THE REPUBLIC OF UGANDA

National Budget Conference

Financial Year 2023/24
Budget Strategy

Theme: Full Monetization of Uganda's Economy through Commercial Agriculture, Industrialization, Expanding and Broadening Services, Digital Transformation and Market Access

Honourable Matia Kasaija
Minister of Finance, Planning and Economic

Development 13th September 2022

The Rt. Honorable Prime Minister,

Colleague Ministers,

All Members of Parliament Present,

Your Excellencies, Ambassadors and Heads of Diplomatic Mission,

The Head of Public Service and Secretary to Cabinet

The Deputy Head of Public Service and Deputy Secretary tot Cabinet,

Permanent Secretaries and Heads of Government Institutions, The Chairperson, Local Development Partners' Group The Chairperson, Uganda Local Governments Association, The Civil Society,

Members of the Private Sector,

All Invited Guests,

Ladies and Gentlemen.

A. INTRODUCTION

1. Rt. Hon. Prime Minister, the Budget Strategy for next financial year 2023/2024 addresses the socio-economic challenges we face today, and builds on the strong foundation we have laid in the past. Economic recovery from the effects of the global COVID-19 pandemic remains slow. This is due to four major macroeconomic shocks namely:- The rising global inflation, high and rising interest rates, high debt levels and the strong US dollar which caused the depreciation of the Uganda shilling and rising domestic inflation.

2. The combined impact of these shocks has been the decline in real incomes leading to rising household poverty. In addition, the cost of

borrowing has increased sharply and fiscal room and flexibility have reduced further.

3. Arising from the COVID-19 pandemic, Government put in place measures aimed at supporting economic recovery through provision of cheap and accessible credit under Uganda Development Bank, Uganda Development Cooperation, Small Business Recovery Fund and the Agriculture Credit Facility.

4. In this financial year 2022/23, however, the impact of the macroeconomic shocks has required a change in policy by controlling Government expenditure to contain inflation and restore macroeconomic stability as well as long-term fiscal sustainability and debt management as Bank of Uganda adjusts the Central Bank Credit.

5. Whereas priority has therefore been given to economic recovery from the pandemic and mitigating the recent macroeconomic shocks, focus has also been shifted to measures to transform the 39% of households in subsistence economy into the money economy.

6. Rt. Hon. Prime Minister, the Budget Strategy for FY 2023/2024 therefore, seeks to build on the progress achieved to-date since the outbreak of the pandemic in 2020. In this regard therefore, the theme for the next budget remains "***Full Monetization of Uganda's Economy through Commercial Agriculture, Industrialization, Expanding and Broadening Services, Digital Transformation and Market Access".***

7. The overall objective of the FY 2023/24 Budget Strategy is to

restore the economy back to the medium-term growth path of 6-7 percent

per annum, improve competitiveness of the economy and to sustain Uganda's socio-economic transformation agenda.

8. In this Presentation, I will briefly cover the following:

    i. The State of the Economy and the Economic growth prospects for next FY 2023/2024;

    ii. The Macro-economic policy management framework, including the management of public debt

    iii. The Strategic Budget Interventions to address challenges

    iv. The Financing Framework for the financial year 2023/24.

B. STATE OF ECONOMY AND GROWTH PROSPECTS FOR FY 2023/24 9. Rt. Hon. Prime Minister, the fiscal year 2022/23 has focused on completing economic recovery by mitigate the adverse impacts of the various shocks on the economy. These shocks include:

    i. Covid-19 pandemic which disrupted supply networks, low demand for exports, Foreign Direct Investments (FDI) and Remittances have been negatively affected. However, the pandemic also reinforced the need to boost domestic production using locally available raw materials for exports and for import replacement;

    ii. Increase in commodity prices leading to imported inflation particularly for fuel, raw materials, other essential commodities, etc;

iii. Increase in interest rates which has increased the cost of borrowing, and reduced access to global capital due to the reversal of capital flow to advanced economies;

iv. Increase in public debt which has reduced fiscal space and fiscal flexibility; and

v. Climate Change Effects which has resulted in a gradual withdrawal of financing to non-renewable energy projects.

10. The strong and timely interventions of the Government in dealing with the various shocks has allowed economic activities to continue to expand, albeit at a slow pace. Other performance indicators of the economy remain positive although currently under severe strain. The performance of some key elements of the economy are discussed below:

Economic Growth:

11. Preliminary GDP data shows overall growth of 4.6 percent in FY 2021/22, an improvement from 3.5 percent in the previous year as the economy continues to recover from the COVID-19 pandemic. The industry sector grew up to 5.4 percent during FY 2021/22 compared to 3.5 percent registered the previous financial year, driven by a strong performance of the manufacturing sub

sector, whose activities expanded by 1.7 percent up to 3.9 percent from 2.2 percent during FY2020/21.

12. The services sector, which was the most affected by the pandemic restrictions, expanded to 3.8 percent during year showing an upward improvement from 2.8 percent in the previous financial

year, supported by strong growth in wholesale and retail trade, real estate activities and a pickup in education.

13. However, the transport services were affected by the high prices of fuel. Agriculture, forestry, and fishing sectors performed at 4.3 percent, which was supported by favourable weather conditions and government interventions through provision of extension services, pesticides, and water for production.

Incomes and Poverty:

14. The income per capita increased from USD 936 in FY2020/2021 to USD 1,052 in FY2021/22 surpassing the NDPIII targets. This improvement is partly attributed to increased government targeted expenditure to support economic recovery to offset shocks such as COVID-19.

15. However, poverty and inequality remain critical development challenges for the country. Whereas Poverty decreased marginally to 20.3 percent in FY2019/20 from 21.4 percent in FY2016/17 (UNHS, 2019/2020, the incidence in income poverty increased during the COVID-19 from 19 percent pre-pandemic to 22 percent during the pandemic.

Savings, Investment and Private sector Credit:

16. Uganda's savings as a percentage of GDP marginally improved from 19 percent in FY2020/21 to 19.2 percent in FY 2021/22, surpassing the NDPIII target of 16.8 percent. On the other hand, the private sector credit improved from 7.1 percent to 8.5 percent

and its contribution to GDP increased from 14.4 percent to 15.2 percent over the same period.

17. The private sector annual credit growth of 12.9 percent for FY 2021/2022 is attributed to the persistently high lending rates, risk aversion by banks due to the poor performance of many businesses, as well as the negative effects of the lockdown on the performance of many SMEs. Nonetheless, the private sector as a percentage of GDP surpassed the NDPIII target of 10.5 for the review period.

Inflation

18. Annual headline inflation increased further to 9.0% in August 2022 from 7.9% registered in July 2022 compared to 1.9% in August 2021, reflecting a continued rise in prices of consumer goods and services across the country. The increase in inflation was mainly on account of higher transport costs as well as higher food and fuel prices. Government response in curbing inflation has been through monetary tightening as seen by the increase in the Central Bank Rate (CBR). Over the medium term, inflation is

forecast to stabilise around the 5 percent target.

External Sector:

19. The Ugandan Shilling appreciated against the US Dollar in FY 21/22 by 2.4%. However, fiscal year 2022/23 started with the shilling experiencing pressure to depreciate (weaken) due to the developments in the global financial markets which have raised interest rates in Europe and Northern America. This has reversed capital flows from low income countries including Uganda to

advanced economies which are perceived to be safer. The depreciation of the shilling reinforces inflationary pressures as imported goods and services become more expensive. Therefore, coordinated fiscal and monetary policy to control inflation dampens the secondary effects of the weak shilling on additional inflationary pressures.

20. The current account deficit continued to widen in the first three quarters of FY 2021/22. The current account deficit widened to USD 2,774 million over the period Q1 – Q3 in FY2021/22 compared to a deficit of USD 2,684 million registered over the period in Q1 – Q3 FY 2020/21This was attributed to a deterioration in the primary income deficit and a reduction in secondary income transfers. On a positive note, the deficit on the services account reduced, as tourism activities continued to pick up following the full re-opening of activities within the sector.

21. Within the first three quarters of 2021/22, the deficit on the trade account was USD 3,440 million lower than the deficit of USD

3,527 million registered a year ago. This followed high export earnings from services and a decline in import payments of services such as transport. Over the same period, merchandise trade saw both export receipts and the import bill decline, largely due to the exclusion of gold numbers from trade during financial year 2021/22, awaiting a tax resolution between the gold players and the Government.

22. As at the end of March 2022, the stock of international reserves stood at USD 4,533 million, equivalent to 4.4 months of imports

of goods and services. This has however reduced to USD 3,884 million, as at July 2022, equivalent to 3.8 months of imports of goods and services. Going forward stronger external demand will boost exports, while improved remittances, FDI flows and continued recovery in tourism, are expected to continue supporting the external sector accounts.

Interest rates:

23. To support economic activity, the Bank of Uganda reference rate, the Central Bank Rate (CBR) was revised upwards to 7.5 percent in June 2022 and more recently to 9.0 percent in August 2022 to support the monetary policy efforts of the Bank of Uganda to fight inflation.

24. Commercial bank lending rates for shilling denominated credit were largely stable averaging about 18% 18.57% for the year ending June 2022 . This was partly supported by the accommodative monetary policy stance for the greater part of the

financial year.

25. The total value of loans approved increased to UShs 11,076.67 billion in FY2021/22. Consequently, the stock of outstanding private sector credit at the end of the fiscal year amounted to UShs 19,809.13 billion, up from UShs 18,187.86 billion in June 2021 registering growth of 8.9%. This compares favourably against growth of 7.1% in the previous year.

Fiscal Performance

26. COVID-19 pandemic which affected economic activity resulted in less domestic revenue compared to the previous years, with

revenue to GDP falling to below 13% of GDP. . The pandemic shock contributed to revenue shortfalls of UShs.3.2 trillion in FY2019/20 and UShs. 2.2 trillion in FY2020/21. At the same time, Government expenditure was increased to cater for COVID 19 pandemic related spending which accounted for 1.1% and 7.4% of total Government expenditure in FY2019/20 and FY2020/21, respectively.

27. Therefore, the revenue shortfalls in the two financial years and subsequent rise in Government expenditure led to a sharp increase in the budget deficits to 7.1% and 9.0% in FY2019/20 and FY2020/21, respectively. This deficit was financed by a combination of reprioritization of the budget, external and domestic borrowing. As a result, public debt to GDP rose from 41.0% in FY 2019/20 to 51.6% in FY2021/22.

28. The increase in borrowing has resulted in a significant increase in

the cost of debt service over the last two (2) fiscal years. Debt service to revenue has increased to 30.6% in FY2021/22 from 21.7% in FY2019/20. This has further reduced the fiscal space and fiscal flexibility on resources available for other Government expenditures, including health, education and water. There is therefore an urgent need to reprioritize infrastructure projects and postponement of others, in order to re-establish long term fiscal sustainability.

Industrialisation:

29. Over the last two (2) years, and as a result of supply networks disruptions, the Government has actively supported a shift in

private sector resources to production of essential commodities for domestic use, including pharmaceuticals, agro-processed products and light manufactures, also for export to the regional markets of South Sudan, DRC, Burundi, etc.

C. Economic Policy Framework and Public Debt Management

30. In FY2023/2024 and over the medium term, Government's fiscal policy will prioritise improving competitiveness in the economy by lowering the cost of doing business, while maintaining macroeconomic stability and debt sustainability. This will entail focussing expenditure on projects and programmes that have a high multiplier effect on the economy, including export growth, ensuring food security, import replacement, and jobs creation; increased domestic revenue mobilization and prudent debt

management strategies.

31. Fiscal discipline, efforts to boost domestic revenue by implementing the Domestic Revenue Mobilization Strategy, and prudent borrowing strategies will be important for attainment of high sustained growth, jobs creation, and socio-economic transformation. Government will continue to maintain macroeconomic stability and support economic recovery through use of coherent, cohesive and well-coordinated fiscal and monetary policies. Macroeconomic stability and debt sustainability will be achieved through boosting domestic revenue mobilization by implementing DRMS and use of growth friendly fiscal consolidation.

32. To maintain debt sustainability, external financing will be obtained on largely concessional terms and on near-concessional terms to finance projects which are critical for reducing the cost of doing business and therefore enhance competitiveness, enhanced exports and import replacement, and facilitate regional trade. Domestic borrowing will be limited to an average of 2.2% of GDP over the medium term and gradually reduced to the long term target of 1% of GDP per annum, on average.

33. Through its Public Investment Management reforms, Government will emphasize maximizing efficiency gains from public investments to increase returns.

D. Strategic Budget Interventions

34. With respect to the strategic interventions, Government will restore the balance between infrastructure and human capital development. This is especially because the COVID-19 pandemic and its after-effects worsened poverty levels and living standards. Investments in social sectors, especially health, education, and social protection, directly address poverty and income inequality. Investment in human capital development will therefore be at the core of the remaining two years of the plan, at par with infrastructure development.

35. The thrust of the Budget Strategy for FY 2023/204 is premised on four key strategic intervention areas namely:-

i. Enhancing Security, Good Governance, and the Rule of Law

ii. Boosting Economic Recovery and Enterprise Resilience iii. Facilitating Economic Growth and Competitiveness iv. Promoting Social Development and protecting Vulnerable Communities; and

36. The above areas will be developed further in line with the Program Based Budgeting Approach as detailed below:

i. Enhancing Security, Good Governance and the Rule of Law

Security and Good Governance

37. Improving security, good governance and the rule of law is instrumental for economic prosperity. Next financial year, the

strategy to enhance security will prioritise the strengthening of security and intelligence capability to protect persons, property and maintain peace.

38. Government will restructure Ministries, Departments and Agencies (MDAs) to enhance efficiency in service delivery for better results. In order to spur development at the lowest planning unit, parishes will be equipped and resourced parishes to enhance service delivery under the Parish Development Model.

Rule of Law

39. In order to further enhance the rule of law, access to justice will be promoted by construction and equipping of courts and additional Justice Centres, recruit additional Judicial and

relevant non-judicial Officers to extend Judicial services nearer to the people, and use of digital technology to enhance capacity of Courts to handle cases and address case back-log.

40. Courts will be strengthened to resolve disputes in special areas including land, Commercial, Family disputes, Environment, Standards, Utilities and Tax disputes. Alternative Dispute Resolutions (ADR) and other case management interventions, such as Plea-Bargaining, Small Claims Procedure; and Mediation will be promoted.

ii. Boosting Economic Recovery and Enterprise Resilience 41. Rt. Hon. Prime Minister, in FY 2022/2023, Government started full scale implementation of the Parish Development Model (PDM) as the last mile strategy for improved service delivery and enhancing the incomes and welfare of the 39 percent of households rooted in the subsistence sector to the money economy. The model has seven pillars, namely:

i. Production, Processing and Marketing.

ii. Infrastructure and economic services development.

iii. Financial Inclusion.

iv. Social Services delivery.

v. Mindset change and cross-cutting issues (Gender, Disability, Environment etc).

vi. Parish Based Management Information System; and

vii. Governance and administration.

42. Since inception, the following have been done: Mobilization of communities, groups and enterprises, development of a parish model financial inclusion system and partial capitalization of approximately 7,860 SACCOs.

43. In FY 2023/2024, implementation of the PDM will largely be premised on Pillars No. 1 and No. 3. to drive faster growth and enhancement of livelihoods of the population. Pillars No. 2, 4, 5, 6 and 7 will be enablers for achievement of the overall goal and objectives of the PDM.

44. Therefore, in FY 2023/2024, we Government will consolidate on

the initial progress achieved in FY 2022/2023 by all the implementing agencies, both Central and Local Governments in respect of all the seven pillars (MoFPED, UBOS, MA AIF, MoLG, MGLSD, MICT&NG, LGs).

45. Rt. Hon. Prime Minister, following the measures Government introduced to support enterprises during the aftermath of the COVID-19 pandemic, the strategy going forward is to sustain economic recovery and build enterprise resilience. In the short term, the focus of the strategy is to reverse stagnating demand due to rising prices, increase availability and affordability of finance, and reduce costs of production, in order to improve firm profitability. While fiscal policy will be constrained in order to stem inflationary pressures, spending on activities that positively impact the private sector will be prioritised, including the clearance of arrears to private sector.

46. In the medium to long-term, increasing production and productivity of firms, farms and households will be key to boosting economic growth. Restoring production to pre-COVID-19 levels in all sectors of the economy will be actively pursued. Productivity gains from use of enhanced technologies in agricultural production will be applied and rolled out nation-wide under the Parish Development Model and food security enhancement initiatives.

47. In order to safeguard the environment, environment protection law will be enforced to curtail encroachment on wetlands, and swamps. Environmental conservation and land-use planning and

re-greening will be promoted.

48. Value Chain development will also be enhanced to ensure linkage between production, post-harvest handling, storage and processing To improve on food security, farmers will be guided on enterprise selection, ensuring adequate quantities and qualities of seed are supplied among others and supported to increase production/productivity, bulk and market their produce through SACCOS. Parishes will be used as the centres for delivery of production, marketing and financial services to farmers..

49. Providing affordable and easily accessible financing is critical to economic growth. Interventions to provide affordable and patient capital through Uganda Development Bank (UDB) and the Uganda Development Cooperation (UDC) will be implemented fully. The financing of Small and Medium-Scale Enterprises (SMEs) will be

enhanced with efficiency improvements in the *Emyooga* and related Government schemes.

50. Enhancing access to regional and global markets is a key element in our strategy to build resilience of the economy. Interventions to increase trade within the East African and COMESA region will be prioritised, while the development of the African Continental Free Trade Area takes shape. Efforts to lower production and trade costs to promote competitive production of quality tradable goods will be promoted. To this end, the standardization of quality

production by the Uganda National Bureau of Standards will be promoted.

51. The two sectors that are going to be major direct and indirect drivers for economic growth in the medium term, namely the Tourism and Minerals Oil and Gas industries, will be prioritised. Both industries have the potential to bring in substantial foreign exchange earnings and provide employment, but also have significant indirect economic benefits including linkages with domestic firms, farm and households.

52. The tourism sector has historically been a major foreign exchange earner, but also has positive linkages to the domestic economy, as it provides employment and supports household incomes as most of its supplies are locally sourced. With the full reopening of economies world-wide, further growth of Tourism will be supported by enhanced marketing including developing the 'Pearl of Africa" Destination brand, enhancing digital destination

marketing and marketing Uganda as a Meetings, Incentives, Conferences and Exhibitions (MICE) destination.

53. In the Minerals Oil and Gas sector, efforts will be placed on the implementation of the EACOP Project and the construction of the National oil refinery; together with the exploration for priority minerals including iron and steel and the establishment of effective mineral regulation.

iii. Facilitating Economic Growth and Competitiveness 54. In order to enhance economic growth and build competitiveness, Infrastructure development will be further promoted. To further develop Transport Infrastructure, key interventions next year include operationalising the Hoima International Airport; upgrading strategic roads from gravel to bituminous surface; the maintenance of national, districts and community roads; and the rehabilitation and upgrade of aerodromes.

55. In support of Digital Transformation, broadband connectivity will be extended to the parish level and last mile connectivity to expand access to affordable high-speed internet through the National Backbone Infrastructure will be implemented. In addition,

development and commercialization of local ICT products and establish and support regional ICT incubation hubs will be supported, and communities and SMEs will be trained to enhance digital literacy.

56. To support industrialisation, the existing industrial parks will be operationalized. The construction of one-stop border posts at

Mpondwe and Bunagana posts will be also completed. Local industries will be supported to acquire appropriate technologies and product certification.

57. In the power sector, rural electrification will be completed by covering the remaining Districts and Sub-counties all over the

country. In addition, construction of additional sub-stations to boost and regulate the generation, transmission and distribution will be done. In order to diversify power sources, preparatory activity to construct a nuclear power plant will be fast-tracked. 30 square milies of land in Buyende District will be acquired for this purpose.

58. In order to enhance regionally balanced economic development, Regional Development Plans that reflect specific local advantages that need to be harnessed for local economic development will be designed and implemented in Acholi, Busoga, Teso, and Bukedi. Transport and Power infrastructure will be extended to key growth areas, including tourism sites, to facilitate production and value addition. Growth Corridors covering the Gulu-Hoima-Kasese and the Arua- Gulu-Soroti- Malaba axes will be designed and developed to complete nationwide industrial development, in addition to the Malaba-Kampala- Mbarara Corridor.

iv. Improving Social Development.

59. Human Capital Development remains central for the development of a healthy population and a skilled labour force. The provision

of Health, Education and Safe Water remains a priority in the Budget Strategy for next financial year.

Health

60. In the Health sector, the strategy is to shift emphasis from a predominantly curative oriented health care system to a preventative healthy lifestyle promoting one. This new approach empowers individuals and communities to identify their needs, and play an active role in maintaining their own health and well being by increasing health literacy and access to health information at home, schools and workplaces. Village Health Teams (VHTs) will be strengthened through training and facilitation to enhance individual and community health programs.

61. A key element in improving health care service delivery relates to staffing levels in the Health system. Currently, staffing levels stands at 65% of the required staffing norms. Staff shortages are critical for Anesthetists, Pharmacists, Dispensers and critical Operating Theatre staff.

62. To address maternal and neo-natal healthcare, health centers IV operating theaters will be equipped and renovated to provide Comprehensive Emergency Obstetric and Neonatal Care services. Staff accommodation will also be built at Health center IVs to ensure services is available at all times.

63. For increased functionality of hospitals, the twelve regional equipment maintenance workshops will be enhanced to address

the inadequacy and obsoleteness of medical equipment at all levels of care. This will include ensuring availability and functionality of X-Ray and laboratory services across the country.

Education

64. Next financial year's strategy in the Education sector aims to increase the relevance of learning and knowledge building to the needs of society and the economy in particular. To this end, National Vocational Qualifications Framework will be developed to Indicate what a given certificate holder is expected to know, understand and be able to do, and provide a reference point for assessing and recognizing learning acquired in non-formal and formal settings. In addition, Science, Technology, Engineering, and Mathematics (STEM/STEI) in Education, Research, and Innovation will be promoted to complete the cycle from research to product development and commercialisation for national growth and societal well-being.

65. In order to improve the efficiency and effectiveness in Education delivery, the Education Management Information System (EMIS) will be upgraded to track pupil and student enrolment, drop-out, and retention, and uniquely identifying learners, teachers, and institutions. The Education sector will adopt enhanced digital based systems management by rolling out the Teacher Effectiveness and Learners' Achievements system (TELA), E inspection, Teacher Management Information System (TMIS), and E-learning.

66. With respect to improving learning outcomes in disadvantaged

districts, staffing levels will be enhanced by recruiting 2,650 Primary school teachers in the least staffed Local Governments to improve the Teacher Pupil Ratio.

Safe Water and Sanitation

67. With respect to safe water provision and sanitation, in both rural and urban areas, the construction and rehabilitation of large medium and small piped schemes and sanitation facilities will be enhanced with priority to underserved areas. Provision of Sanitation facilities will be integrated in education and health projects to enhance effectiveness and capitalize on synergies. A Water and Sanitation Information Management System under the Uganda Inter-Government Fiscal Transfer Programme (UGIFT) will be developed with support from the Word Bank to facilitate monitoring and reporting of access to safe water and sanitation.

E. FINANCIAL YEAR 2023/24 FINANCING FRAMEWORK

Domestic Revenues

68. During next financial year 2023/24, Government intends to meet the target of raising domestic revenues by 0.5% of GDP in line with the NDPIII annual revenue enhancement target and the Domestic Revenue Mobilization Strategy (DRMS).

69. Next financial year, domestic revenues are projected to amount to **UShs. 29.784 Trillion**, of which tax revenue and Non-Tax Revenue are projected at **UShs. 27.774 Trillion** and **UShs. 2.009 Trillion**, respectively. This translates into nominal growth in revenues of **UShs. 4.233 Trillion (equivalent to 16.6%)** up from **UShs. 25.550.69 Trillion** projected revenues for FY 2022/2023. This reflects a growth in revenue efforts of **0.5%** from a projected 14.1% of GDP in FY 2022/2023 to the target of **14.6%** in FY 2023/2024.

Public Debt

70. Public Debt Management next financial year 2023/24 will continue to be guided by the principles set out in the Public Debt Management Framework 2018, the National Development Plan, and Uganda Vision 2040. Focus will be on utilizing grants (where available) and concessional financing to implement projects within priority areas of government. Going forward, gradual fiscal consolidation will lead to a decline in public debt below 50% of GDP in nominal terms. Priority shall be accorded to contracting debt on concessional terms to lower interest payments; and obtaining debt service rescheduling through Debt Service Suspension Initiative (DSSI) which would offer additional fiscal space.

71. However, in the immediate short term, the finalization of key infrastructure projects in the energy sectors such as transmission lines and associated substations to create favorable and cheaper cost of doing business in Uganda will necessitate new borrowing in FY 2022/23. Furthermore, priority will be placed on investment in oil and gas sector infrastructure to get oil resources expected to accelerate Uganda's economic transformation. This investment includes but not limited East

African Crude Oil Pipeline, Oil roads,

Industrial parks among others. These investments need to be finance partly through borrowing in FY 2022/23.

72. Government has finalized the preparation of its Public Investment Financing Strategy (PIFS) that guides on the alignment of the different financing options to the appropriate programs and priorities.

F. RESOURCE ENVELOPE

73. Rt. Hon. Prime Minister and Colleague Ministers, the Resource Envelope for FY 2023/2024 will not have any significant changes from that of this FY 2022/2023. Accordingly, the preliminary resource envelope for next financial year will be issued in the First Budget Call Circular for FY 2023/2024. Indicative Planning Figures will be issued at Program Level and the distribution to the respective Votes will be done at Program Working Group level.

G. CONCLUSION

74. Rt. Honorable Prime Minister, this Budget Strategy aims at addressing the socio-economic challenges impacting on the livelihoods of our people through monetization of the economy, largely driven by the implementation of the Parish Development Model. In line with the Program approach, each Ministry, Department and Agency is expected to continue to pursue its

priorities under the Third National Development Plan, which in turn will lead to the realization of Uganda's socio-economic transformation agenda.

75. While substantial progress has been achieved, more is expected in the next fiscal year as detailed in the four key areas identified. As such, prioritization of resources will be required throughout the process to investments of high value and returns.

76. As the consultative process for FY 2023/2024 therefore begins, all Programs of Government, Private Sector; Development Partners; and the Civil Society should be interlinked to this Budget Strategy to help Government achieve the Theme of this Budget and the overall Vision of lifting Uganda to a middle income status.

Matia Kasaija

MINISTER OF FINANCE, PLANNING AND ECONOMIC DEVELOPMENT

September 2022.