supplementary budget and was satisfied.

and gratuity backlog for veterans in the financial year 2018/19.

MPs direct REA to recover sh3b for electricity supply

By Henry Sekanjako

MPs on Parliament's committee on commissions, statutory authorities and state enterprises (COSASE), have directed the Rural Electrification Agency (REA), together with the Solicitor General, to recover sh3b from an electricity supply deal in western Uganda.

According to the Auditor General's (AG) report for the financial year ended June 30, 2016, Ferdsult Engineering Limited (FESL) signed three concession/lease agreements worth sh420m per annum, with the Government through the Rural Electrification Board to operate and maintain the distribution and supply of electricity to western Uganda.

The company was supposed to supply power in the districts of Kabale, Rukungiri, Kanungu, Masaka, Rakai, Isingiro and Ntungamo, for a period of 10 years.

However, the AG says a review of the contract management files, lease agreements and internal audit reports, indicated that FESL had not paid any of the annual concession fees (sh420m) since the contract was signed.

It is against this background that the committee, which is scrutinising the AG's report, ordered REA officials who were before them.

"We need to recover this money and have the officers responsible punished," Anita Among, the vice-chairperson of COSASE, said.

In his report, the AG noted that contrary to the lease agreements,

Ferdsult had not paid any of the concession fees (sh420m) since the contract was signed

negotiations between REA and FESL revision of lease rentals after the first year and subsequent reviews after every two years were not held.

He added that most electricity lines, which required maintenance, including replacement of rotten poles, vandalised stays, missing pole caps and faulty boundary metering units, had not been worked on by FESL, as provided for in the agreement.

"The load has grown in some centres and the associated transformers are overloaded. This requires system improvement, which has not been done," the AG noted in his report.

Distribution targets

The report also implicated the company for failing to meet the distribution targets of 25.68%, as set by REA.

The report says FESL hardly submitted quarterly progress reports as required in the lease agreements.

"Considering the area coverage of the concession, there is a likelihood of poor quality of service and mismanagement of assets by the concessionaire," he stated.

To avoid losses, the Auditor General advised that REA invokes section 4.2 of the lease agreement, and have FESL's contract terminated.

Godfrey Turyahikayo, the executive director of REA, told the MPs that the company had not honoured its contractual obligations over what he described as losses report by the company to the Government.

"We have since terminated its contract and asked the Solicitor General to help in the recovery of the sh3b," Turyahikayo said.

He said REA had sought the services of FESL, to reduce on the monopoly of Umeme, the sole power distribution company in the country.