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CSO PERSPECTIVES ON THE APPROVED UGANDA BUDGET ESTIMATES FOR FY 2023/24

1. INTRODUCTION

Civil Society Organizations organized and successfully held a Press conference to share perspectives on the Approved Budget Estimates for FY 2023/24, which were tabled and passed in Parliament on Thursday 18th May 2023 in accordance with Section 9 (3) of the Public Finance Management Act, 2015 (Amended).

CSO representatives during the Press conference at CSBAG Secretariat

CSO's appreciate Government for the progressive PFM Reforms undertaken. The most recent one is the payroll special audit and validation/headcount of all government employees by OAG. If done well, this will go a long way in addressing fiscal consolidation in Government.

A decline in the monthly headline inflation from 9.0% in March 2023 to 8.0% in April 2023 was also observed. This could be attributed in part to the conducive weather that has increased food production, as well as the contractionary fiscal and monetary policy mix implemented by Government to tame high inflation.

1.1. SOME KEY ALLOCATIONS TO THESE PRIORITIES INCLUDE:

Wealth creation funds account for a combined total of UGX 1.146 Tn (for 10,594 SACCOs under the Parish Development Model; UGX 100bn for 6,700 SACCOS under Emyooga program and UGX 46bn for other SACCOS under the Microfinance Support Centre).

Education: UGX 1 trillion was allocated to 12 government universities, UGX 126.2 billion for UNEB to conduct and supervise national exams, and UGX 13.39 billion for National Council for Higher Education to guide and establish standards of Higher Education Institutions.

Health: UGX 1.225 trillion was allocated to 27 Regional Referral Hospitals to improve health service delivery in Uganda.

Agriculture: Agricultural research financing in order to promote agricultural research in Uganda, the Government has allocated UGX 155.6 billion to National Agricultural Research Organization. Diary Development. In order to enhance diary value addition and quality for increased market competitiveness, the government has allocated UGX 17.62 billion the Diary Development Authority

Works and transport: As part of improving the national road network, UGX 2.475 trillion was allocated to Uganda National Roads Authority (UNRA). Furthermore, UGX 401.2 billion was allocated to Uganda Road Fund for improving District Urban and Community Access Roads.

Water and Environment- As part of improving management of the environment and natural resources, the government has allocated UGX 37.56 billion to National Environmental Management Authority (NEMA).

Local Government Financing: The budget for Local governments (including districts, cities, and municipal councils) for the financial year 2023/24 is UGX 5.39 trillion representing 10% of the national budget, of which UGX 4.156 trillion (77%) is recurrent expenditure and UGX 1.1247 trillion (23%) is Development expenditure.

1.2. THE CHALLENGES OF THE FY 2023/24 BUDGET IMPLEMENTATION

Public debt sustainability: Uganda's public debt stock has significantly increased from UGX 30.9 trillion in FY 2018/19 to UGX 86.6 trillion3 in FY 2023/24 representing a 180% growth, of which domestic debt was UGX 38.1 trillion and external UGX 48.5 trillion. A re-computation of Uganda's debt to GDP revealed consistence in growth over the period of five years from 31% in June 2017 to 52% in June 20224. Seventy five percent (75%) of

the current external debt is concessional and the balance non-concessional although by the end of December 2022 the non-concessional debt had increased from 21% recorded in June 2022 to 25% by the end of December 2022. Furthermore, the proportion of domestic revenue that goes into servicing debt has been overwhelmingly breeched. It has been noted that 24.1% of the revenue being collected is going into servicing debt against a benchmark of less than 12.5%. This cripples government's capacity to deliver services such as the deteriorated state of roads in Kampala and other parts of the country. It should also be noted that government in the last financial year used commercial loans to a tune of UGX 4.5 trillion for recurrent expenditure (Wage and Administration).

Domestic arrears have increased from UGX 4.65 trillion in 2021 to UGX 7.55 trillion in 2022 (62% increase) despite the existence of The Strategy to Clear and Prevent Domestic Arrears June 2021. For the next financial year government has allocated only UGX 205 billion for domestic arrears. This inability to pay back debt has suffocated the private sector and shows that that government's controls system has failed.

Revenue collection: Despite an increase in tax revenue collections from Ush. 14.4 trillion FY. 2017/18 to Ushs. 21 trillion in Financial Year 2021/22 representing a 46% growth. The Uganda Revenue Authority has consistently not met its tax revenue collection targets. The cumulative collections for the first half of the Financial Year 2022/23 amounted to Ushs. 11.67 trillion against a projection of Ushs. 11.74 trillion, registering

1.3. CONCLUSION

CSOs commend the government of Uganda for endeavoring to mobilize more resources in the budget to finance its priorities. However, to sustainably meet is targets, government needs to balance its budget by increasing our own domestic resources, cut down the appetite for debt to finance none core projects as well as closing the gaps that lead to the hemorrhage of public resources. Government must also strive to finance the key NDP III priority and productive sectors of the economy such as manufacturing, trade, and tourism and agro industrialization if we are to meaningfully impact the economy and bring more money into the pockets of citizens.

2. UDN PICTURIAL: LAUNCH OF THE BUDGET MONTH

UDN with other like minded CSOs participating in the Launch of the National Budget Month for the FY 2023/2024 organized by Ministry of Finance, Planning and Economic Development. The theme of the event was "Full monetization of the Ugandan Economy thru commercial Agriculture, Industrialization, Expanding & Broadening Services, Digital Transformation."


The National Budget Month Partners, with the PS/ST Mr. Ramathan Ggoobi during the Launch of the Budget Month.

UDN''s Programme Manager, Christine Byiringiro representing UDN at the Launch.

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