MOFPED TIMES

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PRIORITIES FOR FY 2025/26 NATIONAL BUDGET

8TH HIGH LEVEL ECONOMIC GROWTH FORUM

PSST GGOOBI WOOS INVESTORS AT UK-AFRICA SUMMIT 2024

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MINISTRY OF FINANCE, PLANNING AND ECONOMIC DEVELOPMENT

Mission

To formulate sound economic policies, maximize revenue mobilization, ensure efficient allocation and accountability for public resources so as to foster sustainable economic growth and development.

Vision

A competitive Economy for National Development

Values

- **Professionalism**
  We consistently demonstrate competence, knowledge, resourcefulness, quality, cooperation and a positive attitude, related to how we provide our professional services.
- **Result oriented**
  We embrace a goal-oriented culture that focuses on outcomes and drives accountability and growth.
- **Efficiency and effectiveness**
  We continuously seek effective and efficient ways to solve problems, better our services, and to remain fiscally responsible.

  We constantly demonstrate a commitment to be good stewards of the resources allocated to us, discover and apply safer, better, faster and more cost-efficient ways to provide the services.
- **Teamwork**
  We create effective working relationships with team members by treating others fairly, maintaining an approachable atmosphere, sustaining open and honest two-way communication, and involving others in decision-making processes when appropriate.
- **Integrity and Transparency**
  We conduct business honestly and ethically, expect and exemplify trust, respect, fairness and high character. We conduct ourselves with openness in all aspects of our work. We seek feedback from all stakeholders in order to achieve open communication and foster collaboration.
- **Innovativeness**
  We are driven by continuous improvement and unique cutting-edge concepts that optimize results by working better and smarter.

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Theme: "Seizing opportunities for structural transformation to increase productivity and resilience"


UGANDA

Ramathan Ggoobi
Permanent Secretary and
Secretary to the Treasury

Ministry of Finance,
Planning and Economic
Development

Greetings

Greetings to you all, our dear stakeholders,

I thank you for the unwavering support which has kept us on track to change the structure of our economy from a subsistence economy to a fully monetized and modern industrialized economy.

We are determined to facilitate a job-rich growth profile that ensures enhanced household incomes and productivity growth within and between sectors.

This FY 2024/25 continues to lay a firm foundation for implementing the strategy to grow our economy tenfold from the current GDP of USD 53 billion to USD 500 billion by 2040.

We are putting final touches on the 4th National Development Plan anchored on the above strategy with four priority investment areas (ATMS): Agro-Industrialization; Tourism Development; Mineral-based Industrial Development, including Oil and Gas; and Science, Technology and Innovation, including ICT (the Knowledge Economy).

We are committed to doing things differently to actualize Uganda's economic potential by taking full advantage of the new ways of doing things (emerging technologies), investing in new sources of growth (emerging sectors), and leveraging the new relationships in trade and economic cooperation (emerging markets).

We shall also continue to repurpose the budget, improve allocative efficiency and focus on the prioritized sectors of the economy, while effectively implementing the domestic revenue mobilization strategy (DRMS) to facilitate growth with transformation.

Enjoy reading the TIMES■

Ramathan Ggoobi
Permanent Secretary and Secretary to the Treasury

MINISTRY OF FINANCE, PLANNING AND ECONOMIC DEVELOPMENT

80 Years

HAPPY BIRTHDAY

H.E. Yoweri Kaguta Museveni
President of the Republic of Uganda

Hon. Matia Kasaija
Minister of Finance, Planning & Economic Development

Hon. Henry Musasizi
Minister of State for General Duties

Hon. Evelyn Anite
Minister of State for Investment and Privatisation

Hon. Amos Lugoloobi
Minister of State for Planning

Hon. Haruna Kasolo
Minister of State for Microfinance

Ramathan Ggoobi
Permanent Secretary and Secretary to the Treasury

The Management and Staff of the Ministry of Finance, Planning and Economic Development heartily congratulate H.E. Gen. (Rtd) Yoweri Kaguta Museveni, the President of the Republic of Uganda upon his 80th birthday.

We also congratulate H.E. the President for ably steering the economy from the ruins inherited in 1986 to one of the fastest growing economies in the world.

Despite facing global challenges such as tighter financial conditions and supply chain disruptions, Uganda's economy has demonstrated impressive resilience by achieving a growth rate of 6.0% in FY 2023/24. This performance significantly surpasses the Sub-Saharan Africa average of 3.8% projected for 2024 and the global average of 3.2%.

We are committed to the ambitious goal of growing Uganda's economy tenfold from USD 50 billion to USD 500 billion by 2040, targeting four key sectors (ATMS): Agro-industrialization, Tourism, Mineral development (including oil and gas), and Science, Technology, and Innovation (STI).

The Ministry of Finance, Planning and Economic Development also remains committed to delivering on all the commitments it contributes to in the NRM Manifesto 2021-2026 to stimulate economic recovery, promote wealth and job creation for the citizens and also enhance the productivity and competitiveness of enterprises.

Hon. Matia Kasaija
Minister of Finance, Planning and Economic Development

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MINISTRY OF FINANCE, PLANNING AND ECONOMIC DEVELOPMENT

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Minister of State for Planning

Hon. Haruna Kasolo
Minister of State for Microfinance

Ramathan Ggoobi
Permanent Secretary and Secretary to the Treasury

COMMISSIONING OF THE 600MW KARUMA HYDROPOWER PROJECT AND KARUMA INTERCONNECTION PROJECT (KIP)

The Ministry of Finance, Planning and Economic Development congratulates H.E. Gen. (Rtd) Yoweri Kaguta Museveni the President of the Republic of Uganda and the people of Uganda upon the successful completion of this project which was implemented by the Ministry of Energy and Mineral Development with concessional financing from China EXIM Bank.

We are pleased to note that all the 6 units each generating 100MW have been technically commissioned and connected to the national grid, in addition to completion of the Karuma Interconnection Project, now under the management of UEGCL.

Adequate electricity generation capacity has been built, tripling in the last 13 years. Energy generation capacity increased to 2,046.8 MW in FY2023/24 from 984 MW in FY2017/18. Households with access to electricity rose to 57%, in the FY2023/24 from 21% in FY2017/18 and electricity consumption per capita increased to 218kWh in FY 2023/24, from 100kWh in FY2017/18.

The Karuma hydropower project will significantly contribute to the tenfold growth of the economy strategy by providing reliable electricity supply to support the four anchor sectors of the economy (ATMS) including agro-industrialization, in addition to increasing opportunities for wealth creation, education and health among other social services.

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Apollo Munghinda
Principal Communications Officer

Ministry of Finance, Planning and Economic Development

Our esteemed Stakeholders

Greetings from MoFPED,

I am thrilled to welcome you all to this 16th Edition of the TIMES, the first this FY 2024/25.

It is pleasing to note that the budget execution for FY 2024/25 is progressing well, and the budget process for FY 2025/26 is underway with both the National Budget Conference and Local Government regional budget consultations already concluded.

In this 16th Edition of the TIMES, we share the highlights of the Budget Strategy for FY 2025/26, and the views of the various stakeholders who have been part of the consultations.

The Ministry also successfully hosted the 8th High-level Economic Growth Forum which examined how Uganda can seize the available opportunities for structural transformation to increase productivity and resilience. In this issue, we bring you the forum recommendations.

We also examine the tax incentives and exemptions available for both local and foreign investors, highlights from the UK-Africa Investment Forum and the strategies for deepening climate finance mobilization among other issues.

Enjoy reading the MoFPED TIMES

Apollo Munghinda
Principal Communications Officer

TENFOLD GROWTH STRATEGY TAKES CENTRE STAGE AT THE 8TH ECONOMIC GROWTH FORUM

Permanent Secretaries, Dr. Richard Newfarmer, Deputy Governor BOU and other officials at the Forum.

By MoFPED Comms Team

The Ministry of Finance, Planning and Economic Development, in partnership with the International Growth Centre (IGC), successfully hosted the 8th High-Level Economic Growth Forum from 29th to 30th August 2024 at Serena Hotel, Kampala, under the theme: "**Seizing opportunities for structural transformation to increase productivity and resilience**"

The forum examined how Uganda can seize the available opportunities amidst uncertainties, such as reduced capital flows, rising global interest rates, global protectionism and geopolitical tensions, as well as long-term risks associated with climate change.

Discussions at the forum focused on the following key strategic areas:

- Growth Strategy for Structural Transformation
- Industrial Policy – Promoting Agro-industry, Manufacturing, Mining and Exports
- Climate Change – Turning Challenges into Opportunities for Growth
- Overcoming Financing Constraints – Public and Private Savings
- Urbanization – Transforming Subsistence Farming into Urban Growth
- Developing High Productivity Services – Tourism and Business Services

The forum provided a platform to discuss how policymakers can further crystallize these growth strategies to help Uganda achieve inclusive and sustainable long-term economic growth. The policy recommendations from this forum will feed into the National Budget Strategy for FY 2025/26.

The Minister of State for General Duties, Henry Musasizi, representing Finance Minister Matia Kasaija, reiterated the commitment of Government to drive inclusive growth through programmes such as the Parish Development Model (PDM), adding that focus should be on areas where Uganda has a comparative advantage such as agro-processing, mineral development and tourism.

Hon. Musasizi opened the conference on behalf of Finance Minister Matia Kasaija

The Permanent Secretary and Secretary to the Treasury (PSST), Ramathan Ggoobi, said despite the global challenges such as tighter financial conditions and supply chain disruptions, Uganda's economy demonstrated impressive resilience by achieving a growth rate of 6.0% in FY 2023/24. This performance surpasses the Sub-Saharan Africa average of 3.8% projected for 2024 and the global average of 3.2%.

Ggoobi said Uganda's strong economic growth has been driven by infrastructure development, investment in human capital development, deliberate government programmes for agriculture and agro-industrialization such as PDM and a conducive macroeconomic environment.

The PSST said the Finance Ministry has outlined a strategy to grow Uganda's economy from USD 50 billion to USD 500 billion by 2040, targeting four key sectors (ATMS): agro-industrialization, tourism, mineral development (including oil and gas), and science, technology and innovation (STI), including ICT, research and development.

He said the plan aims to double GDP every 5 years, raise per capita GDP from USD 1,146 to USD 7,000 by FY 2039/40, increase savings from 20% to 40% of GDP by 2040, raise the share of exports in GDP from 12% to 50% and increase annual foreign direct investment (FDI) inflows from USD 2.9 billion in 2022 to USD 50 billion by 2040.

The Country Director IGC, Richard Newfarmer, said exports and trade are key to productivity growth, noting that Uganda's exports will have to grow by double digits annually to drive the aspirational goals. He said success in exporting depends on the performance of the world economy and on Uganda's policies.

Participants at the 8th Economic Growth Frorum

Some of the forum recommendations include:

i. **Paying more attention to specialized wage work away from subsistence production by creating an enabling environment for the small-scale producers.**
ii. **Leveraging PDM to deepen credit extension to the unbankable individuals, especially in the agricultural sector where the majority are employed.**
iii. **With a young and growing population, there is an opportunity to harness the demographic dividend by continuing to invest in education, health and skills development.**
iv. **Building the productive capacity to take advantage of the single market for the African continent.**
v. **Targeted investments and policy support to enhance education and training in fields such as ICT, improving digital infrastructure and expanding broadband access.**
vi. **Enhancing Uganda's brand as a tourist destination by investing in online presence, ICT and marketing efforts at national, regional and international levels.**
vii. **Establishing and fast-tracking policy measures to attract climate finance through carbon financing, debt-for-nature and climate swaps, climate risk/insurance financing, green bonds and sustainable development goal (SDG) bonds.**
viii. **Enhancing and boosting productivity of public investment through effective implementation of the reforms to the Public Investment Management System (PIMS).**

The 8th Economic Growth Forum brought together a wide range of stakeholders, including senior government officials, Development Partners, academia, civil society and the private sector.

What they said....

Dr. Albert Musisi, Commissioner Macroeconomic Policy

"With a young and growing population, there is an opportunity to harness the demographic dividend. Uganda is in the transition phase of its demographic change, and it is critical to continue to invest in education, health and skills development."

Corti Paul Lakuma, Senior Research Fellow, EPRC

"If tax evasion could be reduced, the additional money collected could be used to resource the strategy for the tenfold growth agenda, improving Uganda's income base and economy's efficiency."

Tom Sengalama-UNDP

"Developing countries are at a high risk of facing serious impacts of climate change. The World Bank estimated that climate change will drive 68 million to 135 million people into poverty by 2030. An economic assessment of the impacts of climate change by the Uganda's Ministry of Water and Environment revealed that without adaptation, annual costs from climate-induced losses could be in the range of USD 3.2-5.9 billion within a decade."

Pamela Natamba, Partners and Tax Leader PwC Uganda

"Align timing of incentives with government spending priorities, for example the effectiveness of special economic zones goes hand in hand with infrastructure development and basic services like power and water."

STAKEHOLDERS SHARE IDEAS ON PRIORITIES FOR FY 2025/26 NATIONAL BUDGET

Participants at the National Budget Conference

By MoFPED Comms Team

From the ideas and commitments made during the National Budget Conference at Munyonyo Commonwealth Resort on September 11, 2024, Uganda is being positioned to embark on a journey of unprecedented economic boom for the next 15 years.

Considering that the 2025/26 is the year for commencement of the implementation of the fourth National Development Plan (NPIV), stakeholders have implored Government to ensure sufficient resources in the budget for FY 2025/26 are allocated to sectors with high economic returns to greatly boost Uganda's economy and the general economic welfare of Ugandans.

During the National Budget Conference, the Prime Minister, Robinah Nabbanja, told participants that according to the guidelines they had received from President Yoweri Museveni, the 2025/26 national budget will mark the commencement of implementing the ambitious new target of catapulting Uganda's economy to USD 500 billion within the next 10 to 15 years.

TOP MOST PRIORITIES

"Ladies and Gentlemen, starting FY 2025/26 and over the medium term, the NRM Government is committed to build and expand the size of our economy from the current Gross Domestic Product (GDP) of USD 50 billion to USD 500 billion by the year 2040 anchored on the tenfold growth strategy. This calls for inclusive involvement of all actors in the growth and development of this country," Nabbanja stated.

The Prime Minister noted that based on the strategic policy direction by H.E. the President and in order to realize the above target, Government has identified five topmost priorities which will guide the formulation of the national budget for the next financial year and over the medium term.

The first among the core priorities is full monetization of Uganda's economy through wealth creation driven by the Parish Development Model (PDM), *Emyooga*, Generating Growth Opportunities and Productivity for Women Enterprises (**GROW**), Investment for Industrial Transformation and Employment (**INVITE**), capitalisation of Uganda Development Bank (UDB) and other such related funding initiatives.

"Other core priorities include agro-industrialization and

(R-L) PSST Ggoobi,DST Ocailap, Ag.DB Magona with other stakeholders at the national budget conference FY 2025/26

light manufacturing, tourism development, mineral-based industrial development, including oil and gas, and Science, Technology and Innovation (STI), including creative industry and ICT," Nabbanja explained.

Nabbanja assured the participants that Uganda's economy has fully recovered from both external and domestic shocks that previously hampered growth over the past three financial years and is now on the right growth trajectory.

"As Government, we are shifting the economic growth rate to a higher trajectory of an average real economic growth rate of about 8% per annum. And with the onset of commercial production of oil and gas, this growth will go to double digit," she elaborated.

The Prime Minister, who is also the Leader of Government Business in Parliament, implored all Ministers and Accounting Officers to spare no efforts in ensuring that Government's development plans are achieved in their respective votes without which they will be held liable for sabotage in case of any failures.

HEALTH OF ECONOMY AND KEY SECTORAL TARGETS

Matia Kasaija, the Minister for Finance, Planning and Economic Development, who delivered the Budget Strategy for FY 2025/26, said Uganda's economy has strongly recovered and remains buoyant. "In nominal terms, the size of the economy increased from Shs.183 trillion (USD 48.8 billion) registered in FY 2022/23 to about Shs. 202.13 trillion (USD 53.2 billion) in financial year 2023/24."

Kasaija also noted that the other indicators of economic health such as the inflation rate, stability of the shilling and interest rates, export volumes, foreign direct investment (FDI) inflows and the status of public debt all look quite good.

He said the USD 500 billion economy target is anchored on growing the economy by leveraging the topmost priorities (ATMS, i.e. agro-industrialization, tourism, mineral development (including oil and gas), and science, technology and innovation (STI)) underpinned by the goal of full monetization of Uganda's economy by eliminating the 39% subsistence economy and reducing the size of the informal sector.

He noted that from the sectoral targets set, Government plans to grow the country's earnings from agro-industrialization and light manufacturing to the tune of USD 20 billion and to generate annual earnings from tourism worth USD 50 billion within the next 15 years.

Kasaija said from minerals and oil exports, Government plans to generate annual export earnings of USD 25 billion within the next 15 years.

The Minister explained that within the ambitious USD 500 billion economy strategy, Government plans to more than double the size of Uganda's economy (GDP) every five years for the next 15 years.

Kasaija, who is also the MP of

Prime Minister Nabbanja represented H.E the President at the National Budget Conference FY 2025/26

Buyanja County in Kibaale district, revealed that Government has set a target of raising Uganda's per capita income sixfold from the current USD 1,146 to about USD 7,000 by 2040 (next 15 years).

"Government also plans to double the level of savings in the economy from 20% of GDP to 40% of GDP in 2040 to match the required level of investment," the Finance Minister noted.

REPURPOSING OF THE BUDGET

The Ministry of Finance Permanent Secretary and Secretary to the Treasury (PSST), Ramathan Ggoobi, said budgeting is very fundamental because it guides the necessary undertakings for the country's economic transformation and social inclusion.

"We are on track to change the structure of the economy from a subsistence economy to a modern industrialized society. We want to facilitate technology-led productivity growth, rapid capital accumulation (including physical, financial and human capital), linkages between agriculture and non-agriculture sectors, and increase markets and competitiveness," he stated.

Ggoobi told participants that in the next financial year and in the medium term, the national budget will increasingly be repurposed to put more resources in the highly productive sectors of the economy which have high economic returns.

"We want to facilitate a job-rich growth profile; one that ensures enhanced household incomes and productivity growth within sectors as well as between sectors, leading to structural change," he explained.

He revealed that the Government interventions in the budget for the next financial year will be calibrated to reduce the rural population, reduce informality in the economy, increase access to electricity, and generate a sustained demographic transition with a reduction in both the death rate and birth rates.

"In a nutshell, we want to facilitate growth with transformation. We are here to consult you on how we should strengthen the linkage between planning, budgeting and public dialogue. This is the cornerstone of a participatory budget," Ggoobi stated

He thanked his technical team at the Finance Ministry as well as the National Planning Authority (NPA) team for putting together a good Budget Strategy for FY 2025/26.

VIEWS FROM DEVELOPMENT PARTNERS

Speaking on behalf of the Local Development Partners Group (LDPG), Joost Van Ettro, the Head of Cooperation for the Embassy of Netherlands, said the National Budget Conference is a good initiative which would set the tone for key policy and spending discussions for the next financial year.

"We commend the Government's ambition to accelerate sustainable development and economic growth through "Commercial Agriculture, Industrialisation, Expanding and Broadening Services, Digital Transformation and Market Access" being the focus of the 2025/26 budget," Ettro said.

He noted that as Development Partners, they call for continued commitment to fiscal consolidation, including tax administration reforms, rationalization of VAT and income tax exemptions, and several additional tax policy measures, and for better management of current spending and domestically financed capital spending.

"We encourage the Government to ensure effective budget management, not only at the central level, but also at the local levels, and within line Ministries. We also encourage the Government to continue the structural reforms to improve fiscal management and ring-fencing resources to protect the poor," he stated.

He noted that the Budget Conference was taking place after a successful high-level Economic Growth Forum held a few weeks before and implored Government to ensure that the recommendations made from both conferences would guide the budgeting process for the coming financial year and beyond.

Finance Minister Kasaija presented the National Budget Strategy for FY 2025/26

"We believe that fundamental underpinning reforms in climate change adaptation and mitigation, industrialization and value addition, urbanization, tourism and domestic revenue mobilization were identified and if implemented can facilitate change," Ettro stated.

The Development Partners commended Government for developing the tenfold growth strategy which aims to expand Uganda's GDP from USD 53 billion to USD 500 billion before 2040.

"This ambitious strategy is needed for the country. However, achieving its targets will require steady and continued reforms in critical areas of fiscal strategy, debt management, human capital development, climate change, governance and accountability. We are committed to supporting the effective implementation of the strategy and embark with the Government on the reforms agenda," Ettro said.

PRIVATE SECTOR PROPOSALS

Damali Ssali, the Chief Programmes and Projects Officer at the Private Sector Foundation of Uganda (PSFU), gave a presentation on behalf of the private sector, emphasizing that the private sector plays a critical role in Uganda's journey towards a prosperous nation.

"Our sector generates a significant portion of our GDP, contributing 80% to it. It employs 77% of working Ugandans, and contributes substantially 80% to domestic revenue," she stated.

She argued that while Uganda has made remarkable strides, several challenges persist that hinder the private sector's full potential and that these include infrastructure bottlenecks, high costs of doing business, limited access to finance, and inadequate skills development. She indicated that these challenges also present opportunities for strategic investment and policy reforms.

Noting that Uganda has a global comparative advantage in agriculture, PSFU called for increased funding for agriculture, especially funding for seed production and irrigation systems to boost production.

Considering that Uganda is ranked by many international agencies among the top five countries in the world with the most outstanding tourist attractions, PSFU calls for increased funding for the tourism sector, especially funding for infrastructure development, construction of roads leading to tourist sites, and funds for tourism promotion activities.

PSFU called for more funding in science, technology and innovation (STI), especially investment in digital platforms, incubation hubs and local ICT innovations, and investments in harnessing the minerals Uganda is endowed with.

Other proposals from PSFU included creating a dedicated fund for the creative sector to support the development of the creative industries and drive innovation and job creation, improving trade facilitation infrastructure, including investing in cold chains and cargo consolidation centres, lowering electricity costs and ensuring adequate fuel reserves, and addressing delays in paying domestic arrears.

> ***We encourage the Government to ensure effective budget management, not only at the central level, but also at the local levels, and within line Ministries. We also encourage the Government to continue the structural reforms to improve fiscal management and ring-fencing resources to protect the poor,*** *said Joost Van Ettro.*

Representative of Development Partners, Joost Van Ettro

PROPOSALS FROM LOCAL GOVERNMENTS

Speaking on behalf of Local Governments, Richard Rwabuhinga, the President of Uganda Local Governments Association (ULGA) and Kabarole District Chairman, pointed out the need to increase salaries of Local Government leaders at all levels from LCI to District Chairperson.

"Dear participants, for a while we have recommended for the enhancement of leaders' remuneration at Local Government level, but yet yielded nothing. Considering the current economic hardships and increasing cost of living across the country, it has become increasingly difficult for leaders to live a life of dignity. We, therefore, recommend for the enhancement of leaders' remuneration by 100% from the current figures," Rwabuhinga stated.

ULGA proposes that at least each of the 10 cities gets a full set of road equipment, and each of the 31 municipalities gets a motor grader, roller and five tippers and each Town Council gets a tractor to assist in garbage collection.

ULGA also called for funds for procuring vehicles for district political and technical leaders, increased funding for extension services, increased funding for road maintenance, and urged that Government secures funds to procure the remaining road units for the 14 newly created districts to ensure they have a full set of road equipment.

"Ladies and gentlemen, let me remind you that decentralization is the only way quality service delivery will be provided to citizens and taxpayers at the grass roots. This calls for us gathered here to commit to utilize resources for the intended purpose for the good of our people," Rwabuhinga argued.

PROPOSALS FROM CIVIL SOCIETY

In a joint paper by both Advocates Coalition for Development and Environment (ACODE) and the Civil Society Budget Advocacy Group (CSBAG), civil society groups asked Government to reduce wasteful expenditures and allocate more resources to productive sectors of the economy.

Noting that the country's public debt is soaring and increasingly taking the bulk of the national budget, Dr Arthur Bainomugisha, the Executive Director of ACODE, who gave a presentation on behalf of civil society, advised Government to limit borrowing to projects that have very high economic returns.

The civil society groups also petitioned Government to ensure in the 2025/26 national budget that the budgets for the education and health sectors are significantly increased.

"Investment in human capital is a proven catalyst for economic growth and prosperity, offering a significant boost to productivity and development. Countries prioritizing their citizens' education, health and well-being often experience accelerated and sustained economic growth. However, Uganda's current approach shows significant under-investment in these critical areas, as evidenced by its ranking on the World Bank's Human Capital Index (HCI)," the civil society groups said in their paper.

Sounding a wake-up call, CSBAG and ACODE urged government to undertake radical measures to eliminate corruption which, they said, is greatly undermining the country's development efforts.

"Corruption and inefficiency are deeply intertwined challenges that have consistently undermined Uganda's socio-economic development and governance systems. Both phenomena have led to significant resource mismanagement, weakened public trust, and eroded institutional integrity. According to the IGG report (2021), Uganda loses close to [Shs.]10 trillion in direct and indirect corruption. Uganda's development trajectory has been stunted by endemic corruption, particularly in public administration, procurement and service delivery," Bainomugisha stated.

The National Budget Conference set the stage for Local Government budget consultative workshops across the country to discuss Government's strategic direction and the Budget Strategy for FY 2025/26.

Finance Minister Kasaija delivering the Budget Strategy for FY 2025/26

Ministers at the National Budget Conference FY 2025/26

Participants at the National Budget Conference

BUDGET CONFERENCE PICTORIAL

Prime Minister Nabbanja at the National Budget Conference

PSST delivering his remarks at the National Budget Conference

Stakeholders at the National Budget Conference

HIGHLIGHTS FROM THE LOCAL GOVERNMENT BUDGET CONSULTATIONS FY 2025/2026

Finance Minister Kasaija addressing the people of Bunyoro on Kabalega FM

By Shaka Isaac and the Communications Team

Following the conclusion of the National Budget Conference for FY 2025/26, the Ministry of Finance embarked on budget consultative meetings with Local Governments across the country in line with Section 13 (2) of the PFMA 2015.

The Local Government budget consultative workshops were held for three weeks at regional centres in Lira, Jinja, Mbale, Hoima, Fort Portal, Mbarara, Kabale, Masaka, Arua, Gulu and Kampala.

The participants in the budget workshops included; District Chairpersons, Chief Administrative Officers (CAOs), Resident District Commissioners (RDCs), Town Clerks, Heads of Department from District Local Governments, Municipalities and Cities, Civil Society Organizations (CSOs), professional bodies and representatives from Ministries, Departments and Agencies (MDAs).

The major objectives for convening the Local Government budget consultative workshops included sharing feedback on recommendations made during the last consultations for the budget of FY 2024/25 and providing Government strategic direction and the Budget Strategy for FY 2025/26, among others.

Some of the service delivery issues which were addressed in the budget for FY 2024/25 include timely revoting of unspent balances, financing for maintenance of district urban and community access roads, relocation of district offices where cities were created and full provision of ex-gratia/councilors' allowances.

Hon. Anite officiating at LG budget consultations in Arua

Finance Minister Matia Kasaija, while officiating at the budget consultations in Hoima, highlighted Government's strategic direction and the Budget Strategy for FY 2025/26, with particular emphasis on growing the economy tenfold and leveraging the four anchor sectors (ATMS, i.e. Agro-industrialization, Tourism development, Mineral development including oil and gas, as well as Science, Technology and Innovation, including ICT).

The Finance Minister, who was accompanied by the State Minister for Local Government, the Hon. Victoria Rusoke Businge, encouraged the participants and all the people in the Bunyoro sub-region to take advantage of the Government wealth creation funds like Parish Development Model (PDM), *Emyooga*, the Small Business Recovery Fund (SBRF) etc. to fight poverty and improve their livelihoods.

In Arua, State Minister for Investment and Privatization, Evelyn Anite, and State Minister for Northern Uganda, Dr. Kenneth Omona, led the consultations on the budget for FY 2025/26.

In her keynote address, Anite said the NDPIV, which is planned to commence next financial year, is consistent with HE the President's guidance on the ambitious plan to grow the economy tenfold by 2040.

"Growing the economy tenfold by 2040 requires shifting to a higher growth trajectory of propelling the economy to double-digit growth; raising the tax-to-GDP ratio to 30%; raising per capita GDP from the current USD 1,146 to USD 7000," said the Minister.

She said these aspirations will be actualized through the four key growth areas (ATMS).

Regarding the budget for FY 2025/26, Anite said this will be financed using domestically generated resources and external resources, in addition to other measures such as repurposing the current budget and improving allocative efficiency to focus on high-impact sectors of the economy.

In Fort Portal City, State Minister for Planning Amos Lugoloobi urged the people of Tooro to take full advantage of the tourism potential in the region to improve their livelihood, adding that the leaders should harness it to maximize revenue to improve service delivery.

The Minister also told the participants and all the people of this region to embrace Government programmes such INVITE, GROW, *Emyooga* and PDM to fight poverty and improve household incomes.

The State Minister for General Duties, Henry Musasizi, during the budget consultations for the Kigezi sub-region in Kabale implored the participants to ensure that their budgets are aligned with the priorities of Government – to grow the economy tenfold in line with the strategic direction of the NDP IV. "My Ministry shall support you

Deputy Secretary to the Treasury Ocailap addressing participants in Jinja

in aligning the current financing towards achievement of results in priority areas," said Musasizi.

In Masaka, Minister of State for Microfinance, Haruna Kasolo, urged the leaders in the Central region to fully implement Government programmes and ensure that the community benefits to combat poverty. He also challenged the leaders to harness the opportunities in the four strategic areas (ATMS) to grow the economy tenfold.

The Deputy Secretary to the Treasury, Patrick Ocailap, who officiated at the budget consultations in Jinja, said the contributions from these consultative workshops will sharpen the focus of the budget for FY 2025/26, adding that their workplans should be aligned to the NDP IV priorities and the tenfold growth strategy.

He also said Government is now focused on capitalizing households so that they can be lifted from the subsistence economy into the money economy to achieve full monetization of the economy, which will ultimately lead to socio-economic transformation of the country.

Some of the issues raised by Local Governments across the country include the need to lift the ban on recruitment of staff; reviewing salary structures to address declining morale to work by some public officers and early retirement; additional resources to improve service delivery, including operational funds for PDM; additional equipment to complete road maintenance units; reducing the high cost of co-funding payments under micro-scale irrigation projects; and provision of resources for the induction of district councillors after the 2026 general elections.

They also want Government to address the issue of insufficient medical supplies in the health facilities, as well as prioritizing the coding of primary schools in parishes without Government primary schools.

Some other bottlenecks identified during the consultations which must be addressed to improve service delivery include weak implementation and understanding of the programme-based approach to planning; budgeting; slow uptake of titling of Government land by various institutions; and the rate of deforestation and encroachment on wetlands.

In Lira, the Civil Society representative, Dickens Ogwal, applauded the Government for increasing the budget for Local Governments from Shs 5.04 trillion in FY 2022/23 to Shs 5.39 trillion in FY 2023/24 and to Shs 5.98 trillion in FY 2024/25.

He said Government has also provided an additional Shs 1 billion to each district for the maintenance of the deteriorating District, Urban and Community Access Roads (DUCAR), adding that this will improve connectivity, boost trade, and enhance revenue collection in Local Governments.

"We would also like to acknowledge the Government of Uganda for its commitment to upholding transparency in the budget process. This recognition is evident in the Open Budget Survey Report 2023, which ranked Uganda as the leader in East Africa regarding budget transparency," said Ogwal.

Civil Society is concerned about the low staffing levels in Local Governments, inadequate administration, health and seed schools infrastructure, the state of some district and community access roads as well as poor solid waste management, which must be addressed to improve service delivery in Local Governments.

During the discussions, Local Government leaders recommended that Government should prioritize widening the tax base and also fully automate the process of tax collection to minimize leakages and corruption.

In West Nile, the leaders want Government to put more effort into stabilizing economic activities around the border towns by resolving the conflict around international boundaries, which is causing insecurity in the region.

It was also recommended that relevant agencies should expedite the presidential directive on electric fencing of the boundaries of Kidepo National Park to protect the local communities and their property from wild animals.

Although West Nile was recently connected to the national grid, the leaders want Government to work on a comprehensive roadmap to extend power to the local communities.

Across the country, the Local Government leaders discussed and presented opportunities to harness and challenges to address in the four strategic areas of agro-industrialization, tourism development, mineral development, and science, technology and innovation.

Participants at LG Budget Consultative workshop in Lira

PSST GGOOBI TELLS AMBASSADORS TO STRENGTHEN ECONOMIC AND COMMERCIAL DIPLOMACY

PSST Ggoobi speaking at the Retreat in Jinja

By Shaka Isaac

The Permanent Secretary and Secretary to the Treasury (PSST), Ramathan Ggoobi, has called upon Uganda's Ambassadors and Missions Abroad to support the tenfold growth of the economy strategy by branding and marketing Uganda to attract more tourists, more investors and more export markets.

This was during the annual retreat of Ambassadors at the Civil Service College in Jinja held under the theme: ***"Strengthening Governance and Performance of the Foreign Service for National Development"***

The Conference was convened to reflect on what the Ministry of Foreign Affairs can do towards attaining the national development aspirations, especially during the implementation of the 4th National Development Plan (FY 2025/26 – 2029/30).

Ggoobi said the Finance Ministry remains committed to supporting Missions Abroad to build the capacity of their staff to deliver to the expectations of the country, in addition to revamping the infrastructure at the foreign missions.

He, however, cautioned the diplomats to ensure proper planning, budgeting, execution and accountability of the public resources under their charge.

Ggoobi also told the Ambassadors that Uganda's GDP growth has recovered from the various shocks, crises and false alarms, reaching 6% in FY 2023/24, up from 3% in FY 2019/20.

He said this recovery is on account of good macroeconomic management, relatively good weather and improvement in global economic conditions.

The PSST noted that growth has been broad-based, with all the sectors growing – services by 6.6%, industry by 5.8% and agriculture by 5.1% in FY 2023/24.

He said on the current path, growth is projected at 6.4% this FY and at least 7% over the medium term, adding that GDP growth under the tenfold growth strategy, including oil and gas production, is expected to surpass 10% in the initial years.

Ggoobi also said since 2016, there has been exponential growth of foreign direct investment (FDI) due to a favourable investment climate, business protection, improved infrastructure, political stability and abundant natural resources.

He said FDI is projected to grow even faster as the start of oil production draws closer in FY 2025/26, adding that exports in FY 2023/24 grew by 47.5% to USD 7,941 million, in addition to the recovery of the tourism sector.

Earlier, at the opening of the conference, Foreign Affairs Minister Gen. Jeje Odongo called upon the Diplomats to strengthen regional cooperation and promote inter- and intra-Africa trade while ensuring peace and security, in addition to deepening East African Community integration.

He also noted that the African Continental Free Trade Area (ACFTA) provides a framework for continent-wide trade cooperation.

"There is a lot of expectation from us to meaningfully contribute towards national development. We are the link between Uganda and the international community; let us use our positions to positively support Uganda's development," said the Minister.

He said there is need to have actionable strategic plans that are properly aligned to effectively contribute to the tenfold strategy for rapid economic growth to expand Uganda's GDP from USD 50 billion in FY 2022/23 to USD 500 billion by 2040.

The Minister said all programmes and activities related to economic and commercial diplomacy, resource mobilization, technology transfer, and peace and security must be fit for purpose.

The Permanent Secretary, Ministry of Foreign Affairs, Vincent Bagiire, said Missions Abroad play a critical role in improving the image of the country, enhancing development by attracting FDI, and promoting regional peace and security through engagements with regional and international bodies.

Diplomats at the Retreat in Jinja

AFRICAN MINISTRIES OF FINANCE OFFICIALS MEET IN KAMPALA TO DRIVE CLIMATE ADAPTATION ACTION

Group photo of participants at African Ministries of Finance officials meeting

By MoFPED Comms Team

Finance Ministry officials from 20 countries across the African continent met in Kampala at the first African regional convening of the Coalition of Finance Ministers for Climate Action, hosted by the Hon. Matia Kasaija, Minister of Finance, Planning and Economic Development of Uganda. The two-day convening (16th-17th July 2024) focused on key actions that Finance Ministries can take to drive climate adaptation action across the African continent.

Despite having contributed only 4% of global carbon emissions, Africa is the hardest hit by the consequences of climate change. Taking effective adaptation and resilience measures that protect and prepare people, livelihoods and communities is a critical challenge for African countries. Even if global warming is limited to 2°C, adaptation costs for Africa could rise to USD 35 billion per year.

Finance Ministries are key to managing these macroeconomic risks, accessing and mobilizing adaptation finance. By developing effective fiscal and economic policies, Ministries of Finance can enhance adaptive capacity and boost climate resilience, while harnessing the development prospects offered by the transition to a low-carbon economy.

The discussions at this regional convening centred around sustainable growth with the aim of promoting knowledge sharing and peer exchange among 20 African Ministries of Finance. Countries shared their experiences in developing green growth strategies, national adaptation planning, sustainable budgeting and financing tools for mitigation and adaptation.

Uganda's Minister of Finance, the Hon. Matia Kasaija, who was represented by the Minister of State for General Duties, the Hon. Henry Musasizi said, "Adaptation action offers a critical opportunity to protect people and boost sustainable growth. That is why I am pleased to host the first African regional convening of the Coalition of Finance Ministers for Climate Action here in Kampala."

The Permanent Secretary and Secretary to the Treasury at Uganda's Ministry of Finance, Ramathan Ggoobi, said the discussions on climate-responsive budgeting have highlighted the importance of tracking climate-related expenditures and investments in resilient infrastructure.

Participants included the Hon. Bockarie Kalokah, Minister of Finance of Sierra Leone, the Hon. Amos Lugoloobi, Minister of State for Planning, Uganda, delegates from African countries, climate finance experts, Development Partners and members of academia and civil society.

The outcomes of the regional meeting will contribute towards the Coalition's headline Climate Action Statement that will be presented at the World Bank/IMF Annual Meetings in October 2024.

The convening was supported by UNEP, the NDC Partnership, Enabel, UNDP,C3A and the World Bank.

PSST Ggoobi and other officials at the meeting

During the event the following were agreed:

1. Ministries of Finance need to be actively involved in climate change action in the whole of Africa through both proactive and reactive measures using the available financial management tools.
2. The increasing need to attract private finance for climate change action should be taken note of and acted on by Ministries of Finance.
3. Working together as an African Bloc to mitigate climate change risks and optimize the available opportunities.
4. Rethinking the continent's mineral and industrial policy holistically to take advantage of the opportunities that come with global climate change actions such as energy transition.

The members also agreed:

i. To form partnerships and sign agreements to work together on climate change action.

ii. To continue meeting regularly as a regional coalition (CoFMCA) to share experiences on good practices and lessons learnt.

iii. Reflect on opportunities and risks that come with climate change and how they affect our economies.

iv. Act as peer-to-peer reviewers for existing strategies in each country.

Hon. Lugoloobi and Hon. Musasizi at the meeting

About the Coalition of Finance Ministers for Climate Action

The Coalition of Finance Ministers for Climate Action was created in 2019 and now has 92 members, including all the G7 countries, and 27 Institutional Partners. It brings together economic, fiscal and financial economic policymakers in leading the global climate response and in securing a just transition towards low-carbon resilient development.

The Coalition accounts for 40% of global CO2 emissions and a substantial 70% of global GDP. All members of the Coalition have committed to the six foundational Helsinki Principles, which require national action on climate change, particularly through fiscal and financial policies. The Coalition is currently co-chaired by the Finance Ministers of the Netherlands and Indonesia.

Ministry of Finance Secretarial staff had a retreat in Jinja to review their peformance and lay strategies for improved performance during FY 2024/25

Finance Minister Kasaija joined Deputy Speaker of Parliament, Tayebwa, Prime Minister, Nabbanja, Security Minister, Jim Muhwezi and other officials at the launch of Uganda National Lottery at Speke Resort Munyonyo

PICTORIAL

PSST Ggoobi met a delegation from Zimbabwe Staff College who were in the Country on a study tour. MoFPED presented a paper to the team on the role of security in development

Minister of State for General Duties Henry Musasizi officiated at the launch of the British Chamber of Commerce Uganda at the Residence of the British High Commissioner in Kampala.

CONFERENCE ON TAX INCENTIVES, TAX POLICIES AND TAX ADMINISTRATION FOR UGANDAN INVESTORS

The Conference was aimed at providing local investors with information on the current tax policy framework in Uganda with particular emphasis on the tax incentives in place to enhance investment and competitiveness.

Prime Minister Nabbanja accompanied by Hon. Anite, Hon. Musasaizi and PSST Ggoobi arrives at hotel Africana for the conference

By MoFPED Comms Team

The Prime Minister, Robinah Nabbanja, who officiated at the conference at Hotel Africana in Kampala, said tax incentives are aimed at stimulating economic activities in key sectors such as agriculture, manufacturing and technology, adding that these incentives also play a pivotal role in attracting investments to these sectors in addition to creating jobs.

The Premier said although tax incentives are essential, measures must be taken to ensure that they are effectively targeted and transparent, in addition to providing value for money.

"We must also be mindful of the need to safeguard our revenue base, as over-reliance on tax incentives can lead to revenue foregone and could thus adversely impact Government's ability to finance critical public services," said the Premier.

The tax incentives available in Uganda include income tax exemptions, tax holidays, capital deductions, customs duty exemptions, VAT exemptions and refunds, free zone incentives and tax credits.

Premier Nabbanja said the NRM Government remains committed to creating a tax environment which is conducive to businesses, all taxpayers and also supportive of sustainable economic growth and development.

Participants at the tax incentives and policy conference

The Minister of State for Investment and Privatization, Evelyn Anite, said Government needs to work closely with the private sector by creating a conducive environment for investment to foster accelerated economic growth and structural transformation (growing the economy tenfold from USD 50 billion to USD 500 billion by 2040).

She said the dialogue was an opportunity to guide tax policy on incentives and exemptions, adding that the peace and security ushered in by the NRM Government is the biggest incentive which has provided a conducive environment for business to thrive.

Anite urged the private sector players at the conference, including commercial farmers, those in ICT, manufacturing, tourism and hospitality, to take advantage of the affordable financing from Uganda Development Bank and also the improved infrastructure, such as roads connecting the country and the reliable electricity which government is committed to providing to manufacturers at USD 5 cents per kilowatt-hour.

The Permanent Secretary and Secretary to the Treasury (PSST), Ramathan Ggoobi, said Government is working on simplifying the tax laws and also rationalizing tax exemptions to ensure that tax incentives are well designed to stimulate business growth and enhance taxpayer education.

"Our tax policies are not just about revenue collection; they are about fairness, equity and simplicity," said the PSST, adding that tax incentives have been provided to various sectors and individuals to drive socio-economic transformation.

He noted that Uganda has made significant strides in strengthening the tax system, adding that the revenue-to-GDP ratio has improved from 8.9% in FY 2000/01 to 14.3% this FY 2024/25.

"Our goal is to create a tax environment that is conducive to business while ensuring that the government has the resources it needs to fund essential public services," said the PSST.

The Chairperson, Uganda Hotel Owners Association, Susan Muhwezi, called upon Government to increase the budget for the tourism sector to reap dividends and to also review the tax regime by consolidating the taxes paid by lodges and hotels in order to attract more investors and improve competitiveness.

The conference was closed by the State Minister for General Duties, Henry Musasizi, who represented Finance Minister Matia Kasaija. He reiterated Government commitment to supporting the private sector and local investors to play their role in socio-economic transformation.

Prime Minister Robinah Nabbanja in group photo with the ministers and other officials at the conference

PSST GGOOBI WOOS INVESTORS AT 14TH UK-AFRICA INVESTMENT SUMMIT

The Permanent Secretary and Secretary to the Treasury (PSST), Ramathan Ggoobi, has invited investors from the United Kingdom to partake in the beautiful ambition of expanding Uganda's economy to USD 500 billion in the next 15 years.

Uganda's delegates to the UK-Africa Investment Summit

Ggoobi said the next 15 years are going to be interestingly lucrative for Uganda's business partners, adding that the numbers look pretty good. He said agro-industry is projected to generate USD 20 billion annually, tourism USD 50 billion, minerals, oil and gas USD 25 billion, while science, technology and innovation will play the catalytic role with a multiplier effect of over five.

The PSST made the remarks at the 14th UK-Africa Investment Summit 2024 that took place recently in London, United Kingdom.

"I am here for markets, investments and tourism," said Ggoobi, adding that Uganda's macroeconomy is well managed, stable and weather is the best. He said Government is pro-private sector and supports private investment generously.

The PSST said apart from agro-industry, tourism, minerals, oil and gas, and science, technology and innovation (ATMS), UK investors can invest in the construction of (roads, bridges, railways, airports as well as housing and urban infrastructure), electricity generation, transmission and distribution, education, health, water, irrigation and industrial parks development.

Though the trade value between the UK and Uganda crossed the USD 100 million mark in FY 2023/24, exports to the UK are still low and the trade balance remains in favour of the UK.

The UK is Uganda's second largest foreign direct investment (FDI) source after the Netherlands and largest contributor of tourists to Uganda.

"Uganda's economy is synonymous with security and stability," said Ggoobi.

Uganda's main exports to the UK are food (bananas and plantains, tubers, coffee, fruits and vegetables) and some precious metals, among others. On the other hand, our imports from the UK comprise mainly manufactured items.

To date, 495 UK investment projects have been licensed in the agro-industry, tourism, ICT, healthcare, education services, manufacturing, real estate and

PSST speaking at the UK-Africa Investment Summit

transport and logistics sectors. The operational companies have cumulatively created 76,659 jobs.

Ggoobi said Government is strengthening and deepening capital markets and has put in place a Deal Flow Facility (DFF) which identifies and supports SMEs to become investment-ready. The DFF is an investment match-making facility funded by the European Union (EU) and incubated at Financial Sector Deepening Uganda with the support of the Capital Markets Authority.

He said Government has also amended its tax regime to include tax exemptions for income derived from private equity or venture capital, as well as income derived from the disposal of Government securities on the secondary market.

Government is also facilitating the formalization of businesses through Business Licensing Reform and e-Government. This is improving enterprise and corporate governance and making SMEs investable candidates for private equity.

Among the measures to de-risk the economy, the PSST said macro risk has been sustainably addressed through putting in place a robust monetary and fiscal policy coordination framework.

He said public debt risk has been mitigated through adherence to international debt sustainability frameworks while market risk is being addressed through negotiation of market access for Ugandan exports and deepening economic integration at both regional and continental levels.

"Uganda's economy is synonymous with security and stability

UDB FOCUSES ON SUSTAINABILITY AND INNOVATION TO DRIVE UGANDA'S SOCIO-ECONOMIC TRANSFORMATION

Finance Minister chairing UDB Annual General meeting

- **The Bank disbursed UGX 609.9 billion in 2023, growing its gross loan portfolio by 24% in 2023.**
- **UGX 1.6 trillion in total assets.**
- **In 2023, the Bank-funded projects created and maintained a total of 51,841 jobs.**

Uganda Development Bank Ltd (UDB), the country's national Development Finance Institution (DFI) and the Best Bank in East Africa in 2024, announced its 2023 annual performance, highlighting its continued pivotal role in fostering economic resilience and sustainable growth across key sectors of the economy.

UDB's net loans expanded to UGX 1.47 trillion in 2023, reflecting robust support to the private sector. The Bank strengthened its commitment to providing affordable and patient capital, achieving significant milestones amidst economic challenges.

The results, released during the Annual General Meeting held at the Ministry of Finance, Planning and Economic Development, reflect a sustained effort to facilitate economic recovery.

The meeting was attended by the Bank's shareholders, the Finance Minister, the Hon. Matia Kasaija, and the Minister of State Planning, the Hon. Amos Lugoloobi, who was appointed proxy to represent the Minister of State for Privatization and Investment, the Hon. Evelyn Anite. Also in attendance were officials from the Office of the Auditor-General and the Ministry of Finance, the Bank's Board of Directors, and Executive Management.

Growth

According to the UDB Managing Director, Ms Patricia Ojangole, in 2023, the Bank approved UGX 691.8 billion and disbursed UGX 610 billion, demonstrating a dedicated approach to supporting private business growth.

"UDB remains committed to fostering inclusive economic growth through strategic investments in sectors that drive sustainable development and job creation across Uganda. Our focus on key priority sectors underpins our mission to deliver high socio-economic value and support Uganda's long-term development goals," she said.

Scaling Up Investment

In 2023, the Bank approved funding of UGX 692 billion in new loans to over 200 enterprises in 63 districts nationwide.

"These projects, upon full implementation, are expected to create 18,558 new jobs and generate an output value of UGX 11.4 trillion, from which UGX 616 billion will be generated as tax revenue to the Government, and UGX 3.34 trillion in foreign exchange earnings," the Bank's Annual Report reads in part.

Additionally, the Bank implemented various institutional initiatives to expand its support to various vital sectors and address systemic growth constraints in the economy, including the following:

- **Access to clean water:** Through a multi-stakeholder partnership, the Bank extended UGX 27 billion in funding to enhance water supply and improve water infrastructure, especially in scarcity-prone areas; under the programme, up to 774 kilometres in new water mains extension were realized, 27,307 new water connections installed, and 1,619 new public standpipes constructed to cater for 858 villages across the country.
- **Access to electricity:** Through a multi-stakeholder partnership, UGX 8.1 billion was deployed through the Hybrid Electricity Customer Connection Credit Framework, facilitating 38,833 new connections to the electricity grid nationwide.
- **Supporting local content:** The Bank launched a UGX 150 billion funding allocation to support Ugandan contractors participating in infrastructure projects, a testament to our belief in the potential of local businesses.
- **Serving the underserved segments:** Under its Special Programmes proposition, the Bank continued to focus on expanding its support to the youth, women, and SME segments – with an additional allocation (approval) of UGX 21.2 billion in 2023 and disbursement of an additional UGX 13 billion to support various enterprises across the country, demonstrating our commitment to inclusivity and equality.

To enhance business resilience and formalization, through its Business Accelerator for Successful Entrepreneurship (BASE), the Bank provided business development and coaching programmes to 450 enterprises nationwide, of which 291 were identified to undergo business incubation in 2024. The programme also supported 24 farmer groups, consisting of 444 households and 330 women-led enterprises. This support is aimed at empowering and fostering the growth of these businesses.

Expanding Reach

- **UDB Service Centres**: The Bank began operationalizing its regional representative offices. The inaugural office was opened in Gulu in 2023, and plans are underway to open four more offices – in Mbale, Hoima, Mbarara and Arua by mid-2025.
- **Digital Finance**: The Bank is optimizing technology to enhance access to finance. In 2023, in collaboration with partners including UNCDF, FAO and Ensibuuko (a FinTech), the Bank launched the UDB Agri Connect. This novel digital lending solution facilitates smallholder farmers arranged in Village Savings and Loans Associations (VSLAs) in rural Uganda to access finance from the Bank. Under the initiative, smallholder farmers save and access micro-loans to support essential production activities, including purchasing seeds and other key farm inputs.

Creating a Sustainable Impact for Ugandans

Employment

The jobs were created/maintained amongst the enterprises that the Bank financed were 51,841, compared to 51,439 jobs realized in 2022.

"64% of the jobs created and maintained were filled by the youth, 27% by women, and 0.25% by Persons with Disabilities (PWDs). Additionally, 33%, 39%, and 0.2% of the youth, women, and PWDs, respectively, are among the shareholders," the report reads.

Supporting private sector performance

This output value grew 71% year-on-year, from UGX 3.4 trillion in 2022 to UGX 5.8 trillion

Displaying of UDB 2023 Performance at the AGM

in 2023, supported by improved production mainly in agriculture and industry.

Tax contribution

Similarly, the profitability of these businesses improved to UGX 869 billion from UGX 492 billion in 2022.

Because of improved output, performance and profitability amongst the companies financed by the Bank, their total contribution to Government tax revenue grew by 60%, to UGX 236.1 billion from the UGX 147.5 billion registered in 2022.

Other impact indicators

Conversely, the earnings from locally produced destined products (exports) improved by 47% from UGX 649 billion to UGX 953 billion because of increased production, particularly in the manufacturing and agro-processing sectors.

Notably, up to 66% of all raw materials utilized in enterprises funded by the Bank were locally produced during the year.

"Prioritizing social inclusion in the Bank's development agenda is fundamental in fostering a resilient, inclusive and sustainable society where no one is left behind. To the Bank, social inclusion symbolizes diversity and social cohesion, unlocking the full potential of individuals and societal segments where everyone can fully participate, contribute and thrive," said Ms Ojangole.

Financial performance

The Board and Management continue to ensure that the Bank remains sustainable, exercising due care and prudence over resource (asset) deployment and ensuring the efficiency of the Bank's operations.

In 2023, the Bank realized a post-tax (net) profit of UGX 49.8 billion, a 17% uplift from UGX 42.6 billion registered in 2022. This resulted from the sustained growth in the Bank's balance sheet, matched by prudent investment in interest-earning assets while ensuring lean operations.

Bank size

The Bank continued to grow, with total assets closing at UGX 1.67 trillion in 2023, a 10% uplift from UGX 1.52 trillion the previous year. Loans and advances (net) stood at UGX 1.47 trillion, growing 20% from UGX 1.22 trillion, underpinned by the UGX 610 billion new loan disbursements realized during the reporting period.

To fund the creation of these assets, the Bank reinvested UGX 467 billion it collected as repayments from its borrowing customers and deployed UGX 97.3 billion received from Government as additional capital contributions, complemented by an additional UGX 120.5 billion in drawdowns from various lines of credit held with its funding partners.

Efficient operations

The Bank continues to focus on delivering results using lean and efficient operations. In 2023, the cost-to-income ratio (without impairment) remained subdued at 30.6%. Relatedly, the return on asset ratio improved to 3.12%, while the return on equity also improved to 3.82%.

The Bank continues to leverage its equity to diversify its funding sources to achieve scale while undertaking interventions to optimize its financial, human, technology and other resources with a view to bolstering operational efficiency. Similarly, to protect shareholder value, the Bank continues to exercise prudence at business sourcing to manage its credit risk proactively.

Recognition and awards

In acknowledgment of the Bank's accomplishments in enhancing its operations, governance and several other parameters, UDB received both local and international recognition in 2023.

- For three consecutive years, the Bank and its Managing Director emerged the Sustainability Leader of the Year at the Karlsruhe Sustainability Awards in Germany, to recognize the MD's exceptional leadership in driving the business performance of UDBL through creating social, economic and environmental values and globally advancing sustainable finance.
- Credit ratings: UDB secured a 'AAA (Uga)' National Long-term Rating with a Stable Outlook, the highest rating on Uganda's national scale. This designation, assigned by Fitch Ratings, a globally renowned credit rating agency, was accompanied by a 'B+' Long-Term Issuer Default Rating (IDR) with a negative outlook – the same pegged to Uganda's Sovereign rating, reflecting the Bank's ownership by the Government. These ratings lend credence to the Bank's operations and governance and bolster its borrowing initiatives.
- UDB achieved an A+ rating from the Association of African Development Finance Institutions (AADFI), affirming its leading status as a best-performing Development Finance Institution (DFI) in Africa. This recognition is awarded to AADFI member-DFIs demonstrating excellence in compliance with various prudential standards, particularly in governance, operational efficiency, and financial and institutional performance.

The Minister of Finance, Planning and Economic Development, the Hon. Matia Kasaija, lauded the Bank for its exceptional contribution towards the realization of the country's National Development Plan III and Vision 2024.

"The Government has played a pivotal role in significantly contributing to the country's socio-economic transformation. In 2024 and beyond, the focus will be on mobilizing adequate resources to enable UDB to continue to deliver its mandate. The Bank will also undertake the implementation aiming to accelerate productivity, import replacement and export promotion. Additionally, the Bank will advance its holistic sustainability agenda and deepen financial inclusion for SMEs, women and youth," he said.

In his conclusion, the Chairman, Board of Directors, Uganda Development Bank, Mr Felix Okoboi, pledged the Bank's continued commitment to catalyzing socio-economic development within the country.

"UDB remains resolute to driving inclusive economic growth through innovative financing solutions and leveraging strategic partnerships, reinforcing its role as a catalyst for sustainable development in Uganda," Mr. Okoboi said.

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TRANSFORMATIVE ROLE OF INDUSTRIAL PARKS IN UGANDA'S ECONOMIC GROWTH

By Private Sector Development Unit (PSDU)

Industrial parks play a crucial role in promoting economic growth and development in Uganda. By providing a conducive environment for industrial activities, these parks serve as hubs for manufacturing, processing and other industrial operations in line with Uganda's industrial policy and the tenfold growth aspirations. The Government of Uganda, in collaboration with private investors, has established several industrial parks across the country to foster industrialization, create jobs and stimulate economic activities.

PSDU team checking some of the products made at the garment section at Mbale Industrial Park

Government continues to invest in industrial parks to provide investors with essential infrastructure and utilities.

Progress at Selected Industrial Parks

Namanve Industrial Park is at 80% completion and hosts 190 operational companies, Liao Shen Industrial Park in Kapeeka is at 60% completion with 19 active industries, Sino Uganda Industrial Park in Mbale is at 40% with 19 industries, and MMP Industrial Park in Buikwe is at 35% with six operational industries.

Additional parks include those in Jinja, Soroti, Kasese, Mbarara and Tian Tang – Mukono, where more work is still needed. To date, more than USD 3.5 billion has been invested in these parks through foreign direct investments (FDI), generating over 266,812 direct and indirect jobs (UIA, 2023). Government's commitment to industrialization is further demonstrated by its directive to establish 25 regional industrial parks, securing 9,756 acres of land across the various regions of the country.

This article explores the transformative role of industrial parks in Uganda's economic growth, analyzing their policy and legal framework, contributions to the economy, and the challenges they face, along with recommendations for enhancing their impact.

The Policy and Legal Framework

The development and management of industrial parks in Uganda is governed by various policies and legal instruments, such as the Uganda Vision 2040, the National Development Plan III, the National Industrial Policy and the Investment Code Act 2019. These empower the Uganda Investment Authority (UIA), under the Ministry of Finance, Planning and Economic Development, as the primary body responsible for managing and regulating industrial parks.

Contribution to the Economy

Industrial parks play a pivotal role in Uganda's economy, contributing significantly to job creation, investment attraction and industrial development. Through the provision of infrastructure, fostering SME linkages and supporting export growth, these parks are essential in driving the country's economic transformation and competitiveness in global markets.

i. **Job creation:** Industrial parks have created over 102,708 jobs, including 36,048 direct and 66,660 indirect jobs. These jobs span across various sectors such as manufacturing, services and infrastructure development. Notably, Kampala Industrial Business Park (KIBP) alone has generated 41,743 direct and indirect jobs, demonstrating its impact on employment.

ii. **Increased investment**: Industrial parks attract both local and foreign investments. The total investment in these parks is estimated at Shs 2.991 trillion. For example, KIBP in Namanve has attracted investments worth over Shs 2.27 trillion, with several other parks such as Mbale, Luzira, Bweyogerere, and Jinja also recording significant investment inflows.

iii. **Industrial development**: The parks provide a foundation for industrial development by offering critical infrastructure, including roads, electricity and water. Ongoing projects include a USD 243.3 million loan agreement from United Kingdom Export Finance (UKEF) and Standard Chartered Bank for the Kampala Industrial Business Park, as well as a Shs 411 billion contract awarded to Ms. China Railway No. 3 Engineering Group Co. Ltd (CR3) for the construction of internal roads and water supply in Mbale Industrial Park.

iv. **Backward and forward linkages for SMEs (cottage industries development)**

Industrial parks in Uganda play a crucial role in fostering backward and forward linkages for SMEs, particularly cottage industries. By enabling product aggregation, industrial parks allow SMEs to benefit from joint market access, increasing their competitiveness. Additionally, they serve as hubs for the transfer of technology, equipping SMEs with modern techniques to enhance productivity. These parks also create markets for cottage industry products, providing consistent demand for locally produced goods. Furthermore, they supply vital inputs to SMEs, ensuring that cottage industries have the resources necessary for continuous production and growth.

v. **Export growth and product certification**: Industrial parks contribute to Uganda's export growth by providing a conducive environment for manufacturing export-oriented products. Certification of products by the Uganda National Bureau of Standards (UNBS) enhances their competitiveness in international markets. Seventy-one (71) products from various parks have been certified, which facilitates their access to both domestic and export markets. This is in line with Government's drive for import replacement and export promotion interventions.

Challenges

Despite their contributions, industrial parks in Uganda face several challenges:

i. **Losses due to poor infrastructure**: MMP Industrial Park reported significant losses caused by poor road conditions, including an incident where a truck transporting their goods overturned.

However, Government has secured USD 243.3 million, with a programmed disbursement of USD 40.91 million for FY 2024/25, to develop infrastructure in Kampala Industrial and Business Park, Namanve, funded by UKEF and Standard Chartered Bank. Progress is being made to improve infrastructure development in all the industrial parks.

ii. **Unreliable electricity**: This has further increased losses, as it hinders industries within the park from operating at full capacity.

Government has, however, secured a loan of USD 211.85 million from China Exim Bank (as of December 2023), for the electrification of Industrial Parks in the country.

iii. **Product certification:** The

Industrial park setting

limited certification of products continues to be a major obstacle to accessing both local and international markets. Due to challenges like restricted access to clients' premises and the absence of domestic standards for many products, only a small number of items have been certified. This situation contributes to increased dumping, which negatively impacts local industrialization efforts.

However, with the ongoing engagements with UNBS, this is being handled through increased allocations and private sector sensitization.

iv. **Financial constraints:** Funding gaps have hindered the full operationalization and expansion of some parks. For instance, the expiration of the UKEF fund and the delayed release of funds for project supervision have stalled development projects in KIBP and Mbale Industrial Park.

To tackle this challenge, Government has been actively engaging with various funders and Development Partners to secure additional lines of credit. For example, the recently launched INVITE Project aimed at supporting industrial development and exports as well as providing further financial backing for industrialization efforts.

Strategic Alignment of Industrial Parks

Uganda's tenfold growth strategy is aimed at expanding the economy tenfold by 2040, and its identified key anchor sectors such as agro-industrialization, tourism, mineral development including oil and gas, and the knowledge economy – Science, Technology and Innovations (STIs). Industrial parks play a vital role in achieving this ambitious goal by providing infrastructure, facilitating technology transfer, and fostering innovation within these sectors.

For agro-industrialization, industrial parks can support value chain integration by offering aggregation points for agricultural products, enabling joint market access, and providing technology that enhances productivity.

Industrial park development enhances tourism by creating opportunities for agro-tourism and eco-tourism. By supporting processing facilities and sustainable development projects, these industrial zones can become tourist attractions. For instance, agro-processing centres within industrial parks can offer guided tours where visitors see first-hand the transformation of raw agricultural products into high-value goods.

In terms of mineral development, industrial parks facilitate the establishment of value-added industries, such as mineral processing and refining. By offering centralized infrastructure, including roads, electricity and water, they enable efficient extraction, processing and export of minerals.

This supports local and foreign investment in the mining sector by reducing operational costs.

Conclusion

Industrial parks are key drivers of Uganda's economic development, promoting industrial growth, job creation and investment. However, their effectiveness is hindered by challenges such as inadequate infrastructure, limited product certification, and financial constraints. To address these issues, Government is implementing initiatives like the Investment for Industrial Transformation and Employment (INVITE) and the Generating Growth Opportunities and Productivity for Women Enterprises (GROW) Projects, which are expected to advance industrial park development in line with the tenfold growth strategy and the middle-income development agenda.

Recommendations

To enhance the role of industrial parks in Uganda's economic growth, the following recommendations are proposed:

Workers at Mbale industrial park

i. **Acceleration of infrastructure development:** The Ministry of Works and Transport together with the Ministry of Finance should continue prioritizing infrastructure development in the parks to attract more investors and facilitate smooth operations. This includes fast-tracking the construction of essential facilities like roads, water treatment plants and waste management systems.

ii. **Improvement in access to finance:** The Ministry of Finance should explore additional financing options to support the development of industrial parks. This could include exploring options like extending the UKEF fund and securing other international financing options such as clean and Islamic financing.

Ongoing road construction at Namanve Industrial Park

iii. **Enhancement of product certification**: To increase the number of certified products, UNBS should work closely with industrial park operators to overcome challenges related to access and the development of standards. This could include setting up on-site certification offices and providing training and support to manufacturers. Additionally, manufacturers within the industrial parks should consider collective bargaining to significantly reduce the cost of obtaining standards.

iv. **Policy and regulatory reforms**: Government should streamline the policy and regulatory environment to reduce delays in permit issuance and enhance the ease of doing business within the parks. The operationalization of a One-Stop Centre for investors would be a step in the right direction.

FINANCE MINISTRY AND HEAD OF CIVIL SERVICE MEET GOVERNMENT ACCOUNTING OFFICERS ON BUDGET EXECUTION

Head of Civil Service Nakyobe greeting PS Ministry of Public Service Catherine Bitarakwate at the meeting

By MoFPED Comms Team

The Ministry of Finance, Planning and Economic Development together with the head of Civil Service met all the Accounting Officers of Government (Central and Local Governments) on the implementation of the budget for FY 2024/25 at Imperial Royale Hotel in Kampala.

The purpose of the meeting was to communicate and seek feedback on the budget execution circular for FY 2024/25.

The Permanent Secretary and Secretary to the Treasury (PSST), Ramathan Ggoobi, in his presentation said the economy has fully recovered from the various shocks, crises and false alarms. He said last financial year the economy grew by 6%, up from an average of 4.1% between FY 2019/20 and FY 2022/23.

He said the impressive growth was on account of higher growth in all sectors. The services sector grew by 6.6%, industry increased by 5.8%, while agriculture grew by 5.1%.

The PSST also noted the strong recovery of the economy has been on account of good economic management, adding that Government has been deliberate with its fiscal and monetary policy.

Ggoobi said inflation at 3.9% in June 2024 had been contained within the target rate of 5%, adding that the Uganda shilling and interest rates have also remained relatively stable.

"Foreign direct investment (FDI) inflow to Uganda boomed to USD 2.9 billion last year, making Uganda the 4th top country in attracting FDI in Africa," said the PSST, adding that the economy has created more jobs as a result of the various wealth creation initiatives such as PDM and *Emyooga,* which are under implementation.

"Exports have increased to over USD 7.5 billion, up from USD 4.9 billion in 2023," said the PSST, adding that the economy is projected to grow by between 6% and 7% in FY 2024/25, rising to double digits over the medium term.

Ggoobi said this projection is on account of the tenfold growth strategy Government has adopted to grow the size of the economy to USD 500 billion by 2040.

"The task is now upon all of us to ensure that the economy of this country keeps on the steady-state growth path and transforms into a stable middle-income economy," said Ggoobi.

On the issue of rationalization of public expenditure, the PSST said HE the President has assented to Parliament 19 Bills to rationalize particular entities and Shs 26.9 billion has been provided to facilitate this process.

Regarding the recent payroll audit, Ggoobi said there should be no ghost workers on payrolls at this point.

"Ensure staff are paid their rightful salaries, pension and gratuity; avoid paying staff who are not officially recruited," said the PSST.

The Executive Director National Planning Authority, Dr. Joseph Muvawala, highlighted the NDP IV roadmap and emphasized the issue of service delivery standards for every Government entity as well as strengthening the planning function in all votes to guide proper budgeting.

> ***Please note that the code of conduct and ethics for Uganda public service sets out standards of behaviour for public officers whom you supervise and manage in the Uganda public service, said Nakyobe.***

The Town Clerk Kira Municipal Council, Benon Yiga, on behalf of Local Government Accounting Officers, raised the issue of additional wages for recruitment in new town councils, more funds for road maintenance and salary enhancement for Local Government Accounting Officers.

The Head of Public Service, Lucy Nakyobe, in her remarks asked Accounting Officers of Government to be at the forefront of fighting corruption.

She said whereas there are several officers involved in corruption, the buck stops with the Accounting Officers.

She urged the Accounting Officers to increase vigilance over the actions of all officers under them, including Human Resource Officers and Managers; Members of District Service Commissions and Boards of Agencies and Commissions; Accountants and Procurement Officers etc.

She said the categories of staff who are involved in corruption are subject to their watch and supervision, adding that on several occasions, Accounting Officers are also involved.

"Please note that the code of conduct and ethics for Uganda public service sets out standards of behaviour for public officers whom you supervise and manage in the Uganda public service," said the Head of Public Service.

She challenged Accounting Officers to uphold the professionalism, standards and expectations of the civil service and serve Government and the people of Uganda without reserve.

Accounting Officers at the meeting

COMMENTARY

ACCOUNTING OFFICERS PLAY PIVOTAL ROLE IN EFFECTIVE BUDGET EXECUTION

APOLLO MUNGHINDA

The Budget Execution Circular for FY 2024/25 was issued on July 15, 2024 pursuant to Sections 13 (5),15 and 45 of the Public Finance Management Act (PFMA), (2015) and Articles 153 and 154 of the Constitution of the Republic of Uganda.

The Permanent Secretary and Secretary to the Treasury (PSST), Ramathan Ggoobi, communicated the cashflow plan of Government for this financial year and the policy, operational and administrative guidelines for the implementation of the budget.

Section 45 (2) of the PFMA (2015), specifically mandates Accounting Officers to put in place effective systems of risk management, internal control and internal audit in exercise of their duties in respect of all resources and transactions under their charge.

This law puts responsibility on Accounting Officers to be at the forefront of prudent utilization of public resources and zero tolerance to any form of corruption in the performance of their duties.

However, during the recent Leaders' Retreat at Kyankwanzi, the issue of corruption in Government was high on the agenda, and was squarely placed on the heads of Accounting Officers, who through action or inaction, abet this vice. As part of the resolutions, culprits will now be charged in courts of law for the crime of abetting or aiding corruption once the Attorney General finalizes refinement of this provision.

At the meeting with Accounting Officers of Government on budget execution for FY 2024/25 held last month, the head of Public Service and Secretary to Cabinet, Lucy Nakyobe, reiterated that the buck starts and stops with Accounting Officers as far as the rampant corruption manifesting in various forms, such as outright stealing of Government funds with impunity, selling of Government jobs, especially in Local Governments, and corruption through procurement are concerned.

Accounting Officers received strict directives to effectively manage the rationalized agencies in light of the Rationalization of Public Enterprises and Expenditure (RAPEX) which will cover all listed agencies of Government as agreed by Cabinet. The PSST said Shs 26.9 billion has already been provided in various votes to facilitate payment of severance costs for staff that will be affected by the RAPEX reform.

Ggoobi said Accounting Officers are personally responsible for the proper payroll management

Acccounting officers at meeting with MoFPED and head of Civil Service in Kampala

and payment of salaries, wages, pension and gratuity for their respective votes in line with Government policy. This follows the completion of the payroll audit exercise by the Office of the Auditor General to curb shortfalls and accumulated arrears. All staff who were not verified during the special audit should not be on the payroll this financial year.

The Office of the Auditor General is still auditing the pension payroll and Accounting Officers are required to provide the auditors with the necessary information and documentation to ensure timely completion of the exercise.

Regarding recruitment, Accounting Officers were directed to desist from recruiting staff (public service or contract staff) during this financial year except on a replacement basis and where funds for recruitment are provided for with clearance from both the Finance and Public Service Ministries. This is part of the measures put in place to mitigate persistent wage shortfalls.

Payment of rent, utilities and service providers should always have the first call on the budget to avoid accumulation of arrears. Government has also provided Shs 200 billion to clear outstanding domestic arrears.

Giving due attention to statutory, mandatory and critical expenditures is expected to limit supplementary requests. Where critical needs arise during budget execution, Accounting Officers are advised to explore the option of virement (transfer of funds from one item to another) within the 10%, as provided for in the Public Finance Management Act (PFMA) (2015) to address the emergency.

The Finance Ministry (MoFPED) has actually noticed the increased requests for virement by votes, and this is mostly attributed to poor budgeting and prioritization of resources, which ultimately undermines budget credibility. Other than in exceptional circumstances, the PSST said no virements will be authorized once expenditure limits have been issued and funds released.

All contracts for works, goods and services shall be awarded in Uganda shillings to minimize recourse to government reserves, except in special cases where the need is clearly expressed in the financing agreements with Development Partners to use foreign currencies in the bidding process.

Payments for goods and services must encompass taxes and the tax deductions should be remitted to Uganda Revenue Authority (URA) to avoid accumulation of arears. Local service tax to local councils should also be remitted where employees reside in line with

Section 9 of the Local Government Act (2017).

Following the gazetting of the Traffic and Road Safety Regulations 2022, under Statutory Instrument No.49, Accounting Officers must ensure that all motor vehicles and motorcycles under their respect jurisdictions are issued with the new digital number plates.

Effective this financial year, Accounting Officers have been asked not to implement new Government projects on untitled land. Titling of land owned by the votes should be prioritized within the available resources. This will save Government from conflicts with private landowners who sometimes choose to arm-twist Government into paying exorbitant compensations once investments are set up on the land.

Accounting Officers are also expected to put in place robust monitoring and evaluation frameworks to enable real-time tracking of the execution of projects. Government has established the Project Preparation Facility (PPF) under the National Planning Authority (NPA) to provide financial and technical assistance to Ministries, Departments and Agencies (MDAs) in conducting studies to facilitate the creation of viable and studied bankable projects ready for financing.

For purposes of budget transparency, MoFPED encourages all Accounting Officers to display and post on their noticeboards and websites, respectively, information such as quarterly releases, funds provided for projects, schools and health centres, monthly payrolls as well as locally generated revenue to enhance public awareness.

Accounting Officers have the responsibility of scheduling Finance Committee meetings as soon as expenditure limits are issued to agree on priorities and cost centre allocations with heads of department before warranting of funds.

Budget information at vote level should be shared with the political leaders to facilitate oversight for effective implementation and proper accountability of Government programmes, to improve service delivery. Joint monitoring of projects by both the technical and political leadership is highly encouraged.

Accounting Officers also have a duty to submit quarterly budget performance reports to MoFPED within 30 days following the close of the quarter as required by Section 16 (1&2) of the Public Finance Management Act (2015).

In a bid to deepen budget transparency and accountability to the public, all Local Governments are now required to hold an accountability day/barazas during which the District Chairperson or Municipal Mayor presents to all stakeholders the report on all revenues and programme/project expenditures implemented during the preceding year.

All the 176 Local Governments already activated on the automated local revenue collection systems are expected to phase out manual collection of local revenues to fully close the leakages in revenue mobilization.

During the meeting with MoFPED, Accounting Officers requested Government to address in due course outstanding requirements such as additional wages for the recruitment of critical district staff, including engineers and health officers, and minimum requirements in terms of working tools and funding to operate, taking cognizance of the service delivery standards which are now mandatory for all MDAs as well as Local Governments.

Government remains committed to the fiscal consolidation agenda and will continue to fast-track the implementation of the domestic revenue mobilization strategy to raise more revenue, limit travel abroad, restrict purchase of vehicles, cut out all other wasteful expenditure and prioritize the completion of critical ongoing projects. We shall also continue to seek concessional financing for new projects with a high multiplier effect on the growth of the economy.

The policy, operational and administrative guidelines are aimed at ensuring allocative efficiency to achieve more value for money with the available resources. Repurposing the budget from areas that have ceased to be priority to priority areas will also continue in line with the tenfold growth strategy and Uganda's socio-economic transformation agenda.

The fight against corruption in Uganda is no longer a preserve of the anti-corruption agencies, but rather a concerted effort by leaders and managers at all levels of Government.

> **These Asian Tigers share common characteristics, including well developed infrastructures, technological advancement, and a skilled workforce. These economies have demonstrated resilience and adaptability even when the global economy has been volatile.**

The writer is the Principal Communications Officer, Ministry of Finance, Planning and Economic Development

UGANDA NATIONAL JOURNALISM AWARDS 2024

The Permanent Secretary and Secretary to the Treasury (PSST), Ramathan Ggoobi, has applauded the media for playing a critical role in promoting nation building, economic development and accountability.

The PSST made the remarks while officiating at the 2024 Uganda National Journalism Awards (UNJA) Gala at Mestil Hotel, Kampala.

UNJA is a flagship initiative of the African Centre for Media Excellence (ACME) established to recognize good journalism in Uganda.

The journalists who participated in UNJA 2024 numbered 154 and fell into various reporting categories, including Agriculture, Business, Economy and Finance, Education, Health, Religion and Sports.

Other entries were in Justice, Law and Order reporting, Public Accountability reporting, Public Works and Infrastructure reporting and Science and Technology reporting, among others.

The PSST said Government without the media is chaos, adding that in an ideal world, media and the state should be friends, not adversaries.

"You put forward viewpoints and opinions and expose the abuses," said Ggoobi, adding that the media needs to deal with misinformation and outright abuse of the power they have.

He particularly commended the media for supporting Government in the fight against corruption, calling upon the fourth estate to always engage the Finance Ministry as a trusted source of information about the economy.

The PSST said Uganda's economy has fully recovered from the various shocks, crises and false alarms, noting that the growth is good and is projected to get better.

He said inflation remains contained within the target rate, adding that the Uganda shilling and interest rates have also remained relatively stable.

Ggoobi called upon the media to support Government in implementing the tenfold growth strategy, to grow the size of the economy to USD 500 billion by 2040.

Uganda National Journalism Award Winners at Mestil hotel

Participants at the Uganda National Journalism Award Gala at Mestil Hotel in Kampala

"I want to thank the African Centre for Media Excellence for not only organizing these awards but also continuously improving the media landscape in the country," said the PSST.

He congratulated all the winners and challenged them to continue practising responsible journalism.

Some of the winners are: Mary Karugaba and Henry Ssekanjako, New Vision (Political reporting), Hakim Wampamba, NBSTV (Energy and Natural Resources reporting), Ismail Musa Ladu, Daily Monitor (Business, Economy and Finance reporting) and Esther Oluka, Daily Monitor (Inspiring Female Journalist of the Year).

PSST handing over certificate of recognition to the inspiring female journalist

MoFPED EMBARKS ON DEFINING GREEN PROJECTS TO ENHANCE CLIMATE FINANCE MOBILISATION

Hon. Anite officiated at the Women in Climate Change Conference 2024

The Finance Ministry Climate Finance Unit, with support from the European Union, has embarked on the development of the National Green Taxonomy (NGT)-Classification system for sustainable activities or investments that deliver on environmental objectives. By providing clear criteria for what constitutes a 'green' project, the taxonomy will play a pivotal role in channelling both domestic and international finance into investments that contribute to environmental objectives such as climate change mitigation and adaptation, biodiversity conservation, and pollution prevention.

The process which commenced with an inception Technical Committee meeting in May 2024 focused on defining the concept of taxonomy, the proposed content and lessons from existing sector-specific taxonomies developed hitherto by aBi Finance Limited and the International Fund for Agricultural Development (IFAD).

In a close follow-up, the second Technical Committee meeting was held in July 2024 at Protea Hotel, Kampala to review the first draft national green taxonomy, with reference to a comparative analysis report of five selected taxonomies across the globe. The use of the traffic lights system in Singapore's taxonomy for the prioritization of sectors/sub-sectors was a standout with its system that not only provides clear visual guidance (making it easier for stakeholders to understand the sustainability status of different activities) but also enhances transparency and decision-making for investors and policymakers.

The meeting drew participation

Technical committee meeting for national green taxonomy

from 35 institutions, including Ministries, Departments and Agencies (MDGs); the private sector, financial institutions, insurance companies, investors and transaction advisors; Development Partners; academia; and civil society organizations (CSOs).

In his opening remarks, the Permanent Secretary and Secretary to Treasury (PSST), who was represented by the Head of the Climate Finance Unit, Denis Mugagga, highlighted the importance of aligning financial systems with environmental objectives, noting that climate change is no longer an environment issue alone but also an economic development issue.

He said the NGT will provide clear guiding principles on what constitutes a sustainable economic activity, help make informed decisions, reduce the risk of green washing, support our green growth and advance a sustainable post-pandemic economic recovery. He emphasized that understanding how to implement the NGT is vital.

Participants expressed the need for more capacity-building and continuous awareness-raising to enable effective implementation of the taxonomy and green initiatives in general. They further requested Government to provide affordable financing for financial institutions, highlighting that green capital and stakeholder funding is still expensive.

What the NGT Means for the Country

For Uganda, the introduction of a NGT will be a game-changer, serving as a foundational tool to guide the allocation of finances towards projects that support the country's green growth agenda. It will help to harmonize the understanding of what constitutes a green investment, ensuring that both public and private sector actors can align their financial decisions with the country's sustainability goals.

The NGT will also enable Government to mobilize climate and green finance by providing clarity and confidence to investors. By clearly defining which activities qualify as green, the taxonomy will attract both domestic and international investments into the country's critical sectors such as renewable energy, sustainable agriculture, and green infrastructure.

In addition, the development of the NGT will contribute to greater policy coherence by aligning Uganda's financial sector with its environmental and climate objectives. It will provide a consistent framework for evaluating the environmental impact of investments, ensuring that public

Technical team attending the national taxonomy meeting

Minister for the Presidency,Babalanda & State Minister for Microfinance,Kasolo visiting exhibition stalls during the 2nd National Microfinance and Savings Groups conference 2024

and private sector initiatives are in line with national policies such as the National Development Plan and Uganda's commitments under the Paris Agreement. This alignment will facilitate the integration of environmental considerations into financial decision-making, fostering a more inclusive, sustainable and resilient economy.

Uganda's green taxonomy will support the country's broader sustainable development agenda by channelling investments into sectors that generate long-term environmental, social and economic benefits. For instance, investments in clean energy could reduce greenhouse gas emissions, create jobs, and enhance energy security, while investments in sustainable agriculture could improve food security and protect biodiversity. By prioritizing such activities, the taxonomy will contribute to the achievement of the United Nations Sustainable Development Goals and Uganda's Vision 2040.

The development of a NGT offers a transformative opportunity to align private sector activities with environmental and climate goals. One of the most immediate benefits of a NGT for private sector players is improved access to climate and green finance. As financial institutions, both locally and globally, increasingly prioritize sustainability, having a clear framework in place will make it easier for Ugandan businesses to attract investments for green projects.

Companies that align their activities with the green taxonomy will be better positioned to secure funding from green bonds, sustainability-linked loans, and other innovative financial instruments. This access to capital can drive growth, enabling businesses to expand into new markets and innovate in sustainable technologies.

A NGT will also help Ugandan businesses align with both national and international sustainability standards. This alignment is crucial for companies that operate in global markets or are part of international supply chains.

In conclusion, the development of the NGT represents a significant opportunity for Uganda to advance its sustainable development agenda by aligning its financial sector with environmental goals. By providing a clear and consistent framework for identifying and investing in green activities, the taxonomy will not only mobilize the much-needed finance for climate action but will also enhance policy coherence, drive long-term sustainable growth and help businesses to competitively access climate and green finance, in addition to exploring new market opportunities.

As Uganda embarks on this journey, the collaboration of all stakeholders, including the private sector, will be crucial in ensuring that the green taxonomy becomes a powerful tool for transforming the country's economy towards a more resilient and sustainable future.

Compiled by Climate Finance Unit: Denis Mugagga, Rebecca Nabatanzi, Flavia Namagembe and Kalungi Jonathan

CELEBRATING 10 YEARS OF COMBATING MONEY LAUNDERING AND TERRORISM FINANCING

By Samuel Were Wandera

In February 2014, Uganda, through the Minister of Finance, Planning and Economic Development (MoFPED), made a high-level commitment to the Financial Action Task Force (FATF) to address its Anti-Money Laundering/Countering the Financing of Terrorism (AML/CFT) deficiencies through an action plan developed by the International Cooperation Review Group (ICRG). The action plan comprised action items aimed at, among others: adequately criminalizing terrorist financing; establishing and implementing a legal framework for identifying, tracing and freezing terrorist assets; ensuring record-keeping requirements, **establishing a fully operational and functioning Finance Intelligence Unit (FIU)**; ensuring adequate suspicious transactions reporting requirements; ensuring an adequate and effective AML/CFT supervisory and oversight programme for all of the financial sector; and ensuring that appropriate laws and procedures are in place with regard to international cooperation for the FIU and supervisory authorities.

Subsquently, Uganda's Financial Intelligence Unit (Financial Intelligence Authority) was established. The Authority is a central government agency established by Section 20 of the Anti-Money Laundering Act (AMLA) Cap 118, with a core mandate of combating money laundering and terrorism financing in Uganda. The Authority effectively came into force on July 1st, 2014, hence the basis of the current count of 10 years of its illustrious trajectory.

As stipulated in Section 21 of the AMLA Cap 118, the Authority's objectives are to enhance the identification of the proceeds of crime and the combating of money laundering; ensure compliance with the Anti-Money Laundering Act; enhance public awareness and understanding of matters related to money laundering; make information collected by it available to competent authorities and facilitate the administration and enforcement of the laws of Uganda; and to exchange information upon request or spontaneously, with similar bodies whose countries have treaties, agreements or arrangements with the Government of Uganda regarding money laundering and similar offences. The Authority is further charged with an extra mandate (as issued by Cabinet in 2018) to support Government in undertaking financial due diligence on prospective investors that wish to partner with the Government of Uganda.

Milestones registered over the 10 years

Premised on its Mandate, the Authority has over the years prioritized strategic actions aimed at realizing its Strategic Objectives to:

a) Enhance the identification of proceeds of crime;
b) Increase compliance with the AML/CFT laws;
c) Improve collection and dissemination of information to competent authorities;
d) Strengthen international cooperation;
e) Increase public awareness and understanding of matters related to money laundering and terrorism financing;
f) Strengthen the capacity of FIA to conduct financial due diligence; and
g) Enhance the efficiency and effectiveness of FIA to execute its Mandate.

Owing to the strategic focus on the above, FIA has over the past decade grown into a formidable institution, playing a crucial role in safeguarding Uganda's financial sector from money laundering, terrorism financing, and proliferation financing (ML/TF/PF). Founded on a journey of continuous improvement, innovation and steadfast commitment to its Mandate, the Authority has enabled Uganda to register numerous milestones in its quest to counter ML/TF/PF. Some of these include the following:

Data-driven supervisory actions

In advancing the FIA evidence-based recommendations to address identified deficiencies in Uganda's AML/CFT/CPF system, the Authority undertook numerous risk assessments (including national and sectoral risk/thematic risk assessment) and typology studies. Results of the studies play a complementary role in informing quality execution of supervisory actions, including review of the legal framework, targeted stakeholder trainings, and recommendations to pertinent players in the AML/CFT/CPF value chain, towards continued improvements in compliance. For stance, the recently concluded tax crimes risk assessment provided key recommendations to address identified deficiencies and boost tax revenue, reduce tax evasion and associated ML crime, hence fostering enhanced domestic revenue mobilization while mitigating leakages in the system.

Robust legal framework

FIA has spearheaded the enactment and amendment of a number of laws aimed at ensuring compliance with the FATF standards. These laws include, among others, the Anti-Money Laundering, Anti-Terrorism, Companies, Partnership, Trustees Incorporation, and Cooperative Societies Acts and attendant regulations. The enabling legal framework has subsequently enabled FIA to issue several directives, guidance notes, notices and policies, all aimed at enhancing the implementation of AML/CFT/CPF standards. Owing to the enabling legal framework, Uganda has so far secured seven (7) convictions (with five relating to money laundering and two to terrorism financing) and confiscated properties realized from proceeds of crime.

Increased compliance with the AML Act

This has been made possible by a broad range of interventions, including periodical risk assessments and typology studies, targeted onsite inspections and offsite analyses to inform supervisory actions and facilitate continued improvements in compliance, and targeted training of Accountable Persons to enhance the capacity to identify and report financial crimes.

Financial due diligence

In execution of an additional

mandate assigned to the Authority by Cabinet in 2018, FIA has over the last decade received and handled over 97 requests on financial due diligence on entities intending to partner with the Government of Uganda to undertake numerous investment projects. More than 90% of these entities were found not to be credible. As a result, FIA saved the Government of Uganda from dealing with these entities which were proposing projects worth over USD 2 trillion (approximately UGX 7,600 trillion).

IT digitalization and automation

Over the years, the Authority has prioritized the need to promote operational efficiency and enhance data governance. With support from partner organizations, particularly the United Nations Office on Drugs and Crime (UNODC), FIA launched the goAML system, an advanced platform that allows reporting entities to self-register, obtain e-certificates and to file timely reports to the Authority. The system has particularly enabled easy/convenient and secure reporting by Accountable Persons.

In addition to the above, the FIA non-tax revenue (NTR) collection platform was operationalized (in collaboration with Uganda Revenue Authority (URA)) to facilitate the payment of fines and foster enhanced compliance with the AMLA, and an Electronic Document Management System (EDMS) for secure and quick document handling, storage and retrieval.

Further, the Authority developed and deployed a customized online public reporting portal. The portal allows the general public to anonymously and securely report to FIA suspected cases of money laundering, terrorism financing and proliferation financing. The portal also enables he Authority to obtain both domestic and international open-source intelligence for operational and strategic analysis. The portal can be accessed through https://wb.fia.go.ug/

Improved domestic and international cooperation

Domestically, the Authority has enhanced the appreciation of strategic actions required by all stakeholders in the AML/CFT/CPF value chain, ranging from prevention, detection, investigation, prosecution and deterrence, to confiscation. This has further been concretized by the Authority's effective coordination (as a secretariat) of the National AML Taskforce in the formulation and execution of the National AML/CFT/CPF strategic actions, including the development and implementation monitoring of the National AML/CFT/CPF Strategy. Being an administrative Financial Intelligence Unit, the Authority disseminates intelligence to relevant competent authorities and law enforcement agencies such as Inspectorate of Government, Internal Security Organization (ISO), URA and CID, among others, for further investigation. Enhanced domestic cooperation and associated targeted trainings and capacity enhancements have enhanced uptake and quality management of the intelligence generated.

Internationally, in order to foster international cooperation in the fight against financial crime, FIA has sustained membership in Eastern and Southern Africa Anti-Money Laundering Group (ESAAMLG) and the Egmont Group as a conduit for implementing the Financial Action Task Force (FATF) standards, experience sharing, and exchange of information with other foreign Financial Intelligence Units (FIUs) through the Egmont Secure Web. Furthermore, FIA has signed over 20 Memoranda of Understanding (MoUs) with other FIUs to facilitate more efficient exchange of information, especially with FIUs which are not members of the Egmont Group.

Removal of Uganda from the FATF grey list

As the secretariat for the National AML/CFT Task Force, FIA coordinated the efforts that led to the successful removal of the country from the FATF grey list in February 2024. Between February 2020 and February 2024, Uganda was under increased monitoring following its placement on the FATF grey list and subsequently on the European Union blacklist on account of identified AML/CFT strategic deficiencies following the mutual evaluation conducted by the ESAAMLG in 2016.

FIA, while working with FATF and ESAAMLG, prioritized actions aimed at addressing the deficiencies identified during the 2016 Mutual Evaluation with a view to getting Uganda off the grey list and avoiding any such future listing. Uganda successfully addressed all the identified strategic deficiencies and in February 2024 was removed from the grey list. The country is thus no longer subject to the FATF's increased monitoring process. It is important to note that being off the FATF grey list comes with several benefits, including enhanced country reputation and reduced international scrutiny and due diligence, hence ease of transacting. Subsequently, secondary benefits, including lower risk premiums and lower costs of doing business, are envisaged to attract more investment by both local and foreign actors.

Enhanced public awareness

FIA remains alive to the fact that effective AML/CFT/CPF measures require a concerted effort from a wide range of stakeholders, including the public. As such, the Authority executed AML/CTF/CPF public awareness and education campaigns through both mainstream and social media. These were further complemented with targeted high-level stakeholder strategic engagements, as well as training of business journalists and members of the public on the Mandate and functions of FIA, and the peculiarities of ML/TF/PF.

Development of human capacity

The Authority has recorded an enhanced staffing strength and technical capacity. These have been enabled through objective recruitment and implementation of the staff training plan in light of the ever-evolving financial crimes. The recruitments have culminated in a 95% staffing level of the 88 positions on the approved structure. On the other hand, staff were trained in pertinent technical areas informed by the training needs analyses and resulting training in Financial Investigations, Financial Due Diligence, Enterprise Risk Management, and Strategic Analysis. The above, supplemented by the update of technology and automation, have spurred the Authority's efficiency and effectiveness in the execution of its Mandate.

Focus for the future

In its continued pursuit to become a centre of excellence in combating money laundering, terrorism financing and proliferation financing, the Authority will broaden its strategic focus. The Authority's areas of focus for the medium term will be to:

a) Strengthen domestic and international stakeholder engagement and cooperation, global and domestic interlinkage nature of ML/TF/PF crimes.
b) Ensure implementation of the National AML/CFT/CPF post-FATF/ICRG Strategic Action Plan for Uganda, including fast-tracking of proposed amendments, conducting targeted capacity development of staff, Accountable Persons, competent authorities and law enforcement agencies, considering the ever-evolving financial crime.
c) Strengthen the AML/CFT/CPF data and statistics management capacity of the FIA as a central agency for AML/CFT/CPF statistics for Uganda, following the designation by the Minister of Finance, Planning and Economic Development in a letter dated February 23rd, 2024. This is intended to, among others, ease the demonstration of effectiveness of the existing AML/CFT/CPF framework, including enforcement of the AML/CFT/CPF sanctions regime, ahead of the third round of the mutual evaluation by the ESAAMLG on Uganda in 2028.
d) Oversee the Authority's coordination of the development of a well-thought-out National AML/CFT/CPF for Uganda for the FY 2025/26 – 2029/30 period, as a demonstration of Government's commitment and tireless effort in advancing the AML/CFT agenda in Uganda and the region.
e) Strengthen ML/TF/PF research and innovation (risk assessments and typology studies) to inform appropriate measures to identify and deter financial crime. Focus will be on the largely unstudied Virtual Assets (VAs) and Virtual Assets Services Providers (VASPs) in line with FATF Recommendation 15 that requires countries to identify and assess the ML/TF risks that may arise in relation to the use of new or developing technologies.

> **"Over the years, the Authority has prioritized the need to promote operational efficiency and enhance data governance. With support from partner organizations, particularly the United Nations Office on Drugs and Crime (UNODC), FIA launched the goAML system, an advanced platform that allows reporting entities to self-register, obtain e-certificates and to file timely reports to the Authority. The system has particularly enabled easy/convenient and secure reporting by Accountable Persons.**

The writer is the Executive Director, Financial Intelligence Authority

WORKING TOWARDS A SAFE AND SECURE RETIREMENT

By Lydia Mirembe,
Manager Corporate and Public Affairs, URBRA

Many people work hard all their lives but are still afflicted by poverty upon retirement. They invest in a wide range of seemingly productive projects, which do not guarantee the much-needed cash flow in retirement. If we continue with business as usual, we shall witness the emergence of "The New Poor" who are used to an affluent lifestyle while still at work, only to plunge into a less than desirable life in their later years. How can Ugandans plan for a safe and secure retirement?

A safe and secure retirement is a situation where one can enjoy the privilege of having regular cash flow, a healthy mind and a healthy body in retirement. It is a result of deliberate planning and saving. Thus, the big question is whether your current earnings, saving habits and investments can give you the retirement that you desire.

Why is saving for retirement important?

Retirement is an inevitable part of life. One may be forced to retire from active employment due to old age, or any other circumstances. Having a retirement plan is therefore a basic necessity and not a luxury. Retirement planning is the process of determining retirement income goals and strategic actions to achieve those goals.

The main motive is to have a form of cash flow during retirement to maintain a standard of living similar to the one before retirement. To enjoy financial freedom and maintain a comfortable standard of living in retirement, one has to sacrifice some of one's current expenses and save.

Planning for retirement is an integral part of financial planning. It entails a series of decisions one has to make over a long time. It all starts with the mindset: What type of retirement do you want to enjoy? What are your aspirations? It starts with clarifying expectations and desires. Your standard of living today should inform your standard of living in retirement. When planning for retirement, there are key areas to focus on:

i) **Financial needs in retirement:** How expensive will your needs be and how will you finance them? The most straightforward answer lies in determining whether you want to maintain your current lifestyle. Experts advise that in retirement, one needs at least 70% of their pre-retirement earnings.

ii) **Start saving:** Having clarified your retirement needs and aspirations, start saving, and keep saving. Start early, be consistent however small your savings might be, and be patient enough to allow the savings to grow.

iii) **Invest:** It is important to understand the available investment options. At the individual level, learn some basic investment principles; educate yourself about things like inflation, economic trends, trending investment information, and the like. Most importantly, work with professionals who are licensed and regulated. For example, URBRA has licensed professional fund managers who can advise on what to invest in before and during retirement.

iv) **Appreciate that retirement saving is a long-term commitment**. Retirement savings should only be accessed upon leaving active employment. From the onset, distinguish between retirement and other saving goals. For example, it is not prudent to use retirement savings to handle emergencies. One must have a separate savings plan for emergencies. Also, if you are a member of an occupational scheme and change jobs before clocking retirement age, don't withdraw your savings. Transfer them to another fund or scheme, so that your portfolio keeps growing.

Investment mistakes to avoid

Retirement planning may not always be a straightforward venture. People make mistakes along the way – these may be before or after retirement. Before retirement, people tend to invest in things that make them happy – a good home, a nice car, a country home, a farm and a few businesses. However, these items are not true investments because they don't generate cash flow. They are liabilities, not assets; one has to spend a lot of money to supplement and sustain them. People need to think of investment vehicles that will guarantee cash flow. Passive income funds like government securities, corporate bonds, real estate and equities are the key options to consider.

Some investment mistakes are made post-retirement. For example, some retirees think they are capable of managing their investments. Once they get their lumpsum payout, they start business ventures in areas where they have no knowledge or experience. Some of them fall prey to Ponzi investors. Some retirees invest in construction projects and spend all their benefits without ever completing the buildings. Other retirees think they can keep the money at home and spend it piecemeal as they go along in life. There is a tendency to rely on friends for investment advice, yet there are licensed professionals who can offer support. All these are mistakes that can be avoided. Even in retirement money must be invested wisely. Retirees can buy an annuity, go in for programmed withdrawal of benefits, or invest in government securities... All such investments can ensure cash flow in retirement.

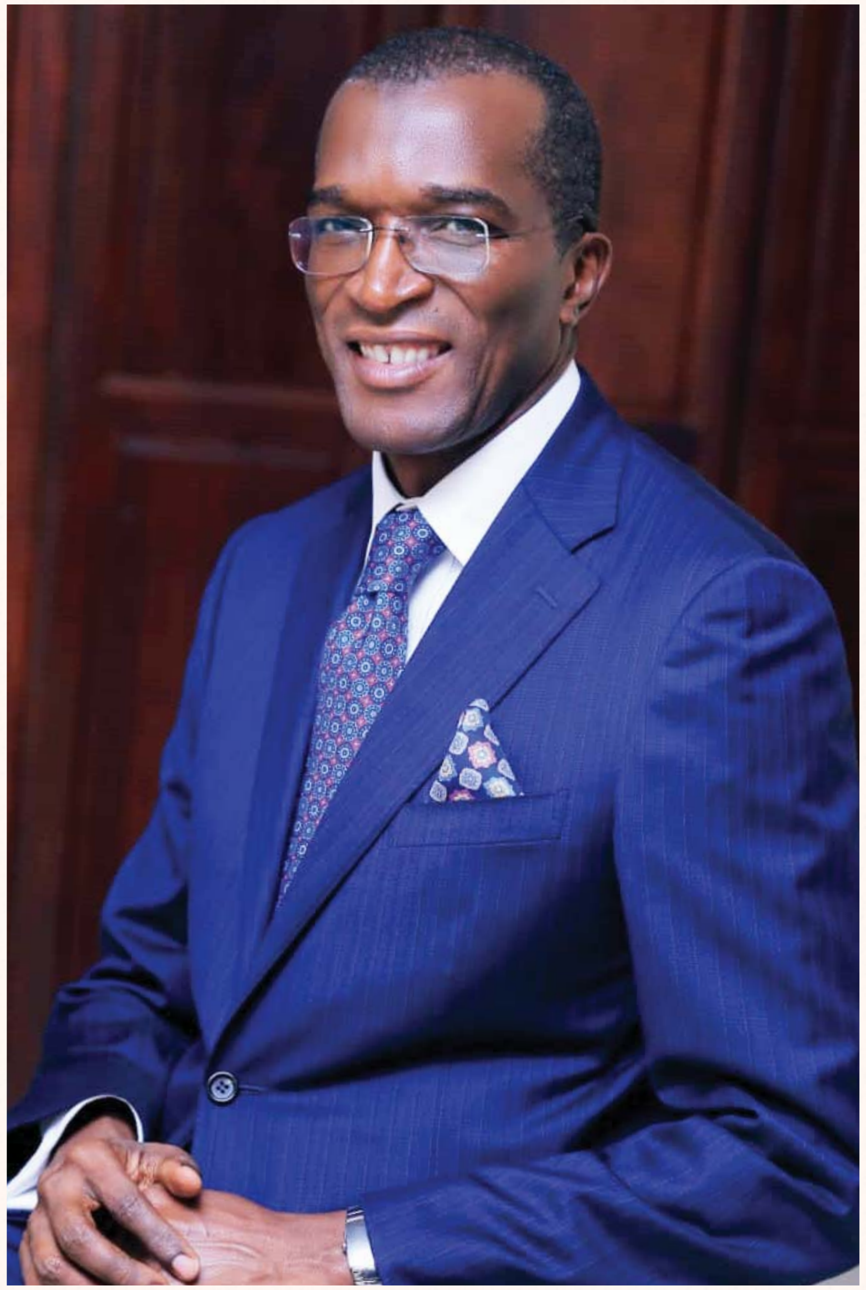
Safety of retirement benefits

The government, in its foresightedness, instituted the Uganda Retirement Benefits Regulatory Authority (URBRA) under the URBRA Act of 2011. The regulator oversees the establishment, management and operation of retirement benefits schemes, and protects the rights and interests of scheme members and beneficiaries. As a statutory requirement, all retirement benefits schemes are licensed and regulated by URBRA; members' funds are invested by licensed professional fund managers; assets are kept by licensed custodians; and scheme operations are managed and executed by licensed professional scheme administrators. Ugandans can now save for retirement with the assurance that their funds will be prudently invested, well-managed and available upon retirement.

RETIREMENT

INSURANCE

UGANDA'S INSURANCE INDUSTRY REGISTERED ROBUST GROWTH IN 2023



Alhaj Kaddunabbi Ibrahim Lubega - Chief Executve Officer of IRA

Uganda's insurance industry has continued to register robust growth in 2023 on the back of enhanced insurance customer confidence, improved distribution channels, and growth in online transactions.

Statistics released by the Insurance Regulatory Authority of Uganda (IRA) indicated that the industry's gross written premiums grew by 11.29% in 2023 from Shs. 1.44 trillion in 2022 to Shs. 1.6 trillion during the period.

The IRA Chief Executive Officer, Alhaj Kaddunabbi Ibrahim Lubega, says enhanced claims payment, consumer empowerment and strengthened complaints redress mechanisms provided by IRA has increased customer confidence in the sector, leading to increased uptake of insurance services.

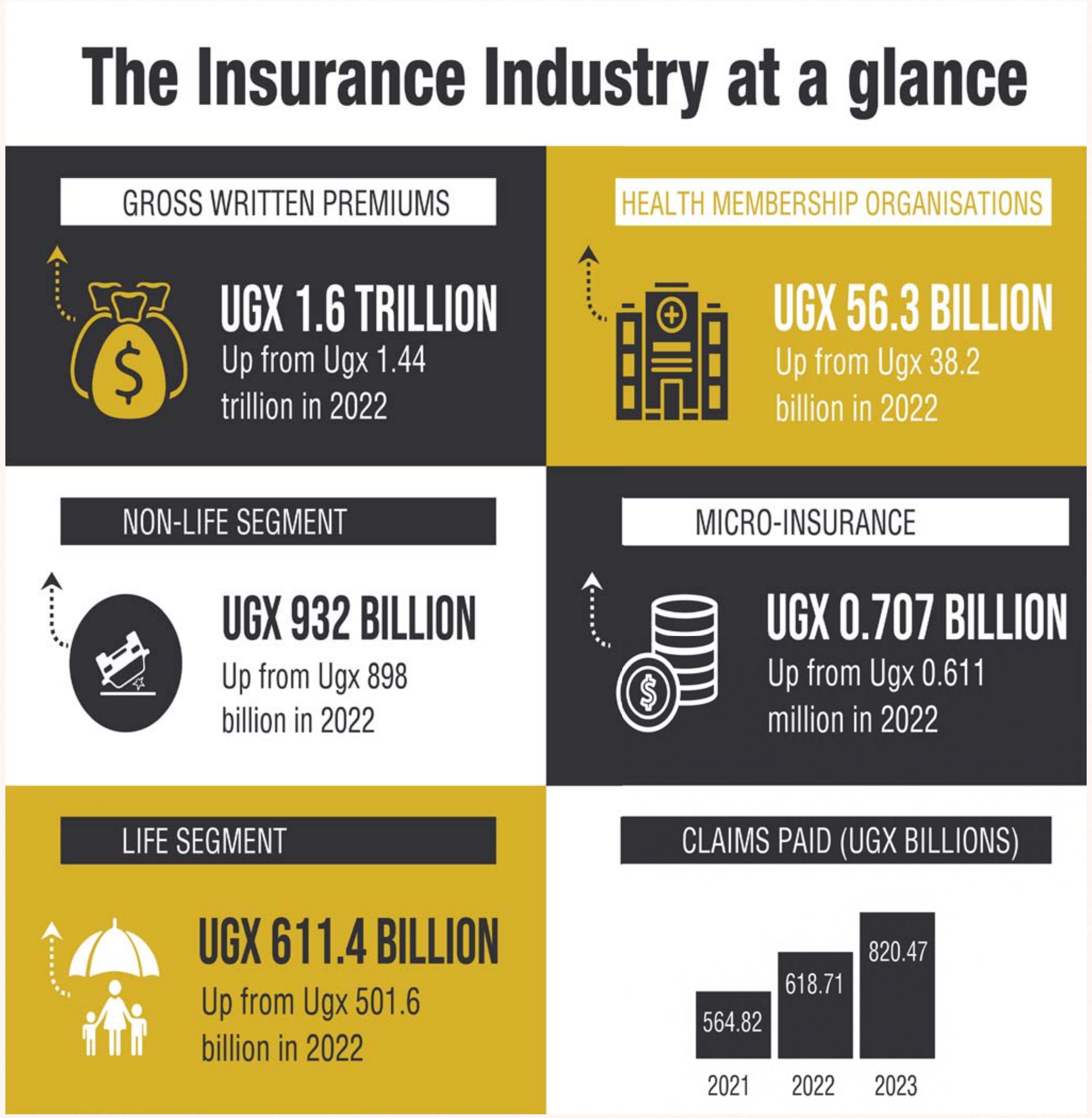
The other factors were acceleration in demand to transact online, enhanced distribution channels, and growth in Uganda's middle-class population.

Of the Shs. 1.6 trillion total underwritten premiums, the non-life business segment generated Shs. 932 billion, up from Shs. 898 billion in 2022, while the life insurance segment generated Shs. 611.4 billion compared to Shs. 501.6 billion in 2022.

Health membership organizations generated Shs. 56.3 billion of the gross written premiums, up from Shs. 38.2 billion in 2022 while microinsurance generated Shs. 0.707 billion, up from Shs. 0.611 billion in 2022.

Life Insurance Regaining

In terms of market share, the life business segment accounted for 38.14% of the aggregate industry written premiums, representing 3.32 percentage points higher than the market share index of 34.82% in 2022. This compares to 58.14% of the aggregate industry written premiums for non-life, representing 4.20 percentage points lower than the market share index of 62.34% in 2022.



Despite this, the statistics show that the life business segment continued to grow faster than the non-life segment, at 21.9% compared to 3.8% growth recorded by non-life. This, says Lubega, means that the life business segment is regaining its rightful position and the target is to have 70% of the industry's gross written premiums contributed by life business.

The statistics further indicate that the industry continues to honour genuine claims. Shs. 820.47 billion was paid out in claims in 2023, up from Shs. 618.71 billion in 2022, representing 51.17% of the total gross written premiums. Shs. 564.82 billion was paid out in 2021.

IRA instituted measures for zero tolerance to non-payment of legitimate claims and this has greatly contributed to the growth in claims payment.

NEWS BITS

Finance Minister Declares 11.5% Interest Rate for NSSF Members

Finance Minister Matia Kasaija declared an interest rate of 11.5% for FY 2023/24 for the National Social Security Fund (NSSF) members, which he said was above the 10-year average rate of inflation currently at 4.2% and slightly above Shs 2 trillion, the highest amount of money ever paid in interest to members.

"On behalf of the Government, I am glad to state that we are pleased with the stability and continuity at the Fund over the last year, as evidenced by the growth registered," said the Finance Minister at the NSSF Annual Members' meeting at Kampala Serena Hotel.

The Finance Minister, Kasaija, said he was interested in four things, namely:

1. Is the Fund financially stable and growing?
2. Is the Fund investing in the right assets and sectors of the economy?
3. Is the Fund preserving and growing the value of members' savings?
4. Is the Fund investing in sectors that are creating employment?

Kasaija said creating jobs for thousands of young people who have graduated from various institutions of learning is very critical for the stability of the country. The Fund grew from Shs 18.56 trillion in FY 2022/23 to Shs 22.13 trillion in 2023/24, an increase of 19.2%, and areas of investment include fixed income, real estate and equities.

PSST Ggoobi Issues First Budget Call Circular for FY 2025/26

The Permanent Secretary and Secretary to the Treasury (PSST), Ramathan Ggoobi, issued the first Budget Call Circular for the preparation of the budget framework papers and preliminary budget estimates for FY 2025/26.

The FY 2025/26 will be guided by the budget strategy approved by H.E. the President, Yoweri Kaguta Museveni. This strategy is underpinned by the strategic direction in the NDP4 and the tenfold growth strategy. The strategy focuses on full monetization of Uganda's economy aimed at bringing the 39% households in the subsistence economy into the money economy. The strategy will prioritize investments in the four anchor sectors – ATMS, i.e. agro-industrialization, tourism, mineral development (including oil and gas), and science, technology and innovation (STI).

The preliminary resource envelope for FY 2025/26 is projected to amount to Shs 57.441 trillion, with domestic revenue accounting for Shs 33.182 trillion.

For details visit: www.finance.go.ug

Kasaija Launches Uganda Airlines Flight to Lusaka and Harare

Finance Minister Matia Kasaija has said improved air connectivity between Uganda, Zambia and Zimbabwe will support a vibrant travel market that facilitates better business, trade and tourism linkages.

The Minister made the remarks while launching the Uganda Airlines maiden flight to Lusaka and Harare on UR 720 (15th and 16th destinations).

He said the revival of the national carrier was partly premised on the belief that it formed a vital part of strategic infrastructure, adding that the growth of Uganda Airlines has been possible because of Government commitment to the project, in addition to a dedicated and focused Management team with effective oversight by the Board.

Kasaija said Zambia and Zimbabwe hold special significance for Uganda for two reasons. First was the role they played in the struggle for African emancipation from colonial dominance. Second, they are some of the few countries that, right from their independence, have maintained visa-free access for Ugandans and vice versa.

The Minister, however, said trade between Uganda and Zambia is still below potential. The combined value of trade between the two countries was USD 58.5 million in 2021, with the balance in favour of Zambia, whose exports to Uganda were valued at USD 47.8 million.

Lugoolobi Officiates at 8th Annual Procurement Summit 2024

State Minister for Planning Amos Lugoloobi officiated at the 8th Annual Procurement Summit at Hotel Africana in Kampala, where he said Cabinet approved the National Public Sector Procurement Policy in 2019 with the aim of using procurement as a tool for socio-economic transformation.

The theme of the Summit was "Leveraging the Procurement and Supply Chain Ecosystem for Social Economic Transformation".

Lugoloobi said public sector procurement in Uganda accounts for close to 60% of Government spending expended on health, security, education, energy, transport and infrastructure, among others.

He said the Finance Ministry amended the PPDA Act to provide for sustainable public procurement, adding that the law provides for environmental, economic and social aspects, including preference and reservation schemes

that promote SMEs and local industry in addition to addressing the plight of women, youth and persons with disabilities (PWDs) for purposes of jobs, wealth creation and improving household incomes.

DID YOU KNOW?

1

The economy has fully recovered from the various shocks, crises and false alarms. Growth is good and projected to get better. In Q4 of the fiscal year ending June 2024, the average growth was 6.7%. The overall annual GDP growth was 6.0%. This performance significantly surpasses the Sub-Saharan African average of 3.8% projected for 2024 and the global average of 3.2%.

2

Uganda's export earnings have grown to USD 7.5 billion, up from USD 4.9 billion in 2023. Foreign direct inflow (FDI) to Uganda increased to USD 3.01 billion as at end of April 2024, making Uganda the 4th top country in attracting FDI in Africa. Diaspora remittances have recovered to USD 1.43 billion in 2023. Uganda's average return on investment (RoI) stands at 14%, having increased from 12% in 2017.

3

The NDP4 will be anchored on the four key growth areas for achieving full monetization and formalization of the economy: Agro-Industrialization; Tourism Development; Mineral-based Industrial Development, including Oil and Gas; and Science Technology and Innovation. including ICT (the Knowledge Economy) (ATMS).

4

Life expectancy in Uganda at birth has improved to 68.2 years in 2024 from 63.7 years in 2014. Uganda's per capita income stands at USD 1,146, above the World Bank's lower middle-income threshold of USD 1,036. Poverty reduced to 20.3% in FY 2023/24 from 21.4% in FY 2017/18. Income inequality reduced to 0.527% in FY 2023/24 from 0.565% in FY 2022/23. A recent report by the United Nations Development Programme (UNDP) shows that Uganda moved from the Low Human Development category in FY 2021/22 to the Medium Human Development category in FY 2023/24.

5

In the health sector, there has been an increase in the percentage of the population accessing health care from 44 to 65%. The population living within a 5 km radius of a health facility increased to 91% in 2020/21 from 86% in 2016/17. The infant mortality rate reduced to 36 per 1,000 live births in FY 2023/24 from 43 in FY 2017/18. The maternal mortality ratio improved to 189 per 100,000 live births in FY 2023/24, surpassing the target of 236.

6

In addition to public expenditure, as presented in the National Budget, the Government of Uganda also spends through the tax system in the form of tax exemptions, rate reliefs, allowances, deferrals and credits. The value of revenue foregone from the reliefs (compared to modelled revenue under a 'benchmark' system) is described as 'tax expenditure'. Tax expenditures in Uganda exist for numerous reasons, such as supporting investment, local manufacturing, job creation, social purpose, or due to administrative difficulties in collecting revenue from hard-to-tax sectors.

"Quote"

"I want to thank H.E. the President for the strategic direction he recently gave us to guide the budget process for the next financial year and the medium term. I also wish to profoundly thank the NRM Government under his visionary leadership for undertaking targeted investments in the last 10 years that have built a resilient economy with adequate infrastructure and human capital base required to speed up economic transformation at a faster pace than before," said Finance Minister, Matia Kasaija, while presenting the Budget Strategy for FY 2025/26.

"PDM funds should be utilized wisely by the beneficiaries in viable enterprises which will ease loan repayment. Investing in unprofitable ventures will only lead to financial losses and consequences for the beneficiaries. Therefore, it is essential for all Ugandans to embrace the PDM's values, support its beneficiaries and encourage responsible utilization of these funds to achieve the intended purpose," said Minister of State for General Duties, Henry Musasizi, while commenting on the implementation of the Parish Development Model.

"In Uganda, public sector procurement accounts for close to 60% of Government spending expended on health, security, education, energy, transport and infrastructure, among others. The OECD estimates that countries spend an average of 13%-20% of their GDPs on procurement and an average of up to 30% of GDP in many developing countries. In Uganda, it is by far the largest share of GDP that is under the direct control of Government," said Minister of State for Planning, Amos Lugoloobi, while officiating at the 8th Annual Procurement Summit 2024, held at Hotel Africana, in Kampala.

"My vision for Kyotera District is to become a benchmark for success in PDM implementation. I call upon all district leaders to fully commit to these Government wealth creation programmes and ensure that they serve their true purpose. Anyone holding a public office must remain humble and inclusive. Holding a position of leadership should never mean withholding opportunities from others. These programmes exist to uplift entire communities from poverty and it is our duty to make sure that everyone has the chance to benefit," said Minister of State for Microfinance, Haruna Kasolo, while monitoring the implementation of wealth funds in the Greater Masaka region.

"The Conference on Tax Incentives, Tax Policies and Tax Administration for Ugandan Investors reflects the Ministry's commitment to ensuring that our tax policies and administration are aligned with Uganda's broader economic objectives. It provides an opportunity for Ugandan investors, policymakers and the business community to engage in discussions on how best to optimize our tax system for the benefit of all Ugandans," said Minister of State for Investment and Privatization, Evelyn Anite, at a Press briefing ahead of the conference that took place at Hotel Africana in Kampala.

"Uganda has entered a new phase in its industrial journey – the phase of heavy industry, which calls for a new generation of industrial infrastructure such as railways, water ports, electricity transmission lines and specialised skills," said Permanent Secretary and Secretary to the Treasury Ramathan Ggoobi at the joint regional retreat of Missions from the Ring States and Staff from the Regional Economic Cooperation Department at Serena Resort, Kigo.

EXPLORE UGANDA

UGANDA'S RECORD

1. Uganda is ranked as the country with the fastest growing financial sector within East Africa, and fourth in Africa by the Absa Africa Financial Markets Index for two years in a row (2022 and 2023)
2. Voted the "Best investment destination in Africa" by the Annual Investment Meeting 2024 in the United Arab Emirates in 2024, having achieved the same in 2023.
3. Projected among the 5 fastest-growing economies for the coming decade (2021 to 2031) by the Centre for International Development at Harvard University (CID, 2023).
4. Selected among the top 10 countries in Africa for industrial development in the 2022 Africa Industrialization Index ranking by Africa Development Bank (AfDB).
5. Ranked, in 2023, the 3rd most rewarding economy to invest in Africa according to Oxford Economics.
6. Ranked 4th out of 28 participating African countries in the Absa Africa Financial Markets Index in 2022 and 2023.
7. Recognized as one the "Best destinations to visit" in the world according to CNN Travel in 2023.
8. Ranked the 2nd most biodiverse country in Africa in 2020, with a high green investment and carbon offset potential according to the Wildlife Conservation Society (WCS).
9. Ranked the best country in Africa for expatriates to work and the 25th in the world (2016). This was attributed to a range of factors, including family life, the ease of settling in the country, and Kampala, the capital city, being considered one of the safest cities in Africa.
10. We are gold medallists in several international competitions, including the Olympic Games, the Commonwealth Games and the International Athletics Competitions.

We welcome Visitors and Investors to Uganda – the Pearl of Africa, the land of competitive and sustainable investments

POLICY ISSUES

1. The Africa Risk-Reward Index (2023) ranked Uganda as the most attractive economy to invest in within the East African Community (EAC) and the third across the entire African continent. Relatedly, during the 13th edition of the Annual Investment Meeting (AIM) held in May 2024, Uganda was equally ranked the best investment destination in Africa. The performance is mainly attributed to Government interventions in improving the business environment which has made the country attractive and less risky for investors.

   The Africa Risk-Reward Index demonstrates the evolution of the investment landscape in major African markets and provides a basic, longer-term overview of key trends shaping investment on the continent. It also offers a comparative outlook of market opportunities and risks across the continent to facilitate organizations in developing strategies for growing their business or investing in Africa and Uganda in particular.

2. The Africa Sustainable Development Report 2024 noted that many African economies are burdened with high debt, inflation and limited access to development and climate financing. Africa's average debt-to-GDP ratio was estimated to be 59.5 in 2023 and projected to be 58.3 in 2024. Debt service obligations continue to swell, with 20 out of 38 low-income countries in Africa either in debt distress or at high risk of distress. In Uganda's context, the country's debt-to-GDP ratio for FY 2023/24 was 47.7%, which was below the continental average for the same period. Government is strengthening domestic resource mobilization, attracting private investment to ensure debt sustainability and leveraging innovative financing instruments as recommended in the report.

   Some of the valuable insights from the report for Uganda include the following:

   a) Ensuring that borrowed funds are used efficiently for productive investments is essential. This includes rigorous project appraisal, monitoring and evaluation to ensure that investments yield the expected economic returns; and

   b) Strengthening institutional frameworks for debt management, including transparency in reporting and accountability mechanisms, can build public trust and improve debt management practices.

3. Findings of the National Information Technology Survey Report 2022 show significant advancement in the penetration and utilization of ICT services. Further evidence indicates that internet penetration has rapidly increased over the decade, from 12% in 2013 to 59% in 2023, thereby surpassing the NDPIII target of 50%. Similarly, telephone subscriptions have increased by 75.9% from 19.5 million to 34.3 million over the same period. The above growth notwithstanding, internet access and usage still remain low at 5.7% and 10% respectively, with several divergences ranging from gender and rural-urban to sub-regional disparities.

   The survey highlights several recommendations, including the formulation of guiding ICT policies for all Ministries, Departments and Agencies (MDAs) and Local Government Authorities (LGAs) to effectively deliver public services, enhancing the penetration and usage of computers at MDA and LGA levels, reducing internet costs by leveraging Public-Private Partnerships (PPPs) to ease access, the extension of fibre across the country and addressing cyber security.

4. The Bank of Uganda, in collaboration with the Uganda Investment Authority (UIA) and the Uganda Bureau of Statistics (UBOS), conducts the annual Private Sector Investment Surveys to assess the size and nature of Foreign Direct Investments (FDI). The 2023 survey report covers international trade, employment and actual investments for the years 2021 and 2022.

   Key findings of the report include:

   - **FDI growth**: FDI inflows grew significantly by 79.2%, rising from USD 1,648.2 million in 2021 to USD 2,952.9 million in 2022. Additionally, the FDI stock increased by 10.9%, reaching USD 16.6 billion in 2022, up from USD 15.0 billion in 2021.
   - **Sectoral contributions**: In 2022, 62.4% of the FDI inflows were attributed to activities in the oil sector. Specifically, 35.5% was directed towards the mining sector, while 26.9% supported the transportation sector, particularly the pipeline.
   - **Source countries**: The majority of FDI originated from the Netherlands (38%), the United Kingdom (37%), Mauritius (7%), Kenya (5%) and Switzerland (3%).
   - **Employment and compensation**: Employment and employee compensation (including wages, salaries, pension contributions, and fringe benefits) increased by 1.8% and 3.9%, respectively, in 2022. Notably, almost all employees from FDI enterprises are residents (99%).
   - **Return on FDI**: The return on FDI saw a substantial increase of 35.8%, rising to USD 985.7 million in 2022 from USD 725.9 million in 2021.

IMPORTANT TIP ON HOW TO IDENTIFY AND USE SECURE WEBSITES

By Byereeta Leone Samson

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 to 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**) is secured as the Https:// functionality is activated.

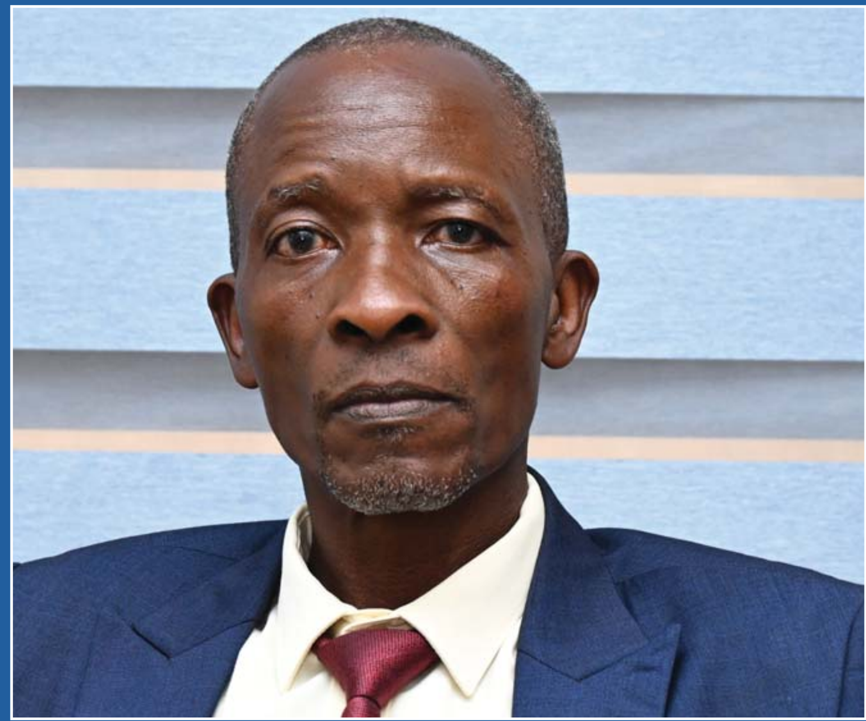
This is why you should **NEVER** ever enter your credit/debit card number in an Http website! But if the web address begins with Https://, that means your computer is talking to the website in a secure code that no one can eavesdrop on.

You understand why this is so important, right?

The writer is a Systems Officer, Accountant General's Office.

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

MONEY MANAGEMENT IS CRUCIAL FOR WEALTH CREATION



By Charles Mukasa

Governments and organizations apply all the necessary efforts and available resources to make and earn money. Individuals risk their lives, and forego their sleep and sweet dreams to go out into the cold to earn money. The questions that come up at the end of all these struggles are:

a) What is money?
b) What is the purpose of money?

For the purpose of this article, I can say that money is what we earn for the work we do and the effort we apply. The purposes of money are basically two:

i- We earn money to meet our basic needs.

ii-We earn money to create wealth.

Money is one of the most important and valuable resources in life as it helps you to achieve your dream goals.

If creating wealth is your long-term project, then money management is the answer. It will help you to get the desired results regardless of the income level, education, age and gender. In our desire to meet our basic needs and also to create wealth, we lack one important attribute and that is "finance''. The two words – "money" and "finance" – are used interchangeably but the difference between the two is that money is the tangible tool in the financial toolbox while finance is the art of creating, managing and studying the behaviour of money.

Finance ensures that money dances to the right tune; and the purpose of money is lost once the guiding hand (finance) is not in place. It might be easy to earn or create money but mismanagement is an obstacle to putting the hard-earned money to proper use.

Mastering your money is a proven strategy for building wealth for governments, organizations or individuals. The ability to manage your money wisely and effectively (financial literacy) is the pillar for creating wealth which will take you through retirement and old age, and probably enable you to pass it on to the next generations.

Money is like a baby; it requires parenting if it is to grow and portray desirable results. Poorly managed money is a source of stress, anxiety and frustration not only to individuals but also to governments and organizations. Mastering and managing money is the first step towards achieving financial freedom.

Money management requires one to understand that wealth is not all about numbers; that it is psychology and depends on how you perceive money. Your psychology determines how much you earn, save and invest. It influences how happy or unhappy you are with your financial situations. It is important to understand your psychology if you are to master your money and build/create wealth out of it. To understand your money, you need to cultivate your habits, routines and happiness.

Self-discipline, which is the ability to control your impulses, emotions and habits that interfere with your financial success, is another aspect of money management. To build an effective money management system, one has to understand financial literacy and customize it (personal finance) since there is no size that fits all. Individuals have different priorities, goals, preferences, values and circumstances that affect their financial decisions. It is vital to find a way of learning and applying a personal finance strategy that works for you.

Every individual has his/her passion. Don't blindly follow everyone's advice without doing your own research and analysis. Ultimately you are the one responsible for your money and wealth.

Money is a very sensitive subject. If well managed, it can provide value and you can enjoy it; if poorly managed, however, it can bring misery. Managing your money and creating wealth is not a matter of luck and chance; it is, instead, a matter of choice and positive actions.

The writer is an Accountant at MoFPED

MoFPED staff attended Training in Effective Communication and Report Writing at ESAMI

MoFPED staff attended Training in Effective Communication and Report Writing at ESAMI

Finance Minister Kasaija bid farewell to Augustine Kpehe Ngafuan who was until recently the Country Manager, African Development Bank

Finance Minister Matia Kasaija in his farewell remarks said the relationship between Government of Uganda and African Development Bank has been tremendously strengthened during his tenure. "We hope to see this continue to grow in the coming years," said Kasaija.

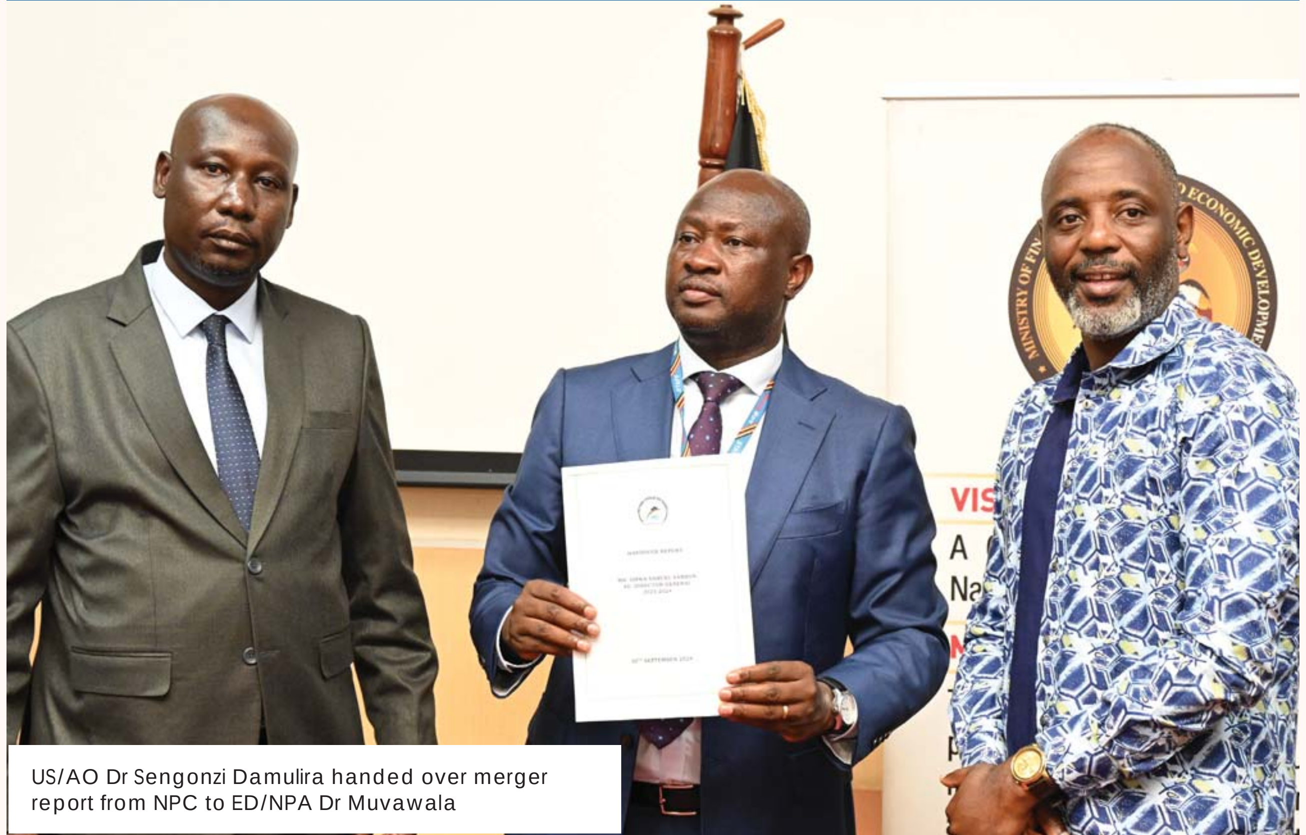
Deputy Secretary to the Treasury,Patrick Ocailap officiated at the PPP awareness and capacity building workshop at Four Points by Sheraton

The Deputy Secretary to the Treasury said promoting effective and smart partnerships through PPP is a key strategy in Uganda's development agenda.

"Government alone cannot do it all. From building roads, hospitals, schools and providing the much-needed social services; requires resources, expertise, and yes, a good dose of innovation. This is precisely why we're all gathered here today: to explore the exciting world of Public-Private Partnerships," said Ocailap.

DST Ocailap congratulating one of the best performers in the Budget Directorate, Ssekitoleko during their Retreat at Serena, Kigo

The Deputy Secretary to the Treasury, Patrick Ocailap said delivering the desired transformation requires priority to be given to interventions that deliver quick returns on investment in addition to unlocking private sector development, research and development. "Our goal in the budget process should be to attain allocative efficiency," said Ocailap.



US/AO Dr Sengonzi Damulira handed over merger report from NPC to ED/NPA Dr Muvawala

The merger of National Planning Authority (NPA), National Population Council (NPC) and National Physical Planning Board has been officially concluded.

The Acting Director General NPC, Samuel Omwa and the Acting Commissioner Physical Planning at the Ministry of Lands, Housing and Urban Development, Kaganzi Emmanuel handed over their merger reports to the Finance Ministry Under Secretary and Accounting Officer Dr. Sengonzi Damulira who in turn handed over the reports to the Executive Director, National Planning Authority, Dr. Joseph Muvawala at a function that took place at the Finance Ministry.

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	MoICTandNG
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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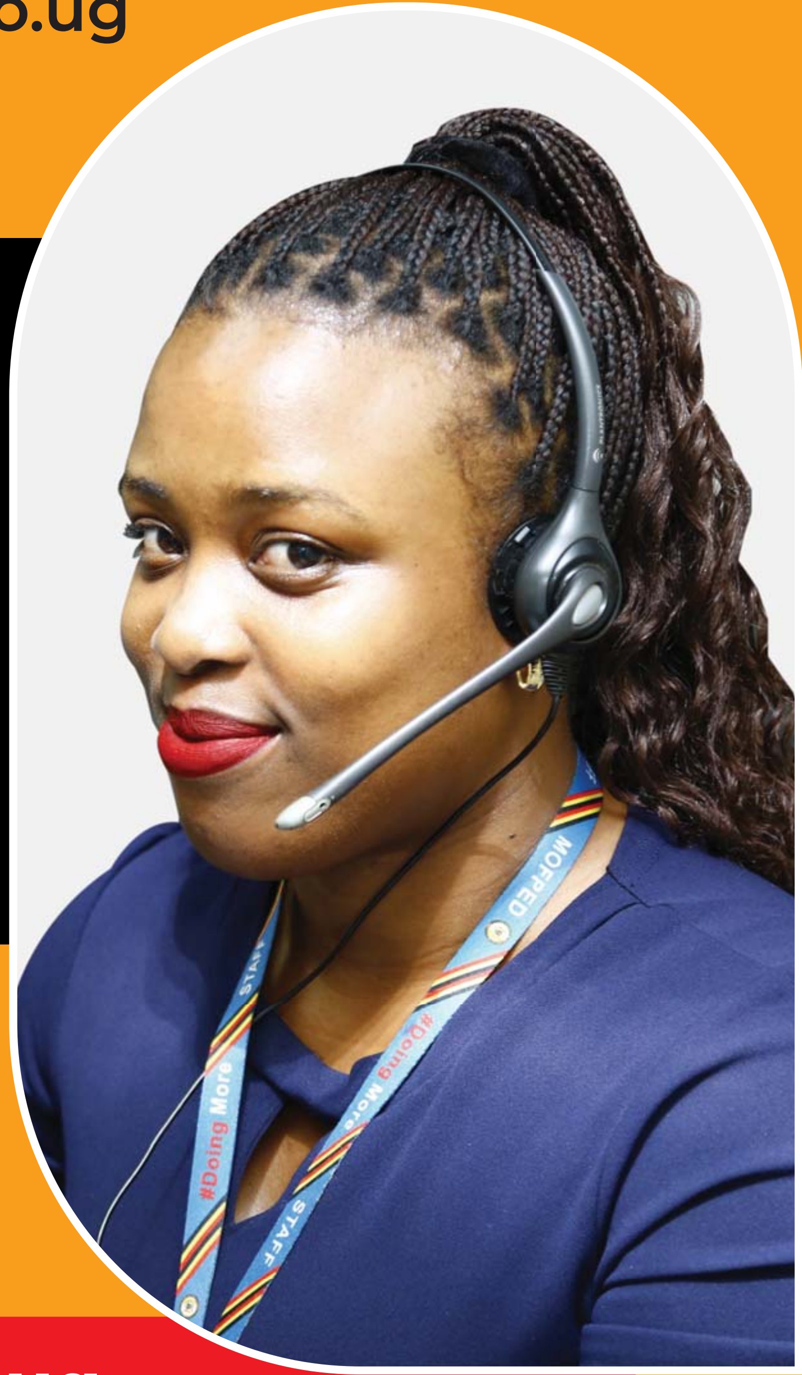

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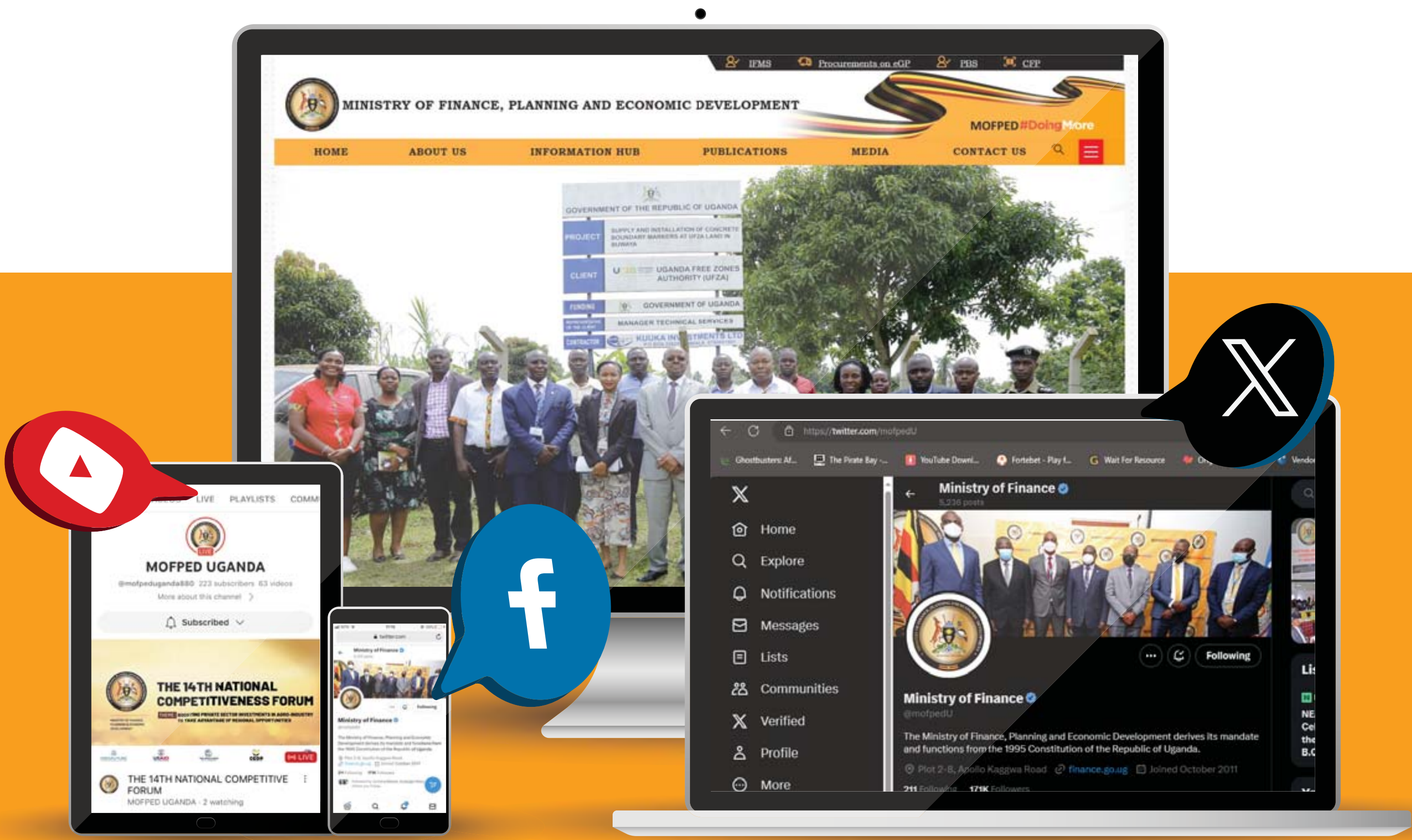

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