

MINISTERIAL STATEMENT ON THE PARISH DEVELOPMENT MODEL

INTRODUCTION

1. Madam Speaker, I thank you for this timely opportunity to make a submission on implementation of the Parish Development Model which is expected to start in Fiscal Year 2021/22. Colleagues will recall that on 30th January 2020, Parliament approved the 3rd National Development Plan (2020/21 to 2024/25). The goal of NDP III is to increase household incomes and improve the quality of life of Ugandans. This goal demands our collective and focused effort together with the support of our partners in development including the private sector. This collective effort is guided by the theme of the NDP III: “sustainable industrialisation for inclusive growth, employment and wealth creation.”
2. Madam Speaker, Colleagues will appreciate that internal and external markets are vital for our industrialisation agenda. This reality was made very apparent recently by the COVID-19 pandemic. The pandemic has reminded us of the urgent need to speed up our national efforts to rapidly grow the share of Ugandans in the monetised economy where effective demand is generated to support industrial growth. We must do so without compromising the need to grow the quality and quantity of our exports to regional and international markets.
3. The 2014 National Population and Housing Census revealed that 68% of Ugandan households relied on subsistence agriculture as their main source of livelihood. This number did not include subsistence households in non-agricultural sectors. Uganda Bureau of Statistics (UBoS) has since defined the subsistence economy to capture subsistence households in both the agriculture and non-agricultural sectors; and to distinguish between being in the subsistence economy and being poor as highlighted in Box 1 below. The 2016/17 Uganda National Household Survey (UNHS) revealed that 39% of households (3.3 million) were in the subsistence economy; of which 24.2% were agricultural households and 14.8% were

non-agricultural households (Table 1 below). UBoS has further undertaken to establish the share of all households in the subsistence economy using the 2019/20 Uganda National Household Survey (UNHS), and these estimates will be released at end of April, 2021.

Box 1: Definition of Households in the Subsistence Economy

Households in the Subsistence Economy are defined as those engaged in production of goods and/or services whose returns are only enough or unable to meet their basic food and non-food requirements. They include households engaged in subsistence farming; earning a wage or salary; operating a business; and completely not working.

Table 1: **Households in Subsistence and Non-Subsistence Economy (2016/17 Figures)**

Economic Activity	Households	Share(%)
Subsistence Farming	2,042,000	24
Wage/Salary Earning	384,200	5
Income-Generating Enterprise	795,100	9
Not Working	78,400	1
Sub-Total: Subsistence Economy	3,299,700	39
Wage/Salary Earning	2,148,000	25
Income Generating Enterprise	2,702,200	32
Not working & living above poverty line	306,000	4
Sub-Total: Non-Subsistence Economy	5,156,200	61
Total Households	8,455,900	100

4. Madam Speaker, you are aware that in 1992, 56% of Ugandans were living below the national poverty line. By 2016/17, Government's poverty eradication efforts had reduced this share to 21.4% (8 million people). The Youth Livelihood Programme (YLP) and the Uganda Women Empowerment Programme (UWEP) are some of recent development programmes helping to further drive down poverty. Despite the general success

registered by these and other related programmes, they continue to be characterised by the following limitations:

- i) Their coverage has been localised to a few parishes at a given time,
- ii) They have not been directly relevant to the country's industrialisation and food security agenda,
- iii) They generally suffer from high administrative costs, and
- iv) Their services are relatively expensive for their intended beneficiaries. I will illustrate this point later in my statement.

5. Madam Speaker and Colleagues, having 2 out of every 5 Ugandans living from hand-to-mouth is unacceptable. Government is convinced that nothing can better guarantee inclusive growth and employment for Ugandans than equitable participation of more Ugandans in the monetised economy. It is the above background that I now wish to proceed to talk about the Parish Development Model – a reform that is fully backed by the Local Government Act (1997); the Public Sector Transformation Programme of NDP III; the Manifesto of the National Resistance Movement (2021 to 2026) and both Presidential and Cabinet directives on priority commodities for Area-Based Commodity Development (ABCD).

THE PARISH DEVELOPMENT MODEL

6. The Parish Development Model (PDM) is a strategy for organising and delivering public and private sector interventions for wealth creation and employment generation at the parish level as the lowest economic planning unit. Its implementation marks a major milestone in Uganda's development journey in three main ways:

- a. It accelerates implementation of Area-Based Commodity Development (ABCD) planning which is vital for realising the quantity and quality of agricultural production required for agro-industrialisation and export development

- b. It extends the whole-of-government approach for development to the parish level in a consolidated manner as opposed to working in silos; and
 - c. It localises Vision 2040 and the National Development Plan for effective measurement and management of development interventions.
7. The Parish Development Model is made up of seven pillars (Table 2). These pillars are implemented by both public and private sector institutions at the central and local government levels.

Table 2: Pillars of the Parish Development Model

Pillar 1	Production, Processing and Marketing (Value Chain Development)
Pillar 2	Infrastructure and Economic Services
Pillar 3	Financial Inclusion
Pillar 4	Social Services
Pillar 5	Community Data (Community Information System)
Pillar 6	Governance & Administration
Pillar 7	Mindset Change

8. Madam Speaker, the Local Government Act (1997) provides for the parish as a planning unit of government. Section 47 specifically, provides for a 11-Member Parish Executive Committee (PEC) comprising of the members listed in Table 3 below. One third of PEC members should be women. The Harmonised Participatory Planning Guide for Parishes/Wards issued by Ministry of Local Government (MoLG) in 2003 adopted the Parish Council as the default Parish Development Committee (PDC). The same Guide also provides for co-opted people with expertise to advise the PDC in technical areas under consideration by the PDC. This effectively makes the PDC a technical arm of the Parish Council. The co-opted people represent various experiences and interests. They include representatives of faith-based organisations and reputable persons such as retired civil servants like teachers.

Table 3: Composition of the Parish Executive Committee

1. Chairperson
2. Vice Chairperson
3. General Secretary
4. Secretary for Information, Communication and Education
5. Secretary for Security
6. Secretary for Finance
7. Secretary for Production and Environmental Affairs
8. Secretary for Youth
9. Secretary for Women
10. Secretary for Persons with Disabilities
11. Secretary for Council of Older Persons

9. The Local Government Act further provides, under Section 69, that the Parish Chief will be responsible for ensuring implementation of district and Government policies and programmes in his or her area of jurisdiction. It mandates the Parish Chief to assist the Parish Council in planning, budgeting and budget implementation; supervise or monitor the implementation of socioeconomic development projects; and to implement lawful policies and decisions of the Council. The Parish Chief is under the supervision of the Parish Council, Sub-County Chief and Chief Administrative Officer.

RESULTS FRAMEWORK OF THE PARISH DEVELOPMENT MODEL

10. Madam Speaker and Colleagues, the **goal** of the PDM is socioeconomic transformation for wealth creation and employment generation at the parish level. Performance against this goal will be measured by the share of households who graduate into the non-subsistence economy. This share will be monitored and reported on at parish, district and national levels.
11. Madam Speaker, the Parish Development Model consists of the following three components which are briefly highlighted below: Strategic Planning and Financing; Commercial Household Production and Performance Results.

Strategic Planning and Financing

12. Government has identified and prioritised development of eighteen (18) commodities under the Parish Development Model (Table 4). These are commodities that have market locally and internationally.

Table 4: Priority Commodity List for the Parish Model

1. Coffee	10. Fish
2. Cotton	11. Dairy
3. Cocoa	12. Beef
4. Cassava	13. Bananas
5. Tea	14. Beans
6. Vegetable Oils/Oil Palm	15. Avocado
7. Maize	16. Shea Nut
8. Rice	17. Cashew Nuts
9. Sugar Cane	18. Macadamia Nuts

13. Successful implementation of the Parish Development Model requires ready market and value addition for the production surplus from the parish. This market is provided by SMEs and cooperatives engaged in processing, manufacturing and exporting of the 18 priority commodities. The sustainable growth and development of these SMEs requires a competitive business environment including access to development finance. To this end, the Ministry of Finance, Planning and Economic Development (MFPED) will play its role of strategic economic planning and financing as highlighted below.

i) **Negotiating Markets:** Working under regional and international economic cooperation frameworks such as EAC to drive up volumes and values of Ugandan exports

ii) **Value Chain Development (Zonal and National):** Guiding public and private investment to support processing and manufacturing at the zonal and district level. This includes having in place zonal-specific economic plans for development of commodity value chains in support of increased production and productivity at the parish level

iii) **Fostering a Competitiveness Business Environment:** Prudent management of the macroeconomy to ensure a stable and low-

cost business environment capable of attracting private investment and boosting exports

iv) Mobilising SME Financing: Alignment of microfinancing strategies at the parish level with financing strategies for SMEs, Cooperatives and Industrialists at the zonal and national level under the auspices of the National Financial Inclusion Strategy and the Financial Sector Development Strategy (FSDS).

Commercial Household Production

14. Madam Speaker, under the Parish Model, the CAO will be tasked with the responsibility to achieve a sustainable production surplus of the applicable commodities by the parishes in his/her district.

Performance Results

15. Madam Speaker, Consistent with the whole-of-government approach, Office of the Prime Minister (OPM), together with Uganda Bureaus of Statistics, Ministry of Local Government and the Ministry of ICT and National Guidance will spearhead government-wide coordination of performance measurement and management under the Parish Development Model.

SPECIFIC INTERVENTIONS OF THE PARISH DEVELOPMENT MODEL

16. Madam Speaker, each of the seven Pillars of the Parish Model has specific interventions and budgets allocated to it. Details are contained in a document titled “A Quick Guide to the Parish Development Model” that I will lay on the Floor at the end of my statement.

17. Of the seven pillars of the Model, Pillar 3 on Financial Inclusion represents the most significant changes for the budget for in FY 2021/22. I will therefore highlight the key interventions and budgets contained under this pillar.

18. **Pillar 3 – Financial Inclusion:** Interventions under this pillar are intended to promote savings and investment by households in activities with a potential for generating a production surplus. The specific interventions include:

- i) Establishment and capitalisation of the Parish Revolving Fund,
 - ii) Supervision of parish-based SACCOs by Uganda Microfinance Regulatory Authority (UMRA),
 - iii) Capitalisation of constituency-based SACCOs under the Presidential Initiative for Wealth Creation and Jobs (EMYOOGA) for households in the non-subsistence economy
19. Participating parish-SACCOs under the Parish Development Model will lend funds from the Parish Revolving Fund to individual households or household collectives at a concessional interest rate [inflation +1%]. This is intended to ensure that there is no loss of value of money.
20. Ushs 404.3 billion has been budgeted for capitalisation of the Parish Revolving Funds in FY2021/22. This translates to an average allocation of Ushs 38.16 million per parish. Government will allocate more funds to further capitalise the Parish Revolving Fund in the subsequent Financial Years of the NDP III period. To allow time for consultations and preparation of a detailed allocation criteria for parish-specific allocation of funds, parishes will receive a uniform allocation of Ushs 38.16 million in FY 2021/22.
21. In FY 2022/23 and the medium term, the specific amount of funds to be allocated to the Revolving Fund of the respective parishes will be determined using the following broad criteria:
- i) Share of households in the subsistence economy by sub-county. This will be established using a Parish Register to be established under Pillar 5 of the Model
 - ii) Affirmative action for special groups (women, youth and Persons with Disabilities). Consistent with the current affirmative policy of Government, we are proposing that parishes allocate 30% of the money from the Parish Resolving Fund to household enterprises endorsed by women in the household.
 - iii) Affirmative actions for different regions and zones based on parameters such as poverty.

HOW WILL THE PARISH MODEL BE FINANCED?

22. Madam Speaker, with exception of Pillar 3 on Financial Inclusion, all pillars of the Parish Development Model will continue to be funded under existing arrangements. In FY 2021/22, the Pillar 3 of the Parish Development Model will be financed through amalgamation of the wealth funds listed in Table 5 below.

Table 5: **Amalgamated Funds to Finance the Parish Model**

	Wealth Fund	FY2021/22 Allocation (Bns)
1	Youth Livelihood Fund	-
2	Uganda Women Empowerment Fund	32
3	PRDP	98
4	Luwero-Rwenzori Development Programme	9.3
5	NAADS (Seedlings)	56
6	Agri-LED (OWC)	200
7	UCDA (Seedlings)	58
	Totals	453.3

23. A total of Ushs 59 billion that is currently in circulation under the existing arrangement of the Youth Livelihood Programme and Uganda Women's Empowerment Programme (UWEP) will also be channelled to the Parish Revolving Fund upon its recovery from beneficiaries with time. The amalgamated funds under the Parish Revolving Fund will be distributed as summarised in Table 6 below.

Table 6: **Reallocation Summary of Amalgamated Funds**

	Parish Revolving Funds	Admin. Costs	Staff Costs	CIS Data Tools	Training	Sub-Totals
District Local Governments	404.3	2.2	15.0	26.8	0	448.3
UBoS				0.8	3.2	4.0
MoLG		1.0				1.0
MICT&NG						
Sub-Total	400.0	3.2	15.0	28.6	3.2	
Grand Total						453.3

COMPASION OF THE PARISH DEVELOPMENT MODEL WITH PAST AND EXISITING WEALTH CREATION FUNDS

24. Madam Speaker, compared to past and existing affirmative action interventions, the Parish Development Model has the following strengths:

- i) It is a universal programme covering all the 10,594 parishes of the country (2021 Figures). This provides for fair and equitable access to resources. In addition, District Local Governments receive a bigger resource in total than is possible under existing initiatives. For example, Soroti District (Including Soroti City) with a total of 79 parishes (and 503 villages) will receive an allocation of Ushs 3 billion under the Parish Development Model. This is far higher than what is available under existing initiatives (1.2 bn under YLP and Ushs 0.58 billion under UWEP in FY2020/21).
- ii) It is more inclusive than existing initiatives because it caters for all interest groups in a parish (women, youth, persons with disabilities and other unspecified minority interest groups).
- iii) It is implemented through established government structures which significantly lowers its administrative costs compared to existing arrangements of a similar nature.
- iv) It is designed to build and develop parish institutions as opposed to simply delivering time bound intervention.
- v) Its credit is lower than that of existing initiatives. Loans from the Parish Revolving Fund will have an interest rate of Inflation Rate+1% compared to a surcharge of 5% under the Youth Livelihood Programme and a Service Fee of 5% under the Uganda Women's Empowerment Programme.
- vi) Under the Parish Model, the funds allocated to the Parish Revolving belong to the residents of the parish and will be managed by a specialised financial institution (Parish

SACCOs) that is supervised by a regulator for their perpetual use and multiplication.

- vii) Its commodity focus (18 priority commodities) has an unrivalled relevance for the country's food security and industrialisation agenda.

WHAT ARE THE PRIOR ACTIONS FOR IMPLEMENTATION OF THE PARISH MODEL?

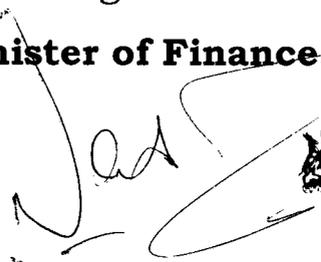
25. Cabinet approved implementation of the Parish Development Model (PDM) as the delivery strategy for transitioning households out of the subsistence economy, with effect from 1st July 2021. A number of prior actions will be implemented by end of FY2020/21 and at the start of FY2021/22 for successful implementation of the Parish Development Model. It is expected that the Parish Development Model will be fully operational by the start of the second quarter of FY2021/22. The detailed implementation roadmap is contained in the Guide to the Parish Development Model.

CONCLUSION

26. Madam Speaker, I have highlighted the cause for graduating more of our fellow citizens from the subsistence economy. These citizens include Women, Youth, the Elderly and Persons with Disabilities. They are resident in the parishes where the Parish Development Model will be implemented. Under the Parish Development Model, a bigger number of these citizens will have access to more resources than has been possible under any affirmative programme we are implementing in the country.
27. I therefore call upon my colleagues to seize this unique opportunity of making a lifetime difference in the lives of the 39% of Ugandan households in the subsistence economy by extending their full support for the implementation of the Parish Development Model starting in FY2021/22.

28. I beg to submit.

Minister of Finance, Planning and Economic Development



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Planning & Economic Development