

## SEATINI Advises Government on an Inclusive COVID-19 Economic Recovery Plan

**“The ongoing COVID 19 pandemic offers us an opportunity not only to rethink our economic policies but also the role of the state in development. There is an urgent need to rethink the “Laissez-faire” way of doing things which has robbed government of its control in key areas of the economy such as banking.”**

On 29th July 2021, SEATINI Uganda appeared before the Parliamentary Committee on Trade, Tourism and Industry to present a position paper on “Uganda’s economy and COVID 19: Implications, Lessons and a way Forward.” The Committee is currently investigating the impact of the COVID-19 Pandemic on Uganda’s trade, Tourism and Industry Sector.

“Uganda is facing a multi-layered crisis comprising of a health and debt burden, domestic economic disruptions, capital flow reversals, and disruption of value chains which have led to reduced demand and supply of goods and services and weaker commodity prices,” Jane Nalunga, Executive Director at SEATINI Uganda said last Thursday at Parliament of Uganda during a meeting attended by Members of Parliament from the Committee on Trade, Tourism and Industry.

In a bid to curb the spread of COVID 19, government put in place various measures which have affected the economy livelihoods especially the operations of Micro, Small and Medium Enterprises (MSMEs) which comprise of over 90% of Uganda’s private sector have been hit most by the pandemic through the supply, demand and financial related shocks, Nalunga said.

In the position paper presented to the Parliamentary Committee on Trade, Tourism and Industry, SEATINI Uganda pointed out that even before COVID-19, Uganda’s economy has been faced with structural and systemic challenges which have over time undermined her efforts to achieve structural transformation and inclusive development. These challenges have led to inter alia, the increasing unemployment; high poverty levels; marginalization of the most vulnerable; inequality; unprecedented indebtedness (recorded at UGX 66.1 Trillion as at June 2021); increasing social and economic human rights abuses, and environmental degradation.

“Whereas we recognize that the government of Uganda is undertaking a number of interventions in order to resuscitate the economy Post-Covid-19, achieving the much-desired structural transformation and inclusive development will remain a challenge unless a number of socio-economic policy reforms at national, regional and global levels are undertaken beyond the COVID-19 context,” Nalunga said.

SEATINI also expressed concern about the over liberalization of domestic markets leading to the influx of cheap and subsidized products. This has even resulted into the collapse of a number of industries e.g. textile and leather industries.

Regarding access to viable finance for MSMEs, SEATINI advised government to support MSMEs whose cash flow has been adversely affected due to the ongoing COVID-19 crisis. Although government has proposed and also put in place the economic Stimulus Packages including the Uganda Development Bank (UDB) Fund; Emayooga; the Parish Revolving Fund; tax deferments and Loan extensions among others, these packages need to be assessed and redesigned accordingly to address the challenges faced by the MSMEs.

Furthermore, SEATINI observed that currently Uganda does not have an updated National Trade Policy since the expiration of the Policy in 2018 which presents a challenge on what strategic direction the country should be taking regarding enhancing her trade competitiveness. SEATINI called on the Ministry of Trade to fast-track the finalization of the new National Trade Policy to respond to the current dynamics and challenges faced by the sector.

Hon. Mwine Mpaka, the Chairperson of the Committee, put it to SEATINI to advise whether UDB is helping to revive the economy during this period given that it was recapitalized to serve as a vehicle through which the government can support MSMEs to recover from the shocks and stresses induced by COVID 19.

"Many MSMEs have failed to access funding from UDB given the conditionalities that are not appropriate for our Medium and Small Sized Enterprises (MSMEs). She later advised that government could consider disbursing the funds through other commercial banks or private sector associations or even compel UDB should be able to reduce on those conditionalities," Nalunga said.

In the same vein, Africa Kiiza, a Trade Policy Analyst at SEATINI noted that UDB mainly focuses on the Small and Medium Enterprises (SMEs) as opposed to Micro Enterprises and yet considering the categorization of MSMEs, the Micro comprise of over 70% of this categorization which becomes problematic.

"Although government recapitalized UDB, it is not fully resuscitating MSMEs which are the engine of growth for the economic development, innovation, wealth creation of Uganda," Kiiza said.



Immediate Right, Ms. Jane Nalunga, SEATINI Uganda Executive Director presenting to the Parliamentary Committee on Trade a Position Paper on Uganda's Economy and COVID 19

**For more information, please contact:**

Southern and Eastern Africa Trade Information and Negotiations Institute – (SEATINI) Uganda  
P. O Box, 3138, Kampala  
Plot 806, Block 213, Bukoto-Kisaasi Road – Kampala  
Email: [info@seatiniuganda.org](mailto:info@seatiniuganda.org)  
Tel: +256 414 540856/ 707481726  
Website: [www.seatiniuganda.org](http://www.seatiniuganda.org)