UGANDA DEBT NETWORK · UDN · DEBT IS SLAVERY

Weekly Edition

Vol: 359

31st August –4th September 2020

UGANDA: LEVERAGE AGRI-EXPORTS FOR POST COVID-19 RECOVERY

1. PREAMBLE


Courtesy of The Observer

In view of the global context of COVID-19 situation, it is not in debate that the pandemic has contributed to great economic sabotage of economies, corporations, households and individuals. COVID-19 has subdued the general global and specifically Ugandan industrial, services, export and even import output.

This, inter alia, is manifested in the multiple job losses, food security issues and heightened debt portfolio to GDP. Yet part of the solution lies in Agricultural-export (agri-exports) investment actions and opportunities in the short-term and medium-term.

2. LEVERAGING AGRI-EXPORTS EAC AND GLOBAL CONTEXT

While there was a 46.5 positive index in June 2020 in Uganda, an approximate 46% of domestic revenues envisaged to be spent on debt servicing in FY 2020/21 tells the story of economic erosion, elevated inequality and vulnerability of the population especially those in lower income quintile.

Even so, given the global economic trajectory coupled with emerging economies and developing country context, the EAC and specifically Uganda's economic output and outlook will improve by 3rd quarter of current FY 2020/21.

Beyond good Agricultural output, Government must be intentional investment in order to satisfy the food sale opportunities in the regional markets like the rest of IGAD and SADC. Uganda can easily position itself at the beef, tea, milk, ginger, shear butter, industrial sugar and food market markets in Middle East. Uganda's coffee specifically can niche into the Spanish and Italian markets, to outmatch India and Vietnam.

Both the recent BOU monthly monetary statements and Uganda Bureau of Statistics (UBOS) surveys attest to the fact that agricultural output over the last five years and in the fore-going has kept inflation in predominantly low and sustained in Uganda. This can be enhanced through more coordination with sector actors to leverage intentional agricultural investment upon which to significantly contribute to the good macroeconomic interventions by BOU.

Credit again to BOU for having successfully mopped out nearly Ugx 180 billion from the market between March and May 2020, thus shielding the economy against risk of run-away inflation. Price indexes were in ambit of BOU and broader macroeconomic estimates and wish.

This far, BOU has been astute in standing against financial volatility has intertwined with a level of hygiene at the political leadership to keep COVID-19 adverse impact at bay. Even so, the COVID-19 threat is real and still unfolding since Uganda will have some collateral COVID-19 deaths sooner than later given the level of indiscipline against the Standard Operating Procedures (SOPs) by sections of the citizens.

3. UGANDA'S ECONOMIC OUTLOOK PROMISING

Uganda is on the way to move from the pre-existing economic conditions and short-term elements of COVID-19 challenges that exhibit dampened market sentiments and subdued economic growth, to better capital inflows by December 2020. This will generate a largely stable forex market by end 1st July 2021 and broader turning round the economic indices.

Despite the political play and electoral cycle distortions on the economy and control of real inflation, UDN anticipates positive tourism revenues. This calls for opening up of Entebbe international airport and domestic air transport services. The tourism sites and country at large need to be kept secure against any covert scenarios.

4. CONCLUSION

Worsening debt situation notwithstanding, there's general hope in Uganda's economic outlook in the short-run and medium term. There is a flicker of economic recovery through agri-exports. Upon which to pitch increased purchasing power, while ensuring SOPs as the country witnesses the emerging economic prosperity.

CLICK on Media link, to watch:

"CSOs call for Urgent Appointment of the Inspector General of Government of Uganda"

https://youtu.be/XNcMqDBhZn8

UDN appreciates support by: UDN Membership; DCA; Save the Children in Uganda; OSIEA, Inspectorate of Government; IBP, Trocaire and DGF.

EDITORIAL TEAM:

Julius Kapwepwe - jkapwepwe@udn.or.ug; Gilbert Musinguzi - gmusinguzi@udn.or.ug; Priscilla Naisanga- communications@udn.or.ug

Please visit/ talk to us at; Uganda Debt Nework ,
P.O. Box 21509, Kampala -Uganda,
Plot 153/155 Ntinda—Nakawa Road , Tel +256-414-533840/543974
Website: www.udn.or.ug

CANCEL THE DEBT
FIGHT CORONAVIRUS
Save lives.