

## Government unveils FY2018/19 National Budget strategy



Richard Sewakiryanga, Executive Director, NGO Forum, presenting CSO statement on the Budget Strategy FY 2018/19 at the National Budget Conference held at Serena Conference centre, Kampala, on 7<sup>th</sup> September, 2017. |@CSBAG2017

### “The Civil Society Organizations (CSOs) called for promotion of inclusiveness and adequate financing for the National Budget Strategy FY 2018/19”.

This was during National Budget Conference where Government unveiled the FY2018/19 National Budget Strategy, listing increased production and productivity in Agriculture, as some of the major priorities.

In the budget strategy, Government also plans to enhance industrialization to support job creation, and exports, infrastructure development, transport, energy and ICT development.

Unpacking the National Budget Strategy on Thursday, 7<sup>th</sup> September 2017, at Kampala Serena Hotel, Hon. David Bahati, the State Minister for Finance, in charge of planning

said the FY2018/19 budget would focus on improving service delivery and managing emerging issues such as reducing inequalities, population growth, urbanization and climate change, as well as improving governance.

“The Major issues affecting the agriculture sector relate to poor quality of inputs and reliance on rain fed agriculture,” Hon. Bahati said. To mitigate this, Government plans to finalize the irrigation policy as well as harmonize interventions under the provision for water for production.

In his remarks, Hon. Bahati emphasized that Government’s target remains to attain the middle income status by FY2019/20. He highlighted decline in agricultural production and productivity as one of the bottlenecks to achieving the income status by the year 2020.

To do away with unnecessary expenditures during the FY2018/19, Government plans to restructure different government institutions and also scale down on the size of government’s fleet and explore possibility of assisting entitled officers to purchase vehicles using their salaries.

#### CSOs speak out

In response to the National Budget Strategy, Civil Society Organizations (CSOs) under their group, the Civil Budget Advocacy Budget Group (CSBAG) pointed out limited growth and access to private sector credit as a major challenge to development.

Presenting the Civil society position paper on the FY2018/19 National Budget Strategy, Richard Ssewakiryanga, the Executive Director NGO forum, a member organization of CSBAG, noted that growth private sector credit, is a major indicator of the financial sector’s contribution to an economy’s growth. “The growth in private sector credit has been slowing down since October 2015. The year –on-year growth in private sector credit averaged 6.5 in the second quarter of FY2016/17, down from 15.6% in second quarter of the previous year mostly due to bad loans,” Ssewakiryanga said.

The CSOs, also pointed out unemployment, limited agriculture production, limited inclusiveness of growth debt management (domestic and external) and domestic arrears as some of the challenges which government needs to address during the FY2018/19.

#### Proposals

The CSOs recommended that the government supports growth and access to private sector saying private sector credit is essential to economic growth.

A stronger emphasis was placed on the promotion of Financial Consumer Protection to limit the extremes in the financial market such as poor financial products, this will deepen the financial sector and contribute to supporting inclusive growth. CSOs also called for favourable tax measures aimed at lowering the cost of doing business.

CSBAG also called for enhancement of agricultural production and productivity saying the agriculture sector has continued to underperform.

“With the sector spending over 40% of its budget on provision of agricultural inputs, the supply of inputs should be informed by the production zones elaborated in the 2016 Agricultural Sector Strategic Plan This should be complemented with improved provision of extension (advisory) services in order to reduce the farmer to extension worker ratios which currently stand at 1:1800 down to the desired 1:500”. Ssewakiryanga said

Emphasis was also placed on Strengthen the provision of Agricultural Insurance and agriculture bank in order to enhance access to agricultural credit.

In their presentation, the private sector, urged the government, to prioritize efficiency in tax policy and administration along with other fiscal policies such as the local content policy, industrial policy, export strategy and skills, which are critical for sustainably managing the economy through increased production and productivity.

Speaking on behalf of the Private Sector Foundation, Patrick Bitature noted that for Uganda to achieve the middle income status by 2020, economic activity needs to be increased by about \$20m.

“Silo operations between the public –public private –private, public – private, donor –donor , is seen to be the main challenge affecting efficiency in service delivery ,” Bitature said