

National Budget Conference and Economic Growth Forum FY 2019/20

Industrialization for job creation and shared prosperity

13 September, 2018 – Kampala Serena Hotel

Concept note

PREAMBLE

Following the results of the High-Level Economic growth forum held in September 2017, it was agreed that there was need for a link between the country's growth and budget strategies.

The **Ministry of Finance, Planning & Economic Development (MoFPED)** will therefore combine the National Budget Consultative workshop with the Growth Forum to reflect on the state of the Ugandan economy, and identify policy solutions to drive the country's future economic growth performance.

The conference will provide an opportunity to discuss key growth constraints and required budget financing, learn from policy experiences in other countries, and identify a course of policy actions to drive industrialization and job creation. The event will be co-hosted with the **International Growth Centre (IGC)**. The audience will consist of government officials and staff, the donor community, and the academic and business private sector.

The timing of the Forum has been deliberately set to align with the Government of Uganda's budget cycle such that any actionable policy proposals identified may be incorporated into the budget and action plans of relevant institutions for FY 2019-20.

CONTEXT

The Ugandan economy is estimated to have grown at 5.8% during the FY 2017- 18, higher than the 3.9% posted in the previous year. However, assessed against population growth of approximately 3%, the growth performance implies only modest per-capita gains. Moreover, comparing recent performance to past medium-term growth trends, suggests that the economy needs to do more to revive its post-reform growth pace.¹

To ensure a rebound to annual growth rates of 7% and positive per-capita growth, the MoFPED has narrowed its economic growth and budget strategy to focus on three (3) key primary growth sectors: **Agriculture, Tourism, Oil, Gas and Minerals** – where Uganda has been identified as having a competitive advantage² as well as **Trade and Export Promotion**.

¹ World Bank (2017), "Uganda Economic Update –8th Edition", January 2017.

² Government of Uganda National Budget Speech for Financial 2017/18, "Industrialization for Job Creation and Shared Prosperity", 8th June 2017.

Agriculture: Approximately 68.9% of Ugandan households remain engaged in the subsistence economy and are highly vulnerable to risks such as drought that results from climate change. To raise the productivity of these households and ensure food security, the conference will seek to come up with specific policy solutions that will address some of the key challenges in the sector such as: (a) Low survival rates of distributed seedlings currently estimated at about 40%; (b) Inadequate post-harvest handling infrastructure that accounts for over 30% loss of production; (c) Inadequate compliance with and enforcement of standards (d) High cost of financing for agriculture enterprises and (d) Need for greater coordination among institutions in the Agricultural Sector.

Tourism: Growth in the tourism sector has been compelling over the last decade. Apart from being one of the country's top foreign exchange earners, the sector's contribution to GDP in 2016 was about 10%, up from just 8.8% in 2012. Over the same period, tourist arrivals grew by over 30% to 1,266,000 visitors. To harness its full potential, the Government is targeting tourist arrivals to increase to 4 million visitors per year, and double tourism earnings from USD 1.35 billion today to USD 2.7 billion by 2020. The conference is therefore aimed to provide policy interventions that could aid the Government of Uganda achieve these targets and promote upgrading of Uganda's tourism value chain as well as facilitate integration with Global Value Chains.

Oil, Gas and Minerals: With significant strides made to achieve sustainable exploration of the country's petroleum resources and increased Foreign Direct Investments (FDI) in the sector, there is need to promote a feasible pattern of domestic or local firm integration in Uganda's resource value chain and to mitigate any constraints to supplier integration. The conference is therefore aimed to provide policy interventions that could aid the Government of Uganda promote local content in the oil, gas and Minerals sector.

Trade and Export Promotion: Over the last five years, Uganda's export performance has stagnated at about 11 percentage points of GDP, hampered by weak global demand, falling commodity prices and the unrest in South Sudan. The performance of the manufacturing sector (as measured by the manufacturing value added - MVA) has also stagnated at an average of 8.8% for the past five decades. The conference is therefore expected to come up with specific policy actions that could promote the development of export-oriented manufacturing and tradable services. It will also seek on ways that Government can support domestic producers so that their products can compete with foreign products in quality, quantity and consistence of supply.

FORMAT

The event will be held from **08:00 - 18:00 hrs** on **13th September 2018** at the **Kampala Serena Hotel**.

The National Budget Conference and Growth Forum will comprise of one 'Framework Session' to discuss the budget and growth strategy, followed by **four parallel thematic sessions** on the sectors identified above: Agriculture, Tourism, Oil, Gas and Minerals as well as Trade and Export Promotion.

Each parallel session will begin with **Presentations**, followed by **Key Discussants** who will respond to the policy issues raised by the presenters, and conclude with a General Discussion with members of the audience on "What actionable policy interventions can be adopted in the budget for financial year 2019/20?" After the conclusion of the parallel sessions there will be a presentation made by the **Rapporteurs** (the Permanent Secretaries of the respective line Ministries) on what was agreed in each of the sessions and what "Actionable Recommendations are proposed adoption in FY 2019/20".

The presenters and discussants have been selected in order to strike a balance between the perspectives of practitioners and academics. The session Chairpersons will ensure that discussions focus on actionable policy options, rather than theoretical analysis. As such, the Chair will elicit questions and answers that distill the main messages from the presentations and what they mean for future policy in Uganda.