



CSBAG BUDGET NEWS BRIEF



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Advocating for a People Centered Budget that Dignifies Humanity



Finance releases quarter 4 funds for Central and Local Governments

THE WEEK IN PICTURES

“On 25th April 2016, Ministry of finance announced the release of Ushs 2,341.101bn for Quarter 4 of the financial year 2015/16. This announcement was made during the Ministry of finance quarterly press conference. At the same event, Civil Society Budget Advocacy Group (CSBAG) presented the Quarter 1 and Quarter 2 Civil Society Budget Performance Monitoring Report



Keith Muhakanizi PS/ST Ministry of Finance Planning & Economic Development briefing CSO, Teachers Union and the media during a live NTV broadcast on Monday 25th April 2016.

In a press statement which was read by Muhakanizi, the Permanent Secretary/Secretary to the Treasury of Ministry of Finance it was publicized that Government had issued expenditure limits amounting to Ushs 2,341.101 billion for the fourth quarter (April to June 2016) excluding external financing, domestic debt and AIA.

Mr. Muhakanizi, the Permanent secretary/Secretary to the Treasury (PSST) commended URA for its revenue collection performance having collected Ushs 8,1857.0 billion against the target of Ushs 8,384.89billion thus recording an overall performance of 97.62%

Macroeconomic performance: The PS/ST mentioned that whereas Uganda’s economy was projected to grow by 5 percent this financial year, in the first half of the financial year 2015/16, the economy had experienced significant inflationary pressures due to the sharp depreciation of the shilling as the US economy recovered strongly and speculation by investors additionally, the unfavorable weather condition that affected food supplies as well as adjustments of electricity tariffs had also affected the economy although real economic growth was projected to recover to 5.5% in FY 2016/17

Inflation and foreign exchange: PSST intimated that Government had moved to reduce the effect of the shilling depreciation on domestic prices and this had seen the inflation decline to 6.2 % in March 2016 and the inflationary pressures are projected to remain stable over the medium term.

Revenue performance: The revenue target of FY 2015/16 is Ushs 11,727.15 and the non-tax revenue target is Ush 553bn. PSST mentioned that the revenue performance was on target until December 2015 as January, February and March 2016 registered shortfalls due to the impact of the depreciated shilling that started in the first half of the financial year 2015/16 leading to reduction in volume of imported goods and services. Another factor was the slowdown in business activities associated with the general election as well as reduction in private sector credit among others.

Muhakanizi was optimistic that URA will be able to significantly reduce this shortfall and meet its expected revenue outturn projected which is at Ushs 11,624.47bn. This will be achieved through enforcing compliance during the remaining period especially in June 2016 when most companies are expected to file their returns.

Expenditure performance: Ministry of finance boasted of a 78% release performance for central government of the approved FY 2015/16 budget. Finance had released 100% approximately 100% to Local Governments (Ushs 2,169,791,405,150)

Health and School Releases: All funds for health centers have been released as budgeted for in FY 2015/16. And in addition, following the alignment of the financial year to the school calendar year, the release of capitation grants to schools and tertiary intuitions that are sent directly to the beneficiary accounts had been effected and funds will reach school accounts at least two weeks before the start of 2nd term of the school calendar year in May 2016

Development budget: by January 2016, all the approved capital development budget was disbursed to enable local governments fully execute the planned projects. This according to the PSST would eliminate excuses by implementing LGs for unspent balance at the end of the financial year. Mr. Muhakanizi shared the achievements registered by the Ministry to eliminate ghost pensioners which had previously been hardtop weed out. The other achievement was timely access to the payroll and of Government employees and pensioners with majority now receiving their pay between 23rd and 28th of the month. Enhanced supervision of staff by Accounting officers and

significant reduction of salary and pension arrears and the establishment of clear accountability centres for all salaries and pension processes and payments

Despite of the achievements, recruitment of staff not earlier budgeted resulting into wage bill shortfalls and persistent supplementary, delayed verification and access of pensioners on the payroll including staff that were previously on the centralized payrolls, Failure by some accounting officers to adhere to the payroll, salary and pension management guidelines and delayed remittance of salary deductions such as PAYE, Local service tax and loan recoveries are some of the challenges faced by Finance.

The Permanent Secretary went ahead to give a brief about how service delivery is affected; Late initiation and completion of procurements, Delayed remittance of funds to user departments, Delay in approval of designs by the supervisors and consultants, Inadequate human resources and follow ups on the programs at the Local Government, Poor planning in ministries and Delayed Civil works due to hiring low capacity contractors and poor contract management.

However the Ministry of Finance is working hard to; Improve the entire Government Project cycle management process with major focus on Transport, energy, water and agriculture sector, enforce efficiency in the Government expenditure to improve absorption of funds and ensure timely completion of projects Strengthening Government procurement processes through better proper planning procurement to enforce procurement process. In addition to this the Permanent secretary stated that Starting from FY 2016/17, accounting officers that have queries will not be appointed.



This week Parliament finally passed the Appropriation Bill 2016, clearing the Sh 26.3 trillion 2016/17 budget. This was after Budget Committee submitted its report on budget.



Ambassador Nathan Irumba- SEATINI, Harriet Gimbo -ActionAid Uganda, Sophie Kange – Uganda National NGO Forum, Imelda Namagga Uganda Debt Network. Silvester Arinaitwe Uganda Joint Christian Council of Uganda among the CSO representatives that met the Prime Minister Rugunda to submit the CSO petition on Taxing MPs on 6th May 2016.

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