

**THE REPUBLIC OF UGANDA**

**Ministry of east african community affairs**

**OPENING REMARKS**

**by**

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**1ST DEPUTY PRIME MINISTER/MINISTER OF EAC AFFAIRS**

**AT EAST AFRICAN COMMUNITY POST BUDGET DIALOGUE FOR THE FINANCIAL YEAR 2024/25 ON TAX AND DEBT**

**26TH JUNE 2024**

**AT HOTEL AFRICANA, KAMPALA, UGANDA**

Our Host, SEATINI Uganda,

Distinguished Heads of Ministries, Departments and Agencies,

Invited Guests, Ladies and Gentlemen,

I am very delighted to be part of this East African Community Post Budget Dialogue for the Financial Year 2024/25 where we gather to dissect and discuss the implications and opportunities arising from the recently announced budget. This annual event serves as a crucial platform for stakeholders from various sectors to come together, share insights, reflect on our fiscal policies, and chart a path forward that ensures sustainable economic growth and development for our region.

Allow me to take this moment to also extend my heartfelt gratitude to SEATINI Uganda, for organizing this Dialogue. Your meticulous planning and unwavering dedication have made this important gathering possible. Your efforts in bringing together policymakers, experts, and stakeholders from across the region are commendable, and it is through your hard work that we are able to engage in these critical discussions on taxation and debt management. Thank you for providing us with this invaluable platform to share insights, foster collaboration, and work towards the sustainable economic development of our community.

Dear participants, the budget, as we may know, is not merely a financial plan, but rather, a blueprint for our nations and region’s future. It outlines our priorities, allocates resources, and reflects our aspirations for growth, development, and societal well-being. Therefore, today's dialogue is not just a discussion of numbers and policies but a reflection of our shared commitment to shaping a prosperous and equitable future.

The topics of tax and debt are critical components of our economic landscape. They are not only fundamental to the functioning of our governments but also pivotal in shaping the welfare of our citizens. Today, we have the opportunity to delve into these issues, analyse our current strategies, and discuss innovative solutions that can help us address the challenges we face.

Taxation is the lifeblood of our governments, enabling us to fund essential public services, invest in infrastructure, and promote social welfare. However, it is imperative that our tax policies are equitable, efficient, and conducive to economic growth. We must strive to create a tax environment that encourages investment, supports business development, and ensures that the burden is fairly distributed among all segments of society.

On the other hand, debt management is equally crucial. While borrowing can be a powerful tool for development, it must be managed prudently to avoid unsustainable debt levels that could hinder our economic progress. Effective debt management strategies are necessary to maintain fiscal stability, protect our credit ratings, and ensure that future generations are not overburdened by today's financial decisions.

Worth noting is that East African finance ministers (Kenya, Uganda, Tanzania and Rwanda) presented their spending plans for the 2024/2025 fiscal year which is done on the same day one as one of the major formulas that are used in the EAC to harmonise fiscal measures that affect each country's economy. The African Development Bank (AfDB) projects the region’s growth to pick up from an estimated 3.5 percent in 2023 to 5.1 percent in 2024 and 5.7 percent in 2025, boosted by infrastructure development and increased regional trade.

Allow me draw just highlight on the EAC budgets estimated at $31 bn for Kenya, $18.9bn for Tanzania, $19.2 bn for Uganda, $1.5 bn for Burundi. The Partner States Budgets also outline various new fiscal and monetary intervention, amidst other measures aimed at realising required resources to match the expenditure while improving welfare of the citizens.

From the surface, we notice a general increase in the EAC Partner States Expenditure allocations with Uganda’s allocation significantly increasing from UGX 52.763 trillion for the financial year 2023/24 to UGX 72.130 trillion, Kenya’s expenditure about 4 trillion Kenyan shillings, up from the 3.85 trillion Kenyan shillings for the FY 2023/24 year, United Republic of Tanzania the 2024/25 budget is estimated at TSh47.42 trillion which is about Sh3 trillion higher than the current financial year’s TSh44.39 trillion budget. This raise has several implications across various sectors of the respective Partner States’ economies. Here are some key considerations:

**1. Economic Growth and Development**

**Increased Public Investment**: A larger budget may indicate increased public investment in infrastructure projects such as roads, bridges, schools, and hospitals. This can stimulate economic growth by improving productivity and connectivity.

**Employment Generation**: Higher budget allocations can lead to job creation, both directly through public sector employment and indirectly through the private sector as a result of increased public procurement and infrastructure projects.

**2. Fiscal Policy and Debt Management**

**Revenue Generation:** To support a larger budget, the government might need to enhance revenue collection through improved tax administration or by introducing new taxes. This could have implications for businesses and consumers.

**Debt Sustainability**: If the budget increase is financed through borrowing, it is crucial to consider the impact on national debt levels. Increased borrowing could lead to higher debt servicing costs, which might crowd out other critical expenditures.

**3. Inflation and Monetary Policy**

**Inflationary Pressures:** A substantial increase in government spending can lead to higher inflation if not matched by an equivalent increase in goods and services. The central bank may need to adjust monetary policy to manage inflationary pressures.

**Interest Rates:** To control inflation, the central bank might increase interest rates, which could affect borrowing costs for businesses and consumers.

**4. Social Services and Welfare**

**Healthcare and Education**: Higher budget allocations can potentially enhance the quality and reach of social services such as healthcare and education, leading to improved human capital development.

**Social Protection:** Increased funding for social protection programs can help reduce poverty and inequality, ensuring that vulnerable populations have better access to essential services.

**5. Private Sector Response**

**Business Confidence:** The private sector might react positively if the increased budget is perceived to be well-managed and directed towards productive investments. Conversely, concerns about fiscal sustainability could dampen business confidence.

**Investment Climate**: Improved infrastructure and public services can create a more favourable investment climate, attracting both domestic and foreign investors.

**6. Governance and Accountability**

**Transparency and Efficiency**: With a significant increase in budget, there is a heightened need for transparency and efficient use of funds. Strengthening institutions responsible for auditing and monitoring public expenditures becomes crucial.

**Corruption Risks:** Larger budgets can also increase the risk of corruption if not managed properly. Robust anti-corruption measures and greater public accountability are essential to ensure funds are used effectively.

**7. External Relations**

**Donor Confidence:** A well-structured budget increase can boost confidence among international donors and financial institutions, potentially leading to increased foreign aid and investment.

**Regional Influence:** Enhanced fiscal capacity can strengthen Uganda’s position within regional organizations like the East African Community, allowing for greater influence in regional economic and political matters.

As we engage in today's dialogue, let us keep in mind the broader goal:

***“Fostering a Resilient and Prosperous East African Community”.***

Our discussions should be guided by a commitment to transparency, accountability, and collaboration. By sharing our experiences, insights, and best practices, we can develop comprehensive strategies that will enhance our fiscal policies and promote sustainable economic growth.

I encourage each of you to engage actively, exchange perspectives, and challenge assumptions. Let us explore how this budget can stimulate innovation, drive sustainable economic growth, address social challenges, and pave the way for a resilient and inclusive society.

Allow me to extend my gratitude to all the speakers, panellists, and participants who have joined us today. Your expertise and contributions are invaluable, and I am confident that our collective efforts will lead to meaningful outcomes.

Together, let us seize this opportunity to forge partnerships, identify synergies, and collectively contribute to realizing the full potential of our nation. I am confident that our deliberations today will yield valuable insights and actionable strategies that will guide our journey towards a brighter tomorrow

I am actually overjoyed when organizers of such great gatherings actually consider the matter of EAC integration. It speaks volumes about involvement of the populace in the integration agenda which bridges the gap that has always existed between the architects and the actual intended beneficiaries of the EAC integration. This is huge step for Uganda in supporting our population to strategically position themselves to reap maximum benefits from EAC Integration. As a ministry, we are extremely proud to associate with this dialogue and pledge to always walk with you is driving the integration agenda. I also encourage us all to take keen interest in matters of integration as they are actually intended for us.

Colleagues, allow me once again thank the organizers of this event for the invitation extended to the Ministry of EAC Affairs and honouring us with the role of opening the dialogue.

With these remarks, ladies and gentlemen, allow me thank you once again for your presence and participation. Let us now embark on this dialogue with enthusiasm and a shared sense of purpose.

For God and My Country