

export, Mukwaya said the ministry had set conditions which these companies in the recent past, were

# Legislators fault govt over Amuru sugar factory deal

By Mary Karugaba

MPs have faulted the \$5.2m (about sh20b) deal between the Government and the Horyal Investment Company, which owns Atiak Sugar factory in Amuru district and is run by Somali-born Amina Herse Moghe.

As a rescue measure of providing financing to complete the factory, the Government, in a meeting chaired by President Yoweri Museveni in July 2016, decided to acquire equity in the company. The money was translated into a equity share

of 10%, after the company failed to pay back a loan of sh90b with the then Crane Bank. Crane Bank closed and the facilities were taken over by dfcu Bank, which demanded an upfront payment of \$5.2m as a condition precedent to the loan restructuring.

The MPs on the budget committee yesterday said the negotiators made a bad deal, which should be renegotiated to ensure value for money.

The Government sold its stake in Kinyara Sugar for \$5.2m, which will be invested in Amina's sugar factory to enable

her secure an extension in the repayment of the loan.

Asking MPs to approve the payment through a supplementary budget, trade minister Amelia Kyambadde yesterday supported the deal, saying the company would employ at least 3,500 workers directly and 15,000 indirectly, in addition to the reconstruction of northern Uganda.

"I appeal to you members to approve this money because the investment has many associated socio-economic benefits," she said.

After the presentation, the

MPs on the budget committee said although they supported the project, it was a bad deal that the Government needed to renegotiate.

The committee chairman, Amos Lugoloobi, tasked Kyambadde and the officials with explaining how the share price was determined, given that the company was on the verge of collapse.

"I smell a rat here. How can government invest sh90b in the company and only get 10% shares? Who were the negotiators of this deal? I think that the money was inflated

and, therefore, we want it to be investigated and renegotiated. This is the position we shall take even to Parliament in our report," he said.

"Amina took on a bad loan and the Government is paying and getting minute shares in the project, with no controlling interest at all. How can you value the shares of a company that is in distress at the same market value with a company that is making profit? What type of business deal is that? It's wrong," Lugoloobi added.

Citing the example of government's shares in

Munyonyo Commonwealth Resort, Bulambuli County MP Mudimi Wamakuyu said government's move to acquire shares in private companies has not produced profits as expected.

Richard Othieno (West Budama North) blamed ministry officials for fronting friends whom they later support as investors.

Kyambadde said the negotiation process was still on and the ministry would ensure that Government is represented on the board so that its interests are catered for.

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