



# WEEKLY UPDATE

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## DEBT REPAYMENT EATING AWAY UGANDA'S DEVELOPMENT PRIORITIES

**1) Preamble;** Of Uganda's UGX 28.9 trillion National Budget for Financial Year (FY) 2017/2018 proposed Government, UGX 9.9 trillion (or 34%) is earmarked for debt repayment (principle and interest). With more debt being rolled-over, should Government priority be more on borrowing or increasing domestic savings, strategic productive public investment, minimizing nugatory expenditure, wastage and misuse of public resources? Otherwise, the overall debt for Uganda is accumulating faster towards unsustainable levels. This also includes Government's more borrowing to re-finance maturing debt obligations.

**2) Borrowing is escalating Interest payments;** Interest payments are increasingly becoming a bigger pain. Having accounted for UGX 309.4 billion in FY 2007/2008, it will be UGX 2.74 trillion (of which 73% is payment for domestic debt) in FY 2017/2018, an increment of over 785%. According to IMF (January 2017), Uganda's vulnerability to debt distress has increased. More over, with new loans under consideration of Parliament, e.g. i) \$210 million for Rwekunyee-Apac-Lira-Acholibur road project ii) \$9.54 million supplementary loan-interconnection of electricity under Nile Equatorial Lakes Countries and iii) \$14.4 million- for multinational Lake Victoria Maritime Communications and Transport project.

Is Uganda prioritizing borrowing, as opposed to being frugal and strategic with own resources? This is not sustainable.

### **3) Policy recommendations for Uganda;**

1. Policymakers should acquaint themselves more with the experiences from Greece, Mexico and Mozambique, to preempt a future fiscal crisis and economic decline for Uganda, by bigger public debt burden (overhang).
2. Government must spearhead and we together win the fight against escalating stealing of public resources in Uganda.
3. Uganda should halt borrowing, till issues of underperformance, procurement, undisbursed and unaccounted for loan portfolios have been sorted. Else, Uganda is destined for unsustainable debt by FY 2018/19.

## CSOs ENGAGE GLOBALLY AT 2017 IMF-WB SPRING MEETINGS

**1) CSOs contribute to global Agenda;** CSOs continue to stand for development policy and financing modalities at regional/continental and global levels that translates into equitable, sustainable and gender-responsive socio-economic development. As such both UDN and other CSO institutions have stepped up their engagement at the various forums and institutions such as International Monetary Fund (IMF) and the World Bank (WB) at country level and beyond.

**2) CSOs call on IMF-WB for prudent socio-economic development;** Between 28th and 29th March 2017, UDN participated in the Eastern Africa CSOs-IMF meeting in Nairobi Kenya. The meeting resolved that CSOs and IMF work more closely for joint efforts towards better operations and macro-economic development strategies across the region and Africa at large. This week, during April 2017, CSOs are also engaging and convening advocacy sessions on the sidelines of IMF-WB Spring Meetings in Washington, US. With some of UDN input, the CSO sessions (especially through Reality of Aid and CSBAG partnerships) with stakeholders from IMF, WB, Governments, media, foundations and international CSOs will bring their minds together about the extent to which Development Aid, IMF technical assistance, increased access to information by citizens of Aid recipient economies can translate into more public sector transparency and accountability. The CSOs will achieve renewed momentum in mobilizing citizens for actions and advocacy geared to increased domestic resource mobilization, standing against Illicit Financial Flows (IFFs) and predictable financing modalities towards 2030 development Agenda.

**3) Conclusion;** Citizens' must better understand the IMF-WB Technical Cooperation at forums like the Spring Meetings. For Uganda, this will enable CSOs to facilitate improved development Aid monitoring, for accountable budgetary and development outcomes.

# UDN IN PICTURES



UDN Participated in the CSOs review of the Excise Duty (Amendment) Bill 2017, Value Added Tax (Amendment) Bill 2017, The Income Tax (Amendment) Bill 2017 and the Tax Procedures codes Bill, April 2017

Third on the left is UDN's Imelda Namagga during CSOs review of Government proposals, supported by SEATINI at Eureka Hotel Kampala, 12th & 13th April 2017.



## Media links

- ◆ <http://256businessnews.com/uganda-cautioned-on-prudent-use-of-loans/>
- ◆ <https://youtu.be/3c-jXW5r80>
- ◆ <http://www.monitor.co.ug/OpEd/Commentary/Government-manage-debt-sustainable/689364-3891896-wefe9a/index.html>
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## UPCOMING EVENTS WITH UDN PARTICIPATION

- 1- UDN Annual General Meeting, 21st April, 2017.
2. CSOs engaging Parliament over taxation proposals, 25th April 2017.
3. CSOs Press conference on Income Tax Amendment Bill, at SEATINI, 21st April 2017.
4. CSOs engaging Parliament over Sector budget priorities for FY 2017/18.

*Please visit/ talk to us;*

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