



PARLIAMENT OF UGANDA

A MINORITY REPORT ON THE FINANCE BILL, 2014

**ATIM- OGWAL CECILIA BARBRA
WOMAN MP, DOKOLO DISTRICT**

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1.0 INTRODUCTION

Pursuant to Rule 194 of the Rules of Procedure of the Parliament of Uganda, I hereby present a dissenting opinion from the opinion of a majority of the Committee on Finance, Planning and Economic Development.

Following the President's return of Finance Bill 2014 to Parliament and consideration by the Committee, I disagree with the recommendation to pass Clause 2 of the Bill.

Rt. Hon. Speaker and Honourable Members, my disagreement is based on the following:

- a) Irregular transfer of half of the levy collected by Uganda Communication Commission to the Consolidated Fund; and
- b) Inadequate funding of information and communication technology sector.

2.0 Irregular Transfer of Levy

Article 153 of the Constitution stipulates that there shall be a Consolidated Fund into which shall be paid all revenues or other monies raised or received for the purpose of, or on behalf of, or in trust for the Government. It further clarifies that the revenues or other monies referred to in Article 153(1) shall not include revenues or other monies:

- a) that are payable by or under an Act of Parliament, into some other fund established for a specific purpose; or
- b) that may, under an Act of Parliament, be retained by the department of Government that received them for the purposes of defraying the expenses of that department.

Section 68(4) of Uganda Communications Act 2013 stipulates that levy charged on the gross annual revenue of operators **shall** be shared between

information and communication technology development and rural communication in the ratio of one to one.

Premised on the legal provisions articulated above, it is irregular to transfer half of the levy to the consolidated fund which may be allocated to any other sector other than information and communication technology. More still the funds collected under the levy are payable by or under an Act of Parliament for a specific purpose as stipulated by Uganda Communications Act i.e. ringed fenced the levy to be shared only between information and communication technology development and rural communication in the ratio of one to one. Hence the levy is a special fund that can only be utilised within the information and communication technology sector. Therefore if the President's proposal is to be tenable, an amendment to the Uganda Communications Act, 2013 particularly Section 68(4) is required.

3.0 Inadequate funding of information and communication technology sector

Despite the sector's contribution to economic growth in terms of share of GDP which stands at 6.0%, it only receives less than 1% of the budget share.

Besides according to the Committee on Information and Communication Technology while considering the Ministerial Policy Statement for FY2014/15 highlighted that the increase of levy to 2% was based on need to increase funding of national projects in the sector particularly Analogue to Digital Migration, National Post Code and Addressing System, turning Uganda Institute of Information and Communication Technology into a centre of excellence and establishment of an Intelligent Network System to monitor traffic, revenue and quality of service of operators, installing the Last Mile Connectivity for the National Backbone Infrastructure. If half of the levy is irregularly remitted to the Consolidated Fund, how would the funding of the cited projects be improved? Would not this make the President's

pronouncement in the State of the Nation 2014 that information and communication technology sector is core sector for wealth creation and access to employment a lip service?

It was also noted during the debate on 12th September 2014 that the poor absorption of the appropriated funds by Uganda Communications Commission was hindered by the absence of a board. Following demand for assurance from the House, the Minister for Information and Communication Technology, on 1st October 2014 appointed the board comprising of Eng. Dr. Vincent Kasangaki as Chairperson, Dr. Nora Mulira, Dr Wardha Mummy Rajab-Gyagenda, Evelyn Gloria Piloya, Jane Frances Anyango Kabbale, William Byaruhanga, Eng. Charles Lwanga Auk and Eng. Godfrey Mutabazi. Hence the part of the argument fronted for the remittance of the levy to the Consolidated Fund due to poor absorption which was attributed to lack of board no longer holds.

As was earlier articulated by the Shadow Minister Finance in a Minority Report and debate that ensued on 11th – 12th September 2014, I restate that the levy be retained and utilised within the information and communication technology sector. This would ensure adequate funding given the fact that the National Budget Framework Paper FY 2014/15- 2018/2019 made no indication on whether additional funds would be allocated to the sector. This would translate to universal access to communication in Uganda.

4.0 Recommendations

Clause 2 of the Finance Bill, 2014 should be deleted.

The levy should be retained and utilised within the information and communication technology sector. It should be shared between information and communication technology development and rural communication in

the ratio of one to one as stipulated by Section 68(4) of Uganda Communications Act, 2013.

5.0 CONCLUSION

Rt. Hon. Speaker and Honourable Members, the recommendations contained in this report when adopted will improve the functioning of the information and communication technology sector in Uganda.

I BEG TO MOVE.

ATIM- OGWAL CECILIA BARBRA
WOMAN MP, DOKOLO DISTRICT

Member of Committee on Finance, Planning and Economic Development

