MOFPED TIMES

Privileged Insights

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PROGRESS ON THE KAMPALA - JINJA EXPRESSWAY

FATF, EU, IMF APPROVE UGANDA'S FINANCIAL SECTOR

UGIFT IMPROVING SERVICE DELIVERY

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COVER PAGE

Kampala Flyover Road Project-Clock Tower Junction

Cover Picture: Kyaligonza Aloysious (MoFPED)

EDITORIAL
Ramathan Ggoobi, **Editor-In-Chief**
Apollo Munghinda, **Editor**
Shaka Isaac
Junior Muhumuza
Oscar Kalyango
Jacque Eunice Sabiiti

PHOTOGRAPHY
Kyaligonza Aloysious
MoFPED Press Team

PUBLISHED BY
Ministry of Finance, Planning and Economic Development.
Tel: 0414 232095/707000
Fax: 0414 233524.
Plot 2 - 8,Apollo Kaggwa Road.
www.finance.go.ug

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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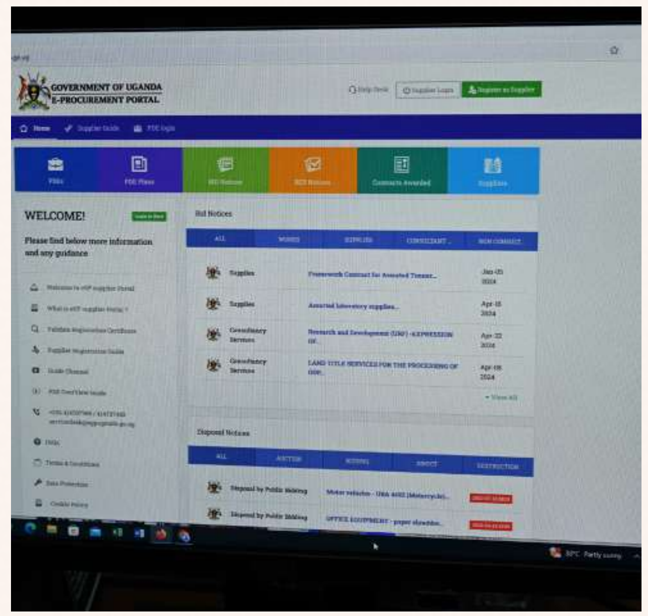
OF THE
Venue: Hotel Africana, Kampala



GOVERNMENT OF UGANDA
E-PROCUREMENT PORTAL
WELCOME!

Greetings

Greetings to our dear stakeholders,

I thank you all for the support you have continuously given to this Ministry, to keep the economy afloat amidst internal and external headwinds.

On a good note, the economy has recovered. Last FY 2022/23, the economy expanded by 5.2% and we are on course to achieving growth of 6.0% this FY 2023/24, driven by increased output in the services, industry and agriculture sectors.

We have also maintained macroeconomic stability as a result of appropriate coordination of the monetary and fiscal policies which has kept inflation below the target of 5%.

We remain committed to deepening the fiscal consolidation agenda which entails increasing domestic revenue mobilisation, improving allocative efficiency and controlling borrowing. We are keen on reducing the debt burden over the medium term, so that debt service payments can be minimised in line with our medium term debt management strategy.

Government will also continue funding the key fundamentals to spur economic growth. These include; investing in the people of Uganda, in the areas of health, education and water, peace and security, roads and electricity as well as wealth creation initiatives such as the Parish Development Model (PDM) and Emyooga to accelerate monetization of the economy.

We are optimistic that the 10-fold GDP growth strategy, expected to be implemented effective next financial year, will double the size of our GDP every five years, double the level of savings and increase the annual foreign direct investment (FDI) inflows. We are also looking forward to increased manufactured exports in line with our export promotion and import substitution policy.

Enjoy reading the TIMES■

Ramathan Ggoobi

Permanent Secretary and Secretary to the Treasury

Finance Minister Kasaija, Ministers of State Anite, Lugoloobi and PSST Ggoobi, DST Ocailap in group photo with newly promoted Officers (Asst. Commissioners and Principal Economists) at MoFPED

Apollo Munghinda
Principal Communications Officer

Ministry of Finance, Planning and Economic Development

Our esteemed Stakeholders

Hearty greetings from MoFPED,

With much pleasure, I welcome you to this 14th edition of the Times, a true source of privileged insights from MoFPED.

We have been working within the timelines of the Public Finance Management Act, 2015 to deliver the budget for FY 2024/25 and we are pleased to note that the draft budget estimates of revenue and expenditure are already before Parliament for consideration.

MoFPED is ably executing the budget for FY 2023/24, and continues to deepen the fiscal consolidation agenda which must be embraced by all Ugandans.

In this 14th Edition of the TIMES, we bring you the details of what has been happening behind the scenes to deliver the Kampala-Jinja Expressway.

We also share the success story of government which has yielded restoration of confidence in Uganda's financial sector by International players.

This Issue equally explores how the Uganda Inter-governmental fiscal transfers (UGIFT) program is enhancing service delivery and the reforms in public procurement, among other salient issues of the economy.

Enjoy reading the MOFPED TIMES■

Apollo Munghinda
Principal Communications Officer

MOFPED RETREATS TO REVIEW THE BUDGET AND RESOURCE ENVELOPE FOR FY 2024/25

MoFPED staff during the budget retreat for FY 2024/25 at Serena Hotel Kigo

> *The window for borrowing for the budget is closing every single year. There is no more commercial borrowing for the budget. The economy has expanded and we must move beyond words and collect more revenue," said PSST*

Director Budget,Magona (R) and Internal Auditor General Dr.Fixon Akonya at the FY 2024/25 budget retreat

Ministry of Finance organised two separate retreats to review the budget and the resource envelope for FY 2024/25.

By MoFPED Comms Team

Ministry of Finance organised two separate retreats to review the budget and the resource envelope for FY 2024/25.

The three-day budget review exercise at Serena Kigo, which came ahead of the issuance of the second budget call circular, was aimed at ensuring that the available resources are efficiently allocated to cater for all unavoidable expenditures in the budget without resorting to supplementary appropriation early in the financial year.

The Finance Ministry is implementing the fiscal consolidation strategy to ensure that the budget is rationalised to finance the critical needs of government.

Fiscal consolidation entails stepping up domestic revenue mobilisation, continued rationalisation for improved allocative efficiency and controlled borrowing to ensure long-term debt sustainability.

The Permanent Secretary and Secretary to the Treasury, Ramathan Ggoobi, in his opening remarks at the retreat said the Finance Ministry is relying on evidence-based analysis to inform allocative efficiency.

He also informed the participants that government has adopted a strategy to grow the economy ten-fold over the medium term effective FY 2024/25.

Ggoobi said the budget should cater for the key priorities in-line with the budget strategy, the ten-fold growth strategy and guidance by H. E. President Museveni.

The priorities include: peace and security, roads, railways and electricity, investing in the people (health, water and education), money earning interventions and international commitments.

During the retreat, it was also recommended to finance policy commitments and fixed costs, including wealth creation programmes such as the Parish Development Model and Emyooga.

Ggoobi said Accounting Officers must ensure that their budgets address the core mandates of their votes in line with the respective Programme Implementation Action Plans (PIAPS).

Other recommendations at the retreat included supporting manufacturing and minerals programmes to develop policies, plans and strategies including the fiscal regime for the mineral sector, ensuring respective votes remit non-tax revenue (NTR) collections to the consolidated fund in line with the PFMA,2015 and ensuring construction projects are only undertaken under dedicated projects and not through retooling.

Payroll Audit Findings and Wage Bill for FY 2024/25

During the retreat, PSST Ggoobi and his technical team also met the Permanent Secretary Ministry of Public Service, Catherine Musingwire and officials from the Ministry of Local Government to discuss the findings of the recent payroll audit by the Auditor General and the wage bill for FY 2024/25.

Ggoobi said all Accounting Officers, Human Resource Officers and Finance Officers who were responsible for the mess in the payroll will be sanctioned.

Some of the anomalies found by the Auditor General in his audit include: ghost employees on the payroll, forged appointments and the existence of those confirmed dead, absconded or retired on the payroll by time of validation.

Musingwire said her Ministry will commence deletion of culprits from the payroll this quarter. It was also noted that 22 Ministries, Departments and Agencies and 19 Local Governments diverted funds from the wage budget to pay for other activities.

PSST Ggoobi and Deputy Secretary to the Treasury Ocailap at workshop organised recently to review the resource envelope for FY 2024/25 at Speke Resort Munyonyo

BUDGET

Resource Envelope Retreat

As part of the preparations for the budget for FY 2024/25, the Finance Ministry also organised a 3-day consultative workshop to review the resource envelope for the next FY at Speke Resort Munyonyo.

The resource envelope is the sum of available resources for financing the government budget in a given financial year.

This engagement brought together all stakeholders in the revenue mobilisation efforts, including Uganda Revenue Authority (URA) and Agencies that collect non-tax revenue.

The Permanent Secretary and Secretary to the Treasury (PSST) Ramathan Ggoobi in his remarks at the workshop said the retreat was aimed at sharing practical proposals beyond policy and identifying actionable areas to raise more revenue.

"The window for borrowing for the budget is closing every single year. There is no more commercial borrowing for the budget. The economy has expanded and we must move beyond words and collect more revenue," said the PSST.

The PSST said no country has developed by borrowing too much but instead by saving and collecting more revenue. Ggoobi also noted that government is working on a 10-fold growth of the economy in 15 years.

" You have all my support to collect more revenue and we must collectively curb tax evasion and tax avoidance," said Ggoobi.

During the three days, the team discussed the revenue strategy for next financial year, tax expenditure rationalisation, improving tax administration efficiency, the medium term debt strategy and own source revenue strategy, among other issues.

The URA Commissioner General, John Musinguzi highlighted the measures to improve tax administrative efficiency.

Uganda Revenue Authority (URA) is focused on mobilising all the revenue required to sustain this country towards economic independence and the Ministry of Finance has made it clear that URA has no room for any shortfalls in revenue collection going forward.

The Commissioner General noted the consistent growth in revenue by over 50.48% from Shs. 16,751.64 billion in FY 2019/20 to Shs.25,209.05 billion in FY 2022/23.

He urged government to continue investing in information technology (IT) solutions and innovations to maintain this momentum.

Musinguzi said although the tax to GDP ratio is 14%, which is below the Sub-Saharan African average of 16%, the URA's target is to improve the tax to GDP ratio to between 18% and 20% in the short to medium term.

The tax register has grown by 154.96% from 1,594,118 in FY 2019/20 to 4,064,432 taxpayers by half year of FY 2023/24 due to issuance of instant tax identification numbers (TINs) and the use of third party data from Umeme, National Water and Sewerage Corporation, National Social Security Fund, Uganda Registration Services Bureau and Kampala Capital City Authority.

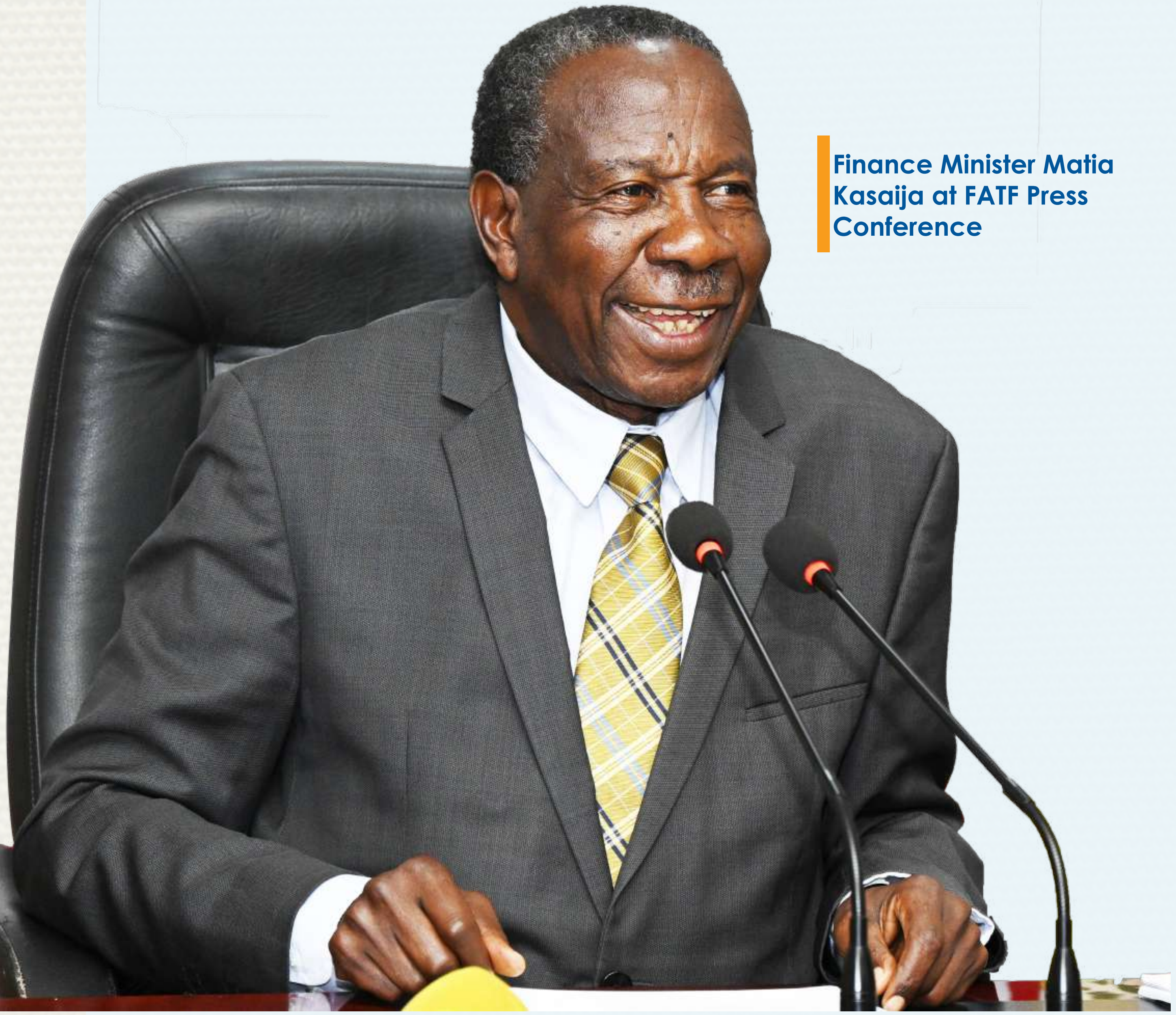
Issues of concern which the government of Uganda is addressing include: the large informal sector leading to a narrow tax base, poor tax paying culture, corruption, abuse of tax incentives by investors and un-integrated government systems, among other challenges.

The PSST pledged total support to URA to recruit the required human resource and also reiterated the need for standardisation of data for planning and resource mobilisation. He also called for improvement of URA's ability to use big data to detect tax evasion and grow the tax register.

Participants during Resource Evelope Retreat at Speke Resort Munyonyo

> **You have all my support to collect more revenue and we must collectively curb tax evasion and tax avoidance, said Ggoobi.**

UGANDA'S EXIT FROM FATF GREY LIST BUILDS INVESTOR CONFIDENCE - KASAIJA



Finance Minister Matia Kasaija at FATF Press Conference

By MoFPED Comms Team

During the Financial Action Task Force plenary meeting in Paris, France on 23rd February 2024, Uganda was removed from the list of countries under increased monitoring (**Grey List**) after successfully implementing all the deficiencies in the Anti-Money Laundering/Combating Financing of Terrorism (AML/CFT) legal, regulatory and operational regime.

The Financial Action Task Force (FATF), established in 1989 in Paris, is the global money laundering and terrorist financing watchdog. The inter-governmental body sets international standards that aim to prevent these illegal activities and the harm they cause to society. The FATF works to generate the necessary political will to bring about national legislative and regulatory reforms in these areas.

The 40-member body sets international standards to ensure national authorities can effectively go after illicit funds linked to drug trafficking, illicit arms trade, cyber fraud and other serious crimes. In total, more than 200 countries and jurisdictions have committed to implementing the FATF's standards as part of a coordinated global response to preventing organised crime, corruption and terrorism.

In February 2020, following a plenary session, Uganda was placed on the "Grey List" of countries under increased monitoring and given a list of 22 action plan items to remedy its shortcomings.

Since then, Uganda has been working tirelessly to fulfil the 22 action items as highlighted by the FATF through an inter-ministerial task force chaired by the Finance Ministry and spearheaded by the Uganda AML/CFT task force to address the highlighted deficiencies with the support of other stakeholders, including the FATF International Cooperation Review Group and the Eastern and Southern Africa Anti-Money Laundering Group (ESAAMLG).

(R-L) Hon Musasizi, State Minister General Duties flanked by US/AO Dr Sengonzi at the Press Conference

Removal of Uganda from the Grey List

Finance Minister Matia Kasaija during at a press briefing to announce the removal of Uganda from the Grey List by the Financial Action Task Force (FATF) said the efforts by government had come to fruition.

"The removal of Uganda from the "Grey List" represents a significant achievement for our country. It demonstrates the integrity of our financial system, re-affirms our commitment to effective regulation that enhances our position within the international community. This is a clear message from FATF that Uganda is a safe place for investment," said Kasaija.

The Minister said the removal from the "Grey List" unlocks a host of benefits for Uganda's economy, adding that this development will build investor confidence, reduce the cost of doing business and reinforce Uganda's global reputation.

He said unrestricted access to international markets and credit will provide a vital boost to government's socio-economic transformation efforts, adding that this alignment of Anti-Money Laundering and Countering Terrorist Financing measures with international standards enables Uganda to engage seamlessly with the global financial systems.

"Government of Uganda is committed to sustaining the excellent progress we have made. This will be achieved through the implementation of a comprehensive post-grey list strategy, including continuous review of our legal framework, sustained capacity of all the relevant institutions to effectively combat Money Laundering, Financing of Terrorism and Proliferation and ongoing engagement with the private sector," said the Minister.

He said Uganda has passed an important milestone on her pathway to prosperity.

The Executive Director Uganda Financial Intelligence Authority, Samuel Wandera also expressed gratitude to the FATF and ESAAMLG Secretariat for the great contribution since February 2020 when Uganda was placed on the Grey List.

He said the government of Uganda made a high-level political commitment to initiate key AML/CFT reforms to improve our systems to deal with ML/TF crimes.

From left - FIA ED Wandera, Commissioner FSD Ogwapus and other staff at the Press Conference

Some of the action plans successfully implemented as agreed with the FATF include:

1. Adoption of a national AML/CFT/and Countering Proliferation Financing Strategy.
2. Enhancing the use of mutual legal assistance and maintaining comprehensive statistics.
3. Developing and implementing risk-based supervision of the financial and non-financial business professional sectors.
4. Ensuring law enforcement agencies and judicial authorities pursue Money Laundering offence and establish procedures to trace and seize proceeds of crime.
5. Enhancing the ability of law enforcement agencies to conduct terrorism Financing investigations and prosecutions:
6. Implementing proliferation financing-related targeted financial sanctions.
7. Updating of the company register by Uganda Registration Services Bureau with particular emphasis on updating listed beneficial owners.

> **The removal of Uganda from the Grey List" represents a significant achievement for our country. It demonstrates the integrity of our financial system, re-affirms our commitment to effective regulation that enhances our position within the international community.**

The Deputy Governor Bank of Uganda, Dr. Michael Atingi-Ego said Uganda's financial sector received a significant boost with its removal from the FATF grey list, adding that being Grey Listed discourages international business and investment.

He said the decision by the FATF also signifies Uganda's commitment to improve AML/CFT measures.

The Deputy Governor said Bank of Uganda implemented a robust AML/CFT monitoring system, improved compliance tools and spearheaded a multi-pronged approach to strengthen AML/CFT compliance in the banking sector through enhancing supervisory procedures, effective awareness and education campaigns and developing industry guidance notes to clarify the requirements of AML/CFT.

EU removes Uganda from AML List

Following the removal of Uganda from the Grey List by the FATF, the European Union followed suit and also removed Uganda from its Anti - Money Laundering (AML) Blacklist.

The EU's decision to delete Uganda from its AML blacklist was set in its regulation published on Thursday March 14,2024, which is binding and applicable to its member states.

The EU said in its publication that Commission Delegated Regulation (EU) 2016/1675 identifies high-risk third countries with strategic deficiencies.

"Considering the high level of integration of the international financial system, the close connection of market operators, the high volume of cross-border transactions to and from the Union, as well as the degree of market openness, any Anti-Money Laundering and Combating the Financing of Terrorism (AML/CFT) threat posed to the international financial system is also a threat to the financial system of the Union," the EU statement indicates.

The EU said it reviewed the progress of Barbados, Gibraltar, Panama, Uganda and the United Arab Emirates in addressing their strategic deficiencies.

FATF

HIGHLIGHTS OF THE SECOND BUDGET CALL CIRCULAR FY 2024/25

By MoFPED Comms Team

The Permanent Secretary and Secretary to the Treasury (PSST), Ramathan Ggoobi issued the second budget call circular to all Accounting Officers on finalisation of the budget for FY 2024/25 in line with Section 10 of the Public Finance Management Regulations,2016.

PSST Ramathan Ggoobi

The theme of the budget for FY 2024 is: **"Full Monetization of Uganda's Economy through: Commercial Agriculture, Industrialization, Expanding and Broadening Services, Digital Transformation and Market Access."**

The priority areas of the budget for FY 2024/25 are: Investing in the people of Uganda (human capital development), peace and security, roads and railways, electricity, funding for money-earning interventions, effective management of natural disasters and international commitments.

In addition to the above priority areas, the PSST said government has identified five key growth areas in the strategy to grow the economy ten-fold from the current base of USD 49.5 billion in FY 2023/24 to USD 500 billion over the next 15 years starting FY 2024/25.

The additional priority areas are: Agro-industrialization, tourism development, mineral-based industrial development with oil and gas including petrochemical industries, as well as science, technology and innovation (knowledge economy, research and development).

Ggoobi highlighted policy guidelines such as deepening fiscal consolidation which he said was necessary to control debt and its servicing costs in light of the prevailing budget constraints adding that fiscal consolidation is focusing on increasing domestic revenue mobilization, improving allocative efficiency and controlling domestic borrowing.

He said fiscal principles, including; providing and protecting funds for key priority areas such as the Parish Development Model and Emyooga, supporting private sector development, limiting travel abroad and restricting new vehicle purchases to only critical areas including health, agriculture and security will continue to be upheld.

"Prioritise completion of critical ongoing projects and other multi-year commitments as well as retooling projects. No new non-concessional projects shall commence, except those already provided for in the fiscal framework, or those with no direct or indirect claim on the consolidated fund," the PSST advised Accounting Officers.

All non-tax revenue collecting institutions were also urged to accurately estimate their collections and transparently declare all such generated revenue to facilitate proper budgeting. The PSST said supplementary expenditure will not be tolerated on account of poor projection of the anticipated collections.

The construction of new ministry headquarters or office building by Ministries, Departments and Agencies (MDAs) under the retooling projects was halted for FY 2024/25 to focus resources on priorities of the budget.

The PSST in his circular also said government is committed to clearing outstanding verified domestic arrears in line with the domestic arrears strategy. Accounting Officers of the beneficiary votes were urged to ensure that resources allocated for arrears are rightfully expended.

The Accounting Officers were also urged to work with the Uganda Tourism Board to mainstream the national Meetings, Incentives, Conferences and Events (MICE) business plan (2023-2025) in their annual work plans and budgets for purposes of promoting tourism, one of the anchor sectors to deliver the ten-fold economic growth agenda.

Regarding Public Investment Management, the PSST called for the creation of a critical mass of certified project managers across government to effectively implement and monitor projects so that they are delivered on time, within the budget and with the right specifications.

Ggoobi said Accounting Officers are required to adhere to the Government of Uganda Asset Management Framework and Guidelines,2020 in the management and control of public assets throughout the asset life cycle. He also noted that the Finance Ministry is planning to roll-out the electronic government procurement (e-GP) system to 250 procuring and disposing entities in FY 2024/25.

Commenting on the findings of the recent special audit of the Government of Uganda salary payroll by the Auditor General, the PSST reiterated that the main causes of wage shortfalls were overpayment of salaries; payment of staff outside the payroll; mischarges; overpayment of loan deductions; over-under-projection of wage budgets; irregular recruitment; payment of ghost staff; and irregular transfers.

"Accounting Officers, Human Resource Officers and Finance Officers responsible for the anomalies will be held personally responsible for the payroll mismanagement and will take personal responsibility," said the PSST.

In order to improve local revenue performance, Local Governments were urged to plan and budget for the full roll-out of the automated local revenue systems in order to adequately complement the resources provided by the centre.

The Local Government Accounting Officers were also particularly tasked to adequately budget for staff recruitment required to operationalize the constructed projects under the Uganda Inter-Governmental Fiscal Transfers (UGIFT) in line with the wage provisions in FY 2024/25, in addition to providing adequate resources for monitoring and supervision of projects as well as environment and social safeguards compliance.

On the cross-cutting issue of nutrition, respective sub-programmes of health, agriculture, water, education, social development and trade were encouraged to plan, budget and execute measures aimed at alleviating challenges associated with food security and under-nutrition.

Accounting Officers were also tasked to prioritise gender and equity budgeting, environment and climate change, the fight against tuberculosis and malaria, the leading cause of hospital outpatient attendance and the admissions as well as the second leading cause of death in Uganda.

"All Accounting Officers are required to adhere tot the guidelines stipulated in this circular and the requirements of the Public Finance Management Act,2015 (Amended)," said Ggoobi.

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"All Accounting Officers are required to adhere to the guidelines stipulated in this circular and the requirements of the Public Finance Management Act,2015 (Amended)," said Ggoobi.

PSST GGOOBI APPLAUDS COMPLETION OF THE 5TH REVIEW OF IMF PROGRAMME

PSST briefing the Press on the successful completion of the 5th review of IMF-ECF arrangement for Uganda

The Permanent Secretary and Secretary to the Treasury, Ramathan Ggoobi has commended the successful completion of the fifth review of the International Monetary Fund-Extended Credit Facility arrangement for Uganda which also came with a disbursement of another Special Drawing Rights (SDR) 90.25 million (approximately US$ 120 million) to support the budget and the economy in general.

The Government of Uganda is implementing a three-year economic programme supported by the Extended Credit Facility (ECF) of the International Monetary Fund (IMF). The programme was approved by the IMF Executive Board on June 28, 2021 and will run until June 2024. The economic programme aims at supporting economic recovery; ensuring public debt remains sustainable; supporting Uganda's external position (Balance of Payment); increasing domestic revenue mobilization, and increased efficiency in public expenditure.

"Beyond the ECF disbursement, the successful conclusion of the fifth review shows the confidence that IMF has in Uganda's economic trajectory. This confidence is shared by other development partners as well as foreign investors, leading to continued growth in the country's FDI," said the PSST.

The ECF-backed economic programme is premised on two equally important components:

- Budget Financing of approximately US$ 1.0 billion (SDR 722 million) over the three years. This is an interest free loan from the IMF.
- Adoption of economic policies and structural reforms that will maintain the country's fiscal stability and ensure low risk of debt vulnerabilities.

Ggoobi said the financing and the structural reforms we are implementing under the programme have resulted in positive outcomes, including **economic growth**. He said the rate of economic growth has been improving, from 3.0% in FY2019/20, to 3.5% and 4.6% in the two subsequent financial years.

"In FY2022/23, the economy expanded by 5.2% partly supported by continued implementation of growth supportive government programmes and an increase in private sector activity, as well as the reforms undertaken under the ECF backed economic programme," said PSST, adding that Uganda is on course to achieve economic growth of 6.0% for FY2023/24 propelled by increased output in the services, industry and agriculture sectors.

He noted that the high frequency indicators of economic activity such as the Composite Index of Economic Activity (CIEA), Purchasing Managers' Index (PMI) and the Business Tendency Index (BTI) show an increase in economic activity and better business sentiments within the first half of the Financial Year 2023/24.

Ggoobi said over the course of the programme, there has been maintenance of macroeconomic stability, appropriate and well-coordinated monetary and fiscal policies, which has resulted in a decline in headline inflation from a peak of 10.7% in October 2022 to 3.4% in February 2024.

He said the foreign exchange rates have been stable compared to peers in the region and the foreign exchange reserves have also been maintained at healthy levels throughout the programme period.

Regarding **Public Debt,** the PSST said it remains sustainable, with the ratio of nominal debt to GDP recorded at 46.9% in FY 2022/23, which is within the target for the economic programme as well as the Charter for Fiscal Responsibility.

During the programme period, the fiscal deficit has been reduced from 9.0% of GDP in FY 2020/21 to 5.5% in FY 2022/23 and is projected to reduce further to 3.8% in FY 2023/24, largely due to government's commitment to its approach of a two-pronged fiscal consolidation involving increased domestic revenue mobilization coupled with expenditure rationalization.

It should also be noted that the financing under the ECF backed economic programme has been crucial in the maintenance of fiscal sustainability. So far, a total of US$ 750 million (SDR 541.5 million) has been disbursed following the previous four reviews of the programme.

"We are keen to continue our partnership with the International Monetary Fund (IMF). Whereas the current programme is ending in June 2024, we intend to engage the Fund on having a successor programme," said Ggoobi.

BOU Deputy Governor Atingi-Ego

IMF Resident Representative Izabela

IMF COMMENDS UGANDA'S ECONOMIC RECOVERY

Following the conclusion of the fifth review of Uganda's Extended Credit Facility (ECF) arrangement by the Executive Board of the International Monetary Fund (IMF), M. Bo Li, the Deputy Managing Director and Acting Chair said Uganda's recovery is becoming more broad-based, supported by falling inflation and oil industry investments.

"The ECF arrangement continues to support fiscal consolidation to keep the public debt ratio on a downward path, ensure sustainable social and development expenditure, and implement structural reforms to improve governance and facilitate private-sector-led growth," said the IMF Deputy Managing Director.

He said the economic outlook is positive but remains subject to downside risks, including from lower external financing and tourism following the passage of the Anti-Homosexuality Act (AHA), adding that the authorities' commitment to strong policies and structural reforms will help ensure robust, sustainable and inclusive growth going forward.

"Continued commitment to fiscal consolidation is key to reduce financing risks and safeguard debt sustainability. Implementing the Domestic Revenue Mobilization Strategy will help secure consolidation gains and lower reliance on costly domestic and external financing," said the IMF chief, adding that improving the structure of expenditures will help maintain social services and space for growth-enhancing capital expenditures.

He also noted that addressing deficiencies in public financial management will improve budgeting and expenditure control.

The IMF Deputy Managing Director also commended the Bank of Uganda for being proactive in addressing inflation although upside risks remain. He said the monetary policy should remain data dependent, loosening only as inflation risks recede, to bring core inflation back to the central bank target.

"Pursuing fiscal consolidation and maintaining a flexible exchange rate will help rebuild international reserves to safer levels. Limiting intervention in the foreign exchange market to situations of excess volatility will also help the economy adjust to external pressures and maintain competitiveness," said Bo Li, adding that vigorously pursuing structural reforms will set the preconditions for robust private-sector-led growth, in line with the authorities' National Development Plan III.

According to the IMF, Uganda's priorities include improving governance and reducing corruption, strengthening financial stability and access, enhancing Bank of Uganda's independence, and improving spending efficiency.

Bo Li also welcomed Uganda's progress in reforming its Anti-Money Laundering /Countering Financing of Terrorism framework and its removal from the FATF Grey List.

The IMF Resident Representative, Izabela Karpowicz said a rebound in gold exports and tourism has also supported economic activity and narrowed the current account deficit.

MOFPED ISSUES REVISED GUIDELINES FOR ISSUANCE OF FINANCIAL CLEARANCE

DST Ocailap chairing the meeting on guidelines for issuance of financial clearance

By MoFPED Comms Team

Section 76 of the Public Finance Management Act (PFMA),2015 requires the Ministry of Finance to issue a Certificate of Financial Implications for every Bill introduced in Parliament. In addition, every Cabinet Memorandum must be issued a letter of Financial Clearance by the Finance Ministry prior to submission to Cabinet.

The Certificate of Financial Implications discloses the estimates of revenue and expenditure or the expected savings resulting from implementation of the Bill over a period of not less than two years after its coming into effect when passed.

This certificate also discloses the impact of the Bill on the economy and is deemed to have been issued after 60 days from the date of request to the Finance Ministry.

Following the enactment of the PFMA (2015), guidelines were issued to govern the process for issuance of the Certificates of Financial Implications for Bills and policies.

However, after eight (8) years of implementation, it was noted that the level of compliance with the scope of requirements set by the law was unsatisfactory, especially in regard to the assessment of the financial and socio-economic impact of legislative and policy proposals.

According to the findings from the evaluation done as part of the review of the guidelines, stakeholders responsible for policy, planning and budget analysis in Ministries, Departments and Agencies (MDAs) reported lack of sufficient information to facilitate the preparation of the certificate and inadequate capacity to undertake the required in-depth analysis at the level of impact on the economy.

Stakeholder Engagements

The Finance Ministry organised stakeholder engagements involving Accounting Officers and heads of Planning and Policy Departments to discuss the revised guidelines for issuance of financial clearance that have been issued by the Ministry.

The Deputy Secretary to the Treasury (DST), Patrick Ocailap, who officiated at the meetings, said that both the Executive and Legislative Arms of Government, in executing their constitutional mandates, are unanimous in seeking assurances that all legislative and policy proposals submitted to Parliament and Cabinet are supportive of government's development agenda.

"The revised guidelines will therefore present an analytical framework for assessment of the financial and socio-economic implications of Legislative and Policy proposals," said Ocailap.

Ocailap said the revised guidelines will provide an institutional framework for consultations amongst the relevant stakeholders to ensure holistic buy-in on policy and legislative proposals, prior to a request for financial clearance.

"It is envisaged, that the revised guidelines will also serve as the foundation for the automation of the business processes for preparation, review and issuance of financial clearance," said the DST.

DST Patrick Ocailap

Technical staff at the engagement

What guidelines say:

Financial Impact Assessment

The Financial Impact Assessment (FIA) will be supported by the Regulatory Impact Assessment (prepared in line with the Guide to Regulatory Impact Assessment under the Office of the President.

The Financial Impact Assessment will entail assessing the projected fiscal cost and revenues associated with the MDA proposals to determine the impact on the national budget as well as the medium and long-term expenditure framework.

The FIA will be based on the discounted cash flow method. The cash flow forecasts generated for this purpose should cover a period equivalent to the useful economic life of the assets needed to operationalise the proposed bill/policy for a period of not less than 10 years.

The financial analysis methodology shall have four components, namely: The financial benefits/receipts; investment expenditure; operating expenditure; and the financing plan.

The assessment for fiscal sustainability shall be measured by key indicators including: The financing gap of the proposed bill/policy; the financial cost-benefit ratio; the financial net present value; and the financial internal rate of return, where applicable.

Socio-Economic Impact Assessment

The socio-economic impact assessment will focus on the impact of the proposed policy or Bill in terms of costs and benefits from the point of view of the entire economy.

The budget analysts will undertake the assessment based on the statement of financial implications submitted by the MDA and the assessment will also be supported by the Regulatory Impact Assessment.

The assessment will involve assignment of monetary value to the overall and intermediate economic impacts or implications disclosed in the statement of financial implications submitted by the MDA.

It should also be noted that economic/ shadow prices will be used on the costs derived to reflect the social opportunity cost of goods and services, instead of prices observed in the market, which may be distorted.

Economic analysis shall also require the recognition of both indirect benefits and cost that are not reflected in the market prices.

Equally an economic resource statement approach will be adopted to transform net financial cash flows into net economic benefits.

The economic impact of the Bill/policy proposal shall be measured by computing the economic net present value (ENPV) indicator, economic rate of return (IRR) and the benefit/cost ratio (BCR).

GOVERNMENT IS READY TO SUPPORT CREATIVE INDUSTRY

Creative Industry players at the meeting

By MoFPED Comms Team

The Finance Ministry recently organised a meeting with creative industry stakeholders to discuss the pertinent issues affecting the Creative Industry in Uganda, particularly the music, film production and visual arts.

The meeting chaired by the Director Economic Affairs, Moses Kaggwa was attended by the leadership and member of the Uganda National Music Federation, Kampala Film Development Association and Visual Artists and Designers Association.

The second National Strategy for Private Sector Development (NSPSD II) provides a consolidation and coordination framework for private sector development interventions across the 20 NDP III programmes, including the Community Mobilization and Mindset Change programme which aims at empowering families, communities and citizens to embrace national values and also participate in sustainable development.

The Community Mobilization and Mindset Change programme recognizes the limited use of indigenous knowledge to support creative industries and recommends support to design and implement programmes aimed at promoting household engagement in culture and creative industries for income generation and strengthening culture and creative industries for employment and wealth creation.

The Director Economic Affairs said the Finance Ministry recognises the role played by the creative industry in fostering economic development through talent and revenue mobilization in the country.

He said the creative industry is key in job creation, especially for the youth who are neither employed nor in education or training (NEETs). He said these are persistently disengaged from the labour market and vulnerable to exploitation and highly at risk of becoming politically or religiously extreme.

It should be noted that whereas more jobs are being created in various sectors, youth unemployment rate stands at 16.5%.

"Due to the importance of the creative industry, this Ministry allocates Shs.1.5 billion to the National Theatre through the Ministry of Gender, Labour and Social Development every year to support culture and creatives development in the country," said Kaggwa adding that the Finance Ministry is further aware of the tax issues affecting the film industry and has put in place an incentive framework to exempt supply of movie production from VAT.

Kaggwa also said the Finance Ministry has extended more support through Emyooga and called upon the creative industry members to take advantage of the several government developmental programmes to nurture and promote youth talent.

Points of Discussion

The meeting focused on factors affecting the competiveness of the creatives and the priorities for consideration in the budget for FY 2024/25 and the National Development Plan IV.

The Executive Director Uganda National Culture Centre, Peter Ojede and Nuwa Wamala Nyanzi, a God-taught visual arts practitioner during the meeting raised the issue of providing adequate financing for the creative industry, improving infrastructure for arts and culture (expanding the National Theatre and building regional centres), market opportunities for their products (promoting local content), improving the legal and regulatory framework, including enforcement of the Copyright and Neighbouring Rights Act, 2006 among others.

The discussions also focused on enhancing training, certification and standards in the creative industry to ensure national and international competitiveness.

Director Economic Affairs,- Moses Kaggwa

"Due to the importance of the creative industry, this Ministry allocates Shs.1.5 billion to the National Theatre through the Ministry of Gender, Labour and Social Development every year to support culture and creatives development in the country

UGIFT

UGIFT PROJECTS ENHANCING SERVICE DELIVERY IN UGANDA

World Bank Team inspecting UGIFT supported irrigation system in Hoima

By Shaka Isaac

In the early 1990s, the Government of Uganda adopted the Decentralization Policy. This policy is enshrined in the Constitution of the Republic of Uganda and the Local Government Act Cap 243. At the heart of the Decentralization Policy in Uganda is the need for government to redistribute authority, responsibility and financial resources for delivering services from the Central Government to Local Governments.

While the policy envisaged a highly discretionary system of financing Local Government service delivery, the funding has largely been through Central Government transfers, including conditional, unconditional and equalization grants, in line with Article 193 of the Constitution.

Consequently, several studies have been carried out to identify ways of improving processes, systems and levels of financing for services delivered by the Local Governments.

The Fiscal Decentralization Study of 2001 informed the development of the **Fiscal Decentralization Strategy (FDS)** 2002. The Study of "**Local Government Financing**" by the Local Government Finance Commission in 2012 and "**Service Delivery with more Districts in Uganda - Fiscal challenges and opportunities for reforms"** done in 2013 by the World Bank in partnership with MoFPED also supported the streamlining of Local Government financing.

Prior to 2015, government was able to make achievements in streamlining the budgeting and reporting processes for Local Governments, eliminating the multiple reporting for grants, ensuring growth in financing and increasing the number of grants for Local Governments.

On the other hand, while the grants grew, most of them were conditioned, which affected the discretion of the Local Governments which had earlier on been anticipated when devolving the powers and the authority to the Local Governments.

To address the visible inequalities in allocation across all Local Governments, the **Inter-Governmental Fiscal Transfer Reform Programme**

World Bank mission team inspecting completion works at Hoima blood bank recently.

(2015) was started with the objective of:

(i) Restoring adequacy in the financing of service delivery;

(ii) Ensuring equity in the allocation of funds to Local Governments for service delivery; and

(iii) Improving the efficiency of Local Governments in the delivery of services.

Achieving the above reform required financial support from both government, and development partners. Accordingly, the World Bank came in to support the government efforts in FY 2018/19 by committing **USD 200 million** to support decentralized services in health and education. In FY 2019/20, an additional **USD 300 million** was committed to continue supporting education and health but this support was also extended to water, environment and agriculture (micro-scale irrigation) under the Inter-Governmental Fiscal Transfer (UGIFT) Program for Results.

With this support, government has been able to make substantive investments in Local Governments. Government is on course to construct **259** phase one seed secondary schools in sub-counties in line with the education policy of having a secondary school in each sub-county. As at the 8th joint monitoring of UGIFT facilities conducted in September 2023, **88 out of 259** schools have already been completed and commissioned, while phase II (**115** schools) and phase III (**27** schools) were at different stages of construction and expected to be completed by June 2024.

In addition, the Ministry of Education and Sports has been supported to improve school inspection, which has a direct impact on the quality of learning and learning outcomes. The Teacher Effectiveness and Learner Achievement (TELA) system and the E-Inspection Management Information system have so far been rolled out to all government schools to monitor teacher attendance to duty.

Under the Health sub-programme, in line with government's plan to have a health centre III in each sub-county, **371** health centre IIs were planned to be upgraded to health centre III's, of which **207** have been completed and are yet to be commissioned although they are already in use, while construction is ongoing for **164** facilities. In addition, government is constructing new blood bank in Hoima, Arua and Soroti referral hospitals that will be fully equipped and staffed to support communities in these Local Governments and the surrounding votes.

Under agriculture, government has provided small-scale irrigation equipment to over 1320 farmers in phase 1 districts (40 Local Governments) and over 10,000 farmers in the 95 phase 2 districts have expressed interest under a co-financing arrangement (where a farmer contributes up to 25% of the cost of the equipment and government contributes 75%). This will have a great impact on mitigating the effects of climate change on agriculture as well as improve incomes of farmers that were hitherto, practicing subsistence agriculture. This will inspire them to join the money economy.

During the recent World Bank support implementation mission, projects including health centres, seed secondary schools, water and environment and micro-scale irrigation schemes in Amuria, Kyegegwa, Namayingo and Hoima districts were monitored.

The mission identified a number of issues such as staffing gaps, teacher absenteeism, site abandonment, delayed procurement and delays in releasing project funds which must be addressed to ensure successful implementation.

UGIFT and Improved Service Delivery

The mission consequently urged government to expedite the process of operationalizing the newly constructed facilities.

The World Bank mission also visited two micro-scale irrigation beneficiaries under MAAIF. Mr. Mwebaze Jackson in Kyegegwa district is a coffee/pineapple farmer beneficiary of the micro-scale irrigation scheme and Mr. Bigirwa Enock, a demonstration farmer in Kigolobya Kisukuma village Hoima district. During the mission, Bigirwa was identified to offer training services using his farm to support people in the vicinity to acquire skills in resilience agriculture.

The mission was impressed by the efforts of both farmers in supporting the community members to learn and adopt modern farming practices

The above performance not withstanding, the Mission also identified some challenges including: Inadequate advisory services, lack of access to affordable financing, limited market access for perishable products; and lack of storage facilities, genuine fertilizers and repair services for the irrigation machinery and accessories.

The farmers called upon government to address these issues to enable them to benefit from their businesses and also motivate other people to embrace farming as a business.

Under the Ministry of Water and Environment, communities have been served with piped water systems (PWS) to meet their water demands. Over 157 PWS have been developed and many more continue to be established (including extension and rehabilitation). In addition, a Water and Environment Management Information System (WeMiS) has been developed to support government in planning for investments in the water sector.

World Bank mission team visiting Mr. Bigirwa's demonstration farm in Hoima

GOVERNMENT CONTINUES TO SIMPLIFY PUBLIC PROCUREMENT

State Minister General Duties, Musasizi launching the PPDA Regulations, 2023

By Shaka Isaac

At the 2016 Cabinet retreat at Kyankwanzi, it was resolved that the legal frameworks that affect service delivery be amended and the Public Procurement and Disposal of Public Assets (PPDA) Act, 2003 was among those identified to be revisited for purposes of improving service delivery in the country. A large percentage of public resources are spent annually through public procurement.

The most recent PPDA (Amendment Act),2021 reduced tiers in the administrative review from three to two, empowering aggrieved bidders to only appeal to the Accounting Officer and PPDA Appeals Tribunal without appearing before the PPDA.

The amendments in the Act also provided for reservation of selected procurement opportunities for small and medium enterprises (promoting local companies) and special interest groups, incorporating sustainable public procurement, use of electronic records and communication and amendment of the KCCA Act and Local Government Act with respect to procurement and disposal.

These amendments necessitated revision of the PPDA regulations that had been issued in 2014 for Central Government entities and in 2006 for the Local Government entities.

The objectives of these new regulations included; harmonizing regulations for both Central and Local Governments, creating efficiency in the procurement process by reducing lead times, simplifying procurement, reducing the cost of doing business without compromising quality and strengthening procurement as a tool for socio-economic transformation.

The regulations were also necessary to enable procurement and disposing entities to source for special equipment such as that for aviation, medical, agricultural and industrial purposes directly from the manufactures.

The PPDA Regulations, 2023

The new set of regulations were announced by Finance Minister Matia Kasaija in January 2024 to effectively guide public procurement and disposal of public assets. These regulations became effective on 5th February 2024.

The PPDA regulations, 2023 marked a vital milestone in the government efforts to enhance transparency, good governance, value for money, accountability, and efficiency in the public procurement and disposal process.

Seven PPDA regulations were amended, one regulation, the PPDA (Local Governments), Regulations,2006 was revoked and two new regulations (Procurement Planning) Regulations, 2023 and (Negotiation), Regulations, 2023 were adopted to improve efficiently and strengthen good governance.

New regulations:

i. The PPDA (Procurement Planning) Regulations, 2023;
ii. The PPDA (Negotiation) Regulations, 2023;

The 7 amended regulations:

i. The PPDA (Procuring and Disposing Entities) Regulations, 2023;

Hon. Musasizi, PSST Ggoobi and Accounting officers launching the PPDA regulations, 2023 at Hotel Africana

ii. The PPDA (Rules and Methods for Procurement of Supplies, Works and Non-Consultancy Services) Regulations, 2023;
iii. The PPDA (Evaluation) Regulations, 2023;
iv. The PPDA (Procurement of Consultancy Services) Regulations, 2023;
v. The PPDA (Disposal of Public Assets) Regulations, 2023;
vi. The PPDA (Contracts) Regulations, 2023; and
vii. The PPDA (Administrative Review) Regulations, 2023.

The revoked:

i. The PPDA (Local Governments) Regulations,2006.

The retained regulations:

i. The PPDA Regulations,2014
ii. The PPDA (Force Account Mechanism Regulations,2014;
iii. The PPDA (Procuring and Disposing Entities Outside Uganda) Regulations, 2014; and
iv. The PPDA (Procurement of Medicines and Medical Supplies) Regulations, 2014.

Launch of PPDA Regulations, 2023

While launching the new PPDA regulations, 2023, Minister of State for General Duties, Henry Musasizi said he was pleased that the regulations address the concerns of H.E the President and these are: Provisions to facilitate the direct procurement from aviation, industrial, agricultural and medical equipment manufactures as well as use of own resources for public works under the force account mechanism.

The Minister called upon the procuring and disposing entities and all stakeholders to embrace these regulations and guidelines to streamline the procurement and asset disposal system that resonates with the needs of the citizens.

The Permanent Secretary and Secretary to the Treasury Ramathan Ggoobi, in his remarks at the launch of the PPDA regulations, 2023 at Hotel Africana in January 2024 said it was a crucial milestone in the ongoing public sector reforms to enhance transparency, accountability and efficiency in public procurement and disposal assets processes.

"Today, we are not just launching a set of rules; we are reaffirming our commitment to fostering a procurement environment that ensures value for money, integrity and fair competition," said the PSST.

Accounting Officers at Launch of PPDA Regulations, 2023

"Today, we are not just launching a set of rules; we are reaffirming our commitment to fostering a procurement environment that ensures value for money, said PSST.

He said value for money is a principle that underlines government commitment to the prudent use of public resources, adding that by adhering to the PPDA regulations, government can instil confidence in the public that their hard-earned money is being utilized efficiently and effectively.

Ggoobi also said timely procurement is integral to the successful implementation of projects and programmes, noting that delays not only hinder progress but may also lead to increased costs.

The Finance Ministry facilitated a country-wide change management dissemination programme for these regulations.

PPDA Guidelines on Reservation Schemes

The Minister of State for General Duties, Henry Musasizi in March 2024, announced the guidelines on reservation schemes to promote the participation of local providers and also promote the participation of registered associations of women, youth and persons with disabilities in public procurement.

Regarding the participation of local providers, the guidelines provides measures to reserve certain procurements for national, resident and East African Community (EAC) contractors, suppliers, manufacturers and consultants.

"This will ensure that our local businesses have equitable access to government contracts and will encourage and boost domestic production of the much imported goods and services," said Musasizi.

According to the guidelines, all products and inputs manufactured in Uganda must be procured by entities and government contractors from national and resident providers and at least 30% of the vale of works should be subcontracted to local providers where the main contractor is a foreigner.

The second guideline aims at promoting participation of registered associations of women, youth and persons with disabilities. 15% of the entity's annual procurement budget shall be reserved for award to this category.

It should also be noted that a Central Government entity shall reserve procurement requirements for supplies, works, consultancy and non-consultancy services whose value does not exceed Shs.30 million to registered associations of women, youth and persons with disabilities. For local government procuring and disposing entities, government shall reserve those services whose value does not exceed Shs.10 million.

"The guidelines will in the mid and long term address concerns of unemployment, low production and household inequalities across all sectors," said Musasizi, adding that they embody our vision of a dynamic and inclusive economy, where every Ugandan enterprise has a chance to thrive and contribute to national prosperity.

WHY GDP IS YOUR EVERYDAY LIFE

By Ramathan Ggoobi

Many people, especially non-economists, often wonder why economists emphasise GDP more than any other economic concept. It is not uncommon to hear people wondering, "Are we going to eat GDP?"

During my days as a teacher of economics at university, one of my favourite topics was, "why economists care about GDP". I approached my teaching of this topic by asking my students to mention what they cared about most in life.

They often cited a "good" job paying, a "good" wage, availability of life sustaining goods and services at affordable prices, among others. Some cited owning a nice house, a cool car, and all sorts of material goods. Others mentioned family and friends, good healthcare, quality education, a clean environment, and so on.

Then, I would intervene by summarising the long list of things we all, human beings, care about using one word – HAPPINESS.

I proceeded to tell my students that happiness generally depends on three key things; freedom of choice, self-esteem, and income. No human being with those three things has reported unhappiness.

Freedom of choice touches many things, including basic ones like; the type of meal one may afford or not, as well as being free from misery, ignorance, and dogmatic beliefs.

Self-esteem is about one feeling 'complete' as a person, or having a sense of respect, recognition and not have a feeling of being used as a tool by others for their own ends.

For income or money, we all know how important it is. It is the grease that lubricates the wheels of our daily lives by enabling us to meet the basic needs of life in a sustainable way and with reasonable flexibility.

What is GDP?

The reason economists emphasise GDP is mainly that it is highly correlated with these three goals of humanity. Despite its inherent shortcomings, GDP is critical in meeting all of them, and below is how.

For starters, economists use the acronym GDP (gross domestic product) to mean the monetary value of final goods and services produced in a country, usually in a year.

When GDP grows, a society is able to find ways to produce more of the goods and services that its citizens need. We all need good health, a house to live in, education for our children or ourselves, good food, peace and security, a healthy environment, social connections and respect, and generally a life full of happiness.

All these things depend primarily on having own money. Often people do not derive as much happiness from free money or dependency as they do from earned income.

This is why we wake up every morning and jump into taxi, onto a boda-boda or bicycle, or a personal car to rush to the city to work or trade. Others walk to their gardens and farms to produce.

We work because we want to access goods and services that make life meaningful and enjoyable to live. Whatever we produce from our daily sweat is what economists condense into an abstract monetary measure called GDP.

Have a look around yourself right now. Many of the things you see are products that were produced by someone so that you can use them. Let's start with that shirt/dress you are wearing, the device/sheet you are using to read this, the electricity that powers the device, the chair you're sitting on, the roof over your head, the car, bus, taxi or bicycle you took to get to where you are, the road on which you travelled to where you are, the food you had this morning, the medication you will receive when you fall sick and the list goes on.

Yes; you actually 'eat' peace!

At some point in the past, many of these products were not available. Some were not available even just last year, others many years ago. Whereas GDP is the abstract measure of all these goods and services, the abstraction should not make us lose the mental connection to these goods and services we often take for granted when we finally secure them.

For example, I have often heard people, while debating the budget that allocates money for security, ask; "Are we going to eat peace/security?" I often quietly answer them in my mind, "Yes; you actually 'eat' peace or security." If you doubt this, let one bullet be shot near a restaurant and you see how everyone will abandon what they thought was more important — the pieces of chicken, beef and beer in front them.

Most of the goods we often take for granted make more sense when we can't find or afford them. That piece of soap at home, the light at night, the water running through the taps, that toilet paper roll, that food you can now afford to leave on the plate and trash away, the education you acquired to make you qualified to be (temporarily) unemployed but not unemployable, etc.

When we tell you that Uganda's GDP has grown by 5.2% (like it did last year), we mean that the quality and availability of those goods and services to care about has increased. It means Uganda now has more food, more public infrastructure (paved roads, electricity, internet cables etc.), or generally more money for Ugandans.

Therefore, when the Government says GDP has grown, we mean that your life has been made better off by producing more of the goods and services that sustain it.

I see many Ugandans and other global citizens coveting the life in America or Europe. Why? It is mainly because those developed economies have higher GDP and GDP per capita that enables most of the citizens to have higher incomes, wider freedom of choice, and higher self-esteem.

For example, America's higher GDP per capita (of over $70,000 or Shs 266 million) enables American mothers to afford their children more freedom to choose the meals they want to have, more clothes, and other stuff that make life more enjoyable.

GDP and non-material wellbeing

Therefore, all we need to do to enable Ugandans afford a standard of living equivalent or even higher than what Americans enjoy, is to accelerate our GDP growth such that our GDP per capita could expand from the current $1,067 (or Shs 4 million).

By the way, the freedom of choice on account of the level of country's GDP per capita is not limited to material things. It also impacts choices such as marriage partners. Most marriages in Africa are usually based on societal biases such as; tribe, religion or socio-economic status. This is often associated with low levels of education and generally poorer societies (and thus low GDP).

As societies accumulate GDP, their populations tend to get liberated from such biases. Education, higher incomes, and thus improved standards of life (you may call it 'family GDP') tend to make societies more tolerant and standardised.

With higher GDP, even the self-esteem of citizens gets enhanced. Psychologists tell us that self-esteem may be affected by materialistic indicators of self-worth, like the kind of car one drives, the school your kids attend, the size of one's house, or one's title at work or in society. This is where GDP comes in.

Poor societies tend to limit not only their people's ability to earn higher incomes, but also their ability to achieve the things that build self-esteem.

We sometimes hear people say money is not everything. Well, to appreciate the significance of money, try living without it!

While computing GDP, statisticians sum up the incomes received, in a year, by each of the four major economic agents; workers (wages), asset owners (rent), capital owners (interest), and entrepreneurs (profit).

From GDP growth to transformation

So, higher GDP implies higher wages, higher rent, higher interest earned on savings, and higher profits made in business. Public servants in Uganda, particularly those in the lower echelons, earn low wages. Some have for years been taking industrial action to force the Government to raise their salaries and allowances.

It is not the Government's intention to pay low wages. It is on the account of low government revenue, yet the requirements for the little money are may. The solution to this will be increasing the GDP such that tax revenue increases to enable the Government pay higher salaries. There are no shortcuts.

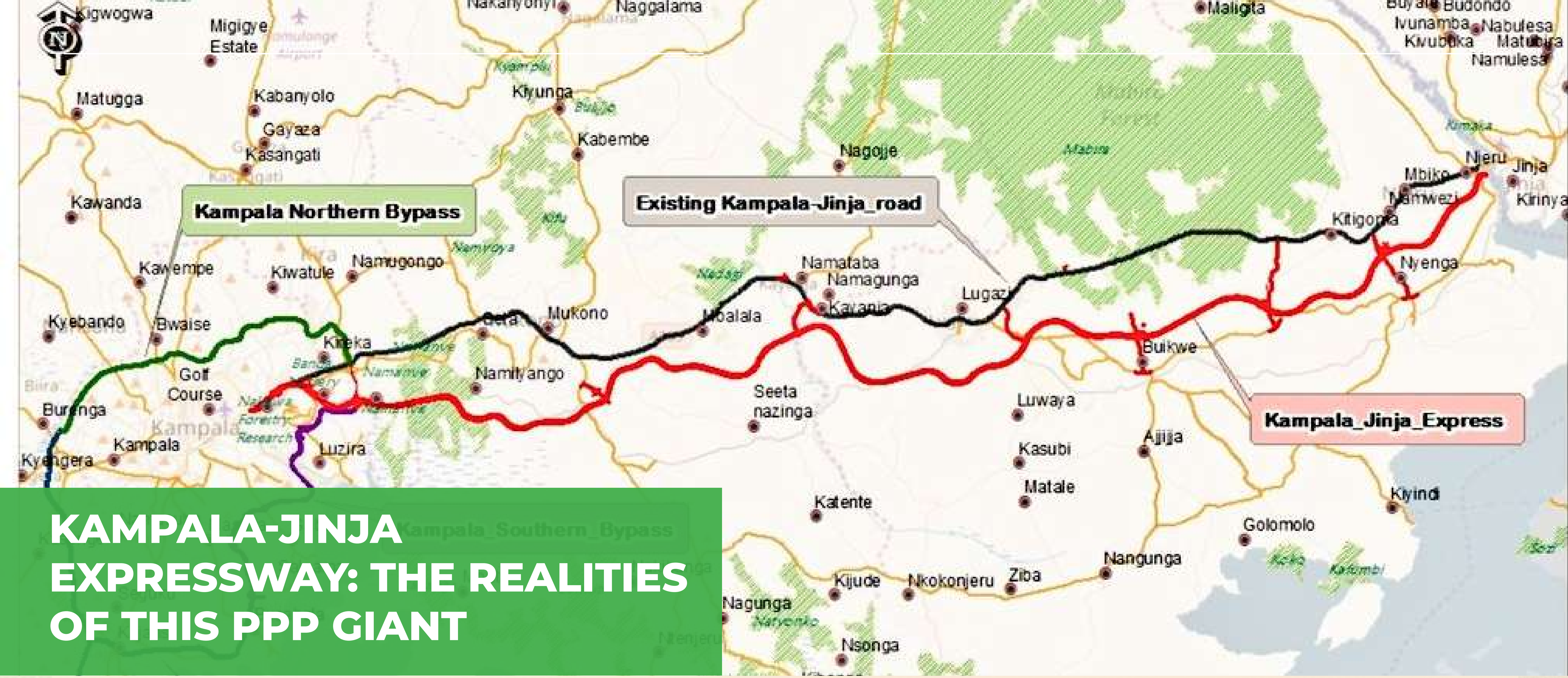
As our GDP rises, incomes earned by all economic agents will increase, thereby creating more GDP in turn. The cycle will continue until the country affords all the things people agitate for.

Since GDP was devised in 1937, it has been held aloft as the best barometer by which a nation's economic success or failure – and that of its people – is measured. Despite its known limitations, GDP is considered to be the most accurate indicator of a country's economic activity; a measure of material well-being.

Our current strategy is pursuing both GDP growth and socio-economic transformation. In the latter, we intend to move the economy from an extractive, subsistence-based economy to a modern fully-monetised economy.

The target is to get more Ugandans who are currently stuck in subsistence to move into activities that earn them income. Therefore, next time you hear H.E. the President or my Minister telling you how GDP or GDP per capita has grown, please know that by extension, they are telling you that your material well-being or that of your neighbour is getting better.

The writer is an Economist and the Permanent Secretary/ Secretary to Treasury Ministry of Finance, Planning and Economic Development



KAMPALA-JINJA EXPRESSWAY: THE REALITIES OF THIS PPP GIANT

By Jim Mugunga

Traffic daily clogs the Kampala-Jinja highway! As a result, there is heightened, and justified, demand for logical explanations from the public over the delay to construct the flagship Kampala-Jinja Public Private Partnership Expressway, commonly referred to as KJE.

There is demand for immediate action to build the road. Coupled with that is a sense of frustration primarily driven by the limited information in the public domain on current preparatory work for the delivery of this infrastructure.

The wider population is on record seeking assurances. Indeed, during a recent appearance before a Parliamentary Committee, an obviously concerned MP demanded to know why the PPP Unit remains silent [in her words a sleeping giant] in the face of growing infrastructure challenges such as KJE.

Below is an account of efforts so far taken as well as achievements and setbacks and commitment to deliver this demanding, complex and wholesome Public-Private Partnerships (PPP) process under which KJE and others of its kind are being undertaken.

So, what makes a KJE PPP complex, demanding yet wholesome at the same time?

In its nature, the PPP mode to deriver KJE was chosen to relieve pressure on government to immediately raise USD 1.5 billion to construct the expressway. It was agreed upon as the best option in light of other competing priorities and diminishing fiscal space. It is suitable for it transfers the risk to mobilize the required funds to the private partners.

In the case of KJE, private partners are expected to raise above USD 800 million. Government will also raise USD 400 million concessional finance in order to catalyse project affordability. The efforts, from both the public and private partners, require detailed and proven studies in order to make the grade for international bankability.

Government of Uganda's preposition to the private partners is simply the business opportunity informed by current and future traffic numbers expected to use KJE. An enabling investment climate would be the added icing as the partners must test and trust our figures and projections. They will be required to undertake their own studies to confirm that indeed they will recoup their investment upon completion from availability payments off road-toll revenue.

In this best-case model, lies huge investment risks that no one, including government, would wish to undertake without thorough studies and modelling to confirm financial and economic viability. This is the case with all major infrastructure projects, which places majority financing risk on the private sector.

The PPP Unit of the Ministry of Finance alongside UNRA, the contracting authority and the transaction advisors, IFC, had undertaken a lot of preparatory work to get KJE ready prior to 2020. The project was poised to go to the market and a draft Request for Proposal (RFP) was ready for release. However,


Artistic impression of Kampala-Jinja Express highway

due to oversight and other administrative reasons, the project was put on hold for close to two (2) years.

At that point the following had been undertaken: technical and traffic studies; legal, regulatory, environmental and social due diligence; financial analysis and structuring; economic and affordability analysis; value for money assessment; PPP risk modelling; tax and accounting treatment; a communication strategy, stakeholder engagement and market sounding; development of tender and procurement strategy; development of a draft Uganda Tolling Policy, approved by Cabinet on 31 May 2017, and the Roads Act, 2019 assented to by the President on 4 September 2019.

Other comprehensive activities undertaken included engagements for partial financing with development partners i.e. African Development Bank (AfDB), French Development Agency (AFD) and European Union (EU); a feasibility study and approval by the PPP Committee; an Environmental and Social Impact Assessment (ESIA); a Resettlement Action Plan (RAP), commencement of land acquisition processes; and preparation and approvals of tender documents.

And then Covid struck, followed by the hard lockdown! For two years the world infrastructure and financing market stopped. Uganda was not spared and the project, which was then ready to go to the market, stalled.

At this point, when government had already invested five years of intensive preparatory work most of the technical work; resultant studies and reports were adjudged expired. Some needed review and updates while others had to be done afresh. This includes the financials, other assumptions and aspects of traffic studies, which are crucial in contracting of this magnitude. Additional negative effects included erosion of hitherto positive traction on resettlement of people from the designated road passage. People's movement was hindered, and relocation stopped. The required financial resources previously earmarked for the purpose were likewise redeployed to manage Covid-related impacts under the national emergency interventions.

Why wouldn't the private sector and government rely on 5-year-old traffic studies and financial assumptions?

Because the outdated financials would not deliver a fair and bankable preposition for both government and partners to sign off and deliver a forward-looking affordable and sustainable KJE. PPPs are structured over the long term, for government to use private capital to finance projects and services up-front; and then draw revenues from taxpayers or asset users for the course of the contract it needed certainty. The two key actors in this contract arrangement, the public and private, had valid concerns despite the fact that they had a common objective.

In order, therefore, to appreciate the magnitude of the bankability concerns of the KJE, one needs to delve deeper into the complexities of the way we undertake PPP road contracting.

The KJE project is structured as a DBFOT (Design, Build, Finance, Operate and Maintain and Transfer). It is part of the northern trade corridor from Mombasa in Kenya through to Kigali in Rwanda, Burundi and Democratic Republic of Congo (DRC). The increased traffic on account of economic growth in Uganda has led to capacity restrictions, particularly between Kampala and Mukono, leading to congestion, delays and travel time unreliability not only on the existing highway but also on the surrounding local road network and the Kampala Northern Bypass. KJE is planned to address the existing capacity constraints along the northern trade corridor.

The structure is to assign the expressway to a private concessionaire over a 30-year period with a toll pass-through to the Government of Uganda. Government will set the toll rates whilst the concessionaire collects the tolls and forwards them to government through a special account. In return, government will pay the concessionaire a fixed fee subject to the expressway meeting agreed operational performance standards. Government will also benefit from the excess toll revenue that will be collected over and above the concession payments, estimated at USD 1.008 billion over the concession period.

Uniquely, the project provides a whole life (30 year) asset solution that will guarantee users a quality road through construction; timely operation and maintenance interventions for incident management, intelligent transportation system, and toll collection. These present both great opportunity and risks for the partners, and these must be holistically determined, assessed, allocated and managed. Hence PPPs are not about government passing on all risk or doing a favour to the bidders but about a long-term engagement the terms of which must ensure returns on and from investment and ultimately successful service delivery. For government to pay and also be in a position to benefit from excess toll revenues while taking care of the operation and maintenance over the life of the KJE requires the application and use of the latest possible data and assumptions including financials. This places a higher demand on the level of project preparation, structuring and scrutiny than is commonly applied under ordinary traditional procurement.

What is the way forward?

To-date, the project's most optimal structure has been determined and committed upon. Cabinet and Parliament have rendered full support and approved funding from development partners, namely AfDB, EU and ADB.

The bid process is underway. From eight bidders, the shortlist of four prequalified was announced - a firm demonstration of confidence in the process thus far.

Going forward, Cabinet granted clearance to UNRA to proceed with the procurement process. This enabled the resetting of the bid process with issuance of the Draft Request for Proposal document. Suffice to note that under the PPP procurement process, draft bidding documents may be discussed with bidders during Competitive Dialogue (CD) sessions to ensure that the project is bankable from the perspective of the bidders and their lenders, as they have to raise the money and prefinance the project.

In 2022, two intensive CD processes were held during which bidders raised key bankability issues that need to be provided for at the final bidding stage to enable lenders to commit financing to the project. The issues raised included the requirement for a letter of support; a partial risk guarantee, certainty of disbursement of Viability Gap Finance (VGF), which government has already secured but needed to be committed through a dedicated account; and a request for specific tax exemptions to lower investment costs.

Government has progressively addressed the issues through a multi-sectoral consultative process. Indeed, the Permanent Secretary and Secretary to Treasury, the Attorney General, UNRA and the PPP Committee have taken leadership to support major interventions to resolve the above bankability issues. We await Executive sign-off on the PRG, the only pending bankability issue. Upon its receipt, the draft RFP will be updated and issued for bids. Bid submissions are expected this year. A shorter negotiation stage is envisaged due to the pre-bid CD engagements detailed above.

Overall, we have weathered the storm and are destined to deliver KJE. With all hands on board, including those in government and partners alike, this PPP giant is not insurmountable.

Jim Mugunga, is the Executive Director of the Public Private Partnerships Unit, Ministry of Finance

PPPs - THE GLOBAL PERSPECTIVE

Hon. Lugoloobi launching the PPP guidelines

As the year 2023 came to a close, the Ministry of Finance through the PPP Unit in collaboration with the Ministry of Local Government, launched Local Government PPP Guidelines and Pooled Finance Mechanism for Uganda. This milestone, event held at Sheraton Hotel Ballroom on December 13, 2023, aimed at enabling alternative PPP and pooled financing and delivery of small-sized PPPs at sub-national level.

The State Minister for Finance in charge of Planning Hon. Amos Lugoloobi officiated at the event, which attracted interest beyond Uganda and acted as a catalyst for wider debate on how to create and sustain effort and interventions for offtake of PPPs at sub-national level.

Indeed, in a follow-up of effort, the Uganda PPP Unit was invited to participate in the World Public Private Partnerships (WAPPP) organised global discussion that was held on January 25, 2014. It was promoted by the Global Cities Hub (GCH) in cooperation with UN-Habitat. Below we reproduce a Global Cities Hub record of the deliberations:

On 25 January 2024, the Global Cities Hub (GCH), in cooperation with UN-Habitat and WAPPP organised the Geneva Urban Debate on "Using local Public-Private Partnerships (PPPs) to create more reliable and resilient infrastructure". We could hear from experts and practitioners about strategies to optimize locally aligned PPP projects for critical infrastructure development and financing. While PPPs can also be implemented at the national level, their impact for Local and Regional Governments (LRGs) is substantial.

GCH was pleased to host this multilevel and multi-stakeholder discussion on this issue of high importance for LRGs. The UN system and others, namely the World Association of PPPs, help develop and disseminate evidence-based international policy practices and convene experts from national, regional and local governments, businesses, academia, and civil society to formulate guidelines and evaluation frameworks, like the UNECE PPP and Infrastructure Evaluation and Rating System (PIERS). The concrete examples from Athens, Evian and Toronto served as constructive injections to the debates at the global level and as best-practices for peer-to-peer learning by other LRGs.

In his opening remarks, GCH co-director **Kamelia Kemileva** explained how linking LRGs to international organizations contribute to better outcomes at the global level and therefore better implementation on the ground and how PPPs complete this picture. On his part, **Graham Alabaster**, Chief of UN-Habitat Geneva office put the question of PPPs in relation to three main global trends: climate change, migration pressure and demographic changes.

He said 60% of the urban space that will exist in 2050 is yet to be built, adding that PPPs can contribute to meeting the financing needs. He also noted that addressing financing challenges include managing rising debt levels, currency fluctuations, and taking into account political considerations.

"With an estimated $15 trillion financing gap by 2040 and a growing urban population, it is essential to ensure a successful transition towards climate resilience and reliable infrastructure," he said.

Jean-Christophe Barth-Coullaré, Executive Director of WAPPP set the scene explaining that around the world there are already thousands of municipal public-private partnerships that rely on the private sector for delivery of public services, such as: water and sanitation; waste to energy; social housing; urban mobility; sport facilities; and cultural projects. "There is a need to harness the power of a new generation of SDG-driven and climate resilient PPPs that deliver value for future generations," he noted.

Professor **Cedric Dupont** from the Geneva Graduate Institute highlighted how the different natural and man-made crises (e.g. the Covid-19, the 2008 financial crises, the natural disasters) and the increasing geopolitical tensions (e.g. USA-China) require new and differentiated political approaches. In his opinion, PPPs can offer resilient solutions for critical local infrastructure development projects, because of resource capabilities, service delivery process capabilities, and local knowledge and expertise. "We need more foresight at all levels of decision making to imagine possible futures," said Cedric.

Helene Bakoula, the Legal Counsel at Athens Urban Transport Organization presented a sustainable local infrastructure project by OASA: "Telematics System for Public Transport". She elaborated on how to consolidate practical, legal and technical issues. This project significantly reduces CO_2 (carbon- dioxide) emissions in the city to ensure environmental sustainability and enhance resilience. Therefore, it contributes to achieving the SDGs locally, nationally and globally. In her capacity as Vice-Chair of the Bureau of the UNECE Working Party on PPPs, she explained the PIERS system of self-assessment developed by the working party.

Rodolphe Barbaroux, the SDG Advisor to the City of Evian (France) guided the audience through the historic development of the PPP between Evian and Danone. He explained that the water exploitation rights come with an obligation to support in return the local community and finance development of local infrastructure: sport, tourism and transport. The recent renegotiation of the agreement took into account the question of sustainability and is now contributing to the efforts of achieving the SDGs, especially SDG 1, 3, 4, 6, 8, 9 and 11. The city of Evian is also aiming to present a Voluntary Local Review to assess the current efforts and define a sustainable future.

Jim Mugunga, Executive Director of the PPP Unit of Uganda described eloquently how the capacity of subnational entities depend on local and national specificities, especially the level of decentralization. Capacity building and ownership of the PPPs are key for success. He pointed out that while traditional big energy infrastructure PPP projects could be handled in similar ways, local level PPPs need more differentiated approaches – for example in the area of housing and other community related projects.

François Bergère, the Executive Director of the Long-Term Infrastructure Investors Association elaborated on the challenges and opportunities of PPPs at the local level. He said Investors often look for a minimum critical size of investment amount and a good understanding of the contractual relation from the local government side. He added that LRGs might need assistance to develop their technical knowledge, assess the high transaction costs, and prospect to long-term development. He presented two concrete examples of how bundling or standardizing local PPP projects can help attracting the necessary finances: construction or reconstruction of schools, as well as developing or modernizing streetlighting fall usually into the responsibility of local governments and fit into this approach.

Charlotte Boutboul from the World Economic Forum presented the Global Partnership for Local Investment Initiative and explained how global challenges often require tangible answers at the local level. She said LRGs act in the interest of their residents and focus a lot on their quality of life. "Best local practices of PPPs need to be scaled up to global level and shared with other cities which can implement similar projects," she noted.

One of these best practices was presented by **Heela Omarkhail**: the Regent Park Revitalization housing PPP project from Toronto (Canada). She explained how the development of housing infrastructure married the revitalization of the local community as a result of a successful merger of public and private investments.

The GCH is exploring the idea of continuing the discussion on PPPs at local level during future engagements.

NEWSBITS

Musasizi visits Kakira Sugar Works

The Minister of State for General Duties, Henry Musasizi visited the Madhvani Group at Kakira sugar factory in Jinja.

The Madhvani Group is one of the top three tax-payers in the country and produces about 50% of the sugar in Uganda.

The group also employs about 16,000 Ugandans, making it the biggest private sector employer in the country.

The Madhvani Groups' power plant produces 51MW,and sells up to 32MW to the national grid. The 19MW is retained to meet the Group's power needs.

Mayur Madhvani, the group's joint Managing Director, thanked government for the support over the years and also shared the group's challenges with the Minister, including regulation of the sugar sector. The Sugar (Amendment) Bill, 2023 is currently before Parliament.

Musasizi applauded the Madhvani Group for contributing to the growth of Uganda's economy and also promised to work with the group and other stakeholders in the sugar industry to address some of the challenges facing the sugar sector, including formulation of an enabling legislation so that the sector can continue supporting the growth of Uganda's economy.

Finance Minister Applauds Uganda's Development Cooperation with the European Union

Speaking at the 3rd Uganda-European Union (EU) Business Forum at Speke Resort Munyonyo, Finance Minister Hon. Matia Kasaija said Uganda development cooperation with the EU is mutually beneficial and needs to be significantly increased and broadened.
Kasaija said this strategy will support Uganda to access equity to finance its projects, especially under infrastructure and other strategic sectors, in addition to building the capacity and resilience of Uganda's private sector to grow the economy.

The Finance Minister, who spoke on setting the scene for the global gateway implementation in Uganda in 2024 and beyond, said the Global Gateway Strategy focuses on priority areas that are consistent with Uganda's development agenda.
"EU remains a solid and long-standing development partner of Uganda in various areas of interest, especially trade and investment," said Hon. Matia.

The Finance Minister said Uganda's exports to EU remained resilient even during the peak of COVID-19, posting a 53% increase from USD 502.5 million in FY 2019/2020 to USD 770.41 million in FY 2022/23.
Kasaija said as of 2022 the EU was Uganda's largest

foreign direct investment (FDI) source, with over 38% of FDI inflows originating from EU partner states.
The EU is also Uganda's key tourism partner accounting for over 50% of the European arrivals.
It should also be noted that the EU is a major partner in offering development and technical assistance especially in the areas of infrastructure, agriculture, human capital development etc.

Lugoloobi Launches Dissemination of Uganda Demographic and Health Survey 2022 Report

The Minister of State for Planning. Amos Lugoloobi said collecting,managing,analysing and disseminating integrated,relevant,reliable and timely statistical data and information is very vital for development planning.

This was at the official opening of the dissemination of the Uganda Demographic and Health Survey 2022 main report produced by Uganda Bureau of Statistics at Mestil Hotel in Kampala.

Lugoloobi said the NDP III recognises statistics as a national and international public good.

According to the report, life expectancy in Uganda at birth for males increased from 63.8 years in 2016 to 65.2 years in 2022,while that of females increased from 67.8 years to 68.9 years during the same period.

The Infant mortality rate declined from 88 deaths per 1,000 live births in 2000- 2001 to 36 deaths per 1,000 live births in 2022. Under-5 mortality also declined from 151 deaths per 1,000 live births to 52 deaths per 1,000 live births in the same period.

Kasaija Inspects Construction Works at Namugongo

Finance Minister Matia Kasaija has visited Uganda Martyrs Catholic Shrine, Namugongo to inspect the construction works at the Presbytery (priests' residence and shrine offices) which is part of the overall plan to redevelop the Catholic Shrine into a modern facility.

The Finance Ministry in January last year (2023) approved and transferred Shs.3.5 billion to support the completion of the Shs.8.9 billion Presbytery.

Kasaija, who was accompanied by his Under Secretary and Accounting Officer, Dr. Sengonzi was received by Rev. Fr. Vincent Lubega, the Rector of the Shrine, the Very Rev. Msgr. Gerald Kalumba, the Vicar General, Kampala Archdiocese and Parish Priest, Christ the King Church, Kampala and the Rev. Fr. Dr. Pius Male, Chancellor, Kampala Archdiocese.

The Finance Minister hailed the partnership that exists between the Church and government in improving the lives of the people of God,

adding that government will continue supporting the work of God.

Kasaija commended the progress made at the Presbytery and thanked the leadership of the Catholic Church for the commitment to complete the work.

He pledged more support towards the completion of the Presbytery and other works at the shrine including the alter and pavilion to boost religious tourism in the country.

The Finance Minister also urged the religious leaders to preach the word of God with boldness and win souls for Christ.

The Chancellor, the Rev. Fr Dr. Pius Male thanked H.E. President Yoweri Kaguta Museveni and the Finance Minister for fulfilling part of the pledge to redevelop the Catholic Shrine, especially the Presbytery, adding that more support is needed to complete the work.

DID YOU KNOW?

1

Section 76 of the Public Finance Management Act,2015 requires that every Bill introduced in Parliament be accompanied by a Certificate of Financial Implications issued by the Minister. This Certificate discloses the estimates of revenue and expenditure or the expected savings resulting from the implementation of the Bill over the period of not less than two years after its coming into effect when passed. This Certificate also discloses the impact of the Bill on the economy.

2

About 41% of the youth in Uganda are Neither in Employment, Nor in Education or Training (NEETs). They are vulnerable to exploitation and highly at risk of becoming politically or religiously extreme. NEETs are concentrated in ages 20-29 and are more in poorer households and regions. Government is taking deliberate steps, including introducing special skilling programmes for TEENs, to avert a ticking time bomb.

3

Uganda continued to register growth in foreign direct investment (FDI) inflows. FDI inflows increased by 68.3% in FY 2022/23 from USD 1,688.56 million in FY 2021/22 to USD 2,842.65 million in FY 2022/23, largely hinged on the developments in the oil sector as Uganda prepares for the first oil.

4

Government is improving effectiveness and efficiency of public investments through the implementation of the Public Investment Management Strategy (PIMS) framework that requires projects to go through the four stage gates of: concept, profile, pre-feasibility and feasibility study. This is aimed at ensuring that only ready projects that are technically and economically viable are included in the Public Investment Plan (PIP), thereby maximizing returns on investment

5

Uganda's fiscal deficit declined to 5.5% in FY 2022/2023 from 7.2% in FY 2021/2022. The deficit further declined to 3.8% in FY 2023/2024 and is projected to be 3.6% in FY 2024/2025 and settle at 2.8% over the medium term in line with the principles of debt sustainability and macroeconomic stability.

6

Uganda's tropical climate is experiencing significant changes with rising temperatures and shifting rainfall patterns. In 2015, the Ministry of Water and Environment projected a 3-degree Celsius increase in annual temperatures over 50 years, along with 2 degree Celsius to 3 degrees Celsius increases in seasonal temperatures. Furthermore, there is a predicted decrease in total annual rainfall in some areas like the North and North-Eastern Regions.

“Quote”

“Our removal from the “Grey List” unlocks a host of benefits for Uganda’s economy. It will build investor confidence, reduce the cost of doing business and reinforce our global reputation. We will now have unrestricted access to international markets and credit, providing a vital boost to government’s socio-economic transformation efforts,” said Finance Minister Matia Kasaija following the removal of Uganda from the list of jurisdictions under increased monitoring by the Financial Action Task Force.

“In the FY 2022/23, tourism inflows remained resilient, recording an increase of 9 per cent from USD 978.35 million in 2021/22 to USD 1,066.41 million. The growth is partly attributed to increased confidence of travellers as the world recovers from the COVID-19 global shock. Although this is a remarkable performance, the government is putting interventions in place to increase tourism receipts to USD 5 billion per annum by 2028,” said Minister of State for General Duties, Henry Musasizi while presenting the National Budget Framework Paper for FY 2024/25- FY 2028/29 to the Budget Committee of Parliament.

“We inspected infrastructure works at Namanve (KIPB). In spite of delays, the physical progress of works is at 45.5%. The project will be completed by September 2025. It’s exciting to note that the park now has 258 factories and we shall reach 500 factories at the end of the project,” said the Minister of State for Investment and Privatisation Hon. Evelyn Anite.

“A regulated space performs better than a non-regulated space, you can see this by looking at how the sector has performed since URBRA came into existence. The public should know that their simple act of saving contributes to national economic growth, therefore it’s a patriotic act,” said Minister of State for Planning, Hon. Amos Lugoloobi while launching the Annual Retirement Benefits Sector Performance Report 2023.

“Don’t issue licences to App-based online lenders. Do you know where these online money lenders are? If you are to issue a licence, make sure you can supervise and regulate that business, don’t just issue a licence. Until I finish with the consultation, leave the online money lenders alone,” said the Minister of State for Microfinance, Hon. Haruna Kyeyune Kasolo while instructing Uganda Microfinance Regulatory Authority to stop issuing operational licences to online money lenders until a regulatory mechanism is established.

“I have issued a circular on the PDM to all stakeholders, and wish to emphasise that we adopted a phased implementation approach. The 30th June,2023 marked the end of the establishment phase of the PDM (FY 2021/22 -2022/23), and the beginning of the stabilisation phase (FY 2023/24 -2024/25) which broadly involves activities such as capitalisation of PDM SACCOs with an additional Shs.100 million every FY and enhancing provision of business development services (BDS) and other extension services, including agricultural insurance, irrigation to PDM enterprise groups and SACCOs for sustainability,” said PSST,Ramathan Ggoobi while briefing the Press on quarter three expenditure releases for FY 2023/24.

EXPLORE UGANDA

TOURISM: Elephants at Queen Elizabeth National Park, one of the most visited national parks in Uganda

Under the 10-fold GDP growth strategy, tourism development is one of the core areas that will contribute to growth of GDP from USD 49.5 billion in FY2023/24 to USD 500 billion in 15 years starting from FY 2024/25

POLICY ISSUES

HOUSEHOLD EXPENDITURE IN UGANDA

Household expenditure in Uganda consists of six major expenses that include housing and utility expenses, food expenses, healthcare expenses, education expenses, transport expenses and clothing expenses.

On average, Ugandan households spend more than 40% of their income on food and non-alcoholic beverages, 17% on housing, fuels and utilities, 8% on transport, 8% on education, 5.6% on health and 3% on communication.

Over the years, Government has implemented various interventions to subsidize household expenditure. Household Final Consumption Expenditure (HFCE) declined by 4.7% in Q4 FY 2022/23 compared to the 9.4% growth recorded in Q4 FY 2021/22.

To subsidize household expenditure, Government has, for example:
a) Provided free primary and secondary education to all children in the country. Government's expenditure on Universal Primary Education (UPE) has significantly increased over the years, with capitation grant more than doubling from Shs. 67.84 billion in FY 201718 to Shs.185.34 billion in FY 2023/24.

The increase has largely been attributed to increased enrolment of pupils (from 7,174,717 pupils in 2017/18 to 8,825,699 pupils in 2023/24) and an increase in the unit cost per pupil from Shs. 7,000 in 2017/18 to Shs. 20,000 in 2023/24. Similarly, public expenditure on Universal Secondary Education (USE) has increased by 13.9% from Shs.126.98 billion to Shs.144.69 billion in FY 2023/24, largely due to construction of new secondary schools under the Uganda Inter-Governmental Fiscal Transfer (UGIFT) programme. Enrolment under USE has increased by 12% from 491,697 students in 2017/18 to 773,782 students in FY 2023/24.

b) Facilitated healthcare provision to reduce Out of Pocket (OPP) expenditure. According to the National Health Accounts, there was a 29% reduction in OPP expenditure from 41% in FY 2018/19 to 29% in FY 2020/21. The approved budget for the health sub-programme increased by 2.7% from Shs.3.331 trillion in the 2021/22 to Shs.3.685 trillion in FY 2022/23, representing 7.6% of the national budget. Similarly, the per capita allocation to health in the last seven years has risen to over 62% from Shs. 49,910 in FY2016/17 to 80,879 in FY 2022/23. This increase reflects Government's continued commitment to improve the health needs of the population and subsidize healthcare expenditure.

c) Facilitated interventions to improve food security and increase household incomes. Government has facilitated wealth creation programmes such as Youth Livelihood Programme (YLP), Uganda Women Economic Empowerment Programme (UWEP), EMYOOGA, Parish Development Model (PDM), among others, to improve average household incomes to enable citizens to meet household expenses. According to the Uganda National Household Survey (UNHS), the mean per household monthly income increased by 1.4% from Shs. 324,288 in 2016/17 to Shs. 339,263 in FY 2019/20. In addition, Government has facilitated various agricultural interventions to improve food security across the country.

EXTERNALISATION OF LABOUR IN UGANDA

According to the National Labour Force Survey 2021, Uganda's working population is expanding annually (from 9 million to 15 million persons between 2016 and 2021). In 2005, Government introduced the External Employment Programme (Labour Export) as a temporary measure aimed at cushioning the unemployment problem in the country. The programme is regulated by Statutory Instrument No. 47, 2021, The Employment (Recruitment of Ugandan Migrant Workers) Regulations, 2021 which came into effect on 13th August 2021, replacing Statutory Instrument No. 62 of 2005. To facilitate externalization of labour, Government has:

a) Established Government-to-Government Bilateral Agreements (BLAs) to improve the wellbeing and protection of Ugandan migrant workers in their respective host nations. Bilateral Labour Agreements provide concrete means of improving the governance of labour migration, hence strengthening the protection of migrant workers based on shared responsibility between the parties. As at December 2023, Government had signed three Bilateral Labour Agreements with: i) the Kingdom of Saudi Arabia, ii) the Hashemite Kingdom of Jordan, and iii) a Memorandum of Understanding with United Arab Emirates.

b) Embarked on a process of expanding the external employment prospects through the Ministry of Gender, Labour and Social Development (MoGLSD). Government is exploring opportunities in Canada, Turkey, the UK, Germany, Poland, Oman, Qatar and Kuwait for semi-skilled and skilled labour. Negotiations on signing of Bilateral Labour Agreements with these countries are ongoing. This is expected to increase job opportunities abroad.
c) Strengthened mechanisms for monitoring migrant workers in their destination countries. MoGLSD has finalized the development of an Online Mobile Application dedicated to monitoring distressed workers abroad. This online system will be integrated to a call-centre with dedicated complaints handling agents. The agents will promptly provide vital information to migrant workers and also channel complaints to relevant officers, recruitment agencies or embassies.

d) Commenced the process of deploying Labour Attaches to Saudi Arabia, Qatar and United Arab Emirates through MGLSD. As part of the monitoring mechanism, the Labour Attaches will be responsible for supervising at least two Sharia Lawyers who will be recruited as local staff of the Embassy. These lawyers will offer assistance to the migrant workers and also represent them in legal proceedings where necessary.

e) Introduced pre-departure orientation and training to provide migrant workers with practical knowledge about their jobs, and prepare them for cross-cultural adjustment. This orientation and training, which is mandatory and a pre-condition for clearance of migrant workers, was increased from 7 days to 14 days. As at June 2023, the Ministry had accredited a total of 54 pre-departure orientation and training institutions across the country with a training capacity of 10,642 and 21,284 trainees per fortnight and month, respectively. This comprehensive orientation ensures that migrant workers are equipped with practical knowledge relevant to their jobs.

According to MoGLSD, the number of licensed external employment recruitment firms increased from 216 companies in December 2021 to 406 companies in December 2022. As at 30th June 2022, these licensed companies had cumulatively deployed 201,637 migrant workers abroad between 2016 and 2022. In addition to these migrant workers, about 200,000 people are estimated to have travelled abroad without their records being captured by MoGLSD. However, the number of migrant workers that have since returned to Uganda is unknown.

As at December 2022, remittances from labour export had more than doubled to US$ 1.3 billion, with the Middle East accounting for the largest share (US$ 900 million, approximately Shs 3.35 trillion). In addition, Government collected Non-Tax Revenue amounting to Shs. 23.384 billion between December 2021 and May 2023 from licence application fees, attestation fees, accreditation fees for training centres and local job order fees.

MOFPED CELEBRATES WOMEN

Message delivered to mark 2024 International Women's Day Celebrations

Ms. Maris Wanyera in charge debt and cash policy

The Ministry of Finance, Planning, and Economic Development applauds the contribution of women in the socio-economic transformation of our country. This year's International Women's Day theme, **"Invest in Women: Accelerate progress"** aims at addressing economic disempowerment and resonates with our continuous endeavours to promote inclusivity and gender equality in all spheres of the economy.

MoFPED has led the way in our nation's advancement of gender and equity budgeting as mandated by the Public Finance Management Act (PFMA), 2015 as amended. Section 9 (6) states that the Minister of Finance shall in consultation with the Equal Opportunities Commission(EOC) issue a certificate confirming that the Budget Framework Paper is gender and equity responsive. With this, there has been significant strides towards guaranteeing that allocation of resources and implementation of strategies promote gender equality and equity in all government policies, programmes, and budgets.

MoFPED ensures that the needs, priorities, and experiences of all individuals, regardless of their gender, are considered and addressed in Public Financial Management (PFM) activities. This is evidenced through the affirmative action interventions like; Generating Growth Opportunities and Productivity for Women Enterprises (GROW Project), the Parish Development Model (PDM), Emyooga, Uganda Women Entrepreneurship Programme (UWEP), among other initiatives meant to address the socio-economic challenges facing women across the country.

Ms. Margaret Kakande-Head BMAU

The Gender and Equity Unit of MoFPED will continue to coordinate the mainstreaming of gender and equity concerns in the departments, projects and subventions, as well as support the Ministry's role of ensuring that gender and equity issues are addressed in the formulation of the National Budget. The Gender Unit also serves as the secretariat for the National Gender and Equity Budgeting Task force chaired by the Director Budget, whose main objective is to coordinate all Ministries, Departments and Agencies (MDAs), and Local Governments (LGs) to mainstream gender and equity concerns in their Budget Framework Papers and Ministry Policy Statements.

The campaign theme "Inspire Inclusion" calls upon all Ugandans to celebrate the achievements and progress made and also reflect deeply on the path towards an inclusive future. Inclusion is the bridge that connects diversity to equity, a principle that MoFPED places at the forefront of its operations.

Ms. Jennifer Muhuruzi Accountant General's Office

To all the wonderful women at MoFPED, in all other Ministries, Departments and Agencies (MDAs), in the private sector and across our nation, know that your contributions are invaluable, your resilience is inspiring, and your potential is limitless. Let's reaffirm our shared commitment to promote gender equality and inclusiveness. When we inspire others to understand and value women's inclusion, we shape a better world.

Ms. Alice Nantaba Mubiru-Head Gender Unit

DID YOU KNOW THE DIFFERENCE BETWEEN A WEBSITE AND AN E-PORTAL?

By Gibran Begumya

Many users don't easily differentiate between a website and e-portal. As much as these two have some similarities, they have different characteristics.

A website is a collection of web pages that are accessible via the internet and are typically related to a specific domain, organization, or individual. These web pages can contain various types of content such as text, images, videos, and interactive elements.

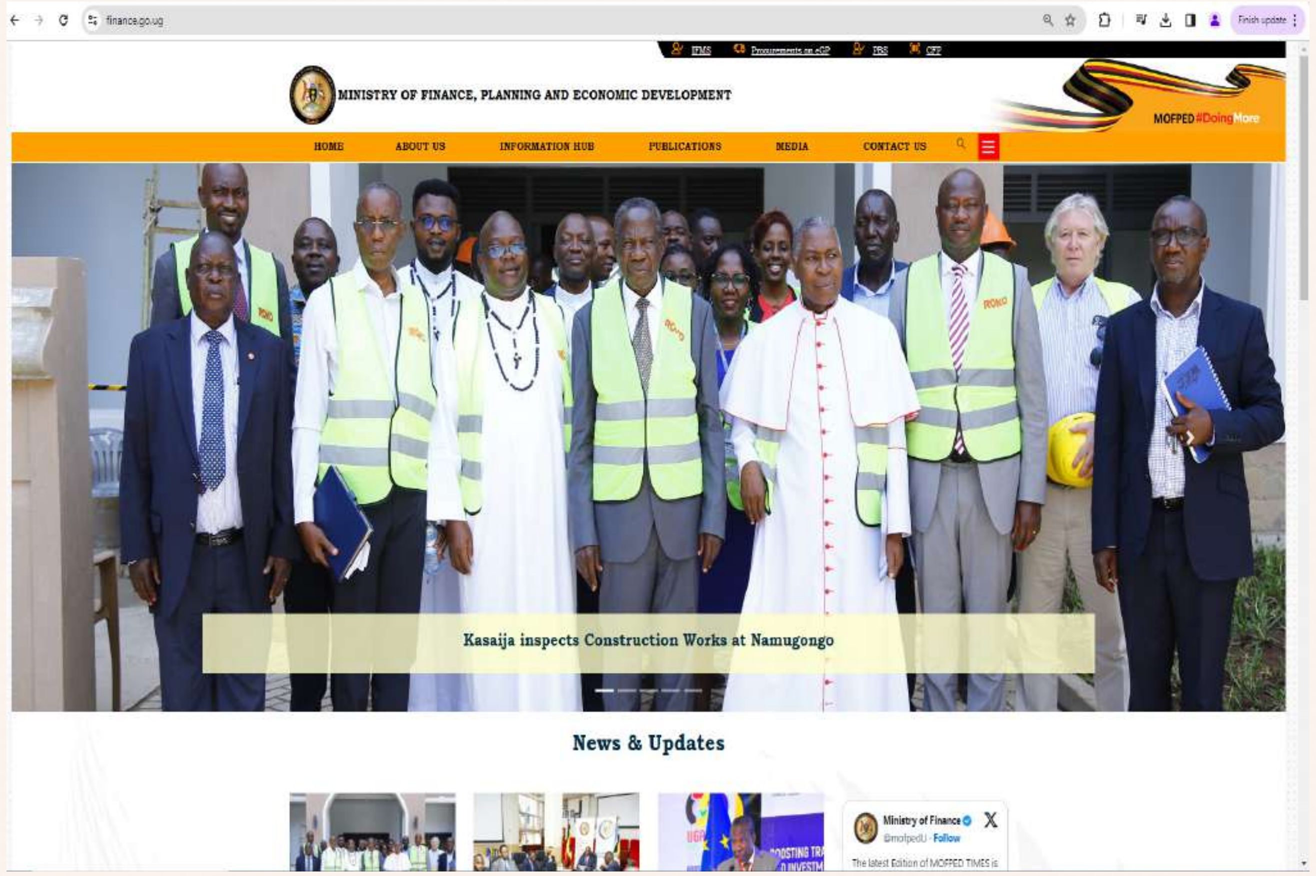
Websites can range from simple static pages with fixed content to dynamic sites featuring interactive elements and regularly updated content. They are accessed through web browsers using a specific URL (Uniform Resource Locator) or web address.

An e-portal, short for electronic

portal, is a specialized website or online platform designed to serve as a gateway to a variety of resources, services, or functionalities. Unlike a typical website, which may focus on providing information or promoting products/services for a specific entity, an e-portal is more comprehensive and often integrates various tools and features into one centralized location.

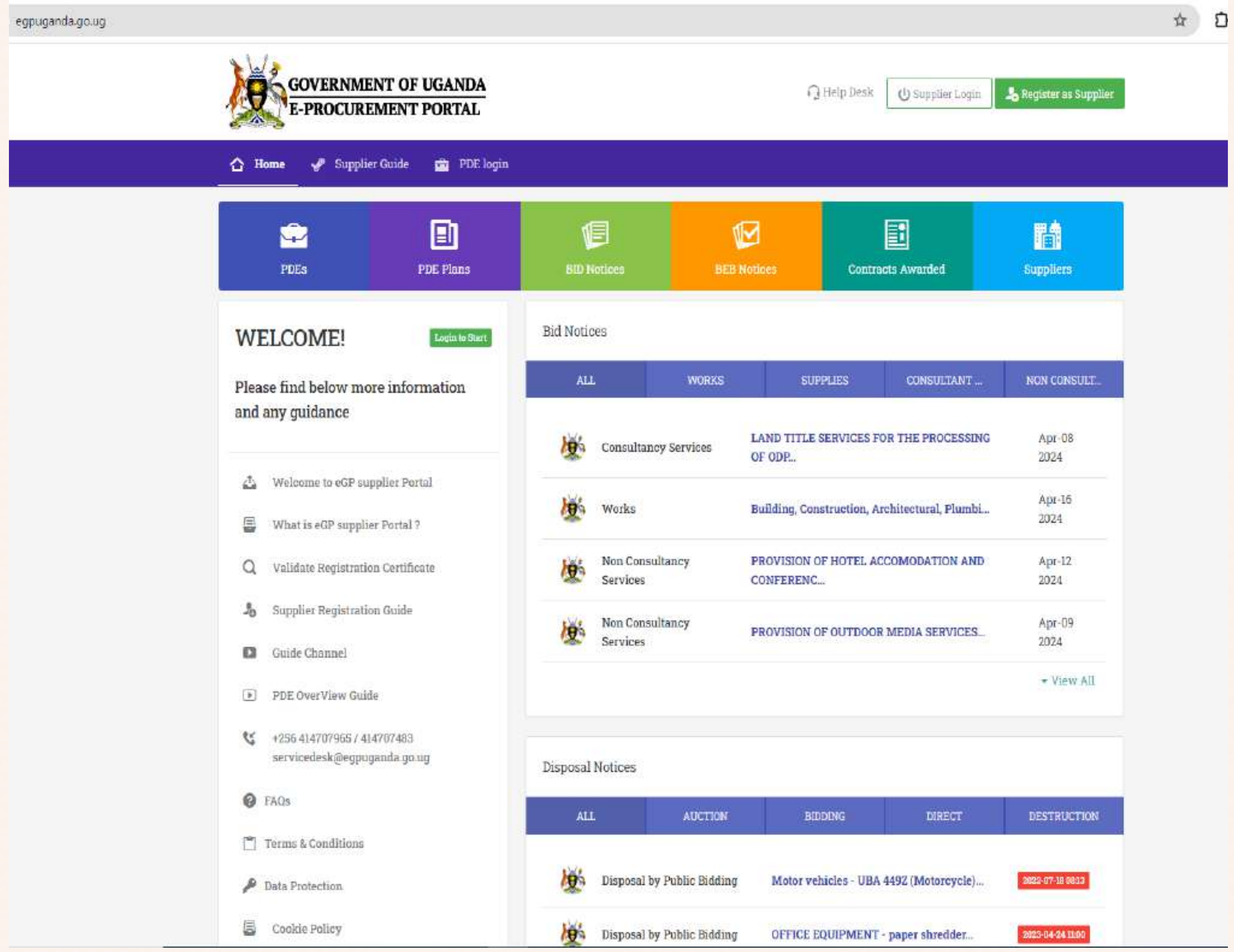
Website features:

- It serves as an online presence for businesses, individuals, organizations or entities to provide information, promote products or services, or share content.
- Websites can be static, displaying fixed content that rarely changes, or dynamic, featuring interactive elements and regularly updated content.
- Examples of websites include blogs, personal portfolios, corporate websites, news websites and informational websites.



E-portal (electronic portal) features:

- It provides users with a centralized access point for specific information, applications, tools, or services.
- E-portals often require users to log in or authenticate their identity to access restricted content or personalized features.
- Examples of e-portals include online learning platforms for schools or universities, employee intranets for corporate communication, government portals for accessing public services, and customer portals for accessing account information or support services.



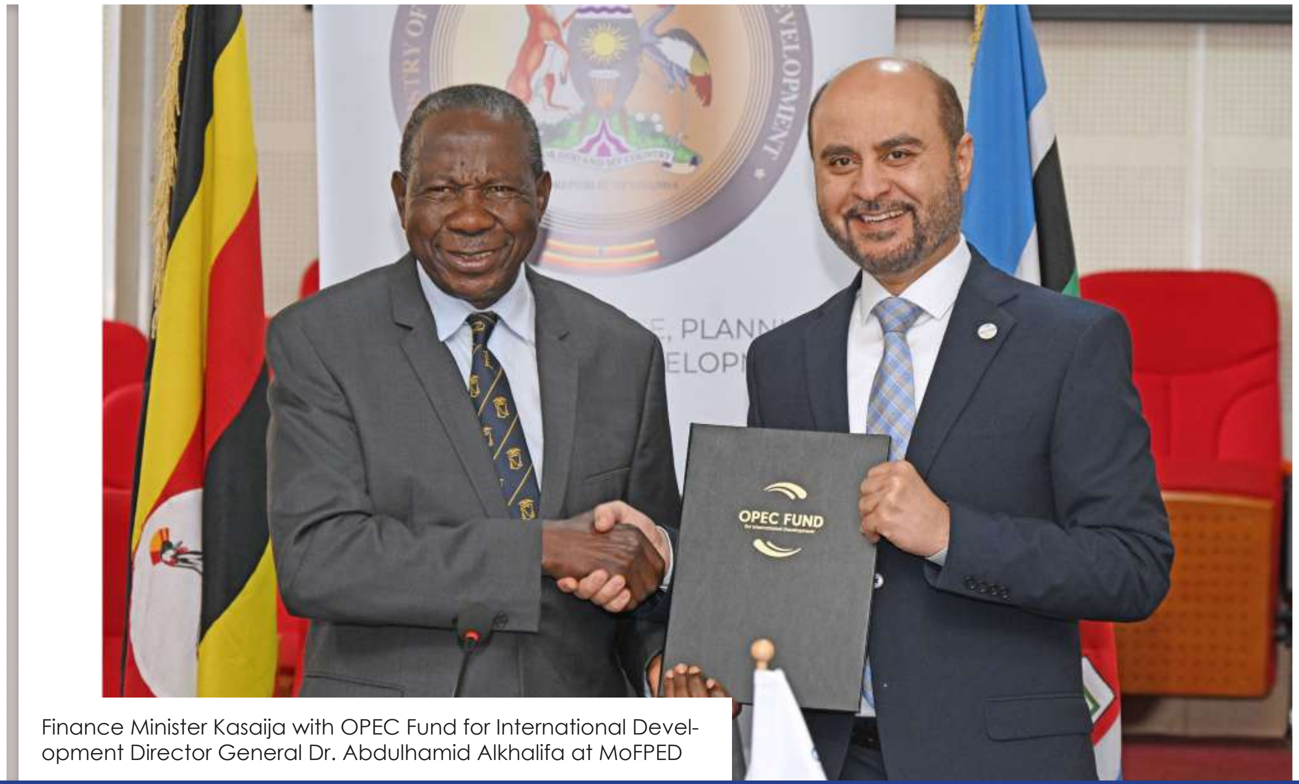
In summary, while a website serves as a general online presence or platform for sharing information, an e-portal is a more specialized platform designed to provide centralized access to specific resources, services, or functionalities.

Hopefully this information helps all users that often inquire about the difference between the two platforms.

The w/riter is a team member of the Communications Unit


Finance Minister Kasaija (middle) hosted the African Development Bank Vice President Dr. Kevin Kariuki (next to Minister R)

The Vice President, Power, Energy, Climate and Green Growth Complex was on his official visit to Uganda. They discussed the performance of the ADB portfolio in Uganda and the performance of Uganda's Economy.



Finance Minister Kasaija with OPEC Fund for International Development Director General Dr. Abdulhamid Alkhalifa at MoFPED

Finance Minister and OPEC Fund Director General signed a loan financing agreement worth USD 30million for the Katine-Ochero road upgrading project. The road will connect the districts of Soroti and Kaberamaido.


Minister of State for Investment and Privatisation Hon. Anite (3rd L), EU Ambassador H.E Jan Sadek (3rd R) and other officials after preparatory meeting for 3rd Ugand-EU Business Forum.

The 3rd Uganda-EU Business Forum was held in Kampala under the theme: Boosting Trade and Investments: What can Uganda gain from the Global Gateway? Uganda signed off Euro 200 million grant at the end of the Forum, which will ease access to affordable financing by businesses.


State Minister Gen. Duties Hon. Musasizi and URA-CG, Musinguzi visiting some patients (especially victims of the fight against smuggling) in Nebbi general hospital during their recent mission in West Nile

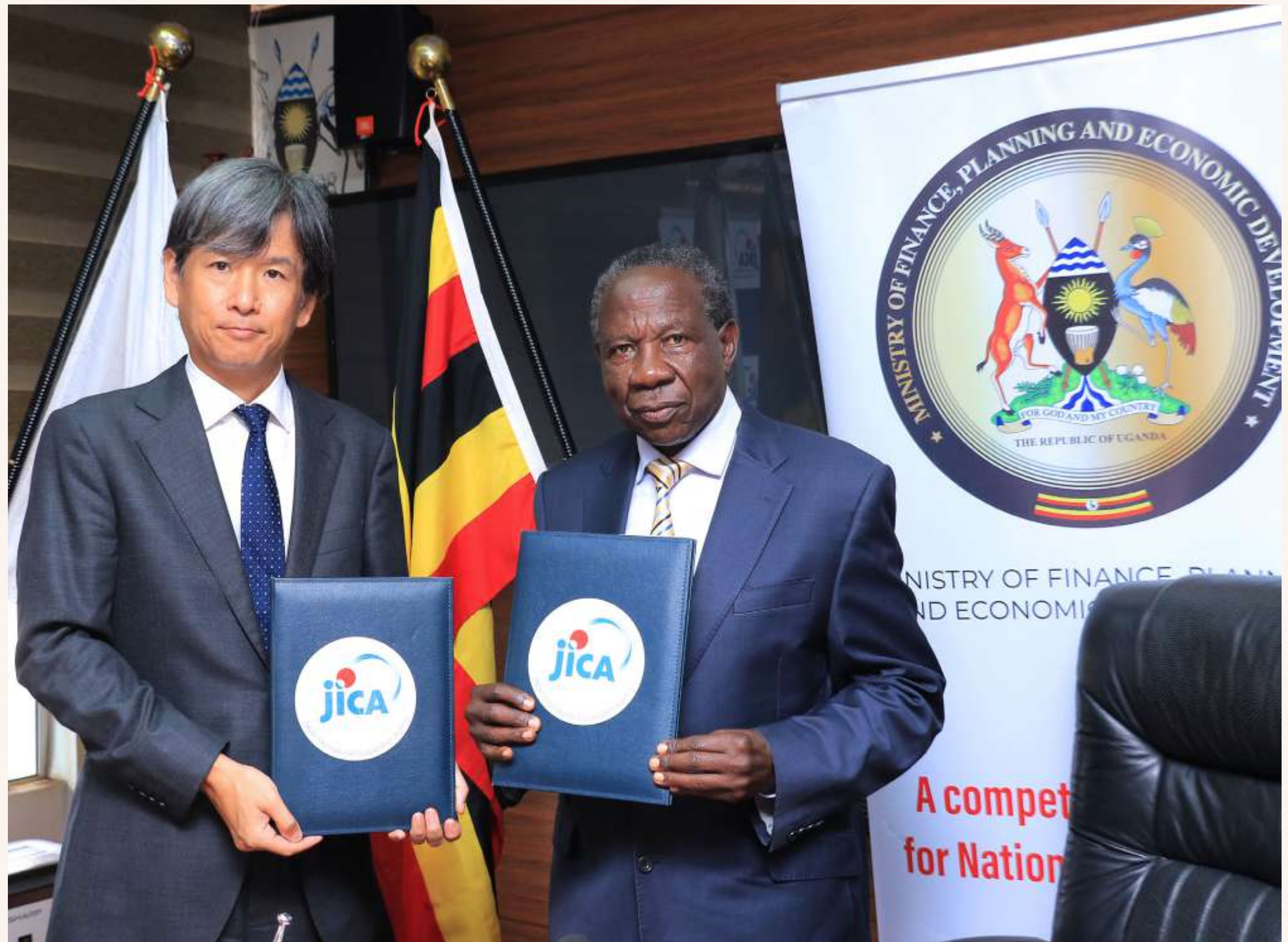
Hon.Musasizi and URA-CG, John Musinguzi were recently in West Nile to restore calm and harmonise the relationship between the tax-paying community and URA enforcement officers following a series of clashes in pursuit of smugglers. They rallied the people of West Nile to pay their taxes and also guard against smuggling.

Minister of State for Gen. Duties, Musasizi officiated at the inauguration of the Board of Directors of the Insurance Regulatory Authority

H.E President Museveni accompanied by State Minister for Investment and Privatisation Hon. Anite inspecting exhibition stalls at the 3rd Uganda-EU Business Forum 2024 in Kampala

Hon. Lugoloobi (4th R) officiated at the launch of the guidelines

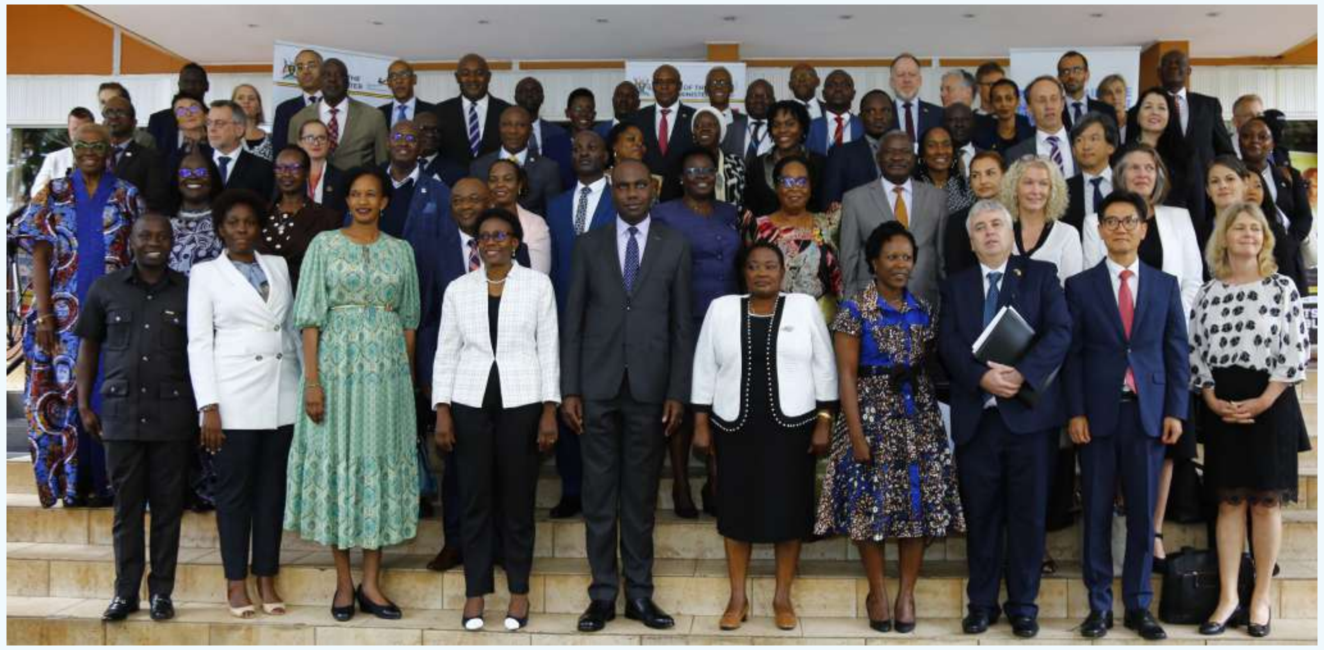
PICTORIAL



Finance Minister Kasaija signed USD 6.8 million Grant Agreement with JICA Chief representative Inoue Yoichi for project to improve medical equipment at Jinja and Soroti regional referrral hospitals

Petroleum Revenue Investment Advisory Committee chaired by Prof. Sejjaaka visiting the Operational Oil and Gas areas to track progress on the developments in the Oil and Gas sector

THE NATIONAL PARTNERSHIP FORUM HIGHLIGHTS



Prime Minister, Nabbanja (5th R front row), Ministers and Development Partners pose for photo during the National Partnership Forum held at Serena Hotel, Kampala

By Andrew Masaba

The National Partnership Forum held in November 2023 was in line with the National Partnership Policy 2013, which stipulates the guiding principles of the Government's engagement and partnership with Development Partners.

The policy is implemented through the National Partnership Dialogue Framework which is aligned with the national planning, budgeting and reporting cycle and is managed using existing Government policy-making structures and processes in order to minimize transaction costs and maximize alignment with the National Development Plan and Vision 2040. The joint structures that coordinate the wider partnership dialogue include:

i. National Partnership Forum (Political): Chaired by the Prime Minister and attended by Ministers, Ambassadors, and high-level representatives of other stakeholders.
ii. National Partnership Forum (Technical): This forum brings together Permanent Secretaries and Heads of Government Agencies, Local Development Partner Group Co-Chairs, Heads of Development Cooperation and representatives of other stakeholders including civil society and private sector.
iii. National Partnership Forum Task force: Chaired by the Permanent Secretary (Office of the Prime Minister) with members from core Ministries, Development Agencies, including this Ministry, National Planning Authority, Uganda Bureau of Statistics, Ministry of Foreign Affairs and the representatives of Development Partners.

At the National Partnership Forum convened in November 2023, the Prime Minister, Robinah Nabbanja emphasized its significance in fostering collaboration and cooperation between the Government and Development Partners. She noted that the forum aims to facilitate regular and constructive dialogue to support Uganda's development agenda.

The Prime Minister also underscored the pivotal role of partnerships in harmonizing priorities, mobilizing resources, and propelling economic growth. This is in line with the partnership principles of result orientation, inclusiveness, transparency, and mutual accountability, She highlighted the importance of collective action in achieving sustainable development and outlined ten priority areas to steer Uganda towards sustainable growth, including macro-economic stability, agro-industrialization, infrastructure development, human capital growth, tourism, oil and gas with an emphasis on petrochemicals, service sector development, digitization, mineral -based industrialization, and the knowledge economy.

The Development Partners' Group appreciated the importance of constructive dialogue and pledged support to Uganda's development goals, aligning their assistance with the country's plans and achieving tangible results towards realizing Sustainable Development Goals (SDGs). They however highlighted enhanced transparency and dialogue as crucial elements fostering trust and partnership between Government and Development Partners. The discussions also hinged on the relevance of budget support, governance initiatives, and the need for leadership in tackling climate change.

Initiatives for promoting mutual accountability and transparency like the Joint Results and Accountability Framework were welcomed.

Hon. Henry Musasizi, the State Minister for General Duties at the Finance Ministry delivered a key-note address on 'Enhancing Uganda's Development Agenda; The session outlined Uganda's development strides, focusing on the response to the findings of the Midterm Review of the National Development Plan III and strategies for enhancing the effectiveness of development assistance to Uganda.

The session highlighted the Government's commitment to increase household incomes and improve Ugandans' quality of life through NDP III. It emphasized collaborative efforts between the Government and Development Partners, employing innovative financing mechanisms for both public and private sectors to achieve NDP III goals.

The Midterm Review of NDP III showcased significant milestones achieved, including increased income per capita, growth in merchandise exports, and a decline in the proportion of people living below the poverty line. However, challenges persisted, notably declines in human development indicators and a modest achievement rate of planned results by the mid-term.

To address these challenges, the Minister proposed strengthening institutional frameworks for policy coordination and resource allocation, emphasizing programme-level resource allocation to eliminate duplication and enhance transparency. Fiscal consolidation strategies, including revenue mobilization and efficient public expenditure, were also highlighted to drive economic growth.

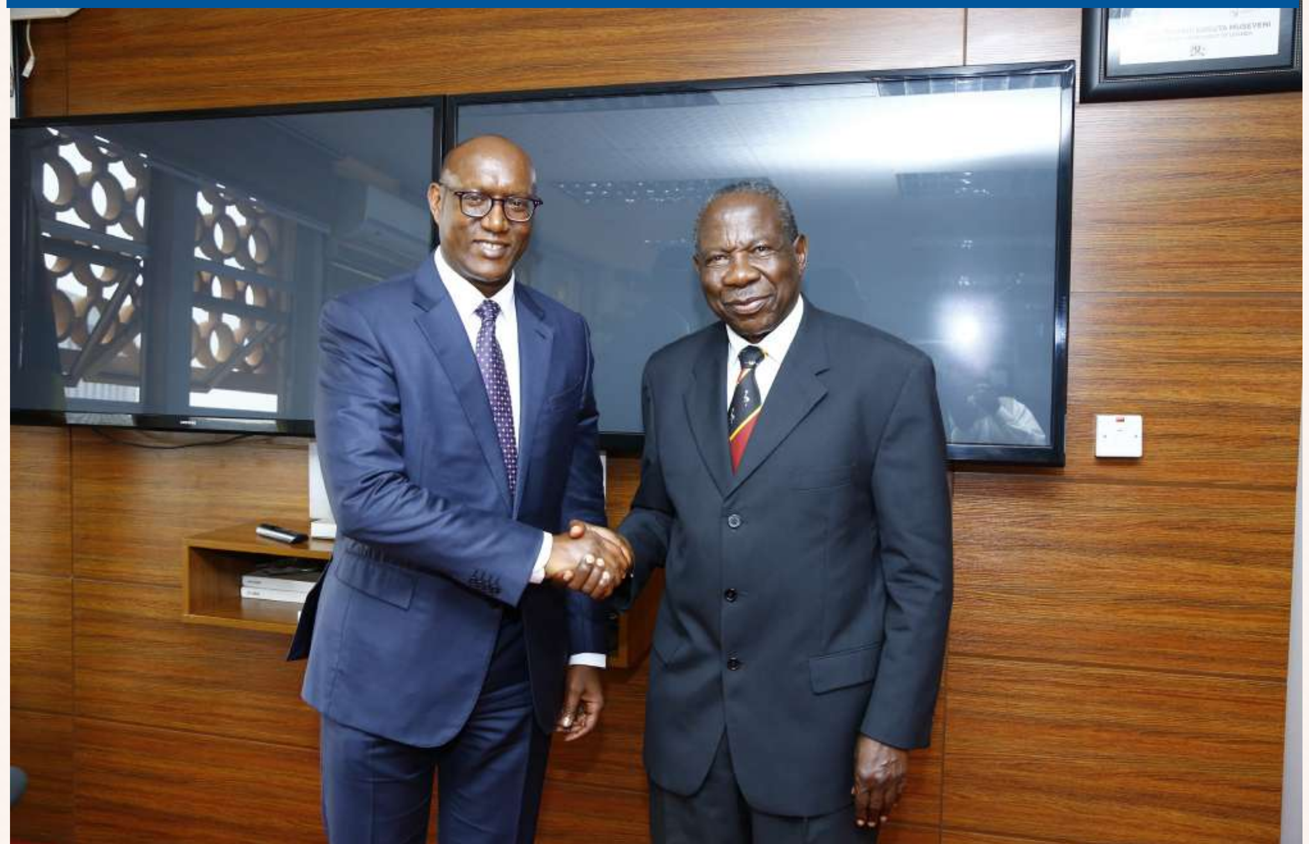
He emphasized that the Parish Development Model (PDM) is a vital tool to transition Ugandans in subsistence economy into the money economy, adding that PDM will foster sustainable and inclusive development across all parishes.

The NPF meeting agreed as follows:

a. To jointly pursue effective development cooperation principles of country ownership, focus on development results, inclusive partnerships, mutual accountability and transparency in budget execution.
b. To utilize the Aid Management Platform (AMP) as the reporting tool for all Overseas Development Assistance resources to Uganda. However, it was noted that the Aid Management Platform is not robust enough to ease reporting and therefore there will be renewed joint efforts geared towards making it efficient so that it is used as the source of information.
c. To hold regular technical-level discussions between Government and all its Development Partners, including the non-traditional partners for discussion of areas of mutual interest.
d. To balance infrastructure investments with human capital development investments.
e. Development Partners indicated that they are keen to support Uganda to capitalize its renewable energy-generation potential and build resilient communities because inaction will disproportionately lead to negative impacts on climate change.
f. To further uphold our partnership principles, the meeting agreed to establish a Joint Accountability and Results Framework, which will be instrumental in cultivating a progressive partnership culture.
g. The meeting agreed to continue holding structured dialogues within the framework of the National Partnership Policy under the leadership of the Prime Minister as guided by His Excellency the President.

The Writer is an Assistant Commissioner, Finance and Planning

Finance Minister Kasaija and State Minister Foreign Affairs Okello Oryem signed host agreement between GOU and ZEP-RE (PTA Reinsurance Company)



Finance Minister Matia Kasaija welcoming African Development Bank Vice- President Dr.Kevin Kariuki at MoFPED

Finance Minister Kasaija and State Minister for Investment and Privatisation Hon. Anite visiting Acacia Foundation Ltd, a plastic recycling plant in Mattuga,Wakiso. It processes 30 tons of plastic waste per day.

Minister of State Gen. Duties,Musasizi (M) and Under Secretary Dr Sengonzi (R) met with the Board and Management of Capital Markets Authority

Hon. Musasizi, PSST and Acccounting Officers during the launch of PPDA Regulations, 2023 at Hotel Africana.

Minister of State for Planning Hon. Lugoloobi with Higher Educ. State Minister Dr. Muyingo appearing before Parliament Committee of Education

Minister of State for Investment and Privatisation Hon. Anite officiated at launch of Tororo Oriental Industrial and Business Park

PSST Ggoobi,Accountant General, Semakula and Commissioner Public Sector Accounts, Ambrose Promise appearing before PAC of Parliament

Minister of State for Investment and Privatization Hon.Anite officiated at the Annual Women Entrepreneurs conference 2024 at hotel Africana,Kampala

MoFPED Staff appearing before the Public Accounts Committee of Parliament to respond to the report of Auditor General for the year ended 30.06.2023

US/AO Dr. Sengonzi appearing before PAC to respond on the Auditor General's report for the year ended 30.06.2023

Commissioner Isingoma Hussein making a presentation on forensic audit at the 2nd Public Finance Management annual conference organesd by ICPAU at Jinja Source of the Nile Hotel

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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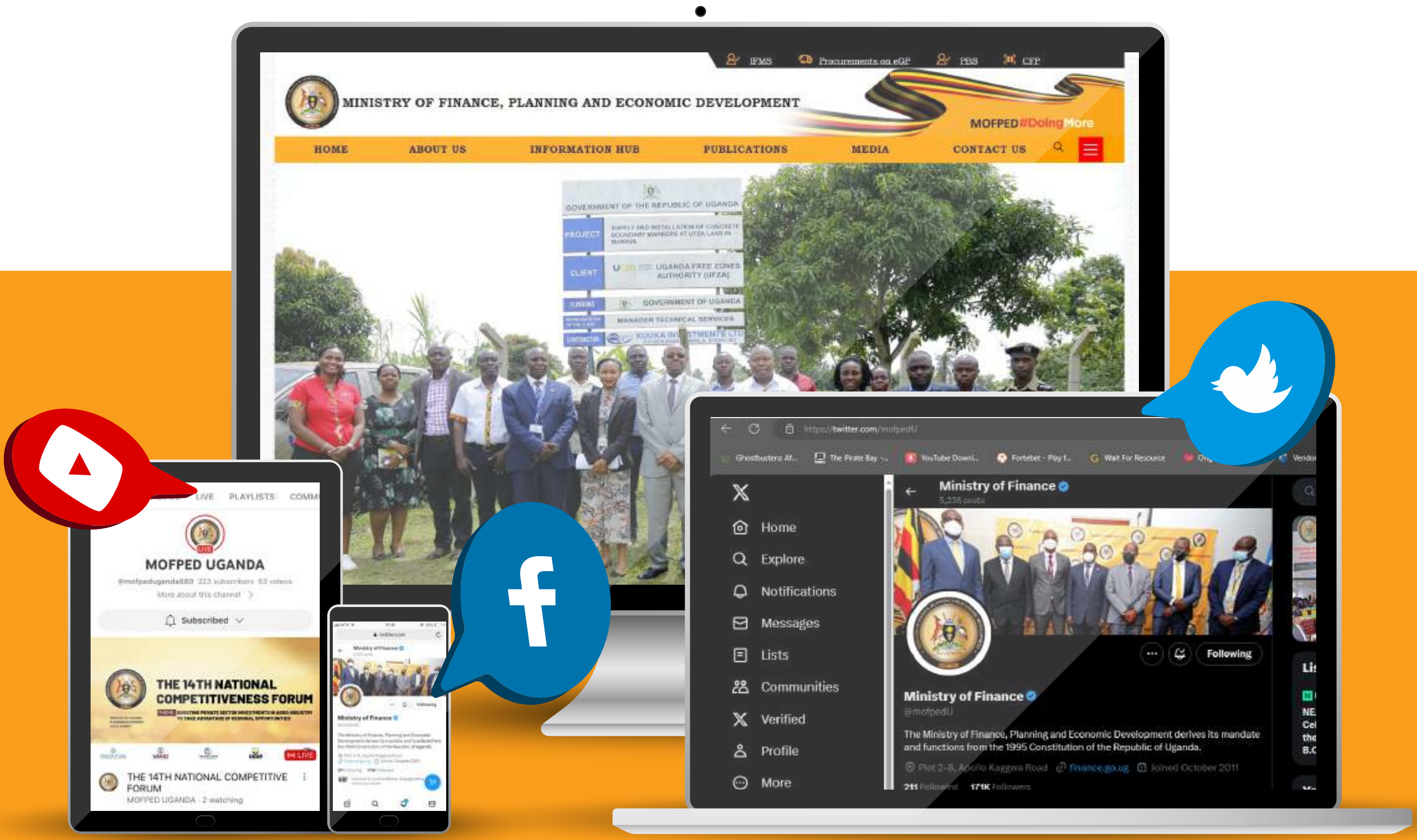

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