

Sticking to the rules

INTERVIEW WITH SYDA BBUMBA

MINISTER FOR FINANCE, UGANDA



**SYDA NAMIREMBE
BBUMBA**

holds a BCom degree in Accounting and a Master of Business Administration (MBA). She is a Chartered Certified Accountant with an ACCA II qualification. She also holds several diplomas and certificates in banking, finance and management. She was a member of the Uganda Electoral Commission in 1996 prior to being elected to the Parliament of Uganda, representing Nakaseke County, Nakaseke District. From 2002 until 2006, she was Minister of Energy & Minerals. From 2006 until 2008 she served as Minister of Gender, Labour & Social Affairs.

Could you provide an overview of Uganda's current financial situation?

Uganda is part of the global economy, part of the East African market, and part of the African regional market. To that extent, Uganda has been affected by the current financial crisis. But we have been relatively lucky. One of the reasons why the crisis has not affected us is because our financial sector is ring-fenced. There is no evidence of any exposure to toxic assets in our banking system from multinational banks. Some of the commercial banks have repatriated money to assist parent companies, and to some extent this has affected the foreign exchange situation. Foreign banks that borrowed abroad now borrow here, sending interest rates up. The financial sector is buoyant; we expect growth next year of between 6 per cent and 7 per cent. The global average is about 0 per cent and the regional is 2.5 per cent, so Uganda is among the fastest-growing economies in the world.

How is that translating into budget spending, year on year?

My budget is expanding. Last year it was six trillion shillings (US\$3 billion), and is now seven trillion shillings. In dollar terms the increase looks marginal because the shilling has depreciated due to the slowdown in foreign direct investment and capital outflows. But the international donors have kept their commitments, although some NGOs have slowed down.

About 30 per cent of our budget comes from donors. This year it will be 32 per cent because of depreciation.

We regularly sign accords with the EU on donations. We also recently signed an agreement with the Norwegian government on the use of alternative energy. We have a credit of US\$1 million dollars to help us with our environmental and energy policy that involves growing and replanting trees for commercial purposes.

As regards governance issues, your ministry has a key role to play in accountability. What structures are you putting in place in this regard?

We have a number of structures, some are new and some have been in existence for a while, like the Parliamentary accountable Public Accounts Committee which oversees spending. There is a financial ombudsman, as well as the auditor general's office. And there is legislation covering procurements to make sure that they comply with government guidelines. I recently established

a committee in this ministry to monitor value for money and cost implementation. The committee makes quarterly returns and meets with the president to monitor the ministry's performance. We emphasise transparency, which is why we have twice-yearly meetings with donors.

How is tax collection improving?

There has been significant improvement. I think we could say that Uganda was almost dead; but now it is on its feet. Some weaknesses remain, however. The tax authority has been significantly reformed, and we continue to reform, although there has been no new measures this year. A lot of taxes still go uncollected through poor administration. But I can say that the one trillion shillings we have budgeted for will come through improved tax collection and administration.

What role will your ministry play in overseeing the transparent use of oil revenue?

We are mindful of the Dutch disease and that oil can be a curse. We are going to create special accounts for oil revenue and we are aware that this is a finite resource. We must create a special account for projects that will bring future benefits, such as infrastructure, education, and housing.

As regards attracting foreign investment to help develop the oil sector, we have a regulatory framework in place and the legislation is being prepared. We need to amend laws, and we will do this. The government would prefer to develop the oil sector alone, but we know that we don't have the resources. There is potential in the private sector. One has to be careful, we can bargain better when the oil is out of the ground.

How is policy coordinated between the different government institutions?

We have a technical committee that coordinates policy. At a later stage we will set up an oil board, and we plan to set up a national oil company in the future. It will be some time before all the institutions are in place. But by the time the oil is on stream, the institutions will be in place. What is important is policy. I was involved in the privatisation of the energy sector. We carried out this process in parallel. We set up the institutions as we carried out the process. There will not be an industry operating without rules. E