



06th July 2021.

CSO CALL FOR TRANSPARENCY AND ACCOUNTABILITY OF THE USD 1 BILLION INTEREST-FREE EXTENDED CREDIT FACILITY TO UGANDA

Greetings from the Civil Society fraternity in Uganda.

We welcome the support the International Monetary Fund (IMF) has extended to Uganda and other developing countries to respond to the COVID-19 pandemic. This move by the IMF is commendable given the health and economic challenges most countries are facing amidst these unprecedented times.

We are aware that in June 2021, the IMF Board approved about USD 1 billion interest free Extended Credit Facility to Uganda for a period of 3 years, which will support Uganda's short-term response to the COVID-19 crisis and help sustain a post-crisis inclusive recovery. This comes after the IMF Board in 2020 approved USD 498.2 Million interest free Rapid Credit Facility to help finance health, social protection, and macroeconomic stabilization measures for Uganda.

We welcome this financial support, which comes amidst contraction of Uganda's domestic revenue generation potential as highlighted by the Uganda Revenue Performance Report FY 2019/20 report, which revealed that Uganda Revenue Authority failed to collect UGX 2,606.84 billion in 5 months due to COVID-19. We further commend Government of Uganda, just like all recipients of the Rapid Credit Facility for committing to foster transparency and accountability for first Rapid Credit Facility and in its Letter of Intent to IMF, Government committed to adhere to the best fiscal management practices to minimize wastage and misuse of these funds.

To the contrary however, the Thematic Audit Report on COVID-19 pandemic Government Interventions (February 2021) by Uganda's Office of the Auditor General, revealed that utilization of the Rapid Credit Facility was marred with several irregularities which undermine the principles of prudent public finance management. For instance, this report reveals that Public Procurement guidelines were flawed and as result, UGX 143.83 billion was misappropriated. Furthermore, whereas Government of Uganda in its letter of intent committed to provide a separate report for the utilization of the funds Uganda Development Bank received, we are concerned about the lack of transparency on the beneficiaries that received funds through this credit facility. This therefore means that the post crisis inclusive recovery objective of the current loan may not be tenable under such irregularities.

We commend IMF stand on ensuring transparency and accountability in pandemic-related spending, so that these funds serve the intended purpose. We however have the following asks, which if implemented would go along away in ensuring Uganda applies the best fiscal management practices to minimize wastage and misuse of these funds:

Our asks.

1. As committed, IMF needs to improve monitoring of the implementation of policy commitments made by Uganda on the emergency loan including measures to ensure that disbursements of emergency lending are not wasted.
2. IMF to provide feedback on how the Uganda Government utilized the loan worth USD 498.2 million extended to Uganda in 2020 during the first wave of COVID-19.
3. All accounting officers and companies implicated in the misuse of the first COVID funds should be dealt with in accordance with Section 79 (2) of the Public Finance Management Act (PFMA, 2015)¹.
4. IMF to task Government to establish clear guidelines for funds utilization which are easily accessible to citizens to enable them to monitor such spending to ensure transparency and accountability for the resources.
5. The IMF loans should not be used to meet recurrent expenses of Government such as salaries, purchase of vehicles, creation of administrative units and others.
6. All public procurements related to the IMF loan funds should be displayed in a timely manner on the Government procurement portal for transparency and executed in line with the with the Public Procurement and Disposal of Assets Authorities law (PPDA).
7. There should be timely release of COVID – 19 fund utilization report with specific reporting timelines. (e.g., quarterly, or biannual reporting is highly recommended).
8. The COVID-19 fund report should provide details on the physical and financial performance to show Value for Money.
9. The COVID-19 fund utilization report should be published and must have a list with details of individuals and companies that are involved in any mismanaging of the funds.
10. The Fund must task Government to establish a mechanism of recovering any lost monies.
11. We equally beseech the Fund to advice Government on the sustainable management of borrowed funds given the fact that Uganda's public debt to GDP ratio is above the 50 percent threshold.

We pledge to continue advocating for transparency and Accountability from Government in relation to public expenditures in a bid to realize inclusive and sustainable development processes.

We will continue seeking platform between the Fund and the Civil Society to share experiences of fund management during the first COVID-19 wave in 2020 and the opportunities to handle this fund better during this second wave of COVID-19.

This statement has been written and agreed by:

#	Organization
1	Civil Society Budget Advocacy Group (CSBAG)
2	Oxfam in Uganda
3	Centre for Health, Human Rights and Development (CEHURD)
4	Southern and Eastern Africa Trade and Negotiations Information Institute (SEATINI)
5	Centre for Constitutional Governance (CCG)

¹ (2) A person who commits an offence under this section shall on conviction be liable to a fine not exceeding five hundred currency points, or a term of imprisonment not exceeding four years, or both.