MOFPED TIMES

Privileged Insights

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ISSUE No.11 April - June 2023

PPPs
ALTERNATIVE FUNDING OPTION FOR STRATEGIC PUBLIC INVESTMENTS

IBP
IMPROVING PROJECT PERFORMANCE

Highlights of the BUDGET SPEECH FY 2023/24

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

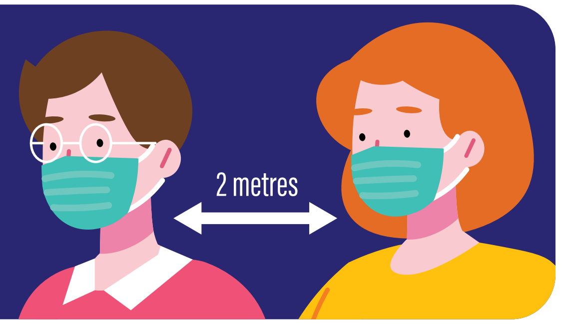
SAVE LIVES

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

In this Issue

COVER PAGE

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Ramathan Ggoobi
Permanent Secretary and Secretary to the Treasury

Ministry of Finance, Planning and Economic Development

Greetings

Sincere greetings to our esteemed stakeholders,

I congratulate you all upon successfully going through FY 2022/2023 and proactively working with us to deliver the national budget for FY 2023/24 which has been widely publicised to create awareness and increase public ownership.

I want to assure you that the budget for FY 2023/24 provides an opportunity for every Ugandan to have a stake in the economy. We are intentionally redirecting resources towards wealth creation programmes such as the Parish Development Model (PDM) so that more Ugandans can join the money economy.

The fiscal outlook for Uganda remains positive, the economy has remained resilient despite the series of shocks and is on a steady path to recovery.

Going forward, we shall continue to prioritise expansion of revenue collection and improving efficiency and effectiveness in public expenditure. Supplementary budgets will continue to be reduced as well as borrowing, particularly domestic borrowing.

The budget for next financial year has also prioritised upgrading of transport infrastructure, supporting small-scale solar powered irrigation, building infrastructure in industrial parks, investing in oil, gas and tourism as well as supporting the private sector to access affordable financing.

All the above will be anchored on continued investment in peace and security which are the bedrock for socio-economic transformation.

The future looks bright. I call upon you all to support our reforms and take advantage of the various opportunities that government has offered in the budget for FY 2023/24.

Enjoy reading this Edition of the TIMES■

Ramathan Ggoobi

Permanent Secretary and Secretary to the Treasury

National Budget Reading Day FY 2023/24

(L-R) Finance Minister,Deputy Speaker,Vice-President, Speaker, Deputy Chief Justice and Prime Minister.

Apollo Munghinda
Principal Communications Officer

Ministry of Finance, Planning and Economic Development

Our esteemed Stakeholders

Hearty greetings from MoFPED,

I am very pleased to share with you these Privileged Insights from MoFPED.

We are grateful for successfully delivering the budget for FY 2023/24 and special thanks to you all our stakeholders for your invaluable input to the budget process.

In this end of FY 2022/23 edition, we share with you highlights of the National Budget Speech for FY 2023/24 and what leaders said at the various budget month engagements.

This Issue also brings you the tax measures that will support domestic revenue mobilization during FY 2023/24, efforts towards climate financing as well as findings and recommendations from the NDP III mid-term review.

We share the progress on the roll out of the Integrated Local Revenue Administration System (IRAS) and the impact of Agricultural commercialization in Local Economic Development.

Finally, we explore the significance of Public Private Partnerships in Public Investment Financing.

Enjoy reading the MOFPED TIMES■

Apollo Munghinda

Principal Communications Officer

Reprioritize spending, do more Fiscal Consolidation – NDP III mid-term review report

By Shaka Isaac

The National Development Plan Three (NDP III) was launched in 2020 with the overarching goal of enhancing household incomes and the quality of life of Ugandans.

This Comprehensive National Development Planning Framework (CNDPF) provides for the development of medium-term plans for the country and the NDP III for the period (2020/21 to 2024/25) is one of the six plans required to achieve Vision 2040.

Launching the mid-term review key findings of NDP III at Golf Course Hotel, Kampala on 11th May, 2023, the State Minister for Planning Hon. Amos Lugoloobi said the review offers the opportunity to renew government's commitment and collaboration to achieve the national vision and global goals.

The Minister said the COVID–19 pandemic, Russia-Ukraine war effects and disasters like locusts and floods had a significant impact on the Plan's implementation and this largely accounts for the 17 percent of NDP III results achieved by the end of the second year, in addition to slow transition to the programme approach and weak planning and budgeting for core projects.

"This mid-term review presents an opportunity to realign the NDP III for the remaining plan period," said Lugoloobi.

The mid-term review of NDP III was conducted to assess the progress towards achieving its objectives, key milestones, overall results, challenges and lessons learned in the implementation of the plan. The review

Minister Lugoloobi in group photo with Stakeholders at launch of NDP 3 review findings and launching NDP IV

Hon. Lugoloobi making keynote speech at launch of NDP III mid-term review findings

was conducted under six (6) dimensions, including i) Economic Management; ii) Policy and Strategic Direction; iii) Programmes Design and Institutional Framework; iv) Monitoring and Evaluation framework; v) Development Partnerships, and vi) Local Economic Development (LED).

In addition, seventeen (17) cross-cutting issues were also assessed, including gender equality and women empowerment, human rights, environmental sustainability, climate change, HIV/AIDS, population and development, social protection, food and nutrition, social protection, child health, youth, disability, and disaster risk reduction, among others.

The key findings of the review reflect weak performance attributed to Covid-19 effects. There was decline in economic growth due to the shocks and slow implementation of public investments contributed to the slow growth outturns. For example, it was found that in March 2022, out of the 69 core projects, 32 which is (46%) projects were under implementation with only 7 projects on schedule while 25 were behind schedule.

The report notes that limited progress has been made in value addition in the agriculture sector and not much in terms of value addition has been done in the area of mineral beneficiation apart from gold.

The review established that financing the fiscal deficit has increasingly been from domestic sources which is costly to government. Credit to the private sector has increased but at a slow rate compared to the growth over the NDP III period.

The review findings also show rise in government spending (government expenditure to GDP at 23.3% against planned 20.8%), decline in funding for growth enhancing programmes (9% of total budget), increase in the percentage of revenue for debt service (projected to increase further from 30.7 percent in FY 2023/24 to 31.3 percent in 2024/25) and low domestic revenue collection among other findings.

The report proposed several recommendations to government including; demonstrating commitment to fiscal responsibility and reprioritizing spending in areas such as Defense, Parish Development Model, Irrigation and Road maintenance. This has been responded to in the budget for FY 2023/24

The review recommends change in financing strategy by government to curb the fast rising debt levels by considering alternative financing models including; Issuing long-term infrastructure Bonds, green bonds, climate finance, and other emerging financing options.

In line with the Public Finance Management Act, 2015 all spending entities should properly plan for predictable expenditures to avoid and contain supplementary budgets within 3 percent of the total budget.

The review recommends that the Planning function should be elevated to the Department level within Ministries, Department and Agencies and Local Governments to reduce attrition of experienced staff, facilitate capacity improvement through the recruitment of additional staff and enable the undertaking of the various roles.

The other recommendation is that government should strengthen the public investment management cycle including sequencing investment projects, right from project planning; allocation; implementation, monitoring and evaluation and capacity in public investment management should be built including aspects of Project planning, preparation, project appraisal and selection, procurement and implementation among others.

Government should also engage meaningfully in large and impactful industrial projects involving value addition.

NDP IV Roadmap launched

State Minister for Planning launched the NDP IV roadmap (FY 2025/26 to FY 2029/30) which outlines the key steps and activities that will be undertaken by the various stakeholders.

He said the evaluation of NDP I and NDP 2 as well as the mid-term review of NDP III shows that there are gaps and challenges that need to be fixed to accelerate Uganda's growth and development.

Areas that need more focus include; poverty reduction, income inequality, unemployment, climate change, governance, regional integration and global competitiveness.

Participants at dissemination of NDP III mid-term review findings and launch of NDP IV

BUDGET

Highlights of the Budget Speech - FY 2023/24

By MoFPED Comms Team

The Budget for FY 2023/2024 was prepared under the theme "Full Monetization of the Ugandan Economy through Commercial Agriculture, Industrialization, Expanding and Broadening Services, Digital Transformation and Market Access".

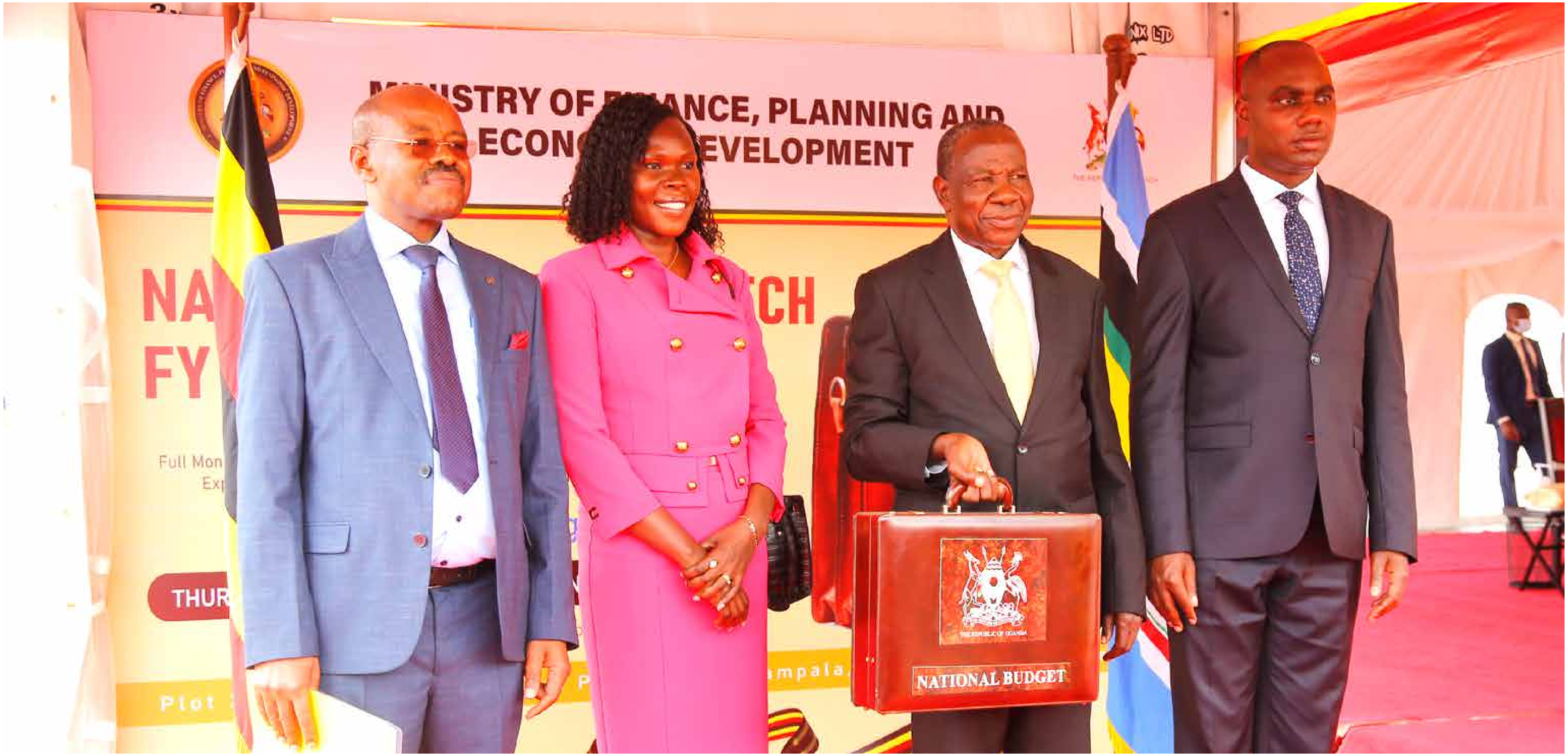
The Budget speech for FY 2023/24 was delivered by the Finance Minister on 15th June,2023 in fulfilment of Article 155 (1) of the Constitution which commands the Minister to prepare and present to Parliament estimates of revenue and expenditure on behalf of H.E the President.

According to the budget speech, Uganda's economy has remained resilient, and is on a steady recovery path. The economy this year is projected to grow by 5.5% compared to 4.6% last year. This year's performance compares favourably with the average growth rate for Sub-Saharan Africa estimated at 3.6% for calendar year 2023.

Inflation is reducing steadily on account of well-coordinated fiscal and monetary policy. Inflation has significantly decreased since October 2022 when it peaked at 10.7%. Last month (May 2023), the pace at which prices were rising slowed down to 6.2%. This has since further reduced to 4.9% below the target of 5% in June, 2023.

To reduce the cost of money for the private sector, Government has taken

MOFPED Ministers of State Hon. Lugoloobi,Hon. Anite & Hon. Musasizi (R) with Finance Minister Matia Kasaija on the ocassion of Budget Reading for FY 2023/2024



a deliberate policy to reduce domestic borrowing which is a major driver of commercial bank lending rates. In addition, Government has also provided long-term and affordable capital through the Uganda Development Bank, Emyooga, the Agricultural Credit Facility and the Small Business Recovery Fund to large, medium, small and micro enterprises.

The Uganda Shilling has remained stable against major global currencies, despite the strengthening of the US dollar. Between April 2022 and April 2023, the Uganda Shilling depreciated by 5.8% against the US Dollar, compared to an average depreciation rate of 8% within the East African region. The stability of the exchange rate is due to the increase in Foreign Direct Investment inflows into the oil and gas sector, significant recovery in Tourism, and the recent good performance of exports.

Foreign Direct Investment inflows to Uganda amounted to US$ 1.5 Billion by April 2023. Workers' remittances increased to US$ 1.3 billion in calendar year 2022 compared to US$ 1.1 billion the previous year. It is estimated at US$ 1.2 billion by April 2023.

The economic growth strategy underlying the budget for the next financial year and the medium term includes: Increased domestic revenue mobilization and a reduction in non-concessional borrowing to ensure debt sustainability, effective implementation of the Parish Development Model and Emyooga initiatives, effective implementation of the various export strategies and enhancing access to global and regional markets.

Others are: Support for the Private Sector by reducing the cost of doing business through construction of the Standard Gauge Railway and the rehabilitation of the Meter Gauge Railway, development of small scale solar-powered irrigation schemes to address climate change and ensure food security, maintenance of both tarmac and murram roads as well as continued investments in industrial parks and energy transmission lines.

The budget for next financial year is aimed at achieving the following broad objectives:

i. Urgent completion of key public investments with higher multiplier effects on the attainment of NDPIII targets and the NRM 2021 – 2026 Manifesto.

ii. Enhanced revenue mobilization and collections.

iii. Full-scale operationalization of the Parish Development Model (PDM).

iv. Enhanced government efficiency and effectiveness through rationalization of public expenditure, payroll audit, etc.

The key priorities funded to achieve these objectives include boosting household incomes and micro enterprises, commercializing agriculture to enhance production and productivity and improve competitiveness of agricultural products, supporting private sector growth and Investing in the People of Uganda as well as Improving the stock and quality of Infrastructure.

Next financial year, the Parish Development Model has been allocated Shs. 1.1 Trillion, the Emyooga initiative has been allocated Shs. 100 billion and Shs. 60 billion has been allocated for skilling the youth. Shs. 2.2 trillion, has also been allocated for food security, irrigation, climate change mitigation, value chain development, agricultural research and disease control, among others.

Next FY, the Mulago Super Specialized Hospital and the new state-of-the-art Intensive Care Unit at the Uganda Cancer

Vice President Jessica Alupo arrives for Budget Reading FY 2023/24 at Kololo

BUDGET

Finance Minister Matia Kasaija

Institute will be fully operationalized. They will provide specialized care to all Ugandans and reduce medical referrals abroad. In addition, all existing Health Center IVs and Health Center IIIs will be facilitated to offer quality healthcare to all Ugandans.

Next year, the construction and equipping of two-Unit Laboratories in 21 secondary schools currently without any will commence, in line with the Science Technology Engineering and Mathematics (STEM) Policy. Government will continue with the construction of 115 Seed secondary schools in sub-counties without any, under the Uganda inter-Government Fiscal Transfer programme. Interventions that build human capital have been allocated Shs. 9.6 trillion.

In addition, the Government together with the World Bank are implementing the US$ 500 million Uganda Inter-governmental Fiscal Transfer programme to construct health center IIIs and IVs, 16 seed secondary schools, and micro-scale irrigation facilities in Local Governments that do not have these facilities.

It should also be noted that an allocation of Shs. 4.5 trillion, representing 13.3% of the total budget, has been budgeted for road maintenance and construction, railway development and rehabilitation, water and air transport development. Next financial year, 761 km of transmission lines and associated power sub-stations will be constructed to improve the stability and reliability of the networks.

The fiscal strategy for next financial year prioritizes enhancing revenue collection, the rationalization of public expenditure and ensuring long term debt sustainability. This will reduce reliance on external financing for socio-economic transformation.

During next financial year, there will be no purchase of new vehicles for political leaders and public officers except for hospital ambulances, medical supplies or distribution, agricultural extension services, security and revenue mobilization. Travel abroad has also been restricted to statutory functions and for critical legal and resource mobilization functions. Government will also regulate expenses on workshops and seminars to rationalise expenditure.

Domestic revenues for FY 2023/24 are projected to amount to **Shs 29.7 Trillion**, of which **Shs 27.4 Trillion** will be tax revenue and **Shs. 2.3 billion** will be Non-Tax Revenue. This represents a revenue effort of **14.3%** of GDP.

No major changes in taxes rates have been proposed for next financial year, apart from measures to improve the governance of tax exemptions. The focus will be to expand the tax base without increasing the burden on the same taxpayers. To reduce revenue losses from exemptions, government will next financial year commence the rationalization of tax exemptions.

Uganda's public debt stood at Shs. 80.8 trillion, equivalent to **US$ 21.7 Billion** as at end December 2022. Of this amount, external debt was **Shs 47.9 trillion** equivalent to **US$ 12.9 billion** while domestic debt was **Shs 33.0 trillion** equivalent to **US$ 8.9 billion**.

Public debt is projected at **Shs. 88.9 trillion**, equivalent to **US$ 23.7 billion** by 30th June 2023. In nominal terms, Uganda's Debt to GDP is projected to drop to **48.2%** this financial year ending June 2023 from **48.6%** at the end of June 2022. The reduction is due to the Government commitment to debt sustainability.

The resource envelope for Financial Year 2023/2024 amounts to **Shs. 52.7 trillion** as detailed below:

i) Domestic Revenues amount to **Shs. 29.7 trillion** of which **Shs. 27.4 trillion** will be tax revenue and **Shs. 2.3 trillion** will be Non-Tax Revenue.

ii) Domestic borrowing amounts to **Shs. 3.2 trillion**.

iii) Budget support accounts for **Shs. 2.8 trillion**.

iv) External financing for projects amounts to **Shs. 8.3 trillion**; of which **Shs. 3.01 trillion** is from grants, and **Shs. 5.3 trillion** is from loans.

v) Appropriation in Aid, collected by Local Governments amounts to **Shs. 287 billion**;

vi) Domestic Debt Refinancing will amount to **Shs 8.4 trillion**; Other financing **Shs. 229.0 billion**.

Wages and Salaries will amount to **Shs 7.3 trillion** and Non-Wage Recurrent expenditure is **Shs 13.5 trillion**. Government of Uganda Development Expenditure amounts to **Shs 6.1 Trillion** and domestic arrears worth **Shs. 215.8 billion** will be cleared. External debt repayments amounting to **Shs. 2.6 trillion** and Interest Payments of **Shs 6.1 trillion**, will be made.

For more Details, visit: www.finance.go.ug

During next financial year, there will be no purchase of new vehicles for political leaders and public officers except for hospital ambulances, medical supplies or distribution, agricultural extension services, security and revenue mobilization

BUDGET

BUDGET

National Budget Month FY 2023/2024 launch

PSST Ggoobi launching the NBM FY 2023/24

By MoFPED Comms Team

Government has been partnering with Civil Society Organizations since 2018 to popularize the budget and get feedback from the citizens.

The National Budget Month (NBM) for FY 2023/24 was launched by the Permanent Secretary and Secretary to the Treasury, Ramathan Ggoobi who represented the Finance Minister Matia Kasaija under the theme: **"Full monetization of Uganda's Economy through Commercial, Agriculture, Industrialization, Expanding and Broadening Services, Digital Transformation and Market Access."**

The PSST who was flanked by the NBM Partners said the goal of the Budget for FY 2023/24 and over the medium term is to "accelerate inclusive and green socio-economic transformation by redirecting resources towards supporting and sustaining economic recovery, jobs and wealth creation."

Ggoobi said the Ushs 52.7 trillion budget will focus on peace and security, transport infrastructure, construction of power sub-stations and transmission lines and promoting use of solar –powered irrigation.

Others are: Establishment of fully serviced industrial parks, supporting science based research and development, support to Oil, Gas and Tourism development as well as Private Sector Development and support to Information, Communication and Technology.

"In financial year 2023/24, economic growth is expected to reach 6 percent and average 7 percent over the medium term on account of increased oil and gas activities, increased production arising from the implementation of the Parish Development Model, regional and global trade," said the PSST urging all Ugandans to develop interest in the national budget.

Uganda Revenue Authority Commissioner General John Musinguzi said URA has grown the tax payer register from 1,594,116 to 3,067,983 taxpayers in less than three years. He however noted that the register is only 34% of the 9 million Ugandans eligible to pay tax.

"A national budget cannot be effective without the active involvement and engagement of a nation's citizens. The citizens are not only the beneficiaries of the budget but also contributors and partners in its formulation, implementation and oversight," said URA Commissioner General.

Bank of Uganda in its statement said the global economy is recovering from the effects of the Covid-19 pandemic and the Russia- Ukraine war, adding that the Bank has endeavored to return inflation to single digit and is edging close to the 5% target.

According the statement "inflation is expected to continue declining in the months ahead, driven by lower energy prices, improved global supply chains and exchange rate stability."

The Executive Director CSBAG, Julius Mukunda said Civil Society Organizations (CSO's) commend government on the measures taken to rebound the economy which is projected to grow by 6% in FY 2023/24 from 5.3% in FY 2022/23.

He said despite efforts to revamp the economy, the country faces challenges such as increasing public debt which must be addressed by taking tough

ED ACODE Dr. Bainomugisha

"In financial year 2023/24, economic growth is expected to reach 6 percent and average 7 percent over the medium term on account of increased oil and gas activities, increased production arising from the implementation of the Parish Development Model, regional and global trade," said the PSST

PSST in group photo with Partners after launch of NBM FY 2023/24

measures such as closing non-performing projects.

The Executive Director ACODE Dr. Arthur Bainomugisha said there is need to streamline climate change in the budget because Uganda's economy largely depends on agriculture adding that this calls for implementation of the Climate Change Act, 2021.

Some of the budget month key activities include: Pre-budget media engagements, Post-Budget Speech conference, Post-Budget Speech Regional Breakfast meetings, High level Post-Budget speech dialogue and Post-Budget East Africa Community (EAC) Tax and Budget Dialogue.

ED CSBAG,Julius Mukunda

What they said at Post-Budget Engagements.........

"The Post budget dialogue provides an opportunity for citizens from the EAC partner states to understand the EAC budget for FY 2023/24, engage with various policy makers on how to foster and strengthen regional integration through harmonization and public debt management but also strengthening trade to strengthen regional integration," said Jane Nalunga the Executive Director SEATINI.

"We are expected to grow our domestic revenue by UGX 4.2 trillion in FY 2023/24. Looking at the support we and the sacrifice that taxpayers have been making over the years, we are confident of raising up to this high jump," said URA Commissioner General John Musinguzi.

"The intention of government is to have the Parish Development Model applicable for the next 5 years. The implementation of PDM is the main anchor for truly changing those who are in the subsistence economy into the money economy," said Deputy Secretary to the Treasury Patrick Ocailap.

"The elephant in the room is debt. Three questions must be answered; why do we borrow? where do you get money from? do you have capacity to pay back? Government should be innovative as far as debt is concerned," said Prof. Augustus Nuwagaba.

"For the government to be able to deliver services, we need taxes. That is why we are trying to be open and transparent, providing as much information as possible in regard to the budget to enhance ownership of the budget by the citizens," said Acting Director Budget, Ishmael Magona.

"URA is a trade facilitator. One of the things that pains is to hear that businesses are closing because of taxes. It should never be the case," said Patience Tumusiime Rubagumya, URA Commissioner Legal Services and Board Affairs.

"Domestic market is very expensive and raising money in foreign currency is cheaper especially in Euros. EAC Member states are giving priority to concessional financing, coordination between the monetary and fiscal policies, improving debt management strategies and appropriate mix of domestic and external financing. We however need to support taxation because at the end of the day, we need to pay our debts," says Maris Wanyera, Acting Director Debt and Cash Policy at MoFPED.

Participants at post budget engagement in Soroti

Guard of Honour at Kololo during Budget Day

Vice President Jessica Alupo arrives at Kololo, welcomed by Speaker and Deputy speaker of Parliament

Finance Minister, Matia Kasaija arrives at Kololo

MoFPED Ministers of State arrive at kololo for Budget Speech Reading FY 2023/24


VIPs standing for the Uganda and EAC Anthems


Government officials at the Budget Reading

PICTORIAL BUDGET SPEECH DAY FY 2023/2024

Finance Minister Kasaija reading the Budget


Ministers and other officials at the Budget Reading

Domestic Revenue Mobilization for Financial Year 2023/24

By Susan Nakagolo

Domestic revenues for FY 2023/24 are projected to amount to Shs.29.7 Trillion, of which Shs.27.4 Trillion will comprise of tax revenue and Shs.2.3 billion Non-Tax Revenue. This represents a revenue effort of 14.3% of GDP. The objective is to improve revenue collection to between 16 and 18% of GDP over the next five years from about 13.5% of GDP currently, in tandem with the Domestic Revenue Mobilization Strategy. Accordingly, Government will undertake the following tax measures to improve revenue mobilization.

Tax Measures for Financial Year 2023/24

INCOME TAX (AMENDMENT) ACT, 2023

Tax Measure	Implication
1. Lift the capping at 30% of EBITDA (earnings before interest, tax, depreciation and amortization) as deduction of interest payable for microfinance institutions under Section 25 of the principal Act. The interest cap rule was identified as a constraint to financial activities, but was applying to microfinance institutions. Purpose is to help reduce the cost of financing micro finance institutions and make them more competitive (as they will no longer be required to restrict the deduction of interest expenses that they incur in generating gross income).	•Reduction in cost of capital, especially for MSMEs •Creation of more investments for MSMEs due to lower cost of capital •Fosters micro-finance institutions to compete, grow.
2. Repealing of Section 27A of the principal Act in order to remove the initial allowance of 50% of the cost of plant and machinery used in production of income 50kms outside Kampala; and 20% of cost of acquiring new industrial buildings or extending existing industrial buildings. Purpose is to align the tax and commercial depreciation of assets with the effect of reducing the generous deduction of the cost of investing in such assets.	•Increase Government revenue, improve service delivery in affected areas, reduce cost of production and distribution •Reduction in after-tax earnings for existing projects and reduction in available funds (profits) to finance future investments.
3. Amendment of Schedule I to the principal Act to include ZEP-RE (PTA Reinsurance Company) in the listed institutions. ZEP-RE is a PTA Reinsurance Company established by an Agreement of Heads of State and Government of the COMESA region on 21st November 1990 to promote trade, development and integration in the insurance and re-insurance sector. The company is therefore a regional body and by including it as a listed institution it is being treated like the other regional bodies.	•Possible reduction in insurance costs for investors.
4. Amendment of Section 118F of the principal Act by inserting a new Section 118F (2), i.e., ''a financial institution that makes a payment of a commission for agency banking or to an agent banker shall withhold tax (at 10%) on the gross amount of the payment''. The objective is to expand application of tax on commissions to agent bankers. Currently the tax applies to telecommunications service providers on airtime distribution and mobile money services.	•Investors to enjoy better public services resulting from a widened tax base. •Levels playing field - creates a competitive environment/incentive to compete and grow. •Could affect interest in expansion of agency banking activities, though this is a very low risk.

TAX PROCEDURE CODE (AMENDMENT) ACT, 2023

Tax Measure	Implication
1. Amendment of Section 6(a) of the principal Act to provide for offences/penalties for unauthorized interference to or tampering with a digital tax stamps machine (10years imprisonment or 1500 currency points fine or both). There have been instances where manufacturers of gazette products are implicated in damaging DTS machines in an attempt to stop monitoring production. The purpose of the measure is to protect the integrity of the DTS system.	• Removes market distortions • Fosters business competitiveness (enable productive firms to grow and non-viable firms to exit)
2. Amendment of Section 39 of the principal Act to waive interest in excess of sum of principal tax and penalties. The measure is an incentive for taxpayers to clear their tax arrears to avoid provoking URA taking sterner measures.	• Liquidity improvements • Increased investments following tax waivers
3. Waiver of interest on payment of principal tax and penalty for a taxpayer that voluntarily pays the principal tax outstanding at 30th June, 2023, by 31st December, 2023. This is more of a tax amnesty, with the intention is to encourage compliance and ease the tax burden during this period when the economy is recovering from the effects of COVID.	• Liquidity improvements • Increased investments following tax waivers
4. Amendment of Section 42 of the principal Act to incentivize taxpayers to provide information requested for by URA during audits. Where a taxpayer fails to provide info at audit stage, the taxpayer shall not be allowed to provide that information at objection to a tax decision or during alternative dispute resolution procedure proceedings.	• Reduction in compliance costs
5. Amendment of Section 62H of the principal Act to penalize fixing tax stamp on wrong goods, brand or volume. It is not uncommon to find stamps meant for different products (e.g., bottled water) being placed on different products (e.g., juices), which leads to loss of revenue. For instance, affixing a stamp for 300mls bottle on a 1-liter bottle of spice gin results in tax loss of 990,000/= per bottle. The challenge is that currently there are no penalties for the taxpayer for wrongful application of stamps on different products. The purpose of the measure is thus to penalize wrongful affixation of digital stamps.	• Removes market distortions • Fosters business competitiveness (enable productive firms to grow and non-viable firms to exit)

VALUE ADDED TAX (AMENDMENT) ACT, 2023

Tax Measure	Implication
1. Amendment of Section 10 of the principal Act to require auctioneers to account for VAT on auctioned goods in addition to supply of auction services. Current law obliges auctioneer to account for VAT on auctioneer services but does not provide for charging of VAT on auctioned items, thereby leading to loss of revenue.	• Playing field leveled for investors in wholesale and retail trade sector—improved investment environment.
2. Amendment of Section 16 of the principal Act to provide for VAT on supplies by non-resident suppliers. This provision targets non-resident suppliers of goods and services that supply clients that— • are not taxable (not registered for VAT) • makes supplies in excess of 150m/- • supplies to an unregistered Government entity.	• Playing field leveled for resident and non-resident suppliers. • Additional revenue would be generated to improve service delivery and production costs reduced

3. Amendment of Section 5 of the principal Act to expand the definition of electronic services. Targeting eBay, Amazon, Ali Express, Netflix, twitter, google, etc.	• Playing field leveled for resident and non-resident suppliers. • Expanded tax base and improve service delivery
4. Amendment of Section 28 of the principal Act to expand the list of supplies with non-creditable input tax (i.e., provides for limitation of input tax claimed by a taxpayer on non-business related expenses). The amendment affects: - • Taxpayers that were previously claiming input tax credit relating to payments for being a member of a club, association or society of a sporting, social or recreational nature • Taxpayers that were previously claiming input tax incurred on activities unrelated to the output tax being accounted for.	• Reduced compliance costs (thru reduced disputes relating to input tax claims) • Additional revenue would be generated to improve service delivery and production costs reduced
5. Amendment of Section 31A of the principal Act to provide for declaration of VAT on imported services by unregistered persons such as Government, NGOs. Current law does not impose an obligation on unregistered entities to file returns, which creates a revenue leakage.	• Additional revenue would be generated to improve service delivery and cost of production reduced
6. Amendment of Section 73 of the principal Act to provide for filing of returns and payment of VAT in USD for non-resident taxpayers. This was a request from non-resident tax payers to ease compliance since most of them are paid or earn in U.S Dollars. Purpose is to provide for ease of doing business especially for international and non-resident suppliers given that all collections for services supplied are made in foreign currency.	• Reduced production costs • Increased profits and additional investments (if increased profits are reinvested)
7. Amendment of Schedule II to the principal Act to remove the exemption of VAT on diapers.	• Incentive for increased local production of diapers due to possible shift in demand from imported to locally produced diapers) • Increased revenue and better service delivery
8. Amendment of item qa under Schedule II to the principal Act to provide for exemption of VAT on the supply of animal feeds, premixes, concentrates and seed cake. Most farming inputs are exempted from VAT. Concentrates and seed cake are farming inputs too, so should be exempted too.	• Reduction in cost of production of animal feeds leading to more investments in agriculture and agro-processing. • Reduction in prices of animal products and increase in demand, and supply
9. Amendment of item ww under Schedule II to the principal Act, to remove exemption of VAT on supply of production inputs into iron ore smelting into billets but to maintain the exemption on the supply of billets for further value addition in Uganda. The current law exempts the supply of all production inputs into iron ore smelting into billets and the supply of billets for further value addition in Uganda. This undermines manufacturers as they do claim input VAT.	• Removing exemption on production inputs means producers will claim input tax and encourage production of billets in Uganda (thus expanding investment opportunities).
10. Amendment of Schedule II to the principal Act by repealing item yy, that is, remove exemption of VAT on supply of production inputs necessary for processing of hides and skins into finished leather products in Uganda and the supply of leather products wholly made in Uganda. The practice of exempting inputs yet the final products are taxed creates VAT cascading and undermines competitiveness of local products as imported products come in with no tax, hence the need for the repeal.	Imported leather products to become relatively expensive and encourages local production (expands investment opportunities).

EXCISE DUTY (AMENDMENT) ACT, 2023

Tax Measure	Implication
1. Amendment of item 3 under Schedule II to the principal Act, to categorize un-denatured spirits as follows: - a) Un-denatured spirits of alcoholic strength by volume of 80% or more made from locally produced raw materials (60% or 1500/= per litre, whichever is higher) b) Un-denatured spirits of alcoholic strength by volume of 80% or more made from imported raw materials (100% or 2500/= per litre, whichever is higher) c) Any other un-denatured spirits that are locally produced, of alcoholic strength by volume of 80% or less (80% or 1700/= per litre, whichever is higher) d) Any other un-denatured spirits of alcoholic strength by volume of 80% or less made from imported raw materials (100% or 2500/= per litre, whichever is higher) e) Un-denatured spirits made from locally produced raw materials that is used in production of disinfectants and sanitizers, of alcoholic content by volume not less than 70% (Nil excise duty-intended to promote hygiene during COVID-19 period)	• Promotes value addition and use of locally sourced raw materials
2. Amend item 13(g) under Schedule II to remove excise duty of USD$0.09 per minute on incoming international calls from Tanzania. Intention is to facilitate expansion of EAC One Area Network.	• Reduced production costs (due to having uniform calling rates and elimination of roaming charges within EAC). • Enhanced trading across borders
3. Introduce a specific rate of Shs.75 per litre on mineral water, bottled water and other water purposely for drinking. The law currently provides for only 10% excise duty (at ex-factory price). The proposal is to have a hybrid regime. i.e. excise duty rate of ''***10% or Shs.75 whichever is higher***" This measure targets new players in the industry that declare excise duty below industry ex-factory prices.	• Improved investment environment (thru leveling of playing field) • Additional revenue would be generated (to provide better services and reduced costs of production and distribution)
4. Amendment of item 20 under Schedule II to the principal Act to reduce the size of investment capital required for construction materials of a manufacturer to be exempt from excise duty, from at least $50m to [now] at least $35m in the case of a foreigner or $5m in the case of a citizen. The rationale is to harmonize and provide a coherent incentives framework that cuts across the domestic tax laws.	• Lowers the bar to attract more investors to invest in business fixed assets (structures).

LOTTERIES AND GAMING (AMENDMENT) ACT, 2023

Tax Measure	Implication
1. Adjust tax on gaming upwards from 20% to 30% for gaming activities (coupled with removal of 15% WHT) relating to casino and slot machines, but maintain tax for betting activities at 20%. The intention is to ease the administration of the gaming tax, after it had been observed that there are multiple start and stop points within some games in gaming which make it hard to enforce the tax point for winnings e.g., punter sessions for roulettes, porker and slots.	• Reduced compliance costs and after-tax earnings for investors in the gaming sector • more possible profits available for additional investments.

The writer is a Principal Economist in the Tax Policy Department

IBP improving Project performance - Musasizi

Musasizi launching IBP

By Shaka Isaac

The State Minister of Finance (General Duties), Henry Musasizi recently launched the Integrated Bank of Projects saying the system will enhance value for money for public projects, timely completion of projects within the negotiated budgets which will ultimately increase accountability for public resources and further improve access to services by the citizens.

Musasizi launched the second phase of Integrated Bank of Projects (IBP) on June 5, 2023 at Kampala Serena Hotel.

The Integrated Bank of Projects (IBP) is a single window system for all stakeholders involved in Public Investment Management System of Uganda (PIMS) and also serves as a central repository of information about public projects from preparation, budget formulation, execution, implementation and monitoring and evaluation to closure.

"Before the introduction of IBP, only 10% of the projects used to complete appraisal process. However, with the roll out of the system, the number has substantially increased to 37% of all uploaded projects and this is because the system provided faster, well streamlined workflow templates and more effective project preparation process and appraisal platform," said the Minister at the launch.
IBP enables sequencing and scheduling of project interventions in line with the strategic objectives of the Government in the medium to long term.

Musasizi said Public Investment Management has previously suffered numerous challenges including limited tracking of projects by both the technocrats and politicians, which has often hindered effective monitoring of project performance, oversight during execution and consequently failure to attain project outcomes.

The Ministry in collaboration with the World Bank, in 2016, conducted a Diagnostic Study on strengthening Public Investment Management in Uganda. Following the study, the Government formulated and adopted a comprehensive multi-year Action Plan for Public Investment Management, which has been implemented to strengthen the preparation, selection, implementation and monitoring of projects.

Musasizi explained that Information Communication Technology (ICT) is an enabler of efficiency and he has no doubts that the Integrated Bank of Projects system will enhance efficiency through improved transparency in project preparation, selection, implementation as well as ensuring timely review of public investments by the Development Committee.

The launched IBP system has user rights for different categories of stakeholders including Development Partners to enable them have real time access to project related information.

The Permanent Secretary and Secretary to the Treasury, Ramathan Ggoobi who was represented by Acting Commissioner Economic Policy and Research Department Joseph Enyimu said government has invested enormously over the years in productive infrastructure such as roads, dams, transmission lines, hospitals and schools in order to reap from the envisioned dividends of such public investments.

"The introduction and implementation of the IBP has already yielded benefits as evidenced by the increase in the number of projects received and reviewed by the Development Committee before implementation. This has increased execution rates of ready projects," he said.

IBP has improved accountability, facilitated transparency in project preparation and management by reducing time spent in project preparation, submission and information loss.

The PSST however noted that there are still a number of inefficiencies especially at prioritization, implementation, operation, monitoring and supervision of projects to deliver the expected results.

Speaking during the launch of IBP, the World Bank Senior Economist Racheal K. Sebudde said there is need to strengthen policy and legal environment for managing public investments.

"You need to complete and approve the PIM Policy to support the utilization of these capacities we are building to genuinely improve the environment for public investment management," she said.

Acting Commissioner EDPR, Enyimu represented PSST

Sebudde said that Uganda must improve the implementation phase by building project implementation capacities while at the same time strengthening and streamlining the monitoring and evaluation functions of the PIM System.

She said there is need to provide adequate resources for project preparation to close the gaps in budgeting for operational and maintenance costs.

Sebudde reaffirmed the World Bank's commitment to supporting Uganda's development agenda. "As a Development Partner, we appreciate the commitment and zeal that the country continues to demonstrate in exploring alternative and more efficient models for development," she said.

Word Bank's Senior Economist, Sebudde

The Microfinance State Minister who was accompanied by Kampala Minister Hajjat Minsa Kabanda said the market stall owners will form groups of 30 each and through these groups, they can access loans at an interest rate of 1% per month.

This program is aimed at fostering entrepreneurship, job creation and poverty eradication.

Minister of State for Microfinance Haruna Kasolo launching the Katale loan program at Nakasero Market in Kampala.The program is targeting market stall owners.

MoFPED participated in the week long activities including the Sports gala and climax of activities at the national celebrations at Kololo Independence grounds on 23rd June 2023.

Head of Human Resource at MoFPED, Prudence Ayebazibwe Rwangoga (4th R) leading MoFPED team in the walk to Commemorate the 12th Africa Public Service day 2023 under the theme: "The African Continental Free Trade Area (AfCFTA) will require a fit for purpose African Public Administration to succeed."

PICTORIAL

The Deputy Secretary to the Treasury encouraged members of staff to take keen interest in medical check-ups and living a healthy life style. Activities included; cancer screening, HIV counselling and testing, blood donation, blood pressure and diabetes check-up etc. as well as presentations on wellness and diet, heart and mental health.

The theme of the awareness campaign was: A healthy workforce, a fit for purpose African Public Service."

Deputy Secretary to the Treasury Patrick Ocailap taking part in the MoFPED Health, Gender and Environmental awareness activities which took place from 19th to 23rd June 2023.

The Minister applauded the Project Management Institute for availing capacity building services and continuous professional development to Ugandans, adding that all Ministries, Departments and Agencies should use this opportunity to train staff engaged in project Management.

Minister of State for Planning Amos Lugoloobi officiated at the 3rd annual conference of Uganda's Project Management Professionals in Kampala.

PUBLIC-PRIVATE PARTNERSHIPS:

AN ALTERNATIVE FUNDING OPTION FOR STRATEGIC PUBLIC INVESTMENTS

The PPP Act of 2015 provides the operational framework for scaling up the utilization of the PPP financing modality in the country. According to the Government of Uganda Public Investment Financing Strategy, government has engaged in a number of PPPs since 2003 across a number of sectors. As at June 2021, Uganda's PPP database had 52 projects that reached financial closure between 2003 and 2020, with a total investment commitment of around USD 5 billion. MOFPED TIMES team caught up with the Executive Director Public Private Partnerships Jim Mugunga to shed more light on the future of PPPs in the country. Excerpts below….

Jim Mugunga
Executive Director, PPP Unit,
Ministry of Finance, Planning & Economic Development

Q What are Public-Private Partnerships (PPPs) as an alternative financing option and why are they important for Uganda?

A Public-Private Partnerships (PPPs) are arrangements in which the public sector (government) and private sector entities work together to provide public infrastructure and services. PPPs involve sharing the risks, responsibilities, and benefits of a project between the public and private sectors.

Public Private partnerships were born out of the need and realization that governments alone would not possess and provide all human, financial, and technical resources required to provide services to citizens as well as spur new investments and innovations for current and future generations.

PPPs are important for Uganda because they can help the country to address its infrastructure deficit and to improve the delivery of public services. Uganda has a growing population and economy, but it lacks the infrastructure and services necessary to support sustainable development. PPPs as an alternative financing option can help to mobilize private sector resources and expertise to build and operate infrastructure and services, such as roads, industrial and IT Parks, and infrastructure for health and educational institutions, that are essential for economic growth and social development.

PPPs can also help to improve the efficiency and quality of public services by introducing competition, innovation, and performance-based contracts. PPPs can incentivize private sector partners to improve service delivery and to meet agreed-upon standards of quality and efficiency. This can help to reduce costs and improve access to services for the public.
Overall, PPPs can be an effective alternative financing option for Uganda, but they require careful planning, management, and regulation to ensure that they deliver value for money and meet the needs of the public.

Q How, when, and why was the PPP Unit established? What is the mandate of the Unit?

A The Public-Private Partnership (PPP) Unit was established in 2015 by the Public-Private Partnership Act. The Act provided for the establishment of the PPP Unit as a central coordinating body for all PPP projects in Uganda. The Unit is under the Ministry of Finance, Planning, and Economic Development.

The PPP Unit was established in response to the need for a structured approach to implementing PPPs in Uganda. The government recognized that PPPs could help to address the country's infrastructure deficit and to improve the delivery of public services, but that PPPs required careful planning, management, and regulation to be successful. The PPP Unit was therefore established to provide technical assistance, coordination, and oversight for all PPP projects in Uganda.

The mandate of the PPP Unit is to facilitate the development and implementation of PPP projects in Uganda. This includes:

1. Identifying and assessing potential PPP projects: The PPP Unit identifies potential PPP projects and assesses their feasibility, viability, and potential risks.
2. Facilitating project preparation and procurement: The PPP Unit provides technical assistance and support to government agencies in the preparation of PPP projects and the procurement of private sector partners.
3. Coordinating PPP projects: The PPP Unit coordinates the implementation of PPP projects and monitors their progress.
4. Providing capacity building and awareness: The PPP Unit provides training and capacity building for

government officials and stakeholders to enhance their understanding of PPPs and their ability to implement them.

5. Advising on PPP policy and legal frameworks: The PPP Unit provides advice and support to government agencies in the development of PPP policy and legal frameworks. This includes guidelines and standard documents required during the implementation of PPP projects.

In summary, the PPP Unit was established to promote and facilitate the development of PPP projects in Uganda and to ensure that PPPs are implemented in a transparent, accountable, and sustainable manner.

Q What is the current stock of PPP Projects in Uganda?

A Presently, the PPP Unit working with relevant government agencies has identified 89 (national) and 209 (subnational) potential PPP projects. This pipeline of projects requires funding to study further and be converted into bankable projects.

It is important that all public investment projects are thoroughly studied before resources are allocated to the projects. The Ministry of Finance, Planning, and Economic Development is therefore putting in place a project preparation facility that government agencies will access to fund feasibility studies of projects.

In the meantime, the Unit is currently working on 17 registered projects some of which have been approved by the PPP Committee to proceed to feasibility and/or procurement. Another 10 local government projects are due for registration. Overall, PPP projects cover sectors as varied as housing; roads, bulk storage, manufacturing, and industries, among others. The PPP projects on our books have estimated values that range from USD 17.5m to USD 1.5BN for the biggest so far.

Q Is there a specific model that is preferred for PPPs in Uganda?

A The government of Uganda has adopted a flexible approach to PPPs and does not prefer any particular model. The most common models used in Uganda are the Concessions, Build-Own-Operate-and Transfer (BOOT) model, and the Design-Build-Finance-Operate (DBFO) model. The PPP Act provides for several other forms of PPPs that can be used in Uganda.

Q What eligibility criteria are followed during the procurement of PPPs in Uganda?

A The eligibility criteria followed during the procurement of PPPs in Uganda are typically based on international best practices and are designed to ensure that only qualified and capable private sector partners are selected for PPP projects. The specific eligibility criteria may vary depending on the nature of the project and the procurement method used, but typically include some or all of the following:

1. Technical and managerial capability: Private sector partners are required to demonstrate that they have the technical and managerial capability to design, build, operate, and maintain the infrastructure or service being procured.

2. Financial capability: Private sector partners are required to demonstrate that they have the financial capability to finance their share of the project costs and to meet their contractual obligations under the PPP contract. This may include providing financial guarantees or demonstrating a track record of successfully completing similar projects.

3. Experience: Private sector partners are required to demonstrate that they have relevant experience in designing, building, operating, and maintaining similar infrastructure or services.

4. Legal compliance: Private sector partners are required to demonstrate that they are in compliance with all relevant laws and regulations in Uganda and in their country of origin.

5. Social and environmental responsibility: Private sector partners are required to demonstrate that they have policies and procedures in place to manage social and environmental risks associated with the project.

The specific eligibility criteria and evaluation methodology are typically set out in the procurement documents, which are made available to potential private sector partners during the procurement process. The PPP Unit is responsible for ensuring that the procurement process is fair, transparent, and competitive and that the selected private sector partner has the necessary qualifications and experience to successfully deliver the PPP project.

Q Broadly, how is PPP a game changer in Uganda and what are some of its noticeable impacts?

A PPP is a game changer in Uganda in several ways.

Firstly, it provides a means of financing and delivering public infrastructure and services that may not be possible or feasible through traditional public financing methods. By partnering with the private sector, the government can leverage private sector expertise, technology, and financing to deliver infrastructure and services more efficiently and effectively.

Secondly, PPPs can help to improve the quality and availability of public infrastructure and services in Uganda. PPP projects are typically designed to meet specific performance standards and service level agreements, which can help to ensure that the infrastructure and services are of high quality and meet the needs of the public. PPPs take a life-cycle approach to the maintenance of infrastructure to ensure that quality services are available at all times.

Thirdly, PPPs can contribute to economic development in Uganda by raising tax revenue, creating jobs, and stimulating economic growth. PPP projects often require significant capital investment and can create employment opportunities both during the construction phase and throughout the life of the project.

Some of the noticeable impacts of PPPs in Uganda include:

1. Improved infrastructure: PPP projects have contributed to the construction and upgrading of tourism facilities, power plants, telecommunications, and other critical infrastructure, which has improved the quality and availability of public services in Uganda.

2. Private sector development: PPPs have engendered the development of the private sector and helped to attract private sector investment in public infrastructure and services, which has stimulated economic growth and created jobs. PPPs have also facilitated collaboration between the public and private sectors in Uganda, which has helped to build trust and foster partnerships for future development initiatives.

3. Increased efficiency and cost savings: PPPs have enabled the government to leverage private sector expertise and resources to deliver infrastructure and services more efficiently and cost-effectively than through traditional public financing methods.

4. Improved regulatory framework: The development of a regulatory framework for PPPs has helped to create a more enabling environment for PPPs in Uganda and has improved transparency and accountability in the procurement and implementation of PPP projects.

Q What is the future of PPPs in Uganda?

A The future of PPPs in Uganda looks promising. The government has demonstrated a strong commitment to PPPs as a means of financing and delivering public infrastructure and services, and there is growing interest from the private sector in participating in PPP projects.

Looking ahead, there are several areas where PPPs could play a key role in addressing Uganda's infrastructure and service delivery needs. These include:

1. Energy: Uganda has significant potential for the development of renewable energy sources, including hydro, solar, and wind power. PPPs could help to attract private sector investment in the development of these resources and in the construction of new power generation and transmission infrastructure.

2. Transport: Uganda's road network is in need of significant investment to improve connectivity and reduce transportation costs. PPPs could play a key role in financing the construction and upgrading of roads, as well as in the development of new transport infrastructure such as railways, inland ports, and airports.

3. Healthcare: Uganda faces significant challenges in delivering quality healthcare services to its population. PPPs could help to improve the availability and quality of healthcare facilities and services, including through the construction and management of specialized hospitals, clinics, and other healthcare facilities.

4. Education: There is a serious shortage of infrastructure in the education sector- both academic and student welfare related. PPPs can play a significant role in meeting infrastructure requirements for the provision of teaching facilities and ensuring that students get suitable accommodation.

5. Water and sanitation: Access to safe and reliable water and sanitation services is still limited in many parts of Uganda. PPPs could help to finance the construction and upgrading of water and sanitation infrastructure, as well as in the provision of water and sanitation services to underserved communities.

Overall, the future of PPPs in Uganda will depend on continued government commitment, private sector interest and participation, and the development of a robust regulatory framework that promotes transparency, accountability, and fair competition in the procurement and implementation of PPP projects.
PPPs will also continue to play a key role in the macro-economic stability of Uganda by reducing debt dependency through transferring the financing of projects to the private sector, generating revenue, and creating jobs, particularly for the youth and women.

All answers/responses may be assigned/attributed/credited to Jim Mugunga-Executive Director, PPP Unit, Ministry of Finance, Planning & Economic Development

Recent Global Climate Finance Landmark

By Denis Mugagga

The global climate finance landscape is evolving in a way that responds to the climate finance needs of developing countries such as Uganda.

The landmark of the recent international climate change negotiations (COP27) held in Sharm El Sheikh, Egypt was the adoption of a loss and damage climate financing mechanism. Albeit this is an addition to existing climate finance mechanisms such as the Green Climate Fund, Adaptation Fund, and the Climate Investment Funds among others, Focus on compensating climate induced loss and damage is unprecedented.

Developing countries such as Uganda are already grappling with intense climate change induced losses and damages triggered by extreme weather events such as floods and prolonged dry spells which are not only thwarting development gains but also threatening the achievement of planned development targets.

According to a World Bank Report (2023) on Disaster Preparedness and Management Financing in Uganda, Uganda suffered economic losses amounting to USD 152M (0.4 percent of GDP) from climate related disasters faced in 2019/20. As such, the recently adopted Loss and Damages climate financing mechanism presents a ray of hope for counteracting economic losses accrued to disasters. The financing mechanism is not yet functional with processes of its operationalization, capitalization and access ongoing under the auspices of the United Nations Framework Convention on Climate Change (UNFCCC). Subsequent meetings such as the UNFCCC Bonn Sessions and COP 28 scheduled for June and November respectively will provide more clarity on the access modalities.

The landmark of the recent international climate change negotiations (COP27) held in Sharm El Sheikh, Egypt was the adoption of a loss and damage climate financing mechanism.

National Efforts to enhance Climate Finance Access

The emergency of an additional climate finance mechanism at the global level spells more work at the national level to build readiness and capacity to access and tap into the fund once operationalized.

Prior to the adoption of a Loss and Damage financing mechanism, the Ministry of Finance, Planning and Economic Development (MoFPED) had already embarked on institutionalization of climate finance to maximize climate finance access from national and international sources. The recent establishment of the Climate Finance Unit under the Department of Development Assistance and Regional Cooperation attests to this. This has been a collaborative effort between MoFPED and UK Foreign Commonwealth Development Office with the Global Green Growth Institute as an intermediary. Specifically, the objective of the Climate Finance Unit is to increase access to climate finance in Uganda by improving policy, coordination, budgeting, capacity building and knowledge management.

Additionally, a Climate Change Budgeting Tagging (CCBT) exercise is ongoing in partnership with the World Bank. The main purpose of the CCBT is to include climate change expenditure codes in the budgeting system to ease tracking and reporting on climate finance, in line with the UNFCCC obligations. This exercise is in its final stages with various programmes of the NDPIII being mapped into the tool.

National Climate Finance Outlook

In the short to medium term, the Climate Finance Unit will simultaneously focus on creating an enabling environment that enhances climate finance access and mobilization of the same from global and domestic sources. Specifically, priority will be on the following:

i. Development of a National Climate Finance Strategy; Uganda's climate finance needs amount to USD 28.1 Billion as stipulated in the Nationally Determined Contribution (NDC) for the period 2021-2030. Of this, 15 percent is projected to be mobilized from domestic sources while the remainder 85 percent will be sourced from external climate finance windows. Quenching this climate finance requirement is hinged on development of a clear national strategy that portrays strategies and interventions to be deployed in the mobilization of climate finance from domestic and international sources.

ii. Finalization of Climate Change Budget Tagging; Enhance domestic climate finance mobilization and tracking is partially reliant on integration of climate finance in the public finance system. Albeit the Budget Call Circular already obligates government Agencies to budget for climate change, there is no mechanism that accurately captures, track, and reports on climate change expenditures in a given financial year. Operationalization of the Climate Change Budget Tagging will address the aforementioned climate finance information gaps and also support UNFCCC periodical reporting on the Government's contribution towards global action against climate change.

iii. Addressing systemic barriers to climate finance Access: There are existing institutional and structural constraints (capacity and technical gaps) at central and local government that obstruct optimal access to different global climate finance windows at the global level. MoFPED as a National Designated Agency to the Green Climate Fund will leverage its mandate to address these barriers to maximize climate finance mobilization and uptake.

iv. Strengthening Partnerships: Climate Change is both a development and political issue whose redress is highly reliant on building strategic partnerships nationally and globally. Building strategic partnerships also augments bargaining power during negotiations for climate finance thereby increasing inflows.

Uganda is already implementing regional (East African Community) projects financed by the Adaptation Fund and the Global Environment Facility. The Climate Finance Unit will explore ways of establishing itself as a premier climate finance entity in the region and lobby for more regional climate change projects to tap into potential financiers interested in supporting regional scale climate change initiatives.

Conclusion

The Ministry of Finance is on track towards institutionalizing climate finance and integrating climate change in the public finance system to align with national commitments adopted through the ratification of the Paris Agreement on Climate Change. Crystallizing this progress is dependent on developing a clear national blueprint for climate finance, building a functional climate change budget tagging framework, strengthening national, regional, and global partnerships, and addressing inherent systemic barriers and risks that impede climate finance access.

Uganda to embrace Innovative instruments to finance climate action

Ministry of Finance, Planning, and Economic Development explores green bonds and carbon markets.

By Denis Mugagga

Acting Director Debt and Cash Policy, Maris Wanyera

Uganda's climate finance needs require a total of USD 28.1 billion for the period 2021 to 2030 to finance adaptation and mitigation activities in energy, forestry and agriculture among others prioritized in the updated Nationally Determined Contributions (NDC). Of this, 15 percent (USD 4 billion will be mobilized domestically while the remainder 85 percent (USD 24.1 billion) will be sourced externally.

There is currently a large discrepancy between needed and available climate finance. Globally, climate finance mobilisation through public sources are proving futile with most of the financing being provided in forms of loans than grants. To address this shortfall, Uganda has embarked on innovative climate finance instruments that attract different funding streams in order to raise the finances needed to implement the priority areas stipulated in the NDCs.

Appreciating and recognizing of the role of private sector in mobilising climate finance remains critical, therefore there will be deliberate efforts to effectively engage the private sector accordingly. This is in line with the recently launched Green Economic Recovery Plan.

In line with this, the Ministry of Finance, Planning and Economic Development (MoFPED) hosted a stakeholder dialogue on innovative methods of financing climate action in Uganda. The objective of the event was to disseminate the key findings and recommendations of two recently conducted innovative climate finance-linked studies. These are (I) Market Readiness Assessment of Innovative Climate Finance Instruments and (II) Key Findings of the Preliminary Study on the Issuance of Green Bonds in Uganda.

The event was conducted with financial and technical support from the Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) on behalf of the German Federal Ministry of Economic Affairs and Climate Action and the International Climate Initiative (IKI), the European Union (EU), and the NDC Partnership. The dialogue, which took place on 25th April 2023, at Protea Hotel – Kampala attracted over 80 participants representing a diversity of stakeholders drawn from; the public sector, private sector (banks, insurance companies), development partners, academia, and civil society organizations.

In her opening Remarks, Ms. Maris Wanyera, Acting Director, Directorate of Debt and Cash Policy – MoFPED clarified that 'Uganda's updated NDC has 48 adaptation actions and an emission reduction target of 24.7% by 2030 over and above the emission reduction target of 22 percent captured in the previous NDC". She therefore rallied all stakeholders to multiply their efforts in supporting climate finance mobilization to meet the enhanced climate finance ambition at hand.

'This climate finance burden demands exploration of innovative climate finance instruments to complement existing traditional sources', she emphasized.

To scale and accelerate mobilisation and management of climate finance, Government of Uganda through MoFPED has recently established a Climate Finance Unit. This was set up with support from the UK Government's Foreign, Commonwealth and Development Office (FCDO) and the Global Green Growth Institute (GGGI). The Climate Finance Unit aims to create a pipeline of bankable project concepts to attract more climate finance from both national and international sources. In order to achieve this goal, Uganda needs to take

CLIMATE CHANGE

an innovative approach to climate finance and leverage more private sector funding.

During the event, the Country Director and Resident Representative for GIZ in Uganda, James Macbeth Forbes, commended Government of Uganda through MoFPED for the positive step of setting up a Climate Finance Unit and further emphasised the need for innovative climate finance because "traditional grants and debt instruments alone fall far short of what is needed in order to address the requirements here in Uganda".

The event in Kampala showcased the findings of two studies that will support the MoFPED in utilising innovative climate finance instruments. The first study, undertaken in collaboration with GIZ, assesses a range of innovative climate finance instruments, and prioritises those which are most suitable for Uganda.

Prioritised instruments include results-based financing, SME-targeted instruments, debt-for-nature swaps, green bonds, and carbon markets. A carbon market is a trading system where units of greenhouse gas emissions generated from an activity may be bought or sold in a marketplace. Carbon markets in Uganda can, for example, support the distribution of energy efficient cook stoves, promote landscape restoration, and fund the development of electric motorcycles.

Green bonds on the other hand are debt instruments made available to borrowers by investors, whereby the proceeds are used to finance projects that have a positive environmental or climate impact. Green bonds can mobilise untapped sources of climate-compatible finance, such as pension funds and insurance companies.

The second study, conducted in collaboration with the EU, made a preliminary assessment on the issuance of green bonds in Uganda. It concluded that the development of a green taxonomy and a green bond framework are two prerequisites for issuance.

Speaking at the dialogue, Caroline Adriaensen, Head of Cooperation with the EU delegation in Uganda, highlighted that they are keen to support MoFPED with developing the green bond market. She further asserted that the EU is able to serve as an anchor investor to support mobilisation of more financing from a range of sources.

Building on the studies showcased at the event, MoFPED's new Climate Finance Unit will deploy innovative instruments, such as green bonds and carbon markets, to fund climate adaptation and mitigation activities. Focus will also be placed on developing a stakeholder engagement strategy to foster strategic climate finance partnerships, development of substantive inputs to inform the national budget strategy and the budget call circular, and building the capacity of state and non-state actors in preparing bankable project pipelines to tap into existing climate finance windows. The essence of unlocking private sector climate finance was reiterated severally by stakeholders.

The writer is head of the Climate Finance Unit

INTERNAL AUDIT

Speaker applauds Internal Audit function

By Oscar Kalyango

The Speaker of Parliament of Uganda, Anita Annet Among has said that Parliament is committed to ensure that the role of internal audit in enhancing the transparency and accountability of public resources, good governance, risk management and fight against corruption is upheld.

The Rt. Hon. Speaker's remarks were delivered on her behalf by the Minister of State for General Duties, Henry Musasizi at the 17th Annual Internal Audit conference held from 26th to 28th April,2023 at Speke Resort Munyonyo under the theme "Navigating the Tide: Optimize the Opportunities." organized by the Institute of Internal Auditors, Uganda (IIA).

"Internal Auditors must uphold professional values, align their professional activities to stakeholder's value drivers, maintain objectivity and independence throughout their duties," said the Speaker.

She said in its legislative, oversight and appropriation roles, Parliament continues to provide and support both institutional and the legal enabling environment to ensure effective use and accountability of public resources and will continue to do the same.

Hon. Musasizi addressing participants at the 17th Annual Internal Audit conference at Speke Resort Munyonyo

Commissioner Hussein handing over IIA bag to Hon Musasizi

The Speaker applauded the Office of the Internal Auditor General for the close collaboration with the Parliamentary Commission in building capacity of the Parliamentary oversight committees and the Commission's Audit Committee.

She said this collaboration has helped to enhance accountability, transparency and the fight against corruption which ultimately has improved service delivery in the country.

Musasizi on his part said government was faced with the critical task of ensuring that the economy recovers from the economic shocks in addition to mobilizing resources for delivery of services to the people of Uganda.

He said Internal Auditors have an essential and central role to play by providing both assurance and advice on the governance, risk management and control processes in their particular entities.

The Institute of Internal Auditors, Uganda was formed in 2002 by Internal Audit practitioners, incorporated as company limited by guarantee in 2008 and is affiliated to the Global Institute of Internal Auditors, an international professional association with over 190 affiliates in different countries and more than 200,000 members with headquarters in United States of America.

The 2023 Annual National Audit conference was a premier event for Internal Auditors in Uganda and they used this opportunity to interact, network and share workplace experiences on current issues related to their profession.

Public and private sector players continue to be shocked by the high tides in digital technology, supply chain security, governance risk management and stakeholder politics among other issues which were discussed at this conference.

The Keynote address was delivered by Richard Chambers, Founder and

Hon. Musasizi in group photo with officials at 17th Annual Internal Audit Conference at Munyonyo

Chief Practice Leader of the Richard F Chambers and Associates and Overseas Dean of China's Nanjing Audit University. Chambers presentation centred around the adaptability of the internal audit function in these unprecedented, volatile, uncertain, complex and ambiguous times.

He said it was a crucial time for Auditors to stay afloat with the geopolitical tensions and their spill overs, climate change, revolting public and private sector debates, governance, risk management, trade wars and the energy crisis.

The Public Finance Management Act, 2015 introduced reforms that require the Secretary to Treasury to appoint or designate Accounting Officers based on evidence of actions taken regarding the reports of the Internal Auditor General and also to put in place effective systems of risk management, internal control, and internal audit by all Accounting Officers.

The Commissioner for Internal Audit Management in the Office of the Internal Auditor General, Hussein Isingoma who is also the current President of the Institute of Internal Auditors, Uganda, was on this occasion unveiled as a member of the Institute of Internal Auditors' ("The IIA") International Internal Audit Standards Board.

It was evident that Internal Auditors require continuous upskilling, agility and innovativeness and their expertise is required to help organisations to innovate and seize new opportunities.

Public Finance Management Systems at MoFPED

Since 2000, Government under the Ministry of Finance, Planning and Economic Development, has rolled out a number of reforms aimed at strengthening public finance management and proper utilisation of public funds.

The key reforms have contributed to improved public finance management at different levels of government. These reforms include improved public expenditure management through the Treasury Single Account (TSA), improved accountability and public expenditure through the Integrated Financial Management System (IFMS), reduction in ghost workers and the overall wage bill at MDAs and local governments through the Integrated Personnel and Payroll System (IPPS) now transitioning to Human Capital Management system (HCM) as well the decentralization of the wage and payroll management system.

Accountant General Lawrence Semakula speaking at the PFM annual conference

Integration between IFMS and other government systems such as Programme Based Budgeting System, Electronic Procurement System, Human Capital Management System and E- Tax System among others has been enhanced to facilitate seamless provision of government services to the citizens.

Below we profile the major reforms that government is using to ensure proper collection, management and allocation of public funds.

1.INTEGRATED FINANCIAL MANAGEMENT SYSTEM (IFMS): An integrated system that captures all accounting processes from budgeting, payment processing, cutting through to reporting. Since its implementation in 2003 to date, it has been fully implemented to 23 Ministries, 66 Agencies, 13 Universities, 22 Regional Referral Hospitals, 36 Missions, 10 Cities, 31 Municipal Councils and 135 Local Governments.

Using the new chart of Accounts, the IFMS was upgraded to align to the NDP III programme approach. An automated domestic arrears tracking functionality has been developed on the IFMS, where only audited unpaid invoices qualify for upload onto the tracking system and this forms the basis for payment of domestic arrears.

Microsoft Navision (NAV) is the IFMS version for Uganda's foreign missions (Embassies, High Commissions and Consulates) for commitment and payment.

2. E- CASH: Electronic Cash (E-Cash) is a public financial management reform introduced by Government of Uganda in 2017 to complement the Integrated Financial Management Systems (IFMS) for purposes of facilitating cash payments. The E-Cash platform is accessed through a secure web portal with the primary purpose of eliminating cash transactions in Government. The E-Cash system is guided by the National Payments Policy (steered by Bank of Uganda and Ministry of Finance) that regulates all digital payments.

3. E-GP: On 1st July 2021, the government rolled out the Electronic Government Procurement System, also known as the E-GP in selected entities as a pilot project.

The E-GP is a web-based tool used to carry out public procurement and disposal. It uses information and communication technology (ICT) to conduct the end-to-end government procurement and disposal process online. It involves all stages right from procurement planning, bidding, evaluation, award, contract management, invoicing, and payment for supplies, works and services.

The objective of automating public procurement is to minimise human interference and related manipulation of the process, while at the same time delivering enhanced value for money in public procurement.

4. IRAS: The Integrated Revenue Administration System (IRAS) is a web and mobile application platform that aids municipalities in collection of local revenue from registration, assessment, billing, payment, sensitization of taxpayers and linking the citizens to municipalities.

Government objective is to strengthen the Local Government's revenue administration capacity by leveraging digital technology.

5. IPPS: Integrated Personnel and Payroll System (IPPS) is a computerized automated government Human Resource Management System. This system is being phased out for an updated Human Capital Management system (HCM).

6. HCM: Human capital management (HCM) transforms the traditional administrative functions of human resources (HR) departments—recruiting, training, payroll, compensation, and performance management—into opportunities to drive engagement, productivity, and business value. This system is very key in weeding out ghost workers in government and ensuring that the human resource is properly managed and supported to improve service delivery.

7. E-REG: It is an Electronic portal that helps one to submit payment details to their respective Ministry/Agency/Local Government for approval and to Ministry of Finance, Planning and Economic Development for set up on IFMS. This promotes transparency and accountability in the management of public resources.

8. AIMS: The Academic Information Management System (AIMS) is an Integrated Information System locally designed and customized to meet the unique needs of the educational institutions (with special emphasis on colleges and universities).

9. PBS: The Programme Budgeting System is an online system used by all votes whose budgets are appropriated by Parliament for purposes of planning, budget preparation, budget execution and reporting on budget performance in a given financial year. It interfaces with other government systems such as IFMS and OTIMS among others.

10. IBP: The Integrated Bank of Projects (IBP) is a single window system for all stakeholders involved in Public Investment Management System of Uganda (PIMS) and also serves as a central repository of information about public projects from preparation, budget formulation, execution, implementation and monitoring and evaluation to closure. This system helps to ensure that projects perform.

11. OTIMS: Online Transfer Information Management System is an online database that supports transparent management of transfer allocations to Local Governments. Grant allocations in the budget to the local governments are calculated by OTIMS using an allocation formula. One can view the allocation formulae and the data used to make allocations to Local governments. The OTIMS also acts as a central depository for information about local government grant allocations and performance.

12. E-Tax: Electronic Tax (E-Tax) is an Integrated Tax Administration System that provides online services to the taxpayer on a 24-hour basis making it easy for taxpayers to fulfil their tax obligations.

13. AMP: Aid Management Platform System is an online database of aid-funded projects and programmes. It looks at Development Partner support to Uganda through grants and loans that are on/off budget. It interfaces with the PBS and is a key tool in resource mobilisation for the country.

14. DMFAS: Debt Management and Financial Analysis System that manages debt operations of the Country through recording and reporting on public debt and also repayment of those debts as programmed.

DST Patrick Ocailap extreme left and Internal Auditor General Dr Fixon Akonye Okonye extreme right at PFM annual conference

MoFPED WORKSPACES -PSST CHECKS ON STAFF

MoFPED WORKSPACES -PSST CHECKS ON STAFF

IRAS

Progress on rollout of Integrated Local Revenue Administration System (IRAS)

The collectable sources of local revenue include: Trading License, Local Service Tax, Local Hotel Tax, Property rates, Ground Rent, Markets Rent and Dues, Land Fees, Advertising fees, Street Parking fees, Medical Charges (Vaccination, inspection etc), Physical planning fees (Building Permit, demolition permits etc), Other Non-tax revenues (ONTR)/ Small others such as slaughter fees, registration fees etc.

1.0 Introduction

Integrated Local Revenue Administration System (IRAS) is an upgrade of Local Revenue Database Management System by Local Governement Finance Commission (LGFC) and an online revenue administration system that was tested, piloted and now rolled out to 104 LG votes (by end FY2022/23) with the support from the World Bank, European Union and Government of Uganda to combat the challenges including revenue leakages and poor revenue data management in the own source revenue collection and administration among the LGs.

Its objective is to improve local revenue performance to ultimately achieve the vision of having sustainable Local Government Financing.

IRAS utilizes Information and Communication Technology to close leakages, support all the local governments' revenue sources. It eases Identification, Registration, and Assessment, collection-real time payments, notifications to local government accounts, revenue reporting and SMS notifications.

1.1 The Local Revenues sources

The collectable sources of local revenue include: Trading License, Local Service Tax, Local Hotel Tax, Property rates, Ground Rent, Markets Rent and Dues, Land Fees, Advertising fees, Street Parking fees, Medical Charges (Vaccination, inspection etc), Physical planning fees (Building Permit, demolition permits etc), Other Non-tax revenues (ONTR) include slaughter fees, registration fees etc.

1.2 IRAS Functionalities

The IRAS offers a variety of modules and functions to support the local revenue administration. Namely, Tax Payer Registration, Revenue Management/ Administration, Revenue Budgeting, Revenue Assessment/ Billing, Payment Processing and Receipting, Accounting and Reporting, e-valuation (assessment and valuation of properties), e-physical planning and other General Features.

1.3 IRAS Hosting server

It is centrally hosted on four servers at LGFC, running both the application and database for the entire Country. The Commission has requested for secondary server with National Data centre at National Information Technology Authority –Uganda (NITA-U, to reduce implementation and installation costs in terms of hosting servers and solution implementation needed per Higher local government and respective lower local governments. In other words, this approach eliminates the need to deploy servers at every local government, an action that would be costly for Government. The hosting server is directly connected to the Internet and protected by (firewall/ router) making it safe from any attacks on the system.

1.4 Collaboration

IRAS is being implemented by the LG Votes i.e. Districts, Cities and Municipalities. The Roll-out of IRAS is being spearheaded by LGFC in partnership with MoLG. The process is supported by MoFPED (REAP), the World Bank, EU and UNCDF. The LGFC operates in collaboration with URA, NITA-U, Accountant General, URSB and NIRA.

1.5 Coverage of IRAS

In FY 2019/20-2020/21 IRAS was activated in 31 local governments, in FY 2021/22 IRAS was activated in 6 more local governments and in FY 2022/23 IRAS is activated in 67 local governments. Activation will be conducted in 20 more local governments

1.5.1 Funding source of the covered Local governments as by close of FY 2022/23

No	Funder	No. LGs
1	World Bank/USMID-AF	20
2	European Union/UNCDF/ DINU	17
3	MFPED/REAP	65
4	European Union/PIFUD	2
	Total	**104**

1.5.2 Remaining Local governments and their estimated Cost of Roll-out

The current REAP funding the ends with the roll-out to 20 LGs between September and December 2023. After December 2023, there will be a balance of 52 Local Government Votes not activated on IRAS.

No	Local governments	Unit cost (Ug.shs) bn	Total cost (Ug.shs) bn
1	52	0.269	13.988

1.6 IRAS Integration with other systems

IRAS has interfaced with e-tax system of Uganda Revenue Authority (URA)to enable local revenue collection through URA Bank Accounts. For LG Votes i.e. cities, districts and municipalities already activated, their revenues are collected through URA bank accounts. Users Acceptance Test was conducted for the activated LG Votes. Full integration is ongoing with URA E-tax system, IFMS (Accountant General's Office), NIRA and eventual URSB system for exclusive data sharing.

2.0 Impact of IRAS on LG Revenue performance

IRAS has registered positive achievements in local revenue performance for most activated local governments and increased number of registered taxpayers as shown below:

a. Performance of local revenues fy 2019/20-2021/22

LG Vote	FY2019/20	FY2020/21	FY2021/22
Nansana MC	2,000,000,000	4,200,000,000	5,400,000,000
Mbarara city	2,400,000,000	3,431,000,000	5,600,000,000
Masaka city	1030,000,000	1,185,818,000	2,001,404,000
Lira City	1,771,203,300	1,843,000,000	2,770,000,000
Mubende MC	674,150,000	783,342,000	1,251,658,000
Fort Portal	1,352,428,000	1,251,658,800	1,965,314,000
Entebbe MC	2,574,920,000	2,630,395,000	2,715,000,000
Kabale MC	898,647,000	1,025,567,000	1,616,108,000
Zombo District	191,034,000	898,251,000	1,091,252,000
Yumbe District	453,847,000	891,210,000	1,446,000,0000

Out of the increased local revenues, Nansana MC reported spending this increased revenue mostly for service delivery, for example the Municipality purchased 20 acres of land for garbage management, one garbage truck, one grader for road maintenance, two pickup trucks for local revenue mobilization, twelve motor cycles for local revenue mobilization and is currently constructing an extension of administrative block. The same is being done in Mbarara city among other local governments monitored.

b. Increase in number of taxpayers registered by local governments

In the last three financial years a total of 401,784 tax payers have been registered on IRAS with assessed amount of UGX 100.4 bn and out of which UGX 47.05 bn has been collected.

IRAS

c. Increased number of properties valued

Using Computer Aided property valuation(e-valuation) module of IRAS, more properties have been valued for the LGs. For example, Makindye-Ssabagabo Municipal Council (MC) conducted valuation of properties applying the IRAS GIS and e-valuation module and was able to value 38,259 properties with a total rateable value of UGX 222.5 Bn compared to the manual property valuation exercise of 2015 which had covered 8,144 properties with a total rateable value of UGX 702 Bn.

d. Enrollment of IRAS Champions in the Local Governments

To sustain IRAS implementation, a critical mass of system support team has been built with (IRAS Champions (640) across the activated local governments to facilitate the roll out of IRAS to entire local governments.

2.1 Other advantages of IRAS

a. **No System Annual License Fee;**

IRAS is a locally developed solution by Ugandans and does not require the local governments to pay annual license fee.

b. **Ownership by GOU;** IRAS is owned by Government of Uganda

c. **Low cost of implementation and sustainability;** its operational cost is affordable by all local governments since it needs few gadgets (hand held devices, computers and LCD display screens for monitoring performance).

d. **Ease of upgrading;** any module can be incorporated to IRAS such as Geographical Information System(GIS) for Geo-referencing and mapping of all business in urban LGs.

e. **Real time tracking of payments**, reconciliations and reports,

f. **Access by authorized users anywhere** anytime,

g. **Several payment options** because of integration with platforms like mobile apps, Mobile Money, banks, bank agents, and Point of Sale services.

h. **Automatic assessment/billing** of taxpayers,

i. **Central storage** of the taxpayers' databases,

j. **Direct payment of revenues to the URA accounts** for collection purposes only.

3.0 Challenges in the roll out of IRAS

i. Access to the internet at lower local governments is hard which affects assessment in the field.

ii. Limited gadgets, such as Point of Sale machines, Printers, Laptops, Routers, Bar code readers, etc.

iii. Inadequate facilitation in terms of transport facilities

iv. Reconciliation between local governments collections always has a difference

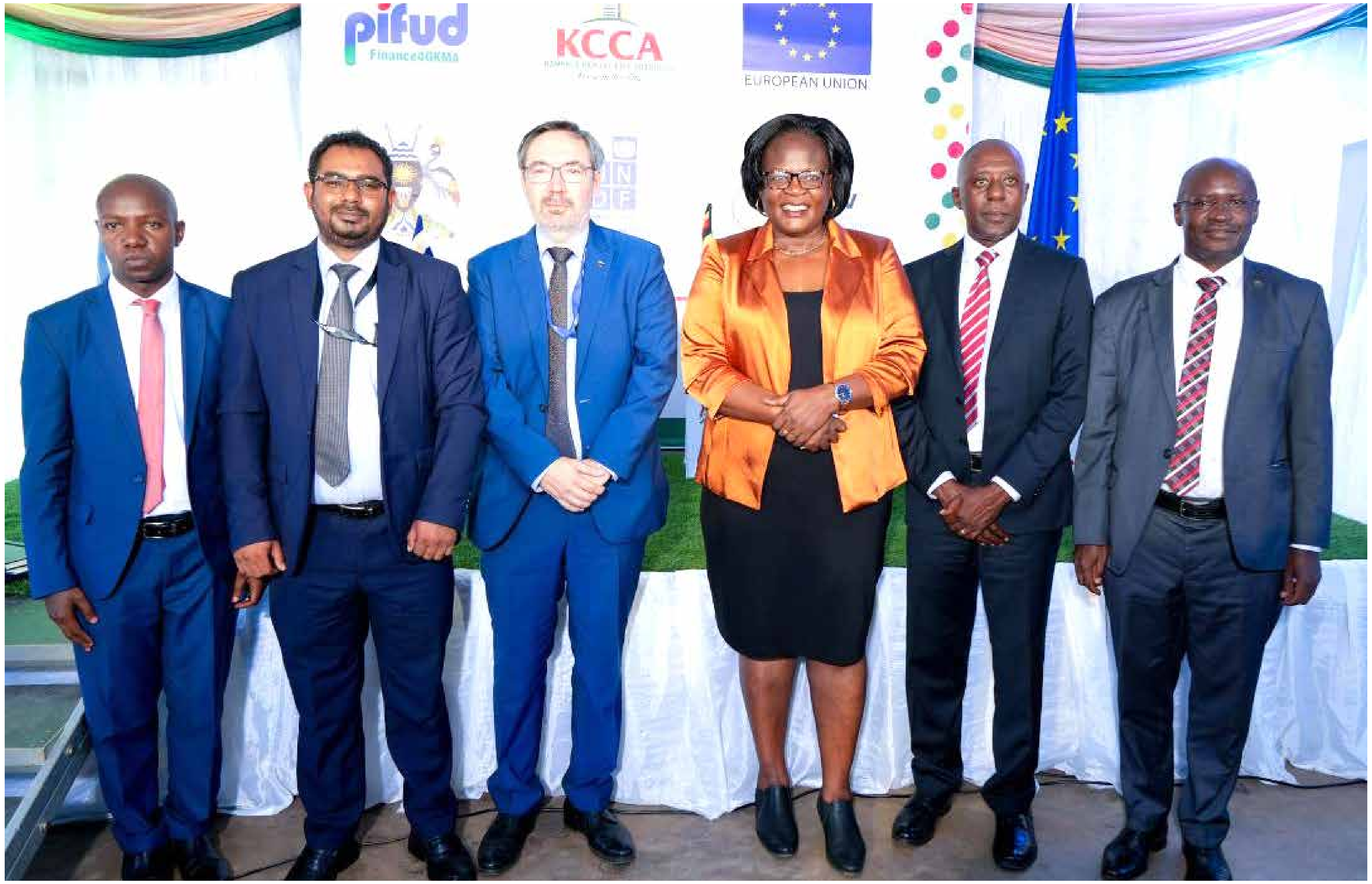
v. Inadequate capacity of system users in the local governments

vi. Inadequate tax education on IRAS implementation

vii. Difficulty/ lack of willingness to upload of local revenue data collected outside IRAS

viii. Resistance by some local government staff to embrace the system.

Using Computer Aided property valuation(e-valuation) module of IRAS, more properties have been valued for the LGs. For example, Makindye-Ssabagabo Municipal Council (MC) conducted valuation of properties applying the IRAS GIS and e-valuation module and was able to value 38,259 properties with a total rateable value of UGX 222.5 Bn compared to the manual property valuation exercise of 2015 which had covered 8,144 properties with a total rateable value of UGX 702 Bn.



KCCA Executive Director Dorothy (3rd R) Kisaka with stakeholders at IRAS engagement in Kampala.

BMAU

Impact of Agricultural Commercialization in the Local Economic Development for socio-economic transformation in Uganda

Goats received from Sembeguya Estates to farmers in Lugusuulu Sub-county, Sembabule District

By BMAU

As part of a multi-sectoral study involving several public sector institutions, the Budget Monitoring and Accountability Unit (BMAU) in the Ministry of Finance, Planning and Economic Development (MoFPED) recently undertook an impact evaluation titled **"Examining the Impact of Agricultural Commercialization in the Local Economic Development for Socio-economic Transformation in Uganda"**.

The evaluation was commissioned by the Office of the President (OP) in November 2022 to inform decision-making by the Public Policy Executive Oversight Forum (APEX Platform) meeting in March 2023. The APEX Platform is convened by the Office of the President as a high-level Oversight Forum for Uptake, Learning and Executive Decision Making to foster Transparency, Accountability and the Promotion of Good Governance Practices in the Delivery of Services to the Citizens.

The study mainly sought to evaluate the performance of programmes/projects/ interventions aimed at fostering agricultural commercialization in Uganda during the period 2010 to 2021 and their influence on socioeconomic transformation. A total of 100 projects relevant to the achievement of agricultural commercialization were classified and reviewed along the agriculture value chain: Production and Productivity; Aggregation, Bulking and Storage; Agro-processing; and Marketing.

Agricultural commercialization aims at reducing subsistence farming and ensuring that households produce for sale. The programmes/projects executed under agricultural commercialization were aimed at achieving three outcomes, namely:

1. Increased agricultural production and productivity
2. Increased agricultural exports and processed agricultural exports
3. Increased share of agricultural outputs marketed; and import substitution

Main Findings

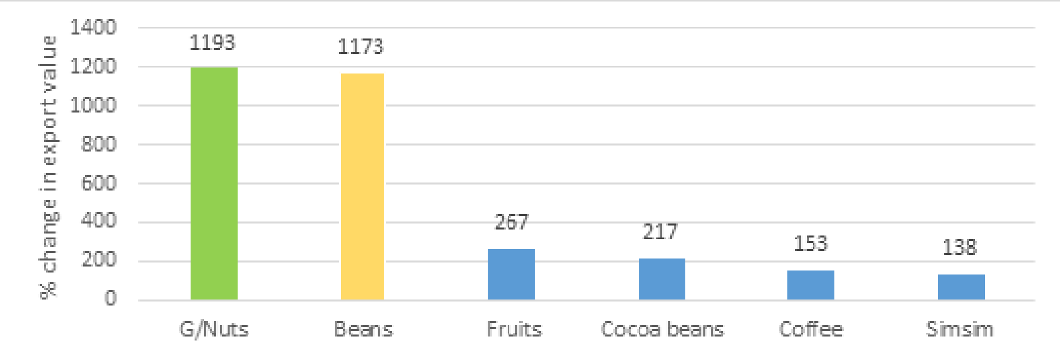
Impacts

Overall efforts towards agriculture commercialization, were achieved minimally by 2020, as 39 percent of households (3.5 million) were in the subsistence economy, of which 62 percent were engaged mainly in subsistence agriculture. According to the Uganda National Household Survey 2019/20, subsistence farming households reduced from 2,042,000 (24% of total households) in 2016/17 to 1,981,000 (22.2%). In terms of local economic development, the impact was also minimal since most projects were countrywide interventions and the Local Economic Development (LED) focused projects under-performed. Additionally, although the poverty trends among rural households have declined, they are still above the national average.

In addition to socio-economic transformation, agriculture commercialization was aimed at increasing production and productivity; agriculture exports especially those processed; and the share of agricultural produce marketed. For all the crops, production persistently fluctuated over the years, with no steady increase, an undesirable phenomenon for commercialization. The increased production has been attributed largely to increased acreage under crop rather than productivity gains. The low production improvements have been exacerbated by the limited agro-processing and marketing facilities and services. High post-harvest losses were common in many regions of the country due to a lack of storage facilities and proper post-harvest handling practices.

In terms of exports, the value of agricultural commodities more than trebled between 2010 and 2021.

Figure 1: Change in export values in 2021 compared to 2010 for the six lead commodities (%)



Source: Bank of Uganda

The average annual export values were highest for coffee; fish and its products, sugar, tea, and maize respectively. However, the unit values of agriculture exports had not improved as Uganda was still exporting raw materials, so growth in export values was a result of increased volumes. On the other hand, there was no indication of reductions in the importation of agricultural products. The import values for all agricultural products in 2021 were far higher than those recorded in 2010. This was especially the case for vegetable products, animals, beverages, fats and oil.

Project performance

Cumulatively over the FYs 2009/10- 2020/21 a total of Ug shs 7,661 billion (bn) was expended, of which Ug shs 4,194.57bn (55%) was government financing. Both government and external financing has been heavily directed towards recurrent activities with a focus on project operational costs. This financing mix could not facilitate effective and sustainable agricultural commercialization.

Seventy-five percent of the projects had fair performance while only 11 performed well. The majority of the fairly performing projects (68%) were country-wide interventions. The good performance was mainly in the crop sub-sector and with coffee, maize, beans and tea in particular. The contribution of projects to the attainment of agriculture commercialization objectives were also aligned to levels of investment.

The projects under production and productivity interventions contributed the most to agriculture commercialization, while those in processing and marketing contributed the least. The agro-processing projects were poorly implemented because of underfunding and poor coordination. For example, there were non-functional value-addition facilities in Western Uganda (Kyegegwa, Kasese, Kitagendwa, Kamwenge, Kyenjojo, Bundibugyo and Fort Portal districts) due to a lack of electricity.

Five LED projects (14%) had good performance, some of which included the Goat Export Project in Sembabule, and the National Enterprise Corporation (NEC) farms in Gomba and Kyankwanzi districts.

The focus on agricultural commercialization was more biased towards availing services countrywide with minimal attention to the scale, adequacy, quality, usefulness and sustainability of the interventions.

Seventeen percent of the LED projects performed poorly mainly due to the selection of inappropriate agriculture enterprises. Compliance with the requirements of the different agro-ecological zones averaged 66%, with 34% of the farmers receiving project enterprises that cannot thrive in their agro-ecological zones. The most affected areas were Karamoja, the para savannahs in north Bunyoro and the Lake Victoria Crescent where half of the technologies, and interventions received were inconsistent with what thrives best in those agro-ecological zones. However, in cases where appropriate projects were implemented performance was good. For example, the Vegetable Oil Development Project in Kalangala, and the National Oil Palm Project in Teso had transformed livelihoods.

Key constraints to agriculture commercialization

Poor planning and budgeting was the predominant constraint to agricultural commercialization projects followed by weak implementation, the impact of climate change, and the COVID-19 pandemic in that order. Poor planning and budgeting of interventions manifested in the form of poor prioritization, duplication of interventions, poor absorption of the availed financing, implementation of projects without feasibility studies, delayed completion of Resettlement Action Plans, and high dependence on rainfall.

Weak implementation was due to procurement delays, persistent human resource shortages, low capacity of contractors, and poor quality technologies and other inputs distributed. On the other hand, the climate change effects, manifested as persistent drought, effects of flooding during the heavy rainy seasons, and prevalent/high incidence of pests and diseases for both crops and livestock.

The critical demand for accountability and the use of documented literature to make evidence-based decisions on projects has been weak. This encourages continued wastage of government resources as poorly designed or implemented projects are left to continue without review and reprimand of the project implementers.

The focus on agricultural commercialization was more biased towards availing services countrywide with minimal attention to the scale, adequacy, quality, usefulness and sustainability of the interventions. Inadequate coordination and prioritization of budgets to address the commodity value chains holistically from production to marketing have been key binding constraints.

Livestock breeding at NARO-Namulonge

Key Lessons

What is Government doing right?

The following measures undertaken by the Government have contributed to some of the achievements in agricultural commercialization:

1. Provided an enabling environment through policy reforms and relevant laws.

2. Prioritized the lower part of the agricultural value chain of increasing agricultural production and productivity.

3. Introduction of the model of input acquisition through a 30% co-funding option by smallholder farmers through commercial or nucleus farmers.

4. Introduction of programme-based planning and budgeting to reap the benefits of backward and forward linkages along the agricultural commercialization chain.

What did not go right?

1. Partial implementation of policy reforms that are not monitored to assess their impacts on agricultural commercialization.

2. Poor planning, synchronization and coordination of agricultural interventions for a common goal and outcomes.

3. Weak project implementation. Poorly performing projects, especially donor-funded, continue to be extended, thus crowding out others from the Project Implementation Plan.

4. Weak implementation of the import substitution approach.

Recommendations

1. The National Planning Authority (NPA) with relevant stakeholders should formulate comprehensive commodity-specific programmes along the agricultural commercialization value chain. These should be for a few commodities based on the zoning approach. The example of coffee should be emulated.

2. The MoFPED and relevant MDAs should review existing projects for agriculture commercialization, for relevance to commodity development programmes.

3. The MoFPED should prioritize funding for commodity development programmes.

4. The relevant but poorly performing projects should have new management teams.

5. The Government through the Public-Private Partnerships Unit should critically review the role of government in agricultural commercialization. The private sector should be supported to drive the agenda, while the government takes on strategic public investments along the value chain.

6. The Ministry of Agriculture, Animal Industry and Fisheries, in collaboration with relevant stakeholders, should improve support services to the crop sub-sector. This sub-sector employs most of the farmers but gets the least support services compared to the fish and livestock husbandry.

7. The Agro-Industrialization Programme Working Group Secretariat and MoFPED should critically review the share of development spending in projects supporting agricultural commercialization. It was noted that several projects were spending the majority of the funds on recurrent costs which were mainly operational.

8. The Apex Forum should critically follow up on the implementation of the designed commodity programmes for enhanced effectiveness.

This report was compiled by the Budget Monitoring and Accountability Unit (BMAU)

The detailed report can be accessed at:https://finance.go.ug/publication/examining-impact-agricultural-commercialization-led-set-uganda-final-report

MoFPED football team participated in the 12th Africa Public Service Day sports gala 2023

NEWSBITS

Finance Minister Inaugurates NSPSD II - SIG

Finance Minister Matia Kasaija Inaugurated the Second National Strategy for Private Sector Development (NSPSDII) 34-member Strategy Implementation Group (SIG) composed of Permanent Secretaries, Executive Directors, Private Sector, Civil Society, Development Partners and the Academia.

The SIG will oversee and ensure effective implementation of NSPSD II by taking proactive strategies to engage, communicate and advocate for prioritization of the key components of the strategy by the key implementers and beneficiaries.

The Minister said the SIG will play a pivotal role in influencing government priority interventions and resource allocation towards the private sector priorities to enhance competitiveness.

Musasizi officiates at EAC Post Budget Dialogue FY 2023/24

Minister of State for General Duties Henry Musasizi officiated at the East African Community (EAC) Post Budget Dialogue FY 2023/24 on tax and debt at Serena Hotel in Kampala which was organised by Southern and Eastern Africa Trade Information and Negotiations Institute (SEATINI) under the theme: "Building Resilient Economies: Tax harmonisation and Debt Sustainability for a thriving East Africa"

This engagement under the Budget month platform provided opportunity for all stakeholders to discuss ways of strengthening regional integration through tax harmonisation and debt sustainability.

It was also an opportunity to share and understand the various measures passed by the EAC Council of Ministers in FY 2023/24 and their implication on the regional integration process.

Musasizi said there is need for all stakeholders to leverage regional and international cooperation with a view of maximising available market opportunities.

Lugoloobi tours UFZA land at Buwaya and Free zones

Minister of State for Planning Amos Lugoloobi on 13th June 2023 visited Uganda Free Zones Authority (UFZA) and was taken on a guided tour of the land at Buwaya in Kasanje town council (for development of a public free zone), Entebbe International Airport Free Zone and Seco Marine (U) Limited free port.

Lugoloobi asked the Free Zones Authority to expand its operations across the country, focus on priority projects and benchmark with experienced countries in export business, adding that Uganda has a high chance of becoming an export zone under the African Continental Free Trade Area.
Uganda Free Zones Authority headed by Hez Kimoomi Alinda has licenced 33 private free zones.

PSST says Uganda's Economy is on a steady recovery path

Permanent Secretary and Secretary to the Treasury Ramathan Ggoobi has said Government has started to live within its means. He noted that the Ministry of Finance has started taming budget incrementalism and winners have started to gain by taking from losers rather than claiming from incremental resources.

PSST made the remarks while delivering a keynote address at the NTV and ABSA bank Post Budget Dialogue in Kampala under the theme: Managing risks, Vulnerabilities and Uncertainties that await implementation of the FY 2023/24 National Budget.

He said the fiscal outlook for Uganda remains positive, adding that the economy has remained resilient despite facing a series of shocks.

"We have started making the budget redistributive, we are learning to promise in the plans what we can pay for in the budget. We have started making the budget less accommodative. We are on track to restore fiscal discipline and with it, budget credibility," said Ggoobi.

DID YOU KNOW?

1

The government of Uganda recently concluded the fourth review of the Extended Credit Facility (ECF) program with the International Monetary Fund (IMF). Cumulatively, IMF has disbursed an equivalent of USD 625 million out of the approximately USD 1 billion. Government has carried out several reforms focused on prudent fiscal and monetary policies, enhanced social spending, improved revenue collection, safeguarding a resilient financial sector and anti-corruption measures

2

The Government of Uganda (GoU) applied for credit (USD 200 million) from the International Development Association (IDA) towards financing of the Investment for Industrial Transformation and Employment Project (INVITE). The project will be implemented by the Ministry of Finance Planning and Economic Development (MoFPED), Private Sector Foundation Uganda (PSFU), and Bank of Uganda (BoU). The project will address liquidity constraints faced by firms, particularly MSMEs in manufacturing, exports, and other strategic sectors.

The project is expected to commence within Financial Year 2023/2024 for a period of at least Five (5) years. The Project Development Objective (PDO) is to mitigate the effects of COVID-19 on private sector investment and employment (direct and indirect jobs) and to support new economic opportunities including in refugee hosting communities

3

The ongoing oil and gas activities have already started to boost recovery and transformation. The oil companies are making a USD 6.75 billion (Shs 25 trillion) investment in four years to 2025 (the year of first oil). In the next 25 years, Uganda is projected to earn between USD 25 billion and USD 50 billion after netting off the investment cost. This will be in addition to the job opportunities, expanded tax base and multiplier effect for the local businesses

4

An assessment of Informal Businesses Report 2022, a publication by EPRC in collaboration with MoFPED shows that only 28% of the total population of businesses are fully formal (registered both legally and for tax purposes). Most businesses (72%) in Uganda operate between fully formal and fully informal.

Majority of the businesses (70%) with either legal or fiscal informality are registered with Local Governments; and less by URSB (8%) and URA (1%). Informal businesses contribute up to 29% of GDP. More so, there is an untapped revenue potential of Ushs 407 billion by businesses with turnover above Ushs 150 million. There is a high mortality rate for informal businesses. 64% of informal businesses are 6 years or younger

5

Access to Social Protection: According to the NLFS, 2021 only a quarter of employees pay for NSSF. 76% do not contribute towards any form of social protection. Relatedly, the 2021 URBRA Pension Digest indicates that the Pension sector coverage ratio is still low, at 18.6% with 2,949,715 members in 2021. This means that only about only 1 in every 6 Ugandans in the labour force is a member of a Pension Scheme

6

Uganda Bureau of Statistics (UBOS) is now producing Quarterly Gross Domestic Product (QGDP) by expenditure approach which takes into account the sum of all final goods and services purchased in an economy on a quarterly basis. Uganda has been compiling the QGDP by Production Approach until May 2022. The maiden QGDP was published in April 2023

7

The Petroleum Fund was established by section 56 of the Public Finance Management Act (PFMA),2015 as amended. The Fund is a depository for all revenues accruing to government from the petroleum and related activities.

Disbursements from the Fund are through appropriation to either the consolidated Fund, the Petroleum Revenue Investment Reserve Account or the approved investments under National Oil Company

8

Uganda has suffered outbreaks of water borne diseases such as cholera, typhoid and dysentery which point to the quality of water being consumed in the affected areas. A study on the management of water safety in small towns was carried out in Uganda and Mozambique from 2016-2021.

The study revealed that one of the biggest challenges is contamination of clean water with fecal matter while being distributed from treatment plants to households. A report from the Ministry of Water and Environment (2022) indicated that waste water compliance stood at 55% nationally; indicating disposal of unsafe water into the environment. Furthermore, compliance to drinking water standards stood at 81.2% for urban areas and 67% for rural areas, meaning that 18.8% of urban areas and 33% of rural areas were exposed to unsafe drinking water.

According to the Uganda National Household Survey 2019/20, the overall population percentage with access to an improved water source is 79%; urban access – 91%, rural access – 75%. On the sanitation front, World Health Organization statistics (2023) state that Uganda scores low (23%) in basic sanitation standards

QUOTE

"It is a budget that provides opportunity for every Ugandan to have a stake in the economy. I, therefore dedicate this budget to those Ugandans who are working hard, day and night to expand and modernize our economy and country," said Finance Minister Matia Kasaija in the budget speech for FY 2023/24

"The Integrated Bank of Projects (IBP) System has enhanced access to information on projects to all stakeholders including Ministries, Departments and Agencies (MDAs), Development Partners and Development Committee Members. This has improved the number of projects completing the appraisal process. The system has provided a faster and effective project preparation and appraisal platform," said Minister of State for General Duties, Henry Musasizi while launching the Integrated Bank of Projects

"As we read the national budget of FY 2023/24, I want to thank all our investors for reducing imports of other people's products in Uganda by US$ 3.6billion and also for creating jobs in our country. We value you all our Partners in the development of our economy, "said Minister of State for Investment and Privatization Evelyn Anite on the Budget day,15th June 2023

"Government will aggressively improve its management capacity in project implementation, contract management, monitoring and evaluation and operation and maintenance. This will complement efforts to ensure better selection, preparation, transparent tendering and delivery of projects on time and within budget," said Minister of State for Planning Amos Lugoloobi while officiating at the 3rd annual Project Management Conference in Kampala

"Government of Uganda's implementation of Uganda Women Entrepreneurship Programme (UWEP) and Emyooga revolving funds has had a transformative impact on women's lives. These programmes have provided avenues for women to achieve financial independence which has brought positive changes in their overall well-being," said Minister of State for Microfinance, Haruna Kasolo while commenting of wealth creation programmes

"The goal is to make the economy work for everyone – a farmer; a street vendor; a worker; a journalist; an industrialist; a banker; a borrower; a professional service provider; a civil servant; a medical personnel; security personnel; a young guy earning from gigs; every woman and man; the elderly; a politician; and you and I," said Permanent Secretary and Secretary to the Treasury, Ramathan Ggoobi at Post budget dialogue in Kampala organised by ABSA Bank and NTV

POLICY BRIEFS

1 (a) Employment - Informal Sector in Uganda

The NDP III targets to decrease the size of the informal sector in Uganda from 51% in FY 2020/21 to 45% by 2024/25. This target aligns with Government's broader efforts to promote formalization, improve productivity and competitiveness and ensure social protection for workers in the country.

From the National Labour Force Survey (NLFS), 2021 informal sector employment is estimated at approximately 88% of the working population. It is also characterized by small or undefined work places, unsafe and unhealthy working conditions, low levels of skills and productivity, low or irregular incomes, long working hours and limited access to information, markets, finance, training and technology. In order to facilitate the generation of more decent and formal jobs in the economy, and to encourage business formalization in Uganda,
Government is:

a) Spearheading the National Business Development Services (BDS) Framework to support sustainable enterprise growth across the country. The BDS Framework will enable the building of resilient and competitive MSMEs and support existing strategies such as the PDM and EMYOOGA. In addition, Government is supporting the transition of MSMEs to medium complaint entities through the Informality Management for Compliance and Revenue Mobilization (IMCORE) Program. Under this Program, Government identified and developed a database of 30,000 MSMEs, where 10,000 MSMEs will be logically selected and supported to transition to compliant formal entities.

b) Establishing programmes geared towards voluntary and involuntary registration of businesses e.g. the Taxpayer Register Expansion Programme (TREP). TREP is a joint initiative implemented by URA, URSB, KCCA and Ministry of Local Government. By the end of Q3 FY2022/23, 941,535 taxpayers had been registered under TREP, representing 147.8% of the annual target (637,015 taxpayers). By 31st December 2022, the taxpayer register had 3,067,983 tax payers, representing a growth of 17.19%, from 2,618,008 tax payers in June 2022. TREP will continuously aid business formalization, thus reducing the size of the informal sector.

c) Facilitating Uganda Business and Technical Examinations Board (UBTEB) which offers certification and accreditation for technical and vocational skills. This enables informal workers improve their skills and increase their prospects for formal employment.

d) Promoting Local Content, particularly in the Oil and Gas Sector. Government has ring-fenced 16 fields in the Oil and Gas Sector for local content and established the National Local Content Fund for capacity building. This will inspire more local firms to formalize in order to leverage opportunities in the Oil and Gas Industry.

e) Improving the policy environment for informal workers through initiatives such as the Uganda Green Jobs Programme, which seeks to promote sustainable and decent employment in the informal sector.

f) Implementing Regulations 3(2) and 7(2) of the Companies Act, which require all companies to disclose beneficiary owners' particulars.

(b) Informal sector in Uganda statistics and work conditions

According to the 2021 National Labour Force Survey (NLFS):
i) The proportion of the employed population in informal employment increased by 3.5% from 85% in 2016/17 to 88% in 2021.

ii) Majority (99%) of the informal sector workers are engaged in Agriculture, forestry and fishing, while 94 % are in production and 86 % are in the services sector.

iii) At Regional level, informal employment in agriculture was highest in Ankole and Kigezi at 95%, followed by Karamoja (94%) and Lango (88%).

iv) The median monthly earning of male workers with informal jobs in rural areas was Ushs100,000, which is lower than that of their urban counterparts (Ushs120,000) and the total median (Ushs140,000). For female workers with informal jobs, the median monthly earning was Ushs12,000 in rural areas, Ushs132,000 in urban areas, and Ushs152,000 as the total median. These results suggest significant rural-urban and gender inequality in income, derived from Informal employment.

v) About 72% of those involved in informal employment work more than 40 hours a week, implying that existing labour laws are not being followed by employers.

vi) 75% of persons involved in informal employment work with oral contracts. This points to the need for increased awareness on the merits of work agreements.

vii) 57% of informal sector employees were exposed to dust, fumes and chemicals. 41.5% were exposed to dangerous tools, 37% to snake and insect bites (poisonous) and 31.4% to awkward working positions (standing, kneeling, crouching).

viii) Only 22% use protective gears during work in the informal sector. Whereas Government enacted the Occupational Safety and Health Act to reduce work-related hazards, enforcement this Act has been poor.

POLICY BRIEFS

2 Uganda's SDGs Progress Report

Uganda's Sustainable Development Goals (SDGs) progress report, 2021 indicates that out of the 201 SDG indicators applicable to Uganda, 119 have data points, an improvement from 92 data points in 2020 (Uganda's second Voluntary National Review Report, 2020).

On a welcome note, the report highlights that health worker to population ratio in the public sector slightly improved from 1.87 per population of 1000 in 2019 to 1.92 per 1,000 population in 2020, access to electricity stood at 56.7% by end of 2021, the poverty level in Uganda slightly reduced by 1.1% from 21.4% in FY2016/17 to 20.3% in FY2019/20, and the value added attributed to the manufacturing industry as a ratio of GDP slightly increased from 16.2% in 2016 to 16.4% in 2021.

However, the average proficiency in literacy for primary three class reduced from 60.3% in FY2015/16 to 49.9% in FY2018/19, volume of remittances (as a proportion of total GDP) reduced from 4.1% in 2016 to 2.8% in 2020, and Uganda's installed generation capacity in 2021 (1,252.4 MW) was still below the NDP III target for FY2020/21 (1,884 MW). The above report elaborates how Uganda has progressed in the attainment of the Agenda 2030.

3 Impact of COVID-19 on Child Marriage

The latest study by UNICEF (2022) on the Impact of COVID-19 on child marriage reveals that the COVID-19 pandemic lockdowns and other restrictions increased the rate of child marriage by increasing the risk factors that drive the practice, particularly levels of poverty and access to education across all the study sub regions (West Nile, Karamoja and Sebei/Bugisu).

Report findings show that the COVID-19 pandemic increased the rates of child marriage by increasing the risk factors that drive the practice, particularly levels of poverty and access to education. Huge numbers of children were not engaged in formal education of any kind due to the prolonged school closures, and many felt that they had been out of school for so long that returning to the classroom was impossible.

According to the Report, child marriage is one of the significant drivers of adolescent pregnancy, which accounts for 22.3% of school dropouts among girls aged between 14 to 18 years. According to UNFPA, a total of 354,736 teenage pregnancies were registered in 2020 and 290,219 between January and September 2021.

Child marriage is a major social and public health issue in Uganda, with far reaching implications for the health, education and development of adolescent girls and boys. According to the 2016 Uganda Demographic and Health Survey (UDHS), 34% of women aged 20–24 years were married or in a union before age 18, and 7% were married before the age of 15. While the practice of child marriage has declined over the past two decades, its prevalence remains high especially in the northern region.

Government is currently implementing the second End Child Marriage and Teenage Pregnancy in Uganda Strategy (2022/23-2026/27) for inclusive growth and socio-economic transformation. Uganda is one of the 13 focal countries in Africa participating in the Global Programme to End Child Marriage. The development of these national and international frameworks underscore Government's commitment to end child marriage and teenage pregnancy by 2040.

4 Tracking SDG7: The Energy Progress Report 2022

Uganda's quest to increase access to electricity and clean cooking technologies is a top priority for the Sustainable Energy Development Programme because of its positive effect on industrial growth, employment, and household incomes.

In the Energy Progress Report, 2022 prepared by the United Nations to track the achievements of Sustainable Development Goal 7, about 26 million people in Uganda lack access to electricity, and only 1% of the population has access to clean cooking technologies. This performance remains below the SDG and NDP III targets.

Public Investments such as scaling up rural electrification, the extension of energy infrastructure to industrial parks, and curbing vandalism have been identified as critical in increasing access to electricity to 60% in 2030.

HTTP vs HTTPS: WHAT IS THE DIFFERENCE?

By Leone Byereeta

Important TIP on how to identify and use secure Web sites.

Have you ever noticed that most website addresses start with the string …. http:// and/ or …… https:// ? Note that one has an "s". The one with an "s" is all about keeping you secure.

HTTP stands for Hyper Text Transfer Protocol. The S (big surprise) stands for "Secure". If you visit a website or web page, and look at the address in the web browser, it is likely begin with the following: http://.

This means that the website is talking to your browser using the regular unsecured language. In other words, it is possible for someone to "eavesdrop" on your computer's conversation with the Website. If you fill out a form on the website, someone might see the information you send to that site.

For your information, communication across the **Integrated Financial Management System (IFMS)** and the **MoFPED mail** are both secured since the https:// functionality is activated.

This is why you should **NEVER** ever, for example, enter your credit/debit card number in an http website! But if the web address begins with https://, that means your computer is talking to the website in a secure code that no one can eavesdrop on.

You understand why this is so important, right?

The Writer is a Systems Officer, Accountant General's Office

Minister of State for Microfinance Haruna Kasolo shares a moment with Prime Minister Nabbanja during AMFIU 25 year celebration and Microfinance conference at Mestil hotel in Kampala

Principal Assistant Secretary Ronald Osekeny chairing National organising committee meeting for the budget FY 2023/24 on behalf of the US/AO Dr. Sengonzi

MoFPED staff with Finance Minister on Budget Day FY 2023/2024

Under Secretary & Accounting Officer Dr. Edward Sengonzi opening Change Management Training for staff of Tax Appeals Tribunal at Imperial Royale Hotel

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NDP III PROGRAMMES AND CORRESPONDING LEAD VOTES

Programme/Sub-Programme code	Programme	Lead MDAs/VOTE
010000	Agro-Industrialization	MAAIF
020000	Mineral Development	MEMD
030000	Sustainable Petroleum Development	MEMD
040000	Manufacturing	MoTIC
050000	Tourism Development	MoTWA
060000	Natural Resources, Environment, Climate Change, Land and Water Management	MoWE
070000	Private Sector Development	MoFPED
080000	Sustainable Energy Development	MEMD
090000	Integrated Transport Infrastructure and Services	MoWT
100000	Sustainable Urbanization and Housing	MoLHUD
110000	Digital Transformation	MoICT&NG
120000	Human Capital Development	MoES
130000	Technology Transfer and Development	State House
140000	Public Sector Transformation	MoPS
150000	Community Mobilization and Mindset Change	MoGLSD
160000	Governance and Security	OP
170000	Regional Balanced Development	MoLG
180000	Development Plan Implementation	MoFPED
190000	Administration of Justice	Judiciary
200000	Legislature, Oversight and Representation	Parliament

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