

# Bank of Uganda



## Launch of the National Budget Month FY 2023/24

*Theme: Full Monetization of the Ugandan Economy Through Commercial Agriculture, Industrialization, Expanding and Broadening Services, Digital Transformation and Market Access.*

Uganda Media Centre,

30 May 2023



The Permanent Secretary and Secretary to the Treasury,  
The Commissioner General Uganda Revenue Authority,  
The Executive Director Civil Society Budget Advocacy Group,  
The Executive Director Private Sector Foundation Uganda,  
Our colleagues in the Financial Sector,  
Our colleagues in the media,  
Ladies and gentlemen,  
Good afternoon to you all.

On behalf of the Bank of Uganda, we are delighted to participate in the launch of the National Budget Month under the theme; ***“Full Monetization of the Ugandan Economy Through Commercial Agriculture, Industrialization, Expanding and Broadening Services, Digital Transformation and Market Access”***

My brief remarks will therefore highlight key areas that Bank of Uganda is undertaking to contribute to this theme.

Firstly, in the State of the Economy; the global economy appears to be recovering from the effects of the pandemic and the Russian-Ukraine war, as China fully re-opens its economy. In addition, the global economic recovery has benefitted from the retreating global commodity prices due to cooling effects of tight monetary policies, although the effects of tight

monetary policies have manifested in increasing global banking sector vulnerabilities.

On the domestic scene, Bank of Uganda has endeavored to return inflation to single digit and is edging close to the 5 percent target. Indeed, annual headline and core inflation declined to 8 percent and 6.8 percent, respectively, in April 2023, owing to the appropriately tight domestic monetary and fiscal policies that have resulted in relatively stable shilling. Inflation is expected to continue declining in the months ahead, driven by lower energy prices, improved global supply chains, and exchange rate stability.

Secondly, on the Monetization Agenda, Bank of Uganda is undertaking several strategies to achieve full monetization of the Ugandan Economy and these include;

1. **Regulatory Reforms**: BoU is in final steps of amending the Microfinance Deposit-Taking Institutions Act, 2003. The amendments seek to Provide for Islamic Banking, Agent Banking, and Bancassurance services for the Microfinance Deposit-Taking Institutions and Allow special access to the Credit Reference Bureau by other accredited credit providers and service providers. In addition, the Bank of Uganda is working with the Ministry of Finance, Planning and Economic Development to review and harmonize the Microfinance Deposit-Taking Institutions (Registered Societies) Regulations, 2021.

2. **Small Business Recovery Fund (SBRF)**: The Fund aims to support businesses that were adversely affected by the COVID-19 pandemic, suffered financial distress, and show potential for recovery if provided with loans and liquidity assistance. The SBRF is a risk-sharing fund, sponsored by both the Government of Uganda, and partnering with the supervised financial institutions, each providing 50 percent of the financing. Bank of Uganda is the fund administrator and is responsible for managing the Fund on behalf of the Government. Eligibility for SBRF includes small businesses operated by individuals, groups, partnerships, and companies, employing between 5-49 people and with an annual turnover of Shs. 10 - 100 million.
3. **Agricultural Credit Facility (ACF)**: The ACF was established in 2009 as a risk sharing Public-Private Partnership between the Government of Uganda and the Participating Financial Institutions (PFIs) that include commercial banks, MDIs, CIs, and the Uganda Development Bank Ltd (UDBL). It was established in light of the major challenges that the sector faced, key among which is the access to agricultural finance that is still very limited despite the recent expansion of digital financial services. The ACF- Block Allocation innovation has enabled PFIs to lend up to Shs. 20 million to individual farmers based on alternative collateral. The block allocation is intended to unlock access to credit for micro and smallholder farmers who are otherwise excluded from the formal financial sector due to the stringent traditional collateral requirements by the PFIs.

4. **Scaling Credit Reference Bureau presence**: The Credit Reference Bureau (CRB) has continued to attain growing acceptance as a vital part of the Supervised Financial Institutions (SFIs) credit market since its establishment in 2008. SFIs continued to embrace the use of the credit reports from the CRBs in their loan appraisal process in a bid to improve the quality of loans advanced.

As I conclude I would like to state that Bank of Uganda is fully committed to supporting the *“Full Monetization of the Ugandan Economy Through Commercial Agriculture, Industrialization, Expanding and Broadening Services, Digital Transformation and Market Access”*. Indeed, Bank of Uganda’s Strategic Plan 2022-2027 birthed the revised mission that states; ***To Promote price stability and a sound financial system in support of Socio-economic Transformation in Uganda.***

The revamped Bank of Uganda mission emphasizes the importance of infusing both the means and the ends of Bank of Uganda’s policies, decisions, and actions, to ultimately benefit all stakeholders in their quest to improve their wellbeing.

Ladies and gentlemen, I wish all of us a successful and productive National Budget Month, as well as outstanding results for the Financial Year 2023/24.

Thank you.