

CSOs want Cost of Electricity Reduced by 50%



Representatives of Civil Society Organisations (CSOs) meeting with members of Parliament on the Natural Resources Committee at Parliament today. | CSBAG2019

“Several dams have been constructed but we still see high cost of electricity”

Members of the Civil Society Organizations (CSOs) have implored the government to consider reducing the cost of electricity by 50%, to enable the rural poor have access to power.

Presenting their position paper on energy and mineral development sector to Parliament’s committee on Natural resources, the CSOs under their association, the Civil Society Budget Advocacy Group (CSBAG) said despite the commissioning of several Hydro power projects such as Isimba hydro power dam, the power tariffs have continued

to increase.

“Several dams have been constructed but we still see high cost of electricity, new power tariffs for the next year have already been announced. We are puzzled we think this is hindering access to power especially by the rural poor,” Siragi Magara, a budget policy specialist with CSBAG told the MPs this afternoon.

Uganda currently has 850 megawatts (MW) of installed capacity, of which approximately 645MW is hydro and 101.5MW is thermal generating capacity. The government is building additional large hydro power facilities such as the 600MW Karuma hydro and the 183MW Isimba dam, which was commissioned last month.

“Even when the electric poles have been extended to almost all districts in Uganda, the rural population stops at seeing the electric wires but cannot afford the cost of using electricity which is still high,” Siragi said.

According to UMEME, the approved new tariffs for 2019 are Shs 769 per Kwh for domestic consumers, Sh884.8 per Kwh for commercial consumers and Sh790.8 per Kwh for medium industrial consumers.

However, the committee that was chaired by MP Songa Lawrence Biyika defended the tariffs saying most of the money used by the government to construct dams like Isimba and Karuma was borrowed money which government has to pay back through high electricity tariffs.

“Let the electricity first of all be available, let the people be connected then later on, issues of costs will come down, the high cost of the electricity is as a result of loans, which the government has to pay back,” Songa, the committee vice chairperson said.

In their position paper, the CSOs also highlighted issues to do with failure by the government to follow the Public Finance Management Act (PFMA), 2015, in withdrawing funds from the Petroleum fund.

Section 58 of the PFMA requires withdrawals from the Uganda petroleum fund to the Uganda Consolidated fund to be made under authority granted by an appropriation of parliament.

However according to the CSOs, ministry of finance transferred UGX 125.3b in November 2017, from the fund, to the consolidated fund, without explicit mention of the UPF, in the appropriation Act, as source of funding.

The CSOs recommended that Parliament ensures strong oversight for adherence to set protocols, laws and procedures, meant for proper management of oil revenues.

The CSOs also implored the government, through the ministry of finance to increase the capitalization of the UDB for FY2019/20 from the proposed Sh103.5b to at least Sh150b, to give cheap credit to local firms in the oil sector to enhance their technical capacity to competitively participate in the oil and gas sector.

Environment

At the same meeting, the CSOs also presented their position paper on the ministry of water and environment sector budget for FY 2019/20.

In their position paper presented by Ceasar Kimbugwe, a member of CSBAG, the CSOs called for enhancement of rural water supply and sanitation program by the government. They recommended that the government, through the ministry of water and environment, reviews the district water and sanitation conditional grant allocation formula, to increase the allocation to operational and maintenance from 13% to 30%.

The CSOs also called for the fast-tracking of the national irrigation master plan with clear strategic interventions by both ministries of water and agriculture.

“In order to attain national development targets, there is need to respond to the public outcry by establishing easily accessible and affordable water for production facilities and simple technologies for users within the production systems in the water stressed areas,” Kimbugwe said.

In response, the MPs commended the CSOs for their recommendations and observations, calling for more engagement with the executive which they said has more power on resource allocation than parliament.

The MPs implored the CSOs to consider President Yoweri Museveni on adequate funding for productive sectors, for improved economic development.

“Parliament doesn’t have much powers especially on resource allocation, ours is to rubber stamp. It is the executive that has power on the budget, what we can do is to reduce the budget by say Ugx 1,” Kassaino Wadri a committee member said.