



BANK OF UGANDA

Bank of Uganda Mandate and Governance

Board Secretariat Directorate

Prepared for MP's workshop

(Friday December 10, 2021)

Mission: To Foster Price Stability and a Sound Financial System



Outline

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Establishment

- ☐ Bank of Uganda (BoU) was formally established on 1st July, 1966 and inaugurated on 15th August, 1966.
- ☐ It is 100 percent owned by the Government of Uganda but enjoys operational independence in the execution of its mandate.

Location

- ☐ BoU Head Quarters are located in Kampala; on Plot 37/45 Kampala Road.
- ☐ The Bank also operates eight upcountry offices; Jinja, Mbale, Gulu, Mbarara, Kabale, Fort Portal, Arua and Masaka towns.
- ☐ Currency Technical Centre (CTC) in Lira



Legal Basis for Mandate

- ❑ Bank of Uganda derives its mandate (authority) and functions from Articles 161 and 162 of the Constitution of the Republic of Uganda, 1995; the Bank of Uganda Act (Cap 51); and other various sets of legislations that back up BoU in executing its mandate.

Mission & Vision

Mission

“To foster price stability and a sound financial system”

Vision

“To be a centre of excellence in upholding macroeconomic stability”



Bank of Uganda - Roles

1. Formulation and implementation of monetary policy with an aim of ensuring price stability.
2. Prudent regulation & supervision of financial institutions.
3. Banker to Commercial Banks, Government and Government Departments.
4. BoU is the only authority allowed to design and issue legal tender (Uganda Shilling Bank notes & coins).
5. BoU is responsible for putting in place and providing oversight to national payment and settlements systems.
6. Advisor to government on the economy and engages in research, statistics compilation and information sharing.
7. BoU oversees and manages foreign exchange reserves.
8. BoU performs roles of an agent of the Government of Uganda, e.g., issuing government securities, Secretariat to the National Financial Inclusion Strategy 2017-2022, managing the Petroleum Investment Fund and acting as Fund administrator of the Agricultural Credit Facility



Governance

Board of Directors

(Article 161 of the Constitution of the Republic of Uganda, 1995)

- ☐ BoU's authority is vested in a Board of Directors which consists of a Governor, a Deputy Governor and not more than five other members.
- ☐ The Governor and Deputy Governor and the other board members are appointed by the President with the approval of Parliament, serve a five-year term and are eligible for re-appointment.
- ☐ The Governor and Deputy Governor are the Chairperson and Deputy Chairperson of the Board, respectively.



Statutory obligations of the Board

- ❑ Article 162 of the Constitution provides for the functions of the Bank, whose authority is vested in the Board of Directors.
- ❑ In addition to the functions of the Board outlined in the Constitution, other statutory duties of the Board are provided for in the Bank of Uganda Act (Cap.51).
- ❑ Apart from the statutory obligations, the Board of Directors of BOU endorsed, and abide by the Board of Directors' Charter and Code of Conduct, which is the central tool of reference in the course of their duties.



Committees of the Board

- ☐ To achieve effectiveness and focus in discharging its functions, the Board delegates some of its responsibilities to Committees of the Board.
- ☐ Membership of Board Committees includes the Deputy Governor and four NEDs, with the exception of the Audit and Governance Committee of the Board that has all NEDs and the Chief Internal Auditor in attendance.
- ☐ The Board Committees are:
 - The Human Resources & Remuneration Committee of the Board (HRRCB)
 - The Strategy and Finance Committee of the Board (SFCB)
 - The Capital Projects Committee of the Board (CPCB)
 - The Financial Stability Committee of the Board (FSCB)
 - The Audit and Governance Committee of the Board (AGCB)
- ☐ The Bank's Board Secretary provides secretarial services.



Bank Management Committees

- ❑ The Board of Directors delegates the day-to-day operations of the Bank to the Governor, who is supported by the Deputy Governor and a management team.
- ❑ To achieve efficient and effective operations, the Bank established committees of Management as an integral part of its organizational structure.
- ❑ The Committees facilitate decision making on policy, technical and administrative issues, and these are;
 - The Monetary Policy Committee (MPC)
 - The Financial Stability Committee (FSC)
 - The Foreign Exchange and Reserves Management Committee (FERMPC)
 - The Executive Committee (EXCOM)
- ❑ Statutory Committee: The Contracts Committee



Achievements

- ☐ The Bank has consistently maintained its monetary policy target within the medium-term inflation target, i.e. annual core inflation of $5\% \pm 3\%$ over the last five years.
- ☐ Maintained financial stability.
- ☐ Maintained a stable payment system.
- ☐ Increased financial inclusion (MM – 132% of adult population; Bank accounts – 80.61% of adult population)



Challenges

- ❑ The rapid transformation of the economy over the last decade.
- ❑ Technological developments, in particular the rapid growth and diversification of the nature and types of services provided in the financial sector that have presented new challenges for in the financial service regulation & supervision.
- ❑ The global financial crisis of 2008, that demonstrated the need for continuous financial sector surveillance and strong macro-prudential policies to mitigate risks to the financial system.
- ❑ Conflict and confusion in the governance structure between the BoU Act and the Constitution, that have necessitated amendments to the BOU Act, to align it the Constitution.
- ❑ Impact of COVID-19 pandemic that has disrupted the sources of income of the Bank.



Strategic Plan Evaluation & Assessment

- ❑ Bank of Uganda (BoU) is in the process of evaluating the Strategic Plan (SP) 2017-2022 and conducting an assessment for the forthcoming SP 2022-2027.
- ❑ A deliberately forward looking approach is critical and the Bank has established an Innovation Hub to be both responsive and futuristic about its services. (Climate, technology, organisational change etc...)
- ❑ As the BoU's primary stakeholder, we seek your candid feedback on the following questions to enrich BoU's strategic planning process.
 - *What did the Bank do well in the last four years (Since July 2017)?*
 - *What did the Bank fail to do so well in the last four years (Since July 2017)?*
 - *What would you like the Bank to focus on in the next 36 months to 60 months?*



Conclusion

- ❑ BOU has over the years strived to implement its mandate and achieve its objectives of maintaining price stability and a stable and sound financial system.
- ❑ This has been supported by a streamlined governance structure and committed executive and staff.
- ❑ We call upon our stakeholders for support as the Bank continues to perform its function and mandate.



thank
you!