



CSO STATEMENT ON UGANDA'S 2020/2021 BUDGET: THE BUDGET WILL NOT PROMOTE ECONOMIC RECOVERY, COULD WORSEN CIVIC SPACE

1. Introduction

On Monday June 15, 2020, sixteen (16) civil society organisations (CSOs) working to promote good natural resources governance held an online meeting during which they discussed Uganda's 2020/2021 budget and the budget speech. The speech was delivered to parliament by Hon. Matia Kasaijja, the Minister of Finance, on Thursday June 11, 2020.

During the meeting, the CSOs appreciated government efforts to ensure that the budget is reflective of the COVID-19, flooding, locust invasion and other realities that have dealt Ugandans a hard blow.

In particular, the CSOs recognised government plans to prioritise the reinstatement of Ugandans' wellbeing through enhancing healthcare provision, access to safe water and good sanitation and improving food security. The above have been negatively affected by COVID-19, flooding and the locust invasion that Uganda experienced earlier this year.

The CSOs also recognised government efforts to boost the economy through providing business stimuli by injecting over UGX 1 trillion into Uganda Development Bank (UDB), deferring tax payments for some tax compliant corporations and SMEs and allocating UGX 256 billion for the Youth Fund, Women Entrepreneurship Fund and Talent Support Scheme among others.

The CSOs further recognised government efforts to promote access to justice, peace and security and improve public service delivery.

While the above is the case, the CSOs noted that careful scrutiny of the budget and an analysis of the budget speech made by Hon. Kasaijja presents one clear message: *the 2020/2021 budget will not address Ugandans' challenges including a slowdown in the economy, job losses, youth unemployment, wanton environmental degradation and other challenges that government set out to address in the 2020/2021 budget.*

In effect, Ugandans will continue to suffer from the impacts of corruption, COVID-19, environmental degradation and climate change among others unless they engage government. Most of these failures are a result of poor planning such as building dams but government fails

to transmit electricity to consumers, approving oil and sugarcane growing activities in critical biodiversity areas and others.

Below are more of the CSOs' observations.

2. Observations

a). Food security cannot be attained with rampant land grabbing: The CSOs at the meeting observed that during the budget speech, Hon. Kasaija noted that the 2020/2021 budget will have three key objectives including: (i) Improving the wellbeing of Ugandans; (ii) Boosting economic transformation and; (iii) Promoting peace and security.

Under objective number one, Hon. Kasaija noted that government plans on implementing a number of interventions including boosting healthcare, improving on education, increasing access to safe water and sanitation and improving the food security of Ugandans among others.

The CSOs at the meeting noted that the above interventions including boosting food security are important. This is the case because today, over 25 million people in East Africa are faced with food insecurity due to the locust invasion that was seen early this year. The flooding that was seen in districts such as Kasese has also increased food stress.

While the above is the case, government, through the 2020/2021 budget, failed to provide adequate measures to ensure that Ugandans enjoy food security. Instead, government boasted of Uganda's good weather and arable land that make agriculture possible.

Challenges such as land grabbing in the oil and other regions, payment of project-affected people delayed, unfair and inadequate compensation, displacement of communities and others were unaddressed. Yet these challenges leave Ugandans landless.

A landless people cannot be food secure, the CSOs said. Government's allocation of over UGX 1.3 trillion, only 3.8% of the budget, to the agricultural sector also exposes government's unwillingness to improve the sector and food security, the CSOs at the meeting said.

b) Sugarcane is a problem crop: The CSOs also took note of the fact that government plans on promoting economic prosperity through commercialising 14 crops. These include maize, cassava, banana, beans, irish potatoes, sweet potatoes, millet, sugarcane and others.

The CSOs observed that sugarcane is a problem crop. They noted that sugarcane growing has contributed to food insecurity in Busoga. The crop has also contributed to land grabbing or land wrangles including those that were seen in Amuru, where women, in 2017, stripped in protest over taking of their land for sugarcane agribusiness. In addition, sugarcane growing has been a key driver in environmental degradation with Mabira forest being threatened in 2007 and at the moment, Bugoma forest is under threat.

The CSOs observed that government is promoting the highest form of double standards by saying, through the budget speech, that onus will be placed on promoting environmental conservation to safeguard livelihoods while at the same time promoting sugarcane growing which is currently one of the biggest threats to environmental conservation.

c). Locating environmentally degrading activities in critical biodiversity areas: The CSOs further observed that government is also promoting environmentally risky activities such as oil

and gas, rice growing, sand mining, road construction and other activities in protected areas. Yet the same government has sent tough warnings on environmental conservation including in the budget speech. Overall, government set the goal of promoting environmental conservation to enable Ugandans recover from COVID-19, floods and the locust invasions to improve their wellbeing.

The CSOs at the meeting however noted that with government allowing the above-mentioned activities in forests, lakes, rivers, national parks and others, its efforts to conserve the environment to promote food security, water access, combat climate change and others were in vain.

The CSOs also reminded themselves that while the Water and Environment docket has been allocated over UGX 1.7 trillion or 4.8% of the budget, the Works and Transport in addition to the Energy and Minerals dockets had been allocated over UGX 5.9 trillion (16.3%) and over UGX 2.6 trillion (7.1%) of the budget.

The CSOs observed that while it is important to invest in the above dockets, the fact that the money is being invested in projects such as oil roads that are cutting through forests such as Budongo is not only unfortunate but will also deter realisation of the budget objectives.

d) Debts amidst low returns in energy, roads sectors: The CSOs also discussed the debts that have been accrued to construct roads, hydropower dams, power transmission lines and other infrastructure. Public debt stood at USD 13.3 billion as at December 2019. This money has been borrowed and invested in the electricity, roads and other sectors that have over the years taken the lion's share of Uganda's budget. Yet dismal economic returns have been realised from the accrued debts.

A [2015 World Bank study](#) showed that for every shilling invested in infrastructure projects in Uganda, less than a shilling is recouped. This loss was seen for over a decade prior to the study. Yet more money is set to be borrowed to invest in the roads and power sectors through the 2020/2021 budget.

At a time when interest payments took the third largest share of the budget, at over UGX 4 trillion (11.2%), Uganda needs to be more mindful of how it borrows and invests.

e). Failure to increase off-grid energy access: The CSOs at the meeting also objected to government's skewed implementation of the 2018-2027 Electricity Connections Policy (ECP). While they recognised the importance of increasing power access and commended government for connecting 277,500 rural households to the grid at no cost since November 2018, the CSOs noted that a key component of the ECP is not being implemented: that of increasing off-grid energy connections. Under the ECP, government committed to ensure that nearly 1 million customers access off-grid energy by 2027. The CSOs expressed concern that under the 2020/2021 budget, more emphasis was placed on expanding the grid including to rural areas yet the best energy option for rural households is off-grid energy.

f) Corruption in livelihood funds: While lauding government for emphasizing access to funds by the youth, women and others under the youth, women and other livelihood funds, the CSOs at the meeting noted that the corruption in management of the funds, failure by the youth to return

the Youth Livelihood Programme funds and other challenges had shown that government needs to rethink the implementation of the youth, women and other livelihood programmes.

g) Security funds should not be used to abuse Ugandans' rights: Finally, the CSOs also took note of the fact that through the budget speech and State of the Nation address that was made by the president on June 4 2020, government had placed emphasis on improving peace and security in the country. The security docket was allocated over UGX 4.5 trillion, which is 12.4% of the budget. The CSOs at the meeting noted that government should not use the increased security budget to harass politicians, CSOs, human rights defenders and others whom it often harasses to stop asking for accountability in election processes and investments in electricity in addition to oil projects among others.

3. Recommendations

In light of the above, the undersigned CSOs made the following recommendations:

- (i) Parliament should use its oversight powers to ensure that government uses the 2020/2021 budget as approved to benefit citizens. In addition, parliament should task the ministries of lands, environment and other relevant agencies to fasttrack the completion of laws such as the 2018 draft Land Acquisition Bill, 2019 draft Strategic Environment Assessment (SEA) regulations in addition to the 2019 draft Environmental and Social Impact Assessment (ESIA) regulations. These laws are critical for safeguarding both human and environmental rights necessary for any budget to be meaningful to people.
- (ii) Further, parliament should task the Ministry of Environment to amend the 2019 National Environment Act to make it a criminal offence for anyone to issue private titles in protected areas and/or grow sugarcane in forest reserves, wildlife areas, wetlands and others. Funds should be availed in the budget to facilitate this process.
- (iii) In addition, government needs to walk the talk on conserving the environment. To this end, projects such as oil roads, hydropower dams, rice growing, sand mining and others that degrade the environment should not be funded. Parliament should reject requests for funding for these projects.
- (iv) In addition, the continued accrual of debt to invest in large hydropower dams, electricity transmission lines, oil roads and other sectors that have failed to increase power access, will worsen climate change impacts and others needs to be checked. Parliament should reject loan requests for such projects.
- (v) Parliament should also investigate the Achwa dam scandal in which taxpayers are paying for over 30mw of power as deemed energy due to failure by the Ministry of Energy and its agencies to build transmission lines. Those responsible should be prosecuted and be made to pay for the loss.
- (vi) Further, parliament should use its oversight powers to ask the Minister of Energy and government to invest in off-grid solar energy especially for rural poor households to benefit the poor, women, youth and others.

- (vii) Finally, youth and women should demand that the management of their livelihood funds is rid of corruption to improve their effectiveness. The security of politicians, CSOs and human rights defenders should also be protected.

SIGNATORIES

1. Africa Institute for Energy Governance (AFIEGO)
2. Environmental Conservation Trust (ECOTRUST)
3. Guild Presidents' Forum on Governance (GPFOG)
4. Citizens Concern Africa (CICOA)
5. Action Coalition on Climate Change (ACCC)
6. South Western Institute for Policy and Advocacy (SOWIPA)
7. World Voices Uganda (WVU)
8. Oil Refinery Residents Association (ORRA)
9. Centre for Constitutional Governance (CCG)
10. Twimukye Womens Organisation
11. Graffen Organisation –Butimba
12. Association of oil-affected youth
13. Center for Energy Governance
14. African Initiative on Food security and Environment
15. Environment Governance Institute (EGI)
16. Centre for Citizens Conserving