

MPs ask REA to explain sh2b World Bank refund

By Mary Karugaba

MPs have asked officials from Rural Electrification Agency (REA) to explain why they have not taken action against six companies and individuals that are reported to have misappropriated funds meant for the supply of solar photovoltaic (PV) systems under the Energy for Rural Transformation project phase II.

In a report to the parliamentary committee on commissions, statutory authorities and state enterprises, the Auditor General, John Muwanga, said the six companies were contracted to supply the solar PV systems, but ended up causing a sh2b financial loss to REA.

As a result, World Bank, the project financier, demanded that REA refunds the money that was misappropriated.

According to the audit report for 2017, REA later refunded the money, even though it was not budgeted for during the financial year 2016/2017, implying that the agency diverted funds from other activities to offset the amount.

The project was meant to cover off-grid energy access, including the installation of solar PV systems for public institutions in rural areas, business development support, provision of credit facilities to enhance electricity access and quality standards enforcement support.

According to a letter by the Solicitor General to the committee, the six companies are Power and Communication Limited, Barefoot Power Limited, Victron Solar Company Limited, Solar Sense, Incafex Systems Limited, Metro Limited, Denis Kayondo and Ezra Mucunguzi.



Workers erecting an electric pole during the commissioning of the second phase of rural electrification project at Nabitende, Iganga district in October 2009

THE AUDIT REPORT

According to the audit report, some companies claimed money for non-existent installations, while others invoiced REA for systems at a commercial rate, yet they were, in fact, solar-powered home systems.

REA was also invoiced for solar panels that had been donated by third

parties or fully paid for by NGOs.

It was also found that there were instances where REA was billed twice with different names and phone numbers and many beneficiaries continued to pay for after-sale services, even during the warranty period.

"We received the Auditor General's report and have asked REA to explain the query, in writing. We have also asked the Police to institute criminal investigations against the companies and the individuals that were involved in this case,"

committee chairperson Abdu Katuntu said.

REA executive director Godfrey Turyahikayo, however, told *New Vision* that when the companies failed to refund the money, the matter was forwarded to

the Solicitor General and that the companies would soon be taken to court.

"We have written our response to the committee, but we have asked the Solicitor General to take it up. He is the one handling it," he said.

Unpaid lease rentals

The committee has also asked the officials to explain the sh3.5b relating to unpaid lease rentals. The agency signed lease agreements with various service operators to manage the various territories. Under the terms and conditions of the agreements, the agency was supposed to collect annual lease fees from the operators on a quarterly basis.

However, the report noted that as of June 30, last year, the operators owed the agency sh3.5b.