



## PRESS STATEMENT

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**A 9 SEATER HELICOPTER BUS EC- 145 FOR THE SPEAKER!  
DO WE HAVE OUR PRIORITIES RIGHT AS A COUNTRY?**

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**DATE: 19<sup>TH</sup> FEBRUARY 2017 | VENUE: UGANDA DEBT NETWORK  
TIME: 10AM – 12:00PM**

The National Budget for FY 2017/18, to many citizens has come with mixed signals on where exactly government spending priorities are focused to lead the country into middle income status<sup>1</sup> by 2020. Out of the UGX 30,231.54bn total resource envelop, only UGX 14,992.02bn<sup>2</sup> is available with certainty presenting a budget deficit of UGX 15,239.52bn (50.4%). However, a critical analysis of Government's priority list, makes it difficult to ascertain the aggregate returns on expenditure for specific functions as government maximizes the utilization of the already scarce resources.

### Procurement of Helicopter

*Under the legislature sector*, one of the priority items for FY 2017/18 – FY 2021/22 is the purchase of motor vehicles and other transport equipment to enhance the delivery of legislative functions under the stewardship of the Speaker of Parliament. The Parliament of Uganda has a budget of UGX 442.328bn<sup>3</sup> for the FY 2017/18 with a 6% reduction of UGX 27.649bn in comparison to the FY 2016/17 budget. These funds set aside, the institution needs an extra 284.97bn (64% of the FY 2017/18 budget) to fund outputs that were not accommodated in the availed ceiling. Some of the key out puts that are still hanging in the balance include the construction of a new chamber for Members (UGX 44.9bn) and contribution to other organizations like EALA (UGX 3.5bn).

*We however note with concern*, that in table V3.2 of the sector BFP, there will be a re-allocation of UGX 675 million to contribute to facilitation of purchase of motor vehicle and other transport equipment including a Helicopter Bus EC- 145-9 seater alone as described in the BFP, the cost will be approximately UGX 19.9bn<sup>4</sup>. The justification given is to strengthen

<sup>1</sup> An average growth rate of 6.3 per cent and per capita income of USD 1,039 by 2020

<sup>2</sup> GoU Resource Envelope Less External Debt Repayments, Arrears, Projects domestic refinancing

<sup>3</sup> Parliament Budget Framework Paper FY 2017/18

<sup>4</sup> <http://www.ntv.co.ug/news/local/25/jan/2017/parliament-budgets-shs199b-speakers-helicopter-15906#sthash.szyqJgpQ.dpbs>

institutional capacity of Parliament to undertake its constitutional mandate effectively and efficiently.

***We are cognizant;*** of the fact that monitoring the implementation of Government programmes and projects is one of the core responsibilities of a Member of Parliament for it enables them to legislate on behalf of the citizens from an informed point of view. However, the move to procure a helicopter for the Speaker and her Deputy must be backed with adequate proof that the motor vehicles procured for the two officials have proved inefficient, but also that there are key economic advantages and linked to an ultimate welfare change for the citizens or a section of them. In addition, key issues like the cost-benefit analysis of procuring this helicopter must be considered.

We strongly believe that with all the priorities and good work that parliament plans to do in the FY 2017/18, including the construction of new chambers for the 458 members of the 10<sup>th</sup> Parliament, this expenditure clearly borders on wastage of resources; its maintenance and operational cost notwithstanding.

### **Helicopter Vs Debt service**

In order to graduate into a middle-income country by 2020, Government has embarked on developing infrastructure to step up production with a vision to spur economic growth and development. To this effect, heavy loan on-going projects and those in the pipeline are estimated to cost (US\$ 7.522bn) as follows ; a) Karuma and Isimba HEP US\$ 2.2bn; b) Oil Refinery US\$ 0.5bn; c) Airport (Albertine region) US\$ 0.2bn; d) Kampala-Kigali products pipeline US\$ 0.42bn; e) Ayago Hydro Power dam US\$1.9bn; f) Kampala –Eldoret Products pipeline US\$ 0.45bn; g) Kampala Jinja Express Highway US\$0.8bn; h) Kampala- Mpigi Express Highway US\$0.402bn; i) Kampala Bombo Express Highway US\$ 0.3bn and j) Kampala Southern Bypass US\$ 0.350bn. This excludes the standard Gauge Railway planning figure of US\$12.8bn (inclusive of 15% counterpart funding from GoU).

***Besides,*** Domestic debt is sky rocketing yet on concessional terms and should be more worrisome compared to external borrowing. Outstanding Domestic Arrears have continued to escalate for the past 3 years for instance, Pension arrears increased from 1.2bn in FY 2013/14 to 5.61bn in FY 2015/16 (Auditor General, 2016). In addition, Government had outstanding amounts in court awards, compensations and other liabilities totaling to UGX.684Bn as at 30th June 2016. Loans repayment demands huge financial requirements for debt service, yet by December 2016 the debt to DGP ratio was at 52% more than the guiding threshold of 50% (BOU, 2016).

***While*** it's not conclusive in practice on which debt to GDP is ideal, great attention should be focused on the sustainability of debt level. In Uganda, several loans are facing implementation challenges; performing below 50% capacity in addition to accumulating interest payments annually (AG Report, 2016) amidst stagnated revenue to GDP at 13% arising from limited revenue base and the costly infrastructural development (World Bank,

2016) and negative Balance of Payments earnings for the last 4 years (BOU, 2016). These are signs leading to possible future debt unsustainability which attracts high costs of borrowing in order to compensate for the high risk of default.

*Therefore*, we think that it is unrealistic to prioritize the procurement of a Helicopter to facilitate the Speak of Parliament and her Deputy at the expense of debt service which all Ugandans are expected to contribute to. From the above analysis, the Helicopter budget can clearly meet the outstanding financial obligations that government is chocking with.

### **Helicopter Vs Road infrastructure**

*While* Government efforts at infrastructural improvements so far are commendable, there are still areas with bad roads and require urgent attention. For instance, the Kyankanda-Karungu-Bitsya road in Buhweju District becomes muddy and slippery during rainy season and has affected movement of persons and produce, especially in the rural areas. Transportation trucks carrying fresh agricultural produce like tea, cabbages and tomatoes to markets are challenged by the impassable roads leading to escalation of transport costs for local farmers. On several occasions, such perishable goods end up rotting due to the delay in supplying to the market thus occasioning huge losses to the farmers.

*We think that;* construction or frequent maintenance of road network country-wide will facilitate transportation cheaply and faster for citizens to engage in economic activities translating into more savings and improved welfare and sustainable wealth creation as opposed to procuring a Helicopter which will largely facilitate travel convenience of the speaker of Parliament more overall with high maintenance costs attached.

### **Helicopter Vs Health services**

Domestic financing for HIV/ AIDS programmes is less than 25% while the rest is expected to come from donors, which puts patients at a high risk in case of donor pull out. Most health centres in the country have been persistently experiencing stock outs for commodities and medicines required for addressing crucial health needs like malaria, family planning and HIV/AIDS. The Country Aids Progress Report for 2015 /16 shows Uganda's HIV infection rates that had been contained are now in are rising, meaning that the national HIV Test and Start Policy cannot be operationalized with the current paltry 100 billion which is far inadequate to provide much needed services to HIV/AIDS patients.

*For this reason;* we are compelled to ask Government whether the helicopter purchase is a priority at this material time amidst compared to improving health services needs to step up human development.

## **Helicopter Vs Food security situation**

The food security situation in the country which ranges between minimal and crisis as at November 2016, with the country experiencing an average crop loss of approximately 40% for pulses (beans, groundnuts, peas) and 80% for cereals (maize, millet, rice, sorghum) from the first season harvests. Consequently, there was a decline in the number of food secure people in the country, from 89% in December 2015 to 83% in July 2016, and an increase in the population under food security stress from 10% to 16%. According to Minister for Agriculture, by last week the total population that is in need of relief food has increased to 1,500,000 people from 1,300,000 as at November, 2016 in the sub regions of Karamoja, Teso, Lango, Acholi, Bukedi, West Nile, Parts of Busoga, Isingiro, Bukomansimbi, and Kalungu with several deaths registered already.

*We explore* Government to be sensitive enough to take immediate actions on providing food relief to hunger stricken families in Uganda, and seed and planting materials for the rehabilitation of food production system for season one around end of March 2017.

### **Conclusion**

With the glaring, state of affairs in the different sectors, Government should focus on urgent issues that seek to improve human welfare to enhance productivity and production in-country as a first call to increase food security situation as a priority. Once the road network is improved, a multiplier effect is inevitable as a larger number of the population will benefit. Financial leakages into the pockets of a few individual has drained available resources and has been a detriment to development in Uganda and Government should address this corruption tendencies if full capacity resource mobilisation drive is to be achieved. We therefore call upon Government to exercise the best practice of sharing the helicopter resources with underfed sectors and other highly wanting infrastructural facilities. The chopper can do a good job but ranks among the last on the scale of priorities.

*.....because every shilling counts.*

For God and My Country!