



Citizens task Government on its **middle income status target**



Agnes Kirabo- ED Food Rights Alliance, Kenneth Mugambe –Director Budget- Ministry of Finance, Julius Mukundaa- CSBAG Coordinator and Ramathan Goobi- Lecturer MBS at the CSO pre budget dialogue on 24th January 2017

The Director of Budget in the Ministry Of Finance, Planning and Economic Development (MOPPED), Kenneth Mugambe informed the audience that Government is using the UN three approaches which include Gross National Income (GNI), Human Asset Index and Economic Vulnerability Index.

In order to achieve the middle income status the director pointed out that Government is addressing areas of tourism, education, agriculture and health sectors as well as financial inclusion. He however, outlined some of the challenges such as low productivity, poor funding priorities and lack of innovation among others. To curb corruption he said Government has carried out a number of reforms citing the Integrated Finance Management System (IFMS) but also stressed the need for robust audit system. Mugambe was speaking during the CSO Pre-Budget dialogue on the National Budget FY2017/18 held at Makerere University Main Hall on Monday January 24.

On his part Julius Mukunda the coordinator of Civil Society Budget Advocacy Group (CSBAG) highlighted CSOs concerns which needed to be tackled among others inadequate input distribution system and inadequate performance on water for production for the agriculture sector, need to build the capacity of accountability sector on digital economy financial challenges, attraction of civil servants, retention and motivation and failure to operationalize national health insurance scheme and lack of family planning budget on the health sector and inadequate capitation grant for UPE on the education sector and disparity in civil service remuneration.

He stressed the need to double taxation efforts through taxing cash withdrawals above UGX 5million, imposition of environment tax on polluting entities; among others. Other areas of concern are capping interest rates, debt management and stabilization of the depreciating shilling and others. Mukunda warned that if the debt management is not properly handled, Uganda risks becoming a Heavily Indebted Poor Countries (HIPC). "In terms of debt management, we are worried we are likely to be a Highly Indebted Poor Country," Julius Mukunda the Coordinator of CSBAG said. He said Uganda Debt Management Framework 2013 requires that Total Domestic debt interest payments vis a vie total revenues should be below 15%, yet by FY 2015/16, it was exceeding at 16%.

Participants who included university students, farmers, and members of civil society and Members of Parliament tasked Government on whether the country is on the right track to archive the middle income status.

"There is lack of budget discipline and thus wasteful expenditure" Ramadhan Goobi an economist and a lecturer at Makerere University Business School stated this in specific reference to the budget FY 2017/18. He pointed out that having so many MDAs with similar mandates and roles is one form of wasteful expenditure. Goobi who was one of the panelists at the dialogue proposed that if Uganda is to attain the middle income status there is need to restructure the civil service and do away with duplicate structures to save that money to meet the much needed service delivery gaps.

Loy Atim from The Anti-Corruption Coalition of Uganda wondered whether the middle income status will be tenable when majority of Uganda's population is unproductive and the budget 2017/18 has no convincing strategies to develop the citizens. Julius Mucungunzi from Rural Development Network observed that it was not possible to meet the middle income status until government exercises budget discipline especially in the area of budget supplementaries. On holding Government accountable Agnes Kirabo the executive director of Food Rights Alliance (FRA) pointed out that matters are made worse since some MDAs have votes without targets and the question of holding them accountable becomes difficult. "This makes it almost impossible for us to monitor budget implementation, if such vagueness is allowed especially at the planning level" Stated Kirabo.

Responding to the concerns raised by citizens Mugambe assured them that the current country's debt is sustainable and Government is committed to prudent macro economy management in insuring low levels of inflation and stability of exchange rate. He disagreed with the civil society group on capping of the interest rates arguing that it's not the best policy in terms of FDI and banking industry. On OWC Mugambe admitted that there was a problem with input distribution. "We are seeing a lot of inefficiencies in terms of input distribution and sometimes they are distributed at a wrong time of planting," he said.

Hoima Municipality MP Lawrence Bategeka noted that the middle income status will be attained if government focused on reducing the deplorable expenditure which he deemed wasteful expenditure. He called on Government to merge structures with an aim of creating a leaner and effective Government that delivers Uganda to middle income status.

Mr. Christopher Iga former Mayor of Kampala and Board Chair for Uganda Debt Network that Parliament needs to be more effective in following up on the budgets they approve Mr. Yiga wants MPs to have follow up mechanisms for the budgets that they approve. He appreciated efforts made to involve citizens to engage the budget process, which used never to happen before.

Present at the dialogue were Agago Woman MP Santa Akello, Hoima Municipality MP Lawrence Bategeka , UDN treasurer Christopher Iga and Robert Sekate a senior economist at the ministry of finance, planning and economic development.