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**PARLIAMENT OF THE REPUBLIC OF UGANDA**

**REPORT OF THE COMMITTEE ON INFORMATION, COMMUNICATIONS  
TECHNOLOGY AND NATIONAL GUIDANCE ON THE NATIONAL  
INFORMATION TECHNOLOGY AUTHORITY, UGANDA (AMENDMENT) BILL,**

**2024**

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**OFFICE OF THE CLERK TO PARLIAMENT**

**FEBRUARY, 2024**

## ACRONYMS

CCTV	Closed Circuit Television
CMI	Chieftaincy of Military Intelligence
DLGs	District Local Governments
EAC	East African Community
FATF	Financial Action Task Force
ICT	Information and Communication Technology
IT	Information Technology
MDAs	Ministries, Departments and Agencies
MoFPED	Ministry of Finance, Planning and Economic Development
MoICT&NG	Ministry of Information, Communication Technology and National Guidance
NBI	National Backbone Infrastructure
NITA-U	National Information Technology Authority- Uganda
NTR	Non-Tax Revenue
PSST	Permanent Secretary/ Secretary to Treasury
RAPEX	Rationalisation of Government Agencies and Public Expenditure
UBC	Uganda Broadcasting Corporation
UCC	Uganda Communications Commission
UGX	Uganda Shillings
UPDF	Uganda Peoples Defence Forces
UPF	Uganda Police Force
USD	United States Dollar
UTCL	Uganda Telecommunications Corporation Limited

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- Middle left: *Beth*  
- Bottom left: *Shanele*  
- Middle: *2*  
- Middle right: *Abirga*  
- Top right: *Am*  
- Middle right: *M. h.*  
- Bottom right: *Edi*

## 1.0 INTRODUCTION

Rt. Hon. Speaker and Hon. Members

At the 12<sup>th</sup> Sitting of the 3<sup>rd</sup> Meeting of the 3<sup>rd</sup> Session of the 11<sup>th</sup> Parliament held on 20<sup>th</sup> February, 2024, Hon. Baryomunsi Chris, the Minister of Information, Communications Technology and National Guidance moved that the National Information Technology Authority, Uganda (Amendment) Bill, 2024 be read for the first time in accordance with Rule 128 (2) of the Rules of Procedure of Parliament.

Relatedly, pursuant to Rule 129(1) of the Rules of Procedure of Parliament, the Bill was referred to the Committee on Information, Communications Technology and National Guidance for scrutiny and consideration.

The Committee examined and evaluated the Bill in accordance with Rule 129 (2) of the Rules of Procedure of Parliament, and hereby reports.

## 1.1 TERMS OF REFERENCE

In considering the Bill, the Committee developed the following Terms of Reference:

- (i) To examine the certificate of financial implication to ascertain that fulfils the requirements of the law;
- (ii) To examine the rationale for mainstreaming NITA-U back to the Ministry of ICT& National Guidance;
- (iii) To study the effect of the mainstreaming to the current employees of NITA-U;
- (iv) To assess the impact of the mainstreaming of NITA-U on service delivery in the ICT sector;
- (v) To conduct a cost-benefit analysis of the mainstreaming of NITA-U; and
- (vi) To make appropriate recommendations to Parliament on the mainstreaming of NITA-U back to the Ministry of Information, Communications Technology and

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National Guidance.

## 1.2 METHODOLOGY

The Committee:

- (i) Interacted with the Minister of Information, Communications Technology and National Guidance, and officials from the Ministry
- (ii) Interacted with officials from the Ministry of Public Service
- (iii) Interacted with the Executive Director and the Executive Committee members from the National Information Technology Authority, Uganda.
- (iv) Reviewed the National Information Technology Authority, Uganda Act, 2009 to appreciate the role, function and mandate of the Authority.
- (v) Reviewed the Rationalization of Government Agencies and Public Expenditure (RAPEX) FY 2021/22-2022/23 report on the Mainstreaming of National Information Technology Authority to the Ministry of Information, Communications Technology and National Guidance.
- (vi) Reviewed reports and statements from the witnesses and related information.
- (vii) Reviewed the Uganda Digital Acceleration Project-GovNet contract, financing agreement, and other supporting documents.
- (viii) Reviewed the National Backbone Infrastructure and the e-Government Infrastructure Project (NBI/EGI).
- (ix) Reviewed the Ministry of Information Communications Technology and National Guidance, and the National Information Technology Authority, Uganda financial performances and the auditor Generals' reports for FY 2020/12, 2021/22, and 2022/23.
- (x) Reviewed the Certificate of Financial Implications of the Bill as provided for under Section 76 of the PFMA, 2015.

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Occasioned by the time constraints, the Committee referred to memoranda that addressed Rationalisation including the Rationalization of Government Agencies and Public Expenditure (RAPEX) FY 2021/22-2022/23 report on the Mainstreaming of National Information Technology Authority to the Ministry of Information, Communications Technology and National Guidance. The Committee was unable to interact with other sectors and other related stakeholders who are likely to benefit or be affected by the mainstreaming of NITA-U back to the Ministry.

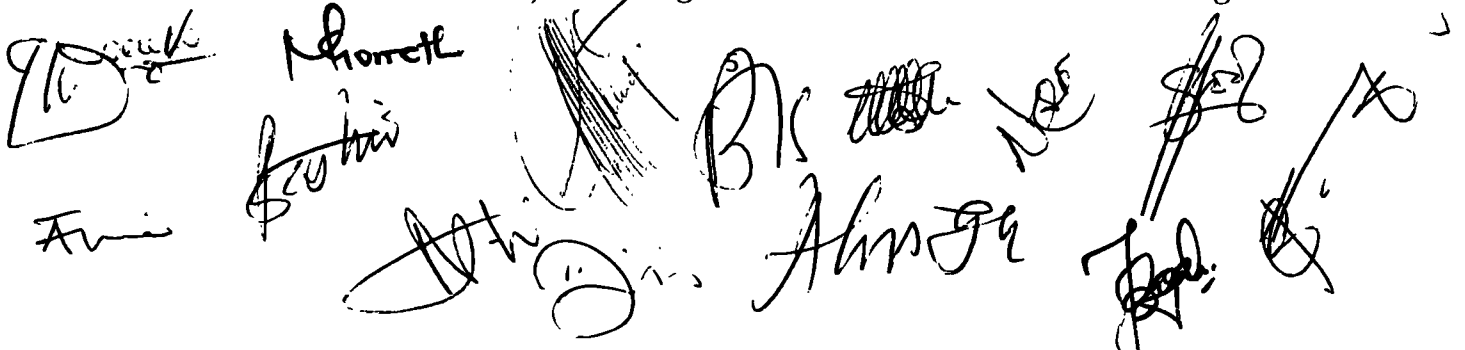
## 2.0 GENERAL BACKGROUND INFORMATION

### 2.1 THE RATIONALIZATION OF GOVERNMENT AGENCIES (ORIGIN AND RATIONALE)

On the 22<sup>nd</sup> of February 2021 under Minute No. 43 (CT 2021), Cabinet adopted the principle of rationalisation where certain government agencies, commissions and authorities would be merged, others mainstreamed, while others were done away with altogether as a measure to reduce public expenditure and facilitate effective and efficient service delivery.

The above objective is enshrined in the policy for Rationalisation of Government Agencies and Public Expenditure (RAPEX), where Government intends to achieve institutional harmony, reduce service duplications and overlaps; and reduce administrative costs of service delivery. The spirit behind this is the emerging socio-economic and technological developments which have called for the introduction of flat structures that enable MDAs to share common resources as well as have collaborative interactions across the board, while also saving Government UGX. 905 billion annually.

The Government states that some agencies were established without due consideration to aspects of institutional harmony, functional duplications, jurisdictional ambiguities, overlaps and affordability; while others have served their purpose and have ceased to be of relevance. Government is further cognisant of the fact that it incurs a high cost of



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administering the agencies which has put a strain on the national treasury at the expense of effective service delivery. This coupled with the skewed salary scale has created salary disparities between the public and agency staff leading to demotivation of staff in the public sector.

As a correction measure therefore, Government has opted to carry out rationalisation as a way of rectifying the above highlighted issues, which is going to be achieved through merger, repealing and mainstreaming of agencies/ entities.

Among the entities earmarked for rationalisation is NITA-U which is to be mainstreamed to the Ministry of ICT and National Guidance.

The proposed amendments to the National Information Technology Authority, Uganda (Amendment) Bill, 2024, laid before Parliament on 20<sup>th</sup> February, 2024, therefore seek to give effect to the decision that was adopted by Cabinet on rationalization of agencies.

## OBJECT OF THE BILL

Clause 1 of the Bill states that the objective of the Bill is to give effect to the Rationalisation of Government Agencies and Public Expenditure. The object is further detailed in **sub clause (2)** and states that the object is meant to do the following:

- a) enable the dissolution of National Information Technology Authority, Uganda and mainstreaming its functions into the Ministry responsible for Information Technology thereby relieving the Government of the financial drain on its resources and the burden of wasteful administration and expenditure;
- b) facilitate efficient and effective service delivery by clearly delineating the mandates and functions of the ministry in respect to the functions of the National Information Technology Authority, Uganda thereby, avoiding duplication of mandates and functions;

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and certifications

- ii) Monies NITA-U has saved the Government through their provision of services
- iii) Monies collected on behalf of Government through commercialisation of the National Backbone Infrastructure

Monies contributed to the Government through provision of permits, licenses and certifications and other service offerings including sale of excess capacity to the private sector players, co-location, internet, leased lines and dark (unused) fibre, PDPO registration of data controllers and Processors, BPO recoveries, SMS gateway services, fines and fees obtained from its services. Over 21 major private telecom and ISPs are utilising the NBI to deliver affordable services even to non-commercially viable areas for private companies.

The above items have generated, in the last 10 years, UGX. 200 billion in government revenue, and is projecting to generate another UGX 185 billion over the next 5 years from services offerings.

NITA-U has saved the Government money through their provision of the following services:

- UGX. 1.165 trillion through centralized hosting of critical applications Management of the NBI (over 4,172 km) network across the country connecting over 1480 MDAs (e-government services). This has reduced duplication, and promoted shared services.
- Reduced duplication of up to USD 92 Million by establishing the National Data Centre and the Disaster Recovery (DR) sites hosting 287 critical applications in over 100 Government Institutions. This has consolidated storage and management of Government data, leading to cost savings and reduced duplication with estimated annual savings to Government as indicated above.



- NITA- U has enabled Government to save up to UGX. 49 billion by providing internet bandwidth by reducing costs of internet from USD 70 to USD 35 per megabyte per second (MBPS), with a projection of a further reduction to USD 20per Mbps. This translates to an accumulated saving of a total of UGX 1.248 trillion.

## COMMITTEE OBSERVATIONS

The Committee observed that while the Ministry provided block figures in terms of the projected wage bill and the projected savings following the mainstreaming of the Authority to the Ministry, it did not have specific estimates for the revenue and expenditure for the rationalisation on NITA-U.

The Ministry was unable to provide the Committee with the details on the breakdown of the actual amounts that would be needed for the terminal benefits and severance pay for staff and Board members, the new salary scales for the new structure of the Ministry and the cost of administering the operations and functions following the merger. The Ministry made mention of the projected salary of a Commissioner, who would be the Head of a Department estimated at UGX 12M. This however, was not documented.

The Committee further observed that the certificate of financial implication provided had inadequacies since it lacked estimations of the revenue and expenditure for at least two years. This made it harder for the Committee to evaluate the alleged drain by NITA-U on the consolidated fund and the saving that would arise from the mainstreaming NITA-U.

On the other hand, NITA-U demonstrated with statistics, the monies the Authority contributes to the consolidated fund through issuance of licenses, permits and certifications, commercialisation of the NBI and the amounts that Government has saved from the elimination of duplication, waste and in-house creation of applications that are being utilised by the different arms of government, local government and the MDAs.

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All the foregoing demonstrate that NITA-U has not caused any financial strain on the consolidated fund as it meets its own costs of operations and further adds money into the fund while at the same time saving Government other costs as illustrated above.

- b) In respect to Clause 1(2) (b) and (d) which addresses the need to facilitate efficient and effective service delivery by clearly delineating the mandates and functions of the ministry in respect to the functions of the National Information Technology Authority, Uganda thereby, avoiding duplication of mandates and functions.**

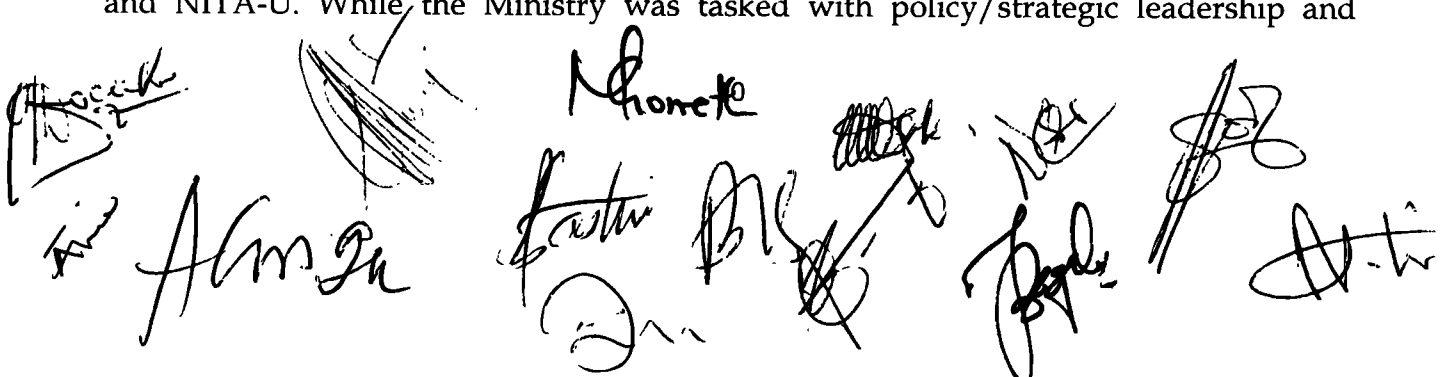
While addressing this matter, the Ministry highlighted their role as providing strategic leadership and supervision in ICT, Information and National Guidance for sustainable development.

The Ministry stated that the National Information Technology Authority - Uganda was established to coordinate and regulate Information Technology services in Uganda in the context of social and economic development of Uganda.

The Ministry further informed the Committee that with the dissolution of NITA-U, the regulatory functions of NITA-U would be performed by the Uganda Communications Commission while the commercial functions of NITA-U would be transferred to Uganda Telecommunication Corporation Limited (UTCL). The Ministry did not give any further information regarding the duplicity of roles between itself and NITA-U.

### COMMITTEE OBSERVATIONS

The Committee observed that there was no duplication of mandates between the Ministry and NITA-U. While the Ministry was tasked with policy/strategic leadership and



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supervision of the entire information technology industry, NITA-U was mandated to coordinate and regulate Information Technology services in Uganda in the context of social and economic development of Uganda.

The Committee further observed that the Ministry had stated that with the dissolution of NITA-U, the regulatory function of NITA-U would be transferred to Uganda Communications Commission (UCC). The Committee noted that this was at variance with Clause 11 of the Bill which proposes an amendment to Section 5 to the effect that the Ministry will perform the functions under the Act.

The Committee further noted that there was no corresponding amendment to the Uganda Communications Commission Act, 2013 to expand its mandate to cater for the regulation and coordination of Information Technology services in Uganda in the context of social and economic development of Uganda.

The Committee on further evaluation of the transfer of the functions of NITA-U noted that the Authority was also mandated to administer the Electronic Signatures Act, No.7 of 2011, the Electronic Transactions Act, No. 8 of 2011 and the Data Protection and Privacy Act, 2019. There were no amendments to these Acts which is likely to leave them with no implementing or administering agency if NITA-U is dissolved.

While the Ministry stated that there was a duplication of roles between UTCL and NITA-U because of the commercialisation aspect of the Authority, the Committee noted that the biggest commercialisation aspect of NITA-U is the operation of the NBI. UTCL does not operate anything similar to the NBI and this duplication will only be created with the transfer of NBI to UTCL.

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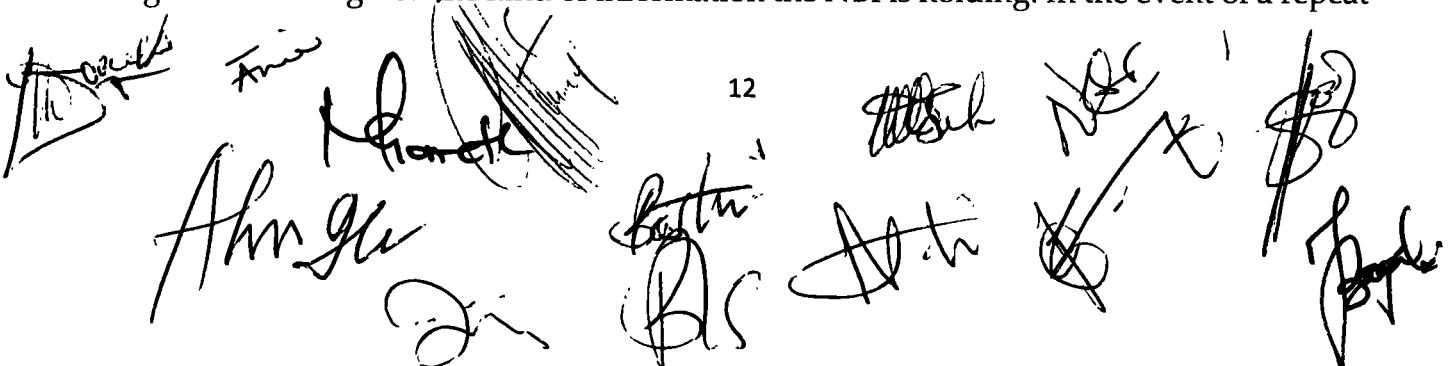
NBI is considered a public utility which hosts information of critical national importance including information on payment systems of government, all information regarding the security of the country - information belonging to police, CMI, UPDF among others, registration information for all citizens including national identity card, e- passports, e- visas, Performance Budgeting System (PBS), customs - One Stop Border Posts (OSBP), Electronic Government Procurements (E-GP) and the Integrated Financial Management Systems (IFMIS) and has been used to reduce internet costs. It should be in the interest of Government for the NBI to be controlled by itself or any of its autonomous agencies.

The Committee noted that the Ministry together with Ministry of Finance have executed a share subscription and allotment agreement where they are transferring the management and commercialisation of the NBI under Clause 5 of the agreement to UTCL and ROWAD Capital Commercial Broker LLC.

The Committee further noted that under the share subscription and allotment agreement, Ministry of Finance and Economic Development sold their 60% shareholding in UTCL to ROWAD Capital (a Dubai based and registered entity), essentially putting UTCL and the NBI in the hands of a private foreign company. Government is therefore transferring information of critical and strategic national importance including security to an entity it has no control over since Government has ceded its majority shareholding and hence the decision making power.

The Committee was reminded of the time when this same company then UTL (now UTCL) was privatised to Lap Green and with the collapse of the Libyan government, this led to a number of issues which saw UTL going into liquidation. This came with a host of litigation and took the government time and money to extricate itself. With the transfer of majority shareholding to a foreign third party, the government is exposing itself to a higher risk now given the kind of information the NBI is holding. In the event of a repeat

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of similar nature, government operations would grind to a halt given that almost all its business is run on the NBI.

The Committee further noted that while the agreement under Clause 5 that the NBI would be expeditiously transferred to UTCL/ROWAD, the Minister of ICT & National Guidance informed the Committee that NBI would only be transferred to UTCL after the latter has demonstrated capacity to manage the NBI. However, the Minister's information contradicts Clause 5 which requires the NBI to be transferred within 90 days from the signing of the agreement.

The Committee observed that according to memoranda provided by NITA-U, over 21 major private telecom and ISPs are utilising the NBI to deliver affordable services even to hard-to-reach areas. Once this infrastructure is transferred to UTCL, the private players are likely to abandon the infrastructure since it will be managed by their competitor. The NBI has been generating a lot of revenue from these private players who now prefer to outsource management of the infrastructure to others and concentrate on providing efficient services.

The Committee observed that where the Ministry is performing the functions of NITA-U as proposed under Clause 11 of the Bill, a host of challenges will arise among which, is the fact that the Ministry will be playing the roles of policy/leadership strategy, at the same time be the Implementing agency and finally have to provide the dispute resolution mechanism (acting as judge and jury in their own matters). This defeats the principles of natural justice and will expose the government to even more litigation since there is no dispute resolution mechanism available.

**c) promote coordinated administrative arrangements, policies and procedures within the public service for efficient and successful management, financial**

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## accounting and budgetary discipline of government agencies and departments

The Ministry did not provide any information to demonstrate that the mainstreaming of NITA-U into the Ministry will create an efficient and successful management of the projects and effectively implement them.

NITA-U on the other hand reminded the Committee of the reasons why NITA-U was established. NITA -U was established as a result of the government's failure under the Ministry of ICT to implement phases I and II of the NBI. This is further illustrated in the letter of handover of the commercialisation and management of National Backbone Infrastructure to Uganda Telecommunication Corporation Limited dated 2<sup>nd</sup> February 2024 from Soliton Telmec to NITA-U in the third paragraph where they state that they secured the contract through a highly competitive international bidding process. Despite government's prior investment in infrastructure, Soliton discovered a non-operational network. The fibre laying process was substandard, with inappropriate depth, breakages and sections visible on the ground. Additionally, there was flawed implementation architecture which contributed to the network's failure. Soliton was required to carry out extensive works to rectify the above issues and create network functionality to have comprehensive improvements which were necessary across the entire network.

With the takeover by NITA-U, who executed a service level agreement for the management and maintenance of the NBI, the Authority has seen the NBI through successful phases III and IV and have had the approval of phase V which was recently sanctioned by government for commencement.

Following the success of the NBI, NITA-U has continued to register several successes including -

- (i) Enhancing National Cyber Security and Digital Forensics, by establishing the National Computer Emergency Response Team (CERT) which handles digital

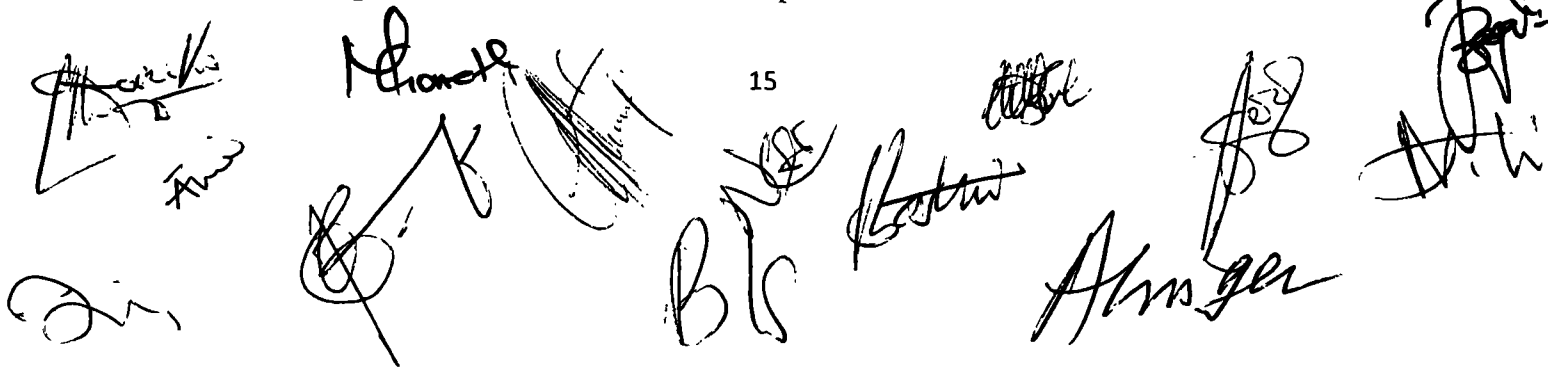
forensics and analysis, coordinating with Uganda Police Force, CMI, and UPDF, with partnerships in Egypt, USA and Korea.

- (ii) Extension of connectivity to 1480MDAs/DLG sites across the Country, facilitating the provision of services, and connectivity to over 250 CCTV Uganda Police Surveillance cameras to deter crime and provide real-time security surveillance.
- (iii) Developed the Unified Messaging and Collaboration Services platform for standardized e-mailing and collaboration services to over 26,040 users across 145 Government entities.
- (iv) Developed and manages the Government system integration Platform for efficient sharing of data and information across Government and the private sector hence improved decision-making and timely and secure delivery of services to citizens, with over 55 Public and 71 Private Institutions able to share data (information).
- (v) Enhanced the quality of IT Certification services, with over 890 IT Service Providers certified by NITA-U to provide IT to both Government and citizens and over 70 IT Standards have been developed and MDAs supported to implement the standards.
- (vi) Provision of technical support during the implementation of various e-Government Systems namely; the E-Visa, e-Passport, and One Stop Centre.
- (vii) Connecting Government Offices to the NBI, facilitating better communication and connectivity, enabling faster and more effective service delivery in Government offices.

The mandate of NITA-U therefore aligns with the National Development Plan III which underscores the strategic role ICT plays through the Digital transformation programme, with most of these strategic interventions being implemented by NITA-U.

In addition to the above, NITA-U has played a central role in implementing its mandate as demonstrated below:

- i. As a regulator, NITA-U has developed IT standards and certification of IT

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providers to ensure compliance with industry standards. This covers licensing and assessment of service providers and other regulated entities under the NITA-U including IT certification regulations, E-signature Act, IT standards and other legal frameworks.

- ii. Hosts the National Personal Data Protection Office, which promotes the observance to the right to privacy and to personal data.

## COMMITTEE OBSERVATIONS

The Committee observed that:

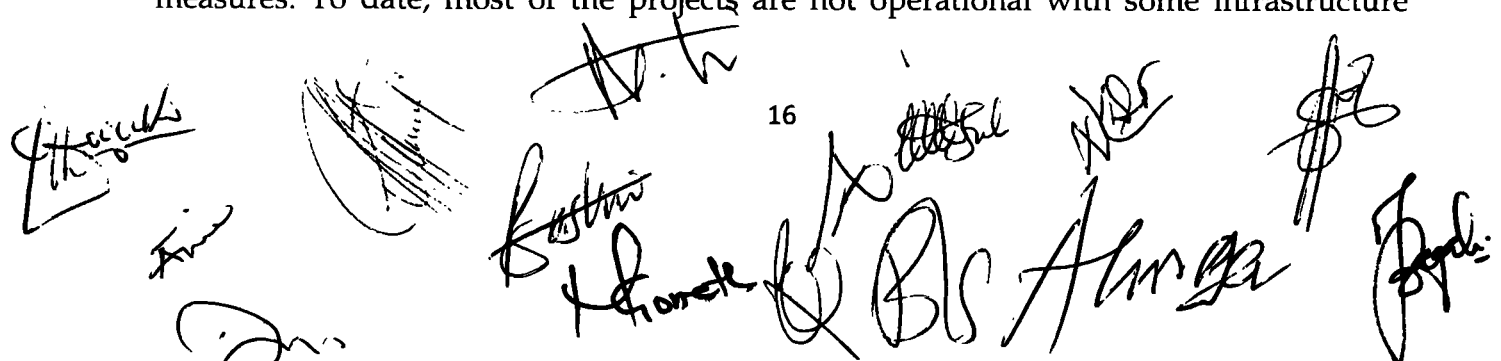
NITA-U plays a critical role in supporting the digital transformation agenda across the government spectrum thus dissolving it will bring these operations of government to a complete halt resulting in an unwanted and disruptive downtime on the connectivity of 1480 MDAs and 58 district across the country.

Endorsing the Bill would cause a disruption to critical government of Uganda systems such as e-migration systems that have enabled seamless issuance of passports, visas and work permits, and the Performance Budgeting Systems (PBS) and Government Payment Systems (IFMIS).

The Committee was cognisant of the fact that the advancement in technology doesn't allow a single disruption as it can generate potential damage to a host of programs and livelihoods forever and it will take long to recover. Such disruption is unwarranted.

The Committee notes that REA was mainstreamed with a clear transition and implementation plan under Statutory Instrument No. 29 of 2021. However, the instrument was not fully implemented as the staff were not fully absorbed into the Ministry which ended up disrupting all the running projects with immediate mitigation measures. To date, most of the projects are not operational with some infrastructure

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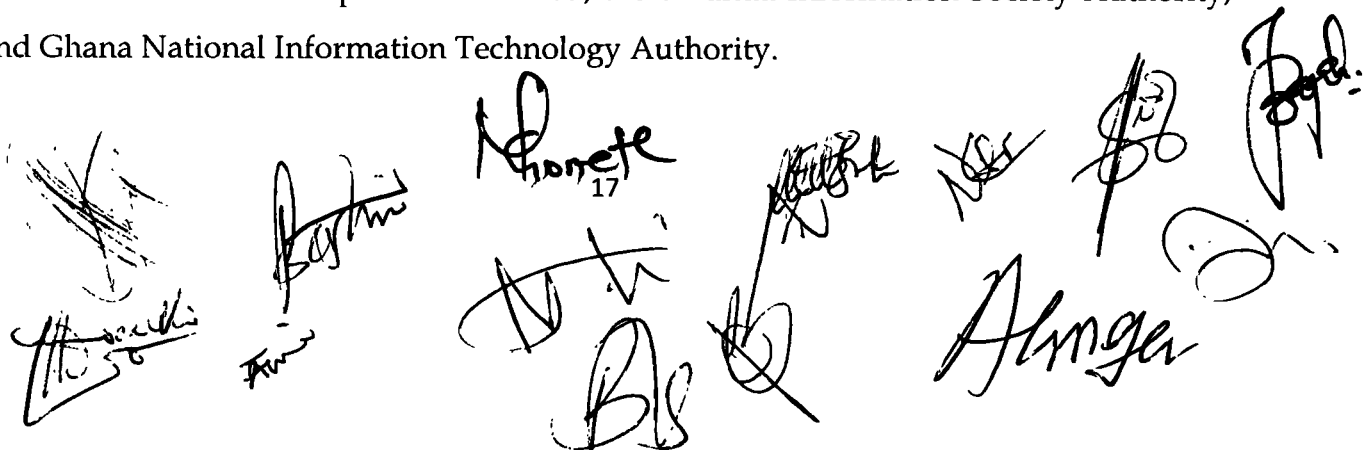
vandalised, service providers not paid, employee issues not addressed and all this grossly affected service delivery in the rural electrification programmes of government.

The Committee also took cognisance of the Parliamentary Report of the **Ad-Hoc Committee on Rationalization of Government Agencies** which stated that it was imperative for NITA-U to be retained as a strategic semi-autonomous agency of Government to spearhead the digital transformation programme for socio-economic development of Uganda under the theme of "Digitisation of the Economy".

The Committee further observed that NITA-U had developed various applications using in-house staff and through its data centre, where it hosts data for various MDAs, saving Government trillions of shillings in procurement and provision of ICT services. NITA-U has not only created efficiencies for government but has also saved government from unnecessary costs such as Consultancy Fees.

The Committee, also took note of NITA - U's plan of rolling out internet services to all government agencies both at the Central and local governments up to the parish level and to provide internet services to all schools and hospitals across the country under phase V of the NBI. It has also lowered the cost of internet in Uganda from USD 70 per megabyte to USD 35, with plans to further reduce this to USD 20 per megabyte.

The Committee addressed itself to the continental and regional practices on preferred ICT Governance models with the use of autonomous and semi-autonomous agencies because of the highly dynamic nature of ICT which requires swift decision making and action. Such examples include the South African Information Technology Authority, the National IT Development Authority- Nigeria, the ICT authority of Kenya, Tanzania Telecommunications Corporation Limited, the Rwanda Information Society Authority, and Ghana National Information Technology Authority.



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Looking at Rwanda as an example, in 2017, Rwanda mainstreamed the Rwanda Information Society Authority to the Rwanda Development Board, however, six months later, Government took a decision to reinstate the Rwanda Information Society Authority after realising it was losing out on digital transformation and IT penetration.

## COMMITTEE RECOMMENDATIONS

*The Committee recommends that Clause 1 of the Bill be rejected for -*

- 1) *Failure to demonstrate financial drain caused by NITA-U on the Consolidated Fund;*
- 2) *Failure to demonstrate duplication of roles between the Ministry, UCC and UTCL with NITA-U;*
- 3) *The lack of oversight over the performance of the functions currently performed by NITA-U if NITA-U is mainstreamed as the Ministry will be acting as judge and jury;*
- 4) *The fact that there were no amendments to the Uganda Communications Act, 2013 to provide for the take-over the functions of coordination and regulation of information technology services in the context of social and economic development of Uganda that was being performed by NITA-U;*
- 5) *Additionally, not having any amendments to the Electronic Transactions Act, 2011, the Electronic Signatures Act, 2011 and the Data Protection and Privacy Act, 2019 to cater for their administration in the absence of NITA-U;*
- 6) *The failure by the Ministry to previously perform the roles of NITA-U before the establishment of NITA-U;*
- 7) *The overall achievements of NITA-U in championing the interests of government efficiency*

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and effectiveness in digital transformation agenda; and

8) *The recommendations of the Ad hoc Committee of Parliament to inquire into the rationalization and merger of Government agencies that NITA-U be maintained as a semi-autonomous agency. These recommendations were passed and adopted by this Honourable House.*

**Clause 35 states that the employees and Board members shall be paid their terminal benefits in accordance with the terms and conditions of their service, all the property, assets, rights, obligations and liabilities shall vest in the Government of Uganda and the staff may be redeployed to serve in the public service subject to availability of positions.**

Clause 35 of the Bill provides that the employees and Board members shall be paid their terminal benefits that all the properties, assets, liabilities, rights and obligations of the entity shall vest in the Government.

The Ministry also stated that the employees of NITA-U would all be absorbed into the Ministry save for the cadres in administrative positions and a new structure was provided to that effect. At the same time the Ministry stated that the regulatory functions of NITA-U would be transferred to UCC and the commercial functions to UTCL.

While the Ministry provided general information on the new structure as previously discussed in this report and the proposed numbers to be retained by the Ministry, the Ministry did not provide any indicative figures of the cost of rationalisation. The Committee referred to the certificate of financial implication and still found no information to cater for the estimates as required by Section 76 (2) of the Public Finance Management Act, 2015.

**COMMITTEE OBSERVATIONS**

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The Committee referred to Section 76 of the Public Finance Management Act, 2015 which provides as follows -

*Cost estimates for Bills.*

*(1) Every Bill introduced in Parliament shall be accompanied by a certificate of financial implications issued by the Minister.*

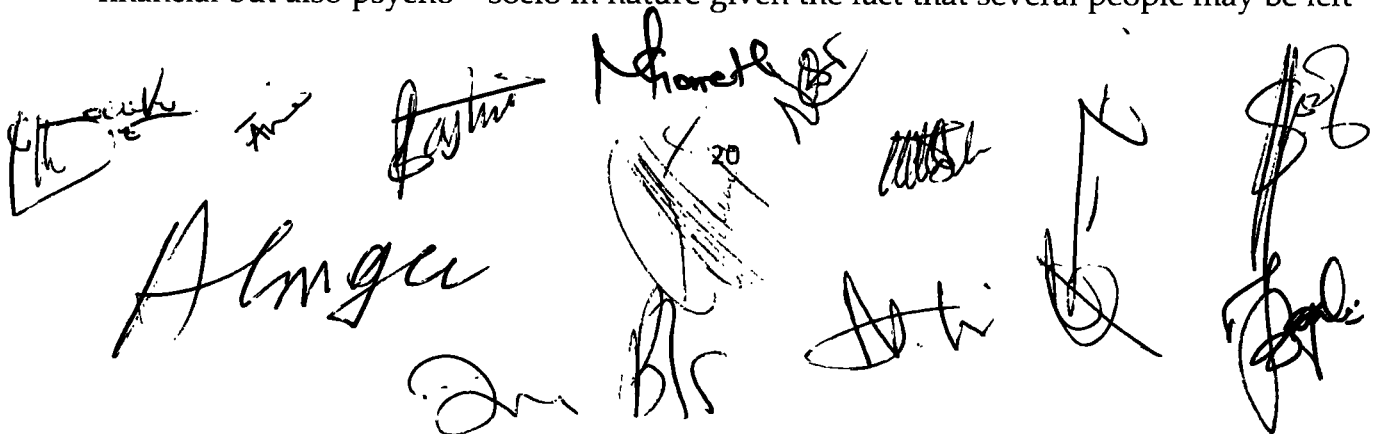
*(2) The certificate of financial implications issued under subsection (1) shall indicate the estimates of revenue and expenditure over the period of not less than two years after the coming into effect of the Bill when passed.*

*(3) In addition to the requirements under subsection (2) the certificate of financial implications shall indicate the impact of the Bill on the economy.*

*(4) Notwithstanding sub sections (1), (2) and (3), a certificate of financial implication shall be deemed to have been issued after 60 days from the date of request for the certificate.*

The Committee noted that the above provision requires every Bill introduced in Parliament to be accompanied by a certificate of financial implications issued by the Minister in charge of Finance. The provision further requires the certificate of financial implications to indicate the impact of the Bill on the economy. This provision has been replicated in Rule 118 of the Rules of Procedure of the Parliament of Uganda.

The Committee noted that they could not find estimates of the revenue and expenditures and the evaluation of the impact of the Bill on the economy. The impact is not only financial but also psycho - socio in nature given the fact that several people may be left



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without jobs. The certificate did not address any of these matters. The financial impact is to be evaluated for a period of 2 years, but none was provided.

The Committee noted that the employment contracts of the employees of NITA-U/ agencies would be terminated and they would be given their terminal benefits (severance package). This is contrary to what was stated by the Ministry that all the staff would be absorbed into the Ministry and the wider public service.

It should also be noted that recently REA was mainstreamed to the Ministry of Energy and Mineral Development and there is likely litigation by the employees that may arise because 150 employees were laid off and a handful were absorbed by the Ministry. Out of the 150 that were laid off, only 4 have been paid their severance packages.

According to the Auditor General's Report for FY 2022, 2200 employees were validated to be laid off as a result of RAPEX reforms these were entitled to compensation of approximately UGX 74.03 Bn. Out of these, only 33 have been paid UGX 1.54 Bn while the rest are waiting which exposes government to a risk of litigation.

The Committee is aware that the exercise of restructuring has been previously tested following the Structural Adjustment Policies (SAPs) which led to a large number of litigation that came at a high cost to government. Some of the cases are highlighted below with the rewards granted to the employees by Court as follows -

***Benard Mweteise v. Uganda Telecom, High Court Civil Suit No. 135 of 2003*** wherein government/ Uganda Telecom was ordered to pay UGX 270 billion to 785 employees as terminal benefits plus interest that were not previously paid.

***Paul Nyamere and Others v. Uganda Electricity Board, High Court Civil Suit No.719 of 2005*** wherein the defendant was ordered to pay UGX 4.5 billion,

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While considering the liabilities likely to arise with the dissolution of NITA-U, the Committee observed that NITA-U or the successor in title will be liable to pay to Soliton Telmec up to USD 37.2 M (USD 11.8M being settlement of accumulated arrears, USD 6M being investment loss from un-recouped investment of the pre-financing and USD 18M being anticipated loss of business projects due to early termination of the on-going contract and USD 800 000 for premature termination of employee contracts due to loss of pre-determined employment contracts for the termination of the contract between itself and Soliton Telmec for the management of the NBI) translating to UGX. 143.220 BN compared to the UGX. 78 BN earmarked for implementation of the entire rationalisation process for government.

### **Clause 2 - Dissolution of the National Information Technology Authority, Uganda**

The Committee considered Clause 2 of the Bill which provides for the dissolution of the National Information Technology Authority and based on the foregoing submissions, the Committee recommends that the clause be rejected.

The Committee noted that since the other clauses were consequential to the dissolution of National Information Technology Authority and the transfer of their functions to the Ministry, the Committee proposes that the Bill be rejected in totality.

### **GENERAL COMMITTEE RECOMMENDATIONS ON DISSOLUTION OF NATIONAL INFORMATION TECHNOLOGY AUTHORITY**

1. *The Committee recommended that the Bill be rejected as a whole considering that -*

- a) *The Certificate of financial implication was gravely inadequate for the Committee to evaluate the revenue and expenditure of the entire process for rationalisation of NITA-U and did not address the impact of the exercise on the economy; and*
- b) *The level of exposure to litigation especially with the Ministry's failure to address the*

*On*

*Amaka* *Monete* *Agwa* *22* *BE* *NSA* *FD* *Agwa*

*impact of rationalisation on the different contracts which have differing terms, conditions and obligations as seen with the Soliton Telmec Agreement; and the terminal benefits as demonstrated by the cases whose impact can create a huge dent in the assumed savings for government following the rationalisation exercise.*

2. *The Committee recommends that the Government tables a comprehensive ICT Bill where all issues raised herein are taken into account and addressed.*

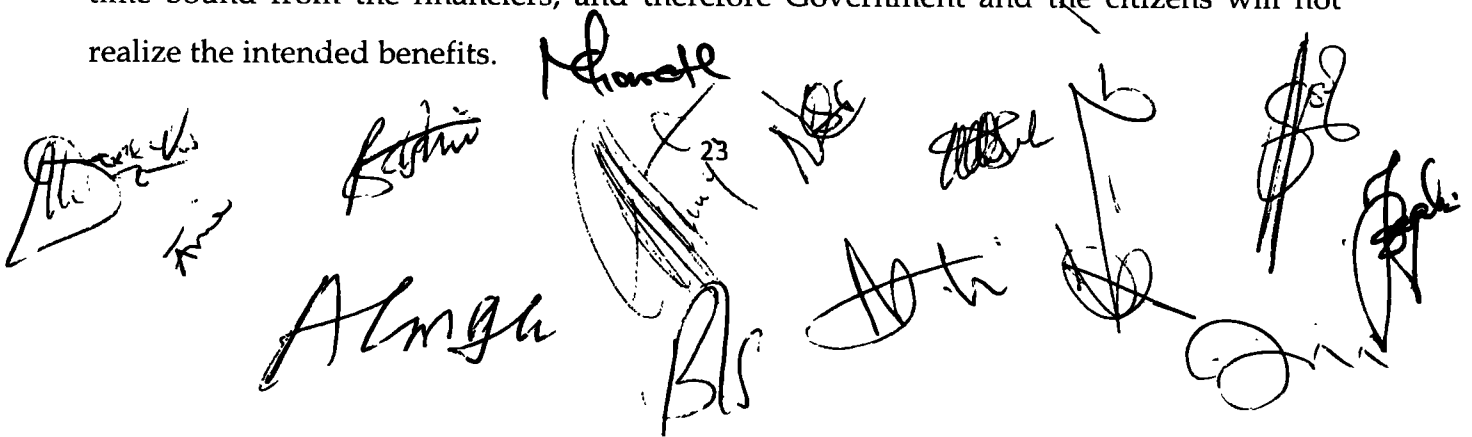
## 5.0 CONCLUSION

Rt. Hon. Speaker and Hon. Members

The Committee would like to reiterate that it is in full support of Rationalisation. However, the Committee, underscores the importance and critical role that ICT plays not just nationally but globally. It has also noted that there is need for Government to provide all the necessary information and make all the necessary amendments to the law to enable it attain this rationalisation with reduced exposure to litigation, minimal disruption of services and unnecessary financial strain.

NITA-U is the only IT business and implementing arm of Government and maintaining it as an autonomous entity will enable the consolidation of all Government ICT efforts, ensure that the critical and high value Government IT systems that NITA-U is currently hosting and managing continue to function seamlessly while also eliminating duplication.

Further still, NITA-U is currently implementing UDAP-GovNet Project and Phase 5 of the NBI, and has secured Government approval to establish the National ICT Park. The proposed merger therefore, if implemented will lead to delay of these projects which are time bound from the financiers, and therefore Government and the citizens will not realize the intended benefits.



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Most importantly, NITA-U has not only generated money it has also saved Government monies as illustrated above. It has neither posted high cost in its administration nor drained the national treasury. Instead, it has contributed generously to it. It has not in any way overstretched the capacity of Government to sustain it as alleged in the memorandum to the bill. The retention of NITA-U, therefore, outweighs the desire to merge or mainstream it back into the Ministry.

The decision to mainstream NITA-U into Ministry of ICT & National Guidance therefore should be stayed to allow the institution to continue championing digitization in fulfilment of the Government's aspirations enshrined in Vision 2040 and the National Development Plan III and IV.


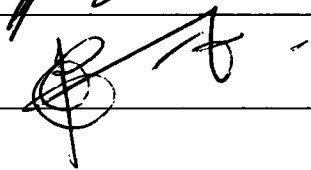
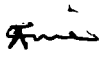
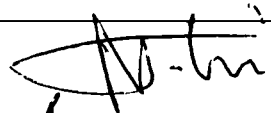
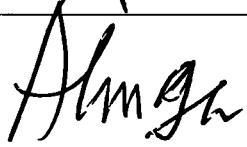
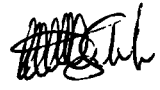
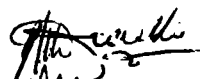
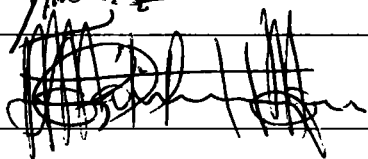
**Committee Recommendation**


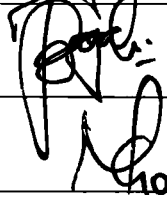
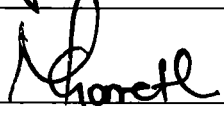



*In light of the fore mentioned, and submissions presented therefore, and as summarised, the Committee recommends that NITA-U is retained as a strategic semi-autonomous agency of Government to spearhead the digital transformation programme for socio-economic development of Uganda and the Bill for dissolution of NITA-U be rejected as a whole.*

I beg to report.



**SIGNATURE SHEET FOR MEMBERS OF THE COMMITTEE INFORMATION, COMMUNICATION  
TECHNOLOGY AND NATIONAL GUIDANCE COMMITTEE**

NO	NAME	CONSTITUENCY	SIGNATURE
1	Hon. Eng. Magogo Hassim	Budiope East County	
2	Hon. Tonny Ayoo	Kwania County	
3	Hon. Kambale Ferigo	Kasese Municipality	
4	Hon. Lolem Micah	Upe County	
5	Hon. Mary Anne Tumwine	DWR Ntoroko	
6	Hon. Nulu Byamukama	Kitagwenda County	
7	Hon. Mutiwa Geofrey Eric	Bunyole West County	
8	Hon. Chelangat Solomon Alinga	T'OO	
9	Hon. Barnabas Tinkasiimire	Buyaga West County	
10	Hon. Eng. Abigaba Cuthbert Mirembe	Kibale County	
11	Hon. Elotu Cosmas	Dakabela County	
12	Hon. Cherukut Rose Emma	DWR Kween	
13	Hon. Leku Joel	Terego West County	
14	Hon. Biyika Lawrence Songa	Ora County	

15	Hon. Ezama Siraji Brahan	Aringa County	
16	Hon. Joyce Bagala	DWR Mityana District	
17	Hon. Gorreth Namugga	(Mawogola County South)	
18	Hon. Bashir Kazibwe Mbaziira	(Kawempe Division South)	
19	Hon. David Serukenya	(Makindye-Ssabagabo Municipality)	
20	Hon. Florence Kabugho	(Kasese District).	
21	Hon. Kiiza Kenneth Nyendwoha	(Bujenje County)	
22	Hon. Noah Musa	(Koboko North County)	
23	Hon. Muhammad Nsereko	(Kampala Central Division).	
24	Hon. Brig. Gen. Charity Bainababo.	UPDF Rep	