

CSOs set tough conditions for the 'bail out'



The Civil Society Organizations (CSOs) have set tough conditions for the alleged 1.3 trillion bail out mooted by some companies that have faced financial distress.

"If a tough economic condition is the basis of bailout for these companies and individuals then every Ugandan needs the financial assistance," said Julius Mukunda the Coordinator of Civil Society Budget Advocacy Group (CSBAG).

CSOs raised their concerns during a press conference held in Kampala on Wednesday 27th July 2016 spearheaded by CSBAG and the Anti-Corruption Coalition of Uganda (ACCU).

The civil society actors underscored the importance of the technical wing of Government to guide the discussions regarding bail out "The decision to bail out firms and countries from financial distress is in every perspective an economic one and far from political. "The discussion, as we

have noticed is being driven by everyone else but the technical people in Government who should be providing technical advice on its implications and how it should be managed." they argued.

On his part Edson Kamagara an official from Uganda Roads Sector Support Initiative (URSSI) said the bailout parse is not bad as long as it is recommended by an authentic committee created by Parliament. "Bailout is an economic intervention and should not be politicized" Kamagara.

Cissy Kagaba the Executive Director of Anti-Corruption Coalition (ACCU) questioned the source of funds for the bail out. "If this money is not in the approved budget for FY2016/17, what is the source of this money? This issue must be managed in a transparent way to avoid doubt and suspicion among citizens about the alleged bail out". Cissy mentioned.

The CSOs also questioned why companies like Sembule Steel Mills Company who applied for UGX11bn as bail out were not supported by Government. "Sembule which was the first company owned by Ugandans to manufacture steel products sought a bail out of UGX 11bn from Government but their request was not honored. If we didn't do it for Greenland Bank, Sembule, Cooperative bank, **WHY NOW?** CSOs asked

The CSOs set out tough conditions for the bailout. "We can only have the tax payer's money bailout to anyone under the following circumstances: They suggested the bailout must be an appropriation by an Act of Parliament; meaning that it has to be budgeted for and only approved after thorough scrutiny by Parliament and relevant stakeholders.

A bail out must be managed as a loan and not as a gift and a repayment plan must be agreed on." Stated the CSOs. Only companies and not individuals should qualify for bail out and these companies must be tax compliant possessing a tax clearance certified by Uganda Revenue Authority (URA).

Furthermore, CSOs stressed that the company must prove to have at least 500 Ugandans on its payroll and must have existed for at least 10 years with audited books of accounts reviewed and certified by Auditor General among others.

This was reiterated by Ali Kaviri from Uganda Youth Network who stressed that there is need to assess the companies who are clamoring for bailouts in terms of the number of youth they are employing and the economic impact. "How many youth are employed by the company which wants to get bailout and what economic impact will it create?" Kaviri asked.

"Our private sector needs to tighten its expenditure management and begin austerity measures just like Government," Mukunda stated. If bailed out CSOs emphasized that the company should develop and implement an austerity plan agreed upon with Government. A new Company structure must be established containing a Government representative with voting rights.

CSO during their press conference further stressed that "bailout" is not a priority for this government at this moment in time. Should there be extra resources there are other unfunded priorities of government that needs to be addressed. Government already has a shortfall in its FY 2016/17 budget, if the 1.3 trillion is available; we suggest this money is used to meet this shortfall". Stated the CSOs.

To prove their point CSOs cited National Medical Stores (NMS) which has a short fall of UGX180bn for ARVs while the Education sector short fall is UGX12bn for recruiting Science and English teachers, whereas for Ministry of Agriculture, Animal Industry and Fisheries(MAAIF) has a short fall of UGX16.2bn for recruiting extension workers.

CSOs underlined the importance of Government to use public resources in a prudent manner but specifically put an end to corruption, stop borrowing domestically and spend within the means to avoid domestic arrears. They called on Government to manage public resources prudently according to the Public Finance Management Act, 2015.