The committee has quoted that it will take us seven years to clear the current stock of domestic arrears on condition that no new stock is added to increase it. They even quoted the rate at which domestic arrears are rising.

Mr Speaker, we need to interest ourselves in fighting corruption that is done at -*(Member timed out.)*

5.52

**MR XAVIER KYOOMA (NRM, Ibanda County North, Ibanda):** Thank you, Mr Speaker. I also thank the committee for the report.However, when I was going through, I failed to see how they reached such a conclusion.

Mr Speaker, it is indicated that the debt stock increased by 22 per cent from Shs 56.9 trillion in the Financial Year 2019/2020 to Shs 69.5 trillion. Even in terms of sustainability, the country has been rated from strong to medium. In terms of risk rating, it is actually facing an increased risk of distress in the recent year compared to the previous years. However, somewhere, they say, “It is still sustainable in the medium term and long terms.” How? If you have actually observed that it is in financial distress in the recent past and you make that projection, then it shows we are going for danger. Therefore, efforts must be put in place to reverse that.

Mr Speaker, where the debt burden is increasing without increasing the domestic revenue, then we are doomed. We, therefore, need to look at it critically and devise means. Thank you.

5.54

**MR SIRAJI EZAMA (NRM, Aringa County, Yumbe:** Thank you, Mr Speaker. I want to thank the committee for the elaborate report they have come up with. I only have a concern about the repetitive work Government is doing.

Mr Speaker, in the roads sector, Government spends a lot of money. You find that within a few years, the road for which money had been utilised is already spoilt and yet we continue to put more money on the same road. Money is spent repetitiously on the same thing. Money that could have been spent on a different issue is now going to the same thing where money has been used; that is where we lose a lot of money. We, therefore, need to correct that. The engineers could have been the ones to save us, but I do not know how they do their bills of quantities, which makes Government -*(Member timed out.)*

5.55

**MR CHARLES GEOFREY OKELLO (DP, Nwoya East County, Nwoya):** Thank you, Mr Speaker. I also thank the Chairperson of the committee. I have only two issues to raise.

One, there is a lot of mix up in the data that was given about poverty. It says that rural poverty has reduced. Then, the most poor remain in the rural area. I want clarification on that.

Two, I think Government has spread too thin on the pillars of the economy. The priorities that should have been on public transport, energy, roads and water are spread too thin such that at the end of it all, the tenets of the economy do not work -*(Member timed out.)*

**THE DEPUTY SPEAKER:** Since there is only one active DP member in the House now – (*Laughter*) – He is a DP minister. Hon. Pereza used to remind us, “When greeting me, I am ‘honourable minister.’ I am not an honourable member”. (*Laughter*) Then he would mention some names and say, “The honourable members are people like Hon. Musasizi, but for us, we are honourable ministers.”

**MR GEOFFREY OKELLO:** In our own DP language, we say “*egumire”.* I just want to give an example of energy. In this country, we probably have much more energy than we need. We just need dual technology where you can receive the line from the national grid. If you also have excess power, for example, from your solar or generator, it is reabsorbed into the national grid. It is that technology that is going to move us.

**THE DEPUTY SPEAKER:** Thank you.

5.57

**MR CHARLES MATOVU (NUP, Busiro County South, Wakiso):** Mr Speaker, accord us more time.

**THE DEPUTY SPEAKER:** You are eating into your time.

**MR CHARLES MATOVU:** Thank you, Mr Speaker. It is a mandate of Government to set up the trajectory of the economy. However, we have to address our minds to the framers; the people behind the planning of the economy.

When you look back from the pre-colonial situation that we were in, our schools still continue with the same education system that has drawn us backward. This has not been captured anywhere in the report. For us to have an economy that will thrive, we need to have people *–(Member timed out.)*

5.58

**MR PAUL NSUBUGA (NUP, Busiro County North, Wakiso):** Thank you, Mr Speaker. I also thank the chairman of the committee. However, for any good report, it must be fully signed.

Secondly -

**THE DEPUTY SPEAKER:** Honourable, I am going to pick reports of the committees you belong to and I see how many you have signed, because I know you well. *(Laughter)*

**MR PAUL NSUBUGA:** Secondly, I am going to put emphasis on the borrowed money. Government borrows money and the money is not used. The emphasis is that we should use that money instead of borrowing and paying interest minus using it. In case they do not have what to use it for, let them bring it to Busiro North. We have investors and they will pay back their loans as early as possible. Thank you.

6.00

**MR DENIS ONEKA LIT (FDC, Kitgum Municipality, Kitgum):** Thank you, very much, Mr Speaker. I would like, first of all, to thank the committee for the good report they have brought before us. I take interest in two particular issues, and one is about the poverty disparities.

When you look at the poverty disparities, it clearly stipulates that the people of Acholi have a poverty rate of 67.7 per cent. The biggest question then is, “What then should be done in order to help the people with a high level of poverty?”

Mr Speaker, Government often comes with a lot of activities geared towards eradication of poverty, but the biggest challenge we have in this country – (*Member timed out.)*

6.01

**MR ALOYSIUS MUKASA (NUP, Rubaga Davision South, Kampala):** Thank you, Mr Speaker, for the opportunity. I have picked interest in point 2.6.1 about poverty. It has been claimed that there are decreasing levels of unemployment in the rural areas versus the increasing levels of unemployment in urban areas. My question is, “Is it the number of unemployed people in the villages that come to the urban areas or there is an increment in the levels of employment in the rural areas?”

Mr Speaker, on a daily basis, as legislators of urban centres, we encounter large numbers of people categorised as “rural-urban migrants”. Does population create employment or it is just an –*(Member timed out.)*

6.02

**DR NICHOLAS KAMARA (FDC, Kabale Municipality, Kabale):** Thank you, Mr Speaker. I thank the committee for the report.I would like to emphasise the point of value-addition on externalisation of labour.

We have over 11 medical schools in Uganda and over 100 nursing schools, producing doctors, laboratory technicians, midwives and all sorts of medical workers, who are on the streets. It is high time we came up with a good policy to make sure that the labour we export is quality and professional. I beg to submit.

6.03

**Mr LINOS NGOMPEK (NRM, Kibanda North County, Kiryandongo):** Thank you, Mr Speaker. I would like to thank the committee.

The committee helps Parliament – or Government – to monitor the performance of the economy. So, I believe that in their next recommendation, once given a chance, they should also help Government to come up with proposals on widening the tax base. If we have a narrow tax base, we shall still have the negatives that they have raised, yet we have many areas that Government can tap and get more taxes from. Thank you

**THE DEPUTY SPEAKER:** Thank you. Finance minister, please respond. Hon. Cecilia Ogwal, you had spoken – and on committee reports, the Leader of the Opposition has no automatic right of reply. *(Laughter)* You told me you were the acting Leader of the Opposition and you spoke. *(Laughter)* *Mama*, just submit your point.

6.04

**MS CECILIA OGWAL (FDC, Woman Representative, Dokolo):** Mr Speaker, this is not a bribe. *(Laughter)* I just wanted to raise two points. One, we should not just discuss this report, but we should give the ministry specific assignments because we have been talking about the same things over and over – the issues of arrears have continued to appear in such reports.

There are three things that we ought to address in this particular report. One, we should give the ministry a directive on how to strategically manage domestic arrears because of the implication – they are economists and they know. When you talk about domestic arrears, you are denying the country a chance to use its own money for development.

Secondly, in East Africa, we are now eliminating polythene bags, but there is a recent tax waiver on polythene bags production. It means we are giving incentive to produce polythene. That is dangerous and Government has to explain why, instead of eliminating polythene bags, they are providing an incentive.

**THE DEPUTY SPEAKER:** Honourable, your submission is contrary to what was passed today, in the morning, when the House was considering the Excise Duty (Amendment) Bill. The tax was put at 40 per cent.

**MS CECILIA OGWAL:** Mr Speaker, I am a climate change activist and I feel very hurt when I see anything done to promote polythene production.

**THE DEPUTY SPEAKER:** What we passed today was 40 per cent or Shs 4,000, whichever is higher, isn’t it?

**MS CECILIA OGWAL:** Okay. What about other companies? When a company is taxed, it means it has had profit. Why should we not allow these foreign companies to pay tax, particularly now that we need extra revenue for our development?

I think the ministry has to look into that. We are not going to allow a waiver when a company is capable, by virtue of profitability, to pay tax.

**THE DEPUTY SPEAKER**: Thank you. Honourable minister? Clerk, please, open up for the minister. He has three minutes.

6.06

**THE MINISTER OF STATE FOR FINANCE, PLANNING AND ECONOMIC DEVELOPMENT (GENERAL DUTIES) (Mr Henry Musasizi):** Thank you, Mr Speaker. Allow me to thank the committee for the job well done. I would also like to appreciate colleagues for enhancing the committee’s report. The general comments I would like to make are as follows:

One, our economy has faced severe shocks in the recent times, but I beg to inform this House that our economy remains resilient and we have a projected growth rate of 5 to 5.5 per cent this financial year. This is slightly below our target of 6 per cent.

Mr Speaker, another important issue is on the fiscal deficit. I appeal to you, colleagues, to support us on our goal to increase the tax-to-GDP ratio to 18 per cent. By so doing, we shall have brought the fiscal deficit to the minimum levels and, henceforth, reducing the borrowing.

Another area, where we are focusing our synergies, is on reducing the three major costs; the cost of transportation, the cost of money – that is, the interest rate – and the cost of electricity.

We are doing all the necessary investments to ensure that these costs are low so that we reduce the cost of doing business.

Mr Speaker, to stimulate our economy, our focus is on the four major sectors which support our economy, that is, agriculture, manufacturing, services and ICT. I would like to inform this House that our focus for the Budget we are implementing is in providing money for these sectors, to enable them keep afloat and also keep growing.

Lastly, on the domestic arrears, this year alone, we provided Shs 661 billion, which we released in this quarter one, to take care of the domestic arrears. We commit that going forward, we shall continue reducing the domestic arrears bill to a minimum. In the interest of time, I beg that I submit a detailed response to all issues Members have raised in writing. *(Applause)*

**THE DEPUTY SPEAKER:** Thank you, honourable minister. That is granted. The minister will submit that response, as part of - of course, the moment we adopt the report, rule 220 of our Rules of Procedure requires the minister to submit an action-taken report. This is where all the responses and actions will be contained. Our focus is on action; it is not just justifying here and there. Chairperson, please conclude.

6.20

**THE VICE-CHAIRPERSON, COMMITTEE ON NATIONAL ECONOMY (Mr Robert Migadde):** Mr Speaker, I thank my colleagues of the committee and Members in this House who have appreciated our contribution. We want to emphasise that we are not a sector committee to go into detail as expected, but we give a picture to also allow the sector committee do their work. We shall come back at a later date with the performance of loans.

Mr Speaker, through you, allow me to give opportunity to my chairperson to say something. Thank you.

**THE DEPUTY SPEAKER:** Yes, he is your chairperson - Procedure?

**MS CECILIA OGWAL:** Mr Speaker, I am rising on a point of procedure. The procedural matter I am bringing is the point, which the minister made and that the chairperson agrees with; that the focus is on agriculture, production and other sectors. However, can you now tell us what percentage of our Budget the committee is recommending, so that we can now see that you are serious? We want to take you on that.

Secondly, we want to know who the beneficiaries of the arrears you have talked about are because we want to know. Most of the pensioners are in that bracket. So, who are the beneficiaries of the arrears you have talked about? Thank you.

**THE DEPUTY SPEAKER:** Thank you. Unfortunately, those are not procedural matters. So chairperson, continue. *(Laughter)*

6.12

**THE CHAIRPERSON, COMMITTEE ON NATIONAL ECONOMY (Mr John Bosco Ikojo):** Thank you very much, Mr Speaker.

**THE DEPUTY SPEAKER:** The minister has taken note of them though. *(Laughter)*

**MR IKOJO:** Mr Speaker, I want to appreciate my vice-chairperson for ably presenting the report of the committee. *(Applause)* He has ably performed the delegated responsibility that I gave him.

Colleagues, I want to thank you so much –*(Interruption)*

**MR ONEKA:** Thank you very much, Mr Speaker. The procedural matter I wanted to present is basically on the matter of a very important item; that is on the PDM. The committee chairperson critically put in the recommendations that the PDM should be implemented –

**THE DEPUTY SPEAKER:** Honourable colleague, is the PDM on the Order Paper?

**MR ONEKA:** It is not, but I am trying to align it to –

**THE DEPUTY SPEAKER:** When the Presiding Officer is speaking, please take your seat. Colleagues, I have guided: procedure is very clear - It is only on proceedings of the day. Today, we are not on the PDM. Chairperson, please conclude.

**MR IKOJO:** Thank you very much, Mr Speaker. I also want to thank the members of the committee. I have a very able committee *(Applause)* As you can see from the report that has been presented to the House, we were able to internalise and analyse the data that was given to us by various technical persons from the finance ministry and also, our technical team from Parliament.

I have one thing to say; that the members of the committee did a very good job. One thing I will request is that in future, when you give us the opportunity to present in the House, you allow us to present the entire report so that Members are able to appreciate what we have in the report.

In most cases, Members keep on debating on issues that the committee has already presented and, therefore, that also takes a lot of time in the House.

Nevertheless, I thank you very much for giving the committee an opportunity on the Order Paper to present the report. We have another report that is yet to be presented - that is on the performance of loans. We believe in the next four weeks, the committee will be in position to present a report on the performance of loans. I thank you, Mr Speaker, for giving us the opportunity. *(Applause)*

**THE DEPUTY SPEAKER:** Thank you, honourable chairperson. Colleagues, we have two reports. I will put the question on each report, separately.

I now put the question that the House adopts the report of the Committee on National Economy on the Performance of the Economy as at June 2022.

*(Question put and agreed to.)*

*Report adopted.*

**THE DEPUTY SPEAKER:** Honourable minister, we shall need an action-taken report in three months, as per rule 220 of our Rules of Procedure.

I now put the question - I hope this time, for Hon. Cecilia Ogwal, it will be in the affirmative - that this House adopts the Report of the Committee on National Economy on the State of Indebtedness, Grants and Guarantees as at December 2021.

*(Question put and agreed to.)*

*Report adopted.*

**THE DEPUTY SPEAKER:** Colleagues, I thank you for today. You have done a tremendous job; passing the Bills that you have managed to pass. I thank the Rt Hon. Speaker who came in and steered the House from early morning at 10.00 a.m.

I thank members of the front bench –*(Applause)*- who are still here. Also, I really want to thank the Attorney-General. *(Applause)* Colleagues, the Attorney-General has not slept since Thursday because I have been in touch with him all the time.

The committee chairpersons and members of the Committee on Defence and Internal Affairs; the Committee on Legal and Parliamentary Affairs; the Committee on Finance, Planning and Economic Development; and the Committee on Tourism, Trade and Industry; you have done a tremendous job. *(Applause)* You worked over the weekend to save our country.

Now, someone out there might be saying, “Look, why are they rushing?” We were saving our country. I heard a Member say he has never seen a presiding officer in a committee meeting. I needed to do that. We cannot continue doing business as usual; whether it means us going beyond our call of duty, we are going to do it, but we must deliver. *(Applause)*

Now, the Government side; the other day, you were celebrating that you have given us Bills. You gave us Bills, but you also gave us an order to consume them in one week. We have consumed all of them. We need Bills; we need business. *(Laughter)*

Therefore, we have received nine Bills out of the proposed 62 Bills in the Legislative Agenda submitted by the President during the State-of-the-Nation Address. He talked of 62 Bills for this session and we have received nine, and we are doing well on all of them. So, we need more business from Government; we are ready.

Then for Members planning to table private member’s Bills, I urge you - the Attorney-General opened his doors; consult him and his office so that they help you with your Bill; not to frustrate you but to help you because they have the capacity to first comb all other laws. He has a whole unit that does that and it has the capacity to comb through the other laws and guide you.

We have seen many private members’ Bills in which some of the issues a Member maybe bringing are already covered somewhere in the law. Or, a Member may want to bring what I would call a “primary legislation” yet it only requires an amendment in another Bill. So, at the end, we are going to have very many laws and they will just lie idle.

Therefore, we have to be very cautious on the kind of laws we bring to the House; we need to bring very rich laws with very good content. So, with those remarks, colleagues, I adjourn the House to tomorrow at 2 o’clock.

*(The House rose at 6.20 p.m. and adjourned until Wednesday, 31 August, 2022 at 2.00 p.m.)*