




PARLIAMENT OF UGANDA

REPORT OF THE COMMITTEE ON BUDGET ON THE MOTION FOR A RESOLUTION ON THE RE-ALLOCATION OF FUNDS FROM RURAL ELECTRIFICATION AGENCY (REA) TO MINISTRY OF ENERGY AND MINERAL DEVELOPMENT AND FROM MINISTRY OF SCIENCE, TECHNOLOGY AND INNOVATION TO STATE HOUSE










Office of the Clerk to Parliament
Parliament Building
Kampala










AUGUST 2021









1.0 INTRODUCTION

On Tuesday, 24th August 2021, the Minister of State for Finance, Planning and Economic Development, in charge of General Duties, Hon. Musasizi Henry Ariganyira, moved a Motion for a Resolution of Parliament to re-allocate funds from Vote - 123 Rural Electrification Agency (REA) to Vote 017 - Ministry of Energy and Mineral Development; and from Vote 023 - Ministry of Science, Technology and Innovation to Vote 002 - State House.

The Speaker referred the Motion to the Committee on Budget. The Committee considered the Motion and hereby reports.

2.0 THE OBJECT OF THE MOTION

The Motion seeks a Parliamentary Resolution to authorize the Minister of Finance, Planning and Economic Development to re-allocate funds from Vote - 123 Rural Electrification Agency (REA) to Vote 017 - Ministry of Energy and Mineral Development; and from Vote 023 - Ministry of Science, Technology and Innovation to Vote - 002 State House.

On 10th May 2021, the existence and vote status of Rural Electrification Agency - Vote 123 was revoked under the Electricity (Establishment and Management of the Rural Electrification Fund) Instrument, No. 29 of 2021, and its functions were mainstreamed into Vote 017 - Ministry of Energy and Mineral Development.

In addition, on 9th June 2021, in accordance with Article 113 of the Constitution, H.E. the President of the Republic of Uganda, abolished the Ministry of Science, Technology and Innovation (MoSTI) and transferred its functions to the Office of the President, serviced by the State House Comptroller under Vote 002 - State House.

All the above actions occurred after Parliament had approved funds under Vote 123 and Vote 023 for the FY 2021/2022 and passed the Appropriation Act, 2021.

The Motion therefore requires that Parliament authorizes the Minister of Finance, Planning and Economic Development to re-allocate:

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- i) **UGX 527.114 billion**, hitherto, appropriated under Vote 123 - Rural Electrification Agency to Vote 017 - Ministry of Energy and Mineral Development; and
- ii) **UGX 265.043 billion**, hitherto, appropriated under Vote 023 - Ministry of Science, Technology and Innovation to Vote 002 - State House.

3.0 METHODOLOGY

In considering the Motion, the Committee:

- a) interacted with the political, administrative and technical leadership in the Ministry of Finance, Planning and Economic Development, Ministry of Energy and Mineral Development, Ministry of Public Service, State House and the Attorney General; and
- b) examined the following documents:
 - i) The Motion for a Resolution of Parliament to re-allocate funds from Rural Electrification Agency (REA) to Ministry of Energy and Mineral Development; and from the Ministry of Science, Technology and Innovation to State House; and
 - ii) The Ministerial Policy Statements of the affected Votes 023, 123, 017, and 002.
- c) Made reference to the relevant laws, notably;
 - i) The Constitution of the Republic of Uganda, 1995;
 - ii) The Public Finance Management Act, 2015;
 - iii) The Electricity Act, 1999;
 - iv) The Appropriation Act, 2021
 - v) The Budget Act, 2001; and
 - vi) The Electricity (Establishment and Management of the Rural Electrification Fund) Instrument, No. 29 of 2021.

4.0 THE LEGAL FRAMEWORK

The request for budgetary re-allocation is premised on Section 20 of the Public Finance Management Act, 2015, which provides that Parliament may, by resolution,

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responsible for energy on the terms and conditions as stipulated in their existing contracts of service.

7.0 PENDING OBLIGATIONS UNDER RURAL ELECTRIFICATION AGENCY (REA) AND MINISTRY OF SCIENCE, TECHNOLOGY AND INNOVATION (MoSTI)

The Committee observed that there are pending obligations that need to be addressed urgently, and these include:

- i) Salaries of all persons who were employed by the Rural Electrification Agency (REA), Ministry of Science, Technology and Innovation (MoSTI) and the Subventions there-under, have not been paid since the beginning of this Financial Year 2021/22. Their payments await the re-allocation of funds that the Motion seeks.
- ii) All obligations and liabilities subsisting against the Rural Electrification Agency (REA) shall continue to subsist against the Ministry responsible for energy. Additionally, obligations under the Ministry of Science, Technology and Innovation (MoSTI) are now the responsibility of the State House Comptroller under Vote 002.
- iii) A number of suppliers and contractors' arrears are pending payment and their activities are at a standstill.
- iv) Payments to contractors of the following Subventions that were under MoSTI have also been absorbed in State House, with all their assets and obligations, and their activities are now at a standstill pending the re-allocation of funds that the Motion seeks:
 - a) Uganda National Council for Science and Technology (UNCST);
 - b) Sericulture Technologies and Innovation;
 - c) Presidential Initiative on Banana Industrial Development (PIBID);
 - d) Kiira Motors Corporation (KMC);
 - e) National Science, Technology, Engineering and Innovation Skills Enhancement Project (NSTEI-SEP);
 - f) Presidential Scientific Initiative on Epidemics (PRESIDE); and
 - g) National Research and Innovation Programme (NRIP).

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8.0 COMMITTEE RECOMMENDATION

The Committee recommends that Parliament adopts the Motion for a Resolution of Parliament to authorize the Minister to re-allocate UGX 527,113,846,591 from Vote 123 - Rural Electrification Agency (REA) to Vote 017 - Ministry of Energy and Mineral Development (MEMD); and UGX 265,043,176,419 from Vote 023 - Ministry of Science, Technology and Innovation to Vote 002 - State House; as follows:

From Vote 123 - Rural Electrification Agency (REA) to Vote 017 - Ministry of Energy and Mineral Development (MEMD):

Recurrent	28,796,824,583
Statutory	3,896,681,638
Development	494,420,340,370
Total	527,113,846,591

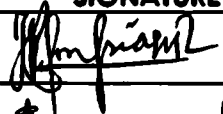
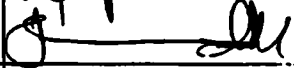
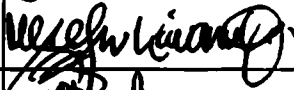
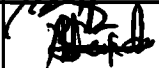
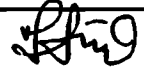
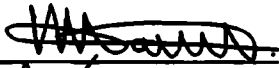


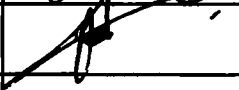

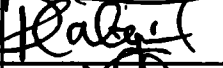



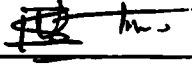
From Vote 023 - Ministry of Science, Technology and Innovation to Vote 002 - State House:

Recurrent	70,932,588,498
Statutory	257,168,657
Development	193,853,419,264
Total	265,043,176,419

This is to urgently facilitate the two Votes to execute functions that were envisioned in the Appropriation Act, 2021.

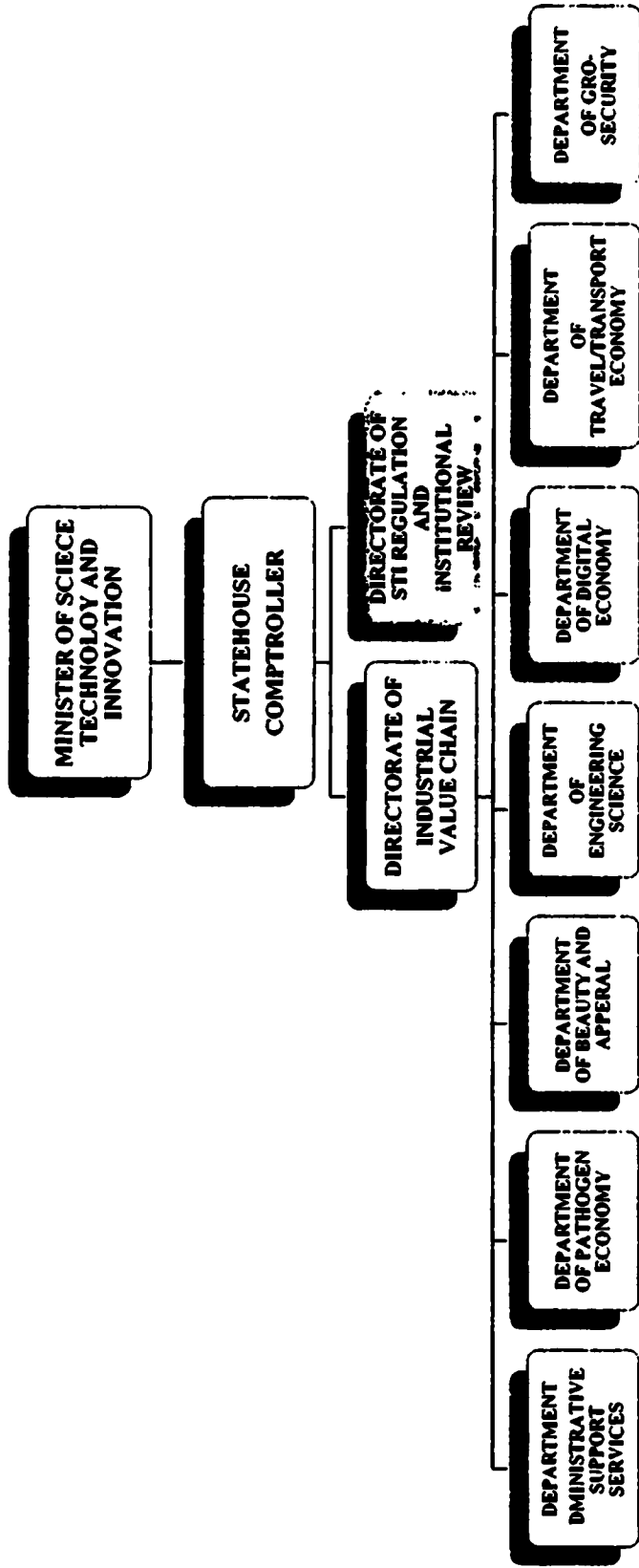
I beg to move.

**ENDORSEMENT OF THE REPORT OF THE COMMITTEE ON BUDGET ON THE MOTION FOR A
RESOLUTION OF PARLIAMENT TO RE-ALLOCATE FUNDS FROM RURAL ELECTRIFICATION
AGENCY (REA) TO MINISTRY OF ENERGY AND MINERAL DEVELOPMENT AND FROM THE
MINISTRY OF SCIENCE, TECHNOLOGY AND INNOVATION TO STATE HOUSE**

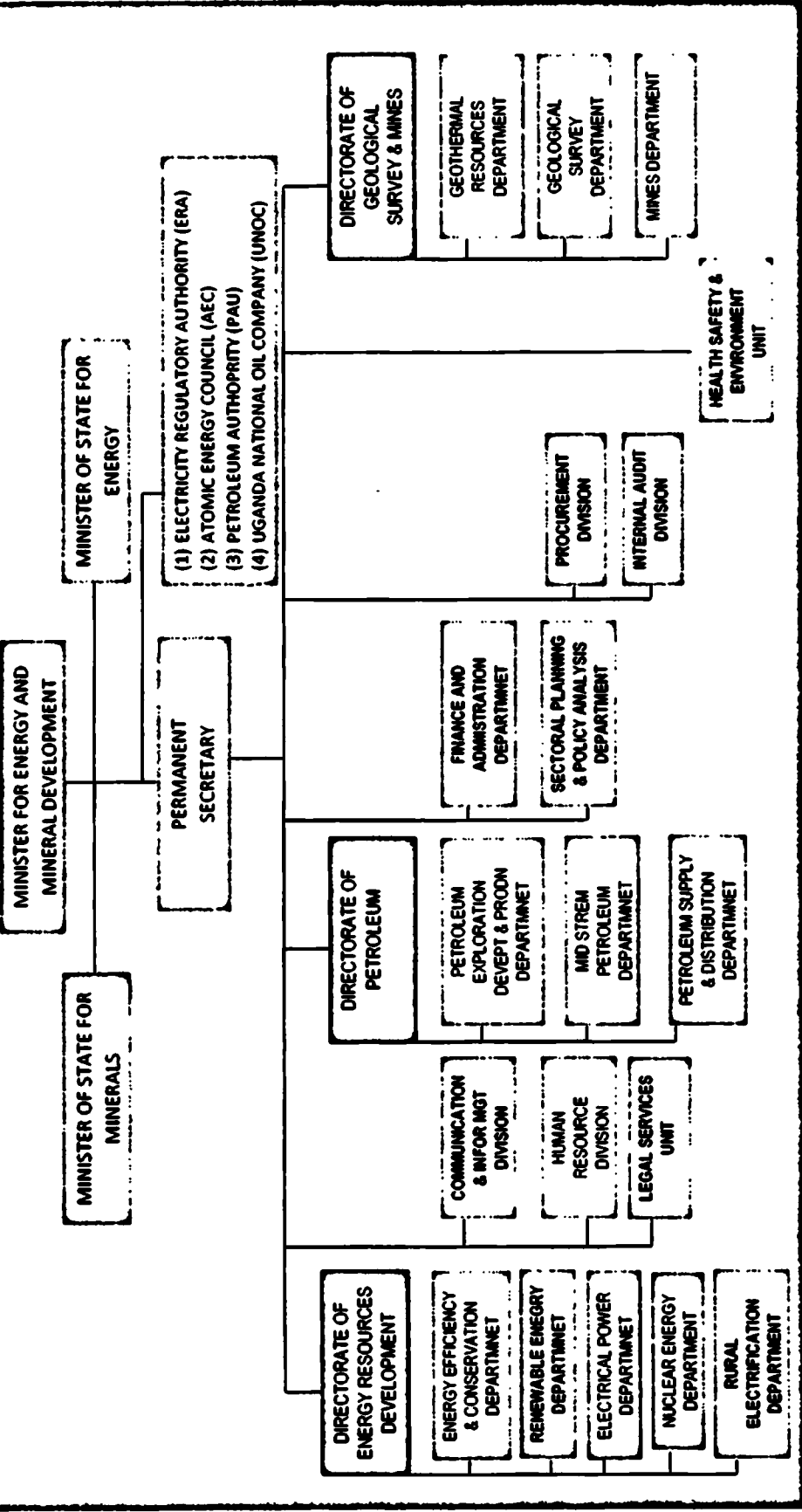
NO.	NAME	CONSTITUTENCY	SIGNATURE
1.	Hon. Opolot Patrick Isiagi	Kachumbala	
2.	Hon. Wamakuyu Ignatius Mudimi	Elgon	
3.	Hon. Dr. Kiwanuka Keefa	Kiboga East	
4.	Hon. Namukuta Brenda	DWR Kaliro	
5.	Hon. Magogo Moses	Budiope West	
6.	Hon. Niringiyimana James Ruugi K.	Kinkizi County West	
7.	Hon. Katalihwa Donald B.	Mwenge South	
8.	Hon. Mutono Patrick Lodoi	Butebo	
9.	Hon. Lokii John Baptist	Matheniko	
10.	Hon. Akamba Paul	Busiki	
11.	Hon. Mwine Mpaka Rwamirama	Mbarara South County	
12.	Hon. Namujju Cissy Dionizia	DWR Lwengo	
13.	Hon. Ssemwanga Gyaviira	Buyamba	
14.	Hon. Katshumbwa Dickson	Sheema Municipality	
15.	Hon. Nayebale Sylvia	DWR Gomba	
16.	Hon. Aleper Moses	Chekwii County	
17.	Hon. Katusiime Annet Mugisha	DWR Bushenyi	
18.	Hon. Dr. Atim Agnes Apea	DWR Amolatar	
19.	Hon. Mbabazi Pascal	Buwekula	
20.	Hon. Osoru Mourine	DWR Arua City	

21.	Hon. Kankunda Amos Kibwika	Rwampara	Amos
22.	Hon. Tinkasimire Barnabas	Buyaga West	Tinkasimire
23.	Hon. Yeri Ofwono Apollo	Tororo Municipality	Yeri
24.	Hon. Atwakiire Catherine Ndamira	DWR Kabale	Atwakiire
25.	Hon. Kabanda David	Kasambya	
26.	Hon. Omara Paul	Otuke	Omara
27.	Hon. Niwagaba Wilfred	Ndorwa East	
28.	Hon. Nakato Mary Annet	DWR Buyende	Nakato
29.	Hon. Nyangweso Dennis	Samia-Bugwe Central	Nyangweso
30.	Hon. Aciro Paska Menya	DWR Pader	Aciro
31.	Hon. Musherure N. Kutesa Shartsi	Mawogola North County	
32.	Hon. Akora Maxwell Ebong Patrick	Maruzi County	
33.	Hon. Bayigga Michael P. Lulume	Buikwe South	
34.	Hon. Muwanga Kivumbi M.	Butambala	
35.	Hon. Nambeshe John Baptist	Manjiya	
36.	Hon. Ssewanyana Allan	Makindye West	
37.	Hon. Nsamba Patrick Oshabe	Kassanda North	
38.	Hon. Namugga Gorreth	Mawogola South	
39.	Hon. Adeke Anna Ebaju	DWR Soroti	
40.	Hon. Akol Anthony	Kilak North	
41.	Hon. Ssemujju Ibrahim Nganda	Kiira Municipality	
42.	Hon. Gen. Mbadi Mbasu Wilson	UPDF	Mbadi

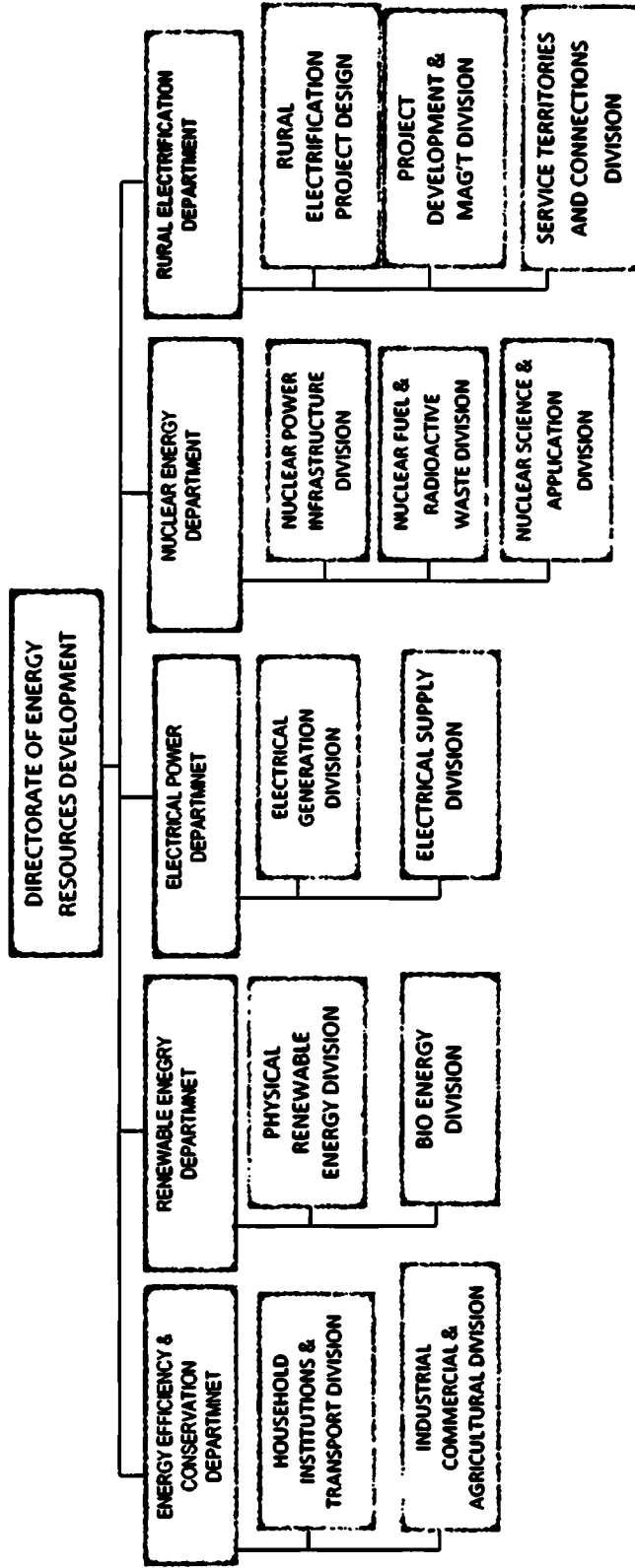
ANNEX I: RECOMMENDED MACRO-STRUCTURE FOR SCIENCE, TECHNOLOGY AND INNOVATION UNDER STATE HOUSE



ANNEX 2: MACRO STRUCTURE FOR THE MINISTRY OF ENERGY AND MINERAL DEVELOPMENT WITH THE MAINSTREAMED FUNCTION OF RURAL ELECTRIFICATION



ANNEX 3: MACRO STRUCTURE FOR THE RE-ORGANISED STRUCTURE OF THE DIRECTORATE OF ENERGY RESOURCES DEVELOPMENT





PARLIAMENT OF UGANDA

A MINORITY REPORT ON THE MOTION FOR A RESOLUTION ON THE RE-ALLOCATION OF FUNDS FROM RURAL ELECTRIFICATION AGENCY (REA) TO MINISTRY OF ENERGY AND MINERAL DEVELOPMENT AND FROM MINISTRY OF SCIENCE, TECHNOLOGY AND INNOVATION TO STATE HOUSE

SEPTEMBER 2021

1.0 INTRODUCTION

The Minister of State for Finance, Planning and Economic Development (General Duties) moved a Motion on 24th August 2021 seeking Parliamentary approval to reallocate funds as per Section 20 of the Public Finance Management Act.

The funds are to be reallocated from the Rural Electrification Agency (REA) (Vote 123) to the Ministry of Energy and Mineral Development (Vote 017) as well as from Ministry of Science, Technology and Innovation (Ministry of Science, Technology and Innovation) (Vote 023) to State House (Vote 002).

This Motion was referred to the Committee on Budget. It was scrutinised and pursuant to Rule 205 of the Rules of Procedure, we hereby present a dissenting opinion from the majority on the Committee.

2.0 AREAS OF DISSENT

1. Violation of Public Finance Management Act and Rules of Procedure
2. Creation of Separate Vote for Ministry of Science, Technology and Innovation
3. Lack of approved structures
4. Unsuitable Domiciling of Ministry of Science, Technology and Innovation
5. Security of Rural Electrification Fund
6. Inadequate scrutiny of the reallocations
7. Piecemeal rationalisation of agencies

2.1 Violation of Public Finance Management Act and Rules of Procedure

The Motion proposes to transfer the functions of Ministry of Science, Technology and Innovation to the Office of the President and the budget to State House.

It reads thus "in accordance with Article 113 of the Constitution, H.E the President of the Republic of Uganda abolished the Ministry of Science, Technology and Innovation (MOSTI) and transferred its functions to the Office of the President serviced by the State House Comptroller under Vote 002"

Section 20 of the Public Finance Management Act provides that "Parliament may, by resolution, authorize the Minister to reallocate funds from a vote to another vote where the functions of a vote are transferred to that other vote."

In this case the funds go to State House and functions (work) to Office of the President contrary to the provision of the Public Finance Management Act. The budget and functions are moving in different directions. The law demands that they must move in the same direction.

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Upon the realisation that the Motion was offending the law, the Committee summoned the Minister of State for Finance, Planning and Economic Development in charge of General Duties again and brought it to his attention. The Minister acknowledged that his Motion was indeed contrary to Section 20 of the Public Finance Management Act. He immediately sought to amend it before the Committee contrary to Rules 58 and 61 of the Rules of Procedure.

The Minister was advised to take advantage of Rules 58 and 61 of the Rules of Procedure to amend his Motion to comply with the provisions of the law. This meant that the Minister would have to amend his notice of motion and subsequently the Motion as the Rules provide.

During the consideration of the final draft report, the Committee unanimously observed that the Motion offended the law. To our surprise, this observation has mysteriously disappeared from the report.

Recommendation

The Motion should be withdrawn and a fresh one that complies with Section 20 of the Public Finance Management Act as well as Rule 58 and 61 of the Rules of Procedure.

2.2 Creation of Separate Vote for Ministry of Science, Technology and Innovation

Rt. Hon. Speaker and Honourable Members, we are also opposed to the amendment that the Minister attempted to introduce before the Committee i.e. matching the functions and budget of the Ministry of Science, Technology and Innovation to Vote 002 State House. While the Minister agreed to the fact that functions and money should move in the same direction, he unfortunately chose a wrong destination for the Ministry of Science, Technology and Innovation.

The whole essence and genesis of this Motion stems from government's attempt to streamline and rationalise agencies to end duplicity and ambiguity. His attempted amendment once carried defeats this purpose.

State House is the residence of the President and his family members. Its Mission Statement as contained in policy statements presented to this House every year has never changed.

The Mission statement of State House reads: "To provide, at all times, support to the presidency, in order to facilitate effective and efficient performance of its

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constitutional and administrative responsibilities, and to cater for the welfare and security of H.E the President, the Vice President and their immediate families".

The main function of State House therefore is welfare and Parliament must not support any move to change or dilute it. Parliament must maintain a clear demarcation of roles between the residency and office.

The current staff structure of State House cannot accommodate a huge sector like science and technology. The biggest units there are household with 136 employees such as chefs, catering officers, wardrobe assistants, garden superintendents, laundry attendants, gardeners, waitress etc. The other big unit is the office of the Principal Private Secretary that has assistants and advisors.

The President should not turn his residence into an office. The President has been on record despising former President QC Lutakooome Binasisa not for any other thing but for turning State House into a clearing house. The formal government business ought to be handled in formal setups and not in a residency.

Hence Ministry of Science, Technology and Innovation which is vote 023 should not vanish into State House which is Vote 002. There is a very high likelihood of funds being used to finance household obligations of State House as opposed to supporting innovations if the specific budget is made to disappear.


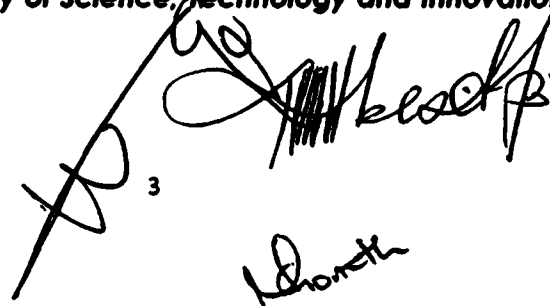
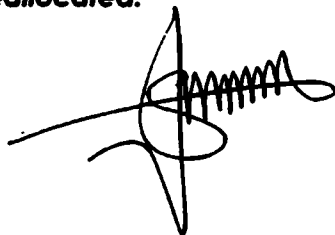
It is the considered opinion that a separate Vote is created for the defunct Ministry of Science, Technology and Innovation under the Presidency. This has already been done for several other votes as indicated in table below.

Vote	Entity	Budget (UGX)
001	Office of the President	122 billion
002	State House	410 billion
107	Uganda AIDS Commission	11 billion
112	Ethics and Integrity	6.3 billion
158	Internal Security Organization	75 billion
159	External Security Organization	46 billion

Source: Ministerial Policy Statement for the Presidency FY2021/22

Recommendation

A separate Vote should be created under the Presidency where the functions and budget of the defunct Ministry of Science, Technology and Innovation would be reallocated.



2.3 Lack of Approved Structures

The Minister of Public Service informed the Committee that the new structures for State House and the Ministry of Energy and Mineral Development that would receive staff, budget and functions have not been approved by the Ministry of Public Service and Cabinet. He presented drafts which he said were pending consideration and approval by Cabinet.

It would be unwise to approve reallocations in the absence of clearance of structures from the Ministry of Public Service. The structures are essential in ensuring seamless continuity of activities and delivery of services that were a responsibility of the defunct REA and Ministry of Science, Technology and Innovation.

To the contrary, the absence of approved revised structures has caused uncertainty amongst the staff of the defunct entities as to whether they are assured continuity of employment. For instance, this was a concern that was documented and raised by the Minister responsible for Public Service to the counterpart in the Office of the President. It was noted from the correspondence that consultations were still being undertaken to finalise Cabinet Paper. This therefore raises concerns as to whether it would be prudent to make reallocations that will be redundant pending Cabinet's approval of the structure. Absence of structures would constrain service delivery and absorption of reallocated funds.

The same concern was observed regarding the reallocations of REA. While the statutory instrument 2021 transferred staff and funds to the Ministry of Energy and Mineral Development, it was noted in their submission that Cabinet was yet to approve structure of the Rural Electrification Department.

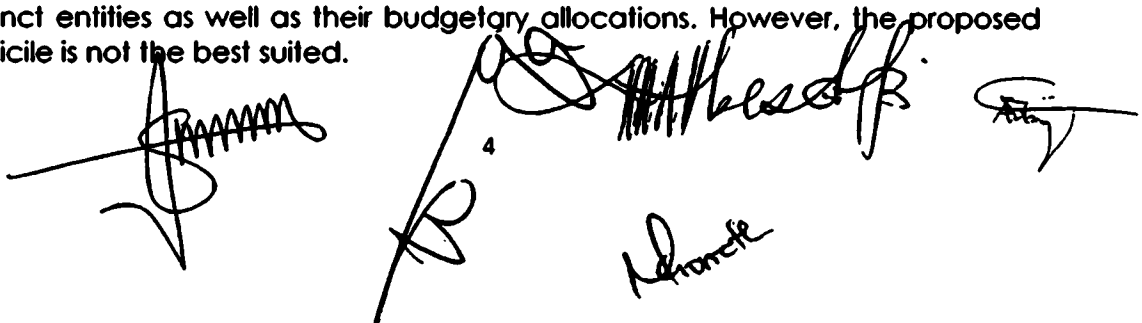
Based on the above issues, it would be imprudent to reallocate funds to entities that lack revised structures to execute activities and absorb funds of the defunct agencies.

Recommendation

The reallocations should not be approved in the absence of revised and approved structures within the votes inheriting functions and funds of defunct entities of REA and Ministry of Science, Technology and Innovation.

2.4 Unsuitable Domiciling of Ministry of Science, Technology and Innovation

The majority on the Committee consent to the proposed domicile of functions of defunct entities as well as their budgetary allocations. However, the proposed domicile is not the best suited.



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