



CSBAG BUDGET NEWS BRIEF



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Advocating for a People Centered Budget that Dignifies Humanity



Is Gov't attention to value addition adequate to spur economic growth?

OUR WORK IN PICTURES

“Value addition is one of the critical aspects required to enhance Uganda’s trade balance” CSBAG shares the analysis of various value addition initiatives and how they are contributing to the economic growth of Uganda



Citizens learn how the mobile fruit processing truck operates at Luwero fruit processing factory. Photo | @observer

Certification and access to other business incubation services.

The Budget Monitoring and Accountability Unit Report of March 2015 on this program identified challenges affecting the program which included inadequate maintenance and storage of, lack of raw materials and working capital. BMAU also accused Ministry of Trade for not conducting feasibility studies on the ability of the groups to effectively operationalize the machinery before it was delivered.

The total financing for Value Addition in the Trade, Tourism and Industry sector is at 10.9m. This is starkly inadequate in light of the declining value of Uganda’s exports. More efforts need to be placed in enhancing value addition given the undisputed contribution value addition can make to economic growth.

What Ministry of Trade should focus on!

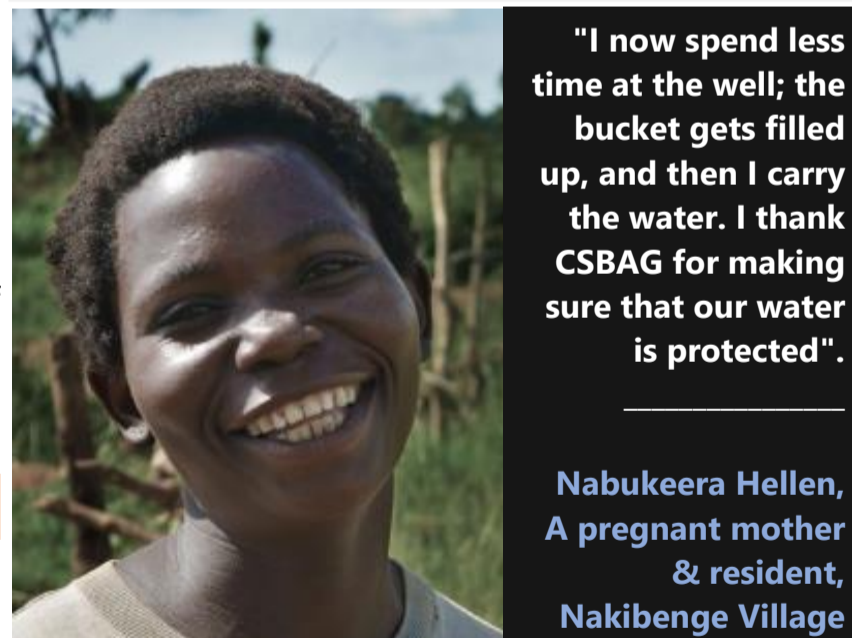
If the ‘One Village One People Program’ is to realize its goal, Government needs to gradually increase allocations to this program. The Luwero Fruit Factory which was expected to end in 2015 and last received funding from Government in FY 2015/16 needs to be prioritized.

There is need to conduct comprehensive feasibility studies to ascertain the capacity of farmers to ably utilize, store and market the products. Further still, Government efforts to enhance value addition must be accompanied by efforts to eliminate tariffs and non-tariff trade barriers.

There is also need to operationalize the Micro, Small and Medium Enterprises (MSMEs) Directorate in the Ministry of Trade established in FY 2015/16 to handle and coordinate all the MSMEs issues and particularly promote value addition, technology transfer and promotion of quality production.



Our team including David Walakira, Mark Agong, Maliki Nyakiira, Ignatius Byaruhanga, Lawrence Amanyana and Bridget Wanyama last week engaged in district based trainings on budget performance monitoring in 10 districts. The picture above is for one of the trainings in Amuru district.



“I now spend less time at the well; the bucket gets filled up, and then I carry the water. I thank CSBAG for making sure that our water is protected”.

Nabukeera Hellen, A pregnant mother & resident, Nakibenge Village

Over 200 households in Nakibenge village in Kibuku District were accessing contaminated water from an unprotected spring that they used to share with cows. In 2014, CSBAG community budget monitors, mobilised communities who engaged duty bearers over the matter. Kibuku district responded positively by allocating UGX 6.8m to construct protection facilities around Nakibenge Spring was protected and completed on 6th March, 2016.

Value addition is one of the critical aspects required to enhance Uganda’s trade balance. Uganda continues to experience trade deficits arising from exportation of largely unprocessed agricultural commodities. While reading the National Budget Speech FY 2016/17, Hon Matia Kasajja, informed the nation that Uganda’s spending on imports far exceeds its earnings from exports where in the 12 months leading to March 2016, Uganda’s imports were worth US\$ 5,647 million; compared to export receipts of just US\$ 2,669 million, less than 50% of our import bill.

The Statistical Abstract 2015 further confirms that the country’s contribution of formal Traditional Exports (TEs) – (tea, coffee, cotton and tobacco) to the overall formal export earnings decreased from 27.5 percent in 2013 to 25.8 percent in 2014 after rising from 25.1 percent in 2012.

The 2015 abstract further indicates that the country continued to experience trade deficits in the period (2010 – 2014) and the highest trade deficit of US\$ 3,462.8 million was registered in 2014. The 2014 was mainly attributed to the persistent low export earnings caused by exportation of low value unprocessed agricultural commodities. The onus thus rests on Government to boost Uganda’s value addition efforts.

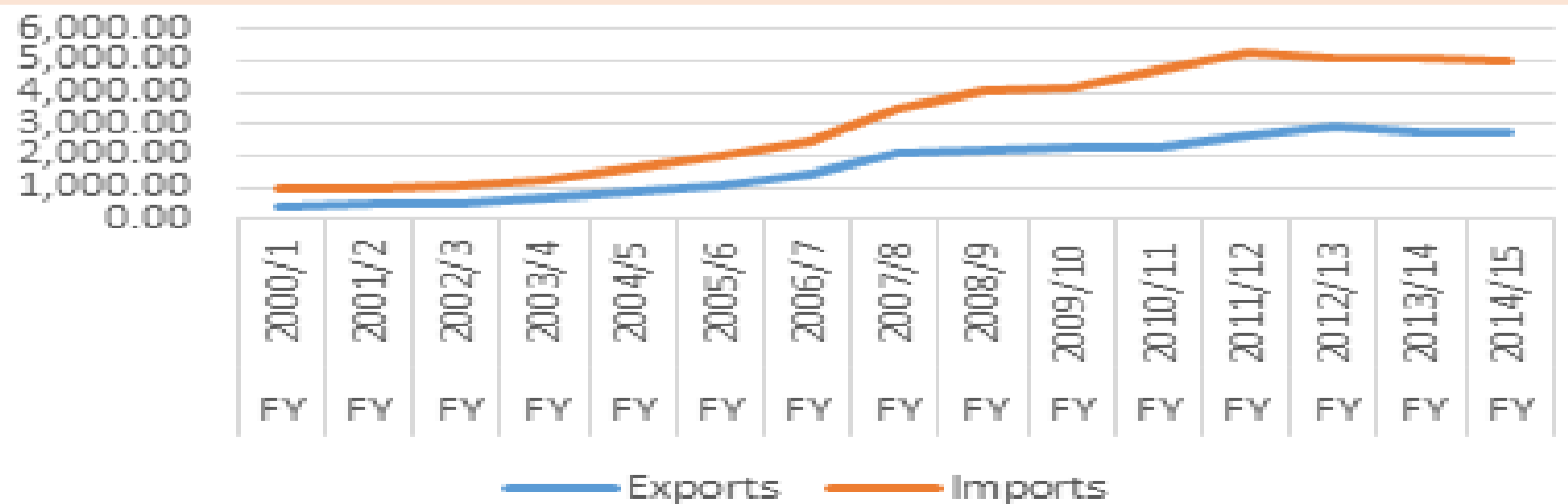
Under the Ministry of Trade, Industry and Cooperatives there are various value addition initiatives including the construction of the Soroti Fruit factory (Project 1111), which seeks to enhance value addition to fruits in the Eastern region. The project in FY 2015/16 was allocated UGX 10bn in FY 2015/16, to operationalize and publicize the fruit factory, publicize the factory among other outputs. Another initiative is the Luwero fruit factory which was expected to have been completed by 30th June 2015 but this project last received funding in FY 2014/15 amounting to UGX 143.6m. The fruit factory is not yet been constructed and operational and the only progress reported so far on this project is the Ministry acquiring land from the Luwero District Local Government.

Furthermore, with an aim of boosting value addition of

agricultural products, Government in 2008 started the ‘One Village One People Program’ (state implementation period) to promote production, processing and marketing of local products for wealth creation. To upscale this, on 8th July 2016, Hon. Amelia Kyambadde, the Minister of Trade, Industry and Cooperatives announced the Ministry’s plans to expand the One Village One People Program from the 35 current districts including to (Adjumani, Mbale, Rukungiri and Serere, among others) to other districts. This expansion “shall depend on the performance of cooperatives around the country,” she said.

Despite the Minister’s pronouncement, in the FY 2016/17 budget, the allocation to this program remained the same as that of FY 2015/16 (UGX 488m). With this allocation, the sector targets to establish 60 Functional Value Addition Facilities including Agro processing facilities for NDPII Priority crops which include Cotton, Coffee, Tea, Maize, Rice, Cassava, Beans, Fish, Beef, Milk, Citrus and Bananas) across the Country. Furthermore, thirty (30) potential enterprises shall be facilitated in development of product packaging, branding,

Trends of Ugandan Imports and Exports FY 2000/1 -FY 2014/15



Source: Bank of Uganda Statistics