MOFPED TIMES

Privileged Insights

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ISSUE No. 7 April - June 2022

BUDGET HIGHLIGHTS FY 2022/23

PARISH DEVELOPMENT MODEL

READY FOR FULL SCALE IMPLEMENTATION

IFMS

UPGRADED

VISION

" A Competitive Economy for National Development"

MISSION

To Formulate Sound Economic Policies, Maximize Revenue Mobilization, Ensure Efficient Allocation and Accountabilty for Public Resources so as to Foster Sustainable Economic Growth and Development

CORE VALUES

Professionalism, Result - oriented, Efficiency and Effectiveness, Teamwork, Integrity, Transparency and Innovativeness

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PREVENTION OF COVID-19

SAVE LIVES

1 Wear a Mask

Every time when in public

2 Clean Your Hands

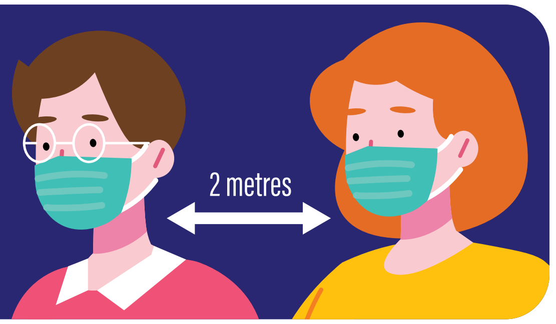
Use handsanitizer or soap and water

3 Temperature Check

Check the temperature before entering any public place

4 Keep Safe Distance

Keep 2 metres of safe distance



Be safe, for you and others

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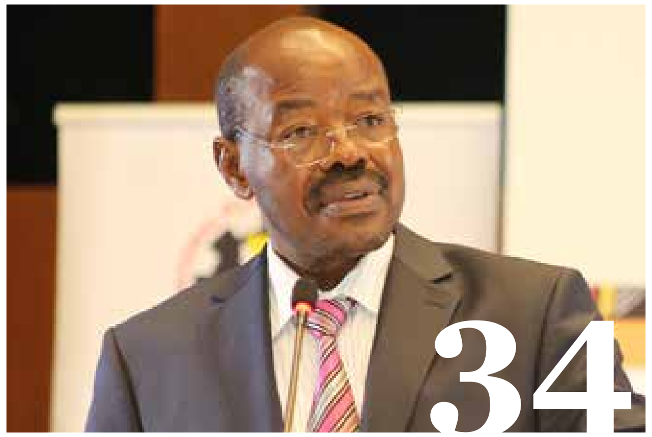

COVER PAGE

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Greetings

I convey my warm greetings to you all our dear stakeholders,

It is with great pleasure, that I congratulate all Ugandans and especially our key stakeholders who have closely worked with us at MoFPED to successfully deliver the Budget for the Financial Year 2022/2023.

From the feedback we are getting, it is a pro-people budget, and we deliberately came up with this budget to achieve our goal of transforming the 39% of our households from subsistence into the money economy.

It is in the same spirit that we are committed to supporting economic recovery interventions to the pre-Covid-19 pandemic levels and protecting households from the rising prices of essential goods and services by implementing appropriate fiscal and monetary policies.

As stated in the budget, we have not introduced new taxes in FY 2022/23 to boost economic recovery. We are hopeful that these measures will enhance aggregate demand and domestic revenue performance once we improve efficiency in tax collection and encourage our tax payers to comply with the tax laws.

Going forward, our efforts will be focused on improving the quality of life of the people of Uganda and that is why we allocated over 9 trillion shillings, (29%) of the budget to human capital development for interventions in education, health and water.

I therefore, call upon all Ugandans to embrace the Parish Development Model and all the other relief and recovery funds, including the small business recovery fund, Emyooga and the new grant for women entrepreneurs to achieve our goal of socio-economic transformation.

At MoFPED, we have made changes in the budgeting principles to ensure that resource allocation is based on the redistributive principle which will enable resources to be reallocated to finance critical priorities of government.

To ensure effective implementation of the budget, we shall continue to undertake reforms in accountability, budget monitoring and evaluation.

We are also going to enforce fiscal discipline to limit supplementary expenditure to only unforeseeable and unavoidable spending in addition to enhancing domestic revenue mobilization and limiting borrowing to restore the debt-to-GDP ratio to within 50% over the medium term as provided in the Charter for Fiscal Responsibility.

I wish you pleasant Reading!

Ramathan Ggoobi
Permanent Secretary and Secretary to the Treasury

Budget Speech Day FY 2022/23

H.E. the President arriving at Kololo Ceremonial Grounds.

Apollo Munghinda
Principal Communications Officer

Ministry of Finance, Planning and Economic Development

Dear Stakeholders

I heartily welcome you to this end of FY 2021/2022 Issue. It is pleasing to note that our economy has proved to be resilient, amidst the COVID-19 disruptions and now the high commodity prices.

Allow me to express my sincere gratitude to you our stakeholders for the useful feedback we receive whenever we share privileged insights from MoFPED through this platform.

In this Issue, we bring you highlights from the Budget speech for FY 2022/23, a pro-people budget we believe will bolster Uganda's socio-economic transformation agenda.

We also share insights from the recent Uganda debt conference especially at this time when some of our stakeholders are getting concerned about the public debt numbers. The good news is that the managers of the economy have given assurance that Uganda has no intention of borrowing beyond what it can pay.

The high commodity prices conversation has been in our spaces for some time now, as the country tries to recover from the effects of Covid-19. It is only right that we bring you expert analysis and recommendations on how best to manage this shock.

The full scale implementation of the Parish Development Model effective FY 2022/23 and monitoring progress of the Emyooga programme are the other conversations we share with you in this edition.

These and other issues concerning the economy are all here for you.

Enjoy your reading!

Apollo Munghinda
Principal Communications Officer

We are ready for PDM full scale implementation - Kasaija

Hon. Matia Kasaija, Minister of Finance

In order to integrate the 3.5 million households (39%) currently working in the subsistence economy into the money economy, and to proactively create wealth and jobs, the Parish Development Model (PDM) is going to be fully implemented effective financial year 2022/23.

During the Budget speech reading for FY 2022/23, Finance Minister Matia Kasaija said effective July 2022, a total of Shs. 1.059 trillion has been provided for full implementation of the Model. Each of the 10,594 Parishes in the country will receive Shs.100 million as a revolving fund, earmarked for purchase of agricultural inputs by households still in subsistence.

In the financial year ending June 2022, Shs 234 billion was provided for the implementation of the PDM. More efforts were focused on preparatory activities to prepare for full implementation of the model.

These included: recruitment of Parish Chiefs by all districts; data collection, verification of beneficiaries, establishment of SACCOs; setting up of the PDM Management Unit in the Ministry of Local Government; and sensitisation and mobilisation, among others.

It is against this background that all Political Leaders including Ministers and Members of Parliament have been traversing the country to ensure readiness for full scale implementation of the Parish Development Model.

Finance Minister Matia Kasaija was joined by Prime Minister Robinah Nabbanja to rally leaders across Bunyoro sub-region to embrace the Parish Development Model to transform the lives of the people.

While in Kakumiro and Kagadi, Kasaija said it's the duty of the leaders to mobilise the 39% of Ugandans living in subsistence economy to join the money economy through increased production, productivity, value addition and marketing.

The Parish Development Model is prioritising interventions across the production value chain in agriculture which will create opportunities for wealth and job creation.

As of 15th June, 2022, a total of 177 districts, municipalities and cities had completed enterprise group formation, formed PDM SACCOs and opened bank accounts for the SACCOs. The cut off point for formation of SACCOs is July 2022.

The Ministers of State, Hon. Amos Lugoloobi, Hon. Henry Musasizi, Hon. Haruna Kasolo and Hon. Evelyn Anite also visited various districts across the country to spread the gospel of the Parish Development Model.

They urged the district leaders to ensure that their people get out of poverty by engaging in productive activities through the parish development model and other wealth creation government interventions such as Emyooga.

Key messages

The leaders are telling the people to shun land fragmentation and get organised by forming SACCOs to access cheap credit. They are also encouraging Ugandans to focus on enterprises which have a higher return on investment in addition to adopting modern farming practices and a saving culture.

Facts about PDM

• A member can borrow up to UGX 1 million only for a maximum period of 36 months at annual interest rate of 6%

• One PDM SACCO will be formed per Parish

• Funding quotas for population category (groups) is as follows: Women -30%, Youth- 30%, PWDs-10%, Elderly-10% and others 20%.

• SACCOs that did not get their allocation of UGX 17 million in FY 2021/22, will in FY 2022/23 get 117 million.

• Administrative costs are separate from the revolving fund.

• Each parish chief will earn a monthly salary of UGX 500,000/=

Highlights of the Budget speech FY 2022/23

The Theme of the Budget for Financial Year 2022/2023 is:

"Full Monetisation of Uganda's Economy through Commercial Agriculture, Industrialisation, Expanding and Broadening Services, Digital Transformation and Market Access"

To achieve Uganda's socio-economic transformation, the NRM Government has resolved to pursue the following goals in the forthcoming year and the medium term:

i) Kick-start the process of getting the households still engaged in subsistence into the money economy.

ii) Support businesses and the overall economy to recover from the impact of the COVID-19 pandemic and restore the lost jobs and livelihoods.

iii) Protect households from the rising prices of food, fuel, and other essential commodities using prudent economic policies.

Key strategic actions to be undertaken:

i) Maintain peace, security and stability, which jointly are the foundation of all other government, business and household plans.

ii) Full implementation of the Parish Development Model (PDM) to accelerate the transition of the 39 percent of households still engaged in the subsistence economy into the money economy.

iii) Step up implementation of the relief and recovery funds to support the recovery of businesses and restore the lost jobs and livelihoods. These relief funds include the Small Business Recovery Fund; the Emyooga Fund; Microfinance Credit to SACCOs; the Uganda Development Bank (UDB) and Uganda Development Corporation (UDC), debt and equity funds, respectively.

iv) Implement appropriate fiscal and monetary policies to mitigate the impact of price shocks on the wellbeing of ordinary Ugandans, without causing long-term distortions in the economy.

v) Enhance investment in infrastructure to facilitate increased production, value addition, and national and regional market access and entry.

The size of Uganda's economy is projected to expand to Shs. 162.1 Trillion for the financial year ending 30th June 2022.

This is equivalent to US Dollars 45.7 Billion. Economic activity has been more buoyant at the growth rate of 4.6 percent per annum this financial year up from 3.5 percent of last year.

Uganda's GDP per capita has increased to US Dollars 1,046 in current prices, which is equivalent to Uganda Shs. 3.7 million per person per year.

The revenue collection target in financial year 2021/22 Budget was Shs. 22.425 trillion. At the time of reading the budget for FY 2022/23, total revenue collection was projected at Shs. 21.486 trillion

Restoring Business Activity

To support recovery of the economy Government has provided credit relief to borrowers as well as funding to micro,

Finance Minister arrives at Kololo for Budget Reading FY 2022/23

Honorable Ministers at the Budget Day FY 2022/23

small and medium enterprises (MSMEs) and corporate/large businesses and the following progress has been registered:

i) Bank of Uganda extended credit relief to enable borrowers unable to service their loans during the pandemic to restructure them. Loans totalling Shs 7.2 trillion, representing 40 percent of total loans, were restructured over the period.

ii) Domestic arrears to private sector suppliers of goods and services to Government totalling Shs. 526 billion were cleared. In addition, Court Awards amounting to Ushs 57 billion were settled.

iii) The Microfinance Support Center (MSC) was funded to support micro-businesses through the Emyooga Fund (Shs. 100 billion) and support to SACCOs (Shs. 27 billion). 6,600 SACCOs and 205,000 savings groups have been established across the country. These are operating a total of 4.1 million accounts. As a result, savings worth Shs. 63 billion as at the end of April 2022 have been realized.

iv) For small businesses that do not fall under Emyooga and at the same time do not qualify for the UDB funding, the Shs. 200 billion Small Business Recovery Fund has been established in partnership with Bank of Uganda supervised financial institutions to offer credit at a subsidised interest rate of 10% percent per year.

v) To support the recovery of medium and large-scale businesses, Uganda Development Bank (UDB) was capitalized to the tune of Shs. 636 billion and which was fully disbursed by May 2022 at an interest rate of 12 percent per annum. In addition, UDB plans to disburse a further Shs. 351 billion by December this year.

vi) For private sector enterprises engaged in strategic industrial development of the country, such as agro-processing, manufacturing, and minerals beneficiation, the Uganda Development Corporation (UDC) received Shs. 160.7 billion this financial year to make equity joint venture investments.

vii) Government has also disbursed the Shs. 20 billion to Teachers' SACCO to support them to recover from the pandemic.

viii) In the Financial Year 2021/2022, the Agricultural Credit Facility disbursed a total of Shs. 67.42 billion to 1,057 borrowers as at June 2022. Cumulatively, the fund has financed a total of 3,120 farmers across the country to a tune of Shs. 737.30 billion.

ix) Following amendment of the National Social Security Fund (NSSF) Act to allow mid-term access for qualifying members, a total of Shs. 420 billion has so far been paid out to about 21,500 beneficiaries.

x) For Women entrepreneurs, government has received US Dollar 217 million grant from the World Bank to provide funding in the coming financial year to middle level businesses managed by women to support their growth and create jobs.

Vice President Alupo with MPs on Budget Day.

The Resource Envelope for Financial Year 2022/23

The Resource Envelope for Financial Year 2022/23 amounts to Shs. 48,130.7 billion and is comprised of both domestic and external resources as detailed below:

Domestic Revenue

Shs. 30.797.3 Billion

Domestic Revenue amounts to Shs. 30,797.3 billion of which Shs. 23,754.9 billion will be tax revenue and Shs. 1,795.9 billion will be Non-Tax Revenue.

Domestic Borrowing

Shs. 5,007.9 Billion

Domestic borrowing amounts to Shs. 5,007.9 billion

Budget Support

Shs. 2,609.2 Billion

Budget Support accounts for Shs. 2,609.2 billion.

External financing

Shs. 6,716 Billion

External financing for projects amounts to Shs. 6,716 billion of which Shs. 4,625.7 billion is from loans, and Shs. 2,090.5 billion is from grants.

Appropriation in Aid

Shs. 238.5 Billion

Appropriation in Aid, collected by Local Governments amounts to Shs. 238.5 billion.

Domestic Debt Refinancing

Shs. 8,008.0 Billion

Domestic Debt Refinancing will amount to Shs 8,008.0 billion.

Total expenditure will be Shs.48,130.7 billion. Excluding domestic debt refinancing and Appropriations in Aid (AIA), it amounts to Shs. 39,884.2 billion of which Wages and Salaries is Shs. 6,366.9 billion, Interest Payments is Shs. 4,691.9 billion, Non-wage Recurrent Expenditure is Shs. 14,259.4 billion and Development Expenditure is Shs. 14,565.9 billion.

Tax measures for financial year 2022/23

Government of Uganda technical leadership at the Budget Speech Day FY 2022/23

By Susan Nakagolo

In Financial Year 2022/23, the objective of Government is to increase revenue by 0.8% of GDP, which is higher than the 0.5% target contained in the Domestic Revenue Mobilization Strategy (DRMS) and the National Development Plan III.

The total Budget for the Financial Year 2022/2023 is UShs. 48,130.64 billion as appropriated by Parliament, domestic revenues are projected to amount to Ushs. 25,550 Billion – which implies that in FY 2022/23, domestic revenues will fund 53% of the total budget. This translates to growth in revenues of UShs. 4,064 Billion compared to the estimate of Ushs. 21,486 Billion for the fiscal year ending June 2022. This reflects an increase in revenue effort of 0.8% of GDP.

The growth in revenue has been projected taking into account the projected growth of the economy as a result of full reopening of all sectors that generate economic output, repurposing of the budget to focus on strategic areas and investments in oil and gas, following the taking of the Final Investment Decision (FID). In addition, the projection takes into account the continuous improvement in the efficiency of tax administration to enforce taxpayer compliance.

Because of the need to foster speedy economic recovery, Government did not introduce new taxes in Financial Year 2022/23. In addition, the decision not to introduce taxes is to ensure stability and certainty of the tax regime which is critical for decision making in any business.

Therefore, to deliver the revenue projection for FY 2022/23, Government will continue to implement the DRMS, focusing on improvements in efficiency in tax collection and enforcement of compliance. In this regard, Government shall support Uganda Revenue Authority to enhance their capacities, in human resources, equipment and Information and Communications Technology (ICT) to foster enforcement of the tax laws.

Nevertheless, Government introduced new tax measures in Financial Year 2022/23. The new measures are technical in nature and mainly intended to provide clarifications of any ambiguous legal provisions, close loopholes in the tax laws and simplify the tax laws, to promote voluntary compliance and support tax administration. The tax laws that were amended are; Income Tax Act; Stamp Duty Act; Tax Appeals Tribunal Act; Excise Duty Act; Tax Procedures Code Act; and Value Added Tax Act.

Income Tax Act

1. The Income Tax Act was amended to streamline the rental income tax regime for individuals and non-individuals as follows: -

(a) Rental income tax of NIL for individuals that earn an annual rental income not exceeding Shs. 2,820,000 and a rate of 12% of rental income exceeding Shs. 2,820,000; and

(b) In the case of non-individuals, impose a rate of 30% on the difference between rental income and expenses capped to 50% for each year of income. Any excess expenses shall not be carried forward to a subsequent year of income.

The objective of this proposal was to reduce the effective tax rate of individuals to encourage compliance, while ensuring that companies which have been declaring rental income tax losses perpetually begin to make contributions.

2. The corporate income tax exemption for Bujagali Hydro Power Project was extended for a period of one year up to 30thJune 2023; as a measure to bring down the cost of electricity.

Value Added Tax Act

1. The VAT law was amended to allow contractors or suppliers to Government, to pay VAT upon having been paid by Government. This amendment followed an outcry by suppliers to Government that they were being required to pay VAT, even when Government has not paid them. Particularly for the infrastructure projects and projects that transcend one year.

2. In 2021, the Value Added Tax Act was amended to provide for exemption of imported services used in the provision of exempt supplies. Imported services include cloud computing, computer software, any online services, among others. This meant that suppliers of exempted supplies who import such services as inputs would not pay tax, leading to loss of revenue. In addition, this decision encouraged importation of those services, as opposed to sourcing for them locally in Uganda. To correct this, the VAT law was amended to repeal this particular exemption in order to encourage sourcing of these services in Uganda.

3. Oxygen cylinders or oxygen for medical use was exempted for VAT. Whereas oxygen cylinders are already exempt from VAT, the supply of oxygen, such as when refilling a cylinder had not been exempt. This measure therefore was intended to correct this anomaly and consequently reduce the cost of the supply of oxygen for medical use.

4. The assistive devices for persons with disabilities to reduce the cost of the equipment used by persons with disabilities were exempted from VAT in order to enhance their welfare.

5. Airport user services charged by the Civil Aviation Authority was exempted from VAT to reduce the cost of transiting through Entebbe Airport. This, in addition to Uganda's strategic location will enhance competitiveness of Entebbe Airport as a regional aviation hub.

Tax Procedures Code Act

1. As part of the measures to bring more taxpayers on board and also to deter tax evasion, In FY 2021/22, Government introduced Electronic Fiscal Receipting and Invoicing Solution (EFRIS) and Digital Tracking Solution (DTS). To enforce compliance to these reforms, the law was amended to introduce penalties for non-compliance.

2. The TPCA law was also amended to introduced penalties for failure to provide information for purposes of Automatic Exchange of Information (AEOI) with a view to improve compliance.

Stamp Duty Act

The key amendment under this Act was providing for NIL stamp duty on Agricultural Insurance Policy instruments, to encourage the uptake of agricultural insurance services.

Post Budget FY 2022/23 stakeholders engagement in Tororo district

Excise Duty Act

1. The measures in Excise Duty Act were intended for clarification of definitions of various products that attract excise duty such as spirits, juices; to enhance taxpayer compliance.

2. Excise duty applicable on opaque beer and fermented beverages made from locally sourced raw materials was reduced from 20% or Ushs. 230 per litre, whichever is higher to 12% or Ushs.150 per litre, whichever is higher. This amendment was intended to promote value addition and use of locally sourced raw materials.

The above new tax measures will come into effect on 1st July 2022 upon gazettement.

The writer is a Principal Economist in the Tax Policy Department

SERVICE DELIVERY

MoFPED embraces citizen engagement in promoting accountability for improved service delivery

By BTI Team

In accordance with the Public Finance Management (PFM) Act 2015 and Access to Information Act 2005, together with the attendant Regulations 2011, the Government of Uganda introduced Budget Transparency Initiative (BTI) in 2013 to scale up efforts to improve transparency and accountability for public expenditure and ultimately, enhance public service delivery in Uganda.

The objective of the Initiative is to develop and operationalize innovative platforms to facilitate access to budget information; secure citizen's feedback on budget implementation and performance, and, improve Government accountability for service delivery.

A number of measures have been undertaken to improve citizen engagement in promoting transparency and accountability for service delivery and they include the following:

1. Strengthening the Legal Framework: Section 9 (1) of the PFM Act 2015 requires Government institutions to prepare the Budget in consultation with relevant stakeholders taking into consideration balanced development, gender and equity responsiveness. This is re-iterated every financial year through the Budget Call Circular (BCC). MoFPED instructs Sub-County authorities to provide opportunity for citizens to present their budget priorities for consideration during the development of the Sub County Budgets.

2. Publicizing Accounting Officers of all MDAs and LGs. The Ministry of Local Government makes public the list of Accounting Officers for public comments before submitting to the Permanent Secretary/Secretary to Treasury (PSST) who makes recommendations in consideration of Internal Auditor's and citizens' comments.

3. Involvement of Civil Society and the Citizens in the Budgeting Process: Since the Civil Society Organizations are representatives of the citizens, they are always invited by Government to the National Budget Conferences and they are also involved in the preparation of the Budget Call Circular and drafting of the National Budget Strategy.

4. Citizens participate in Lower Local Government Budget Consultations e.g. at village and parish meetings, and at Sub-County budget conferences.

Civil Society organizations participate and present citizen's position papers on service delivery at the Regional Budget Consultative workshops organized by MoFPED and at the Local Government level organized by the Districts.

5. CSOs undertake joint service delivery monitoring exercises with duty bearers: This entails monitoring display of budget information at service delivery centers like schools and health centers. As such, Interface meetings between citizens and duty bearers are held to provide feedback on monitoring findings and demand for transparency and accountability

6. Development and operationalization of ICT Platforms to facilitate access to information and feedback:

6.1 The Ministry hosts website **www.finance.go.ug** and the budget website **www.budget.finance.go.ug** which provides budget information for Ministries, Departments, Agencies (MDAs) and Local Governments;

6.2 There is also a toll-free hotline **0800-229-229** that was established as a platform to enable the wider public with limited access to internet and low internet literacy to access budget information and provide feedback;

6.3 CSOs work with MoFPED to

MoFPED instructs Sub-County authorities to provide opportunity for citizens to present their budget priorities for consideration during the development of the Sub County Budgets.

Finance Minister launches NBM FY 2022/23

CSBAG ED Julius Mukunda at NBM Launch

develop and publish the Citizen's Guide to the Budget to make the budget easily accessible and understood by all citizens;

6.4 The ministry also introduced the Online Transfer Information Management System (OTIMS) as a platform to compute Local Governments (LGs) Indicative Planning Figures (IPFs), which are used by LGs to develop their detailed decentralized budgets and work plans.

7. **Institutionalized Quarterly press briefing and supplements on releases.** The Ministry organizes quarterly press briefing and publishes releases through media, and displays budget information etc. for transparency.

There has been improved access to quality budget information and improved efficiency of the client feedback mechanisms

8. **Marking of the National Budget Month:** In Partnership with CSCO, the Ministry of Finance implements the National Budget Month activities with the objective of increasing public awareness, understanding and public participation in the Budget Process.

9. **Use of the Media to engage the citizens:** The Ministry undertakes District Budget Literacy Campaigns on regional radios under the theme, "Know Your Budget" through Budget Quizzes (Q and A) to enhance awareness on the national and district budget. The campaign mobilizes citizens to participate through radio call-ins but also to rally them to participate in the budget process.

Launch of National Budget Month FY 2022/23

Finance Minister Matia Kasaija launched the National Budget Month for FY 2022/23 at the Uganda Media Centre on 17th May 2022 together with Partners including Uganda Revenue Authority, Bank of Uganda, Uganda Development Bank, Civil Society Budget Advocacy Group, Advocates Coalition for Development and Environment (ACODE), Southern and Eastern Africa Trade Information and Negotiations Institute (SEATINI), Private Sector Foundation Uganda and Overseas Development Institute (ODI).

Finance Minister and Partners after launch of NBM

Key activities implemented during the budget month include:

i. Media Engagements on Topical Issues on the Budget/Economy

ii. The Corporate Social Responsibility -Tree Planting and Blood Donation:

iii. The Budget Reading.

iv. The Post-Budget Speech Dialogues including the Post-Budget EAC Tax and Budget Dialogue and CSO Post Budget Dialogue.

v. Regional Budget Breakfast Meetings

vi. Post Budget Regional Media Engagements (on Local Radios and TVs)

Further innovative ways of enhancing citizen participation in the budget process and promoting accountability and service delivery

1. Co-opting CSOs on Programme Working Groups: CSOs will be expected to present Programme and Sub-Programme specific issues at the Programme and Sub Programme Working Group Budget Consultations.

2. Involvement of Citizens' representatives during budget scrutiny by Parliament and Performance Assessment by the Office of the Prime Minister (OPM).

3. CSOs will be required every financial year to analyze the National Budget Framework Paper (NBFP) and present Budget position papers to Parliamentary Committees for adoption at the Parliamentary Committee consultations on NBFP.

4. CSOs will present an Independent Position Paper on how to improve LG service delivery performance at Local Government Performance Assessment Meetings organized by the OPM, MoFPED, MoLG.

5. Expanding Stakeholder Participation in the National Budget Month by mobilization of citizens to participate and make their voice heard during the National Budget Month.

6. Domesticate the NBM to district level on thematic areas and this should be structured.

7. Translation of the budget in major local languages.

Conclusion

There has been improved access to quality budget information and improved efficiency of the client feedback mechanisms. This has been through the above measures undertaken in engaging the citizens.

Kasolo on countrywide monitoring of Emyooga programme

By Oscar Kalyango

The Minister of State for Microfinance, Haruna Kasolo is undertaking monitoring activities of Emyooga programme across the country to ascertain the performance of the Emyooga SACCO's in their respective constituencies.

This monitoring is also aimed at evaluating the depth of understanding SACCO leaders have about the programme, the loan terms, interest rates and recoveries, savings and disbursements as well as the challenges.

The Minister has successfully concluded the monitoring activities in Buganda, Ankole, Kigezi and Rwenzori sub-regions and he is now in Busoga region.

Emyooga is the Presidential Initiative on Wealth and Job Creation that is aimed at availing seed capital to the financially excluded Ugandans engaged in specific and similar specialized enterprises. EMYOOGA initiative is centered on harnessing entrepreneurial skills and talent for enterprises (Emyooga) through sensitization and provision of business development service to increase employment and job opportunities.

The overall objective of the Emyooga programme is to promote wealth and job creation and ultimately improve household income of Ugandans, increase access to specialized financial services to beneficiaries especially women, youth and PWDs through provision of seed capital for investment.

The Emyooga categories include; Market vendors, Produce dealers, Women entrepreneurs, Boda-boda riders, Carpenters, Saloon operators, Taxi operators, Restaurant owners, Welders, Youth leaders, Persons with Disabilities, Mechanics, Tailors, Journalists, Performing Artists, Veterans (Orphans & Widows of Veterans), Fishermen and Elected Local Leaders. A total of 18 categories per constituency.

Hon. Kasolo receives one of the products made by women's group during monitoring visit in Rwenzori region.

Hon Kasolo in Kamwenge for monitoring of Emyooga Program

The implementation was phased and started with community mobilization, sensitization and identification of beneficiaries, registration of parish-based association and constituency based SACCOs, capacity building and business advisory services, setting up system and governance structure for SACCOs and groups, disbursement of funds (seed capital), monitoring and evaluation.

Microfinance Support Centre (MSC) is implementing the Emyooga Initiative through its regional branch network country wide with support from Office of the President, District Emyooga taskforces chaired by the Resident District Commissioners (RDCs) District Local Government (CAOs, DCOs, DCDOs, DCOs) and Ministry of Trade Industry & Cooperative (MTIC).

As a result of massive sensitization and mobilization, 205,710 parish-based associations and 6,748 Apex Emyooga SACCOs have so far been mobilized consisting of a total of 4,114,200 members.

6,608 Emyooga SACCO's have been fully registered and issued registration certificates by the registrar. 1,326,973 members of associations and 33,276 SACCO leaders with representation of 47.3% Women and 29% Youth have been so far trained in enterprise selection, mindset change, basic record keeping, SACCO/ VSLA governance, group dynamics and savings mobilization.

As of March 2022, MSC had disbursed seed capital amounting to UGX 248.4 BN and benefitting 6,647 Emyooga SACCOs. A total of 6,145 Emyooga SACCOs have disbursed credit/loans to 56,057 associations valued at UGX 194.3 BN.

By March 2022, UGX 63.1 BN savings had been mobilized by over 1.577 million active members in 115,254 Emyooga Associations. A total of 1,916,018 individual beneficiaries and 965,344 employment opportunities have been created with representation of 35% Women, 20% Youth and 3% PWDs countrywide.

As of March, 2022, 69% of the Emyooga beneficiary SACCOs were monitored and tracked for impact.

Monitoring visits

The monitoring reports on the performance of the SACCOs show impressive progress

As of March, 2022, 69% of the Emyooga beneficiary SACCOs were monitored and tracked for impact

Hon Kasolo arriving at Bukooli island, Namayingo district to monitor emyooga performance

especially with regard to accessing affordable credit by SACCOs, saving mobilization and increased economic activities.

"My fellow leaders, let's all work hard towards getting our people out of poverty. This can be done by educating them about government programmes," said Kasolo during his recent monitoring visit to Busoga sub-region in Namayingo district where according to his assessment, the programme has not performed well as expected.

Namayingo district received seed capital of UGX 1.68bn to 1,827 SACCOs beneficiaries. Total loans disbursed is UGX 1.72bn and made savings of UGX 565 million.

"If you get any money, always ensure you save a portion before you spend. There is no seed that is small. I want all Ugandans to develop a saving habit." This is the message the Microfinance State Minister is delivering to all beneficiaries across the country.

While visiting Luuka district, Kasolo challenged leaders to love their country and advocate for government programmes.

Luuka has 56 registered SACCOs and has received UGX 1.12bn as seed capital with 1,215 individuals benefiting from a disbursement of UGX 1.35bn as loans, and have so far saved UGX 465 million.

According to Lwamusaita Deo, the Chairman Luuka South produce dealers SACCO, his members have improved their incomes. "Our members have managed to establish more stores as a result of joining the Emyooga programme," says Lwamusaita. The SACCO received seed capital of UGX 30 million after registering 17 active associations. They have disbursed UGX 52 million and have 16 million in savings.

While monitoring Emyooga SACCOs in Kasese District (Bukonzo Counties East and West),Hon. Kasolo expressed optimism that the people are determined to transform the country by engaging in activities to fight poverty. Here he donated a new motorcycle to the Boda boda SACCO in recognition of their performance.

In Kamwenge district, he challenged SACCO leaders to be very keen on selecting viable enterprises with focus on daily saving. He also asked MSC to ensure that all SACCO leaders and their members are trained on enterprise selection and saving tips.

Other successful SACCOs documented

Emyooga beneficiaries at the Kyaka central market in Kyegegwa district

by MSC include: Mubuga SACCO which operates in Mubuga, Nyaruziza, Bunagana, Nyakabande and Kisoro; Soroti City East Tailors SACCO, Kabale Municipality Tailors Emyooga SACCO and Kisoro Municipality Restaurant Owners Emyooga SACCO.

Others are Ntenjeru North Constituency Restaurants Owners SACCO, Moroto Municipality Mechanics SACCO, Koboko Municipality Tailors Emyooga SACCO and Arua Central Division Market Vendors Emyooga SACCO.

Some of the emerging issues for priority funding include overwhelming number of associations in some categories such as produce dealers, Boda-boda riders and market vendors with membership of over 9000 individuals per SACCO.

The other issue is the unmet demand amongst categories not included in the current emyooga programme such as brick layers, hawkers bar attendants, cargo loaders, and builders as well as washing bay operators.

Some cases of extortion, connivance, and mismanagement of Emyooga funds by some district leaders and Emyooga SACCO leaders have also been reported.

Challenges

Challenges affecting Emyooga programme which must be addressed include: Misconception of the seed capital to be a token of appreciation from H.E the President in addition to the poor saving culture among Ugandans.

Capacity gaps also exist because many local councilors previously trained were voted out of office during the previous elections.

> **If you get any money, always ensure you save a portion before you spend. There is no seed that is small. I want all Ugandans to develop a saving Culture."**

We need favorable financing terms - Musasizi tells creditors

Minister of State for General Duties, Henry Musasizi

By MoFPED Comms Team

The Ministry of Finance, Planning & Economic Development together with the World Bank co-organised a high - level outreach conference in Kampala, which was aimed at strengthening coordination between Uganda and key creditors including those from the private sector, bilateral and multilateral organizations on issues of debt sustainability.

The Program of Creditor Outreach (PCO) is part of Sustainable Development Finance Policy (SDFP) implemented by the World Bank's International Development Association (IDA) in all IDA-eligible countries, including Uganda.

The policy aims at incentivizing countries towards more transparent, sustainable financing and promote coordination between IDA and other creditors to support client countries.

Countries eligible for IDA financing with elevated debt risks are incentivized to implement concrete performance and policy actions designed at enhancing debt transparency, fiscal sustainability and strengthening debt management.

The conference was opened by the Minister of State for General Duties Henry Musasizi who said the engagement was pivotal in enabling Uganda to fulfill the commitments made during the Uganda/Netherlands joint Regional Debt Conference that was held in Kampala in February 2020.

"We committed among other key resolutions, to strengthened coordination with our creditors while pursuing increased transparency in debt contraction and management," said Musasizi.

Public debt which was 35.4 percent of GDP in FY2018/19, rose to 40.7 percent in FY 2019/20 and by the end of FY 2020/21, it was at 49.9 percent.

Group photo at Uganda National Debt conference

He said implementation of strategies to support economic recovery had resulted into public debt rising above the 50 percent threshold in the Charter of Fiscal Responsibility.

The Minister said public debt which was 35.4 percent of GDP in FY2018/19, rose to 40.7 percent in FY2019/20 and by the end of FY2020/21, it was at 49.9 percent.

"The rise in domestic borrowing from 3.4 percent of GDP in FY

"we have never defaulted on debt servicing

DEBT

DEBT

"We shall not borrow beyond what we can pay. Debt has first call on resources," said Ggoobi.

2019/20 to 4.95 percent of GDP by May FY 2021/22 above the NDP III target of 1.99 percent of GDP has resulted into significant growth in interest payments from 17 percent of revenues to 21 percent of revenues during the same period," said the Minister.

He also noted that the high interest payments have greatly limited the fiscal space thus affecting effective implementation of government programs.

"Even with this increased borrowing, I want to assure you our distinguished partners and participants that Uganda's debt remains sustainable in the medium and long term. That notwithstanding, Uganda's risk of debt distress has increased from low to moderate," said Musasizi.

He affirmed that government will continue borrowing for investment and key development programmes. He however called for improved favorable financing terms and review of the related conditions, as well as assistance to manage existing global market risks that may affect Uganda's capacity to manage the already existing debt.

"We find some of the conditions to be very stringent for Uganda, since we have never defaulted on debt servicing. Government is committed to maintain our debt within sustainable levels in the medium term through implementing our Medium-Term Debt Management Strategy (MTDS) that aims at managing the costs and risks associated with the public debt portfolio," said Musasizi.

He also said MoFPED had finalised the Public Investment Financing Strategy (PIFS), which will align existing financing options to appropriate government programmes to achieve value for money and attain long term fiscal sustainability.

Musasizi assured the participants that Government has created an enabling environment for private sector participation in economic growth and development, adding that government will also continue to implement the Domestic Revenue Mobilization Strategy (DRMS), whose focus is on helping reduce the fiscal deficit and relieve Government of expensive borrowings.

The World Bank Country Manager for Uganda Mukami Karuiki reiterated the significance of the conference, emphasising that debt management and sustainability are essential and critical to development.

"Well managed debt can drive sound development, and accelerate attainment of development outcomes, but high public debt can inhibit private sector investment, increase fiscal pressure, reduce social spending and limit government's ability to implement reforms. Therefore ensuring debt management and sustainability is critical because it has implications for all sectors and the entire population of the country," said Karuiki.

She said the World Bank's International Development Association (IDA) has supported Uganda to access vaccines and long term response to rebuild resilience and inclusive economy.

"Uganda one of youngest countries with 46% of population under 14 years or less, so population is one of its great assets adding that Uganda needs the fiscal space to invest in education, jobs health and social protection," said the World Bank Country Manager.

She also noted that Uganda's abundant natural resources have not been fully exploited, adding that Uganda still has a huge deficit in infrastructure and is also faced with a high population growth.

Consistent with NDP III, Karuiki said the

World Bank shall prioritise, macro and fiscal stability, governance and service delivery, green growth, agricultural commercialisation, private sector competitiveness, human development & women empowerment as well as sustainable urbanisation and resilience in their next country partnership framework.

"This conversation is taking place at the right time and we have an opportunity collectively to help Uganda achieve sustainable higher growth and an inclusive future for her people," said Karuiki.

Samuel Maimbo, the Director IDA mobilisation and IBRD Corporate Finance said such open dialogue is critical to debt sustainability and transparency.

He said focus should be on the three drivers that will help in debt sustainability and these are: addressing debt head-on, candidly and frankly as possible and addressing debt vulnerabilities-finding concessional financing and using it sustainably.

Maimbo said the second driver is debt transparency which requires making debt public and third is collaboration to discuss what works and what does not work.

Jibran Qureishi, the Head of Africa Region Economic Research, Standard Bank Group on making debt work: Lessons from East Africa said there is growing consensus that Africa must upgrade its infrastructure to industrialise.

Jibran wondered how Africa can fund these developments amidst shallow savings? adding that South East Asia was growing faster than Africa because of domestic savings, unlike Africa which is attracting foreign capital which is increasing debt to GDP ratio.

He also highlighted faltering productivity despite high investment, adding that reforms are required to spur export growth and increase agricultural productivity.

Jibran said the limited revenues and high development expenditure in addition to bureaucracy in public procurement were making it difficult for Uganda to execute its development budget.

"You need to spend more on the development budget or else resources will be spent on unproductive sectors," said Jibran adding that there must be agreement on bankable projects before looking for resources.

He also said Public Private Partnerships (PPPs) are more efficient but not cheap, noting that there is need for regulatory reforms to enable implementation of PPPs and use of pension funds for infrastructure.

Some of Jibran's recommendations included; boosting domestic savings, assessing quality of investments rather than quantity, sourcing most reasonably

Word Bank Country Manager Mukami Karuiki

priced external funding, reducing public procurement bureaucracy, fiscal consolidation through improved mobilisation of resources to ensure debt service costs remain curtailed and increased value addition in agricultural exports.

The Permanent Secretary and Secretary to the Treasury, Ramathan Ggoobi in his concluding remarks said government has made a lot of reforms to manage public debt, adding that the overall fiscal strategy was designed to manage debt, make it transparent and sustainable to promote inclusive growth so that all efforts go towards improving incomes of households as per NDP III.

"We shall not borrow beyond what we can pay. Debt has first call on resources," said Ggoobi.

On inclusive growth, he said the budget for FY 2022/23 has prioritised resources for implementation of the Parish Development Model (PDM) to the tune of 1 trillion shillings in agro related activities.

Ggoobi said implementation of the domestic revenue mobilisation strategy is now critical, adding that it has been aligned in the budget strategy to achieve 0.5% increase of tax to GDP ratio annually to reduce over reliance on borrowing.

Ag.Director Debt and Cash Policy,Maris Wanyera

Kampala debt conference

High cost of doing business hampering National Development Goals - Lugoloobi

Minister of State for Planning Hon. Amos Lugoloobi

ED-NPA Dr. Joseph Muvawala

By MoFPED Comms Team

Minister of State for Planning, Amos Lugoloobi says one of the constraints to achieving national development goals is the high cost of doing business in Uganda coupled with the limited access to financial services.

He made the remarks during the 11th National Development Policy Forum organised by the National Planning Authority (NPA) to deliberate on strategies for reducing the cost of credit in Uganda at Kampala Serena Hotel on 26th May 2022.

National Planning Authority commissioned a study which was aimed at guiding the government on the best option for public investment in the banking sector and how it can assist in reducing the cost of credit in Uganda.

Access to affordable credit by the majority is a catalyst for economic growth. The median monthly salary in Uganda is Ugx. 176,000 for the employed population, meaning that borrowing at affordable costs is crucial for enhancing the quality of life of most Ugandans.

The high lending interest rates average at 22% and most products offered by the banks require collateral as a form of loan security but only 20% of Ugandans have collateral.

According to the study, the previous government interventions have not improved the capacity of Ugandans to borrow from the formal banking sector primarily due to prevalent high cost of credit. The NDP III identified limited access to credit and high cost of capital among the top 5 outstanding development challenges.

The root causes of high cost of capital are; operational costs, profit maximisation, bank policies, local credit market inefficiencies, undercapitalized public banks and government borrowing from the credit market.

The study summaries the above scenario as a market failure and a national issue of concern that has led to low financial inclusion and limited access to credit by the majority who depend on credit as a major form of production capital.

Lugoloobi in his opening remarks said most small and medium scale enterprises in the country still obtain credit from informal financial providers.

"Currently bank accounts per 1000 adults in Uganda stand at about 206. This calls for improvements in affordable long and

Currently bank accounts per 1000 adults in Uganda stand at about 206. This calls for improvements in affordable long and short term credit

short term credit," said Lugoolobi.

He said Government of Uganda is committed to ensuring increased access to credit by putting in place measures that reduce the cost of doing business, among which are strengthening collateral registration and credit rating bureau system.

Regarding public debt, Lugoloobi said, "we need to innovatively find a mechanism for dealing with the debt problem because fiscal space is now very limited. We need a new financial architecture to address this challenge."

The Permanent Secretary and Secretary to the treasury, Ramathan Ggoobi said the country is faced with the challenge of limited money to borrow which in turn hampers development because countries develop when they have enough money to borrow.

He said the other binding constraints to doing business in Uganda which must be addressed include; the high cost of power which is an engine for economic transformation, high cost of transport and logistics and low levels of efficient technology adoption.

Ggoobi said government is committed to debt sustainability through concessional financing to reduce over reliance on domestic borrowing which often crowds out the private sector.

The UNDP Resident Representative, Elsie Attafuah said risk is one of the highest drivers of the high cost of credit, adding that access to affordable credit needs to be significantly enhanced to stimulate private sector development, economic resilience and recovery.

The study recommends that government should invest Ushs 2.5 trillion in the public banking institutions to achieve a market share of 20% in 7 years, adding that this will strengthen them to become market leaders and influence the lending culture and pricing in the industry.

The other recommendation is to review current banking policies especially those leading to low financial inclusion and high cost of credit.

They also recommend that government should reduce borrowing from the credit market for effective implementation and achievement of positive benefits from all the other policy interventions.

For comparison, Uganda has invested the least in the public banks (at 7%) compared to the East African States (Kenya public banks have a market share of 22% and Tanzania is at 27%).

Conference Participants

What others say

" The share of public banks in Uganda's banking industry is still small compared to that of private banks which are majorly foreign owned and rightfully prioritise profitability at the expense of national development priorities," says Chairperson NPA, Prof. Pamela Mbabazi.

"New businesses and all the others we have started are suffering from governance problems, and so governance must be strengthened. Government must reduce borrowing from the domestic market," says Executive Director NPA, Joseph Muvawala.

"Our Ugandan Banks are applying prime lending models to manage credit risk in a sub-prime market. We know Ugandans are not good at paying back money but it does not mean you can't lend to those Ugandans because it is your responsibility," says Dr. Wabukawo Veronica an Economist.

"Why are rates high? You need to look at the maturity structure of assets and liabilities. We need to focus on technology, I agree that Agency Banking should be advanced for micro-deposit institutions," Deputy Governor Bank of Uganda, Michael Atingi-Ego.

"Any Bank's strength and capacity to bring down lending rates depends on its capital base. The larger the capital base, the lower the interest rate'" says Executive Director Uganda Bankers Association, Wilbrod Humphreys Owor.

PRICES

Temporary solutions to address external shocks can lead to long-term painful distortions – Musasizi

Minister of State for General Duties, Henry Musasizi

By MoFPED Comms Team

Minister of State for General Duties, Henry Musasizi has said government is fully concentrating on recovering the economy and also increasing the domestic production capacity in the economy as opposed to pursuing short, temporary solutions to address external shocks for which Government has little or no control.

Musasizi was speaking at a policy workshop on high commodity prices which was organised by the Ministry of Finance, Planning and Economic Development (MoFPED) and Bank of Uganda to deliberate on the topical issue of the rising prices of essential commodities in the country, their effects on household welfare, and the Government policy interventions and strategies to sustainably deal with the socio-economic challenges.

The engagement held at Kampala Serena hotel on 25th May, 2022 with key stakeholders was also aimed at responding to key issues that came up from the address of H.E the President on the State of the Economy on 22nd May 2022.

President Museveni in his address urged Ugandans to embrace Kukekereza (being frugal) – Kwereembareemba or Kubyesonyiwa (getting alternatives for the non-oil items) as practical measures to address the challenge of rising commodity prices of imported items (caused by external shocks) which he said was not dangerous as COVID-19.

"Subsidies for and removing taxes from imported products is definite suicide because it will deplete both the family savings and the national reserves leading to inability to pay for imports..." said the President.

Musasizi also said the Ministry of Finance made a comprehensive analysis which clearly showed that taxes were not the main cause of the price increases.

At the workshop Musasizi said the full opening of economies globally following relative containment of COVID-19 has led to a rapid rise in aggregate demand for a number of fast-moving-goods beginning with oil, yet production levels had been constrained by COVID-19 restrictions.

He said the situation was worsened by the Russia-Ukraine conflict which has further disrupted supply of oil, cereals such as wheat, maize, and sunflower oil, as well as essential metals like aluminium and nickel.

Musasizi also said the Ministry of Finance made a comprehensive analysis which clearly showed that taxes were not the main cause of the price increases.

"The tax contribution to the final price for the eight (8) key essential goods whose prices have increased rapidly (i.e., cooking oil, soap, sugar, wheat flour, maize flour, fuel (petrol, diesel and kerosene), cement and steel) ranges from 6.7% for kerosene to 27% for petrol, with the others having an average tax contribution of 19.7%." said Musasizi.

He outlined seven measures government is undertaking to address the current increase of commodity prices and these are:

a) Supporting farmers to grow more fast-maturing food and oil seeds to ensure sufficient domestic supply as well as take advantage of the rising global and regional prices to boost our export earnings. Government is scaling-up production of oil palm, sunflower and soya beans to ensure sufficient domestic supply.

b) Maintaining a competitive environment to support a continuous supply of the goods and services whose stream is currently constrained. This is intended to ensure that demand does not outstrip supply.

c) Working with the private sector

IMF Resident Representative Izabella Karpowicz

PRICES

to expedite alternative fuel import routes across Lake Victoria, to avoid unnecessary supply disruptions during the election season in Kenya.

d) Using appropriate fiscal and monetary policies to mitigate the impact of price shocks.

e) In the medium term, government shall construct additional fuel storage infrastructure and stock them with fuel to provide for strategic reserves to cushion consumers from effects of fuel supply shocks.

f) Expediting implementation of project activities to ensure timely start of oil production as well as development of an oil refinery.

g) Continuing to support the citizens and businesses to recover their sources of livelihoods from the impact of the COVID-19 pandemic so that they can withstand such shocks, using funds such as EMYOOGA, Small Business Recovery Fund, Microfinance Support Centre, UDB, and funding under the Financial Inclusion Pillar of the Parish Development Model.

The Permanent Secretary and Secretary to the Treasury, Ramathan Ggoobi urged Ugandans to discuss this issue of rising commodity prices using researched facts as opposed to opinions and emotions, adding that there is need to allow domestic prices to follow international prices, to avoid risk of creating small economies.

He welcomed the recommendation of universal tightening of the belts by ensuring reduction in government spending and wastage of resources.

"We need to continue prioritizing food security because Ugandans spend more on food. We should also support diversification of exports to contain shocks on the economy," said Ggoobi.

The Deputy Governor Bank of Uganda Michael Atingi-Ego said Uganda has avoided a knee jerk reactive approach in dealing with the spike in commodity prices, adding that Bank of Uganda has adopted measured and data dependent response to the upturn in inflation.

"We are ready to take appropriate action to maintain price stability and a sound financial system," said Atingi-Ego.

What others say……

"There is need to fight inflation while providing support for the vulnerable using a careful policy mix," said Izabella Karpowicz, IMF Resident Representative.

"As a country, let us not create another problem while dealing with the problem at hand," said Julius Mukunda, Executive Director CSBAG

"Ensure that the actions taken to address increasing prices is affordable and support should be targeted especially to the poor households," said Ibrahim Kasirye, Director Research EPRC.

"We need to take a moment and appreciate the macroeconomic stability that has prevailed over the years and there is need to support all the efforts to ensure that it continues," said Dr.Joseph Muvawala-Executive Director-NPA

"Resilience is not just about being strong, it is not even about staying on your feet all the time. Resilience is about getting back up again even after being knocked down and to keep moving forward," says Ravi Menon, MD Monetary Policy of Singapore.

As a country, let us not create another problem while dealing with the problem at hand

Panelists at the Workshop

MAK @ 100

Tumusiime Mutebile liberated Uganda from 'Control Model' says Ggoobi

By MoFPED Comms Team

The Permanent Secretary and Secretary to the Treasury Ramathan Ggoobi has hailed the former Governor Bank of Uganda, late Prof. Emmanuel Tumusiime Mutebile for liberating Uganda from the 'control model' – the practice of using administrative controls to keep the prices low and revaluing the shilling to make the imports cheap.

Ggoobi made the remarks recently while delivering a keynote address at Makerere University (Mak @100) to mark the Tumusiime Mutebile annual public lecture under the theme: **Economic recovery and resilience in a post Covid-19 world: The role of higher education institutions.**

He said, when Idi Amin took power in 1971, economics was replaced by flawed common sense and Prof. Mutebile took the risk to remind Amin how economics works, and he paid a huge price.

" A young Mutebile was conscious enough to comprehend Amin's economic distortions and human rights violations and risked to oppose them, yet like many budding economists of the time, Mutebile started as a socialist and quickly mutated into a liberal thinker who went on to help Ugandans to get rid of economic distortions"

Ggoobi said the economic distortions Mutebile helped Uganda get rid of include: Price controls, smuggling, printing of money to finance budget deficits and black markets.

He said Mutebile helped Uganda to restore fiscal discipline, masterminded the merger of Ministry of Finance with the Ministry of Planning and economic development in March 1992 to improve coordination of the macroeconomic management.

"Within one fiscal year, inflation reduced from 54.5% in 1992/93 to 5.15 in 1993/94," said Ggoobi.

As pioneer Permanent Secretary and Secretary to the Treasury, Mutebile implemented three basic principles of prudence, sustainability and consistency - ensuring that expenditure by government was in line with revenue, with limited borrowing to only necessary needs.

In addition only expenditure commitments that could be sustained in the medium to long term were allowed and all expenditures were in line with government's long term goal of building an independent, integrated and self-sustaining economy.

Mutebile also jealously defended the independence and authority of Bank of Uganda and also led the crusade of private sector development.

Unfinished Business Mutebile left behind

Ggoobi said government is focused on the unfinished business to maintain Mutebile's legacy and propel Uganda to a middle income country.

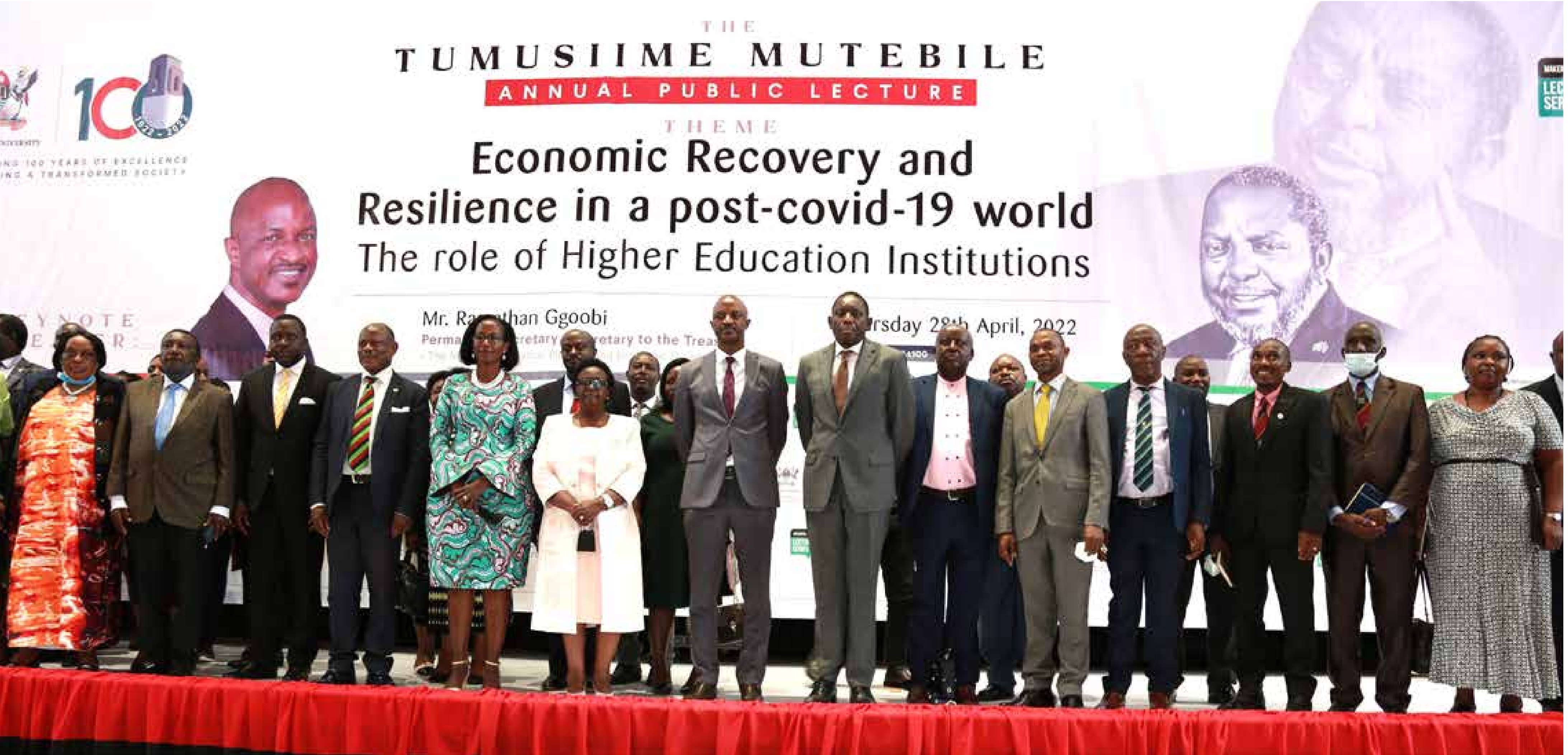
The unfinished business include;

i) A large subsistence economy that has crippled household incomes and the purchasing power of the population.

ii) High unemployment and underemployment of the young people.

iii) High cost of credit, electricity and transport, which lower competitiveness of Ugandan products in regional and international markets.

iv) Low investment in scientific research and development (R&D) to inform innovation and policy.



Group photo moment

> Within one fiscal year, inflation reduced from 54.5% in 1992/93 to 5.15 in 1993/94," said Ggoobi

PSST delivering keynote address at Tumusiime Mutebile Memorial Lecture at Makerere University

v) Low level of industrialisation.

vi) Land ownership and security, land use and land fragmentation.

vii) High levels of corruption in government and private sector.

viii) Limited export markets.

ix) Quality of healthcare and education services.

On high Commodity prices

Mr. Ggoobi said the causes were largely external and supply side related, key of which was the effect of COVID-19 restrictions which disrupted supply chains worldwide leading to higher transport costs, shortage of shipping containers, shortage of raw materials and higher fuel prices.

He said the full opening of economies globally after COVID had led to a swift rise in aggregate demand for a number of goods and services such as fuel, transport, education etc which has further increased prices.

What Government of Uganda is doing to reduce Prices?

1. Promoting a free and competitive environment to ensure continuous supply of fuel and other goods whose prices have increased to ensure that demand does not outstrip supply.

2. Supporting farmers to grow more food and oil seeds to increase domestic supply.

3. Applying appropriate fiscal and monetary policies to ensure inflation does not go out of hand.

4. More funds to support local production of essential goods like food, oil, soap etc.

Role higher Education Institutions can play

The PSST said the key to economic recovery is in the ability for Universities to generate human resource that will translate into entrepreneurship and innovations, adding that Universities should relax requirements (academic and financial) to reduce dropout rate.

"Universities should also play a key role in economic and social planning. Enterprise incubators and start up support should be up scaled to boost local job creation and competitiveness of small businesses," said PSST.

He said government was committed to continue funding for universities to support transformation of higher education, adding that universities should think about practical ways of averting the growing boomerang generation-young adults who return home after university because they can't live on their own.

MAK @ 100

PSST signing on the lecture painting

The Deputy Governor Bank of Uganda Michael Atingi-Ego said Tumusiime Mutebile was the brain behind the current strong monetary policy framework that Uganda enjoys today.

"He believed in building the capacity of subordinates and also encouraged training of officers at higher levels. He believed in succession planning," said Atingi-Ego adding that prudent macroeconomic management continues to date.

The Vice Chancellor Makerere University Prof.Barnabas Nawangwe said Makerere University occupied a special place in Prof. Emmanuel Tumusiime Mutebile's heart, adding that he was proud that Makerere University played a role in shaping his life.

He thanked government for supporting research and innovation at Makerere University through the research and innovation fund, adding that Makerere University has the potential to support government in the journey to socio-economic transformation.

"He believed in building the capacity of subordinates and also encouraged training of officers at higher levels.

MoFPED meets local government accounting officers on service delivery challenges

The Ministry of Finance, Planning and Economic Development held the meeting on May, 30th 2022 whose main objective was to discuss emerging challenges that have affected service delivery during the budget execution for FY 2021/22.

In his opening remarks, the Permanent Secretary/Secretary to the Treasury (PSST), Ramathan Ggoobi urged Accounting officers to focus expenditures to only critical areas that will spur economic growth in FY 2022/23.
He outlined a number of implementation challenges that are hindering Local governments from delivering the required services and these include the following;

1) Delayed uploading of the supplementary and quarterly expenditure limits on (PBS and IFMS) by some votes. This is affecting the implementation of the intended activities which results into denial of services to the citizens. It was noted that there is persistent late submission of warrants by Accounting Officers (Warrants should be requested for within a maximum of one week after issuance of expenditure limits).

2) Low absorption of the budget where funds are returned at the end of the financial year. For example, at the end of FY 2020/21, Local Governments returned Ushs. 589 billion to the consolidated fund. The PSST said he will not entertain supplementary requests for unspent balances for FY 2022/23 unless it is an emergency.

3) Inadequate popularisation of the Parish Development Model (PDM). It was noted that a number of accounting officers were not equipped with the information related to PDM which might delay government from attaining the intended socio-economic transformation.

4) Poor execution of construction projects: PSST noted that there is poor execution of development projects especially under UGIFT, in addition to poor quality of civil works, delayed completion and non-operationalization of projects even when required funds are available.

5) Abandoned/stalled projects in education and health by contractors especially under UGIFT.

6) Dismal performance of the Uganda support to Municipal Infrastructure Development (USMID) Programme. By end of quarter three FY 2021/22, a lot of funds remained unspent with a likelihood of unspent balances at the end of the financial year.

7) Underestimation of locally raised revenue budgets. By third quarter some local governments had exhausted the appropriated budgets for locally raised revenues due to under projections at the time of budgeting.

8) Delays in the operationalization of approved administrative units despite availability of resources.

9) Lack of land tittles for a number of sites where government projects are constructed. The PSST said he will not tolerate any new projects beginning FY 2022/23 without clear proof of land ownership, adding that Court awards arising from land disputes will be settled using your existing unconditional budget provisions.

The Acting Director Budget, Laban Mbulamuko also highlighted the budget preparation challenges which must be addressed and these include: Inaccurate budgeting for wage, pension and gratuity by including wrong computations on the Program Budgeting System (PBS), under budgeting for emoluments for elected political leaders and Ex-Gratia allowances as well as wrong allocations and missing cost centres and poor budgeting which is leading to budgeting for travel abroad, which is contrary to Cabinet decision.

The Local Government Accounting Officers said poor execution of projects and related abandonment of sites and delays are sometimes caused by incapacity of contractors who are given many projects to implement at the same time.

They also noted that local politics discourage efforts to raise local revenue expectations, adding that untimely release of funds is equally hampering timely execution of projects in local governments.

Regarding Parish Development Model, the accounting officers expressed optimism and readiness to implement programs to improve the wellbeing of the people of Uganda.

Accountant General Lawrence Semakula speaking on Financial management

DID YOU KNOW?

1

Annually, the Government of Uganda develops a Medium- Term Debt Management Strategy (MTDS). For FY2022/23, the MTDS has been developed with the aim of managing the costs and risks associated with the public debt portfolio. Furthermore, in order to meet Government's debt management objectives, the FY2022/23 MTDS will be focusing on increasing external debt borrowing while, reducing domestic debt

2

Government of Uganda has finalised the Public Investment Financing Strategy (PIFS). This is aimed at aligning financing options to appropriate government programmes to achieve value for money and attain long term fiscal sustainability

3

The Public Investment Plan (PIP) for FY 2021/22 has 395 projects with a total life value of Ushs. 105.061 Tn of which 81 projects valued at Ushs. 38,560.2 bn are externally funded, while 314 projects valued at Ushs. 67,029.5 bn are GoU funded. Of the GoU funded projects, 153 projects with life time value of Ushs. 6.975 Tn are retooling projects which are aimed at improving the working environment in public offices

4

Tax Expenditures broadly refer to any reductions in tax liability compared to some benchmark tax system. Tax expenditures are an alternative policy tool that government uses to deliver financial support to both companies and individuals. These expenditures can be in form of tax exemptions, reduced tax rates, tax credits, tax deferrals, and any direct government interventions to pay taxes on behalf of businesses deemed critical for the economic transformation of the economy. Tax expenditures are intended to encourage new investments and support the development of sectors or economic activities that are critical to the social economic transformation of the economy.

5

Subsidies are neither efficient at targeting the intended beneficiaries nor sustainable. Subsidies tend to result into what economists call a zero-sum game (i.e., some people gaining the equivalent other people's loss, so the net change in benefit will be zero). Research on expenditure in a number of African countries that used subsidies in the past shows that the distribution of these subsidies tended to be disproportionately concentrated in the hands of the rich. The rich benefit more than poorer households from any universal subsidy on products such as fuel and other fast-moving goods

6

According to the Uganda National Household Survey 2019/20, Ugandan households spend more than 40% of their income on food. The rural households spend 49% of their income of food whereas the urban one spend on average 33.8%. Food is the main driver of headline inflation in Uganda given its major contribution to the basket of an average household, with a weight of 27%. When the price of food goes up, all households are affected.

7

According to the Uganda Road Fund Road User Satisfaction Survey 2021, both road user satisfaction and road safety declined in 2021. Road users rated their road experience in 2021 as slightly dissatisfactory with a score of 2.39 points, down from a slightly satisfactory score of 2.51 points in 2019 while the road safety score declined from 2.58 in 2019 to 2.50 in 2021. The survey recommendations include improving road maintenance, construction of designated walkways, and upgrading gravel/earth roads to Tarmac

8

AfCFTA is one of the flagship projects of the first ten-year implementation plan (2014-2023) under the AU's Agenda 2063. It emphasises the reduction of tariffs and non-tariff barriers, and the facilitation of free movement of people and labour, right of residence, right of establishment and investment. If implemented fully, this agreement will become the largest trade agreement in the world with potential to create a continental free-trade zone with a combined GDP of USD $3.4 trillion. The AfCFTA is projected to raise Africa's income by 7%, lift 30 million people out of extreme poverty, and a further 69 million people out of moderate poverty by 2035 (UNDP, 2021).

9

A newly published Report by UNFPA and UNICEF on Teenage Pregnancy in Uganda indicates that out of the 1.2 million pregnancies recorded annually, 25% are teenage pregnancies. Nearly half (46%) of the teenage births are unplanned pregnancies. Further, teenage mothers are three times less likely to have professional jobs and twice more likely to be self-employed in agriculture. This affects their income levels, standard of living and contribution to productivity. The Report indicates that the teenage pregnancy rate is high and rising with more than 30,000 teenage girls getting pregnant each month in 2021 (over 1,000 daily)

10

Findings contained in the World Health Statistics Report 2021 indicate an overall increase in both global life expectancy (from 66.8 years to 73.3 years) and healthy life expectancy (from 58.3 years to 63.7 years) between 2000 and 2019. In the case of Uganda, the Report shows an increase in life expectancy from 63.7 years in 2014 to 66.7 years in 2019.

QUOTE

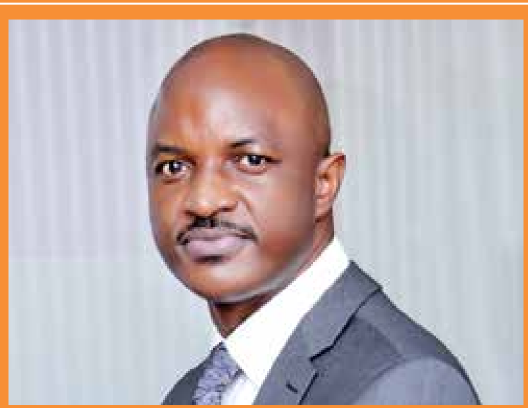
"The budget for FY 2022/2023 first and foremost is set to address the health and economic challenges presented by COVID19 for the economy to fully recover back to pre-pandemic levels; Secondly, maintain investment in the fundamentals–security, economic infrastructure, and the provision of reliable and affordable social services– for building the resilience of households and the economy to future shocks and ensuring sustained long-term growth; and, thirdly, foster faster socioeconomic transformation," said Finance Minister while launching the National Budget Month FY 2022/2023.

"From the fiscal policy side, Government is going to continue supporting farmers to grow more fast-maturing food and oil seeds to ensure sufficient domestic supply as well as take advantage of the rising global and regional prices to boost our export earnings. Government is scaling-up production of oil palm, sunflower and soya beans to ensure sufficient domestic supply," said Hon. Musasizi at Policy workshop on high commodity prices.

The Uganda - Turkey Summit was a big win for both countries. Uganda got opportunity to export coffee and sugar to Turkey. Factories are going to be built here and Turkey has got a new front for business, trade and tourism," said Hon. Anite at the end of the Uganda-Turkey Investment, Trade, Industry and Tourism Summit 2022 in Kampala.

The economic growth and budget strategy for FY 2022/2023 both focus on three broad objectives, namely; ensuring peace and stability, mitigating the impact of the COVID-19 pandemic and enhancing social economic transformation," said Hon.Lugoloobi while laying the Budget for FY 2022/2023 in Parliament.

"I am a leader different from others, I rarely spend time in office because I am always in the field making sure Ugandans get out of poverty by sensitizing them on government programmes. There is no excuse any elected leader can give for not getting involved in Emyooga program," said Hon. Kasolo during the training and sensitization of district elected leaders on Emyooga in Masaka City.



"The past two years may have been a pain to each of us. The current increase in prices of essential goods at a time when we are emerging from a pandemic of unprecedented proportions may be posing real threat to our survival. But on the horizon, the future looks bright. These shocks are temporary. The situation will soon normalize. Let's not listen to alarmists and those who bend the truth to turn flawed common-sense into economics. Support the ongoing reforms to create an economy that works for everyone," said PSST Ggoobi at Tumusiime Mutebile annual public lecture.

Ggoobi asks players in oil and gas sector to focus on welfare of mwananchi

By MoFPED Comms Team

PSST visiting one of the oil well pads at Kingfisher project managed by CNOOC

Following the signing of the Final Investment Decision (FID) players in the Oil and Gas sector have intensified activities ahead of the planned delivery of first oil come 2025.

Government has on its part made concrete decisions including provision of more resources towards the commercialisation of the oil and gas sector. In the recently presented budget for financial year 2022/2023 Shs.904.1 billion has been allocated towards the development and commercialisation of minerals, oil and gas.

As part of the finalisation of the budget for FY 2022/23,the Permanent Secretary and Secretary to the Treasury (PSST) Ramathan Ggoobi led a team of officials from the Ministry of Finance including Ag.Director budget Laban Mbulamuko and Ag.Director Economic Affairs Moses Kaggwa to the oil fields to check on the on-going projects in the Albertine region. This was coordinated by the Petroleum Authority of Uganda.

The team first visited Uganda Petroleum Institute Kigumba (UPIK) to establish the readiness of the country in addressing the skills gap at technical level (technician and artisan level) for Uganda to seize the opportunities in the oil and gas sector.

According to Bernard Ongodia, the Principal of the Institute which has been internationally accredited, over 1000 diploma and certificate students have graduated from the institute since 2011 with necessary skills in the oil and gas sector.

UPIK trains technicians at certificate and diploma levels in instrumentation, electrical and mechanical maintenance, health and safety and environment (HSE), welding, metal works and fabrication among other courses.

The training at UPIK is internationally accredited by City & Guilds, the Engineering Construction Training Industry Board (ECTIB) and Offshore Petroleum Industry Training Organisation (OPITO).

While inspecting the infrastructure developments at UPIK, PSST, Ramathan Ggoobi said government is focused and committed to investing in the oil and gas sector, which is a priority area in the NDP III.

The on-going projects are supported by the Government of Uganda through the Albertine Bursary scheme, the Skills Development Fund (SDF), Total Energies E & P Uganda B.V Ltd (TEPU) and the Albertine Region Sustainable Development Project (ARSDP) funded by the World Bank.

"We need to prepare Ugandans by skilling and certifying them to take full advantage of the oil and gas sector. Uganda has already avoided the Dutch disease because of the steps government has already taken in the process of streamlining the operations of the sector," said Ggoobi.

During the three day visit (8th to 10th April, 2022), Ggoobi also visited the two main projects of Uganda's upstream part of the petroleum value chain at Tilenga operated by Total Energies E & P Uganda and Kingfisher operated by CNOOC Uganda.

At the Tilenga project, expected to produce 190,000 barrels of oil per day, the team inspected the construction works and expansion of Tangi camp, the C1 Road and Central processing facility (CPF) where crude oil from Tilenga wells will be processed to remove impurities such as gas, water and sand before it is exported.

PSST Ggoobi gets briefing about progress of Airport from Dr Mugerwa of UNOC

The Tangi camp is being expanded to support the larger drilling campaign of development wells within Murchison Falls National Park. The camp will specifically support the drilling operations that are north of the Victoria Nile. The capacity of the camp is being enhanced to from 350 to 600 personnel.

The Kingfisher project managed by CNOOC, the second upstream project is expected to produce 40,000 barrels of oil per day and here, Ggoobi inspected on going the civil works in the oil well pads and the resettlement houses (56) under construction for the project-affected persons.

OIL & GAS

Among the key facilities to be constructed include the central processing facility (CPF), the wellpads, flowlines and lake water abstraction.

On 7th March, eighty six (86) conductor pipes were delivered to the wellpads and these will be installed to protect the near surface soils from drilling fluids during drilling operations.

At Kabaale Industrial park, which will comprise of the crude oil export hub and the Refinery among other industries, the development of Kabaale industrial airport to support transportation of materials in the oil and gas industry as well as agricultural produce and tourists is expected to be complete by March 2023.

PSST Ggoobi with his team pose for a group photo at UPIK

Ggoobi thanked the companies in the sector for integrating community supplier development programmes to ensure that the local people who are still in subsistence economy benefit from the sector.

"I would like to see the people of Buliisa supplying food with high value proteins to the people in the industry. This is where Parish Development Model comes in handy and should be tailored to support households to do projects such as poultry, piggery, fruits and vegetables which will be consumed in high tonnage," said PSST.

He said development of key commodities value chains will have a high impact on transforming the 39 percent of households in subsistence into the money economy

The Parish Development Model will be complemented by other Government programmes such as the Emyooga Fund; the Microfinance Support Centre credit to other SACCOs and Village Savings Groups; the Small Business Recovery Fund; and other wealth creation initiatives.

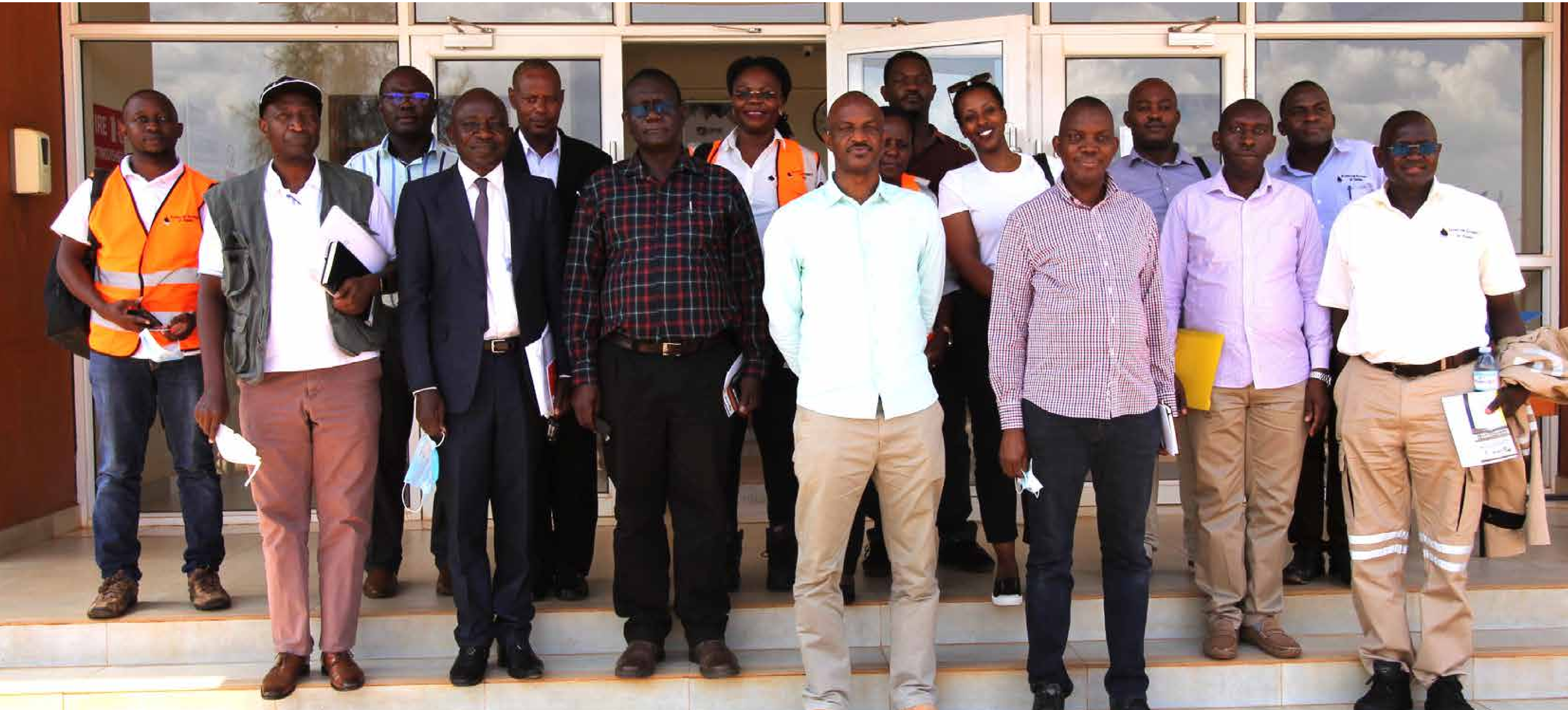
The Executive Director Petroleum Authority of Uganda, Ernest Rubondo also re-echoed the need for Ugandans to actively participate in the oil and gas sector, adding that farmers need provide high quality food to the camps set up by the companies.

"The linkages with sectors including agriculture, health and education are important for the country and will further the value which the oil and gas sector will introduce to the country through opportunities for employment and provision of goods and services," said Rubondo.

Dr. Michael Mugerwa, the General Manager Uganda Refinery Holdings Company Ltd and Kabaale Industrial Park at Uganda National Oil Company (UNOC) said the Airport project has a 3.5 km long runway that is 45 m wide with shoulders of 15 m on each side that can enable large cargo airplanes to land.

He said government has also invested USD 3.5 million for the refinery, which will process 60,000 barrels per day. The facility with a 211km long multi-products pipeline will evacuate refined products from Kabaale, Hoima District to a storage terminal at Namwabula in Mpigi district.

I would like to see the people of Buliisa supplying food with high value proteins to the people in the industry



First Uganda Extractive Industries Transparency Initiative report launched

By MoFPED Comms Team

The first Uganda extractive industries transparency initiative (UGEITI) report for the year ending 30th June 2020 has been launched.

The report covers the payments made by extractive entities, revenues received by government agencies and other material payments and benefits to government agencies as stated in the requirements of the 2019 extractive industries transparency initiative (EITI) standard.

Cabinet made the decision for Uganda to join EITI, the global standard for the good governance of oil, gas and mineral resources. Uganda was admitted to the EITI in August 2020 as its 54th member country.

EITI implementation in Uganda is overseen by the tripartite multi-stakeholder group (MSG) comprising of 25 members.

Efforts made to strengthen EITI implementation include: engagements to disclose beneficial owners, disclosing contracts and agreements as well as engagements for better Inter-agency collaboration and coordination.

The report was launched by the Minister of State for Mineral Development Peter Lokeris at Sheraton hotel Kampala.

He said EITI will support the existing frameworks and systems to strengthen governance, transparency and accountability which will enable government to maximise revenues from extractive resources and also remain accountable.

"I wish to assure the public that the government of Uganda is committed to complying with the requirements of EITI because this part of the government strategy under NDP III as well as the domestic revenue mobilisation strategy to harness additional revenues in order to deliver services to the people," said Lokeris.

The Permanent Secretary and Secretary to the Treasury,Ramathan Ggoobi in his remarks delivered by the Acting Director Economic Affairs, Moses Kaggwa, said the major issue becoming apparent over the years is the need to institutionalize transparency in the extractive sector's transactions across the supply chain to foster economic and social development.

"Through joining EITI, Uganda has taken a giant step to ensure transparency in the management of its resources," said Ggoobi.

He said that Uganda has developed a robust policy and legal frameworks for proper management of its extractive resources and revenues and these include: The National Oil and Gas Policy, 2018, Oil and Gas Revenue Management Framework, 2012, The Public Finance Management Act, 2015, The Mining and Mineral Policy, 2018 as well as the National Content Policy.

According to the report, the contribution of the extractive sector to Government's revenue amounted to UGX 436.35 billion,

Minister of State for Mineral Development Peter Lokeris launching UGEITI report at Sheraton hotel Kampala

accounting for 1.27% of the total domestic revenues in FY 2019/20.

The value of exports from the extractive sector amounted to UGX 2.598 billion accounting for 0.02% of the country's total exports in FY 2019/20.

The macro-economic data provided by the Uganda Bureau of Statistics (UBOS) indicates that the mining and quarrying sector accounted for UGX 2,266.31 billion in FY 2029/20 which represents 1.17% of the national GDP.

The key projects in the oil and gas sector include: The Kingfisher development project, Tilenga project, Uganda Refinery project and the East African Crude Oil Pipeline project, in addition to the oil roads and Kabaale airport.

In the mining sector, government has established three beneficiation centres in Moroto, Ntungamo and Fort Portal to add value to raw minerals and create more jobs.

The artisanal and small scale miners have been formalised under the new Mining and Mineral Bill,2021 that was passed by Parliament and awaiting assent by the President.

Currently, artisanal miners account for more than 90% of metallic, industrial and building minerals and provides livelihoods to almost 350,000 individuals.

Ag. Director Economic Affairs Moses Kaggwa

Advancing the industrial agenda through the industrial parks model

In March 2021, Government of Uganda decided on the implementation of the 25 Industrial Parks. The main objective is to facilitate the socio-economic transformation of Uganda by promoting industrialisation through import substitution and export promotion strategies and each industrial park is envisaged to create 10,000 direct jobs and 70,000 indirect jobs.

Under this arrangement, Industrial Parks are expected to be developed in 20 Zones across the country. This is consistent with Government commitment to develop consolidated industrial infrastructure in Zonal Industrial Parks.

Establishing fully serviced industrial parks with facilities including road networks, uninterrupted electricity access, water and other amenities has been identified as the most critical requirements which will reduce establishment costs for investors and enhance competitiveness.

These incentives will help in attracting credible investors that are expected to deliver economic transformation through value addition on local raw materials, job creation and increase in household incomes.

Implementation of the Agro-industrialisation programme and the Parish Development Model (PDM) if done well will generate output that require processing centres and these can be located in these Zonal Industrial Parks as aggregation centres.

Uganda Investment Authority (UIA) is developing Industrial Parks in collaboration with stakeholders especially: National Enterprise Corporation (NEC); Ministry of Local Government (MoLG); Ministry of Trade, Industry and Cooperatives (MoTIC).

At least 500 acres of dry unencumbered land has been identified in 20 Zones across the country.

UIA is required to undertake planning and budgeting for the infrastructure in Industrial Parks while NEC will undertake infrastructure development works. The planning process includes undertaking the feasibility studies on the identified locations to prepare for development of the industrial infrastructure.

Hon. Anite receives land for industrial park in Kisoro district

The Industrial Parks that have been established to date include: Kampala Industrial and Business Park Namanve, Liao Shen Industrial Park Kapeka, Tangshan Mbale Industrial Park; and MMP Industrial Park Buikwe.

Establishing fully serviced industrial parks with facilities including road networks, uninterrupted electricity access, water and other amenities has been identified as the most critical requirements which will reduce establishment costs for investors and enhance competitiveness.

Integrated Financial Management System (IFMS) upgraded

What is IFMS?

IFMS is a software system that integrates government financial management processes. It bundles essential financial functions into one Oracle based software suite that operationalises key business processes such as Budget Execution, Payments Processing, Revenue Consolidation, Bank Account and Cash Management, Fixed Assets Acquisition as well as Financial Reporting. It's implemented in 285 of the 301 government votes (All Ministries, Departments, Agencies and 163 of 176 Local Governments).

Background:

The Government of Uganda had historically faced major problems of inaccurate, untimely, and inappropriate budget and accounting information. This was characterized by manual and semi-automated systems, inadequate systems for collection and tracking of revenue, backlog of un-reconciled bank accounts, lack of a uniform Chart of Accounts that complied with Government Finance Statistics (GFS), endemic budget overruns, ad-hoc and uncoordinated IT acquisitions; and non-compliance with international public sector accounting standards.

In 2002, the Integrated Financial Management System was set up purposely to;

1. Improving fiscal management, thereby achieving timely, accurate financial information for Local and Central government.

2. To ensure transparency and accountability in the handling and use of public resources.

3. To provide better expenditure controls.

Commissioner Treasury Inspectorate and Policy Stephen Ojiambo speaking to the trainees.

4. To enhance operational effectiveness by improving the quality of data and making it available for use and sharing.

5. To standardize and automate Government financial management processes, reducing redundant tasks.

6. To improve revenue management. The Integrated Financial Management Information System (IFMS) replaced all stand-alone legacy Financial Management Systems in MALGs.

Re-Implementation of Integrated Financial Management Systems

The third National Development Plan (NDP III) roadmap to delivery Uganda's Vision 2040, introduced several reforms. Key among these are the 2 primary reforms:

1 The introduction of programme-based budgeting, a radical shift from the existing sector-based budgeting.

2 The requirement for tracking all expenditure and progress at various categorisation levels such as NDP III Programmes, Geographical Regions, and Budget Outputs which must be embedded at the core of all government systems.

These changes triggered the need to re-configure key Public Financial Management Systems, including the Integrated Financial Management System, in all government votes close to two months we rolled out the national wide user training exercises for the upgrade of IFMS re-implementation in Uganda and we trained Accounting officers, Accountants, Cashiers, Auditors and Procurement Professionals.

All key features of these systems have been restructured to support planning for, utilization and monitoring of government resources, vital to the achievement of the goals outlined in NDP III with the primary aim of increasing government productivity through systems. However, there are other Systems that integrate and interface with IFMS re-implementation.

While IFMS automates the bigger part of Public Financial Management, its successful implementation has been in-part because of its ability to integrate with other key government public financial management systems like Program Based Budgeting System (PBS), Electronic Government Procurement System (EGP), Uganda Revenue Authority's E-Tax System (E-TAX), Bank of Uganda Banking System (BBS), National Social Security Fund's E-Collections System (NSSF) and Ministry of Public Service Integrated Personnel and Payroll System / Human Capital Management System (IPPS / HCM).

The Government of Uganda had historically faced major problems of inaccurate, untimely, and inappropriate budget and accounting information.

Skills enhancement and training

Due to IFMS Upgrade exercise going on country wide, User Training is a key component of IFMS implementation, ensuring that all officers that will be making use of the system are well equipped to navigate. Implementing a new system in government can present a big change for many employees. A new or upgraded solution includes new functionalities, tools and processes that allow for additional productivity in the long run while minimizing human errors. Training therefore, was to ensure that required skills to effectively use IFMS are transferred. Training was carried out before the system officially goes live giving officers a chance to acclimate to any new processes. This also helps calm the nerves of new users as is expected with using a new or unfamiliar tool.

Key message for Ugandans

Government is aiming to effectively deliver services to the public in time for poverty reduction, transparent, accountable PFM systems deliver services more effectively and equitably. In this sense, IFMS is a necessary tool for accountability of public funds.

Improving the effectiveness of PFM system also generates widespread and long-lasting benefits and in turn helps to reinforce a wider societal shift towards inclusive institutions, and thus towards stronger economies, reduced poverty, and balanced growth.

The shift from manual systems prevents outright loss of funds and speed up the detection process early enough to avoid the loss of funds.

IFMS facilitates timely processing of payments to supplier as well as government employees (through decentralised payroll payments) while checking financial abuse in payroll.

With IFMS, financial information is more likely to be readily available as manual systems are more susceptible to information loss, manipulation, and poor filing systems.

PFM Systems are also critical to support the efficacy of the government's emergency responses such as procurement and payment for emergency health services and supplies.

Feedback received from the beneficiaries and the users of the system?

Beneficiaries

IFMS has enabled timely remittance, Payments, payroll as well as remuneration for goods and services provided to government, easier to obtain assistance (with a centralised systems service centre) with regards to any delays in payment as opposed to a manual environment.

Government bodies have benefited immeasurably from availability of financial information (URA for tax purposes), ability for systems to speak to each other for verification of payment for services (NSSF) as well as various benefits that accrue from using software rather than physical paper.

However, we believe that the IFMS upgrade will help government to easily manage the ever increasing mismanagement, corruption, poor accountability, absenteeism, abuse of office and wastes in government hence improving service delivery.

Ag. Director Treasury Services and Assets Management, Jenipher Muhuruzi officiating at the training

Participants at the training

Users

Less paperwork translates to less vulnerability to mistakes, misplacement of financial data, quick in transactions process and approval.

Being a software-based system rather than a manual system, it is secure, reliable, readily available, better remote support and cheaper.

IFM systems are much faster in report compilation and Data analysis than in a manual environment. However, in local governments, there are challenges of knowledge gap, network, access and timely repairs in case of breakdown.

Where does this end? The end game of systems?

Developing local solutions to financial management systems.

When IFMS was launched in 2002, local IT sector was almost non-existent. Government opted to use the Oracle Software for various reasons such as the established reputation with capacity to scale up operations to significant proportions as required by government, giving government reasonable guarantee on system availability and security.

The domestic ICT industry is now at its infancy but growing rapidly, to take on more detailed complex needs of government that often require extreme precision and massive scaling in operations. It is envisaged that in the near future, government will entrust much broader, multifaceted software development to local IT experts.

Local talent could soon be able to use existing systems as a baseline to develop peripheral features and solutions such as mobile financial applications, as well as provision of financial data analytics for government. This has already been manifested in systems like (PDMIS) Parish Development Model Information System.

Government, through MoICT, is entrusted with nurturing the industry and spearheading its establishment as key actors in software development. Using this trajectory, government will be developing local talent, creating much more needed employment opportunities and ensuring sustainability through reduced cost outlays required to automate government processes.

IFM systems are much faster in report compilation and Data analysis than in a manual environment

GENDER

Mainstreaming gender and equity in government

By Alice Mubiru

The Public Finance Management Act (PFMA), 2015 obliges Ministries, Departments, Agencies (MDAs) and Local Government (LGs) to address Gender and Equity issues in budget formulation: Section 9 (6) (a) and (b); Section 13 (11) (e) i and ii; Section 13 (15) (g) (i) and (ii); and a Certificate of Compliance issued before Budget approval by the Parliament.

Uganda is one of the pioneer countries in the world with a law, which makes it mandatory for MDAs and LGs to address gender and equity issues in formulation of Budget Framework Paper (BFP) and Ministerial Policy Statements (MPS).

Uganda is committed to achieving the 17 Sustainable Development Goals (SDGs) and has dedicated efforts through its national plans, to realize the full potential of every Ugandan with emphasis on vulnerable and marginalized groups in society. This means walking the talk of "leaving no one behind" as articulated in the SDGs.

Why the Gender unit in MoFPED?

The Unit was established to strengthen the mainstreaming of Gender and Equity concerns during planning and budgeting processes within the ministry. The Unit also provides technical guidance to the Ministry and its subventions during the implementation of projects, programs and interventions, by ensuring that all activities are engendered.

In addition, the Gender Unit is responsible for addressing cross-cutting issues including Gender and Equity issues, Ennvironment and Climate change in the Ministry's programmes and activities.

Achievements

During the FY 2021/22, the Gender Unit has achieved the following:

1) Organized the National Gender and Equity Budget Taskforce meeting for Q4 FY 2021/22, chaired by Director Budget. The MoFPED Gender Unit is the Secretariat for the Gender and Equity Budget (GEB) Taskforce, and it organizes these meetings every quarter. The main goal for these quarterly meetings is to discuss how different MDAs implement G&E commitments in their budgets and activities.

2) The Gender Unit took part in the organization of the Health, Gender and Environmental Awareness, Week, which takes place every financial year at the Ministry's premises. The event focuses on engaging staff in health and wellness activities, deepening their understanding on mainstreaming gender and equity and environmental concerns for better service delivery.

3) The Gender Unit show-cased its publications and information for purposes of creating awareness on Gender and Equity issues. Different facilitators were invited to talk about nutrition; and physical wellness services which were made available during the week included; Blood donation, Cancer screening, HIV Testing and counseling, Diabetes/ Blood pressure checkup, Dental checkup, Eye Testing, insurance services, Energy saving among others.

4) The Unit also organized and conducted a review and validation of the MoFPED Gender and Equity Policy. The Policy will be used as a guiding document and a legal point of reference for mainstreaming Gender and Equity (G&E) throughout the Ministry's functions to ensure a gender responsive socio-economic growth and transformation in Uganda.

5) The Gender and Equity Unit equally organized On-Spot Field Activities with the purpose of monitoring the status of implementation of Gender and Equity commitments made by the different LG's

The Policy will be used as a guiding document and a legal point of reference for mainstreaming gender and equity (G&E) throughout the Ministry's functions to ensure a gender responsive socio-economic growth and transformation in Uganda.

Gender unit staff during the health, gender and environment week

Blood pressure check up during the health,gender and environment week

during FY 2020/2021.

6) The Unit also formed the Gender and Equity Focal Persons Committee; and organized the first Committee meeting, to foster coordination in different departments within the Ministry.

The Gender Unit took part in different activities during the FY 2021/22 as highlighted below:

i. Participated in the dialogues of the 20 Gender and Equity Programme Handbooks to enhance the implementation of G&E commitments in the NDPIII.

ii. Participated in the Validation workshop of G&E Training Materials for Education and Health Sectors.

iii. Attended the Inception and Project Launch workshop for supporting parenting care corners in markets to reduce unpaid care work for vulnerable businesswomen in Uganda. (17th November 2021).

iv. Contributed to the MoFPED Budget Framework Paper for FY2022/23.

v. Participated in the Validation workshop for the revised comprehensive GEB curriculum and training manual aligned to programme-based approach.

vi. Attended a Dialogue on Unpaid Care and Domestic work organized by UWONET.

vii. Contributed to the preparation of MoFPED Ministerial Policy Statement FY 2022/2023.

viii. Attended a training on how to use Gender Statistics organized by MGLSD and Statistics Norway for selected MDAs.

ix. Attended a Training on Environmental and Social requirements under the UGIFT program.

Conclusion

The Gender Unit will continue to work hand in hand with all MoFPED departments and subventions, to realize the G&E commitments and also improve the Ministry's performance in the EOC compliance report.

The Writer is the Head of the Gender Unit

Make it a Habit! Eight Habits to Keep You Safe Online

By Leone Byereeta

One way to simplify cybersecurity is to focus on just a handful or two of good habits that can help protect you across a variety of situations. Good habits are the foundation of cybersecurity just as they are for safety and security in the physical world — like locking your front door and/or gate or wearing your seat belt in the car.

Here are eight important cybersecurity habits to incorporate into your online life. They will help to protect you, your information, your family, your work and the Ministry against a wide variety of cybersecurity threats. They'll also reduce your risk of getting scammed! Try to make these habits automatic.

1. Always think twice before clicking on links or opening attachments in your e-mails. Sometimes all it takes is that extra split second to realize that you might be being tricked.

2. Verify requests for private information (yours or anyone's), even if the request seems to come from someone you know. The fraudsters know how to fake their identity.

3. Protect your passwords. Make them long and strong, never reveal them to anyone, and use multi-factor authentication wherever possible. It is also encouraged to use different passwords for different applications. For example, use different passwords for say ifms [Integrated Financial Management System] and pbs [Programme Budgeting System] application accounts.

4. Protect your computer/laptop or any other device! Lock it up or take it with you before you leave, even if you'll only be away for a second. And password-protect all of your devices.

5. Keep a clean machine! Keep your devices, apps, browsers, and anti-virus/ anti-malware software patched and up to date. Automate software updates and restart your devices periodically to ensure updates are fully installed. Find out from the IT Team what you need to do, if anything, for devices managed for you.

6. Back up critical files. Store backups in a physically separate location from the originals, and test them periodically.

7. Delete sensitive information when you are done with it. Better yet, don't store it in the first place if you don't need to.

8. If it's suspicious, report it!

The writer is Acting Systems Analyst, Accountant General's Office

1st Deputy Premier Rebecca Kadaga opening post budget dialogue

Internal Auditor General Dr. Fixon Akonya Okonye at 13th Annual Board & Audit Committee workshop at Kampala Serena HOTEL

Hon Anite launching blood donation drive at MoFPED during NBM FY 2022/23

NBM 2022/23 - Tree planting at Buteza seed secondary school in Sironko district

PSST visits tembo steels in Iganga and Lugazi

DST-Patrick Ocailap swearing in as the new Board of Uganda Airlines

PSST Ggoobi delivered keynote address at the inaugural National Public Relation symposium at Hotel Africana

Hon. Anite and Commissioner Isingoma handover Award to VP Hon. Alupo at the 16th Annual Internal Auditors Conference 2022 at Speke Resort Munyonyo

Finance Minister Hon. Matia Kasaija reading the budget for FY 2022/23 at Kololo

Photo moment during 13th Annual Board & Audit Committee workshop,Kampala Serena Hotel

UnderSecretary/Accounting Officer Dr. Sengonzi Edward Damulira speaking at MoFPED post budget retreat at Speke Resort Munyonyo

STATUTORY BUDGET PROCESS CALENDAR FOR FY 2022/2023

NO.	ACTIVITY	PFM ACT 2015	PROPOSED DATES	RESPONSIBILITY CENTRE	DIRECTORATE
1	Issue the First Budget Call Circular for FY 2022/2023	15th September	Wednesday 15th September 2020	PS/ST	Budget
2	Submission of the National Budget Framework Paper FY 2022/2023 to Parliament [Section 9 (5)	By 31st December	Thursday 16th December 2021	Hon. MoFPED	Budget
3	Approval of the National Budget Framework Paper by Parliament [Sec. 9 (8)]	By 1st February	By Thursday, 20th January 2022	Parliament	Budget
4	Issue the Second Budget Call Circular FY 2022/2023	15th February	By Tuesday 8th February 2022	Budget Directorate	Budget
5	Presentation of the Ministerial Policy Statements to Parliament [Section 13 (13)	By 15th March	By Tuesday 8th March 2022	Line Ministries	Budget
6	Presentation of the Annual Budget in Parliament	1st April	By Thursday 17th March 2022	MoFPED, EOC and NPA	Budget
7	Approval of Annual Budget [Section 14 (1)]	By 31st May	Thursday, 19th May 2022	Parliament	Budget
8	Reading of the Budget Speech for FY 2022/2023 in Parliament	By 2nd Week Before 1st July	Thursday 9th June 2022	Hon. MoFPED	Budget, DEA, DCP

NDP III PROGRAMMES AND CORRESPONDING LEAD AGENCIES

No.	Program	Lead Agency
1	Agro-Industrialization	PS/MAAIF
2	Mineral Development	PS/MEMD
3	Sustainable Development of Petroleum Resources	PS/MEMD
4	Toursim Development	PS/MoTWA
5	Natural Resources, Environment, Climate Change, Land and water Management Development	PS/MoWE
6	Private Sector Development	PS/MoFPED
7	Manufacturing	PS/MoTIC
8	Intergrated Transport Infrastructure and Services	PS/MoWT
9	Sustainable Energy Development	PS/MEMD
10	Digital Transformation	PS/MoICT&NG
11	Sustainable Urbanization and Housing	PS/MoLHUD
12	Human Capital Development	PS/MoES
13	Innovation, Technology Development and Transfer	PS/MoSTI
14	Community Mobilization and Mindset Change	PS/MoGLSD
15	Governance and Security	SECRETARY/OP
16	Public Sector Transformation	PS/MoPS
17	Regional Development	PS/MoLG
18	Development Plan Implementation	PS/MoFPED
19	Administration of Justice	Sec/Judiciary
20	Legislature	Clerk/Parliament

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