CLERK TO PARLIAMENT

PARLIAMENT OF THE REPUBLIC OF UGANDA

REPORT OF THE AD HOC COMMITTEE ON THE FEBRUARY 2021 CABINET DECISION TO RATIONALIZE GOVERNMENT AGENCIES

28TH FEBRUARY 2022

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1.0 INTRODUCTION

On 22nd February 2021, under Minute No. 43 (CT 2021), Cabinet took a decision to merge, mainstream and rationalize Government agencies, Commissions, Authorities and Public Enterprises to facilitate efficient and effective service delivery. As the implementation of the Cabinet decision commenced, starting with the abolition of the Rural Electrification Agency by having its functions and budget transferred to the Ministry of Energy and Mineral Development, a number of the other affected agencies and other stakeholders approached Members of Parliament raising concerns on the unclear justification of the rationalization exercise and its likely negative impact on service delivery and on the national economy.

At the 23rd Sitting of the 1st Meeting of the 1st Session of the 11th Parliament held on Thursday 2nd September 2021, Parliament constituted an ad hoc Committee to inquire into the rationalization and merger of Government agencies with a view of establishing whether the exercise would improve service delivery for socio-economic transformation of the country.

1.1 AD HOC COMMITTEE MEMBERSHIP

The members of the Ad hoc Committee were as follows:

1. Hon. Byanyima Nathan, Bukanga North - Chairperson
2. Hon. Katuntu Abdu, Bugweri County - Vice Chairperson
3. Hon. Atwijukire Dan Kimosho, Kazo County - Member
4. Hon. Ayoo Tonny, Kwania County - Member
5. Hon. Apolot Christine, DWR Kumi - Member
6. Hon. Nsanja Patrick Kayongo, Ntenjeru South - Member
7. Hon. Bakkabbulindi Charles, Workers Rep. - Member
8. Hon. Adeke Anna Ebaju, DWR Soroti - Member
9. Hon. Nambeshe John Baptist, Manjiya County - Member

1.2. TERMS OF REFERENCE OF THE AD HOC COMMITTEE

The Committee was given the following Terms of Reference:

1. To examine the rationale for the mainstreaming and merger of government agencies
2. To conduct a cost-benefit analysis of the mainstreaming and merger of government agencies
3. To study the effect of the mainstreaming or merger of agencies on the current employees

4. To assess the impact of the mainstreaming and merger on service delivery
5. To make appropriate recommendations to Parliament on the rationalization exercise
6. To recommend any other issues incidental there-to.
7. To report back to the House within one (1) month

1.3 METHODOLOGY

The Committee:

1. Reviewed the laws establishing the affected agencies to understand the roles, functions and mandates of the affected agencies
2. Requested and reviewed memoranda from the affected agencies on their mandates/objectives, physical and financial performance over the last five years, the number of staff, staffing structure and the wage Bill and their views about the rationalization and merger on service delivery
3. Interacted with the Ministers of: Public Service; Works and Transport, Energy and Mineral Development, Agriculture, and Attorney General
4. Reviewed reports and statements from the Ministry of Public Service on the rationalization of government agencies
5. Interacted with some of the agencies that are earmarked for rationalization
6. Interacted with the Association of Uganda Cotton Ginners
7. Interacted with some sectoral committee chairpersons to get their views on the merger or mainstreaming of agencies that fall under their oversight mandate
8. Interacted with the public service workers union.
9. Carried out a field visit in selected districts – Jinja, Mbale, Busia, Kapchorwa, Soroti, Pader, Guluto appreciate some critical projects of agencies lined up for rationalization and interacted with field staff

Due to time constraints, the Committee was not able to interact with all the affected 157 agencies and others not reviewed under the Government Rationalization and Public Expenditure (RAPEX) Review, such as the Uganda Airlines. The Committee was also not able to interact with many private sector stakeholders that are likely to be affected by the government's policy on rationalization of government agencies.

2.0 BACKGROUND – THE PRIVATIZATION OF GOVERNMENT AGENCIESIN THE 1990s AND THE MUSHROOMING OF AGENCIES IN THE 2000s

On 22nd February 2021, Cabinet took a decision that certain government agencies, commissions and authorities be merged, others mainstreamed and others rationalized. This action has generally been referred to as the 'rationalization of government agencies.' The rationalization of government agencies was intended to rationalize public expenditure and facilitate efficient and effective service delivery. This is not the first time that government is undertaking rationalization of agencies and civil service in general.

2.1 THE REFORM OF THE PUBLIC SECTOR IN UGANDA IN THE 1990s

In the early 1990s, the NRM Government adopted the World Bank's structural adjustment programmes, which aimed at the liberalization of economy and privatization of public enterprises to give more space to the private sector in the provision of public goods and services.

In 1993, the Public Enterprises Reform and Divesture Statute was enacted. The law opened the sale of public enterprises and divesting government from the provision of social services. It was then argued that government was not suited to do business. The private sector was said to be the better engine of economic growth. Consequently, public enterprises were sold off to majorly foreign investors. An Investment Code was enacted to create a conducive environment for the attraction of foreign direct investment. Investment incentives were extended to foreign investors, and Uganda Investment Authority was created for this purpose.

Further reforms were introduced to supplement the divesture of public enterprises. In the early 1990s, decentralization policy was adopted, which was underpinned by the Local Government Act in 1997, aimed at bringing services closer and quickly to the people through local governments.

In early 1990s, civil service reforms were also initiated in an effort to improve efficiency in the delivery of government services. The major aim of this reform was to have a smaller, affordable, efficient and well compensated civil service. It was an attempt to overhaul civil service management systems, practice and performance culture so as to have a meritocratic and a well performing public service. As a result, in 1992, the number of Ministries was reduced from 38 to 21. The 1990s

The 1995 Constitution further supported the civil service reforms. Under article 189 and sixth schedule, the Constitution prescribed the functions and services for which the central Government is responsible, leaving others to local governments. The Constitution further created a number of commissions, authorities, and boards to support sector ministries to fulfill their mandates.

As liberalization of the economy progressed, a need for the creation of regulatory bodies was realized. This was to ensure that the private sector did not compromise on the quality and standards of goods and services that they were licensed to deliver. Regulatory agencies would also protect the public from the unethical conduct of private actors.

Consequently, regulatory authorities were created in various sectors. In the communication sector, Uganda Communication Commission was created. In the electricity sector, the Electricity Regulatory Authority was created. In the media industry, the Uganda Media Council was created. In the financial sector, many regulatory bodies were created, like Bank of Uganda, Capital Markets Authority, Financial Intelligence Authority, Uganda Retirement Benefits Regulatory Authority. In the insurance industry, the Uganda Insurance Regulatory Authority was created, etc.

2.2 THE WAVE OF (RE) CREATION OF GOVERNMENT AGENCIES IN EARLY 2000s

In early 2000, a new wave of creation of semi-autonomous agencies emerged. The wave picked momentum as time went by. Many ministries competed to form agencies. Agency model as a way providing effective services became the norm. As a result, many new agencies were created by Acts of Parliaments, Executive Orders/statutory instruments and administrative arrangements.

Some government programmes and projects acquired statuses of semi-autonomous agencies and were run independently and parallel to their parent ministries. Some temporary measures adopted by Government for specific purposes continued to exist as semi-autonomous bodies after the purpose for which they had been formed had ended. Examples of the semi-autonomous agencies that emerged from temporary measures are: the Privatization Unit and the Non Performing Assets Recovery Trust (NPART).

Development partners also fuelled the creation of agencies as they preferred to channel their resources (loans and grants) through semi-autonomous agencies rather than mainstream government Ministries.

As a result, by 2017, there were more than 158 public entities going by names such as Boards, Authorities Commissions, Bureaus, Councils, Institutes, Organizations, etc. The mushrooming of agencies was not guided by a clear policy and legal framework. The operations of the agencies were not standardized. Many operated in silos with different management and staff compensation systems.

2.3 CREATION OF SEMI-AUTONOMOUS AGENCIES – RATIONALE, BENEFITS AND PRECONDITIONS FOR SUCCESS

Service delivery through semi-autonomous agencies is standard practice in many countries worldwide. There are different ways by which semi-autonomous public organizations are created. Some are created by splitting up ministries or major departments into corporate units with specialized tasks and resources; others may be created by merging different units in the department, and others may be created by establishing a new unit within the ministry. Different instruments such as legislation, executive order, decree or constitutional provisions are some of the legal means by which agencies are created.

The creation of agencies or agencification of service delivery rests on the classical distinction between policy formulation and policy implementation. The idea is that policy formulation should be handled by slimmed and trimmed 'core executives', while policy implementation should be carried out by professional executive agencies with considerable managerial freedom and an extensive duty to report the results of their performances. One assumption for creating agencies is that public policies can best be implemented in 'zones' where there is less politics and more managerialism.

The creation of executive agencies is also meant to solve the problems of poor performance of the traditional public bureaucracies. Agencification is believed carry the benefits of specialization and de-politicization in service delivery. Other benefits of operating agencies for service delivery include: increased efficiency; strengthened and clarified responsibility and accountability lines; a more encouraged and professional administration; and a more service oriented administration placed closer to citizens.

Another major reason for the creation of semi- autonomous bodies outside the ministerial control is to overcome the burden of corruption. Semi-autonomous agencies, as corporate entities, operating on the basis of good corporate governance principles make it difficult for political corruption to thrive. Given that agencies are supposed to operate in commercial-like manner where performance targets and merit-based recruitments are emphasized, it becomes hard for them to become centres of corruption.

Effective service delivery by agencies requires a robust compact of oversight and accountability between the agencies and the Ministries. While agencies are allowed to operate at an arm - length from the Ministries, they must work according to the strategic guidance, standards and benchmarks set for them by the Ministries. In addition, the agencies are expected to report on their performance periodically.

Government agencies are expected to develop their strategic and business plans drawn from the strategic direction given to them by their sector Ministries. These plans guide the agencies performance. The agency plans, drawn from the ministerial strategic direction, are expected to contain key performance objectives and indicators that define the agencies performance mandates. The agency plans are endorsed by their respective sector Ministries and form performance contracts.

On the other hand, Ministries must have the capacity to evaluate the performance of agencies and establish whether the agencies under their political supervision meet agreed performance thresholds. Unfortunately, in many countries, agencies have been created in an administrative system which has weak political institutions but well entrenched bureaucracy. This means that for agency models to operate effectively, there must be capacity in the Ministries to enact policy and regulatory standards.

Government ministries must have both *ex ante* and *ex post* control mechanisms over the agencies. Ministries are responsible for controlling executive agencies through the provision of strategic direction and through monitoring the performance of agencies. Agencies, in turn, are responsible for providing an account of their performance to their parent ministries. They are required to provide regular performance reports and these reports should usually contain both performance and financial data. In situations where Ministries rely on agencies for policy advice and standard setting, accountability relationships between ministries and agencies is liable to distortion. Rather, during policy research/reviews, Ministries should interact with relevant stakeholders, including the agencies.

Tanzania Experience with agencies

After a thorough study, in October 1997, Tanzania enacted The Executive Act No. 30 of 1997. The Act is an umbrella legislation which allows every ministry to create agencies if conditions for doing so existed in their ministries. According to the Act, an executive agency can only be created if that agency will improve the efficiency, quality and delivery of public service. The Act also provides framework within which issues relating to responsibilities, accountabilities and governance within the agencies and between agencies and their parent ministries can be handled.[1]

In the context of the Tanzanian public administration, agency model is seen asan organizational solution to the problem of bureaucratic inefficiency. Agencies are created to address the chronic problems of inflexibility and red-tape in public sector by allowing more managerial autonomy to Chief Executive Officers.

[1]Sulle, A.S. 2008. Executive Agencies in Tanzania: A Descriptive Analysis. Paper Prepared for the Cost Action: Comparative Research into Current Trends in Public Sector Organizations (CRIPO) Utrecht University from 3 -4 June 2008, page 5.

There are at least four types of agencies in Tanzania that can be identified according to their functions. This is, however, a crude classification because functions of public organizations do tend to overlap in Tanzania (Sulle 2008:7). The types of agencies are:

a) **Regulatory agencies**: (e.g. the Tanzania Civil Aviation Authority, Occupational Safety and Health Agency, Weight and Measures Agency, Tanzania Food and Drug Agency).

b) **General Service agencies** - These provide services to Business, Government ministries and the general public (Tanzania Airport Authority; Tanzania Meteorology Agency; National Bureau of Statistics; Government Chemist Laboratory; Geological Survey of Tanzania; Business Registration and Licensing Agency; Registration Insolvency and Trustee agency; National Tree Seeds Agency; Agricultural Seed Agency, and Tanzania Electrical , Mechanical and Electronics Services agency).

c) **Government programme agencies**. These implement specific government programmes (Drilling and Dam Construction Agency, Tanzania National Road Agency, The Government Flight Agency).

d) **Training and Research agencies** (Tanzania Public Service College; The Agency for Development of Education; National Housing and Building Research Agency; East African Statistical Training Centre; Tanzania Institute for Accountancy etc

In the on-going rationalization of agencies in Uganda, Government has clustered agencies into three categories: **Policy and Regulation Agencies**; **Implementing Agencies** and **Money making Agencies.**

3.0 RATIONALIZATION OF GOVERNMENT AGENCIES IN 2021 - ORIGIN AND RATIONALE

3.1 THE PROBLEM WITH AGENCIES AS RAISED BY THE MINISTER OF PUBLIC SERVICE

The Committee was informed by the Minister of Public Service that the mushrooming of agencies from 2000 did not follow any formula as there was no policy or legal framework to guide their creation. Secondly, the mushrooming of agencies became a major drain on the national treasury at the expense of effective service delivery, and this outstripped the capacity of Government to sustain the numerous agencies. The laws establishing some of the agencies were disparate as there was no overarching legal structure to guide the creation of agencies. The different agencies remunerated their staff differently. There was also salary disparity between agencies employees on the one hand, and the traditional civil servants in Government Ministries for the same cadre of employees on the other hand. This led to disenfranchisement of some class of cadres. Some agencies were also not being managed on sound corporate governance principles.

3.2 CONCERN BY THE PRESIDENT

The Committee was informed by the Minister of Public Service that on 17th July 2017, H.E. the President of Uganda raised concerns about the existence of several agencies in Uganda which appeared to be; duplicating the roles of government departments, a burden on the treasury, with undifferentiated and overlapping roles. The President asked whether it would not be fair to consolidate, downsize and rationalize and pay well non-commercial portions of state employees. The President also asked whether it would not be better to consolidate the public service employees into two categories: those that support policy, regulation and implementation; and those that make money by running a few public enterprises as business entities. The President demanded for practical recommendations public institutions to ensure efficiency of government in service delivery.

3.3 A STUDY BY THE MINISTRY OF PUBLIC SERVICE

In order to generate answers to the concerns raised by the President, Cabinet directed the Minister of Public Service to present a memorandum on rationalization of Government agencies and authorities by February 2018. In turn, the Ministry of Public Service instituted a Committee to critically study the mandates, functions, structures of government agencies and establish their continued relevance and positive contribution to the performance of the public service.

The overall objective of the study was to rationalize government agencies with a view of establishing their operational relevance; determine their current operational costs; eliminate the embedded duplications and overlaps; identify wasteful expenditures, establish the resultant short and long term savings, which would be invested for sustainable economic and political development of Uganda.

The committee examined 157 public agencies and 22 ministries and the Office of the President and Office of the Prime Minister.

3.4 FINDINGS BY THE MINISTRY OF PUBLIC SERVICE

The Ministry of Public Service Committee found that there were:

1. duplicated mandates, functions and overlaps amongst agencies and with the sector ministries leading to un-necessary competition for resources, high overhead costs and inefficient utilization of resources;
2. functional ambiguities depicting mix-up of policy, regulation and implementation functions across ministries, departments and agencies
3. un-harmonized legal frameworks within which some of the agencies operate
4. bloated structures of some agencies which are not aligned to their mandates

The Ministry observed that the emerging socio-economic and technological developments called for the introduction of flat structures that enable government MDAs to share common resources as well as have collaborative interactions across different ministries.

3.5 RECOMMENDATIONS MADE TO CABINET BY THE MINISTRY OF PUBLIC SERVICE

Consequently, the Ministry of Public Service recommended to Cabinet that out of the 157 agencies reviewed, **80 should be retained as semi-autonomous agencies; 33 agencies should have their mandate and functions mainstreamed to their relevant line ministries; 36 agencies should be consolidated or merged into 19 entities.** The Ministry indicated that the proposed rationalization, merger and mainstreaming of agencies would yield an annual saving to Government of UGX 998.12 billion.

3.6 CABINET DECISION

On 22 February 2021, Cabinet accepted the recommendations made by the Ministry of Public Service and took decision to merge, mainstream, and rationalize government agencies, commissions, Authorities and expenditure, as recommended by the Ministry of Public Service. Cabinet also took decision to fully privatize eight (8) institutions.

Cabinet also approved an implementation roadmap for the implementation process in a phased manner to spread over a period of two years – i.e. financial years 2021/22 and 2022/23.

80 AGENCIES TO RETAIN THEIR SEMI-AUTONOMOUS STATUSES	36 SEMI-AUTONOMOUS AGENCIES TO BE MERGED WITH OTHERS TO FORM 19 AGENCIES	33 AGENCIES AND FUNCTIONS TO BE MAINSTREAMED INTO RELEVANT MINISTRIES
ACCOUNTABILITY SECTOR		
1. Bank of Uganda 2. Uganda Revenue Authority 3. Uganda Development Bank 4. Financial Intelligence Authority 5. Housing Finance Bank 6. Development Finance Company of Uganda 7. National Housing and Construction Corporation 8. National Social Security Fund	1. Uganda Investment Authority 2. Uganda Free Zones Authority	1. Non-Performing Assets Recovery Trust 2. Non-Performance Assets Recovery Tribunal 3. Departed Asians Property Custodian Board 4. National Lotteries and Gaming Board 5. Uganda Properties Holdings Ltd 6. Tax Appeals Tribunal 7. Uganda Microfinance Regulatory Authority

9. Public Procurement and Disposal of Public Asset Authority 10. Uganda Retirement Benefits Regulatory Authority 11. Uganda Bureau of Statistics 12. Capita; Markets Authority 13. Post Bank Uganda 14. Pride Microfinance Bank 15. Micro Finance Support Centre		8. Uganda Exports Promotion Board
<u>TRADE AND INVESTMENT</u>		
1. Uganda Development Corporation 2. Uganda Commodities Exchange	-	Uganda Warehouse Receipt System Authority
<u>JUSTICE, LAW AND ORDER (including Internal Affairs)</u>		
1. Judicial Service Commission 2. Uganda Human Rights Commission	1. Uganda Registration Services Bureau 2. National Identification Registration Authority 3. National Bureau for NGOs 4. Registration Functions of Directorate of Citizenship and Immigration Control	5. Amnesty Commission 6. Directorate of Citizenship and Immigration 7. Centre for Alternative Dispute Resolution 8. Uganda Law Reform Commission
EDUCATION AND SPORTS		
<u>Public Universities</u> 1. Makerere University 2. Mbarara University of Science and Technology 3. Kyambogo University 4. Busitema University 5. Gulu University 6. Kabale University	1. Uganda Nurses and Midwifery Examinations Board 2. Uganda Allied Health Examinations 3. Uganda Business and Technical Examinations Board 4. Directorate of	1. Students Financing Board 2. Kyambogo Teacher Curriculum 3. National Library of Uganda 4. Uganda National Commission for UNESCO

7. Lira University 8. Muni University 9. Soroti University **<u>Training Institutions</u>** 1. Uganda Management Institute 2. Law Development Centre **<u>Other Institutions</u>** 1. National Council for Sports 2. Namboole National Stadium 3. Nakivubo War Memorial Stadium 4. Uganda National Examinations Board 5. National Council for Higher Education 6. National Curriculum Development Centre	Industrial Training 5. Management Training and Advisory Centre 6. Nakawa Vocational Training Institute	
<u>PUBLIC SECTOR AND PUBLIC ADMINISTRATION</u>		
1. Electoral Commission 2. Kampala Capital City Authority 3. Parliamentary Service Commission 4. Local Government Finance Commission	1. Public Service Commission 2. Health Service Commission 3. Education Service Commission 4. National Planning Authority 5. National Population Secretariat 6. Metropolitan Physical Planning Board 7. Town and Country Planning Board 8. National Physical Planning Board	National Records and Archives Center
<u>AGRICULTURE SECTOR</u>		
1. National Animal Genetic Resource Centre and Data Bank	-	1. National Agricultural Advisory Services 2. Uganda

2. National Agricultural Research Organization		Trypanasomiasis Control Council 3. Diary Development Authority 4. Uganda Coffee Development Authority 5. Uganda Cotton Development Organization 6. Uganda Livestock Industries Ltd
ENERGY AND MINERAL DEVELOPMENT		
1. National Oil Company of Uganda 2. Uganda Electricity Regulatory Authority 3. Uganda Petroleum Authority 4. Uganda Atomic Energy Council 5. Uganda Energy Credit and Capitalization Company	1. Uganda Electricity Generation Co. Ltd 2. Uganda Transmission Co. Ltd 3. Uganda Electricity Distribution Co. Ltd	1. Electricity Disputes Tribunal 2. Rural Electrification Agency
WATER AND ENVIRONMENT		
1. National Water and Sewerage Corporation 2. National Environmental Management Authority	-	1. National Forestry Authority 2. National Meteorological Authority
WORKS AND INFRASTRUCTURE		
1. Civil Aviation Authority 2. East African Aviation Academy-Soroti Flying School 3. Uganda Air Cargo Corporation 4. Uganda Railways Corporation 5. Standard Gauge	-	1. National Roads Safety Board 2. Transport Licensing Board 3. Uganda Road Fund 4. Uganda National Roads Authority

Railway		
TOURISM, WILD LIFE ND ANTIQUITIES		
1. Nile Hotel International Conference Centre 2. Uganda Tourism Board 3. Uganda Wildlife Research and Training Institute 4. Hotel and Tourism Training Institute	1. Uganda Wildlife Education Centre 2. Uganda Wildlife Authority	-
SOCIAL DEVELOPMENT		
1. Uganda National Cultural Centre 2. Industrial Court	1. National Youth Council 2. National Women's Council 3. National Council for Children 4. National Council for Disability 5. National Council for Older Persons 6. Equal Opportunities Commission (to be merged with Uganda Human Rights Commission)	-
INFORMATION AND TECHNOLOGY		
1. Uganda Media Centre 2. Uganda Broadcasting Corporation 3. New Vision Printing & Publishing Corporation 4. Uganda Printing and Publishing Corporation 5. Uganda Institute of Information and Communication Technology 6. Uganda Telecommunications	-	National Information Technology Uganda – NITA-U

Ltd 7. Uganda Communications Commission		
HEALTH		
1. Uganda Cancer Institute 2. Uganda Heart Institute 3. National Medical Stores 4. Uganda Blood Transfusion Services 5. Uganda AIDS Commission 6. Uganda Health Research Organization 7. Virus Research Institute 8. National Chemotherapeutic Research Institute	1. National Drug Authority 2. Agricultural Chemicals Board 3. Uganda Nurses Council 4. Allied Health Professionals Council 5. Medical and Dental Practitioners Council	
DEFENCE AND SECURITY		
National Enterprise Corporation and the Subsidiary Luwero Industries Ltd	-	-
LANDS AND HOUSING		
1. Uganda Lands Commission 2. National Housing and Construction Corporation	-	-
SCIENCE, TECHNOLOGY AND INNOVATION		
1. National Council for Science and Technology 2. Uganda Industrial Research Institute	-	-

4.0 OBSERVATIONS OF THE COMMITTEE ON THE RATIONALIZATION OF GOVERNMENT AGENCIES

4.1 THE RATIONALE ADVANCED BY GOVERNMENT

The Committee was informed that Cabinet took a decision to merge, mainstream and rationalize agencies in order to facilitate efficient and effective service delivery. Government had found that the current set up of Government was riddled with structural and functional duplications, overlaps and wasteful expenditures.

The Committee was further informed that the rationalization exercise was to curb the high overhead costs of agencies and their inefficient utilization of resources; address functional ambiguities of agencies evidenced by the mix-up of policy, regulation and implementation functions across ministries, departments and agencies; deal with the un-harmonized legal frameworks within which some of the agencies operated; and treat the bloated structures of some agencies which are not aligned to their core mandates.

In the Statement to Parliament by Hon Minister of Public Service, Hon Muruli Mukasa on Rationalization of Government Agencies dated 11th August 2021, the Minister spelt out the motivation of Government to rationalize public agencies and public expenditure, thus:

> 'Rt. Hon. Speaker, I wish to state that the high growth rate of Government agencies in Uganda has continued to create jurisdictional ambiguities; drain the National Treasury at the expense of effective service delivery; overstretch the capacity of Government to sustain Agencies; caused disparities between Agency employees and traditional civil servants leading to wastage of resources which would otherwise be committed [to service delivery]'

The Committee was also informed that the rationalization of agencies was in line with the National Development Plan III which underlined the need to streamline Government architecture for efficient and effective service delivery.

However, the committee did find that the justification of the rationalization exercise based on the NDP III was not entirely correct. In fact, the NDP III was skeptical about the government rationalization process. Under paragraph 383 on page 184 of the National Development Plan III (2020/21 – 2024/25, it is stated:

> 'In 2018, a public service restructuring report that aimed at stopping the mushrooming of agencies and duplication of mandates was produced, but is yet to be implemented. Further, the report focused only on government agencies neglecting the need for reforms in the mainstream ministries which led to the creation of these agencies in the first place. As such, implementation of the report recommendations might not achieve the desired results unless a comprehensive public sector architecture study is carried out and implemented.'

4.2 THE DUTY OF GOVERNMENT TO CONTINUOUSLY INNOVATE AND RATIONALIZE THE MACHINERY OF SERVICE DELIVERY

The Committee noted that Government had not conducted a comprehensive review of the civil service reforms initiated in 1990s. The Committee observed that since 2000s, government has slowly vacated Ministries as vehicles for service delivery in favour of agencies and projects. The agencification and projectisation of service delivery has led to great achievements in service delivery but has also rendered Ministry technocrats, who could not be absorbed in the created agencies and projects, essentially redundant.

Secondly, the core mandates of the technocrats in Ministries, including rendering policy advice to Ministers, have largely been taken over by the semi-autonomous agencies. Most of the legislations creating agencies vest agencies with the role of providing policy advice to Ministers. This makes the implementing agencies policy advisors. This diminishes the role of bureaucrats in the Ministries but also distorts the principal-agent performance relationship between Ministries and executing/implementing agencies.

The salaries paid by the various agencies to their boards and staff are different. The salaries paid by the agencies are far higher than what is paid to civil servants in the Ministries. These salary disparities are a threat to quality service delivery and render the bureaucrats in the Ministries frustrated and prone to corruption.

Consequently, Government is justified and duty bound to continuously innovate ways and means for cost-effective, efficient, and timely delivery of services to the citizens. This includes optimal deployment of all the human resources available in both the ministries and agencies. Government is also duty bound to put in place regulatory mechanisms to ensure that private prayers in the service delivery chain comply with agreed norms and quality standards.

As such, Government, in exercising its constitutional duty of providing quality services to the citizens, should be supported by all stakeholders, including Parliament, to design systems and mechanisms for the provision of effective and efficient public services for the promotion of the wellbeing of the citizens.

The support to government includes the review of the policies of Government to shade light on the risks involved and some negative unintended consequences of such policies and propose remedial measures. This support should not be construed as interference in each other's spaces.

4.3 THE NEED FOR GOVERNMENT TO REFORM ON THE BASIS OF COMPREHENSIVE STUDY AND IN A CAUTIOUS MANNER

In spite of the goodwill by which Government proceeded on the rationalization exercise, the committee observed that the exercise was not informed by a comprehensive study and consequently; the rationale and criteria used in the rationalization exercise were unclear and suspicious. The rationalization of agencies, if not reviewed, may greatly affect Uganda's economic development efforts. The following are the committee's general observations on the rationalization exercise:

1. **The focus of the rationalization is on semi-autonomous agencies of government** yet Government Ministries are the primary vehicles for service delivery and are notoriously known for their inefficiencies, corruption, and wastage of public resources. There is no evidence to show that a research was conducted on both government ministries and agencies which proved that duplication of roles, wastage of public resources and inefficient delivery of services was more in agencies than in ministries, hence requiring rationalization of agencies instead of ministries. In fact, it is an open secret that red tape bureaucratic procedures, wastage, overlaps, inefficiency and corruption are rampant in Ministries and local governments than in semi-autonomous agencies.

2. **The criteria used to merge some agencies and maintain others were not clear**. Some poor performing agencies like the Uganda Railways Corporation, Uganda Air Cargo Corporation were retained while others that appear to be effective and efficient such as NITA-U, Uganda Coffee Development Authority, Dairy Development Authority, Uganda National Roads Authority, Uganda Road Fund were mainstreamed and other efficient and revenue generating agencies like URSB were proposed for mergers with others. This suggests that there was no scientific study that informed the rationalization exercise. The agencies were not distinguished on the basis of wastage of public funds, duplication of functions, inefficiencies, etc.

3. **The semi-autonomous agencies that were behind the visible achievements of the NRM Government, such as Rural Electrification Agency (REA), Uganda National Roads Authority (UNRA), Uganda Road Fund (RFA), Uganda Coffee Development Authority (UCDA), Dairy Development Authority (DDA), etc, were the ones that were stripped** of their semi-autonomous statuses. This again casts doubt on the rationality of the exercise.

4. **The rationalization exercise appears to have been a reactionary move** that aimed at quickly finding answers to the concerns raised by the President in 2017. It was not well

thought out, the reason it lost sight of the need to examine the whole government structure and re-engineer it for improving service delivery.

5. **The problems that the President raised which eventually led to the decision of Cabinet to rationalize agencies were narrowly defined to be design and human resource issues only.** That explains why the Ministry of Public Service was chosen by the Cabinet to be the lead Ministry in the study of the concerns raised by the President and in the implementation of the rationalization roadmap. Consequently, critical aspects like strategic planning, risk and business continuity analysis, international law and trade, global market access, etc, were relegated to the background. As a result, there is no guarantee that the adopted rationalization strategy will improve the efficiency and effectiveness of service delivery. There is no evidence that the achievements registered by the Country under the agency model of service delivery will be doubled or even maintained when some agencies are stripped of their semi-autonomous statuses and placed back into bureaucracy or merged.

6. **The rationalization study, if at all it was done, did not benefit from the views of all the relevant stakeholders.** Consultation is an old tested methodology for policy reviews, and is actually a legal requirement in Uganda. The Committee was informed by the many agencies it interacted with, that they were not consulted and involved in the rationalization study. Neither did the Ministry of Public Service interact with the private sector players who are the subject of regulation by government before making recommendations that affect regulatory agencies. Consequently, there is a risk that Uganda may lose investor confidence as a result of stripping some regulatory agencies of their semi-autonomous statuses. The Committee noted that bureaucratizing an agency like Cotton Development Organization is going to jeopardize the public private partnership in the cotton sector. A member of the Association of Cotton Ginners and Exporters in Uganda, confided to the Committee that, **mainstreaming Uganda Cotton Development Organization into the Ministry of Agriculture is going to be like 'removing the thread that ties together the beads of the rosary.'** That when CDO is removed as a regulator, the various players in the cotton sector will scatter and the crop will be mo more, and the cotton exports will dry up.

7. Connected with the foregoing is **the risk of the rationalization exercise undermining Uganda's access to international markets.** Access and entry of our products like coffee, milk, cotton etc, to international markets requires conformity to international standards. Sadly, some of the regulatory bodies such as UCDA, UCDO, DDA, etc that are mandated to ensure quality of our products are being stripped of their semi-

autonomous statuses. The risk of this executive activity on our exports seems not to have been taken care of.

8. The rationalization exercise was embarked on without a comparative study in the region. The Committee learnt that **Kenya, Ethiopia, Zimbabwe, Tanzania did what Uganda is doing to bureaucratize regulatory agencies and as a result, they lost heavily on the production quantities and quality** and are currently in the process of reversing their decisions. The rationalization study if at all it was conducted did not benchmark from regional experiences.

9. **The process of rationalization has not been effectively communicated**. Most of the agencies the Committee interacted with indicated that they were not consulted to provide their technical input. In addition, there has not been effective communication of the change or reform to the employees of the affected agencies. This has led to anxiety and fear, and reduced morale for staff. This will inevitably lead to reduced productivity and possible vandalization of equipment and assets of agencies whose functions have been mainstreamed.

10. The Committee noted that **the rationalization exercise progressed without adequate study of the operations, work culture and the quality of the staff of some of the agencies.** The Ministry of Public Service team looked at the competitive salaries some agencies were paying their staff compared to the salaries paid to mainstream civil servants but did not look at the performance ethos of the staff in agencies. The Committee learnt that, in some agencies like UCDA, Meteorological Authority, NITA – Uganda, etc, staff work during day and night and weekends. There is a risk that once these staff are absorbed in the civil service and work as per the traditional civil service standard working hours, service delivery will be compromised.

11. **Potential loss of specialized skilled labour.** There is even a greater risk that some of the highly qualified staff in some of the agencies that are scheduled for mainstreaming will not join the mainstream civil service in favour of the private sector.

12. The Committee noted that the rationalization of agencies **will have serious legal risks and liabilities regarding employment and service contractual obligations**. The Committee noted that quantum of this risk has not even been established by Cabinet. The committee learnt that some contractors in the electricity sector had stopped performing because of the lack of supervising agencies. The supervising agencies are supposed to be merged into one authority but there is no time frame known when the

process of merging the electricity agencies will be finalized. Consequently, vandalization, time and cost overruns are likely to occur during this transition period. Yet there is no robust strategy to mitigate all these risks.

13. In addition, the **available legal cover against the evident legal risks and liabilities associated with the rationalization exercise appear to be very inadequate**. The Deputy Attorney General informed the Committee that he had provided legal guidance to the Ministry of Public Service concerning contracting and renewal of contracts for employees in the affected agencies. The Committee observed that this was not sufficient legal cover. Noting that Government has always lost in litigations concerning breaches of contract and a huge Bill is on the neck of government in favour of the former employees of Uganda Railways Corporation, Posts and Telecommunications Corporation, Internal Security Organizations, the hurried rationalization process will only make matters worse.

In light of the foregoing, it is essential that Government proceeds cautiously with the rationalization exercise.

5.0 COMMITTEE'S RECOMMENDATIONS THAT DEPART FROM THE DECISION OF CABINET ON THE RATIONALIZATION OF AGENCIES SECTOR BY SECTOR

The Committee agrees with Government to retain some institutions as semi-autonomus due to their vital role in the socio-economic transformation of the economy. These include Bank of Uganda, Uganda Revenue Authority, Uganda Development Bank, Financial Intelligence Authority, Housing Finance Bank, Development Finance Company of Uganda, National Social Security Fund, Uganda Bureau of Statistics, National Housing and Construction Corporation, and Capital Markets Authority. The Committee also agrees with Government that some agencies need to be merged and mainstreamed to eliminate duplication of roles and overlaps in mandates.

However, there are a number of areas where the Committee found that the rationalization would have negative effects on the economy and would undermine the momentum for socio-economic transformation. These areas are highlighted below and recommendations and justifications offered.

5.1 ACCOUNTABILITY SECTOR

5.1.1 UGANDA RETIREMENT BENEFITS REGULATORY AUTHORITY

Cabinet took a decision to retain Uganda Retirement Benefit Regulatory Authority (URBRA) as a semi-autonomous body. However, the Committee recommends that Uganda Retirement Benefit Regulatory Authority (URBRA) be mainstreamed in the Ministry of Finance, just like Cabinet decided to mainstream microfinance regulatory authority into Ministry of Finance, Planning and Economic Development.

Justification

Uganda Retirement Benefit Regulatory Authority (URBRA) was created in anticipation that the pension sector was going to be liberalized and have many private players in the sector. It was anticipated that NSSF would no longer monopolize the social security sector. This did not occur. So the purpose for which URBRA was created has not been achieved.

5.1.1 PRIDE MICRO FINANCE BANK AND MICRO-FINANCE SUPPORT CENTRE

The Committee recommends that the two entities be merged together and form one strong credit institution that targets small businesses and groups both in rural and urban centres who cannot qualify for credit from the many commercial banks that charge high interest rates.

Justification

Uganda Development Bank, Housing Finance Bank and Development Finance Company of Uganda provide credit to large borrowers with collaterals. With the Government's policy of improving household incomes, a big microfinance bank with an extensive network of banks across the country, providing the small borrowers with cheaper credit, is a strategic necessity to bring many households into the money economy. Therefore, merging Post Bank, Pride Microfinance and Microfinance Support Centre into one microfinance Bank will create the impetus vital for transforming subsistence households into money economy participants.

5.2 INTERNAL AFFAIRS SECTOR

5.2.1 UGANDA REGISTRATION SERVICES BUREAU, NATIONAL IDENTIFICATION REGISTRATION AUTHORITY, NGO REGISTRATION BUREAU, AND REGISTRATION FUNCTIONS UNDER THE DEPARTMENT OF IMMIGRATRATION CONTROL

Government took a decision to merge under Uganda Registration Services Bureau the following agencies and functions: NIRA, NGO Registration Bureau and the citizen registration functions under the Department of Immigration in the Ministry of Internal Affairs.

The Committee recommends that URSB and NIRA remain separate entities with one being in charge of registration of legal persons and another being in charge of the registration of persons.

The Committee further recommends that the function relating to marriage that is currently under URSB be transferred to NIRA so that NIRA is enabled to have a register of complete life of a person from birth, marriage and death. The Committee further recommends that the citizen registration function and issuance of passports be transferred to NIRA.

The Committee further recommends that the functions of registration of NGOs currently under the NGO Registration Bureau be transferred to the URSB.

Justification

Uganda Registration Services Bureau plays a critical role supporting private sector development. It is mandated to promote, register and protect: business enterprises, security interest in moveable property, intellectual property rights; administer and register marriages; and provide insolvency services. On the other hand, NIRA is mandated to register every birth and death occurring within Uganda's boundaries and to register citizens and aliens legally resident in Uganda for national and alien identification respectively and adoption orders and issue the respective certificates. The two agencies operate different separate registers focusing on different users/clients.

URSB currently registers companies, business names, partnerships and movable assets. It has simplified the process of registration which has resulted into reduction of the informal sector, increased tax base and increased non-tax revenue collection. As a result of these measures, URSB has registered increased NTR from UGX 42.55 Billion in 2016/17 to UGX to UGX 56.8 billion in 2018/19, and to UGX 40.52 Billion in FY 2020/21.

The improved performance of URSB is attributed to zero tolerance to corruption, efficient service delivery, business process re-engineering, improved transparency and accountability, automation of registration services, and the operationalization of five regional offices. The Committee recommends that the registration function of all legal entities be merged under a one central register under one institution.

While Government has decided that the expanded URSB should be domiciled under the Ministry of Internal Affairs possibly for easy security surveillance, the main thrust of URSB is business formalization and the promotion of the private sector. The committee recommends that URSB remains under the political supervision of the Ministry of Justice.

NIRA should remain a semi-autonomous agency charged with the function of the registration of citizens and issuing them with national identification document. In addition, NIRA should take up the marriage registration currently under URSB. NIRA would then be a one stop centre for registering birth, marriage, death of citizens.

The Committee recommends that NIRA should be capacitated with more resources to overcome its current challenges – namely:

i. Inadequate human resources
ii. Insufficient and declining funding for NIRA operations
iii. Lack of own home and conducive environment for service delivery
iv. ICT systems challenges
    a. Lack of ownership of soft ware intellectual property rights
    b. Aging technology/hardware devices
    c. No business resumption and disaster recovery solution
    d. Lack of support services and maintenance for key system components

5.3 JUSTICE, LAW AND ORDER SECTOR - CENTRE FOR ALTERNATIVE DISPUTE RESOLUTION

Government has decided that Centre for alternative Dispute Resolution be mainstreamed in the Ministry of Justice and Constitutional Affairs. However, the Committee recommends that this decision be reversed in order to maintain Centre for alternative Dispute Resolution (CADR) as a semi-autonomous agency.

JUSTIFICATION

The Centre attends to cases that involve both government and private persons. It is possible that matters for resolution brought before the Centre might involve government as a complainant or a defendant. Therefore placing the Centre in the Ministry of Justice and

Constitutional Affairs may compromise the independence of the Centre and potentially make Government a judge in its own cause.

5.4 EDUCATION SECTOR

5.4.1 NATIONAL LIBRARY OF UGANDA

Government has decided that the National Library of Uganda be mainstreamed in the Ministry of Education. The Committee recommends that this decision be rescinded by Government so that the National Library of Uganda, Uganda National Records and Archives Centre and Uganda Museum are merged into one semi-autonomous body. The Committee further recommends that National Library of Uganda be strengthened with financial resources and strong leadership

JUSTIFICATION

A library is an important resource for national development. No country can develop and thrive without promoting a writing and reading culture. The Uganda National Library, which is mandated to promote writing and reading culture has been kept un-funded and un-strengthened. Its visibility and importance has greatly diminished.

The National Library Act enjoins the National Library of Uganda wide ranging mandate vital for the socio-economic transformation of the country. The government's vision for transformation cannot success until it is underpinned by an inquisitive, reflective and reading citizenry. Our cultural heritage is our future, our competitive advantage in the global economy. Community libraries filled with text books, government policies, Acts, government budget releases, with computers connected to the internet should be a government priority.

The National Library of Uganda should be capacitated to execute its critical functions, as outlined below rather than mainstreaming it the Ministry of Education or Gender. The core functions of the National Library of Uganda, as per the law, but which have remained un-realized, are:

- To provide to local governments standards, advice, norms, work manuals and guidelines in respect of public library buildings, staffing, stock and information processing, storage and retrieval;
- To inspect and ensure that public libraries conform to national policies, guidelines and;
- To provide technical, professional and advisory services in the field of librarianship to government departments, local governments, and the public sector;

- To carry out research in the field of library and information provision and disseminate results of government, local government and the public;
- To design and carry out pilot projects in new areas of library and information provision and disseminate results to local government and other organizations;
- To carry out and coordinate staff development programs for people working in libraries and information services;
- To support and promote adult literacy and education through identification and stocking post-literacy reading materials;
- To support the setting up of rural community libraries;
- To promote the habit and culture of reading through reading campaigns and book exhibitions;
- To carry out advocacy at the local and international level in matters relating to libraries;
- To acquire and organize for use, a comprehensive collection of library material published in Uganda, by Ugandans, and on Uganda;
- To act as a depository for the national and foreign governments' publications as well as for United Nations and other International Organizations for purposes of promoting research and scholarship and for the preservation of published national culture and intellectual output.
- To compile and publish the national bibliography of books published in Uganda as a means of promoting the awareness of the availability of these books and encouraging the sale of these books in the country and abroad;
- In collaboration with publishers in Uganda to carry out the cataloging of books before they are published so as to ease the processing of these books by various libraries;
- To establish and maintain a national union catalog of holdings of major libraries in the country and to provide information and referral services, including specialized information services, at the national and international level;
- To allocate international standard book numbers and international standard serial numbers to the publisher in Uganda;
- To act as the agency for national and international lending and exchange of library materials;
- To act as a national, regional and international information system
- To create electronic databases in areas of national interest;
- To acquire at a fee, from any person or institution, any manuscript or literature that may be considered to be of interest to the country;
- To carry out any other function that may promote the above objectives.

In order to strengthen the reading, writing and preservation of our cultural heritage, the Uganda National Library of Uganda should be strengthened with budgetary and human resources, resources, IT infrastructure and internet connectivity to enable the national library services reach the grassroots.

Other countries cherish and fund their libraries as priorities. For instance, the Library of Congress in the US subscribes to all newspapers, magazines and journals in the World. The Committee learnt that the Congress Library subscribes to Ugandan newspapers and the Uganda Gazette. All Government publications must be deposited in the National Library including all academic publications in Uganda.

5.4.2 NATIONAL COUNCIL FOR SPORTS, NAMBOLE NATIONAL STADIUM AND NAKIVUBO WAR MEMORIAL STADIUM

Cabinet took a decision to maintain National Council for Sports, Nambole National Stadium and Nakivubo War Memoral Stadium as semi-autonomous agencies. The Committee recommends that in order to promote sports in Uganda in a structured and sustainable way, Government should create a Sports Authority or a Ministry of Sports to promote and nurture sports in Uganda from the grassroots.

Justification

The sports sector has not been prioritized enough under the current Ministry of Education. The public stadia in the various parts of the Country are not being properly maintained, leading to their decay and encroachment. It is high time an Authority and or a Ministry of Sports was created to promote sports in a holistic manner and manage all the public sports infrastructure and talent in the country from the grassroots to the professional level.

5.4.3 NATIONAL COUNCIL FOR HIGHER EDUCATION, NATIONAL CURRICULUM DEVELOPMENT CENTRE AND KYAMBOGO TEACHER CURRICULUM

Cabinet decided to mainstream the Students Financing Board, Kyambogo Teacher Curriculum, National Library of Uganda and Uganda National Commission for UNESCO into the Ministry of Education and Sports. The Committee recommends that National Council for Higher Education, National Curriculum Development Centre and Kyambogo Teacher Curriculum be merged into one institution

Justification

The three institutions appear to have a common agenda – curriculum development at different levels of education. Merging them will enhance effective coordination and regulation of the three education institutions.

5.4.4 STUDENTS FINANCING BOARD AND THE CENTRAL SCHOLARSHIP COMMITTEE

The Committee recommends that the Students Financing Board and the Central Scholarship Committee in the Ministry of Education be merged and mainstreamed in the Ministry of Education.

Justification

Both institutions serve the same purpose of providing funding to students who are unable to finance their education. The difference lies in the source of funding.

5.4.5 UGANDA NURSES AND MIDWIFERY EXAMINATIONS BOARD, UGANDA ALLIED HEALTH EXAMINATIONS BOARD AND UGANDA TECHNICAL AND BUSINESS EXAMINATIONS BOARD BE MERGED AND PLACED UNDER MINISTRY OF EDUCATION AND SPORTS

The Committee recommends that Uganda Nurses and Midwifery Examinations Board, Uganda Allied Health Examinations Board and Uganda Technical and Business Examinations Board be merged and Placed under the Ministry of Education and Sports. In addition, the examination functions under Nyabyeya Forestry Institute and Bukalasa Agriculture Institute should be transferred to the post-secondary examination body that will be created after the proposed mergers.

Justification

It is cost-effective to have a single examination body for post-secondary education.

5.4.6 DIRECTORATE OF INDUSTRIAL TRAINING, NAKAWA VOCATIONAL TRAINING INSTITUTE AND MANAGEMENT TRAINING AND ADVISORY CENTRE

The Committee recommends that the three institutions be merged to create a Centre for Vocational Training in Uganda under the Ministry of Education and Sports.

Justification

The three institutions are in the same vicinity and provide access to vocational skills. Merging them will create synergies critical for vocationally skilling Ugandans for socio-economic transformation.

5.5. AGRICULTURE SECTOR

5.5.1 UGANDA COFFEE DEVELOPMENT AUTHORITY

Cabinet took a decision to scrap UCDA of its semi-autonomous status and transfer its functions to the Ministry of Agriculture. The Committee recommends that UCDA be retained as a semi-autonomous agency

Justification

Mainstreaming UCDA will negatively affect the achievements Uganda has attained in coffee production and export and will negatively affect our access to the international market and will stunt Uganda's economic growth opportunities.

Coffee is the second traded commodity in the tropical world after oil, and is the second beverage after water.[2] More than 1.7 million households in Uganda depend on coffee related activities.

Uganda is the leading coffee exporter in Africa and is the second leading coffee producer in Africa after Ethiopia.[3] Uganda should not risk its achievement by tampering with UDCA that is the main cause of our coffee success story. In 2020/21, Uganda's coffee exports totaled 6.08 million bags compared to 3 million bags in 2011/12.[4]

Uganda is the 3rd country in the world with the best coffee as per the rankings of the Coffee Quality Institute in the United States, the first being Ethiopia and Kenya second.[5]

Why would one tamper with an agency that has put Uganda on the top of the list of Coffee producers, coffee exporters and best coffee quality producers? It is most likely that once UCDA is mainstreamed in the Ministry of Agriculture, Uganda's coffee production and quality will be greatly affected.

Uganda Coffee Development Authority has invested heavily in coffee quality assurance, the reason Uganda coffee has displaced other coffees in Italy and other markets. Coffee quality control requires swiftness and high levels of efficiency. Uganda's coffee process engineers are deployed in the field to monitor quality compliance of 560 primary processors, 22 washing stations, 23 roasters, 704 buying stores and 37 export grading stores. Any delays in the

[2] www.economichelp.org/glossary/most-traded; www.fao.org; and www.foodprocessing-technology.com
[3] www.ico.org
[4] UCDA database and www.ugandacoffee.go.ug/sites/default/files/Resource center/UCDA%20 Annual%20Report 2015-2016.pdf
[5] www.ugandacoffee.go.ug/uganda-ranked-3rd -country; https://www.beanpoet.com /best-coffee-country/

enforcement of quality standards with any of the coffee value chain actors will negatively affect the quality of coffee and hence Uganda's competitiveness on the global market. As a result of UCDA coffee quality regulation, ensuring high quality Uganda coffee, Uganda's coffee has displaced that of Brazil in Italy and UK coffee markets.

UCDA currently on a daily basis monitors coffee prices and provides market information to protect farmers from unscrupulous traders, supports coffee research, supports coffee production and productivity, supports coffee specific extension services, houses Centre for Robusta Excellence. Uganda is the birth place of Robusta coffee and UCDA has developed the Robusta protocols that are currently applied as global reference materials.

As a result of UCDA support to coffee farmers, young people are now able to sell Uganda specialty coffee to the global market. The Committee visited two indigenous companies (Bros Coffee Ltd and Masha Coffee Ltd, supplier of Coffee to Café Javas) run by local people in Kapchorwa that are supplying coffee to European countries.

The Committee learnt that all the leading coffee producing countries in the whole world do not regulate coffee value chain under a Ministry. They all have an agency model for coffee quality assurance.

It would be a risky venture, if not economic sabotage, to destabilize an agency that has promoted the growing and export of high quality coffee which in turn has made Uganda a household name in the world.

The Committee was informed about the ambitious plan called the Uganda Coffee Roadmap that is being rolled out by UCDA to massively increase the production of high quality coffee. It would be reckless to mainstream UCDA in the Ministry of Agriculture as this would greatly affect the quality of Uganda Coffee.

Regional Experience

Uganda Cabinet appears to have taken these potentially risky decisions without benchmarking from the neighboring countries. Government is strongly advised to learn from the experiences of Ethiopia and Kenya.

Ethiopia Experience

In 2007, Ethiopia disbanded its Coffee and Tea Authority when Ethiopian Commodity Exchange was introduced. The Ministry of Agriculture took on the responsibility for the promotion and quality control of coffee and tea. In 2015, Ethiopia realized that it had made a huge mistake to disband Coffee and Tea Authority when the quality and volume of coffee declined. Ethiopia reversed its decision to re-establish the Coffee and Tea Authority.

Kenya Experience

In 2013, Kenya disbanded Coffee Board and had its functions shifted to the Agriculture and Food Authority (AFA). AFA was established as a super regulator of 118 scheduled crops. Due to its broad mandate, it was not able to focus on value addition to coffee sector. Consequently quality and quantity of coffee production declined. The Kenya Government has now proposed a Coffee Bill 2021 with the aim of refocusing the coffee sector and reintroducing the Coffee Board.

5.5.2 UGANDA COTTON DEVELOPMENT ORGANIZATION

Government took a decision to have the functions of the Uganda Cotton Development Organization mainstreamed in the Ministry of Agriculture. The Committee recommends that Cotton Development Organization be maintained as asemi-autonomous agency.

Justification

Cotton is grown as a cash crop in over 70 districts of Uganda. In 1994/95, cotton lint production was at 33,000 bales each at 185 kg at average UGX 400/kg as farm gate price. In 2019/20, it was at 173,457 bales at average UGX 1500/kg as farm gate price.

Ugandan cotton fetches premium price in the international market because of its high quality and standards all attributed to UCDO.Cotton standards are the core of the foundation on which cotton classification, pricing and trade is based.

The Uganda cotton quality system has been painstakingly built by Cotton Development Organization over the years through rigorous training of staff and investment in cotton laboratories. UCDO runs a modern cotton classing laboratory with internationally accredited Cotton Classers which has resulted in the recognition of Ugandan cotton at the international market where it fetches a premium price. The state of the art cotton testing laboratory and equipment located at Cotton House, Kampala is fully equipped with an air management system which ensures the cotton is tested at the recommended conditions of air humidity and temperature. The laboratory is also equipped with a modern High Volume Instrument (HVI Line) from Uster Technologies, world and industry renowned manufacturer of cotton fibre/textile testing instruments.CDO takes every effort to ensure this laboratory/equipment functions according to international standards through:

i. regular servicing of the equipment by the manufacturers' accredited service technicians
ii. participating in global cotton testing round trials, in which several laboratories worldwide take part, the laboratory/equipment status assessed and a certificate

issued indicating the degree of compliance of the laboratory and the necessary corrective measures, if any.

When UCDO is mainstreamed, the rigorous cotton quality assurance could be affected.

CDO is a member of international cotton standards bodies, namely: the International Cotton Advisory Committee; the International Cotton Association Liverpool, and the Bremen Cotton Exchange. Membership to these cotton standards body is only open to legal cotton regulatory bodies for purposes of cotton standards enforcement. Without a CDO seal, it would be very difficult to sell Ugandan cotton in the international market at a premium price.

Countries such as Kenya, Zambia, Zimbabwe and Malawi which liberalized their cotton industry without setting up a regulator like UCDO have had their cotton sectors collapse.

Unlike other crops such as tea, coffee, maize, fruits, etc. that have attracted government intervention through provision of improved seeds and other inputs, the Cotton sector is completely private sector supported, through a private sector cotton production support programme. Through the initiative of CDO, all the cotton ginners and exporters were brought into an association called the Uganda Ginners and Cotton Exporters Association (UGCEA). The Association created a Cotton Development Fund. It is this fund that supports cotton production in Uganda. For every kilogram of lint exported, a percentage of the profit is paid into the Fund. The fund is used for:

- Procuring and distributing planting seed, fertilizers, herbicides, spray pumps and pesticides – given to farmers at subsidized prices ranging between 50 -65 % of the market price
- Provision of free cotton targeted extension services
- Provision of tractor hire services at subsidized prices
- Supporting cotton research

Cotton being a seasonal crop requires timely supply of viable planting seed. UCDO has maintained the quality of cotton planting seed through strict regulation of ginning and management of cottonseed. The Committee visited the CDO Seed Processing Plant in Pader District at Pajule in the heart of cotton growing region. With this facility, all the planting cotton seed requirements of the country estimated at 3000 metric tons can be processed within four months only. This is a key investment in the cotton sector. Most of the technical staff at the seed processing facility are paid by the Uganda Cotton Ginners and Exporters Association.

The Committee was informed by the ginners association that without UCDO, this CDO-UGCEA arrangement would collapse and the production of cotton would be affected, and quality of cotton would be compromised.

Cotton Development Organization has invested in quality infrastructure through training of staff. Uganda now has experienced and internationally acclaimed Cotton Classifiers as a result of the training. The Classifiers have trained with world renowned cotton schools, such as the International Cotton School (Memphis, USA; and Pakistan Cotton Standards Institute (Karachi). The Cotton Classifiers have had placements with major cotton trading firms such as Cargill (Liverpool, UK); Cotton Company of Zimbabwe (Harare) and have attended several cotton classing and marketing courses with world industry bodies like International Cotton Advisory Committee (Washington, USA); International Cotton Association (Liverpool, UK); South India Cotton Association, and Bremen Cotton Exchange (Germany).

Because of the expertise built by CDO, one of Uganda's Cotton Classifier (a one Mr Patrick Ilukat), serves on the International Cotton Association/Bremen Cotton Exchange (ICA Bremen) Cotton Testing Laboratory Certification Committee. This is a committee that oversees the operations of member firms' cotton testing laboratories and certifies them as suitable to carry out international cotton tests. He is also a member of another committee that certifies participants who qualify as "cotton quality experts."

With the mainstreaming of CDO, the well-established quality assurance infrastructure and human resource will risk being lost. The bureaucracy in government will undoubtedly affect the operation of this system to the peril of the sector and the country's economy at large.

5.5.3 DAIRY DEVELOPMENT AUTHORITY

Government approved the mainstreaming of Dairy Development Agency into Ministry of Agriculture, Animal Industry and Fisheries. The Committee recommends that DDA be retained as a semi-autonomous agency to promote diary development, provide regulatory services and promote consumption of milk and milk products in the country.

Justification

Dairy products are key exports of Uganda and new markets are beginning to emerge. The dairy industry in Uganda is currently the 3rd agricultural commodity foreign exchange income earner just behind coffee and fish, fetching USD 205 million (UGX 780 billion) in the FY 2019/20.

Milk is a perishable product. Export of milk and milk products requires observance of safety and quality standards and regulations along the dairy value chain including milk production, collection, transportation, marketing, processing etc. Mainstreaming DDA may compromise the dairy quality export standards set leading to loss of potential markets that come with huge export earnings.

At the inception of DDA, the dairy industry had collapsed. The cold chain infrastructure had collapsed. By 1986, milk collection was 3,043,000 litres of milk annually. With the interventions of DDA since 2000, milk production has increased to 2.7 – 2.8 billion litres annually. The milk collection centres have increased from about 15 in 1986 to 483 fully equipped collection centres with a daily total collection capacity of 1.9 million litres. Milk processing companies have increased from just one Dairy Corporation Ltd with a processing capacity of 60,000 litres per day in 1986 to 135 processing companies today with a processing capacity of 2.89 million litres per day.

The dairy industry has maintained a steady growth rate of 3% per annum for a decade, and provides livelihood and income to 2.4 million households.

Any disorganization of the dairy industry regulatory system could negatively affect incomes of so many Ugandans, leading to poverty of many households.

5.5.4 NATIONAL AGRICULTURAL ADVISORY SERVICES (NAADS)

The Government took a decision that NAADS be stripped of its semi-autonomous status and its functions be mainstreamed in the Ministry of Agriculture. The Committee agrees with the decision of Cabinet that NAADS be mainstreamed and restructured to be a vehicle for agriculture strategic intervention and agricultural input provision.

Justification

NAADS was established in 2001 as a semi-autonomous body in the Ministry of Agriculture to provide agriculture advisory services. However, in 2014, Government took a decision that NAADS should focus on facilitating the growth of wealth at the household level for the entire country. Consequently, NAADS mandate shifted to supporting agricultural value chain development with emphasis on: agricultural input distribution, good post-harvesting practices, agro-processing and value addition.

In 2014, Government, through the Civilian –Veterans Initiatives in the Luwero-Rwenzori triangle supported the implementation of NAADS interventions through the provision of seeds and other planting materials as well as stocking materials to the target beneficiaries with the involvement of UPDF commanders. The interventions of NAADS are aimed at increasing production and productivity of the various priority and strategic commodities for improved household food and income security as well as export earnings.

Consequently, NAADS has facilitated, through the Operation Wealth Creation programme, the distribution of improved planting materials notably, maize, beans, cassava, banana, and Irish potatoes; strategic commodities namely; tea, cocoa, fruits (pineapples, mangoes, citrus, apples, coffee handled by UCDA. Livestock interventions –heifers, poultry, improved pigs, improved goats and fingerlings, cattle semen, etc and artificial insemination kits.

NAADS has also distributed solar powered irrigation systems and tractors, handhoes, community grain stores, milk coolers and matching generators, fruit processing facilities etc.

While NAADS abandoned its statutory function of providing agricultural advisory services, it has been providing critical farm inputs, post-handling, storage and processing services which are vital for agro-industrialization programme.

NAADS should have its name changed so that its initial mandate of providing agriculture advisory functions is dropped, and its currently role is reflected. Currently, agriculture extension services are provided under the Ministry of Agriculture, Animal Industry and Fisheries.

5.5.5 UGANDA AGRO-CHEMICALS BOARD

Government took a decision that Uganda Agro-Chemicals Board (ACB) be merged with National Drug Authority. The Committee recommends that Uganda Agriculture Chemicals Board (ACB) be created as semi-autonomous regulatory authority in the Ministry of Agriculture and be strengthened.

Justification

Currently, the National Drug Authority regulates human and veterinary drugs. Merging the functions of Agro-Chemicals Board (ACB) into NDA would mean that NDA must take on agro-chemicals, agrofertilizers, etc in addition to its focus on human drugs and veterinary drugs- in other words, regulating and promoting plant health.

When the Committee interacted with the NDA management over the proposed merger, NDA appeared unprepared and ill-suited for regulating plant health. They complained that the merger would affect its focus on animal and veterinary drugs, where a lot of efforts are still required..

Uganda Agro-Chemicals Board (ACB) is currently under the Ministry of Agriculture under the Department of Crop Inspection and Certification providing inter-connected services vital for the success of agro-industrialization: quality seed, quality agro-chemicals and quality agricultural produce.

Uganda is an endowed agricultural country and a potential food basket for Africa. ACB is mandated to ensure export compliance of crop agricultural commodities including fresh fruits and vegetables. ACB is expected to focus on phytosanitary and food safety issues in particular the maximum pesticide residue limits. It invests heavily in establishing the laboratories for plant health and pesticide residue (Chemistry) analytical laboratory, due to their responsibility of ensuring trade compliance for food safety.

The East African Community (EAC) has signed the Sanitary and Phytosanitary (SPS) protocol to ensure food safety for its people but also to ensure safety for international importing communities. ACB is suitably positioned to safe guard agriculture industry from the harmful organisms and also ensuring that the produce exiting Uganda is free from pests.

The Committee was informed that since 2018, ACB has certified and licensed 500 Dealers and 513 Premises to sell agrochemicals. The target is at least to have one fully registered agro-input dealer per sub-county.

A total of over 700 different products have been evaluated and registered by the ACB for farmers to use. 60 ongoing efficacy trials were recently monitored and the aim is to ensure that only quality products that are efficacious and safe are availed to farmers by following clear scientific principles during evaluation, importation and distribution of Agrochemicals

The ACB working with the Agricultural Police has been able to significantly bring down the level of physically observable assorted low-quality agrochemicals from about 40MT in 2018 to about 10MT in 2020.

Working with NITA-U the ACB is developing an electronic traceability system that will ensure monitoring of agrochemicals along the entire agrochemical life cycle.

The Board has embarked on profiling all the dealers in the country in order to create a national data base for easy monitoring and enforcement. To date, 72 districts have submitted full data on the various dealers within their localities

The Board has trained close to 1,600 dealers in safe use and effective handling of agrochemicals. The aim is to improve their capacity in advising farmers on proper and safe use of inputs.

The Board, with support from ACDP, acquired fertilizer analytical equipment. They are currently being installed at Namalere. Portable field devices for quick detection of critical nutrients in the fertilizer in the field are also part of this procurement. Plans are underway to complete installation and procure consumables.

Risk of merger of NDA and Agricultural Chemicals Board

- The merger has a high risk of weakening the linkage between actors in the plant health system. When the Veterinary drugs and medicines were placed under the oversight of NDA, there was inappropriate deployment and use of acaricideswhich has led to the development of tick resistance, and increased incidences of FMD epidemics. This is because NDA as the regulator is not directly reaching out to train the farmers on the efficient use of the products they have registered/ approved for use. Merger of NDA and ACB will undermine the efforts put in place by the Ministry of Agriculture in ensuring their clients, the farmers use the products efficiently and in a sustainable manner while safeguarding human health and environment. The merger will also weaken the extension advice on crop health.

- Disruption of the National plant (crop) health system. Agricultural chemicals are an important component of a plant health system. A functional healthy system consists of regulators (Department of crop inspection and certification), extension that provides advice on crop health, agro-input dealers that sale crop protection products (equipment and agricultural chemicals), researchers that conduct efficacy trials of new products and monitor pesticide resistance of existing products.
- Underfunding and understaffing ACB have been the major hindrance. The current establishment for the regulator of the plant health in the Ministry of Agriculture is 62 Inspectors, with 10 of the Inspectors devoted to agro chemicals, a new structure of 206 inspectors has been submitted to Ministry of Public Service. This is required to rid the country of fake and non- conforming products.
- The relationship between agricultural chemicals and seed is critical in determining the quality of the products put on the market.

- Under WTO Sanitary and Phytosanitary Agreement and the International Plant Protection Convention (IPPC), the Departments responsible for Crop Inspection and Certification are designated as Competent Authorities, and for Uganda's case it is the Department of Crop Inspection and Certification.The merger of ACB with NDA will disorient Uganda's international obligations.
- The International Code of Conduct (ICC) on the management of agricultural chemicals and fertilizers globally places the regulation of agricultural chemicals under the Food and Agriculture Organization of the UN, and at national levels, under the respective Ministries in charge of food production.
- The merger will weaken crop epidemics management and control - The Agrochemical control division complements the Department of Crop Protection in timely and efficient intervention when it comes to invasive species and other crop epidemics. This is achieved through primarily offering fast response to any efficacious products available to handle emerging problems and also offer trainings on safe use of products. The proposal to merge the functions of ACB in charge of crop health and safety with NDA will affect the synergies between the ACB and the Ministry of Agriculture. Crop health and safety can never be a mandate of the Ministry of Health's regulatory agency.

- In fact, the ACB should be strengthened as a semi- autonomous agency and take on the regulation of the veterinary drugs from the NDA

5.6 WATER AND ENVIRONMENT

5.6.1 NATIONAL FORESTRY AUTHORITY

Government took a decision to mainstream National Forestry Authority into the Ministry of Water and Environment. However, the Committee recommends that NFA be maintained as a semi- autonomous entity.

Justification

National Forest Authority should be maintained and strengthened to contribute to the resolution of climate change crisis. Uganda is currently faced with climate change challenges. It has signed international agreements on climate change. Survival of mankind will depend on restoration of the environment, ecosystem and forest cover.

Forests are among the world's most productive land – based eco-systems and are essential to life on earth (United Nations Strategic Plan for Forests 2017 – 2030).

National Forest Authority should be maintained to maintain, restore forest cover. Forests provide essential ecosystem services such as timber, food, fuel, fodder, non-wood products and shelter as well as contribute to soil and water conservation and clean air. Forests contribute substantially to climate change mitigation and adaptation and to the conservation of bio-diversity.

Given the climate change crisis being faced by the country and globally, it is irrational to weaken forest conservation agencies. Rather, the Government should commit more funds to National Forest Authority to enable it be at the frontline of restoring and improving forest cover.

5.6.2 UGANDA NATIONAL METEOROLOGICAL AUTHORITY

Government took a decision to mainstream Uganda National Meteorological Authority into Ministry of Water and Environment. However, the Committee recommends that Uganda National Meteorological Authority be retained as a semi-autonomous agency.

Justification

Meteorological services are classified as essential services in Uganda by the Public Service Negotiating, Consultative and Dispute Settlement Machinery) Act 2008 - services, which if withdrawn abruptly may— (a) cause loss of life; (b) threaten the well-being of society; (c) cause major disruption in the nation; (d) cause disaster.

The Uganda National Meteorological Authority was established by an Act of Parliament, The Uganda National Meteorological Authority Act 2012 to monitor, predict, promote and provide advisory services to Government and other stakeholders on Weather, Climate and Atmospheric Pollutants for sustainable development of Uganda.

Meteorological services are required by different sectors of the economy, such as: Agriculture, Tourism, Transport (Marine, Aviation, the roads), Monitoring and Combating Climate Change, Water Resource Quality and Availability, Energy Planning and development, Sustainable infrastructural design and development, Health and Disaster Preparedness.

The main purpose of National Meteorological and Hydrological Services (NMHS) as stated in the World Meteorological Organisation (WMO) Convention is; Monitoring weather and climate for the provision of meteorological, hydrological and related services in support of relevant national, regional and international needs. NMHS play a key role in the protection of life and property and in contributing to sustainable development and safety of navigation within Uganda air space.

The World Meteorological Organization (WMO), which is a United Nations specialized Agency on Meteorology, requires all NMHSs to become Semi-Autonomous entities in order to cope with the Quality Management Systems of ISO-9001. The WMO has written to advise the Government of Uganda about the proposed mainstreaming of UNMA; indicating that the decision of mainstreaming meteorological services contradicts the WMO guidelines and international practice.

UNMA is the focal point agency of the Intergovernmental Panel on Climate Change (IPCC), which is a subsidiary arm of The United Nations Framework Convention on Climate Change (UNFCCC), where Uganda is an active party, and is required to provide periodic updates on the science of climate change to guide the international negotiation process for appropriate adaptation and mitigation arrangements. UNMA Executive Director is the designated Permanent Representative of the WMO. The decision to mainstream UNMA will disorganize Uganda's relations with the WTO.

UNMA has registered critical achievements in the last 6 years. These include:

- 72% national coverage with automatic weather stations
- 3 Radars installed to monitor the atmospheric conditions of the whole country

- Improved institutional management leading to ISO 9001: 2015 certification and hence guaranteed safety of the Uganda's air space
- Provision of daily weather advisories relating to Lake Victoria Basin
- Generation and dissemination of accurate seasonal forecast

UNMA is a specialized agency that has over time built capacity through training in Meteorology, and conducted extensive Meteorological Research. It is the agency with the highest number of staff with PhD degrees with all the 4 departments of UNMA headed by PhD holders. Most of the staff of UNMA work 24/7 monitoring the weather and radar system.

The Committee was informed that no plane can fly into Uganda airspace without a weather report by the UNMA. It is therefore a risky venture for Government to bureaucratize provision of meteorological services. Moreover, the services by UNMA are not duplicated by any other agency. They are required by very many different agencies. UNMA generates NTR and is not a burden to the taxpayer.

5.7 ICT SECTOR - NATIONAL INFORMATION TECHNOLOGY UGANDA NITA-U

Government earmarked NITA – U for mainstreaming in the Ministry of ICT and National Guidance. The Committee recommends that the intention of mainstreaming of NITA - U into the Ministry of ICT and National Guidance should be abandoned, and instead maintain NITA-U as a strategic semi-autonomous agency of Government to spearhead the digital transformation programme for socio-economic development of Uganda.

Justification

The National Development Plan III underscores the strategic role ICT plays in social economic development of Uganda. One of the 18 programmes of the NDP III is digital transformation programme. The bulk of the strategic interventions under the Digital Transformation Programme are to be implemented by NITA-U in accordance with the Programme Implementation Action Plan (PIAP). In addition, the success of all the programmes of the NDP III will be hinged on NITA –Uganda.

The digital transformation programme, which is an enabler programme of the NDP III, will only be possible when there is massive use of the IT services plus cheap internet that is accessible to the majority of Ugandans and leveraging the use of ICT to reduce the cost of doing business in government. When NITA –U is mainstreamed, the speed of digital transformation in Uganda will be slowed down.

NITA - U plays three critical roles for the digital transformation of Uganda :

- As an implementer– NITA – U manages the National Backbone Infrastructure project that currently has 4,172 km network across the country connecting 1359 government Ministries and Departments (e-government services) and local government sites. E-Government services are vital for reducing duplications and promoting shared services, and have saved the government up to UGX 1.165 Trillion through the centralized hosting of up to 169 applications in the national data centre.
- As a regulator of IT services in the country – NITA - U has the duty of developing IT standards and certification of IT providers to ensure that IT service providers to Government and the citizens comply with industry standards. Regulation covers the licensing and assessment of service providers and other regulated entities under the NITA-U IT Certification regulations, E-Signatures Act, IT Standards and other legal frameworks. Over the last 10 years NITA has in collaboration with UNBS developed over 90 standards in the Information Technology sector and over 400 IT service providers have been confirmed to meet the relevant standards.
- NITA-U hosts the National Personal Data Protection Office. The office has the duty to promote the observance of the right to privacy and of personal data, monitor, investigate and report on the observance of right to privacy and personal data, receive and investigate complaints relating to the infringement of the rights to privacy and personal data, etc. Mainstreaming NITA-U and the personal data protection office in the Government Ministry presupposes that the state/Government is the guardian and defender of the right to privacy and protector of personal data, yet in some cases, the threat against the right to privacy is the state! There needs to be independence to ensure that the ministry does not handle all aspects such as policy, regulation and enforcement which may result into a conflict of interest.

In respect to its critical roles, NITA-U has rolled out several services that include:

a) Managing the National CERT (Computer Emergency Response Team) and providing digital forensics, incident response and management, cyber security advisories, security awareness, education and training.
b) Supporting law enforcement in the investigation of cybercrime.
c) Put in place Unified Messaging and Collaboration Services (UMCS) that provides a platform for **standardized e-mailing and collaboration services** for Government. To date, the service has been rolled out to over **19,713 users** in Government.
d) Established the National Data Centre and the Disaster Recovery (DR) sites. With this infrastructure in place, NITA-U now provides **Data centre hosting services** for **169 critical applications for over 80 Government Institutions**.

e) **Enhanced IT Certification services**to ensure the quality of IT services and products. Over **450 IT Service Providers** have to date been certified by NITA-U to provide IT services to both Government and citizens.

f) Provision of **free technical and advisory support services** on all matters of Information Technology to all MDAs/DLGs. The committee received commendationfrom the Jinja District CAO who praised NITA for enabling Jinja District to be efficient as a result of IT services and internet offered by NITA. Several entities have been supported in the automation of their respective processes to improve operational efficiency in service delivery. This is done using NITA staff at no cost to the government agencies. Examples include: the development of **e-Visa application** which has increased revenue collection and reduced the lead time for citizens/travellers to process visa and work permits, **e-Government Procurement, e-payment gateway system** which has improved transparency and accountability for Government transactions, **Agro input traceability and the e-voucher system** through which **over 60,000 farmers** benefit from timely delivery of agro inputs in **42 Districts.** The **COVID Relief funds disbursement system** through which Government was able to disburse **UGX49.7838billion to 497,838 (98.57%)** of the registered beneficiaries and saved Government over **UGX 500 million.**

g) Provision of **system integration services** for all Government applications and systems to enable seamless sharing of data and information across Government hence improved decision making, timely and secure delivery of services to citizens.

h) **Provision of advisory and assessment services** on matters of cyber security, Data Protection and Privacy, cyber laws, standards development and dissemination among others. Advisory services and support have been provided to over 100 Government entities through compliance assessments and hands on support to improve adherence to various IT standards.

i) Operating a **Government IT Service desk as well as a 24/7 Network operation Centre (NOC)** that provides a centralized platform for handling all service requests and matters related to the provision of e-Government services to Government and citizens.

Through the development of the above various applications using in-house staff, and through its data centre, where it hosts data for various Ministries and agencies, NITA-U has saved trillions of shillings that Government would incur to procure and provide the above services.

The Committee noted that NITA – U has an ambitious plan of rolling out internet services to all government agencies both at the Centre and local governments up to the parish level and to provide internet services to all schools and hospitals across the country. Furthermore, the committee learnt that NITA – U is in the process of further lowering the cost of the internet in Uganda to below half the current price of USD 70 per megabyte.

As is the continental practice, Uganda should maintain NITA – U as a semi-autonomous agency for the promotion and regulation of ICT services and personal data protection in Uganda.

5.8 ENERGY AND MINERAL SECTOR

5.8.1 RURAL ELECTRIFICATION AGENCY

In February 2021, Cabinet decided that Rural Electrification Agency be mainstreamed in the Ministry of Energy and Mineral Development. The Committee recommends that Cabinet rescinds its decision and reinstates Rural Electrification Agency as a semi-autonomous body to promote and execute rural electrification programme of the NRM Government.

Justification

According to the *Carbon Initiative for Development*, the rate of electricity access in rural Uganda is remarkably low—at just 11 percent. The Government is working to raise access levels to 26 percent by 2022. However, this target may not be realized due to the abolishment of the Rural Electrification Agency.

The Rural Electrification Agency was established by the Minister of Energy and Mineral Development as a semi-autonomous body under the (Establishment and Management of the Rural Electrification Fund) Instrument, 2001, S.I.No.75 of 2001.Regulation 11 of S.I. No.75 of 2001. REA has done a commendable job to connect rural areas of Uganda to the national electric grid. REA is responsible for the 11 percent rural electrification in Uganda. There was great enthusiasm that with the development of more hydro electric dams in Uganda, more rural areas of Uganda were going to access electricity through REA.

However, following the Cabinet decision of February 2021 to mainstream REA, the functions of REA were transferred to the Ministry of Energy and Mineral Development. The scrapping of REA was concluded on the 8th of September, 2021, when Parliament authorized the transfer of funds from Vote 123 which is for Rural Electrification Agency, to Vote 017 of the Ministry of Energy and Mineral Development. Consequently, UGX 527 billion was provided to the Ministry of Energy to cater for salaries of staff of REA who still had running contracts.

The Committee observed that there was great visibility of the Rural Electrification Agency and its efficiency and importance was undisputable. The committee learnt that in the last 20 months, REA had carried out 99,450 electricity connections. Given the devastating effects of climate change as a result of deforestation and charcoal burning, rural electrification is a critical investment that Government should make. Moreover, the hydro electric power that has been generated by Isimba, Karuma and other dams needs to be transmitted and distributed to the rural areas. REA has created visible achievements for the Government. It is surprising that REA is being mainstreamed at this time. If there were management issues in REA, these should have been sorted rather than disorganizing a critical agency in charge of rural electrification.

The Committee strongly recommends that Rural Electrification Agency be re-established as a strategic agency for the social economic transformation and firing of the rural programmes that Government has initiated such as Parish Development Model.

5.8.2 UGANDA ELECTRICITY DISTRIBUTION COMPANY LIMITED (UEDCL), UGANDA ELECTRICITY GENERAL COMPANY LIMITED (UEGCL) AND UGANDA ELECTRICITY TRANSMISSION COMPANY LIMITED (UETCL)

Cabinet took a decision that the three electricity companies, namely: Uganda Electricity Distribution Company Limited (UEDCL), Uganda Electricity General Company Limited (UEGCL) And Uganda Electricity Transmission Company Limited (UETCL) be merged. The Committee strongly supports the decision of Cabinet to amalgamate the three electricity companies into one agency. The Committee further recommends that the electricity agency created through the merger should be capitalized

Justification

The merger of the three electricity bodies into one semi-autonomous agency will create efficiency and reduce the cost of electricity in Uganda.

UGANDA ELECTRICITY DISTRIBUTION COMPANY LIMITED (UEDCL)

UEDCL is a state-owned company incorporated on 1st April 2001 as a successor distribution company following the unbundling of the Uganda Electricity Board (UEB). UEDCL owns the grid–connected electricity distribution infrastructure operating at 33 kV and below. This was achieved through an asset ownership License issued on March 1, 2005 from Electricity Regulatory Authority (ERA) to own facilities for the distribution network up to 33kV.

On May 17, 2004, UEDCL entered into a Lease and Assignment Agreement (LAA) with UMEME to invest, operate and maintain the distribution network for a period of 20-years.Umemeis responsible for the operation and maintenance of non-concessioned distribution network infrastructure, as well as the retail function that includes metering and billing.

The Committee further noted that, UEDCL has successfully concluded many projects including; Acwa double circuit 33kV evacuation line, Acwa substation, Kitgum Capacitor banks station, Gulu capacitor banks, Lira- Kitgum 33kV evacuation lines and Lira-Gulu 33kV evacuation line.

UGANDA ELECTRICITY GENERATION COMPANY LIMITED (UEGCL)

UEGCL is a Government limited liability Company (by guarantee) incorporated inMarch 2001. The Company's major functional areas include concessioning and monitoring the concessioned facilities to ensure quality and reliable electricity generation. It was initially incorporated to take over the activities of the Uganda Electricity Board together with all or any part of the property, assets and liabilities associated with it as was transferred to the Company by UEB in accordance with the Public Enterprise Reform and Divestiture Act.

These assets transferred to the Company from UEB were principally the 180 MW Nalubaale and 200 MW Kira Hydro Power Stations located in Jinja. UEGCL's activities have since increased to encompass project development. This includes the development of Hydro Power Stations and other renewable energy projects.

The Committee further observed that UEGCL has led to the fruition of the Karuma (600MW) hydropower project which is due for commissioning in June 2022.These have added to the energy mix within the country. Other ongoing projects include; Muzizi hydropower plant (48MW), Nyagak III (6.6MW), and the Maziba (1 MW) for which detailed feasibility studies have been completed and funds are being sought.

The Committed noted that UEGCL has formulated an Energy Mix Strategy that will see UEGCL explore other sources of Energy to include Solar, Geothermal, and Thermal. This will help in diversifying from the current high dependency on hydropower.

UGANDA ELECTRICITY TRANSMISSION COMPANY LIMITED (UETCL).

UETCL is a public limited company incorporated in March 2001. UETCL owns and operates the transmission infrastructure above 33 kV. It is responsible for the transmission, dispatch, bulk electricity purchases from generators and the export and import of electricity. The mandate of UETCL also includes coordinating the power system to achieve balance between supply and demand.

The Committee observed that UETCL has been efficient in maintaining the grid, collecting revenue and paying the generators, reduction of losses and maintaining a stable transmission grid. The grid availability rate is over 98% and technical losses are within acceptable range.

The Committee observed that concessions to UMEME and ESKOM will be expiring in 2025 and 2023 respectively. The committee further observed that there are different ongoing contracts by the three electricity companies, which require constant supervision until they are finalized. The Committee recommends that the merger of the three electricity bodies be quickened to avert a vacuum in the electricity sector and ensure effective oversight of the on-going contracts.

5.9 WORKS AND TRANSPORT SECTOR

5.9.1 UGANDA NATIONAL ROADS AUTHORITY

Cabinet took a decision to strip UNRA of its semi-autonomous status and have its functions mainstreamed in the Ministry of Works and Transport. However, the Committee recommends that Uganda National Roads Authority (UNRA) be maintained as a semi-autonomous agency for management of roads works in the Country. The Committee further recommends that UNRA should be restructured for effective performance.

Justification

UNRA has built capacity in the area of road design and supervision. Many projects are now being supervised by UNRA engineers. This has saved the country huge sums of money that used to go to foreign supervising consultants. In addition, all roads in Uganda are motorable thanks to UNRA. The achievements of UNRA are vivid and detailed below.

UNRA was established as a body corporate by an Act of Parliament in 2006 and became operational in July 2008. In line with the principles for its establishment under the UNRA Act,2006, UNRA is required to give effect to the following;

a. Provision of its services in the most **economic, efficient and effective manner;**

b. Management of its affairs in a **business-like and cost effective manner**, and in accordance with modern management practices and techniques and in particular apply to its operations the best standards of financial management and accounting; and

c. Ensure that its operations are designed for the provision of the **best services to its customers while maintaining a high degree of responsiveness to their needs.**

Under Section 6 of the UNRA Act 2006, the Authority was created to serve the following purposes, among others;

- Be responsible for the management of the national roads network;
- Maintain and develop the national roads network;
- Advise the Government on policy matters concerning roads generally and to assist in the coordination and implementation of policy relating to roads;
- Contribute to the addressing of transport concerns in overall national planning through coordination with the relevant ministries, departments and agencies of Government;
- Enter into agreements or other arrangements with any person for the provision of roads services,subject to such charges as may be agreed upon.

All the above functions are executed by UNRA on the current national road network that is comprised of 21,010 km of roads,of which 5,591 (26.6%) is paved to bituminous standard as at September,2021.

Between 2008 and 2015 **(6 Years),** UNRA made the following milestones;

- Managed a total of 64 road upgrade projects (3,198km) among which 19 projects (1,136km) were substantially completed.
- Managed a total of 39 road rehabilitation projects (2,222km) amongst which 20 projects (1,129km) were completed.
- Maintaining the unpaved roads at an average of 65% in good to fair conditions
- Maintaining the paved roads at an average of 77.77% in good to fair conditions.
- Protecting the road asset and collecting a total of UGX 2.6 Billion in fines.

Since 2015, several performance diagnosis were conducted. The Commission of Inquiry Report of 2015 and the external engineering and financial audits carried out in the Financial Years 2008/09 and 2013/14,identified a number of gaps that included but not limited to the following;

- Staff capacity and integrity issues e.g. corruption,fraud and abuse of office.
- Inadequate regulations, policies and operational guidelines.
- High cost and time overruns.
- Inadequate and obsolete equipment and machinery.
- Capacity and integrity of contractors and consultants.
- Project and other operational delays.
- Inadequate funding
- Poor design reports and inadequate road works.

Consequently, between 2015 and 2020, the new UNRA team implemented a number of new initiatives in order to address the existing institutional challenges/gaps identified above, as well as emerging ones. These included but not limited to the following;

- Improvement of Corporate Governance and reporting relations between management and the Board.

- Building staff capacity and integrity to effectively procure and supervise the contractors and consultants as well as be able to execute some emergency works.
- Preparing regulations and policies to guide UNRA operations.
- Improvement of processes and enabling technologies.
- Enhancing the core construction equipment and infrastructure.
- Building key strategic partnerships.

As a result, between 2015 and 2020 **(6 Years)** , UNRA made the following key milestones among others;

d. Managed a total of 154 road upgrade projects (8,332km) among which 34 projects (1,698km) were completed by 2020, 22 projects (1,369km) are ongoing and 98 projects (5,265km) are in pipeline either at project formulation,feasibility,design or works procurement stage. The total upgrade project portfolio increased by 140% from 64 before 2015 to 154 road projects as at June, 2020.

e. Managed a total of 46 road rehabilitation projects (2,702km) amongst which 18 projects (937km) were completed by 2020. 8 projects (655km) are ongoing and 20 projects (1,109km) are in pipeline either at project formulation, feasibility, design or works procurement stage. The total rehabilitation project portfolio increased by 18% from 39 before 2015 to 46 road projects as at June, 2020.

f. Managed a total of 87 bridge projects amongst which 37 projects were completed by 2020. 21 projects are ongoing and 29 projects are in pipeline either at project formulation, feasibility, design or works procurement stage. The total bridge project portfolio increased by 112% from 41 before 2015 to 87 projects as at June, 2020.

g. Network wide assessment and management of bottlenecks that create impassable roads mostly in swampy sections. By June 2020,30 bottlenecks improvements had been completed,27 ongoing and 505 were in the pipeline.

h. Maintaining the unpaved and paved roads at an average of 78% in good to fair conditions and the paved roads at an average of 91% in good to fair conditions respectively.

i. Protecting the road asset and collecting a total of UGX 10.3 Billion in fines.

j. With a portfolio of 562 civil cases, UNRA managed to conclude 208 civil cases. Of the concluded cases, 88 cases reached judgment out of which 81% were in favour of UNRA. 120 cases were settled out of court to mitigate costs.

k. Improvement in project cost management e.g for 13 out of the 19 major upgrade projects, the cost of design improvement during project implementation were managed within the original contract at no extra cost to UNRA.

l. The completion time for land acquisition taken on road projects has reduced by 54% during the period of using in house services

The Committee learnt that currently, over 96% of the value of all road upgrade projects is going to multinational companies and 72% going to the same country. The impact of this imbalance of foreign and local participation is a major cause of capital flight. In order to arrest capital flight through foreign construction and consulting companies, Government should build the local construction capacity through affirmative action and increased local content in the construction industry in Uganda to cause more of the national infrastructural developments be executed by the local companies.

5.9.2 UGANDA ROAD FUND

Cabinet in February 2021 took a decision to have the functions of Uganda Road Fund mainstreamed into Ministry of Works and Transport. The Committee recommends that the Cabinet decision be reversed by Cabinet in order to maintain Uganda Road Fund as semi-autonomous body under the Ministry of Finance, Planning and Economic Development.

Justification

Uganda Road Fund has greatly helped in road maintenance in Uganda, and mainstreaming the Fund in the Ministry of Works and Transport will most likely negatively affect road maintenance in the country. The Uganda Road Fund was established by the Uganda Road Fund Act, 2008 for purposes of financing routine and periodic maintenance of public roads. The aim was to have a sustainable source of funding for road maintenance. The Road Fund is under the line Ministry of Finance, Planning and Economic Development and not the Ministry of Works and Transport.

The Road Fund is a financing institution independent of Ministry of Works and Transport, UNRA, KCCA, City Councils, Municipalities, Districts, Town Councils and Sub-counties, which are implementing agencies for road maintenance. These institutions sign performance agreements with the Road Fund.

The Uganda Road Fund has performed so well, intervened expeditiously when invited by the stakeholders and implementing agencies. The funds from road fund are predictable and transparently allocated and disbursed to implementing agencies.

If the Road Fund is mainstreamed in the Ministry of Works and Transport, the fair and equitable allocation of road maintenance resources among the beneficiaries, including the Ministry of Works and Transport, will be affected. In addition, there will be a risk to prioritization of road maintenance leading to poor road conditions. It is also likely that the funds for the road maintenance will no longer be ring-fenced.

The regional practice is that Road Funds should not be comingled or mixed or merged with implementing agencies.

The Committee noted that the legislated sources of Road Fund under Section 21 of the Uganda Road Fund Act, 2008, were not being respected by the Ministry of Finance, Planning and Economic Development and URA. Instead, Uganda Road Fund was getting allocations from the Ministry of Finance. The Committee recommends that the violators of the law be held to account.

5.9.3 UGANDA RAILWAYS CORPORATION AND STANDARD GAUGE RAILWAY (SGR)

Government took decision that the two institutions: Uganda Railways Corporation and Standard Gauge Railway were to be retained as autonomous bodies. The Committee recommends that :

- ***All railway services (meter gauge and standard gauge) should be under one agency for easy coordination.***
- ***Government should implement the SGR as a project but on completion be handed over to URC for management***

Justification

Railway transport is a critical strategic area for bulky transportation of goods. URC was formed after the breakup of the East African Railway Corporation (EARC) in 1977 when it took over the Ugandan part of the EA railways. In late 2000s, Uganda Railway was concessioned to Rift Valley Railway Consortium from South Africa in 2005. Following the poor management performance of the concession, URC took over the operations from RVR in 2018.

The biggest challenge affecting the corporation is the poor state of rolling stock (Locomotives and Wagons) and that of the rail track. Of the entire railway network 1,226km,only 270 km are operational (21%) i.e Malaba-Kampala, Kampala –Portbell (10 km) and Kampala-Nalukolongo (5 km). The track is old and being constantly vandalized exposing URC operations to accidents (leading to delays and loss of customer trust).

Since the termination of the failed concession in 2018, modest progress has been registered. In FY2018/19, the Corporation delivered a total of 196,789 tons against an NDPII target of 144,210 tons and 529,596 passengers against the planned 400,000 passengers. Due to under investment, railway transport is uncompetitive due to low train speeds (25kph) and unfavourable tax regime that makes fuel costly. The poor railway network has put excessive pressure on roads, hence requiring increased budget for road maintenance.

By 2015, when Government was considering commencing development of the SGR network, the RVR concession agreement was performing very poorly and all efforts to remedy the situation were not yielding results. In its wisdom, Cabinet deemed it fit to establish a project management unit to oversee the development of the SGR instead of URC which was limping at the time.

URC and SGR PMU have been working together whenever need arose. For instance, they are working together on a ten year railway investment plan. The integration of URC and SGR will create synergies for railway development in the country and enhance the enjoyment of economies of scale.

However, there is need to for Government to design a new railway law that will integrate SGR and URC and strengthen URC in terms of funding and leadership.

5.9.4 UGANDA AIR CARGO CORPORATION LTD

In the agency reform, Government decided to retain Uganda Air Cargo Corporation as a strategic defense facility. The Committee recommends that if Government is not ready to invest resources in UACCL, it should wind up the Corporation as it is currently heavily underfunded.

Justification

Uganda Air Cargo Corporation (UACC) is a strategic airlifting capability which is heavily underfunded. The UACC is a body corporate primarily established to operate air transport services within and outside Uganda. UACC is a strategic arm of the defense system of the country. It is used for commercial business during peace times and strategic lifting during war.

Since its establishment in 1994, UACC has been serving the whole of Africa and beyond by providing air cargo and passenger services.

UACC carries materials and supplies to remote and challenging destinations that have short paved, unpaved and grass runways, making it suitable for humanitarian/relief missions. It supports customers in the mining, construction and oil industries.

The agency is under the Ministry of Defense, headed by a Lt General of the UPDF. The agency has two L-382 Hercules planes, all currently grounded. Only funds for salaries have been provided in the FY 2021/22.

The manpower of UACC is dwindling. The technical staff have left the agency for greener pastures. The agency is indebted to CAA due to rent.

In spite of neglect of UACC, it remains a strategic airlifting capability. The dilapidated state of a strategic airlifting agency is a national embarrassment. If Government cannot invest in the agency, it should be wound up.

5.10 SOCIAL DEVELOPMENT SECTOR

5.10.1 THE COUNCILS FOR CHILDREN, WOMEN, PERSONS WITH DISABILITY AND ELDERLY

Government has taken decision to merge the councils for children, women, persons with disabilities and elderly into one agency. On the contrary, the Committee recommends that the councils for marginalized groups be retained as separate entities for sustained affirmative action.

Justification

Merging the councils for the various vulnerable groups will diminish the visibility of the unique challenges of the children, women, persons with disabilities and the elderly. It should also be appreciated that children, women, persons with disabilities and elderly persons do not have same interests, requirements and needs.

5.10.2 EQUAL OPPORTUNITIES COMMISSION

Cabinet took a decision to merge Uganda Human Rights Commission with the Equal Opportunities Commission. Much as the Equal Opportunities Commission is also a human rights agency, the committee recommends that the proposed merger be avoided/rescinded.

Justification

Many people and regions in Uganda remain vulnerable and under excluded from equal opportunities due to Uganda's history and other structural and cultural factors. To such people and regions, affirmative action and equalization of opportunity remain a critical need. The hope for such people and regions is the Uganda Equal Opportunities Commission. The Equal opportunities Commission's mandate is to promote the realization of equalization of opportunities among all Ugandans, to ensure that no one is left behind.

According to Uganda Bureau of Statistics (UBOS) UNHS of 2016/17, seventy percent of Ugandans are vulnerable. Vulnerable groups are excluded from economic and political opportunities. They are excluded from the money market and access to social services. They are susceptible to colliding with the law in their quest for survival. They are susceptible to recruitment into criminal gangs.

Without addressing the issue of vulnerability in Uganda, the security and economic growth gains achieved by the NRM Government become vulnerable to upheavals. Moreover, the huge vulnerability in Uganda, where the majority of the vulnerable people are excluded from the money economy, is a roadblock to economic growth.

Equal Opportunities Commission has been tackling vulnerability through promotion of equalization of opportunity and affirmative action. One of the key vehicle the Equal Opportunity Commission has been using is its statutory role of promoting and enforcing gender and equity responsive planning and budgeting across government. Another vehicle being used by Equal Opportunity Commission to promote equalization of opportunity and combat vulnerability is the Commission's tribunal redress mechanism.

The unique role of the Equal Opportunities Commission, of eradicating vulnerability and marginalization of some Ugandans, will most likely be lost when the Commission is merged with the Uganda Human Rights Commission. The merger of Equal Opportunities Commission with Uganda Human Rights Commission will further marginalize the quest for affirmative action and equalization of opportunities for the vulnerable populations.

6.0 CONCLUSION

The Committee appreciates the goodwill of Cabinet when it took a decision to rationalize some government agencies. The Committee, however, noted that the rationalization process was embarked on without a comprehensive study of the whole government machinery for service delivery. The exercise did not benefit from adequate consultation of the stakeholders, and proceeded without examining the legal and economic costs involved, and without a business continuity assurance study. There are risks that Uganda faces if the Cabinet decision on rationalization of agencies is not reviewed. These include: legal risks arising from litigations against government, loss of investor confidence, loss of employment opportunities, loss of competitiveness of Uganda's economy and products, loss of international markets, injury to Uganda's image and brand and reduced service delivery. There is also a risk of slowing down service delivery and also weakening the quality of services when some of the Cabinet decisions are not reviewed. The Committee therefore recommends that Government should go in a cautious manner on rationalization of some agencies.

The Committee agrees to some rationalization decisions of Cabinet but also disagrees with some others. In the latter case, the committee has made recommendations and justifications for them. The Committee strongly believes that its recommendations will shield Uganda from exposure to serious risks and heavy costs.

Retention of agencies

Cabinet took a decision to retain 80 agencies as semi-autonomous agencies. The Committee agrees with the decision of Cabinet on retention of the 80 agencies except one: The Uganda Retirements Benefits Regulation Authority (URBRA), which the Committee recommends should be transferred to the Ministry of Finance, Planning and Economic Development.

Merger of Agencies

The Committee agrees with the decision of Cabinet to merge some agencies for efficient operations and economies of scale. In this regard, the Committee concurs with Cabinet to merge: Electricity companies (Electricity Generation Company, Electricity Transmission Company and Electricity Distribution); the Public Service Commissions (Public Service Commission, Health Service Commission, Education Service Commissions); Investment agencies (Uganda Investment Authority; Uganda Free Zones Authority); Examinations of Nurses and Mid-wifery, Allied Health Workers; Nurses Council, Allied Health Council and Medical and Dental Practitioners Council; etc.

However, the Committee disagrees with the Cabinet on merging councils for Children, Women, Persons with Disability and Elderly. The Committee also disagrees with the merger of Uganda Human Rights Commission with Equal Opportunities Commission. In regard to the agencies in the social sector, the Committee recommends that their separate semi-autonomous statuses be maintained and more funding be extended to them.

The Committee also disagrees with the merger of National Drug Authority and Agro-Chemicals Board, and Uganda Registration Services Bureau with the National Identification Registration Authority.

The Committee instead has proposed the merger of Pride Micro-Finance and Micro-finance Support Centre to form a credit Bank for the vulnerable and weak economic actors who cannot access big commercial banks services that charge unaffordable high interest rates. The success of the Parish Development Model will hinge on a bank for the economically weak and poor.

Mainstreaming of the functions of agencies and staff into the relevant Ministries

On the mainstreaming of the 33 agencies, the Committee concurs with the Cabinet decision but recommends the retention of National Library of Uganda, Centre for Dispute Resolution, Rural Electrification Agency and agencies in the following sectors: Road sector (i.e. UNRA and Uganda Road Fund); the Water and Environment Sector (National Forest Authority, Uganda Meteorological Authority); Agriculture sector (Uganda Coffee Development Authority, Cotton Development Authority, Dairy Development Authority); and the ICT Sector (National Information Technology Authority of Uganda (NITA – U).

The tearing down of semi-autonomous regulatory agencies in the Agriculture sector, namely: the Uganda Coffee Development Authority; Cotton Development Organization; and Dairy Development Authority will negatively affect Uganda's exports to the international market in the exact manner that Uganda's tea was affected when the Uganda Tea Authority was abolished. As a result of abolishing Uganda Tea Authority, Uganda tea is sold by auction at Mombasa and at a cheap price and branded as tea from other countries. It will be reckless to throw away our national regulatory stamps, which have made our exports attract a premium price in the international markets.

In addition, the mainstreaming of UNRA and Uganda Road Fund will expose Uganda's most valuable asset to risk. Uganda's road network is its most valuable asset and constitutes one of the largest assets in the country, currently valued at USD 8 billion equivalent to UGX 28.8 trillion.

Once again the Committee calls for a cautious approach in rationalizing agencies. Poor leadership of some agencies should not be confused with poor value of agencies in service delivery. The benefits of agencies: increased efficiency; strengthened and clarified responsibility and accountability lines; a more encouraged and professional administration; and a more service oriented administration placed closer to citizens, should not be lost. Agencies should be allowed to perform with considerable managerial freedom and an extensive duty to report the results of their performances. The agencies are crying out for less political interference and more managerial autonomy.

Finally, rationalization of government agencies alone will not yield sustainable results unless the entire Government including Ministries is reviewed and rationalized. The working environment in the Ministries must be improved with attractive remuneration to match the salaries offered by agencies. The Ministries must have the capacity to develop policies and standards that are to be followed by the agencies. Consequently, the Committee recommends that Government commissions a comprehensive study of all Government Ministries, Departments and Agencies with a view to increasing efficiency, effectiveness, fairness and justice in service delivery and delivering better quality governmental services.

I beg to report.

ENDORSEMENT OF THE REPORT OF THE AD HOC COMMITTEE ON THE RATIONALIZATION OF GOVERNMENT AGENCIES

s/n	Name	Signature
1	Hon. Byanyima Nathan	
2	Hon. Katuntu Abdu	
3	Hon. Bakkabulindi Charles	
4	Hon Apolot Christine	
5	Hon. Adeke Ebaju Ann	
6	Hon. Atwijukire Kimosho Dan	
7	Hon Nambeshe John Baptist	
8	Hon. Nsanja Patrick Kayongo	
9	Hon Ayoo Tonny	