



Strengthening Africa in World Trade



ADVOCACY CAMPAIGN ON THE TRANSPARENT AND ACCOUNTABLE USE OF SDRs IN UGANDA

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INTRODUCTION

- ❑ Uganda as an IMF member country, received about \$490 million equivalent of 1.7 trillion Ugandan shillings.
- ❑ The central government has two options i.e. to either
 - *Keep these resources as reserves at the Central Bank and thus rely on them for Monetary Policy purposes and feed into the country's balance of payments stability by stabilizing exchange rates for smooth flow of imports and exports.
 - *Alternatively, these resources could be exchanged for hard currencies such as the dollar, pound, or Euro and then get channeled to the finance ministry for budget support.

OUR CONCERNS

- **Limited Transparency:** The proper and transparent use of these resources and consequent accountability have been likely left solely to the discretion of the Central Bank and a few technocrats within the finance ministry with limited involvement and dialogue with other key players within Civil Society, the media, and Parliament.
- **Risk of prioritization of debt repayment vs Recovery Efforts:** Uganda will spend over 4.7 trillion shillings in interest payments to her lenders within the current Financial Year 2021/2022 placing the new SDRs at risk of being used for debt repayments than rather supporting recovery efforts.

This therefore puts these resources at risk of mismanagement or having them used for other purposes that may not be key at the moment.

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- **The systemic unfairness within the current Global financial and monetary system:** a large chunk of the new \$650 billion worth of SDRs was allocated to bigger economies like the USA and China leaving smaller vulnerable economies like Uganda with only a very small proportion of these funds. Within this new allocation, the USA received over \$113.4 billion worth of SDRs which is more than 5 times what was allocated to all 24 Low-Income Countries collectively.

OUR ADVOCACY ON SDRS



ACTIVISTS URGE GOV'T TO USE NEWLY ACQUIRED SHS1.7TRN TO PURCHASE COVID-19 VACCINES » BUSINESS FOCUS

As SEATINI, we have carried press conferences in collaboration with different CSOs both at national level, regionally and globally such as AFRODAD, EURODAD etc

As well as the use of media to channel information to the general public through press releases, articles etc.

We are continuing to engage with Member of Parliament as well as the IMF on SDRs.

OUR RECOMMENDATIONS

A. GOVERNMENT:

- Bank of Uganda should exchange these resources into freely usable currencies like the dollar and channel them to the finance ministry for budget support.
- Priority on utilization of these new funds should be placed on procuring vaccines and critical medical and protective equipment; injecting more money into the real economy; supporting micro small and business enterprises; providing adequate social welfare support through programs such as direct cash transfers among others
- The Central Bank and Ministry of Finance should hold national dialogues

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with Civil Society, Parliament and the general public to collect their views on the proper and transparent utilization and management of these resources.

- Bank of Uganda should publish periodic reports on the use of these resources. The reports should be structured in a way to provide more details on the physical and financial performance to show Value for Money.
- The newly acquired SDR funds should not be used for any repayment of debts owed to creditors
- The Ugandan Government should seek debt relief from her creditors to

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- save resources necessary to fight the pandemic.
- Bank of Uganda and the Ministry of Finance should clearly provide the legal framework that will be followed in the management and utilization of these SDR Funds.
- The central bank and Ministry of Finance should provide a comprehensive report to account for the utilization of its 2009 SDR allocation that were received from the IMF. Parliament:

B. PARLIAMENT

- The Parliament of Uganda should play a stronger oversight role and ensure that these funds are used prudently

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C. CIVIL SOCIETY:

- Civil society should engage parliament and the general public to raise their awareness on these resources and the need for them to track their proper use.
- Civil society should engage on the need for critical systemic reform of the IMF and World Bank governance to ensure global equity. Key areas for focus include the prevailing global debt and financial architecture that remains largely tilted in favor of advanced economies. CSOs should

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advocate for a fairer distribution formula for any newly issued SDRs to ensure that they are directed towards the most vulnerable economies.

Currently working closely with AFRODAD, EURODAD and other stakeholders for collective advocacy.

D. INTERNATIONAL MONETARY FUND:

- IMF should support transparency efforts on the proper utilization of the newly issued SDR resources and other loan resources to enable citizens easily monitor such spending.
- IMF should encourage the Ugandan government to take advantage of debt relief under the provided initiatives such as the G20 Debt Service Suspension Initiative.
- The IMF should not push Uganda to implement further austerity measures for recovery.

CONCLUSION

We therefore wish to note that unless the above identified concerns and recommendations are addressed, the newly allocated SDR resources to Uganda might fail to play their intended role of financing the fight against the pandemic and drive a just, green and fair post COVID-19 recovery.

Link to the Position Paper: <https://seatiniuganda.org/download/cso-statement-on-the-new-1-7-trillion-490-million-usd-imf-allocation-of-special-drawing-rights-to-uganda/>

More information can be found on our website: www.seatiniuganda.org



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Thank You

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