

Budget Strategy FY2021/22

National Budget Conference

17th Sept. 2020



Outline

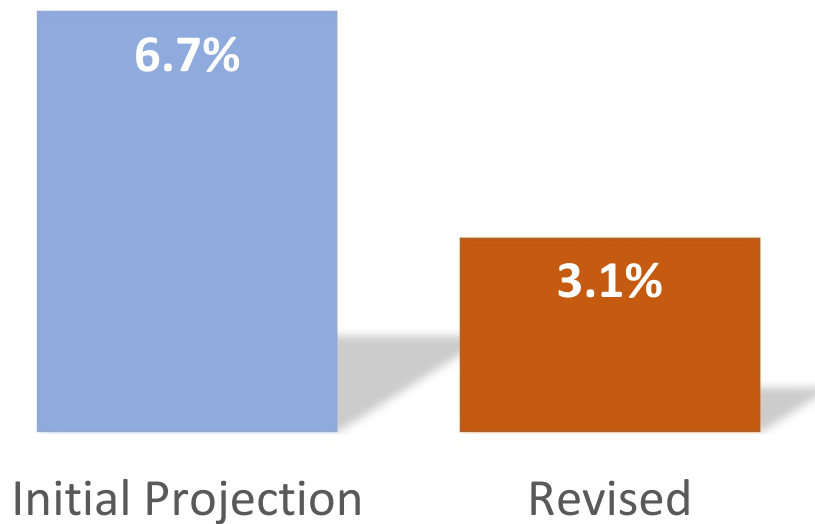
1. Introduction
2. Recent Socio-Economic Developments
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Introduction

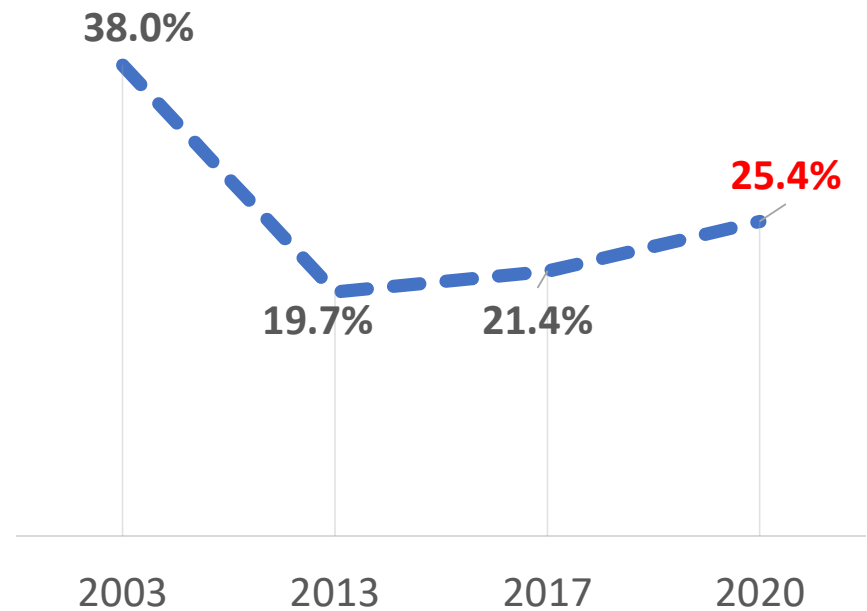
- The strategy has been influenced by 2 major events: -
 - 1) The NDPIII that requires budget alignment to development objectives
 - 2) Need to address socio-economic impact of Covid-19

Recent Socio-Economic Developments

...downward revision of GDP growth for FY2020/21



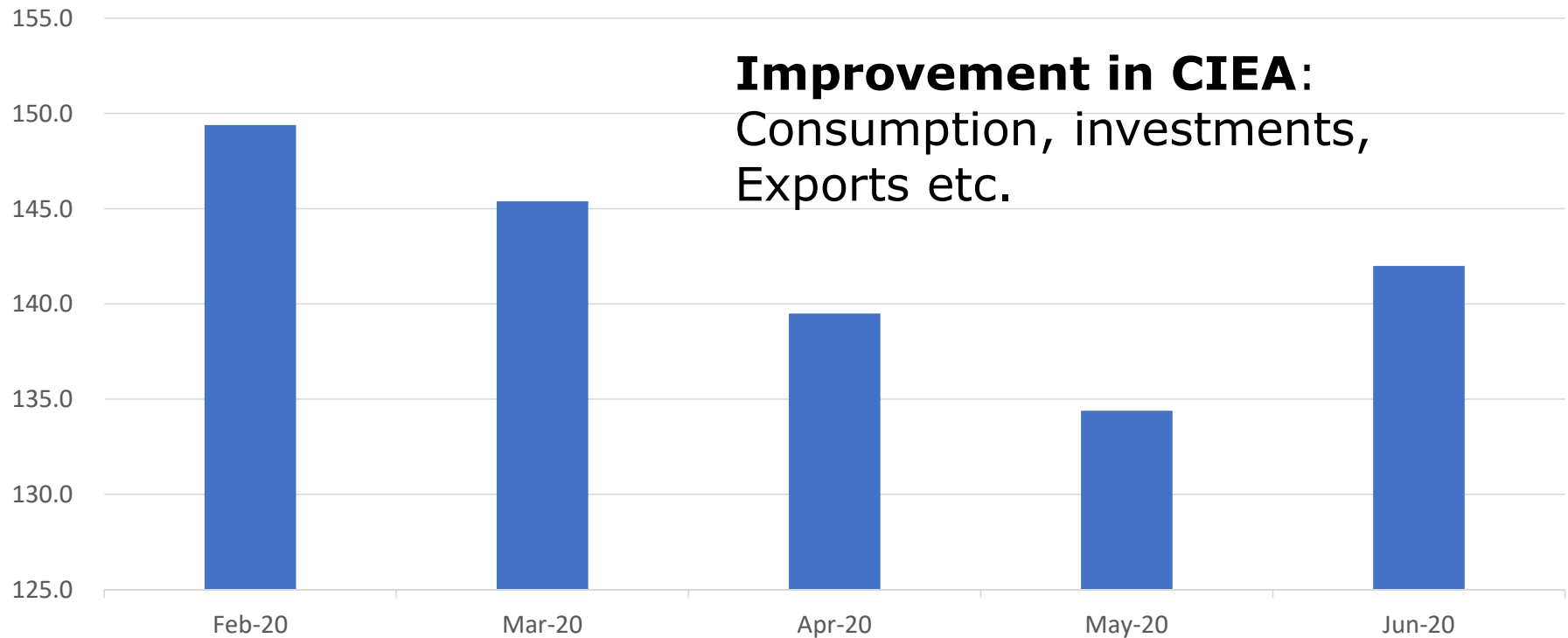
...poverty projected due to the impact Covid-19



...Ushs. 1.5 Trillion provided to address Covid-19 & remedy supply and demand-side disruptions

- Three areas of focus:
 - i. **Boosting health expenditures**
 - ii. **Economic recovery** through support to Small, Medium and Large-scale enterprises
 - Tax reliefs
 - Cheaper lines of credit at UDB, UDC, ACF and MSC
 - Payment of domestic arrears
 - iii. **Social protection programmes** – relief food, SAGE, Agric. Inputs, etc.

...the response measures are beginning to show positive signs of recovery in economic activities



Growth is expected to recover to 6% in FY2021/22 & to average 7%

- This will translate into:-
 - i. Over 500,000 jobs annually
 - ii. Per-capita income of US\$ 1,198 and reduction of poverty to 19% by 2025

Development Challenges

- i. **Insufficient jobs**, with youth unemployment estimated at 13%
- ii. **Low quality of social services**
- iii. **Uncompetitive cost of production** - capital and energy
- iv. **Poverty and Income Inequality** across regions

Budget Strategy 2021/22

❖ **Key focus:-**

i. Economic Recovery

ii. Sustaining Livelihoods,

iii. Investment in Key Growth Enablers: Infrastructure and Skills Development.

**Enhancing value
addition in key growth
opportunities**

- i. Promoting Value chains** between farmers, nucleus processors, and markets for key agricultural commodities
- ii. Enhance Manufacturing capacity** for import substitution and export promotion
- iii. Enhance mineral beneficiation** with the development of the Crude Oil Pipeline and undertake studies for other minerals
- iv. Support recovery of the Tourism Sector** by enhancing conservation, efficiency digital transformation and skill development

Enhancing private investment to create jobs

- i. Facilitating provision of affordable financing** for MSMEs
- ii. Increase local participation** through implementation of local preference schemes in procurement
- iii. Develop export market opportunities**, especially in the Africa Continental Free Trade Area (AfCFTA)

Infrastructure

- i. **Development and maintenance of inter-modal transportation**, integrating roads, rails, air, and water transport
- ii. **Enhance provision of affordable and reliable energy**
- iii. **Enhance the National Backbone Infrastructure (NBI)** to support economy-wide digitalization, including e-Learning, e-Health Care/telemedicine and e-Commerce, among others
- iv. **Enforce the development and implementation of physical plans** across the country

Productivity & Social Wellbeing

- i. Building skills** for manufacturing, minerals development and agro-processing
- ii. Addressing health sector needs** to deal with the CoVID-19 pandemic, operationalising health facilities, especially at the Health Centre III level
- iii. Improve functionality of safe water points** through routine maintenance and treatment
- iv. Renew the environment** including wetlands to address climate change effects such as flooding and landslides.

Strengthening the role of the State

- i. Strengthening Government implementation through
 - Better planning and budgeting
 - Using evidence-based policy formulation, and
 - Implementation of the programmatic approach
 - Improved public investment management and enhanced monitoring and evaluation.
- ii. Fight corruption in the public sector to improve public service delivery
- iii. Rationalisation/Restructuring of Government.

Financing Strategy

- i. Enhance Domestic Revenue from about 13% now to 18% in the next 5 years;
- ii. Limit external borrowing to sustainable levels while prioritizing concessional funding and re-appraising public investment needs;
- iii. Reduce the level of Domestic financing from 3% to 1% of GDP in order to reduce the costs of debt servicing and crowding out the private sector
- iv. Explore use of innovative financing solutions:
 - Public Private Partnerships
 - Infrastructure and Diaspora Bonds,
 - Capital Markets and Pension Funds, etc.

Conclusion

- Proposed strategy prioritizes: -
 - i. Addressing potential health and economic impacts of Covid-19 and other natural disasters,
 - ii. Protecting & creating more jobs,
 - iii. Agricultural production and agro-industrialisation,
 - iv. Infrastructure and skilling of the population.
- Next budget engagements will be held with the local governments starting next month.

Thank you