ERACuts power tariffs by 1.7%

Key sectors record slower-than-expected growth

ALI TWAHA

For the three months to September 2017, the public will spend slightly less on power after the Electricity Regulatory Authority reduced the tariffs at which the main distributor, Umeme, will charge consumers.

ERA made an average slight reduction of 1.7 per cent in power tariffs against the dual base figure as it relied heavily on the appreciation that the Ugandan shilling has made against the dollar.

The drop in the tariffs will most likely not be felt by consumers of few units but the bigger customers such as those in manufacturing might witness a slight change in their overall costs.

Domestic consumers will pay Shs 666 per unit measured as kWh, down from Shs 687.4 per kWh in the second quarter. Commercial consumers will pay Shs 655.6 per kWh from Shs 670.2 per kWh. Medium industrial customers will pay Shs 568.8 per kWh from Shs 580.7 per kWh. Large industrial and extra large industrial customers had a bigger cut of 1.9 per cent compared to their peers.

ERA relied on three factors to draw up the tariffs: inflation, movements in the exchange rate and off-peak time of use periods. The adjustment factors and the resultant retail tariffs are determined taking into account the cost allocation across the different customer categories,“ Ziria Waako, the chief executive officer at ERA, said in a statement.

The government is looking at a number of strategies to reduce the impact of the foreign exchange rate on the tariff. One of the ways is to encourage local manufacturers to make products that the energy industry will be able to purchase.

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ALON MWESIGWA

A report by Bank of Uganda has shown that key sectors of the economy recorded slower-than-expected growth last financial year, in what could partly explain the financial squeeze many Ugandans feel today.

The monetary policy report for June 2017 says the growth in the agriculture, industry and services sectors backtracked in the just-concluded 2016/17 financial year.

Overall, the economy expanded by only 3.9 per cent last financial year, the lowest level in recent times. It had grown by 4.7 per cent in the 2015/16 year.

"Domestic factors including drought, low private sector credit (PSC) growth and slow implementation of government infrastructure projects were responsible for the sluggish pace at which the economy has grown," said the BoU report.

These figures could be interpreted as a sign that a number of programmes where government has pumped billions of shillings are not generating the expected results.

Since 2014, government has spent colossal sums of money on Operation Wealth Creation (OWC) to boost farming and agriculture. Last financial year, at least Shs 255bn was given to OWC. In 2015/16, it received 147bn.

Production in agriculture has instead slumped and farmers have complained that seeds given to them did not germinate while other issues such as the impact of drought and fake fertilizers have not been addressed by OWC.

Underperformance of the agricultural sector means chances of improving the lives of more than 70 per cent of those farmers engaged in subsistence farming remained dim.

Industry and services were particularly dampened by low private sector credit uptake and poor government expenditure on infrastructure.

The 2016 elections also affected investors’ confidence in the country with many delaying to make investment decisions. Officials at the central bank said that in the run-up to the 2016 elections, foreign direct investment dropped by at least $200m.

However, Stanbic bank’s purchasing managers’ index (PMI) for June 2017 says the business environment in the country has improved with more businesses registering increased demand on their stocks.

The survey, produced by IHS Markit, indicates that both output and new work rose for the fifth successive month at the end of June. These figures point to a rebound in the economy. Government has projected that the economy will grow at five per cent in 2017/18.

It added: “the Ugandan private sector firms continued to raise their payroll numbers, with job creation seen in construction and services.”

Still, agriculture’s expansion is still pegged on rains and government’s swift turn to invest in modern irrigation schemes as pronounced in the national budget as a key intervention.

URBRA donates Shs 23m to needy

JUSTUS LYATUU

The Uganda Retirement Benefits Authority (URBRA) recently donated Shs 23m to the Elderly Home of the Elderly in Nakulonkolo as part of their programme of helping the needy.

The items donated included a commercial washing machine, an Olympus microscope, 50 blankets, 400kg of sugar, 400kgs of rice, 500kg of maize flour and 500kg of beans.

Officiating at the function held at Nakulonkolo, Andrew Kasirye, URBRA’s board chairperson, said the donations are part of the organization’s corporate social responsibility, and promised that the authority will continue to spend more in that segment.

Kasiyre said the food commodities come in handy especially when the food prices and the cost of sustaining the home are going up.

“We are interested in the quality of people’s retirement. Also, as URBRA, we appreciate the services provided by Mapeera Bakatanye’s Home of the Elderly and recognize the challenges and difficulties the administration faces in caring for the home,” he said.

Sister Lawrence Nikwu, the home’s administrator, explained that their goal is to ensure the continuity of the good work that was started by the late Emmanuel Kayembe.

The elderly home is intended to accommodate 100 people. However, at the moment, there are 60 people (Bakatanye’s Home of the Elderly) and other rooms are being utilized as stores and accommodation for the caretakers.

Some of the challenges mentioned that are being faced by the elderly home include food shortage, whereby sometimes the stores become empty; insecurity due to a broken fence wall behind the building and expensive medical care services,” she said.