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ROAD TO UGANDA'S ECONOMIC BLISS

1. PREAMBLE.

Uganda's economy is poised for continued growth after enduring a fourth wave of Covid-19 infections towards the end of last year that further constrained activity and took a heavy toll on its people. The pandemic has had telling effects on the global economy. Its effects were felt more when revenues from sectors such as tourism (reduced by UGX 3.891Trillion) were grossly affected by the inability to travel freely as a consequence of Covid-19.

2. Uganda's economy into a growth trajectory.

Uganda's broad range of fiscal, monetary and health responses to the crisis have supported its recovery and, along with economic reforms and policies are helping to mitigate a longer-lasting adverse impact of the crisis. The economy is projected to grow by 3.5-3.8% in the FY 2021/22 and 5.5-6.0% in FY 2022/23, before increasing to 6.5 - 7.5% in the medium-term (2 to 3-years ahead), according to the Bank of Uganda, driven by the ongoing vaccinations and easing of restrictions. However, the economy still faces numerous challenges ahead.

3. Uganda's rising public debt.

Despite the projected increase in the country's growth, Uganda's debt has continued to increase in from UGX 49 trillion in December 2019 to UGX 73 trillion as at October 2021 (provisional results from Bank of Uganda). This has significantly had pressure of the country's National budget where interest payments, Domestic debt refinancing, Debt Amortization accounted for 35% of the national budget of FY 2021/22 as compared to Human capital Development program (comprises of social service sectors like Education, Health, Water and Sanitation) that constituted 17% of the National Budget

4. Investing in the social services sectors

The share of Human Capital development in the National Budget is expected to reduce to 15% in FY 2022/23 (Addendum to the National Budget Framework Paper FY 2022/23 – FY 2026/27) as compared to 17% in 2021/22. According to the National Development Plan III (NDP III), a country that invests in its human capital secures its future thus well educated, skilled and healthy human resources are essential to facilitate Growth and Development. There is an urgent need to continue prioritizing and investing in the social services sectors, especially the health and education sector amidst competing fiscal priorities. The Government's efforts to prevent and provide treatment for COVID-19 and other diseases should be intensified in order to achieve health human resource in the Country.

5. SMEs Must Recover to Boost Economic Growth

Uganda's Economy is highly dominated by Small and Medium Enterprises (SMEs) approximately 1,100,000 enterprises employing approximately 2.5 million people equivalent to 90% of total non-farm private sector workers (National Strategy for Private Sector Development (NSPSD) FY 2017/18-2021/22). According to a study conducted by EPRC on "How has the COVID-19 pandemic impacted Ugandan businesses?" in May 2020, SMEs have experienced the largest effects of the risk associated with COVID-19 compared to large scale businesses. The decline in small and medium businesses is due to inability to cope containment measures instituted by government. Specifically, nine out of ten businesses report experiencing an increase in operating expenses due to preventive measures instituted by government to curb the spread of the virus.

All stakeholders involved in helping Small and Medium Enterprises (SMEs) including Government must help them stay afloat to boost economic recovery. SMEs. Therefore for the economy to fully recover Government and other stakeholders need to prioritize funding to SMEs through provision of low-cost capital and adequately capitalizing Uganda Microfinance Support Centers.

6. Employment initiatives

Government needs to work closely with the non-state actors to invest in and strengthen the existing employment initiatives–more integrated and job intensive interventions are critical. For instance, linking training and skilling interventions to programmes offering apprenticeships, internships, affordable credit and/or grants could boost employment of youth and women, who have been disproportionally affected by the pandemic.

UDN IN PICTURES.

Above; Participants attending a hybrid Validation meeting for a UDN study on Accountability & Transparency of COVID & Non-COVID'19 Resources for Uganda's Health Sector.

Above; UDN team together with Save The Children Uganda team conducting a partnership Assessment meeting at UDN Secretariat for the ongoing projects under SCIU.

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