

October 2013

Newsletter

Tax Power!

Yes, Toys are taxed
Children too pay taxes in Uganda

I hate shortages!
Uganda's black spots of service delivery

Movement across Uganda
Tax Power building up

A teacher's tale of a lost dream
It took 16 years to destroy the system, it may take twice as long to build it up

AS FUTURE
LEADERS, WE
NEED A WELL
BUILT SCHOOL
#TAXPAYSFOR

COVER STORY

Tax Power!
It's relevancy to Uganda

Photo: Stephen Wandera

act:onaid

Inside ActionAid

New Staff

Advisors

1. Mishika Jade Martin is the Youth Advisor
2. Anders Reimers Larsen is the Local Tax Advisor

Inspirators

1. Casper Kithome
2. Gilbert Mirenda
3. Vimbai Darikwa

Officers

Kateregga Paul is a Finance and Administration Officer placed working Katakwi LRP

Trainees

1. Ssonko Isaac –Program Trainee –Oil in Uganda Project
2. Chandia Caroline –Program Trainee Kalangala LRP
3. Ndyamuhaki Dorah –Finance Trainee Kalangala LRP
4. Olowo Edmond –Program Trainee Pallisa LRP

Resignation

As new members join the ActionAid team others are departing for greener pastures among these is; Sophie Kyagulanyi, Elizabeth Katusiime and Paul Ojuman. May you shine where ever you go.

Internship

Over 19 students from various universities acquired internship placement in ActionAid, these were placed under various departments for hands on experience. They were always engaged in a number of activities within the various departments, units or sections.

What do you think?

Following his dedication and industrious performance, Wandera Fred Mathew for Kalangala Local Rights Programme was promoted to an LRP Coordinator having acted in the same position for over six months.

Welfare

Not forgetting a lot more new family members have joined us this year; Dorcus Ayot was blessed with a baby girl, and Rebecca Kukundakwe gave birth to a baby boy, Abilat Caroline was also blessed with a baby boy, Abigaba Rogers 's wife was blessed with a baby boy and Rolland Kwesiga's wife was also blessed with a baby boy.



Tax Power

It's relevancy to Uganda

By Paul Ojuman and Samanya Kyategeka

The government of Uganda depends on taxes, loans (foreign and domestic) and donor aid to finance its annual budget and development agenda. Over time, there has been an increase in the share of the national budget funded with locally generated resources from 51 percent in 2004 to 69 percent in the 2012/2013 financial year. This further increased in the 2013/14 financial year as donors reduced their budget support by about 90 percent due to corruption. This means that Uganda must depend more on locally generated resources to finance its development aspirations.

The Uganda tax revenue to GDP is one of the lowest in Sub-Saharan Africa, standing at 13 percent compared to 20 percent for Sub-Saharan Africa. This is also way below the 30 percent average for advanced industrial economies. The low tax to GDP ratio in Uganda is partly due to the numerous tax exemptions, harmful tax treaties, and to aggressive tax avoidance by multi-national companies.

For Uganda to be able to provide adequate and quality public services to its citizens without being overly dependent on aid, fair policy decisions as regards to revenue generation from taxation have to be made. In addition, government needs to prioritise allocation of tax revenue to sectors that will directly improve the well-being of its citizens. It is equally important that tax money is well spent. This calls for strong citizen participation in demanding for transparency, accountability and

fairness in revenue generation, allocation and utilisation

The overall goal of ActionAid Uganda's Tax Power Campaign is to contribute to equitable growth and development through increased tax revenues for the provision of public services in education, health and agriculture.

This will result from increased amount of resources available for provision of public services, which will in turn require transparent and fair taxation, proper resource allocation and utilisation. Increased tax revenue will be realised through transparent and fair taxation, better regulation of tax incentives and stopping revenue leakages from tax treaties and aggressive tax avoidance by both domestic and multinational corporations.

Context Tax Power Campaign

Uganda is losing significant amounts of tax revenue right from generation, allocation and utilization, which would otherwise be used to expand and improve the quality of public services countrywide. The framing of ActionAid Uganda's Tax Power Campaign is therefore anchored around three important interconnected pillars: Revenue Generation; Revenue Allocation; and Revenue Utilisation, with the ultimate aim of improved public service delivery and quality of life. This important revenue triangle is illustrated in the figure below and explained in the sections that follow:

The Thrust of the Revenue Generation Pillar:

Our pillar on *revenue* generation is anchored on the analysis that reveals that Uganda's tax to GDP ratio is still one of the lowest in the region. Further, the country loses substantial amount of revenue through unregulated and non-transparent processes of granting tax incentives and exemptions to both domestic business entities and multi-national corporations; tax evasion and dodging by both domestic and multinational companies; and absence of mechanisms for monitoring, evaluating and reviewing the value and the extent to which tax incentives are working, and finally through actions that have constrained the capacity of local authorities to raise local revenue.

While it is difficult to specify how much revenue Uganda loses due to tax incentives, The African Development Bank, 2009/10 made an estimate of 2 percent of GDP¹. This amounted to approximately 690 billion shillings (US\$272 million) in the 2009/10 fiscal year, more than the 437.17 billion shillings that the government contributed to the health sector that year.

Furthermore, the absence of a transparent and regulatory mechanism has narrowed the Uganda tax base and limited public and parliament scrutiny of the processes and decisions to grant tax incentives which often large multinational companies, domestic companies, and individuals able to easily access and influence decisions in their favour. This is compounded by the harmful tax treaties that Uganda is a party to internationally.

We will therefore work towards the achievement of the following campaign outcomes:

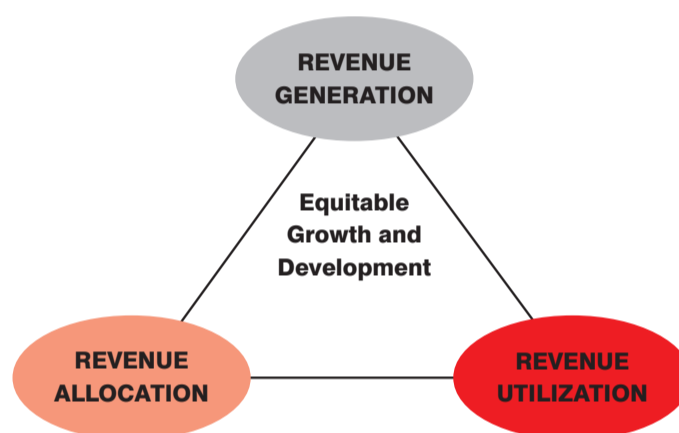
- Increased amount of resources available to finance the country's development plans and thereby decrease Uganda's dependence on aid;
- Parliament participates in scrutinizing contracts made with domestic and MNCs to ensure transparency in negotiation and implementation of contracts to be or made with multinational companies engaged in natural resources, and agribusiness sectors to ensure compliance with set minimum standards and taxation commitments;
- Government puts in place a harmonised policy on tax exemptions and incentives and legislation to close revenue losing loop holes in the investment code and bilateral tax treaties;
- An active national citizen agency linked to and campaigning with other regional and international movements to lobby for development of fair and transparent rules by Global and East African Governments on corporate taxation leading to the reduction of revenue leakages through tax incentives, holidays and transfer pricing or capital flight.

The thrust of the Revenue Allocation Pillar

The campaign focus on *revenue allocation* is founded on the belief that increased revenue generation coupled with prioritisation in revenue

allocation to sectors (agriculture, education, and health) that directly improve the welfare of the poor will improve the well-being and livelihoods of the poor people trapped in poverty.

With regards to revenue allocation, the share of the national budgets received by key sectors of agriculture, health and education that directly improve the well-being of the poor still remains low and below the international commitments made by the government of Uganda. For instance Uganda pledged to allocate at least 10 percent of the national budget to agriculture, 20 percent to education and 15 percent to health in the Maputo, Dakar and Abuja declarations respectively. Ten years later, the budget allocation to agriculture has only risen by 0.2 percent to 3.42 percent in 2013/14. As a result the growth in the agriculture sector has been dismal, reducing from 7.9³ percent in 2001 to 1.4⁴ percent in 2012/13. This is much lower than the population growth rate of 3.2 percent and yet 66 percent of the Ugandan population depends on agriculture for a livelihood.



Similarly, the health sector accounted for 8 percent of the national budget allocation in 2013/14, less than the 15% commitment in the Abuja Declaration. This partly explains the low per capita health budget allocation that has remained at USD 10 for the last five years far below USD 48 required for Uganda's National Minimum Health Care Package⁵.

Inadequate funding to the sector has resulted largely in poor education outcomes; insufficient infrastructure like classrooms and teachers' houses, sanitary facilities, girl child specific needs, teacher houses; and low motivation of teachers due to poor pay. In 2009/2010 the per capita expenditure on education was less than USD 2 per year⁶! But in addition to not meeting the agreed 20% commitment, the intra-sectoral allocation remains a problem. So despite receiving 17 percent of the 2013/14 budget, education outcomes are not likely to improve because the biggest proportion is consumed by salaries, leaving a small amount for capitation and school facilities grants.

Our Tax Power campaign is therefore expected to lead to the following outcomes:

- 300 citizen groups actively demanding for increased budget allocation to agriculture, education and health due to increased understanding of the various taxation policies, and the linkage between taxation and public service delivery;

- Increased responsiveness of local government plans and budgets to locally determined priorities
- Increased access to quality and gender responsive public services in the sectors of education, health and agriculture.

The thrust of the Revenue Utilisation Pillar

Our focus on *revenue utilisation* is informed by the high levels of corruption in Uganda. The consequences of corruption and lack of transparency around collection and spending of tax in Uganda are enormous, leading to loss of tax revenue that leads to poor quality of public services in most sectors. But despite this, there is limited citizen action to demand for transparency and accountability in fair tax collection and spending. This is partly due to limited knowledge on the indirect taxation system, and limited appreciation of taxation as a social and fiscal contract between citizens and the state.

And finally from the revenue utilization point of view, high levels of corruption and lack of transparency both at the central and local government levels undermine effective and efficient revenue collection and utilisation. Estimates by the World Bank indicate that Uganda loses close to 500 billion shillings a year due to procurement related corruption alone. The 2012 Transparency International report on corruption ranks Uganda among the most corrupt countries in the world, coming 130 out of the 182 countries surveyed. The consequences of corruption and lack of transparency around collection and spending of tax in Uganda are enormous, leading to loss of tax revenue which partly contributes to the poor quality of social services in most sectors.

All this is further compounded by a relatively disengaged citizenry and thus limited citizen action to demand for transparency and accountability in fair tax collection and spending. This is partly due to limited knowledge on the indirect taxation system, and limited appreciation of taxation as a social and fiscal contract between citizens and the state. Under this pillar, we shall contribute to the following outcomes:

- Strong national and district Tax Power Coalitions of CSOs, Trade unions and Private sector organisations engaged in monitoring provision of public service and government programmes, and are holding their leaders accountable.
- Greater accountability and transparency of national and district local governments in delivery of public services as a result of monitoring, collective advocacy and campaigning by local communities.
- Increased exposure and reporting of cases of corruption in both revenue collection and utilisation and decisive action taken by authorities on the same.
- Greater public awareness and positive perception by citizens about the importance of tax, their obligations to pay tax and demand accountability.

I lost two pregnancies; thanks to the poor state of Public services.

By Jacob Rosdahl

"We are facing many challenges concerning health. I had two miscarriages because of bad roads and no means of transport".

Alanyo Christine (40) lives in Kalikali village in Amuru District. Public service delivery is so poor that it is life threatening. The nearest health centre for Christine is in Amuru town – more than 30 kilometres away.

In this northern part of Uganda, everything is far away. There are long distances between safe water points, health clinics and government schools. The infrastructure is marred by lack of roads, and the people have to travel long distances to enjoy basic services. Transport by car or boda boda is expensive, and even trading centres are scarce.

"The first miscarriage was not long after we returned from the camps in 2008," Christine tells, "when I suspected I was pregnant, I went to the health centre in Amuru. I walked. It is 36 kilometres away. They tested my urine and told me I was not pregnant; then I walked back. When I came home, I felt a lot of pain. I was down for three days and never made it to the health centre again. There was a lot of blood and I lost the baby. I think I was two months pregnant."

The health centres in Amuru, as in many places in Uganda, are understaffed, and existing staff is often undertrained and absenteeism common. Drugs are undersupplied and distribution repeatedly bureaucratic and insufficient. Village Health Teams (community members



Alanyo Christine had a miscarriage whilst trying to get to the clinic to save the baby the distance is far from her home and there



Yes, Toys are taxed Children too pay taxes in Uganda

By Flavia Nalubega Ssamula

This may sound weird to the ear but it is real, it is only in Uganda where children pay taxes that go unaccounted for.

Uganda collected \$24.8 billion in taxes in 2012. These include Value Added Tax (VAT) PAYE, graduated tax, import duty, withholding tax, corporate tax, the list is endless. Out of the massive number of people who give their money to government willingly, children too are apart.

11 year old Jerry Jordan Mubangizi is an ardent supporter of Ugandan made products, he is indeed patriotic. While his parents sit down to draw the shopping list for the week, he too takes part in planning what is needed for home use and further takes part in doing the shopping.

When mummy gives me money, I buy sweets, biscuits, sodas and toys. Our teacher told us in class that there is a tax called Value added Tax and each item I buy, I pay this tax. So am a tax payer!!" he remarks proudly.

When I go shopping for toys with dad, we do it in Katwe or Kiseka market and here, we buy little bicycles and dolls for Ritah (the younger sister), we always shop many of these and store them at home.

Unbelievable though, these toys are very expensive, and yet they are made in Uganda. The reason is, we pay taxes on them."

This little conversation between me and the little boy got me thinking how very many children out there love their country and sacrifice a lot for it.

Many indirectly pay taxes through buying merchandise on the market, especially those Ugandan made merchandise. That is VAT.

Jordan is one of the many Ugandan children who buy little things like clothes for their dolls, play toys, edibles. Such goods' prices are inclusive of tax. They therefore pay tax, young as they are; they contribute to the tax bag of Uganda

What is unfortunate though is that they do not get accountability of the money they pay in taxes.

I have really never taken notice that I am paying taxes but actually I do. And what does Government use this money for? I don't see any developments, I don't see any change

Children continue to suffer from the mistakes that our government makes in resource generation, allocation and utilization. Many children continue to die of malaria. There are no medicines in hospitals. Some are not being taught, and yet we sit for the same national examination. Some study under trees." he laments.

As our interaction comes to an end, Jordan's mind is just unfolding. He is angered by the fact that education has been politicized.

I don't mind how many mistakes our government makes, but they should stop playing with our future. As the allocate revenue, let education be a priority and don't steal the little you give us. We are your future. Without investing in us, your current development efforts will stop with you.

That is the little boy, not complaining about the tax he pays but what it does for him. And just like him, many other Ugandans keep questioning the system. All they want to see is better pay for teachers, enough medicine in the hospitals, better and more tarmacked roads, better pay to university dons, or closer to them, good primary and secondary schools that are well facilitated.

In countries like Trinidad and Tobago, government gives people free food, free good quality education, good homes for the elderly and good health care. Such countries are oil producing countries like Uganda, they were third world countries at one time and collect taxes from citizens.

All they do is use public money well, to benefit the locals. They do proper planning, they are transparent and accountable. If only Uganda would emulate this, even the little boy would not ask obvious questions because the answers would be all around him, evident in the hospitals, schools, on the roads and even in the supermarket.

I hate shortages!

Uganda's black spots of service delivery

By Jacob Rosdahl



The more inaccessible and remote (from Kampala) a district is the more inadequate is the public service delivery.

Take Ssese Islands - 84 Ugandan islands in Lake Victoria scattered over an area of 9,000 square kms. 62 of them are inhabited and the society is a tough fishing environment. It is officially estimated that approximately 57,000 people are living on the islands and women comprise 40 per cent of the population (2010 projection).

Due to the geographical setting, transport and public service delivery is extremely difficult and expensive. The only way for the islanders to get to the Health Centre IV in Kalangala, the district town on the main island Bugala, is by boat, and a trip from an island to Kalangala and back can amount to as much as 40,000 shillings. This factor also hinders education, especially beyond primary school since it is effectively impossible to go to secondary without attending boarding school on the mainland of Uganda.

Kalangala has the highest rate of HIV/AIDS which is about 30 per cent (7 per cent nationally in Uganda). The lack of public service and high transport costs means that the prevalence of HIV-testing and HIV/AIDS treatment is low.

Apart from very limited access to public services of any kind, the public health service is considered rudimentary at best. There is one doctor for all inhabitants in the district, who is usually not present. The Health Centre IV in Kalangala is understaffed and suffers from capacity gaps and insufficient supplies of drugs, especially at the end of each quarter, since drugs are dispensed quarterly. In total there are 11 health centres on Ssese Islands, located on only 7 islands. Only one third of the projected staff in health centre positions is filled.

There are 21 government schools and 2 private schools located on 11 islands, leaving the children on 53 islands with little chance of education. It is estimated that only 50 per cent of the children are enrolled in schools. The drop-out rate is 40 per cent.

While Ssese Islands in many ways are very special compared to other parts of Uganda, the problems of a remote, rural area are generic and significant for many parts of the county: massive lack of infrastructure, health services and quality education.

I hate shortages in health service

Nabasiye Jessica (14) is a young person living with HIV. Her parents died of AIDS, and she is staying with some relatives in Kalangala. Even at her young age, she feels the gaps in public service delivery because of her condition.

"I hate shortages in health service. At times this results into transmission HIV to children," she says.

Jessica is obviously dependent of access to ARV medicine, but because she is so young she also have other needs of more psycho-social nature:

"I have struggled with my condition and been stressed by the fact that I will have to live with HIV until I die. But in this district there is a challenge of providing youth services. I have no one to discuss in a friendly manner issues that affect us."

Jessica calls upon government to consider those with special needs:

"I think the government should think about children like me, as we need a lot to be able to meet day to day challenges on a long life journey of treatment."

Uganda: A tax haven for foreign investors

By Flavia Nalubega Ssamula

Recently, President Museveni told investors at a Mineral Wealth Conference in Kampala that he would scrap VAT and Withholding Tax for investors who come into the country to explore for mineral resources.

"There is no point in taxing someone who has not generated income," he told the over 1000 local and foreign investors at the conference.

Museveni added that Uganda's taxes were mainly on consumption.

President Museveni has consistently favoured investors over his own peasants, that is why he can declare that Uganda's taxes are mainly levied on consumption-which ultimately implies that it is the Ugandan people whose cost of living is sky rocketing, while the so-called investors, with their huge dollar accounts, are able to repatriate all their income back to their countries.

His argument is that foreign investors provide jobs to locals and develop the economy by adding value to raw materials, hence fetching Uganda more money in exports. He is passionate about value addition-like anyone else-which he sees as the most lethal weapon against poverty.

But what is the caliber of some of these investors in Uganda? We have seen some of them come here and start shops or even supermarkets that are not really economic drivers at all.

Those that set up bigger investments like factories, do not necessarily offer employment to the locals and if they do, they hardly offer them managerial positions.

These so-called investors have repeatedly abused the benefits government has allowed them, and have used these practices to play one African state against another, threatening to take their investments to another country with better terms.

This has sparked off a race to the bottom, as African countries try to out-compete each other in offering the best terms to



I lost two pregnancies; thanks to the poor state of Public services..

continued



trained as vaccinators, birth attendants or drug distributors) are in place around quite a few communities; but the drugs available from the village teams are usually pain killers and malaria drugs, if any.

"The second miscarriage happened last year. I walked all the way to the health centre; they checked me, told me I was pregnant. After one month, I felt a little pain and started getting weaker and weaker. I walked to the health centre once again. They listened to my stomach [using a stethoscope] and tested me for HIV, gave me some panadol tablets. That's all they did.

When I came back from the health centre, the pain got worse. I could not walk to the hospital. I had no money for a boda boda and my husband did not have a bicycle. I was in bed for three days where my husband and children took care of me. The pain grew bigger and bigger, and I was very weak.

Finally the neighbours rescued me. We borrowed their bike; my husband carried me but we did not get very far before I started bleeding. I was bleeding and bleeding. They had to carry me back into bed. That's how I lost the baby.

I was in bed for a whole month with a lot of stomach pain and headaches. I was very weak; maybe because I lost a lot of blood. Even up to now I feel weak," tells Christine who has 6 children, aged 2 to 18 years.

If Christine had the chance, she would tell government to improve drastically. Even the nearest primary school is 15 kilometers away – an impossible distance to walk for a small child.

"I would tell government to bring the public services closer and make good roads for access to the health centre and market. But I don't think they will. The leaders were here around the elections. We took our issues forward and they promised to do something. We have never heard from them or seen them since. Maybe they will come around for the next elections."

Tax Power movement building across Uganda

By Irene Kharono and the LRP team

In July 2013, Southern and Eastern African Trade, Information and Negotiations Institute (SEATINI) Uganda and Action Aid organised awareness and coalition building meetings in 9 Local Rights Programs including: Kumi, Katakwi, Pallisa, Iganga, Kapchorwa, Masindi, Nebbi, Amuru and Pader Districts. The meetings strengthened appreciation of tax justice issues amongst critical actors at local level to appreciate the link between taxation and development, and their responsibility in taxation processes for a stronger state-citizen contract for transparency and accountability. Specifically, the meetings aimed at:

Raising awareness on the importance of taxation and its relevance to development.

- Discussing the role of government and the duty of citizens as tax payers in the citizen state social contract.
- Understanding progressive and regressive tax systems and their implications on domestic resource mobilisation.
- Strengthening understanding on how to make budgets and taxation work for people.
- Mobilizing supporters for the tax justice campaign in targeted LRPs from potential allies (Local Governments, Private sector (Micro and Small enterprises), teachers, medical workers and small holder farmers) especially youth and women.

One of the best practices used in the meetings was emphasis on rights and responsibilities where citizens are encouraged to fulfil their tax

obligations as they demand for accountability and better services from the duty bearers. This enabled us to balance the discussion between increased revenue generation at local level and democratic governance and accountability. Further still, the meetings emphasised importance taxation in strengthening of the social contract between government and citizens, where citizens fulfil their tax obligations while government provides necessary public services.

In Uganda, unfortunately, majority of citizens believe that government is paying for all services, without connecting consumption tax to public services like education, water and health services. It was therefore imperative that the meetings demystified taxation in order for stakeholders understand that once they pay their taxes indirectly or directly, they have a right to demand for services.

A number of issues were highlighted in the various meetings organised included;

- Unfair taxation policies that are regressive in nature especially consumption taxes like VAT and Excise duty,
- Limited revenue base at national and local level,
- Increasing level of corruption,
- Information gap between government and citizens
- Citizens' failure to demand for accountability from the duty bearers
- Widening gap between taxes raised and service delivery.



A cross section of participants who attended the tax justice meeting in Pallisa district



A youth just getting out of Katakwi Health Center for treatment



Do citizens know that they pay tax? Are the services provided by government commensurate to the taxes that citizens pay? Why are companies which are investing in Uganda exempted from tax and not citizens? Do tax incentives benefit citizens, How? How can citizens use tax to regulate government and ensure that services work to benefit them? Why service delivery still deplorable is yet our tax revenue has increased. These questions and so many more have lingered in the minds of development practitioners especially those in civil society. The same questions were raised in the tax awareness meeting organized by ActionAid and SEATINI with the aim of strengthening appreciation of tax justice issues among critical actors at the Local level to appreciate the link between taxation and development, and their responsibility in taxation processes for a stronger state-citizen contract for transparency and accountability.

If the District co-funds for NAADs program through Local revenues and beneficiaries are also expected to co-fund, isn't that double co-funding. One citizen asked.

The coalition building and awareness raising meetings held at local level in Uganda that stimulated debate on fair taxation at Local Government level, the weapon citizens can use to regulate government and get a fair share from taxes, on the link between Taxation and service delivery, the question on how tax incentives/exemptions and many other leakages are increasing/reducing development prospects of Ugandans among other things. The meeting featured sessions

The meetings sparked discussions on promotion of fair taxation at Local Government level which is part of the global campaign on Tax Power campaign spear headed by ActionAid International. The discussions also generated issues on fiscal decentralisation a debate that may only be only relevant to Uganda's context questioning the emerging gap between decentralisation policy and practice.

From the introduction which brought the meeting into perspective to a number of sessions delivered by the ActionAid and SEATINI as well

as a paper presented by the Local Government Finance Staff in the respective districts, and a documentary on tax incentives and avoidance, the meeting enabled deep reflection on different issues of fair taxation and Tax Justice. The long awaited meetings were highly participatory as participants could not hide their enthusiasm especially when it came to the most prominent discussion on the issue of failure by government to provide services that are proportional to revenues generated from citizens. Participants questioned how Local governments responsible for education, health and agriculture service delivery can only be accessing hardly 15% of the country budget. Another contentious issue was on the information gap on issues of taxation. While citizens in developed countries know how much they pay in taxes, in Uganda awareness on taxes and financing of government budgets seemed to have ended when graduated tax was scrapped in 2001 hence the need for conscientisation on taxes paid for meaningful participation of citizens in overseeing programs/projects of services and demanding for a fair share of their moneys (better and effective service delivery system).

WHY SERVICES ARE NOT PROPORTIONAL TO TAXES COLLECTED:

Kumi Town council collects only 600,000/- from market vendors as taxes per month and yet the Town C is expected to provide a range of services using locally generated revenue. Currently the guards (Police) at the market are paid 1,600,000/-, 2,200,000/- is paid for cleaning services and the town council is expected to street lighting system is up to date, so how do you expect the Town council to cope with such a mismatch between taxes collected and services provided: LC 3 Boss, Kumi Town Council.

As one participant lamented, taxation has always been problematic, even in the bible days tax payers were the most unpopular, and they were shunned by the Jews. Is history repeating itself? Should we allow history to hold us hostage? Teachers deserve more, hospitals and the health care system must be up graded.

"When graduated Tax was scrapped, I was so excited but I remember those who were working

in government especially the District Executive Secretaries(DES) were not happy at all, they. Now Ugandans are paying a lot of taxes indirectly most of which are controlled by Uganda Revenue Authority and the Local Governments still can't figure out how to increase taxes generated locally because in the current situation, it is hard, really hard, a District Chief Finance Officer (CFO) lamented.

"The more you earn, the more you pay and the more they steal".

This quote came from a participant who raised a concern on rising corruption and limited action on the vice yet citizens bear a huge the burden of paying taxes to the government.

More reverberations: Issues raised

- Tax collectors are very rude especially when dealing with Business proprietors, they only mind about collecting their money and do not explain why taxes are collected
- Citizens do not see the benefit from taxes collected by URA; instead services continue to deteriorate even when URA boasts of an increment year after year.
- If tax is for redistribution of wealth, why do teachers pay a lot in tax? Progressive taxation should be promoted to rescue the poor paid Civil Servants". Participant
- Decentralization is not practical if budget lines are pre-determined by central Government through IPFs which set limits for Local Governments.

FAIRNESS IN TAXATION

Is tax necessary? YES; Can we do without Tax? NO; What if government does not provide services as expected by tax payers, is it possible for Citizens to withdraw from paying tax? YES and NO. Yes! The new tax regime provides a lot of opportunities but in a situation where citizens are not aware of their role in taxation, then the taxation system is not fair at all.

Taxation is central to the development of any given country although many of the stakeholders in the meeting expressed a lot of frustration with the tax system in Uganda. A situation where citizens pay their taxes but are not satisfied with services provided yet many foreign companies are exempted from paying tax through non-transparent means while some companies benefit from incentives at the cost of developing sectors that are critical to society and the economy.

More than ever there is need to deepen conscientisation programmes to reach the remote sections of society and mobilize more stakeholders around issues of the tax regime and its connection to the public. Advocacy efforts should be intensified for review of the taxation system and closure of loopholes that have widened injustice in tax generation utilization and allocation.



Photo action at a primary school in Katakwi

A Teachers Tale of a lost Dream

By Samanya Kyategeka

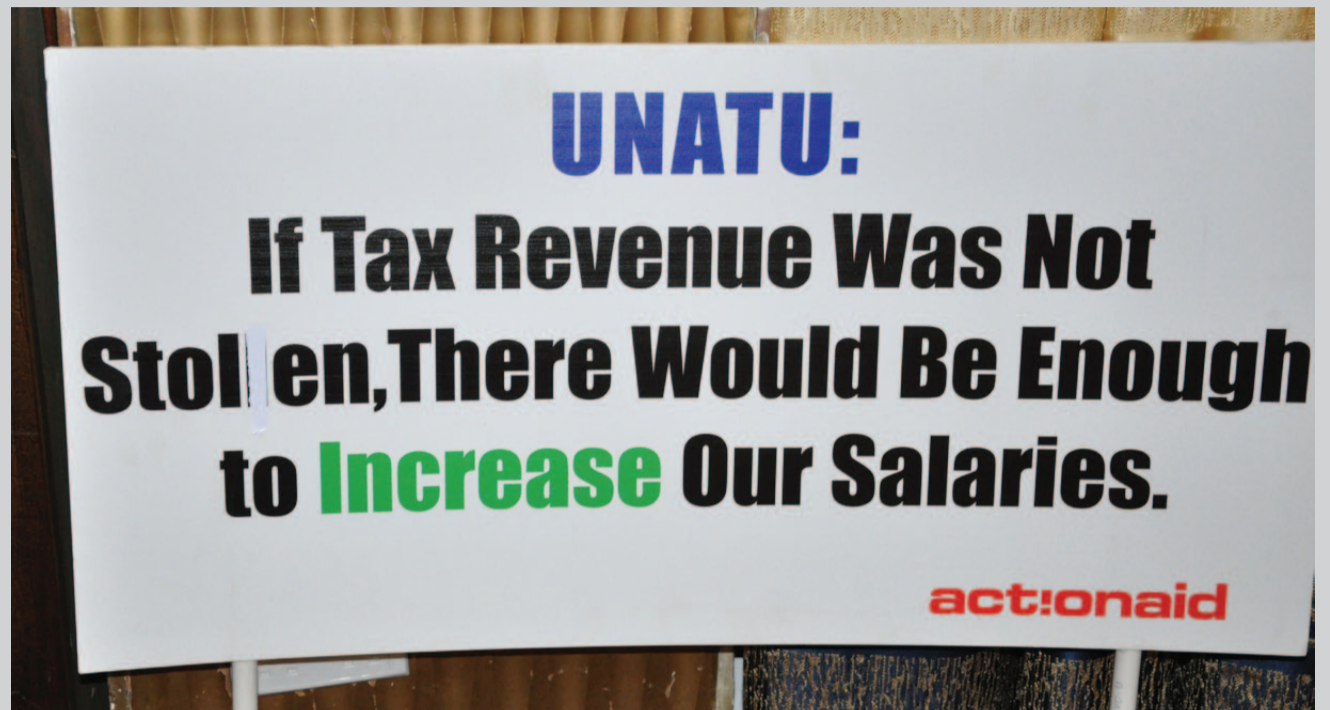
In 1995, Monica completed her teacher training course and graduated as a grade three teacher in Uganda. At the time, she was only 18 years old. She was not only proud that she had taken on a dream profession but was ready to embrace life. She had big dreams, both for herself and for her country. She wanted to educate the nation, teach future doctors, engineers, presidents, name them. Monica was first posted to rural school in Bugiri. She reported for duty and hence embarked on a journey that has caused more frowns than smiles in her heart.

My first class of primary six had about 45 pupils. It was great. The learning was interactive. I had time for each of my pupils. I knew them by name. I took interest in their future. Their parents were my friends. The pupils were smart in their uniforms. Their parents contributed money for fees, part of which was used for meals. In 1996, my class sat for P.L.E. I got 10 first grades, and the rest passed in grade two. This was impressive. I was proud of myself and my pupils.

However, Monica's mind and career ambitions changed totally in 1997 with the introduction of Universal primary education. Her class increased from 45 to about 200 pupils. These pupils had parents whose minds had been politicized.

You could not ask the parents to buy their sons and daughters uniforms. According to them, everything was supposed to be free. You would mistake my class to a market place. Actually, parents were told to report teachers who demanded for uniforms, meals, and scholastic materials to the authorities. It became a war between parents and teachers. As a teacher, I lost interest. I barked off. I resorted to going to school to report, teach, mark a few books, chat away with my colleagues and back home, no special interest in my pupils.

As Monica goes on, the situation moved from bad to worse. She got married and had her own children. She became more attached to her own children rather than fight over other people's children with government and their parents. It became clear that what she was earning was not enough to take her children to good schools. Pleas by the teachers to increase salaries fell on deaf ears. There was always a priority, from good roads to industrialization to campaigns...the list has become endless and yet teachers were not a priority. As a way of making ends meet, Monica started farming. She utilizes the school garden.



This consequently reduced on the number of hours that she gives to her pupils.

I get more harvest from my garden. In a good season, I earn over 3million shillings from the produce.. So am able to send my children to good schools. Teaching has become a by the way..

Monica adds that she is not proud that she is cheating her pupils, but it's not her fault. In the last 18 years that she has taught, she is only proud of her 1995 to 1996 class. Out of this class, she produced teachers, nurses, one doctor and a journalist. The rest of her pupils that followed in the next years have just passed through the system. She is very sure that they cannot compete anywhere in this world. Is Monica proud of this? No, she is not proud. The look in her face says it all.

Seven years ago, Monica went back to school. She upgraded to a diploma and then a degree in primary education. She thought that this would improve her salary and probably improve on her motivation. She was wrong as her salary scale remains the same. Efforts by different actors to set another salary scale for the different grades of teachers have not fielded any success. At this point, I became speechless. I didn't know the right question to ask, but I had to carry on the interview. I sought Monica's opinion on the ongoing teachers strike and whether she supports it.

Oh yes. Definitely, I will not go to class. I will stay home and mourn the loss of several bright futures that continue to die with the failed UPE program. I will mourn for my career that was chattered...I will mourn for the loss of a dream of making the future of this country, I will mourn for the loss of a quality education system, I will mourn over an insensitive government that would rather produce electricity instead of investing in its future leaders. Whether government increases our salaries or not, I will surely mourn.

As I bid farewell to my teacher, I tell her about the Tax power campaign that ActionAid has launched in the bid to increase the revenue basket of the country and probably have the education sector getting a slightly bigger share among other critical sectors and demanding that this money is not abused and stolen. I invite her to join and demand for increased revenue generation, allocation and utilization especially in the sectors of education, agriculture and Health. Monica promised to join the campaign but warned that success would not be registered instantly.

I hope you are serious and determined. It has taken 16 years to destroy the system. It may take twice as much time to restore it. The journey is not short, and it's not for the faint hearted and NOW IS THE TIME. TAKE IT FROM ME. YOUR CHILDREN ARE NOT LEARNING.

Monica Mutesi, 36 is a primary teacher. She has been a teacher since 1995.

ActionAid Uganda

P. O. Box 676, Kampala
Plot 2514/2515 Ggaba Road
Tel: +256 (392) 220002/3
info.uganda@actionaid.org
www.actionaid.org/uganda

Editorial Team:

Samanya Kyategeka
Nalubega Flavia Ssamula
Jacob Rosdahl