

STATEMENT TO PARLIAMENT ON THE DELAYED COMPENSATION OF UGANDAN TRADERS WHO MADE LOSSES IN SOUTH SUDAN .

By the Hon.Minister of Finance, Planning and Economic Development

1. Rt. Hon. Speaker, in 2008, the Uganda Grain Traders, through their Association (UGTA), commenced supply of maize grain to the Government of South Sudan (GoSS) in partnership with South Sudan Companies. This was in addition to other suppliers from the East African Region. These supplies had largely not been paid for by July 2010, which led to the Uganda Grain Traders seeking the intervention of the Government of Uganda (GOU).
2. Subsequently, negotiations were held between the Government of Uganda and that of the Republic of South Sudan that led to a Memorandum of Understanding (MOU) in which the latter acknowledged that **US\$ 56,431,987** was owed to UGTA, and an initial instalment of **US\$ 15 million** was paid by Government of South Sudan to the Traders in January 2011. **This left a balance of US\$41million unpaid.**
3. Thereafter, Cabinet authorised the Ministry of Finance, Planning and Economic Development (MoFPED) to effect payment, upon agreement with GoSS, on terms and conditions of reimbursement of US\$41million. A Bilateral Agreement was therefore signed in 2016, and additional payments, equivalent to **US\$ 10.809 Million**, were made thereafter by Government of Uganda. This brought the total payment to the first ten traders (UGTA) to a total of **US\$25.809Million** out of **US\$56,431,987**.
4. In line with the the Bilateral Agreement (Article 10), the Ministry of Finance, Planning and Economic Development continued to receive additional submissions of claims by the Ugandan South Sudan Traders who had neither been verified nor paid.

5. Rt.Hon. Speaker, in the meantime, concerns were raised by different stakeholders over the likely irregularities in the payments, following the additional payments made to the first ten traders who fall under Schedule 1 of the Bilateral Agreement.
6. To ensure that only genuine claimants are compensated, the Ministry of Finance, Planning and Economic Development, contracted an independent firm to undertake an independent verification of the claims of all the Ugandan South Sudan Traders, including those that had already received part payments.
7. The claims were therefore put into two categories, that is;
 - i. Category 1: The first ten (10) traders belonging to the Association, UGTA, who are a subject of Schedule 1 of the Bilateral Agreement, and have received part payment to a tune of **US\$25.809Million**; and
 - ii. Category 2: Traders that are a subject of Article 10 of the Bilateral Agreement, who had neither been verified nor paid.
8. The Category 1 Traders (UGTA) filed an application in the Civil Division of the High Court against verification of all the claimants. However, the Category 2 traders through the same Court, opted for verification. As a result, Court Issued two Judgements; One for verification to continue for only Category 2 traders, and the other for payment of the balance due to the Category 1 traders without further verification.
9. A total of **160** claimants submitted documentation to my Ministry for review under category 2 with a total claim amount of **Ushs.1.531Trillion**. Of these,

118 claimants submitted documentation related to supplies while **42** submitted documents.

10. Based on the verification, only three **(3)** claims amounting to **USD.6,947,183 (UGX.25,738,478,427)** met all the criteria and were therefore categorised as valid. The other claims were categorised as questionable.

11. The questionable claims were mainly as a result of;

- i. Claimants whose export declaration forms as proof that their commodities exited Uganda were not consistent with the Asycuda listing provided by Uganda Revenue Authority.
- ii. A total of 14 out of the 56 claimants that submitted sub-contracts did not attach the primary contracts from which these subcontract agreements arose.
- iii. In other instances, some sub-contracts were signed before the primary contracts with the Government of South Sudan were signed.
- iv. For some claimants, it was noted that the quantities in the goods delivery notes were much less than the contracted quantities/claim, yet the traders were claiming for unpaid dues in regard to the entire contract value.
- v. Some of the contracts seen between the Government of South Sudan and the claimants were incomplete and did not indicate the agreed quantities.
- vi. Some claimants who were contracted directly by the Government of South Sudan did not attach copies of their contracts on file.

vii. Some Five (5) individuals are claiming for compensation for supplies made to officials

viii. Forty-two (42) claimants were seeking Compensation for lost property and goods rather than supplies to GoSS.

ix. Goods declarations were in some cases made on customs documents not corresponding with the goods that were to be supplied as per the contract shared.

12. Rt. Hon. Speaker, following the verification, I prepared a Cabinet paper on the verification report which I submitted on the 19th February 2020. Cabinet is yet to discuss the paper.

13. Rt. Hon. Speaker, I therefore request your indulgence to present the paper first to Cabinet for further guidance and thereafter report to Parliament.

14. I hereby lay on Table;

i. The two Court rulings on the claims of Ugandan South Sudan Traders.

ii. The independent verification report on the claims of Ugandan South Sudan Traders.

15. I beg to lay.

Ministry of Finance, Planning and Economic Development
March, 2020