



NATIONAL PLANNING AUTHORITY

IMPLEMENTATION PROGRESS OF THE NRM MANIFESTO, 2021 - 2026

BY

**HON. LYDIA WANYOTO – MUTENDE
AUTHORITY BOARD MEMBER**

Right Hon. Prime Minister

Hon. Minister of Finance, Planning and Economic Development

Honourable Members of Parliament,

Director Manifesto Implementation,

Secretariat, Manifesto Implementation Unit,

Media present,

Distinguished Guests, Ladies and Gentlemen.

1.0 Introduction

1. Today marks the closure of the NRM Manifesto week following active sessions by the respective Honourable Ministers that provided good progress on the implementation of the NRM Manifesto. NPA is therefore presenting an overall performance of the NRM Manifesto for the period 2021–2023 in line with the National Development Plan.
2. Uganda's quest to transform from a peasant to a modern and prosperous country has been guided by deliberate policy efforts. It has been a consistent and long-term aspiration pursued over time by the National Resistance Movement (NRM) Government through the Uganda Vision 2040, Third National Development Plan, 2020/21-2024/25 (NDPIII) and the NRM Manifesto, 2021 – 2026.

3. **Underpinned by a stable security, political and macroeconomic environment ushered in by the NRM government**, the country has registered significant economy-wide achievements over the last decade that have laid a foundation for industrialization. The NRM's priorities are well stipulated in the Third National Development Plan (NDPIII) whose goal is **“to increase household incomes and improve the quality of life for Ugandans”**.
4. I, therefore, present the performance of the Economy in line with the implementation of the NRM Manifesto which is also aligned with the NDPIII.

2.0 NRM Manifesto performance in line with the National Development Plan

5. The NRM Manifesto is aligned to the NDPIII and its review comes at a time when a Mid Term Review of the same has just been concluded. At programme outcome level, 22 percent of the NDPIII results were achieved.
6. **Despite facing challenges posed by the COVID-19 pandemic and the Russia-Ukraine conflict, the Ugandan economy has demonstrated remarkable resilience.** Average GDP has registered an impressive growth rate of 6.8 percent in the first two quarters of the financial year 2022/23, surpassing the 4.7 percent growth achieved in the previous fiscal year, FY2021/22. By the end of FY2022/23 economic growth is projected at 5.5 percent, up from 4.7 percent registered in the previous

FY2021/22. From FY2023/24 and beyond it is projected at 6 percent and above. This encouraging recovery trajectory can be primarily attributed to robust macroeconomic policy management that has led to a gradual reduction in inflation, occasioned by the continued implementation of government-supported initiatives targeting household economic activities, and the significant inflow of Foreign Direct Investment (FDI) as Uganda progresses toward the production of first oil.

7. **Poverty decreased marginally from 21.4 percent in FY2016/2017 to 20.3 percent in FY2019/2020 (UNHS, 2019/2020).** In particular, the incidence of income poverty increased during the COVID-19 pandemic from 19 percent pre-pandemic to 22 percent during the pandemic. The effective implementation of the Parish Development Model, as well as other government affirmative action interventions, are expected to contribute to the narrowing of the poverty gaps further.
8. **The surge in international commodity prices resulted in significant inflationary pressure across various sectors, but there has been a recent decline,** particularly in energy and food prices. In July 2022, inflation stood at 7.9 percent and rapidly climbed to double digits in January 2023. However, it has gradually decreased since then, dropping to 8.0 percent in April 2023. These inflationary trends stemmed from disruptions in global supply chains resulting from geopolitical tensions. As these disruptions begin to unwind, inflationary pressures have also started to ease.

9. This Manifesto builds on the previous achievements and seeks to address the unfinished business aware that economic prosperity and stability guarantee national security and political stability are paramount.

10. **The NRM Manifesto is anchored on five broad objectives of:** (i) Broadening the economic base; (ii) Creating an integrated and self-sustaining economy based on import substitution and export-oriented growth; (iii) Establishing a monetized and formalized economy; (iv) Achieving the lower middle-income status; and (v) Generating productive jobs. These are therefore aligned with the NDPIII and progress is presented below.

i. Broadening the economic base.

11. The NRM government aimed to provide and create economic opportunities in all regions of the country to be able to achieve this objective. To date, the agricultural landscape has since significantly improved with the sector registering steady growth between 2.8% and 5.3% compared to 1% and 2% a decade before. In particular, the sector, including forestry and fishing growth improved from 0.9 percent in FY2010/11 to 4.3 percent in FY2021/22.

12. Given the industrialization agenda under the NDPIII, it was assumed that the excess power generated would be consumed by new large industrial enterprises. While generation capacity has substantially increased, this has not transcended

into lowering the cost of power, especially for small and mid-sized industrial users. Expediting the development of industrial parks in tandem with attracting investors (to provide bulk consumption of energy) should therefore be prioritized. The drive to reduce the cost of power to less than US 5 cents per KWh (Annex 1) should continue to be vigorously pursued as a key factor for the country's industrialization.

ii. Creating an integrated and self-sustaining economy based on import substitution and export-oriented growth.

13. The import substitution strategy is a worthwhile strategy that government should continue pursuing vigorously. There is room to implement import substitution if government strategically puts more effort, especially into the following products: petroleum products by expediting the refinery, chemical products by investing in the Petro-chemical ecosystem, vegetable oil products, pharmaceuticals, paper products, and base metals and their products.

14. Uganda stands to benefit from the African Continental Free Trade Area by boosting intra-Africa exports, increasing manufacturing exports, job creation, and enhancing incomes as well as enhancing transport and logistics services in the region. The Ministry of Trade, Industry and Cooperatives is soon launching Uganda's AfCFTA strategy rallying the private sector to reap the benefits of the continental market. To benefit from the African Continental Free Trade Area several challenges

must be addressed including: (i) reducing the high costs of doing business (due to factors such as high regulatory burden and increased import competition); (ii) meeting the required standards set by import countries; (iii) addressing non-tariff barriers to trade (including political barriers); (iv) enhancing economic complementarity through diversification of exports and production.

iii. Establishing a monetized and formalized economy.

15. The NRM government aimed to graduate households from the informal and subsistence levels into the commercial economy. The proportion of households depending on subsistence agriculture as a main source of livelihood has dropped from 41.8 percent in FY 2009/10 to 39 percent in FY19/20 (UNHS, 2019/20). A household's main source of earnings usually indicates its consumption capacity. The government's focus has been to move the population to a modern economy through the Parish Development Model (PDM) as a special purpose vehicle.

iv. Achieving a lower middle-income status.

16. Uganda is firmly on the path to middle-income status.

Uganda's income per capita increased from USD 992 in FY 2020/21 to USD 1,055 in FY 2021/22 in real terms, exceeding the NDPIII target of USD 1,046. This implies that there is a high likelihood of attaining the target of USD 1,198 by FY2024/25. This improvement was partly attributed to increased

government-targeted expenditure to support economic recovery to offset the impact of shocks such as COVID-19. As a result service and industry sectors which contribute the most to GDP i.e 41.6 percent and 26.8 percent and offer the highest share of formal employment registered higher growth rates signifying economic recovery.

v. Generating productive jobs.

17. Despite the Share of the national labour force employed less subsistence improving from 49.4 percent in FY2020/21 to 52 percent in FY2021/22, the share of the working population and youth unemployment rate continues to be below the NDPIII targets of 9.7%.
18. As a result, the number of new jobs increased from 258,286 in FY2020/21 to 345,039 in FY2021/22 and is projected to reach 399,083 if the recent growth trajectories are not revised downwards. However, this is below the target of 1,040,000 jobs. This indicates a positive job recovery between the first and the second years of NDP III.
19. There is growing externalization of labour albeit many are casual labourers. About 98 percent of migrant workers are employed as casual Labourers, with only 0.2 percent holding professional jobs and 1.8 percent working in semi-professional placements mainly in the Middle East. The government has put in place different policies through Ministry of Gender Labour

and Social Development to enforce the bilateral agreements regarding the outsourcing of labour in Uganda.

3.0 Conclusion

20. The economic outlook is positive with the domestic economy showing resilience. NPA forecasts a growth rate of about 5.5 percent for FY2022/23 and 6.0 percent in FY2023/24 and beyond. Several factors will drive this growth, including investments in the oil sector, the recovery of the services sector and the roll-out and implementation of the Parish Development. However, there are significant risks to consider, such as weather shocks, potential delays in oil-related projects, tighter financial conditions, austerity measures, and geopolitical conflicts in the region.

For God and my Country

ANNEX 1: KEY OUTCOME RESULTS

No.	Key Result Areas/Outcomes	Indicators	Baseline	Targets	Actual	Target	Actual	Rating	
			2019/20	2020/21	2020/21	2021/22	2021/22	2021/22	
1	The 68.9% of households still stuck in subsistence agriculture	Proportion of households dependent on subsistence agriculture as a main source of livelihood (%)	68.9	67	39	65	39		
2	Low productivity (yield per acre), output and quality of agricultural commodities to sustain domestic and export markets	Agricultural Real GDP growth rate (%)	3.8	5.2	4.3	5.4	4.3		
3	High levels of post-harvest losses	Post-harvest losses for priority commodities (%)	37	33	18.4	30	18.4		
4	Low household incomes and rising income inequality leading to low purchasing power	Income per Capita (USD)	864	936	954	991	1,051		
		Average monthly nominal household Income (Ugx)	416,000	401,667	200,000	482,297	190,000		
		Population below the poverty line (%)	21.4	25.39	20.3	21.4	20.3		
		Income Inequality (Gini coefficient)	0.42	0.49	0.41	0.43	0.43		
5	High unemployment and underemployment of the young people	Share of working population (%)	79	80.6	78.8	82.2	78.8		
		Share of national labor force employed less subsistence (%)	47.5	48.5	52	49.4	52		
		Youth unemployment rate (%)	13.3	12.2	13	11.6	12		
6	High cost of credit, electricity and transport — which lowers competitiveness of Ugandan products.	Private sector credit	Annual % change	11.2	8.4	7.1	12.9	8.5	
			% of GDP	11.7	10.9	14.35	10.5	15.2	
		Households with access to electricity, %	21	40	23	45	28		
		Cost of electricity (USD cents)	Residential	23	19.4	23	15.8	23	
			Industrial (large)	9.8	8	9.8	7	9.8	
			Industrial (Extra-large)	8	7	8	6.5	8	
			Commercial	17	14.6	17	12.2	17	

No.	Key Result Areas/Outcomes	Indicators	Baseline	Targets	Actual	Target	Actual	Rating	
			2019/20	2020/21	2020/21	2021/22	2021/22	2021/22	
		% of paved roads to total national road network	21.1	27	26.6	30	27.97		
		Travel time within GKMA (min/km)	4.14	3.98	4.1	3.86	4.1		
		%age of District roads in Fair to good condition	61	64.8	69	68.6	70		
7	Low investment in scientific research and development (R&D) that is necessary in informing innovation and policy	Percentage expenditure on R&D	0.01	0.05	No data	0.05	No data		
8	Landownership and security, land use and land fragmentation	Percentage of titled land	21	24	22	29	22.4		
9	High levels of corruption in government and private sector	Corruption perception index	26	28.7	27	30.1	27		
10	Low level of industrialisation	Manufactured exports as a % of total exports	12.3	13.53		14.88	13.5		
11	Low labour productivity.	Labor productivity (GDP per worker - USD)	Agriculture	2,212	2,527	945	2,656	945.0	
			Industry	7,281	8,162	7542	8,446	7,542.0	
			Services	3,654	3,925	3150	4,063	3,150.0	
12	Limited export markets	Export of goods and services as % of GDP	26.24	28.67	14.35	29.53	16.7		
13	Quality of healthcare and education services	Quality adjusted years of schooling	4.5	4.6	No data	5	No data		
		Primary to secondary school transition rate	61	65	61	68	61		
		Infant Mortality Rate/1000	43	41.2	43	39.4	43		
		Maternal Mortality Ratio/100,000	336	311	336	286	336		
		Neonatal Mortality Rate (per 1,000)	27	24	27	22	27		
		U5 Mortality Ratio/1000	64	42	64	39	64		
14	Environmental degradation and climate change	Forest cover (% of total land area)	12.4	12.5	12.3	12.8	13.3		
		Wetland cover (%)	8.9	9.08	8.9	9.2	8.9		

No.	Key Result Areas/Outcomes	Indicators	Baseline	Targets	Actual	Target	Actual	Rating
			2019/20	2020/21	2020/21	2021/22	2021/22	2021/22
		Climate Change Vulnerability Index	2.5	3	3.45	3.5	1.07	

