



THE REPUBLIC OF UGANDA

**PROCEEDINGS**  
**OF**  
**THE CONSTITUENT ASSEMBLY**

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**OFFICIAL REPORT**

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MONDAY, 12TH DECEMBER 1994

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MOTION:-

Consideration of the Draft Constitution of the Republic of Uganda [Pg 2620]

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Monday, 12th December 1994.

*The Assembly met at 9.30 a.m in the International Conference Centre, Kampala.*

## NATIONAL ANTHEM

### PRAYERS

*(The Deputy Chairman, Mrs. Victoria Mwaka, in the Chair)*

*(The Assembly was called to order)*

### COMMUNICATION FROM THE CHAIR.

**THE DEPUTY CHAIRMAN:** Hon delegates, last week Friday, I think we had disposed of the original Clause (7) as it appeared in the Draft Constitution and we voted on it and it was passed. So we are considering what in Hon. Kaberuka's or Committee Three's report has appeared as Clause (7). But substantially, it will become (8) should it go through, and we had reached voting stage but we could not proceed because of lack of a quorum. I think now we have the quorum, and we had had enough debate on this issue.

**MR. BYAKIKA:** Thank you, Madam Chairperson. Madam Chairperson, before you adjourned the meeting on Friday, you had given me the Floor, and I am hopping that you will still permit me to make my contribution. Madam Chairperson, I oppose the insertion of the new Clause (8). Madam Chairperson, the main reason for the Odoki report to recommend for inclusion of Clause (2) which I quote, "*Government shall not borrow or raise on behalf of itself or any other public institution or authority except as authorised by or under an act of Parliament*", was to streamline, restrict and control public borrowing by any government in power.

Madam Chairperson, it has become commonplace to talk of the ever increasing public debt in Uganda. At the beginning of 1986, public debt was reckoned at US dollars 1.2 billion which at that time was thought to be rather extraordinarily heavy. Only last week Madam Chairperson, when addressing the Rotary Club of Kampala, the World Bank resident representative had this to say that because of the rampant corruption, Uganda economy cannot progress on a positive trend. He said that of the 13 countries in Africa who are heavily indebted, Uganda was the most highly indebted with a debt of US \$ 3

billion. This is the current figure from the World Bank, but Bank of Uganda has given the latest total indebtedness as US \$ 5.3 billion.

Madam Chairperson, to save the already bad situation from becoming worse, it has become necessary not only for Parliament to be fully informed of how these public debts have accumulated, but also to control any further borrowing by requiring approval of Parliament prior to any such debts being entered into. Madam Chairperson the need for the President to borrow, guarantee or raise a loan on behalf of government, public institutions or authority, and then report to Parliament for ratification within 30 days when Parliament is sitting or if Parliament is not in session, within 30 days after Parliament has commenced sitting, cannot be supported by any justifiable explanation. Madam Chairperson, negotiations for loans and grants are never done in a hurry, even the lenders always subject the lendee to vigorous conditions which all need time. Madam Chairperson, during such times, the President can always cause Parliament to sit for the sake of giving approval to such an important matter, in any case, negotiations for international borrowing are always done as a team work, why should it be left to an individual? Madam Chairperson, this public borrowing reflects directly to the ordinary Ugandan. We now know that currently, every Ugandan is bearing a debt burden of US \$ 380 which is 380,000 Uganda Shillings. This debt is already waiting for each of us in Uganda to pay. Should we really continue incurring any further unauthorised debts? Why don't we consult the citizens through their representatives in Parliament as to whether we should incur any further debts?

Madam Chairperson, in conclusion, I vehemently oppose the insertion of a new Clause (8) in the Draft Constitution, and I hope all Members will support this noble cause so that we prevent the bad situations from getting worse. I thank you.

**MR. KATENTA APUULI:** Thank you Madam Chairperson. Madam Chairman, I happen to serve in my other capacity in one of the World's Financial capitals. much of which Uganda is dependent on for the money with which it runs its affairs both for concurrent and development budget and the more I think about my role as somebody authorised by the minister of finance to sign on behalf of the govern-

ment of Uganda for the loans we obtain from the World Bank, the more I feel extremely concerned that this CA would seek to authorise the head of State to borrow on behalf of Uganda. There should be no misunderstanding here, when I rise to oppose this inclusion that the President should borrow, I am not suggesting that Uganda should not borrow, Uganda should borrow. The effect of this inclusion is to undermine the existing provisions in the Finance Act that the minister for finance is the chief financial officer for the government of Uganda, and wishes to introduce now the President into the borrowing circle. With all due respect to our past Presidents, and I will refrain from naming names for peace and tranquility of this afternoon's meeting, but it is common knowledge that previous Presidents have been involved in financial transactions that were detrimental to this country. I would like to appeal to honourable delegates not to look at the government of Uganda in terms of NRM or President Museveni. President Museveni has a term, at the maximum, of 10 years starting next year if we go to elections next year. There will come a time when there will be a President in this country who is not a Museveni, and there will come a time when that President will be like some of the Presidents I do not wish to name that we all know about. Therefore, it is unfortunate that we should sit here to legislate as CAs, that a President should borrow.

I am not aware of any country where a President borrows directly on behalf of his government, and I do not think that it is necessarily the job of a President to borrow. If the President has to borrow, he can delegate that responsibility to the appropriate minister to borrow on behalf of the people of Uganda, and there is provision for that. What this finance provision seeks to do is to limit and control. Why do we want to limit and control? Because of our history. I come from the business world, and any borrowing must be subject to some high measure of discipline. This country has not known high discipline in financial management for government. It is a fact, it is not going to go away tomorrow because we have a new constitution. It is going to remain here, corruption is a fact of life in Uganda. When we came from the bush, one of the cardinal points that we sought to fight was corruption, we have not succeeded in the last nine years, and there is no evidence to show that we shall succeed next year merely because we have a new constitution.

It is for that reason, honourable delegates and Madam Chairperson, that I really would like to convince and

ask Hon. delegates not to allow our President to borrow money. If you are seeking for mud slinging and using abusive language on the President, and heaping blame on the president, then you involve him in the borrowing of money! Money is some very, very tricky issue. It is something that really goes to the integrity of the individual. The individual in charge today has proven his case that he is not dipping his hand in the public purse. Now, why do you want to indirectly implicate him by causing him to borrow on behalf of those people who are not willing to exercise financial discipline?

To seek to oppose this Motion of inclusion of this particular measure, is not to oppose the principles of NRM. I do not think that anybody here can stand and pronounce that I am less NRM than many, however I address myself to issues of principle, and I think, in principle, the President should not borrow. And therefore, I oppose that Motion. Thank you Madam Chairperson.

**MR. WAGIRA (Kubuku County):** Thank you, Madam Chairperson. I would like to pick off from where Hon. Kanteta Apuuli left by saying that we are not making a constitution for only today, and I would not like us to fall into a temptation of making a constitution with a certain personality in mind. We are making a constitution for eternity and a constitution that should be able to traverse under different conditions and circumstances.

Madam Chairperson, the issue we are handling now is very, very delicate, and it is an issue which has drawn a keen interest from our people. And if we are going to address the issue of debt burden or the indebtedness of this country, Madam Chairperson, I would like to share with Hon. delegates here the words of one of the most prominent Pan Africanists by the name of Du Bois. In his letter which he wrote to the newly independent African countries which is reported in Brugat's Book called *"The World and Africa"* on page 308, he said this that, *"Hear then my brothers, will you spend your meager income on Paris gowns, on automobiles and other attractive merchandise from the West and in so doing, sacrifice the task of building a strong economy for you and your children?"*. And he goes further to state something which is of material importance, he said *"The situation and circumstances before the newly independent African states, and therefore leaders, is that the Western Capitalist is inducing some local African leaders to become capitalists like them, and in return, their countries pay awful*

costs". Madam Chairperson, this is a phenomenon which can re-occur and which can occur if for example, we put into the leader's hands the weapon of borrowing money.

Madam Chairperson, while addressing the issue of debt burdens, we should remember to look at it from a historical perspective. You remember how Egypt lost her independence and sovereignty under one of the leaders - I think this was during the time of Khedive Ismail, but I stand to be corrected - simply because of indebtedness. So, when we are talking of indebtedness of a country, it is not an issue we should really underestimate.

In my general debate, Madam Chairperson, I did point out something called "*Flunkeyism*", and I said *Flunkeyism* is where the sovereignty of a country - flunkeyism means a situation where a country, normally a less developed or small country for that matter decides to compromise its sovereignty and decides to take orders from well to do or advanced countries in a exchange for material advantages from that advanced country. Madam Chairperson, indebtedness is one area where a country's sovereignty can be compromised. It is therefore important that the procedure of borrowing money should not land into the hands of an individual, it should pass through a collective body reflecting all views and wishes of the people, and if possible having considered fully, the implications of any loan. On that note, therefore, Madam Chairperson, I wish vehemently, to oppose that amendment on my behalf, for this country and posterity. I thank you very much.

**MR. MULONGO:** Thank you, Madam Chairperson. Madam Chairperson, I am one of those Members of the committee who really supported this recommendation and in spite of some people's views against it, I still think and strongly feel that it is necessary. Madam Chairperson, we are debating here as if the entire debt burden is because of the over borrowing by the Presidents, even the NGOs, the corruption that there is in this country is almost in every corner. Even the NGOs are corrupt. I do not think that it is the President who has caused the current debt crisis in Uganda or the Presidents for that matter.

I would like us to look at Presidents in constitutional terms as people who are elected popularly and are the executive head of governments. A person whose votes collectively could even be greater than the

votes of the legislators combined. A Person whose respect, confidence and future is placed in his hands to manage the affairs of this country. It could be me, it could be you, it could be anybody in that chair, and I do not think this is so because President Museveni currently looks a fair man, we are doing this for posterity, that whoever will be there as a popularly elected person - in the seat of the President - should be given authority to exercise the governance of this country. It will be wrong for us, therefore, to begin imagining that this person is going to be a monster and will begin borrowing and put in his pocket like it was said last week. There is no way the President can borrow that money and put it on his own account. Never! The constitution is very clear about the terms of borrowing, such money will always be put on the consolidated fund.

Madam Chairperson, the argument that this will undermine the minister concerned for finance, I think is uncalled for. Certainly, the current External Loan's Act empowers the minister for finance to do so. Now who is who, the President and the minister responsible for finance? If the minister responsible for finance can borrow on behalf of government and have it tabled before Parliament, why not the President? And yet some of these ministers are non-starters, these are the people who cannot - who need some way paved for them to do things. I am not imputing any improper motive, of course, to any current ministers per se, but I am saying that the ministers could be a non-starters. The government has to move and the President is the person who is responsible for his government to make sure that it succeeds or it fails. Of courses when we talk of President in this case, I would like to remind the House that we are not saying just an individual person, but his office.

In this Chapter, we have tried to avoid constitutionalizing the minister's office as much as possible and we have left there the President, and the President exercises his functions through the ministers, and he can ask anybody to borrow on his behalf or on behalf of government. So, Madam Chairperson, I would like us also to examine the fact that since the President will be an executive head, there could develop a problem between Parliament and the President. We can think of putting so much powers - almost everything in the hands of Parliament so that the Parliament looks like it is even above the constitution, as if it is above everything so that they can even plan to defeat the President, or the President

therefore, must bribe the Parliament in order to pave his way through! Let us examine the role of the Parliament and the Executive President very carefully, and see how these two can work complementarily well than just trying to empower one and leave the other. Madam Chairperson, I would like to say *-(Interruption)-*

**ANHON.DELEGATE:** Point of procedure! Thank you, Madam Chairperson, I thought this debate took place the other day, and we failed to rule on it only because there was no quorum. Otherwise the issue has been put, you had been asked to put it to vote. Now, aren't we wasting time on an issue which is so obviously wrong? If only we were aware that negotiations at the World Bank or IMF is done by loan officers there and not even - you don't even see our people participating in this. I have been participating in this, you do not even see the President of the World Bank or the Managing Director of the IMF, you see his loan officers or their loan officers and you are trying to subject our President to go and sit with these loan officers and negotiate with them! The procedure is that the question should be put as it was already asked to be put and we only missed voting because we did not have the quorum. I thank you, Madam Chairperson.

**THE DEPUTY CHAIRMAN:** With due respect to your interjections, you are very aware we said that we had no quorum, which means the majority of the people were not here. So *-(Applause)* - I had to give in at least four to clear the air. I have given one against and one for. So at least the Members who have just come in would vote with an informed mind, they know what they are voting for. Otherwise you would have demanded me to start explaining who said what. But at least now we have heard what those who are against say, and somebody who is supporting the Motion. So can we leave him to complete.

**MR. ERESU:** Madam Chairperson, while the Member holding the Floor was delivering his speech, I only got concerned when he mentioned that ministers are non-starters, that some ministers are non-starters. I felt that was an abuse on the part of the executive and the President in particular whom we have trust that his appointing authority as being right, and I felt that probably it was a statement which needed to be withdrawn.

**THE DEPUTY CHAIRMAN:** Actually, as far as I am concerned, he said "may be". So "may be"

is not in the affirmative. So Hon. Mulongo can you proceed.

**MR. MULONGO:** Thank you very much, Madam Chairperson. As I was saying, Article 185 certainly states a very good principle, it states the concern of the people of Uganda that to control the debt problem, we must restrict the borrowing, and this has been very well handled in Clause 3 (a), and we are just saying that subjecting the entire process to Parliament can suffocate administration of government. It may sound very beautiful to say everything has to go through Parliament and moreover the government, by the way, can borrow in a year may be 200 times, borrowing from Kakira, borrowing from Russia, borrowing from here and there 200 times! And we are saying that each one of it has to be done like that. Secondly, suppose His Excellency Mulongo Simon goes to Japan and toasts wine with his host and he tells him about the programmes in Uganda, and the latter says, "Oh, I can give you this much" Do I say "No, no, no. Hold on, can I run back to Parliament first?"

We are saying that there has to be some alternative, yet this alternative is subjected to Parliamentary ratification which is not even in place now. Honestly this is demanding too much now when it is not controllably possible so far. Madam Chairperson, I still think that it is important that we allow, in addition to this very fundamental Clause we passed about Parliamentary approval, the President or through his delegatee, to borrow but have the Parliament's knowledge of ratification. With this I beg to move that House supports the Motion. Thank you.

**DR. HIGIRO(Rwemiyaga County):** Madam Chairperson, thank you very much for giving me this opportunity to inform the House. There are two factors which need to be understood when we are discussing these amendments. One is the fear of the debt burden. What is important is not the amount of money that we can borrow or we borrowed, but what is very serious is to know what did this amount of money do. That is what should be worrying us. It is what it did, not the amount. Even if it were to be 10 billion even if it has been used well, still we could be having the ability to pay. But the problem is that, that amount of money may not have been used so well that we cannot even pay. Therefore, it is more serious there. The other point is this that, people are talking about the President borrowing. I think the President can initiate if he meets his counterparts

somewhere, but surely if we are asking for the President to sit and negotiate for a loan, we are going very wrongly. I think we should accept that the President can initiate, he can talk about it, but he should not be allowed the constitutional right that he should be the one to negotiate and conclude a loan. That is my point, Madam Chairperson.

**THE DEPUTY CHAIRMAN:** I think we have had enough debate. We have debated this issue for three days, and at least the Members who were not around now know what to vote for. The reasons have been given, I do not think there is anything more that actually we are going to add. I now put the question. The Motion is, Committee (3) proposes an insertion authorising the President to borrow on behalf of government and then account not exceeding 30 days. That is essentially what is in the new proposed insertion.

*(Question put and Negatived)*

**THE DEPUTY CHAIRMAN:** So the insertion has been rejected. Hon. Kaberuka I think Clause (8) would not apply. There was also a new Clause (8) which was proposed. Let's hear from Hon. Kaberuka.

**DR. KABERUKA:** Thank you, Madam Chairperson. With the deletion of the new Clause (7) then Clause (8) falls by the way side.

**THE DEPUTY CHAIRMAN:** Okay, By implication?

**DR. KABERUKA:** Yes.

**THE DEPUTY CHAIRMAN:** That means we have disposed of Article 185. I propose that I put the question. The question is that Article 185 do stand part of this Constitution.

*(Question put and agreed to)*

**THE DEPUTY CHAIRMAN:** So article 185 do stand part of this Constitution. Now we go to Article 186. Hon. Kaberuka.

**DR. KABERUKA:** Thank you, Madam Chairperson. My committee considered Article 186, Clause (1) at length and recommended that we should recommend it as it stands in the Draft Constitution. I beg to move.

**MR. KOMAKEC:** Point of clarification! Madam Chairperson, couldn't we formerly say that the question should be put?

**THE DEPUTY CHAIRMAN:** We agreed there is no change, usually you put the final question if there is any contention or if there is any amendment. Or if we are finally passing the whole Article, if there is no hand up.

**MR. NYAI DICK:** Point of procedure! Thank you Madam Chairperson, I think it is only correct procedure that for the question to be put and for us to pronounce ourselves on it in the affirmative for the records. Otherwise if it is not so put, Madam Chairperson, we will be banning our own rules. Thank you, Madam Chairperson.

**THE DEPUTY CHAIRMAN:** Okay, as a formality we can, but even when we come to (2), we will have to do it again anyway.

*(Question put and agreed to)*

**DR. KABERUKA:** Madam Chairperson, my Committee considered Clause (2) of Article 186 and recommended an amendment which reads that, "Subject to Clause (1), Parliament shall make laws to determine what the public debt of Uganda includes". I beg to move.

**MR. BYARUHANGA:** Clarification! Thank you Madam Chairperson. I would like to know from the Chairman of Committee (3) whether this public debt cannot be clearly defined. Whether its meaning changes from day to day as to cause us to bring it to Parliament. Because the effect of this amendment is that, Parliament will make a law defining public debt, and since the meaning of public debt always changes, Parliament will always be able to amend since amending a law is easier than amending a constitution.

**DR. KABERUKA:** Madam Chairperson, in fact I do not want to recreate the debate which went on, it was the thinking of most of the people in the group that we should leave the matters of definition outside if they do not bring anything new. But here, because they brought in some things like the "sinking fund", we thought that to be general, we should leave it general and the public debt be determined by Parliament from time to time. Because some of the things which they have included in the present Draft Con-

stitution do not necessarily constitute what public debt would be. So, that is why we left it for the Parliament of the day to determine what they would include in the public debt.

**DR. MAGEZI:** Madam Chairperson, I have noted that from the 1967 constitution, "Public debt" - what it includes is clearly outlined as it appears under Article 186, Clause (2). Before we delete that, would the Chairman of Committee (3) historically explain whether there has been any controversy arising in the definition of "Public debt", because I am a bit skeptical when we say that "*Parliament shall make laws to determine what the public debt of Uganda includes*". I think that is a very difficult law to make.

**MR. KABERUKA:** Madam Chairperson, as I did mention when I was submitting, I for one, apart from the word "Sinking fund", the rest constitute what a public debt should be. But the "Sinking fund" is not public debt and because of that, we decided that since people may - like now these people thought a Sinking fund should be a part of a public debt - (*Interruption*)-

**MR. O'LET CHRISTOPHER:** Point of information! Madam Chairperson, a Sinking fund is the money put aside in bits to settle the public debts when the date arrives. So it is part and parcel of a savings, as it were, which is put aside to settle public debts when payments come. So it is part and parcel of the money. Thank you.

**DR. KABERUKA:** Madam Chairperson, I do not want to waste my time, but I do not agree that savings is part of public debts, if that is how he understands it, that is okay but in any case, when you look at the remaining thing, it is at the normal definition of what a public debt should have been. And in our group, we thought that for us to be clean, is to leave out definitions, but in this case, because we found an odd man out in the definition of the public debt that is why we left it for Parliament of the day to decide what they want to include. If they want to include savings, well and good, but if they are clear headed and they think that savings are not part of the public debt, then they will define it the way they want. I thank you,

**MR. BATEGANYA:** Thank you, Madam Chairperson. I think in my opinion, this definition - this proposal as reported by Committee (3) is relevant to our situation here in Uganda, especially, even considering our history that so much has been borrowed,

sometimes even for very dubious purposes that it becomes necessary at times for Parliament to consider a case by case situation in order to determine exactly what our public debt is and I wish to support the proposal. Thank you.

**MR. KAIJUKA:** Thank you, Madam Chairperson. I just wanted to clarify the position as we understood it since I was a Member of this committee. It is correct and Hon. Magezi is right in saying that under the old 1967 constitution, Article 10 - I think Chapter 105 Clause (2), they attempted to define what public debt means, and that was, I think borrowed verbatim into the draft. An attempt was made but I do not think it is exhaustive. Why, because there are new finance instruments with every sophistication that has taken place in financial engineering on money and capital market that cannot be defined and be constitutionalized. For example, the country may want to borrow, via the bonds vehicles on capital market, it may want to use financial derivatives that nobody understands, and therefore, I was going to inform the House that for us, we should not attempt to define because you cannot exhaust the definition. We should spell out the fact that as recommended by our committee - (*Interruption*)-

**MR. OMARA ATUBO:** Point of information! Madam Chairperson, I would like to inform Hon. Kaijuka that because we cannot exhaust the definition of public debt, that is why legally the word "includes" is used rather than saying "*Public debts means...*" In law when you use the two words, they are not the same. If the definition had said "*Public debts means...*", that would have been restrictive but if it says "*Public debts includes...*", it leaves room open for Parliament, for anybody else to, in future, include other categories of funds as part of public debts. So I do not see anything really controversial with the other charges or the proposal that "*Public debt for purposes of this article includes...*" Therefore, any other charges in future can be included. Thank you very much.

**MR. KAIJUKA:** Thank you Madam Chairperson, I want to thank the Hon Member for giving me that information. But I think he has helped me to clarify the points. You are right, you are saying "*Public debts includes...*" In other words, it is not exhaustive but the question is, who would determine what public debt would be? At the end of the day, it has to be the Parliament, and therefore, there is no contra-

diction in Hon. Kaberuka recommending that Parliament shall make laws to deal with that specific aspect. So there is no contradiction as far as I am concerned. I recommend that this is a small technical matter that we should leave to Parliament to spell out. Thank you.

**MR. CHANGO MACHYO:** Madam Chairperson, I want to move an amendment to that proposed Clause. What I want to add is that, at the end of "includes" we add "and how it is disbursed". It would then read, "Parliament shall make laws to determine what the public debt of Uganda includes and how it is disbursed."

**AN HON MEMBER:** Seconded!

**MR. CHANGO MACHYO:** Madam Chairperson, in proposing an amendment to the proposed amendment to Clause (2) of article 186, I wish to enlighten Hon. delegates about the question of the loan called "aid." First and foremost, we should appreciate the fact that Independence was not meant to be real and genuine. At first, the European Colonial powers tried to resist the demand by force. Then they resorted to the bribing of vocal nationalists with some minor changes and improvement by way of social programmes. But soon, they realized that such policy was going to be too expensive. Then it occurred to them that they could grant fake Independence and yet continue enjoying the same benefits as under formal colonial rule. In the words of Professor Fieldhouse of Oxford who said "The post war substitution of extensive reformist Empire for Empire on the chief made colonialism unattractive to those in Britain and France who might otherwise have to cling indefinitely to establish belief in the Imperial mission and the reward of the Empire."

What Independence therefore meant, Hon. delegates, was mere reform of direct colonial rule to an indirect one we now refer to it as Neo-Colonialism. This new form of colonial domination was therefore, defined by the *All African people's Conference* held in Cairo in 1962 as "The survival of the colonial system in spite of formal independence emerging countries which become the victims of an indirect and subtle form of domination by political, economic, social, military and technical means. It was then pointed out Madam Chairperson, that this new form of foreign domination is the greatest threat to African countries and that this Neo-colonial rule showed itself clearly in the manner in which those powers who practice is

to resort to economic and political intervention in order to prevent African states from directing their political, social, economic -*(Interruption)*-

**MR. KASAJJA TIGWEZIRE (Bunyangabo):** Point of clarification! Madam Chairperson, I want the Hon. Member holding the Floor to clarify to me whether at this moment we are in a lecture theater or he is touching the real issue. Madam Chairperson, I was saying this is the man vested with all powers, who practices neo-colonialism to resort to economic and political intervention in order to prevent African states from directing their political, social and economic resources towards the exploitation of their natural resources for the advantage of the people. Madam Chairperson, these countries which practice this form we have mentioned include the United States of America, Central Germany, Israel, Britain -*(Interruption)*

**MR. O'LET CHARLES:** Point of order! Is it in order for the Member on the Floor to keep reciting Machyo's points instead of talking sinking fund and public debt? Thank you.

**MR. CHANGO MACHYO:** Madam Chairperson, I am trying to justify my amendments. The point is, independence merely means changing of the colour of the label of the local governors of the colony. The white governors were replaced by the black ones but the system remained intact. It meant what some people have called "the changing of the guards". Madam Chairperson, to achieve that new relationship, aid from imperialist powers became the chief factor. It is important to note that at the time of Independence, Uganda hardly owed a living to the outside world including her colonial master Britain. All the physical development created under formal colonial rule were financed by our efforts yet today, we all owe the rich Western countries 3 billion dollars. But then Madam Chairperson, can any one tell us what this money has really achieved in terms of the physical quality of the life index of the people of Uganda? We are now witnessing Pajero projects - programme Pajeros being driven by Foreign experts. But as they express our gross rates, the physical quality of life index is showing a tremendous down slide. Poverty, disease, ignorance and social problems like juvenile delinquency are increasing for the great majority of the people both in the rural and urban areas. Immorality and dishonesty have never been so high despite AIDS and fantastic increasing in the number taxes and visiting

famous preachers. In fact, Madam Chairperson, mortality rate has increased beyond expectation. Malnourishment of both children - *(Interruption)*-

**MRS. MUSAANA:** Point of order! Madam Chairperson, is it in order for the honourable speaker to become disorderly and debate about socialism when actually he is adding on this disbursement of a debt when a debt can not be disbursed. Is he really in order?

**MR. CHANGO MACHYO:** Madam Chairperson, before a Doctor prescribes he has got to diagnose, and what I am saying, with due respect to Hon. Musana, it is not socialism, it is what we are experiencing, what the people of Uganda, the people of Africa are experiencing, if you are not experiencing it, then you are one of us. Madam Chairperson, I was going to say that life expectancy - *(Interruption)*-

**THE DEPUTY CHAIRMAN:** Hon. Chango Machyo, if you continue reading your text, I am going to -

**MR. CHANGO MACHYO:** With very strong respect, this paper is going to be circulated. But I am trying to say for instance that, how the debt was utilized must be told to the people. So, the amendment I am seeking to bring to the House is that, the people exactly know what the burden but they must also be told. Because the fact is that these loans are not given to us to help us at all, they are meant to increase to trade for those who give them. They are meant to alleviate their unemployment problems. They are meant to restrict our restructuring our own economies in our own interest and, Madam Chairperson, the biggest weapon in this is not only aid but now the serfs. Serfs are not in our interests, they are against us, they are meant to recolonise us. So we must know if we have got a debt, how it has been used and what benefit do we gain from it as the people of Uganda. Thank you, Madam Chairperson, I beg to move.

**MR. KARUHANGA (Nyabushozi County):** Thank you very much, Madam Chairperson. I wanted information but now I can seek clarification from Hon. Chango Machyo - from the non-honourable Mr. Chango Macho. I wanted to find out from him, he has just said now he begs to move - what has he moved. Because I have not heard his amendment and he just gave us a good lecture but he has not moved anything.

**MR. CHANGO MACHYO:** Madam Chairman, I do not know whether Hon. Elly Karuhanga was asleep or not but definitely, I said that I want to move an amendment to the proposed Clause (2) of Article 186 and I said I want to add at the end of the word "includes" the following words "and how it is disbursed" so that the whole Clause reads "Parliament shall make laws to determine what the public debt of Uganda includes and how it is disbursed" and I was fully seconded. I do not know whether Hon. Elly Karuhanga was dozing or whether he was simply talking to other people.

**MR. KARUHANGA:** Thank you for the clarification. I would like to inform Mr. Chango Machyo that I was not asleep nor was I dozing. I was only bored by the very long lecture he gave.

**MR. AWORI (Samia Bugwe North):** On a matter of procedure, Madam Chairperson, I am seeking your guidance. Is it possible to ask a Member who has already left the Floor and you put a question to him when he has already left the Floor? Under what arrangement, which rule?

**THE DEPUTY CHAIRMAN:** I am the one who restrained the Hon. Karuhanga from speaking, I gave him time to complete. So the Chair gave him the Floor.

**MR. ELYAU (Kalaki County):** Thank you very much, Madam Chairperson. I am not supporting the amendment but in the way people think he is a Marxist, this is in a real sense except that my brother Mr. Chango Macho might have been used to reading but the matter is very important. You see up to today, our people ever since we have been governed by colonialists have been taken over by our politicians (a) and (b) and (c). It is difficult for a common man to say no, why is this money being borrowed and how is it being used. I think time has come for us in the constitution making to allow the government to explain how a loan has arrived. The Parliament you are talking of, we have been taken sometimes - I have been in that Parliament for five years - we are only given to accept that things have been done but how they are transacted, nobody allows you to know. So, time has come for us to make sure that whatever is borrowed, if it is borrowed they could say, why do we not also know. So I think he has the idea because what you are going to sign as a debt, you should know where it goes. We must understand that, by the way, time has come for us to know that people who

are lending us money should not be the people to benefit out of the money, it should be the people, the receivers who should be the ones to benefit but here you find a loan is brought, three-quarters goes back to the owner, I mean one quarter comes in a form of material. This is a very serious matter. Uganda must wake up *-(Interruption)*.

**THE DEPUTY CHAIRMAN:** Hon. Kaberuka has information for you.

**MR. KABERUKA:** Thank you, Madam Chairperson for giving me the Floor but if Hon. Chango Macho and Elyau were attentive, last week we dealt with Clause (4) of 185 and we did introduce a new clause which says that among the information that the President will give to Parliament will be that relating to utilisation and performance of such a loan and I think their worries are contained therein.

**MR. ELYAU:** Thank you, Madam Chairperson, but it is not enough. We want it to be very seriously noted here that we should emphasize that the money must be used in favour of the ordinary man of this country. Now, I am asking Madam Chairperson, who is the master of this country? Is it the big men who are sitting in the office or the ordinary person? This is the person who digs coffee, cotton and he does not see the profit. So here we are saying this Constitution should specify correctly who should know what had happened, not only one section of the community. It is only one-sixteenth of the people of this country who know where the loans come from and where they go. So with this, we demand that next time, whether Parliament or what should be given enough time, enough opportunity to know how we disburse the money. I thank you.

**THE DEPUTY CHAIRMAN:** Hon. Babu are you still interested? Okay, Hon. Atamvaku.

**MR. ATAMVAKU (Arua Municipality):** Madam Chairman, perhaps the noble message in Comrade Chango's amendment might have been lost in excitement and humour but I think it is a very serious amendment which we should all support. Madam Chairman, we are aware that the debt burden which this country is carrying is among the biggest in Africa and those who shoulder this burden are unfortunately those who benefit least, particularly the peasants and the small class of the urban workers. Unfortunately, they are the least informed about this debt burden. It is therefore important that they

should be informed of not only the origin of this debt, but also the end of the debt. Unfortunately, Madam Chairman, in this era when the State has abdicated from its historic responsibility of providing education - good education I mean, of providing health. The State has gone ahead to accumulate debts at the expense of the peasants and the workers. Madam Chairman, as a result our resources have been depleted, the country has been mortgaged and contrary to that, education eventually collapsed. The poor peasant producers of this country, their children do not go to school including those of the poor teachers for this country. Even the teachers cannot afford to pay the school fees in schools where they teach. Madam Chairman, every other day we hear that loans have been received but surely, if teachers can go hungry for nine months where do these loans go? Madam Chairman, since time immemorial, the consolation of the peasant was that they could go to hospitals and get some good treatment but now the hospitals are nothing but white elephants, they are monumental figures. Madam Chairman, it is because of this that in any era, when the peasants do not enjoy the freedom of distribution *-(Interruption)*.

**THE CHAIRMAN:** Hon. Babu wants information - are you giving or you don't want information?

**MR. ATAMVAKU:** Yes please, I want information, I make way.

**MR. BABU (Kampala Central):** Madam Chairperson, I thank you very much and I would like to thank Hon. Atamvaku. Hon. Atamvaku, Madam Chairman, has made some very good points. He is contributing very nicely but I would like to request that he puts the loans that this country receive in true perspectives. I have heard this submission from more than one person. Any government in power at any one time makes a development plan and that development plan Madam, has to be approved by the Parliament of the day. In that development plan, Madam, there are requests for funding of particular projects and then the countries that give us funds do come in and give us loans. However, the point of information I want to give is that in all those loans, they cannot give us loans to pay salaries, the salaries have to come from our own revenue that we receive from collection of taxes so that we can pay our people. I am happy to report, Madam Chairperson, to the Hon. Member that that position of collection of taxes is improving and therefore, in sight you can see a living wage and eventually a market wage. Thank you.

**MR. ATAMVAKU:** Madam Chairman, I do not know whether that was a point of information or a mini lecture but the Hon. Member should be aware that I have not said that loans should be obtained for paying salaries. I was only trying to put the Motion in its social perspective. I am saying that if we are to shoulder the burden of these loans, then we should have a reasonably high standard of living, it does not make sense, for instance for a teacher who has not been paid for nine months to shoulder the burden of paying this debt, this is what I am saying. So, Madam Chairman, I have said that it is deplorable for peasants today to shoulder the burden of this debt when they do not enjoy the bare elementary freedom of association.

Madam Chairman, politics and economics cannot be separated. If the politics is liberal, if it tends towards authoritarianism, then I do not know why we should liberalise the burden of debt. It is in this line that I support the Motion moved by Comrade Chango Machyo so that even those who are going to shoulder this burden must know the origin of the burden and they must know the end of the burden. It is unfortunate to die in a situation of political constriction and yet you are asked to carry the debt burden which is being accumulated to support a few political supporters. I do not think that the peasants should pay for the unfair unjust system of creating the so-called national bourgeoisie which in fact is a rationale for depleting the Treasury of the nation, for looting national coffers. Thank you, I support that amendment.

**MR. SAM KUTEESA (Mawogola County):** Madam Chairperson, I am seeking clarification from the Mover of this amendment, Hon. Chango Machyo - sorry, Mr. Chango Macho. Other than informing Parliament, one, about the need for a loan and two, how it is going to be discussed, I do not know what method Hon. Chango Machyo proposes to inform the peasants. Peasants, unless you are going to hold a referendum about whether you should get this one loan or another, it seems to me that what has been provided for as Hon. Kaberuka pointed out is the correct method that before you take a loan or after you have taken it when Parliament is not sitting, within 30 days of their resumption of a session, then you inform Parliament why you have borrowed and how much you have borrowed. I think that you can only inform the country through their elected representatives. I can't see how you will inform peasants of what loan you are going to get

and least of all, I can't see how you get their approval that the loan you are going to get is in their interest. It can only be done through their elected representatives. So, if you make provisions as it has been made here that Parliament shall be informed of these debts, then I would have thought that that would be the only way you could inform the country and also make sure that the debt management is known by the public. I do not know how - I am seeking information - clarification from Hon. Chango Machyo as to how else and probably if Hon. Atamvaku can also assist, how else these peasants and the small section of workers will express themselves on the necessity or lack of any loans.

**MR. CHANGO MACHYO:** Madam Chairman, I think I must insist on calling Hon. Kuteesa "Sir Kuteesa". I have said I am not honourable and I think he should also respect my feelings. I do not mind being called a comrade but I am not honourable. Now, Madam Chairperson, my concern is not the method and I have not said in my talk that you inform the peasants and workers. My supporter has said the workers and peasants must know. My amendment is that we must know how the debt is disbursed, this is where I stopped. I am also aware that if you, the representative of the peasants and workers, are informed, it will be their duty to go and inform but our struggle is that the peasants and workers are completely ignorant of the burden they are carrying and even their representatives like Hon. Kuteesa stop here in Kampala but they do not go out there to tell the peasants that they are the ones who are shouldering the burden of the Pajeros, the burden of the Sheraton Hotels, the burden of this and that. It is these people who are shouldering the burden which is at our own enjoyment and I think Hon. Kuteesa ought to know that a Munyankore who is looking after cattle there does not know how much he owes the Germans, the British and the Americans. This is what we are saying that people should be told through their representatives. Thank you, Madam Chairperson.

**MR. MULENGA (Democratic Party):** Thank you, Madam Chairman. It is my view that this amendment is misplaced. I think Mr. Chango Macho was anxious to move this amendment but didn't consider what the rest of the clause is. The Clause reads that "*Subject to Clause one, Parliament shall make law to determine what the public debt of Uganda includes*" and then he wants to add "*and how it is disbursed*". Now he is suggesting

that Parliament shall make a law on how public debt is disbursed but in the process of supporting his amendment, he is saying that we should be told as a country, we should be told when a debt is got, what it is going to be used for, whether to buy Pajeros or to buy hoes but it cannot be conceived that every time there is a loan taken, a law will be made for every loan. What is envisaged here is a law about the public debt as a whole. A law that will be in place to describe or define what is included in public debt. So, if Mr. Chango Macho wishes to move an amendment or to insert in the Constitution a provision for describing the utilisation of every debt that is got because public debt is cumulative, and what he is talking about is every single debt, it would have to be provided for elsewhere not in this clause. I would therefore urge him to think of somewhere else to put it not to append it to this amendment. I hope he agrees and we can go back to the main amendment whether it should be as it is or we go back to the draft.

**DR. NAKYANZI (Ntenjeru South):** Thank you, Madam Chairperson. Madam Chairperson, with due respect to Mr. Chango Macho and after appreciating very much the plight of poor peasants and the workers, I still feel that his amendment is misplaced. What he is interested in, that is, to know what the loans are used for has already been catered for in the previous Article, that is Article 185 new Clause 4 (c) whereby the utilisation of the loans has been catered for and I feel that that is enough to cater for utilisation. Under that clause, Parliament will be informed of the details of the loan, how it is going to be used and utilised and to what purpose. Therefore it does not serve any purpose to bring it under 186 when you are talking of what a public debt is. In fact when he places it under public debt, it sounds more like he is trying to define how the public debt will be paid up or distributed amongst other payers rather than talking about the loan itself and I am asking him or imploring him kindly to accept and review Article 185 Clause 4 sub clause (c) and see if what he wants is not covered. Thank you.

**THE DEPUTY CHAIRMAN:** I think we have had enough debate on that one. Okay one more.

**MR. KOMAKEC (Aruu County):** Madam Chairman, I am not happy about something here. It seems that the opening paragraph of subjecting this particular clause to Clause (1), I think it is not correct and I would like to move a small amendment - (*Interruption*). Yes, I want to improve on it by

dropping the words “*subject to Clause (1)*” and just say it reads as follows: “*Parliament shall make laws...*” and the rest of it because we are not really subjecting it.

**THE DEPUTY CHAIRMAN:** But are you saying Hon. Chango’s amendment you want it on?

**MR. KOMAKEC:** Well, this particular amendment, quite frankly I am against it for one particular reason that I think his amendment plus the one we are trying to amend is all wrong because we are giving the powers to determine what public debt is to Parliament. I think this Assembly is running away from its own responsibility. I think both Motions should be lost - should be defeated so that we go back to the original for one good reason that we are making a Constitution, it is the Assembly which should direct future Parliaments as to the area of public debt leaving it a blank cheque that public debt shall be determined by a Parliament that you do not know, the composition you do not know, the inclination you do not know. Madam Chairman, we are not being serious. I would rather both the amendment of Mr. Chango Machyo and that by the Committee should be defeated so that we go back to the original and it is only in that way that this Assembly will have pointed out to whatever Parliament that will come after us as to what normally constitutes a public debt. We are not that ignorant. I think it is unfair so I appeal to the Members to defeat these two Motions so that we go back to the original one and we would not subject it. Madam Chairperson, I will move that, for the purpose of this one may be that is a more reasonable. So my position on Mr. Chango Machyo and the subsequent one is that I do not accept them and I think they should be defeated. Thank you.

**THE DEPUTY CHAIRMAN:** I think we have had enough. Let us dispose of Mr. Chango Machyo’s Motion first then we shall see what to do - (*Interjection*)- Are you withdrawing? Okay let us hear the last word from the Mover.

**MR. CHANGO MACHYO:** Madam Chairperson, I have listened carefully and I am very glad that some people have exposed themselves as being anti-people whereas when they come here they talk of being pro-people and I think one of them is Hon. Leander Komakec. Now, I have noted and I have been advised by my seconders that I withdraw the Motion and then we will bring it out under reconsideration because, Madam Chairperson, I insist that

the people must know how the debt is being utilised, if it is only utilised in benefitting those who pretend to represent the people then the people must refuse to pay taxes. *-(Interruption).*

**MR. SENTEZA KAJUBI (Kyadondo North):** Madam Chairperson, thank you very much. Is Comrade - Mr. Chango Machyo in order to withdraw his amendment on condition that he brings it back after it has been defeated here almost? Is he in order to withdraw conditionally?

**THE DEPUTY CHAIRMAN:** We shall know when we reach there. So now Mr. Chango Machyo has withdrawn his Motion so there is no problem. Now, we have to go back to what we were discussing before Mr. Chango Machyo brought in his Motion. We were debating whether to accept the amendment by Committee 3 and a debate has ensued, I do not know whether there is any other person who wants to speak on whether to adopt the new proposal as against the original in the Draft Constitution.

**MR. ABU MAYANJA (Busujju County):** Thank you very much, Madam Chairperson. Now, Madam Chairperson, first of all, I object very strongly as a lawyer to the wording of the proposed new Clause (2) because it says "subject to Clause 1". If you read Clause (1) Madam Chairperson, there is no way in which this Clause can be subjected to the other one. Clause (1), you will permit me to read it, it is short, it says: "*The public debt of Uganda shall be charged upon the Consolidated Fund and other public funds of Uganda*". Now, how do you subject a clause which defines what the State consists of? How can you subject it to the Clause which says where the money to pay it shall be taken? I mean, to what are you subjecting this? The new Clause (2) as I understand it, if I understand it at all, Madam Chairperson, "*Parliament shall make laws to determine what the public debt of Uganda...*" - you cannot say "includes", it is bad English but what the public debt of Uganda shall consist of, something like that, I am willing to consider that one. That is what it says. Now, how can you subject that to the other Clause which says that the public debt of Uganda shall be charged upon the Consolidated Fund? You cannot and I think really, Madam Chairperson, with great respect to the Committee which did their work in a record time, that I would rather retain the original wording of Clause (2) and add something to it if we want to bring in Parliament.

I am disturbed by the tendency we have that in everything we are doing, we seem to be unable to want to determine a Clause as a Constituent Assembly but we always take it back to Parliament but having said that, what I think we should do, we retain this one so that it reads like this, "For the purposes of this Article, the public debt of Uganda includes interest ..." Mind you, it is not even itemising what the thing includes there but it says that the interest is also part of the public debt so that you get it out of this, you borrow 10 billion dollars, then there is an interest of 5% which brings it to say 500 million, so even the 500 million is part of the public debt and that make sense. So we say "*the public debt includes the interest on that debt, sinking fund payment in respect of that debt and the costs, charges and expenses incidental to the management of that debt*" and if you want, Madam Chairperson, you can then add "*and any other items or any other elements which Parliament may add to that*" but I do not think it is necessary, strictly speaking but if you want to be very inclusive, you can add that one but you cannot say this one is really not a re-wording of this one and it is really not subject to the original clause which states that the debt shall be charged on the Consolidated Fund. So I would, Madam Chairperson, wish to suggest that we go back to the original wording and either adopt it or add power to Parliament to add to the element which includes a more elaborate total definition of the public debt. Thank you.

**DR. KABERUKA (Ntorwa County West):** Madam Chairperson, I listened to his contribution but I wish to mention that this formulation was given to us by the technical people and my draftsmen, the people whom we are working with said that this would be a good formulation.

**THE DEPUTY CHAIRMAN:** Then in that case, can we make a decision on No.2 whether to retain it or not then we shall go back to Hon. Mayanja's amendment. I think that should be the procedure.

**MR. MULONDO (Mityana County South):** Thank you, Madam Chairperson. I think Hon. Mayanja did not have an amendment. He only proposed that if you still feel we want to use Parliament, he suggested the best way of doing it. In my opinion, Madam Chairperson, I feel that the Draft as it is more than enough. I do not think we really need to accommodate this amendment and I want to say that we pronounce ourselves on this and proceed.

**MR. WANENDEYA (Budadiri East):** Point of clarification, Madam Chairperson. As a person who is knowledgeable in some of these matters, the amendment as it stands is not quite well placed. It is not really in order because of the word "sinking fund". To say that we should omit the sub-clause (2) and therefore, replace it with that. Clause (2) as it stands is what is technically correct and it is up to Members of this August Assembly to pronounce ourselves in the right way or take the amendment. I thank you, Madam Chairperson.

**THE DEPUTY CHAIRMAN:** Okay, now I put the question. I think that is enough discussion on the inclusion of - so I put the question and it rotates on whether we buy the Committee's suggestion or we go back to the original. So I put the question on the new 186(2).

*(Question put and negatived)*

**THE DEPUTY CHAIRMAN:** Now, we have cleared ourselves on (1), now we go back to the original text on page 82 - 186.

**MR. KAJJUKA:** Thank you, Madam Chairperson. I think now that the Committee's amendment has been defeated or lost, I wanted to borrow the advice given by Hon. Abu Mayanja because the issue here is we have decided now to define what a public debt is by going back to the original draft and my support for our original Committee's position was that it is not conclusive but if we want now to go back and define what a public debt is, I think it makes sense if it reads as follows - If we go back to the old draft, it reads "*For the purposes of this Article the public debt includes the interest on that debt, sinking fund payments in respect of that debt and the costs, charges and expenses incidental to the management of that debt.*" I wanted to add "and any other items" or call them elements - "*any other items Parliament may determine*" then I will buy the point because we will then have anticipated any other modalities that the Government may want to use in raising public debts and I will be happy with it. Thank you, Madam Chairperson, I beg to move.

**THE DEPUTY CHAIRMAN:** So can we assume now - Hon. Abu Mayanja can you make your Motion so that he seconds it or he is proposing and then somebody else seconds it?

**MR. KAJJUKA:** I am moving now, Madam Chairperson, formally.

**THE DEPUTY CHAIRMAN:** Okay, who is seconding? Hon. Komakec is seconding it.

**MR. KOMAKEC (Arusi County):** Thank you, Madam Chairperson. The only thing is I have already spoken on to this one earlier on that I think it is important that we actually identify those items which are normally recognised as constituting public debt and I support this amendment for that very purpose. There is only one thing I wanted Hon. Kajjuka to add here the word "principle" between the "debt includes the principle and interest". It should read "*For the purposes of this Article the public debt includes the principle the interest...*"

**MR. WASWALULE (Rubaga Division North):** Thank you very much, Madam Chairperson. I think it is important to point out something about what is behind this Article. This Article is purely what we accountants call an accounting standard, a method of reporting. That is purely what it is, it has nothing to do with anything else but to say that the public debt will be accounted for in this particular manner, I am rather surprised that we have digressed so far into so many other things as to how monies are disbursed and other things but that is purely what it does and what it is saying. Clause (2) is saying that in addition to the principle, the interest, the sinking fund and other charges and expenses will be accounted for, this is for consistency, for comparison. That is purely what it does. You know we were talking about bonds, arrears and whatever, when you talk of the principle, it does not matter whether it is a bond or it is some other negotiable instrument, the nature of the instrument is not important, it is just the principle and the amount. So when we go to say that Parliament may determine, there is nothing - once you have set the standard - standards are set so that they are uniform, once you have set the standard then the Government that is accounting has to follow that standard whenever it is reporting about that public debt. Now, if we open it up and to say that Parliament will determine other things maybe this is the danger it runs against the grain of the principle of accounting standards because accounting standards are fixed, they are not put there to be dynamic that this year Parliament will change it, then next year Parliament will change it again. That is not the way it is done.

I think that we are making a small mistake and the other thing as well by not thinking of the things ourselves - Hon. Abu Mayanja here said that we have referred so many issues to Parliament that we have failed to define. Now, that is subjecting the Constitution to Parliament whenever we say "Parliament shall, Parliament shall..." we are subjecting - Parliament gave us powers to decide what should be in the Constitution. Let us rise to that occasion and not pass that thing, that ping pong ball back. If there is anything apart from capital, interest, arrears and costs that anybody can think of in the financial world, let us or let them state it, I do not know what it is. So this Clause is all inclusive and I do not really see, apart from changing the accounting standard by taking out some of those elements, what else can you bring in. There is nothing you can bring in. Thank you very much, Madam Chairperson, I beg to oppose the amendment.

**DR. BYARUHANGA (Kitagwenda County):** Thank you very much, Madam Chairperson. I have been impressed by Hon. Wasswa Lule's submission because he sounded a real accountant. Now, I would like to know from him, where does this sinking fund fall? Is it part of the public debt or it is outside the public debt because we laymen understand it as some money owned by the Government being removed from the Consolidated Fund and being put aside to pay a loan. Why are you including it in this public debt.

**MR. WASSWA LULE:** Thank you very much. When you are setting an accounting standard, you can decide to include or not to include the sinking fund. Once you have set it, you follow that and that is basically how it works but why the sinking fund? Why have some people set the standard to include the sinking fund? You owe a 100 million dollars and you have set aside 80 million dollars to repay that loan. A fair presentation of the position you are in is to net off the 80 million when you know that there is only 20 million that you are looking for in order to cover your outstanding debt. That is one way of accounting. You can decide not to account it in that way and to say that I will always just take the capital element that is outstanding and account for that and be consistent and show this element of the sinking fund that is set aside quite separately. As an accounting standard, it is not important but it depends on what picture you want to give and once you have decided on the picture that you are going to give, you remain constant but I am sure you will now understand that

when you are talking about your outstanding debt, what your true position is, you owe 100 shillings but you have set aside 80 in your left hand pocket and I think it is a fairer presentation of your position that when somebody is reading it to say when you disclose this separate element and they know that yes, you are only looking for another 20 shillings as opposed to giving the impression that you actually owe 100 and you have got nothing set aside. That is purely what it does and nothing more.

**THE DEPUTY CHAIRMAN:** So, in the final analysis, Hon. Wasswa Lule, how do you want it to read so that you make a conclusion to your statement.

**MR. WASSWA LULE:** In the final analysis, I would leave it as it is written in the Draft Constitution.

**MR. BEN WACHA (Oyam County North):** Madam Chairperson, I want to point out to the Assembly that this Clause has nothing to do with the definition of a public debt. What this Clause is stating is that in making reference to the public debt, there are certain other matters that must first be taken into account and these matters have been specified, that is, the interest on that debt. Emphasis is on that debt, the sinking fund in respect of that debt, the costs, charges and expenses which are connected to that debt. There is no other matter which Parliament will make reference to in respect of this debt which should be specified in this Constitution. Therefore, Madam Chairman, the proposed amendment by Hon. Kaijuka is totally misplaced.

**DR. KABAYO (Kassanda South):** Thank you, Madam Chairman. Madam Chairperson, my concern is that we are empowering Parliament to pass laws which may be in their own favour, in the Parliament's favour. If, for example Parliamentarians would say that each Member of Parliament should be given a Pajero or whatever, I see nothing that could prevent that to happen and, therefore, I feel that it could be desirable for us to define these terms as much as possible and leave little room for manoeuvre in future. Therefore I prefer the formulation as it is in the text. Thank you, Madam Chairperson.

**MR. WANENDEYA:** Thank you very much, Madam Chairperson. I would want to explain that for the ease of paying of debts, you set aside a sinking fund so that you do not default and, therefore, any

interest on any monies to be paid has got to be paid together with the debt which you owe and any further addition to this sub-clause can only dilute it and it would be subject to being manipulated perhaps by people who may not be knowledgeable in the financial field. So, Madam Chairperson and Hon. Delegates, without really taking much ado over what I would call nothing much, please let us agree and pass the clause and move forward. I thank you, Madam Chairperson.

**THE DEPUTY CHAIRMAN:** Okay, can you now zero down on Hon. Kajjuka's Motion but let us give Hon. Kajjuka a chance and then we shall pronounce ourselves.

**MR. KAIJUKA:** Thank you, Madam Chairperson. I think we better understand what we are debating here. We are not questioning the issue of the principle stated in 186(1) i.e. "*The Public debt of Uganda shall be charged upon a Consolidated Fund and other funds of Uganda*". That is a general statement. We are saying in (2) and if you are saying that leave the Clause as it was originally stated, which reads "*For purposes of this Article the public debt includes ...*", the word "includes" by definition presupposes that amongst other things, it will include the following but it is not exhaustive and therefore I want to urge my brothers here - I want to explain to Hon. Lule here that I am not blind to the facts of accounting procedures, we are saying that you have a public debt, whereas you have this public debt, you will charge interest, you will charge incidentals and other expenses to this Consolidated Fund but we are saying there may be other items that we cannot foresee and include in here and right now, my amendment goes on to say it does not say we change the accounting procedure and I want to give a good example, Madam Chairperson, I have just been reminded, if we had a clause like this - recently the Government decided to assist some people who had borrowed and incurred heavy foreign exchange risk, the Government decided to help private people who had incurred these onerous loans and the Government decided to charge this on the Consolidated Fund. If you had a provision like this, the Government would have a problem charging it on Consolidated Fund and I am saying for goodness sake that let us deal with the general principle i.e. saying it will include but add an element or any other items that you and I may not foresee today. It is a matter of principle that we are talking about.

**MR. MULENGA (Democratic Party):** Thank you, Madam Chairman. Madam Chairman, Hon. Wasswa Lule, after the exposition by Hon. Abu Mayanja, came Hon. Wasswa Lule who went to the extent of saying he will challenge any one who wants to give Parliament power to extend what may be added to this to say it now. What Hon. Kajjuka has come up with seems to me not in a way of a public debt. When the Government decided to pay relief to some citizens who had suffered misfortune, it was not incurring public debt, they may charge it on the Consolidated Fund. How does Hon. Kajjuka give that as an example of public debt? I do not think the illustration falls in. What I think he is failing to see is that this Clause would enable Parliament to do what I think, Hon. Kabayo hinted on, though without emphasis. He said with this, Hon. Members of Parliament may pass through Pajeros and charge the expenditure on to the public using the public debt. You could also imagine them saying commissions shall be to public debt. Is that what we are looking for? But with the illustration of Hon. Wasswa Lule, I thought Hon. Kajjuka really would see that there is no more room to add anything else to what should be appended to the public debt being the principal. Can Hon. Kajjuka explain what type of other expenditure can be included on to the public debt?

**MR. ZZIWA (Kawempe Division North):** Thank you very much, Madam Chairman. I would like to support Hon. Kajjuka that there are cases, for example, when a debt is in dispute and you take litigation in court, whereby the court rules that you have to pay a penalty or to pay a fine for non-compliance of the clause in agreement. That kind of payment becomes part of the loan or the debt and it is chargeable to the Consolidated Fund, that is a very clear example, Madam Chairman.

**MRS. KALEMA (Kiboga County East):** Madam Chairperson, I would like to inform the Hon. Member on the Floor that indeed what he is saying is covered under the incidental expenses and we cannot expect that we allow in an extra way what he is trying to include. So for me, I stand to oppose the amendment anyway. Thank you.

**THE DEPUTY CHAIRMAN:** I think we better pronounce ourselves. The question is that 186 (2) - Hon. Kajjuka had moved that we add in these words: "*and any other elements which Parliament may determine*" seconded by Hon. Komakec.

*(Question put and negatived)*

**THE DEPUTY CHAIRMAN:** So it seems Article 186 goes through unamended because all the amendments have been defeated. So I put the question that Article 186 do stand part of this Constitution.

*(Question put and agreed to)*

**THE DEPUTY CHAIRMAN:** So, Article 186 is part of this Constitution. Now, can we proceed? Hon. kaberuka.

**DR. KABERUKA:** Thank you, Madam Chairperson. My Committee recommends that Clause (1) of Article 187 be retained as it appears in the Draft Constitution. I beg to move.

**MR. WANENDEYA:** Point of clarification! Thank you, Madam Chairperson. Madam Chairperson, I had given Members of the Technical Committee a Clause or rather an Article which I wanted included after Article 186. I am surprised that it is not here on the agenda but I had genuinely wanted - before we get to the Central Bank - to include that Article and, Madam Chairperson, in brief, in a nutshell, I am saying that all our currency, like it happened in 1987, should not be changed without - *(Interruption)*.

**THE DEPUTY CHAIRMAN:** Excuse me, it seems now you want to move your Motion on the Floor.

**MR. WANENDEYA:** Yes, Madam Chairperson, because I had given - *(Interruption)*.

**THE DEPUTY CHAIRMAN:** I do not think you can do that because that one will have to go to the Legal and Drafting Committee first. So we can stand over your Motion, we can not receive it now because we should be able to receive it after it has been worked on because we do not know now whether the Legal and Drafting Committee worked on it or not.

**MR. WANENDEYA:** Madam Chairperson, I had given them enough notice and I am surprised that they did not bring it up and this - *(Interruption)*

**AN HON. DELEGATE:** Order, Madam Chairperson. Is it in order that Hon. Wanendeya should derail us from the debate as it has been going? These amendments or the report of Committee 3 has been circulated to us over very long period, and if Hon.

Wanendeya had looked at it and seen that his proposal was not put across, he should have raised the issue, and I understand he is also a Member of the committee. So, is he in order to derail us from proceeding by putting in his Amendment now?

**THE DEPUTY CHAIRMAN:** Hon. Wanendeya, I think you are out of order, but I can ask Hon. Kaberuka, because he is the Chairman of that committee.

**DR. KABERUKA:** Madam Chairman, of course Hon. Wanendeya approached me last week and showed me that he intended to move that but in our deliberations, that did not come up because really - I do not know.

**THE DEPUTY CHAIRMAN:** Anyway, the procedure is that when we have these committees, we do not accept new Amendments, except those which are consequential. As long as your Motion is consequential, we discuss it under article 187.(1) or (2). If it is completely new between 186 and 187 it will become 187 and so it will not affect article 187 - the current one. So, I suggest that we proceed with article 187(1) and Hon. Kaberuka had said that the committee decided or agreed that we retain it as it is in the text.

*(Question put and agreed to.)*

**DR. KABERUKA:** Likewise, Madam Chairman, we are also recommending that clause (2) of article 187 be taken as it appears in the Draft Constitution. I beg to move.

*(Question put and agreed to)*

**DR. KABERUKA:** Madam Chairperson, on clause (3), we had a mix up of the Board Members, so my committee thought it wise to differentiate between the Governor and his Deputy as top executives of the Bank and also other members of the Board. And so what we did, we restructured (3) to have subclauses (a) (b) and (c). Clause (a) establishes the Governor and his Deputy as appointees of the President approved by Parliament. Subclause (b) talks about all members of the Board being appointed by the President with the approval of Parliament, and then (c) now brings in some difference in that we talk about the Governor, Deputy Governor or any other member of the Board being removed from the office by the President with the approval of Parliament. So,

that is the re-organisation that we carried out and we are recommending that (3) be rephrased in a manner that the committee arranged. I beg to move.

**MR. KARUSOKE:** Thank you, Madam Chairperson. Madam, I beg to differ from this arrangement proposed by committee (3). While I agree with the committee's proposal number (a) in (3), namely that the Governor and the Deputy Governor of the Bank should be appointed by the President with the approval of Parliament, I do not see the need for Parliament to approve appointment of members of the Board, nor do I see any need for Parliament to approve removal of such members of the Board. These are people who are temporary, they serve for not more than, maybe, three years, and they can always be replaced, I do not see why they should be subject to approval by Parliament. They are not full time, they are not paid any salary, they can only be given sitting allowance when they sit, so why should they be subjected to the Parliament's approval? While I accept that the Governor and his Deputy who are permanent and pensionable should be approved by Parliament, I do not approve number (b) and (c) Madam. Thank you.

**MR. KARURANGA:** Madam Chairman, I wish to concur with the sentiments already expressed by Hon. Karusoke. Quite frankly, the Constitution should not be burdened with so much trivial matters. These are matter which are obviously in the Bank Act, it is a big Act, I have seen it. It incorporates all these points, and really, you know, talking about Boards of Directors, their remunerations etc in the Constitution seems to me to be slightly misunderstanding the work of the C.A. and taking it slightly beyond the bridge. I would, therefore, like that the Committee Chairman should hear the words of Hon. Karusoke and, maybe, accommodate them. Thank you.

**THE DEPUTY CHAIRMAN:** But also you should note the original, the original was talking about the National Council of State which was rejected. So, I think the committee should replace the National Council of State with Parliament. So, when you are debating, you should have that one under consideration. Perhaps, Hon. Kaberuka can add on more.

**DR. KABERUKA:** Thank you Madam. The view of Hon. Karusoke was echoed by some Members but we had a strong representation from people who have served on the Board of Bank of Uganda, and

they were saying that once they are appointed on the Board, they are bulldozed by the Governor who is the appointee of the President, and that for these Board Members to be assured of their tenure and to be independent, that these people should be appointed on the approval of Parliament. There was a very, very strong lobby and that is how this subclause happened to come here.

**MR. KATENTA-APUULI:** Thank you, Madam Chairperson. Hon. Delegates, I concur that the Governor and the Deputy Governor of the Central Bank which is the institution that manages our finances should be appointed by the President with the approval of Parliament. I would also maybe, go along with the idea that Members of the Board should also be appointed by the President with the approval of Parliament. However, after these people have been appointed, I find it difficult to go along with the idea that their removal should be approved by Parliament. Those of you that are hopefuls, that hope to contest the office of President, I would like to put you on notice that we are writing a Constitution that will make the Executive unable to do his or her work, by subjecting everything that he does to the approval of Parliament. Performance in an office can only be judged after you have been appointed to that office, it cannot be prejudged. We may all present qualifications, we may all have letters after our names, but surely, performance can only be assessed after you have a try at that job and I can see a situation where a Parliament that does not agree with the policy of the Chief Executive, now he makes a mistake because this person sounds very learned and appoints him Governor or a Chairman of the Board, and after realising that his performance is not good enough, he is saddled with this person until he has a new Parliament to change this person. Those of you who are hopefuls should put yourself in this situation of a Chief Executive that cannot change anything, the person you appointed, simply because Parliament does not approve. One way of making a Chief Executive fail is to deny him any rights in making changes in people he or she has appointed. I would like to request Hon. Members that after Parliament has approved, let the Chief Executive be able to remove without having to refer back to Parliament.

**BRIG. KYALIGONZA:** I thank you very much, Madam Chairman. Madam Chairman, I am getting slightly worried about the sentiments which are now being expressed by many Members whenever they

have a point related with politics on future management of this country, they are referring to Parliament. Parliament is becoming too much and we are over-emphasising the supervision of everything in terms of management to Parliament. I also get worried whether these politicians who will be in Parliament are not likely to interfere with the technocrats who are supposed to manage some of these institutions properly. Otherwise, a Member of Parliament will also pose to some of these candidates who are offering themselves to become governors to become what, to say if you do not behave well, I will not second your name in Parliament and, therefore, Madam, I am rather skeptical whether to accept this proposal of Parliament. I would say, if we want Parliament, we can at least say a committee of Parliament, there could be Presidential appointment committees which are appointed by Parliament to review and confirm, but if you are to appoint a governor and you bring the name before Parliament for discussion, I think, Madam, is it a bit ridiculous for us.

**DR. NAKYANZI:** Point of clarification! Thank you, Madam Chairperson. I am seeking clarification from the Hon. Kaberuka, Chairman for Committee 3. When I look at the original article in the Draft Constitution, even clause of article 187 as recommended by the committee to be retained, it appears that the Governor and the Deputy Governor are members of the Board. Now, what I am seeking clarification about is the recommended new clause (3), it appears (a) and (b) are making an opposite sense. It seems like the Governor and the Deputy Governor are not members of the board. Is that case? If they are members of the Board, then why create (a) and (b) and not leave just (b) alone because they will be included? Thank you.

**DR. KABERUKA:** Madam Chairperson, we realised and we also took note that the Governor and his deputy are members of the Board, but when you look at 3(a) it says that all members of the Board shall be appointed by the President - I think we have it somewhere as (b) but then here, we are also differentiating the governor as an executive governor and his deputy as the executive of the bank, not as members of the Board. So, we are differentiating their role as top executives and as members of the board, that is what we are thinking to do there.

**MR. S. KUTESA:** Thank you, Madam Chairperson. Madam, I am also inclined to the view that

subjecting everything to approval of Parliament is not necessarily correct. In many instances, we have talked about Parliament being able to check the excesses of the executive, but also as some other Hon. delegate has mentioned, making the executive completely impotent is as dangerous as not having a check on them. Madam, you will find that sometimes members of this Board could well be Members of Parliament, and in the past they have been Members of Parliament. Now, once you begin to get your own members appointing yourselves, you have other problems arising out of that. Secondly, Madam, instead of subjecting the approval of Board members to Parliament, personally I think it should be the President on the advice of his Cabinet. First of all, these ministers are going to be approved by Parliament, Parliament is going to vet these ministers, it will say they are the right calibre of people to take decisions and to manage the affairs of state. I think that at some stage, we must allow them powers to make decisions. Once you have approved the right ministers, then you should give them power to decide and matters like appointment of Boards should be really ministerial cabinet decisions. Yes, I know that many people think ministers are going to appoint friends or whatever, it is then such ministers that we should never, in the first place, allow to be ministers. Yes! How else are you going to determine? For me I think it is useless to make someone a minister and he cannot have some power to decide. You have a President who is elected by a whole nation and you say he cannot make an appointment of a Board member, except by approval of the legislature! I think somehow we are getting over-board in creating checks and balances. Me, I am inclined to the view that both the governor and his deputy should be appointed by the President on advice of his Cabinet and so should the other Board members. My opinion is that if you tie the hands of the executive completely, it will be useless and why indeed do you subject the whole executive to a rigorous national election and Members of Parliament to ministers whom I hope will be Members of Parliament in the first place, and you subject them to rigorous checks by Parliament, and after all that, saying these are the greatest men you have and then you give them no power? What is the point? In my opinion, I think, the National Council of State as it is depicted in the Draft should be replaced by Cabinet.

**MR. ONEGI OBEL:** Thank you, Madam Chairperson. First of all, I would like to support the position as made by the previous speaker, that giving

these appointments to the President might be overweighing him with the duties but I also want to say one thing that this is probably a departure from the existing position that Board members shall be appointed by the Minister of Finance. So, that is a removal of a job from one office to another. But my substantive point of clarification I seek from the Chairman of Committee 3 is whether they think it appropriate that because the appointment of the board members, who are temporary, three months or three years, if the appointment, I am saying, must be approved by Parliament, then a Board member who decides to resign must also have his resignation reported to Parliament! Is that necessary, Madam Chairperson? I thank you.

**MR. TIGWEZIRE:** Thank you very much, Madam Chairperson. Madam, I am a member of committee 3, we debated at length and the reason why we are subjecting appointments and disappointments to approval of Parliament is that one, the history of this country is such that some appointments are normally political - they are political appointments, but then when you politically appoint somebody, we want that person to be professionally competent. When it comes to disappointing that person still we want that person to be protected, because you can fall out with the President and then he decides to disappoint you. For us we want Parliament to approve that dismissal, because we have been losing people who are competent because he falls out with the President, he thinks he has another political line which does not favour the President, the President says, okay, I am deleting your name from the Board. So, we have been losing Ugandans simply because they do not fall in the political favours of the Executive. So, we are seeking to protect whoever is appointed by Parliament so that he is not disappointed merely because he does not favour the politics of the day. Thank you, Madam.

**THE DEPUTY CHAIRMAN:** Hon. Kaberuka, can you now clarify to Hon. Onegi Obel.

**DR. KABERUKA:** Well, I imagine that when you resign, you leave a position, and since Parliament will have to sanction the person who will replace you, they will inevitably be informed that you resigned the position.

**PROF. KABWEGYERE:** Thank you, Madam Chairperson. I think we need, perhaps, to move away from the past which has dominated so much of

our own minds and look at the future which may be very different because, Madam, we want to have a system that works. The governor of the bank can be a hindrance to an economic implementation of a programme, because he is such a crucial person that if he is not in consonance with the government of the day, you have a big problem. In fact in some countries, even when the government is not in place, a country like Italy, the country is run by the governor of the bank. Now, I think the powers of appointment should be with the President. We can say that the President shall appoint the governor and the deputy with the approval of Parliament. Like there are many other appointments that Parliament must approve and at the end of the day, I think, Parliament will work out the modalities of how to implement that approval. Because I do not think it will be each name presented to a whole House and then the President talks and everybody talks. It will take years and years before any appointment is made. But I think the members of the Board, in my opinion, should be appointed by the minister responsible for finance with the approval of Cabinet. This is how things ought to work. Now, whether an individual is favoured - you know, we are not going to change human beings on this earth by a Constitution. We are not going to get angels and make them ministers or make them Presidents. We are still talking of earthly beings who may know so and so more than they know the other person, and in which case, the one who is more known will be appointed and the one who is not known will not be appointed. But as long as we have all the mechanism of censoring the minister and indeed of censoring the government, and of questioning the day-to-day working of the government, some of these administrative jobs must be left to the Executive to undertake. Madam, Parliament is the legislator, the moment it becomes an implementor or an executor of its own legislation, we are going to have a problem. Lastly, Madam, the disappointment of those appointed with the approval of Parliament should still be in the hands of the appointing authority, the President, if he cannot work with any of those people. If we are going to say that the people who are appointed by the President with the approval of Parliament must on their disappointment be approved by Parliament also, we are just doing nothing, we are just making a President who will never work and, therefore, I would propose as follows that (a) should be the governor and deputy governor who shall be appointed by the President with the approval of Parliament. I think that one, Members should support - and

I wanted to add that they shall be members of the Board, so that in (b) we say other members of the Board shall be appointed by the Minister responsible for Finance with the approval of cabinet and then delete (c) and continue. Thank you, Madam Chairperson.

**MR. KARUSOKE:** Madam Chairperson, we made it very clear in this Constitution that the name "minister" shall not appear, that ministers are under President and, therefore, any responsibility is supposed to be accorded to the President who can, in any case, delegate his ministers. Therefore, we cannot have the Minister responsible for Finance appointing members of the Board, it must be the President.

**THE DEPUTY CHAIRMAN:** I am asking, are you a Member of the committee 3?

**MR. KARUSOKE:** I am not, but we made it here, I am a Member of this Assembly.

**THE DEPUTY CHAIRMAN:** No, no, what you are saying is that we do not want the word "minister" to appear anywhere in the Constitution, will it not appear?

**MR. KARUSOKE:** No, it will not, we have resolved that.

**THE DEPUTY CHAIRMAN:** Even how they elected or appointed? You see, when you say the word "minister" will not appear, does that mean there is no word "minister" in the whole Constitution or the mandate to do work? The two are different.

**MR. KARUHANGA:** Madam Chairperson, I have listened to the contribution of Hon. Sam Kutesa and Hon. Kabwegyere, but I think that we will be making a very big mistake if we depart from the already general principle which we have agreed on, that all senior appointments of Ambassadors, of Ministers and of important people like the Governor of the Central Bank and his Deputy should be with the express approval of Parliament. Hon. Kabwegyere did not understand how Parliament and how disapproval of these type of people is going to be carried out. I think that could be addressed, but I think it will be very disturbing to find that in this type of an important person of Governor of the Central Bank, you are trying to deny him the stamp of authority from people's representative. What are you hiding this man or woman from? I think we

should not fear democracy when we see it. If we have decided to go democratic, let us go all the way. I would say on the appointment of directors, those are really not so Constitutional in my view and their dismissal should not come to Parliament also. Yes, I agree with that sentiment, but to deny that the Governor of the Central Bank whose standard in society is almost ministerial, and to say that we should hide him between the Cabinet and the President, and that you cannot change mankind because mankind will always favour people, I think, is not a very good argument in my view. I would like to persuade Members to really continue with the general principle of getting these serious appointments - in any case in other countries which have gone through this, they do this - you do not come and take over the governorship of the Central Bank or become an Ambassador of a country without the committee of the House giving you a stamp of approval. Let us not be cowards now. Thank you.

**MR. RWABIITA:** Thank you very much, Madam Chairperson. Madam Chairperson, I do not have much quarrel with (a) and (b) of this article, but definitely I am totally against mixing the efficiency, especially, dismissal or removal of officers as governors, deputy and Board members. Removal or dismissal of a person depends on his or her performance. Madam Chairperson, I cannot imagine Parliament having any capacity to assess the performance of an individual, no way! This would mean we shall be mixing management with politics. If the President has to wait until Parliament approves the dismissal of a governor or a Board member, this would mean that this Bank of Uganda would be in trouble. There will be a lot of politicking, anybody that belongs to another interest group will cause a big row in the society, say he has been expelled because he belongs to that one or this one, and this will bring a lot of confusion, pull and push in our Central Bank. So, Madam, I would prefer that the dismissal or removal of the governors and other members of the board solely belongs to the President and his advisors. Because if we have only to depend on Parliament, Parliament really will do a good job by assessing people who can be appointed to these high offices, but definitely they will not have the capacity to go in all these bodies and assess each ones performance. So, here on (c) I would advise or move that the Governor and Deputy Governor or any member of the Board may be removed from office by the President with the approval of Cabinet, so that we keep the management of our bank out of politics. I beg to move, Madam Chairperson.

**THE DEPUTY CHAIRMAN:** Hon. Delegates, before we proceed, I had given some time for people to debate, and I think now it is time we zeroed down on some substance. So, I think from now on, we should be going item by item. We agree on 3(a), 3(b) and 3(c). But, we have a technical problem, we will agree, but we will not be able to vote. But if we agree we can leave it at that and then when we come tomorrow, it will be just a matter of agreeing and we pronounce ourselves on the clause. So, I propose now we centre on 3(a). It seems 3(a) is quite fine, so we shall go in our - any problem Hon. Ngobi on 3(a)?

**MR. NGOBI:** Thank you very much, Madam Chairman. My problem with (a) is this. As it is drafted, it appears that the Governor and Deputy Governor will not be members of the board, and I think they should be members of the board, unless they are ex-officio members. So, I think the intention probably is not expressly stated here, if it is intended that they are members of the board, and I think they must be members of the board.

**THE DEPUTY CHAIRMAN:** So, can you make a substantive proposal?

**MR. NGOBI:** I think we better combine 3(a) and 3(b) and then that will make "*the Governor and the Deputy Governor shall be appointed by the President with the approval of Parliament and they will be members of the board.*"

**THE DEPUTY CHAIRMAN:** But then, here you are not combining (a) and (b) I do not know whether it will be in order, why do we not ask the Chairman of Committee 3, from the people's suggestions which have been floated, to sit down with the Legal and Drafting Committee, and I am sure they can come to something near, because it seems everybody is coming with a new Amendment. It will be a neater work, so that when we come tomorrow - after all we are not going to vote - we shall have a neater proposal. Otherwise -

**MR. KIWAGAMA:** Thank you Madam. In fact, if the idea of Hon. Ngobi, of merging these two (a) and (b) together, it is very simple and it would run like this: "*The Governor and the Deputy Governor and all members of the Board shall be appointed by the President with the approval of Parliament.*"

**THE DEPUTY CHAIRMAN:** Yes, but earlier on, another Member had suggested that the Board members could be appointed with consultation with

the Cabinet and not Parliament. So, now we cannot lamp all the Board members, the governor and the deputy.

**DR. SEMAJEJE HIGIRO:** Madam, these appointments of the Board, it appears that some Members here feel that these members of the Board are not to be of the same value with the deputy governor and the governor. But, Madam, the Members should realise that the governor and his deputy are executives who are working day-to-day in the bank, and the only people who have to balance them are the members of the Board. Now, once the two are appointed differently and, in fact, once it looks as if, through the appointments, these other members of the Board are smaller, they really get marginalised because through their appointments, they are not on the same level, and yet you feel that the members of the Board are playing a very, very important role. They are there to watch what is happening in the bank, they are not there to rubber-stamp what the governor and the deputy governor agree. They are there really to make the bank work properly.

One Member was scared that the members of the Board would also come from the Parliament, no, in fact somewhere else it has been recommended that no Member of Parliament shall be a director of the bank so that fear should not be there. But, Madam Chairperson, this House should know that if we want a Board which is going to be effective and especially now that the Bank of Uganda is being given a lot of autonomy, then the Board members must have equal values as far as Board members are concerned. The executives are different but I think Members should realise that if we marginalise them in that form, then we might as well not have them. The governor and his deputy should do the job and finalise it. So, if we want a board which is going to make the governor work and we know that there are some people who are going - who have got same value, as far as the Board is concerned, then they must be appointed through the same route. I do not mind about dismissals, but I think for the route to enter that Board Room should be the same. Madam Chairperson, I would like to advise that Members accept this because it is a very important point.

**THE DEPUTY CHAIRMAN:** Okay, let us agree step by step. So, you are agreeing with Hon. Ngobi and Hon. Kiwagama, that (a) and (b) should read - then we follow up from there - that the Governor, the Deputy Governor and all members of the Board

shall be appointed by the President on approval of Parliament, something of that sort. That is what they are floating. So, now you can interject.

**AN HON. DELEGATE:** Thank you Madam Chairperson. I wanted to seek clarification from Hon. Semajjege, where in his own experience he has found members of the Board more conversant with the organisation than the actual executives who are managing. Because I wanted to know whether he thinks that when these people are appointed as members of the Board as part timers, possibly meet once a month, that they are going to be more knowledgeable or even the super controllers in the sense of - you know, being fully knowledgeable than the Governor and the Deputy governor. But I thought that Boards use their numbers and use the Statute to control the Chief Executives rather than this business of status, because if in the Statute establishing the Central Bank, the Board can withdraw confidence in the Governor and have their resolution tendered to the President for his removal, then this person should be able to take note of them. But if you have a situation where the Governor, as we have had one I would not want to mention, who even disobeyed the President and on two occasions he was able to even authorise money which is normally authorised by the President, then you have a situation of an individual behaving out of the ordinary and he did not keep the job.

**MR. NSUBUGA NSAMBU:** Thank you very much, Madam Chairperson. Earlier on last week, we said that the President was going to be answerable to Parliament on financial matters. Similarly, if and it is good reason to say that as far as these appointments are concerned, they are partially public, I would suggest that the President himself being answerable to Parliament should be responsible for the appointment of the governor and all other members of the Board.

**DR. KABERUKA:** Thank you, Madam. Mine was just to clarify a point where some Members are seeking to merge (a) and (b). As I did point out, (a) simply takes care of appointments of governor and deputy governor as Chief Executives and not as members of the board. So, those who are trying to combine the two should take that into account that if you combine them, you will be appointing them as members of the board and not as Chief Executives of the bank.

**THE DEPUTY CHAIRMAN:** Okay, before we proceed, how about the proposal which was floated that the governor and the deputy governor shall be appointed by the President with the approval of the Parliament and they shall be members of the Board? Does it make any sense, because somebody pointed it out.

**DR. KABERUKA:** But, Madam Chairperson, that is clause (2) which we have already passed!

**THE DEPUTY CHAIRMAN:** I see, okay.

**DR. KABERUKA:** Clause (2) establishes them as members of the Board, now 3(a) appoints the governor and his deputy as Chief Executives; (b) appoints members of the Board. I did explain that at the beginning that is why we separated them, because there is lack of clarity as to whether they were being appointed to the Board or being Chief Executives.

**MR. MIGADDE:** Thank you, Madam Chairman. Actually, what I wanted to raise was the very issue that - I wanted to improve on 3(a) to say that "*the governor and deputy governor shall be appointed by the President with the approval of Parliament and shall be members of the Board*". But I think that one has been cleared by the previous speaker. At the same time, I want to say that "*other members of the Board shall be appointed by the minister responsible for finance, and approved by Cabinet*". Because this has been the practice, and I do not see any good reason why really we should move away from this one, and I was on (3) that the governor and deputy governor or any member of the Board may be removed from the office by the appointing authority, and to me that would be adequate, Madam Chairman.

**MR. BIDANDI SSALI:** Thank you, Madam Chairperson. I think there is one thing which is common that we all agreed on what we want, except that we need to agree on how to put it, and I would like to buy your earlier suggestion that the Chairman goes and produces us a formulation tomorrow. Because according to his explanation earlier, or rather clarification, if the authority of the Bank of Uganda shall be vested in the Board which shall consist of a Governor, a Deputy Governor and not more than five other members, then why are you separating the governor and the deputy governor again? You simply say the Board, because the Board already includes the governor and the deputy gover-

nor. So. I would like to really persuade Hon. Members that Hon. Kaberuka might come up with a better formulation tomorrow so that we make a step forward.

**THE DEPUTY CHAIRMAN:** In that case, we may need the Members who want to bring in their proposals so that they sit together rather than Hon. Kaberuka sitting alone. So, Hon. Ngobi, Hon. Kiwagama *-(Interjection)-* I was saying that in that case then they need Hon. Kaberuka, Hon. Ngobi, Hon. Kiwagama and, perhaps, yourself. Because you suggested, rather than him alone because he may not do what is required because he already has his own conceived arrangement. So, now I propose that we adjourn until tomorrow afternoon, but before we go, I suspect all of us have been invited to the President's presentation but the plenary could be on. We assume that by 2.30 p.m. the seminar will be over. Thank you very much.

*(The Assembly rose and adjourned until Wednesday, 14th December, 1994 at 2.30 p.m.)*