



# CSBAG BUDGET NEWS BRIEF



522<sup>nd</sup> EDITION | 7<sup>th</sup> – 12<sup>th</sup> Jan 2019

Advocating for a People Centered Budget that Dignifies Humanity



## Economist urges restraint about Uganda's economic growth prospects

-----  
"If we consolidate what we achieved, we will see some growth but the upsurge of 2018 should not be expected in 2019."  
-----



Economist, Dr Fred Muhumuza speaking at a past event. He has urged Government against to exercise caution regarding the prospects of the country's economic growth, arguing that there are downturn risks that require attention. | @CSBAG2019

Government has been asked to exercise caution in its estimation of the country's economic growth prospects. This follows the Finance ministry's projections that forecast a positive trajectory for the country's economic growth prospects. "Politically it makes sense to be upbeat about the trajectory of the economy but in reality, we must realise that there are downturn risks that we need to be aware of," said Dr Fred Muhumuza, an economist and development policy analyst during an interview last week. Following a press briefing on the performance of the economy last week, the deputy Secretary to the Treasury, Micheal Ocialap said economic activity grew by 1.16% at the end of October 2018. This implies that the economic growth target for the financial year of 6% will be met. In other interactions with the media last week, Finance minister, Matia Kasaija was bullish about the prospects of the economy, indicating that it was on an upward trend.

### Moderate growth

"Overall, in 2019, we are likely to witness moderate to slow growth. We will be lucky to hit 6% but remember Uganda needs to grow beyond 7% in the medium term...in order for us to witness some substantive progress," he said. Relatedly, the Auditor General, in his report on Uganda's public debt which was presented to Parliament on Friday 4th January, raised concern that the national debt was getting out of hand and could plunge the country into economic turmoil; including loss of its assets to creditors due to failure to service its loans.

in 2019 but the upsurge of 2018 should not be expected in 2019." He argued that 2018 was expected to be a rebound year following the suppressed growth that Uganda suffered as the after effects following the general election Financial Year (FY 2016/17). He added that there are still some risks, for instance, the inconsistent rains, which often have a considerable effect on our production, inflation and subsequent economic growth.

### Government take

According to CSBAG, whereas the total debt stock to GDP is still below the 50% regional threshold, there are worrying trends it could exceed that limit if government implements other debt financing heavy projects such as the Single Gauge Railway (SGR). However, while addressing journalists at the Uganda Media Centre on Tuesday last week, Finance Minister Matia Kasaija said, "I would like to correct this information to indicate that government borrowing is controlled and guided by the Public Debt Management Framework (PDMF-2013)."

## OUR WORK IN PICTURES



CSBAG ED Julius Mukunda (extreme right) together with other officials attending a Ford Foundation experience-sharing meeting in Nairobi, Kenya last week. | CSBAG2019



CSBAG ED Julius Mukunda responds to questions about the FY2019/20 NBFP during a TV interview that was conducted at the CSBAG offices in Kampala last week. | CSBAG2019



Participants attending a meeting that aimed to improve budget documentation and harmonization of budget documents at the Ministry of Finance headquarters last week. | @CSBAG2019