



PRESS STATEMENT

Friday, June 14, 2019

YOUTH PERSPECTIVES AND RESPONSES TO THE 2019/2020 NATIONAL BUDGET

A critical analysis of whether the 2019/2020 budget responds to key youth concerns and whether it will spur the needed growth and development of Uganda

The Budget Speech

On 13th June, 2019, Minister of Finance, planning and Economic Development (MoFPED), read Uganda's National budget FY 2019/20, which will be implemented under the theme; Industrialisation for job creation and shared prosperity. Youth supported by Uganda Youth Network (UYONET hereby analyse the budget in a youth perspective and presents key concerns;

Youth perspective of the FY2019/2020 budget

The FY 2019/20 budget is UGX 40.5 trillion up from UGX 32.7 trillion (20.9% increase) of which UGX 27.9 trillion (68.9%) is for appropriation and UGX 12.5 trillion (31.1%) is for statutory expenditure. It is further observed that 26.1% of the budget is for recurrent expenditures, 19.0% is development expenditure while statutory expenditure is to take 31.6% of the budget. The highest percentage of the FY 2019/20 budget is to be funded domestically at 74.5% while external funding is to contribute 25.5%. Uganda's affinity to infrastructure development remains high as the Works and Transport sector continues to top the national budget allocations while the public debt continues to haunt service delivery as the FY 2019/20 budget will see UGX 3.1 trillion (7.7% of the total budget) go to interest payment. Despite persistent increase in national budget, unemployment remains a big challenge in Uganda, apparently estimated at 9.2% and is associated with various negative side effects especially among the youths.

Uganda's budget has consistently focused on job creation over the last five years with several interventions ranging from economic empowerment programmes such as Youth Livelihood Programme (YLP), Youth Venture Capital Fund (YVCF), Uganda Women Entrepreneurship Fund (UWEP), youth initiatives by state house, skills development among others. Despite such interventions, youth unemployment remains largely un-tackled. This is mainly attributed to limited funding and lack of clear strategies to holistically tackle the unemployment question mainly relating poor skills acquired by youth from Uganda's education system, limited interventions in agriculture, health, ICT, tourism among others. Uganda's future socio-economic prosperity comes from harnessing the creativity, energy and talents of today's youth and supporting their health, education, ICT, agriculture, employment and participation in decision making to ensure progress.

Key Youth Budget Concerns FY2019/2020

Limited budget allocation and lack of a clear coordination mechanism of Youth centred programs.

Government has put in place youth specific programs under the Ministry of Gender Labour and Social Development (MoGLSD). These include YLP, YVCF and green jobs. However, youth is across cutting category of the population mainstreamed across other MDAs, programs and sectors including UWEP, PRDP2 in the Office of the Prime Minister, NUSAF OWC. Other funding is in state house including the presidential Ghetto initiative among other programs. Such scattered funding and programs might cause duplication and a likelihood that the same groups or youth are benefiting from the different programs because there is no streamlined monitoring system.

Also, in the FY 2019/20, YLP has only been allocated 3.3 billion as Institutional Support at the MGLSD for Youth Livelihood Programme (YLP). This implies that the sustainability of the program is left to the funds that are recovered from the youth groups. However, the auditor general's report for 2018 reveal that YLP had benefited only 195,644 out of 286,200 youths (68%) by 30th June 2018. The Auditor General further revealed low recovery of funds where the groups funded in FY 2013/14 and FY 2014/15 were expected to have repaid a total amount of UGX 33.6 bn, inclusive of interest by the end of FY 2017/18 but only UGX 8.3 billion (24.7%) was collected, leaving a balance of UGX 27.4 billion (75.3%). The failure of the beneficiaries to pay back in the required time affects revolving funds to other youth groups. In addition to this, the recovered funds were not fully deposited into the recovery account. Out of UGX 8.3 billion collected from 105 districts, only UGX 6.9 billion had been transferred to the National Revolving Fund Collection Account by the end of the FY 2017/18 leaving an untraceable balance of UGX 1.4 billion. In FY 2018/19, the MoGLSD expended Shs 17,500Bn on Youth Venture Capital Fund through Centenary Bank. In FY 2019/20, Youth Venture Capital Fund is an unfunded priority. This shows that funding to youth specific programs has not been prioritized in this financial year. UYONET together with partners recommend that government should consider re-allocation and increase of funds for YLP and YVCF because they are the only programs that directly target youth considering the numbers. Also MoGLSD should undertake further comprehensive reviews of the guidelines and access criteria of the two key youth programs (YLP and Youth Venture Fund) taking into consideration the involvement and participation of all categories of youth including youth with disabilities.

Limited Support to Agro Processing & Marketing of Agricultural Products Project

This budget item had only UGX 260,000,000 for the financial year 2018/2019. However, there is no budget allocation for the FY

2019/2020. This implies that youth will participate in agriculture but will have limited access to market and value addition services since there are no resources for value addition. It is important to note that in Uganda most of the agricultural products are marketed in their raw forms, thus taking away the opportunity for higher earnings and job creation in the agricultural value chain. This is also compounded by climate change effects that always leave farmers counting losses in cases of prolonged drought, flooding or strong winds. Even climate change interventions in climate change department were only given UGX660,000,000 FY2019/2020. We recommend that Since the 2019/2020 budget theme is on industrialisation, government should have allocated resources to value addition and Marketing and targeted interventions to climate change (adaptation/resilience) aimed at reducing reliance on rain-fed agriculture to enable youth benefit from agriculture and enable employment of youth in the agricultural value chain.

Drastic budget cut for higher education and limited performance of skilling Uganda programme

There is a drastic budget cut for higher education from UGX112,168 billion in financial year 2018/19 to UGX 81,483 billion in financial year 2019/20. This will lead to inadequate resources for enhancement of staff salaries, leading to great attrition rates. In addition, higher education at graduate level (Masters and PhDs) is not funded by government except for a few scholarships. For innovation to be promoted and continuous empowerment and development of youth potentials, it is important that a deliberate public intervention to tap into interested young brains to pursue master's degrees and PhDs be considered so that these youth can lead the innovation through research and re-direct Uganda's pathway to prosperity and development. Relatedly skilling Uganda programme has not yielded the desired results. The implementation needs to be re-examined and proper effective delivery mechanisms put in place so that Ugandans can appropriately reap from the skilling programme.

Cutting the budget of Essential Medicine such as malaria and Health Supplies (EMHS) and other drugs at Health Facilities

The National Medical Stores, the budget for Supply of Anti-Malarial Medicines (ACTs) to accredited facilities was cut from UGX 10.2bn to 4.7bn in the FYs 2018/19 and 2019/20 respectively. At the same time we saw Members of Parliament increasing their allowances by 39% to a tune of UGX 132 billion. This new resource that MPs are adding on their allowances (untaxed) can

be used to upscale such critical sections of our budget serving majority of Ugandans instead of being cut which worsen the already existing phenomena of persistent drug stock out to the disadvantage of especially the young people who in most cases have no earnings to seek alternative health care from private healthcare facilities.

Stagnating Wage bill and Primary Health Care (PHC) allocations:

In FY 2019/20 PHC is allocated UGX 517,112bn, a slight decrease from UGX 538,639bn approved in the FY 2018/19, most of which will be towards upgrading of the health facilities and actual PHC remaining the same. The budget for FY 2019/20 cuts the funding for this programme further by UGX 21,527bn, a reduction which contradicts the Ministry of Health priority of preventive rather than curative strategy. Since PHC is vital in implementing preventive strategies, its reduction will impede these efforts and hence increase the disease burden.

Secondly, the Ministry of Health plans to upgrade 105 HC IIs to HC IIIs as an addition to 124 upgraded in FY 2018/19 bringing the total number to 229. This upgrade will therefore inevitably entail an increase in the operational expenditure of these health facilities and staff recruitment among others to meet the threshold required for a functional HC III. It has previously been acknowledged by the Ministry of Health that the PHC grants are insufficient to meet their core functions of management and quality service delivery. Further reduction of the PHC budgetary allocation will paralyze the operation of health facilities in Uganda, both high and low level. PHC is a high priority area in the health sector thus funding to it should be increased in the subsequent budgets. Equally to note is the need for adequate wage and non-wage budget allocations for the upgraded health facilities for effective health service delivery in health facilities accessible to majority of the Ugandans, particularly young people.

In conclusion, the fact that the national budget is a development tool, government of Uganda should care to invest heavily in sectors that directly respond to the needs of the people majority of whom are young people. Increasing direct investment in the key sectors of health, education, agriculture, ICT and social development, if well harnessed will lead to transformation of the economy, and in particular may cut down unemployment levels and perhaps resurrect Uganda's hopes of attaining the middle income status in the foreseeable future.