

CSOs want Government to refocus its strategies for FY 2018/19



Left: Agnes Kirabo- Food Rights Alliance, Joseph Olwenyi-OXFAM, Carol Namagembe and David Walakira-CSBAG, Richard Sewakiryanga-NGO Forum, Imelda Namaga-Uganda Debt Network and Nelly Busingye-SEATINI Uganda at the Press conference on the FY 2018/19 National Budget Strategy, 11th September 2018 at NGO Forum offices. |@CSBAG 2017

“Through their umbrella body Civil Society Budget Advocacy Group (CSBAG), CSOs called for review of the current operating context so that this review can inform the Budget Strategy.”

We note that, as the country prepares for the FY 2018/19 budget, Uganda continues to witness weak growth in the economy. The second and third quarters of the FY 2016/17 registered negative growth levels of -2.3% and -4.9% respectively.

We also recognize the other external and domestic/regional factors that continue to affect our economy such as slow growth in China; fall in commodity prices; tight financing conditions mainly in Europe; as well as regional and domestic factors, notably the South Sudan crisis; the banking liquidity crunch – exemplified by the recent Crane Bank crisis; drought conditions; and election related political risk, courtesy of the 2016 elections. “These are factors that the budget strategy should respond to” Mr. Richard Ssewakiryanga, Executive Director at NGO Forum noted during a CSO press conference hosted at the National NGO Forum offices in Kampala on Monday 11th September 2017.

They called for expansion of Uganda’s revenue base especially from the informal sector to finance the budget strategy. Ms. Nelly Busingye the SEATINI Programme Officer argued that there is still more that Government can do to generate additional revenue to finance our development rather than through borrowing and continuing to burden the already burdened tax payers.

“We are surviving in a regime that targets an insignificant number of tax payers leaving out voluminous numbers with great tax potential. For example, if Boda-Bodas who are exempted from Local Service Tax, can be taxed UGX 10,000 annually, using the example of Kampala which has 300,000 boda-boda drivers, Government would boast of an annual revenue collection of UGX3bn. This tax would be easier to collect since Boda-Bodas have associations and each boda-boda is registered with URA”. Nelly urged.

On debt, Ms. Imelda Namagga, Senior Program Officer at Uganda Debt Network cautioned that although government alleges that debt is still sustainable at 34%, the process of acquiring the loans and the rate of accumulation and utilization of these loans is still an area of concern. “By end of June 2016, the Auditor General published that, committed but un-disbursed debt stood at UGX 18.1trillion with commitment charges of UGX 20.9bn to be paid, hence resulting in increased debt servicing” Ms. Imelda stated.

The CSOs also noted that agriculture sector is underperforming at an alarming rate and called upon Government to enhance agricultural production and productivity. According to the CSOs the current extension workers ratio of 1:1800 is worrying and this needs to be brought down to 1:500. They also underscored the need to allocate funds for extension work.

“We appreciate that Government has made efforts to recruit extension workers so that the farmer to extension worker ratio can reduce, we are however continuing to get worried; the extension workers recruited receive no funds to support them do their work, leaving them redundant” stated Agnes Kirabo the Executive Director of Food Rights Alliance. She also called for systematic linkages in agriculture sector if production and productivity are to be enhanced. Linkages between NAADS and NARO are some of the areas she emphasized.

To address agriculture financing the CSOs proposed to have Agriculture Bank. “We continue to call for the Agricultural Bank that will decisively deal with the unique credit constraints facing agriculture sector,” the CSO statement partly read. They argued that Government strategies presented at the National Budget Conference on 7th September 2017 are still not sufficient to tackle the bottlenecks agriculture sector is faced with.

There was call for innovation and rebranding of Uganda to boost the Tourism Industry. Key proposals cited included establishment of the ‘LRA War Memorial Museum’, ‘Annals of Amin Exhibition Centre’. “We can learn from countries like Rwanda who have used their calamities to increase attention to the country Rwanda, create employment for their citizens as well as generate revenue” Ssewakiryanga stated.

In the quest to have a balanced growth approach in the National Budget for FY2018/19, the CSOs reiterated their position of ensuring inclusive growth. While reading the CSO statement Mr. Ssewakiryanga called for Government targeted interventions that will deliver regional economic stimuli packages for the North, East, West and Central. This is because the various regions of the country have different growth needs.

We thank Government efforts in targeting vulnerable groups (youth, women, persons with disabilities and the elderly) through programmes like Social Assistance Grant for the Elderly, Uganda Women Entrepreneurship Programme and Youth Livelihood Programme. These should however be evaluated and expanded on the basis of the lessons from the evaluations.

Mr. Joseph Olwenyi, Finance for Development Officer at OXFAM Uganda emphasized that they infrastructure development should correspond with social protection and development.

In his statement, David Walakira Budget Policy Specialist at CSBAG called on citizens to participate in the upcoming budget conferences at the local governments as this is the best time to influence budget priorities. The press conference was responding to the Government Budget Strategy for the financial year 2018/19 which was discussed at the National Budget Conference organized by Ministry of Finance on 7th September 2017. The Ministry is expected to embark on a nationwide Local Government Budget Consultations commencing 18th September 2017 and CSOs were encouraged to join CSBAG and participate in these workshops too.

KEY CSO MESSAGES

The Budget Process FY 2018/19 has begun. CSOs commended Government for fulfilling the provisions of the PFMA, 2015 and called on more intense CSO engagement now rather than in June 2017.

The FY 2018/18 budget should ably respond to the economic context affecting economic growth.

To address agriculture financing, Government proposes to use Uganda Development Bank (UDB). CSOs emphasize the need for either the Agriculture Bank or re-open the Uganda Cooperative Bank.

Three quarters of the population are stuck in agriculture whose contribution to GDP has over the years reduced from 56.6% in 1986 to about 24% in 2016. Government should for now focus on interventions that will boost manufacturing.

Government to decisively deal with the issue of growth and access to private sector credit. Public sector credit (PSC) growth declined in February 2017 to 5.5% compared to 6.3% growth in January 2017.

Government needs to pay attention to the economic challenges by commercial banks work with commercial banks to mitigate this risk aversion.

The agriculture sector registered negative growth of -2%, -4.1% and -5.1% in Q4 FY 2015/16, Q1 and Q2 FY 2016/17 respectively. There is need to deal with the structural constraints.

The National Budget should be promoting inclusiveness of growth to ensure equitable distribution of growth across geographical, gender and welfare divides. There is need a balanced growth approach that reconciles infrastructure development with social protection and development.

Boosting tourism development through re-branding Uganda is key. For example, establishing an **LRA War Memorial Museum** or the **Annals of Amin Exhibition Centre** are ways of expanding our tourism potential.

Uganda Revenue Authority should embark on devising means to collect more revenue from the informal sector and Local Governments, considering that resource needs of the country are expected to increase further in 2018/19.