



**STATEMENT TO THE PARLIAMENT OF THE REPUBLIC OF UGANDA.**

**BY THE HON. MINISTER OF FINANCE, PLANNING AND  
ECONOMIC DEVELOPMENT**

**ON**

**READINESS TO DISBURSE PARISH REVOLVING FUNDS UNDER THE  
PARISH DEVELOPMENT MODEL IN FY 2022/23.**

## **1. BACKGROUND.**

- 1.1. Rt. Hon. Speaker and Hon. Members, you will recall that on 11<sup>th</sup> August, 2022, I presented a comprehensive statement to this August House on the Status of the Parish Development Model (PDM).
- 1.2. The Ministry of Finance, Planning and Economic Development was requested to make a follow-up statement on Government's readiness to disburse Revolving Funds to the Parishes for inputs. I therefore wish to respond as follows: -

## **2. STRATEGIC DIRECTION OF THE PARISH REVOLVING FUND.**

- 2.1. Rt. Hon. Speaker and Hon. Members, Goal of the PDM is, **“to increase household incomes and improve the quality of life of Ugandans”**, in line with the NRM Manifesto (2021 - 2026) and National Development Plan 3 (NDP 2020/21 – 2024/25). The **focus is on the 39% subsistence households and the mission is to transform these households into the money economy** whereby they shall be able to earn income of at least UGX. 20M, per household, per annum.
- 2.2. Under Financial Inclusion (Pillar 3), this will be achieved through the establishment of a well-managed Parish Revolving Fund, operating through 10,594 PDM SACCOs, countrywide.
- 2.3. Rt. Hon. Speaker and Hon. Members, the establishment of the PRF is guided by the following legal and policy frameworks: -
  - a) **1995 Constitution of the Republic of Uganda** (as amended), which provides for decentralization;

- b) **Local Government Act** which provides for line Ministries to guide Local Governments and establish minimum national standards for service delivery; **Cooperative Societies Act** (as amended) which provides for the establishment and governance of cooperative societies; and
- c) **Tier 4 Microfinance Institutions and Money Lenders Act**, 2016 which provides for the licensing and supervision of all financial cooperatives (SACCOs).

### 3. PDM FUNDING.

- 3.1. Rt. Hon. Speaker and Hon. Members, last FY 2021/22, a total budget of UGX. 180Bn was required for the Parish Revolving Fund i.e., UGX. 17M per Parish. However, only **UGX 165.9Bn** was provided of which the initial appropriation to Local Governments and KCCA was UGX 127.09Bn; a supplementary budget of UGX 20.98Bn; and funds repurposed from Gadgets and Tools amounting to UGX.17.83Bn.
- 3.2. Out of the UGX 165.9Bn provided, only **UGX 76.28Bn** was released, largely due to non-readiness of the Local Governments and the Parish SACCOs. By the end of the FY 2021/22, UGX. 67.226Bn had been disbursed by 154 Local Governments to the bank accounts of 7,666 PDM SACCOs, countrywide.
- 3.3. Government has undertaken to make good on the PRF arrears from last FY totaling UGX. 112.774Bn, in due course.

3.4. Rt. Hon. Speaker and Hon. Members, the appropriated budget for PDM in this FY 2022/23 amounts to UGX. 1.142Tn of which **UGX. 1.059Tn** is for the PRF. Accordingly, UGX. 100Mn has been provided for each of the 10,594 Parishes. These funds were appropriated under the Ministry of Finance, Planning and Economic Development and will be directly disbursed to the Bank Accounts of PDM SACCOs. UGX 82.65Bn is for PDM activities under the Local Governments and Central Government Agencies as detailed in **Table 1** below.

**Table 1: PDM Funding for FY 2022/23 (UGX. in Bns)**

S/n	INSTITUTION	Revolving Fund	Administrative Costs	PDM Secretariat	Other	Total	Q1 Release
	<b>Revolving Fund</b>						
1	MoFPED	1,059.4	-	-	-	1,059.40	125.00
	<b>Sub Total</b>	<b>1,059.40</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,059.40</b>	<b>125.00</b>
	<b>National Coordination</b>						
2	<b>Local Govts</b>		10.50		28.79	39.29	8.51
3	MoFPED	-	1.60	-		1.60	0.40
4	MoLG		2.98	19.00		21.98	0.55
5	MoGLSD	-	1.00	-		1.00	0.03
6	Ministry of ICT & NG	-	8.80	-	5.00	13.80	0.22
7	UBOS	-	4.00	-		4.00	0.10
8	KCCA		0.98			0.98	0.03
	<b>Sub Total</b>	<b>-</b>	<b>29.86</b>	<b>19.00</b>	<b>33.79</b>	<b>82.65</b>	<b>9.83</b>
	<b>GRAND TOTAL</b>	<b>1,059.40</b>	<b>29.86</b>	<b>19.00</b>	<b>33.79</b>	<b>1,142.05</b>	<b>134.83</b>

#### **4. DISBURSEMENT OF PRF FUNDS IN FY 2022/23.**

4.1. Rt. Hon. Speaker and Hon. Members, the Revolving Fund is a capitalization grant from Government to the PDM SACCOs for the **sole**

**purpose of lending to viable income generating activities in the Production, Processing, Marketing and Storage of agricultural products.** (Pillar 1).

4.2. Hon. Members, in this FY 2022/23, the PRF disbursement plan is as follows: -

- a) UGX 25Mn Per Parish has been released in Quarter One;
- b) In Quarter Two, UGX 50Mn is planned for disbursement; and
- c) In Quarter Three, UGX 25Mn shall be disbursed.

4.3. Hon. Members, please note that disbursements shall only be made to properly established and ready PDM SACCOs.

4.4. Rt. Hon. Speaker and Hon. Members, PDM SACCO readiness implies compliance in the following areas: -

- a) The PDM SACCO corresponds to a Parish on the list of gazetted Parishes to guard against sending money to ineligible SACCOs that could be formed by schemers targeting PDM money;
- b) The PDM SACCO is dully registered under the Cooperative Societies Act and has been issued with a certificate of registration by the Registrar of Cooperatives;
- c) The PDM SACCO has an account in a supervised Financial Institution;
- d) The PDM SACCO has signed the PRF Financing Agreement with the Chief Administrative Officer/Town Clerk. The purpose of this

Agreement is to formalize the relationship between Government and the PDM SACCOs;

- e) Local Government Accounting Officer has submitted an Attestation Form to confirm that the PDM SACCOs were formed in accordance with the Pillar 3 guidelines; and
- f) PDM SACCO has been verified by the CAO/Town Clerk, supported by Operation Wealth Creation, against data on subsistence households in the Parish Development Management Information System.

4.5. My Ministry therefore urges all Local Government Accounting Officers to fast-track the prior activities necessary to ready the PDM SACCOs for disbursement specifically: - to complete data collection on all households; and finalize the establishment of PDM SACCOs in all the Parishes under their respective areas of jurisdiction.

4.6. Rt. Hon. Speaker and Hon. Members, in July 2022, my Ministry requested the Local Government Accounting Officers to work with Operation Wealth Creation to validate the PDM SACCOs formed and verify the membership in the PDM Enterprise Groups and SACCOs, prior to the disbursement of funds.

4.7. This exercise is aimed at ensuring that the PDM target beneficiaries, participate in the PDM Enterprise Groups and SACCOs.

## **5. CONCLUSION.**

5.1. Rt. Hon. Speaker and Hon. Members, for effective management of PRF funds by PDM SACCOs and learning from past experiences, the target beneficiaries should not access the disbursed PRF funds before they are prepared. Initial access to funds shall be preceded by training and preparation of PDM Enterprise Groups and PDM SACCOs on Governance, Loan Management, Records Keeping, Good Agricultural and Agribusiness Practices. Furthermore, the Parish Development Management Information System (PDMIS) has been designed with the capability to track daily transactions in the PDM SACCOs. If the system is effectively used, the tool will provide full accountability and traceability for PRF funds.

Rt. Hon. Speaker and Hon. Members, I beg to submit.

**MINISTER OF FINANCE, PLANNING AND ECONOMIC DEVELOPMENT.**

23<sup>rd</sup> August, 2022