THE REPUBLIC OF UGANDA

FINANCIAL YEAR 2016/17

BUDGET STRATEGY

DELIVERED

AT

SERENA INTERNATIONAL CONFERENCE CENTRE, KAMPALA

ON

WEDNESDAY, 11th NOVEMBER, 2015

BY

HONOURABLE MATIA KASAIJA (MP)

MINISTER OF FINANCE, PLANNING AND ECONOMIC DEVELOPMENT

I. INTRODUCTION

Your Excellency the Vice President,

The Right Honourable Prime Minister,

Colleague Ministers,

Honourable Members of Parliament,

Representatives of Development Partners,

Your Excellencies, the Ambassadors and Heads of Government Missions,

Ladies and Gentlemen,

A. INTRODUCTION

1. I welcome you all to the National Consultative Budget Conference for the Financial Year 2016/17. This Conference is in fulfillment of Section 13 (2) of the Public Finance Management Act 2015 which requires that the national budget is prepared in consultation with the relevant stakeholders.

2. Government attaches a lot of importance to the budget consultations because they enhance transparency in the allocation of public resources and ensure the priorities included in the national budget clearly reflect the views and aspirations of Ugandans.

3. This meeting also comes immediately after the assessment of the annual Government performance for the FY 2014/15 and falls within four months of implementing the budget for the FY 2015/16. This therefore

gives us the opportunity to ensure that the issues arising out of the assessment are addressed in the budget strategy for the forthcoming Financial Year 2016/17

4. This presentation will only give the broad principles, fiscal parameters and proposed national priorities for the FY 2016/17 Budget. The details will be presented in the Sectoral Budget Framework Papers and later in the National Budget Framework for the FY 2016/17.

5. In addition, the macroeconomic projections included in this paper remain indicative and will be revised and concretized during the budget formulation process to reflect any changes in the conditions of the economy.

B. BACKGROUND TO THE FY 2016/17 BUDGET STRATEGY

6. The budget strategy for the FY 2016/17 aims to facilitate our long-term socio-economic transformation agenda of propelling Uganda into a lower middle income country by the year 2020 as enshrined in the Second National Development Plan (NDPII) and later into a first world economy as envisioned in the Vision 2040.

7. Uganda and the rest of the international community have adopted and committed to implementation of the 17 Sustainable Development Goals (SDGs) and targets with the aim of building on the achievements of the Millennium Development Goals (MDGs) and complete what was not achieved.

8. The SDGs seek to eradicate poverty in all its forms and dimensions and achieve sustainable development in its three dimensions – economic, social and environmental – in a balanced and integrated manner by the year 2030. It is therefore imperative that our policy framework, budget priorities and programmes are properly aligned towards achieving the commitments under the SDGs but within the overall framework of the NDP2.

9. The FY2016/17 budget also comes at a time when our economy is facing some macroeconomic challenges on account of external shocks which have culminated into the recent depreciation pressures on the Shilling against international major currencies leading to inflationary pressures in recent months which calls for urgent and deliberate interventions to increase the volume and value of our exports.

10. Accordingly, the budget for the FY 2016/17 is being formulated with the overall objective of strengthening Uganda's competitiveness for sustainable wealth creation, employment and inclusive growth through the following development objectives:

i. Increase Sustainable Production, Productivity and Value Addition in Key Growth opportunities by prioritizing investment in the strategic sectors of the economy which include Agriculture, Tourism and high value Minerals; including Oil and Gas;

ii. Increase the Stock and Quality of Strategic Infrastructure to Accelerate the Country's Competitiveness with emphasis on transport, energy and ICT;
iii. Enhance Human Capital Development, and
iv. Strengthen Mechanisms for Quality, Effective and Efficient Service Delivery.

11. Therefore, in line with the above objectives, the proposed theme for the financial Year 2016/17 Budget is '***Increasing Productivity, Value Addition, Competitiveness and Excellence in Public Service Delivery'.***

C. MACROECONOMIC PERFORMANCE AND MEDIUM TERM OUTLOOK

12. As we prepare the budget for the FY 2016/17, we must be cognizant of the prevailing economic conditions domestically, regionally and globally and have a deeper understanding of how they impact on realization of our development objectives.

13. According to the International Monetary Fund (IMF) recent assessment, the global economy remains subdued and projected to grow by 3.3 per cent in 2015 before recovering slightly to 3.8 per cent in 2016 indicating a slight recovery from the 3.4 per cent in 2014.

14. However, growth in most of the developing countries remains weak mainly due to infrastructure bottlenecks, capacity concerns, slower external demand growth, lower commodity prices, financial stability concerns and weak policy support in the respective countries.

15. According to the 2015 African Economic Outlook report by the African Development Bank, the East African region is projected to slow down from 7% in 2014 to approximately 5.6% in 2015 and then accelerate to 6.7% in 2016.

16. Domestically, Uganda's economy is projected to grow at 5% in FY 2015/16 compared to 5.3% in FY 2014/15 mainly driven by strong performance of the food crop sub-sector, increased production in the manufacturing sector, enhanced value addition in the financial and insurance sub-sectors and scaled up public investments that would boost the construction and mining and quarrying sectors.

17. Whereas inflation has remained within the single digit target, it has risen steadily from 1.3% in January 2015 to 8.8% in October 2015 mainly on account of increases in food crop prices and the impact of the depreciation of the Shilling on prices of other goods and services. The outlook suggests that inflationary pressures will persist in the next few months, mainly reflecting the effect of the exchange rate-pass-through. However, Bank of Uganda will continue to tighten monetary policy in order to stem these inflationary tendencies.

18. To avoid the dangers of inflation rising to double digits, Government will facilitate stimulation of production and productivity, value addition and export promotion to protect the shilling from persistent depreciation.

19. The Uganda Shilling has depreciated steadily against a number of global and regional currencies as a result of external and domestic pressures. As at end October 2015 the average exchange rate of the Uganda Shilling per US Dollar was 3,636 which represented a 13.6% depreciation from $/Shs 3,200 in June 2015 and remains vulnerable to further depreciation.

20. The depreciation of the shilling has been accompanied by deterioration in other key economic fundamentals such as the current account balance, interest rates and inflation. Therefore, the long term solution is increasing the volumes, quality and value of our exports.

21. With respect to fiscal policy, execution of the budget has already experienced risks arising out of revenue shortfalls and under subscription on the Government security market. The increase in interest rates will also have implications for the Government and negatively impact on the resource available for financing Government expenditure.

22. Thus, while Uganda's economy remains fundamentally sound, these economic conditions pause significant challenges for the economy. The recent economic shocks especially exchange rate depreciation and the resultant inflationary pressures, higher interest rates, subdued fixed investment and weaker consumer spending will ultimately impact on the overall level of economic growth and must be tackled.

23. Therefore, the budget strategy for the FY 2016/17 must be formulated to respond to these challenges in order to facilitate faster implementation of the NDP2 to achieve the desired socio-economic transformation of the lives of Ugandans and enshrined in Vision 2040.

D. THE 2016/17 BUDGET STRATEGY

24. As I have already highlighted above, the FY 2016/17 Budget strategy will be guided by the Vision 2040 and the Second National Development Plan (NDP2) while taking into account the recent macroeconomic performance and outlook but anchored in the following priority investment areas of the NDP2 with the greatest multiplier effect on the economy, which are-:

i. Maintaining and sustaining Macroeconomic Stability and National Security and Defense as fundamentals for economic growth and development;
ii. Promotion of Production, Productivity, Investment and Export of Goods and Services through Value addition to Strategic Commodities;
iii. Sustaining the Development and Maintenance of Strategic Infrastructure with emphasis on Energy and Transport to Accelerate the country's competitiveness;
iv. Enhancing Human Capital Development by improving Access to Quality Critical Social Services and Skills Development;

v. Enhancing Domestic Revenue Mobilization; and
vi. Strengthening the Quality of Public Service Delivery to Facilitate Private Sector Investment.

25. Consistent with these overarching frameworks and taking into consideration strong need to re-orient the budget and expenditure priorities towards enhancement of production, productivity, investment and value addition, any additional resources will be directed towards supporting of the key growth sectors of the economy.

Maintenance of Macroeconomic Stability

26. Macroeconomic stability remains the bedrock for successful implementation of the National Development Plan and overall achievement of Uganda's economic growth and socio-economic transformation. It is also one of the key commitments and basic requirements agreed with our partner states under the formation of the EAC Monetary Union convergence.

27. The Medium Term Fiscal Strategy for the FY 2016/17, guiding principles and targets are as follows:

i). Accelerate the rate of economic growth to at-least 7% per annum;
ii). Maintain annual inflation within single digit levels;
iii). Ensure public debt remains within sustainable levels; and
iv). Maintain adequate foreign exchange reserves cover.

28. While there are no easy short-term wins, the key policy options include the following:

i. Tightening fiscal and monetary policies to stabilize the exchange rate and protect the shilling from further depreciation and also tackling the resultant inflationary pressures.
ii. Increasing financing of key production sectors, value addition especially for agricultural products and other exports especially minerals, and in particular through an export promotion strategy action plan;
iii. Expedite operationalization of the Free Trade Zones Act to ensure its full implementation;
iv. Carry out campaigns for promoting consumption of locally produced goods through the "Buy Uganda Build Uganda" (BUBU) policy and ensure that this is integrated into all Government policies and procedures;
v. Strengthen Uganda's Missions Abroad to enable them effectively play a strategic role of promoting investments and commercial diplomacy, attraction of foreign direct investment and tourist attraction for purposes of increasing Uganda's foreign exchange earnings;
vi. Strengthening the allocative and financial efficiency of the budget by implementing clear and transparent Public Finance Management (PFM) rules, strengthening public investment

management and encouraging PPPs to enable delivery of critical services; and

vii. Strengthening debt management to ring fence rising commercial borrowing and the burden of debt-service.

National Defense and Security

29. The budget strategy for the FY 2016/17 will continue to facilitate strengthening of National Security and Defense by professionalizing and modernizing of the defence and security forces. Specific interventions will include further acquisition and maintenance of modern equipment, welfare improvement and human capital development to enable the security agencies to maintain peace and stability, participation in community service and implementation of national development projects.

Comment [w1]: The text highlighted text is n
and replaced: will continue to “focus on equippin
the security agencies, training and research in
modern security systems, improving staff welfare
and provision of other logistics.

Promotion of Production, Productivity, Investment and Export of Goods and Services through Value Addition to Strategic Commodities

30. Evidence from various studies indicates that the economy continues to suffer from the low productivity of the key growth sectors. For instance, most of the growth in Agricultural income is being driven by increases in area under cultivation, good weather, and high prices as well as improved access to markets in neighboring countries but only marginally because of an increase in the use of modern production technologies.

31. Low productivity is largely due to limited access to and use of productivity-enhancing factors such as technology, training, water, land

management and farm-to-market infrastructure, especially for agriculture. All these render the agricultural sector highly vulnerable to exogenous shocks such as climatic changes and price falls that reduce the welfare of households.

32. Agricultural productivity has also been greatly reduced by loss of soil fertility largely on account of poor farming practices especially over-cultivation and slow progress in adoption of improved appropriate farming methods including use of fertilizers and improved high- yield crop and animal species.

33. In line with the strategic objective of the Second National Development Plan (NDP2), the strategy for increasing sustainable production, productivity and value addition will focus on facilitating value addition to the strategic commodity enterprises identified in the NDPII and the draft National Export Development Strategy (NEDS). These are: Cotton, Coffee, Tea, Maize, Rice, Cassava, Beans, Fish, Beef, Milk, Citrus and Bananas. Minerals, oil and gas, tourism and ICT service. These have been identified based on their contribution to household food security and contribution to export revenue.

Comment [w2]: These three items were adde as it was only giving a mention of Iron ore as a special case.

34. However, in the FY 2016/17, priority will be given to 1) Coffee and Coffee products, 2)Tea and Tea Products, 3) Fish and Fish Products, 4) Livestock and livestock products (dairy and beef), 5) Grains products (maize and beans), 6) Horticultural crops, 7) Cotton and cotton products, 8)

Minerals and mineral Products (iron ore and dimension stones) as well as 9) Oil and gas (accelerators of the industry).

Comment [w3]: This is a new paragraph that emphasises the elements of export development strategy that is under development

35. The strategy will involve addressing constraints in the entire value chain process right from research to provision of inputs, extension services, access to finance, post-harvest handling and storage, value addition, agro-processing, quality control and marketing.

36. Priority will also be put on strengthening the institutions responsible for Investment and Export Promotion such as Uganda Investment Authority, Export Promotion Board, and Uganda Registration Services Bureau, among others. This will also include further development of the Industrial Parks and Free Trade Zones.

37. Key specific priorities and measures will include:

Comment [w4]: This is a revision of paragraph 34, that outlined the sector priorities to achieve strategic interventions. Six interventions had been identified.

The old text identified:
1.Implementation of the single spine agricultural extension scheme;
2.Continued provision of improved agricultural technologies and inputs such as breeding materials, planting materials, and pesticides;
3.Supporting agricultural research and development;
4.Promotion of investment in irrigation infrastructure and post-harvest handling;
5. Agricultural financing, processing and value addition for agricultural produce;
6.Development of markets and other marketing arrangements.

i) Commodity based research for the strategic commodities;
ii) Continued provision of improved inputs like seedlings and breeding materials, promotion of fertilizer use, pests and disease control,
iii) Strengthening extension services through the single spine extension system,
iv) Improving post-harvest handling by supporting construction of storage facilities;
v) Supporting agricultural financing and value addition through the Agricultural Credit Facility;
vi) Strengthening the regulation and enforcement of standards for quality control, fishing and environmental protection; and

vii) Continued development of agricultural infrastructure such as rural feeder roads and markets and rural electrification to support agro-processing.

38. The interventions for promotion and development of Tourism and tourism products will include:

i). Development of new products including community and religious tourism. This will include redesigning of strategic facilities such as the source of the Nile at Jinja to international standard and redeveloping Namugongo Martyrs shrine to equip it with necessary amenities,

ii). Aggressive marketing and promotion of tourism products including strengthening the institutions responsible for tourism promotion such as Uganda Tourism Board and Ugandan Missions Abroad;

iii). Skills development mainly through continued revamping the Hotel and Tourism Training Institute (HTTI),

iv). Improving strategic tourism infrastructure like tourism roads, rural electrification, hotel and tour services, among others; and

v). Sustaining national peace and security in all parts of the country to further enhance international confidence in Uganda as a final tourist destination.

39. In order to increase Uganda's competitiveness and economic diversification, the budget will continue to facilitate the private sector development as an engine of growth and development through the following interventions;

i. Increasing low cost access to finance for firms, including long-term finance by addressing the challenges in the finance sector such as commercial bank interest rates, supporting the development of micro-finance institutions including SACCOS and capitalisation of Uganda Development Bank to provide long-term investment capital;

ii. Reducing administrative costs associated with business licensing and registration, lands, building plans, construction permits, boarder crossings and basic infrastruture;

iii. Improving land markets by reducing the cost of transferring land including further improving the land registry system.

Sustaining the Development and Maintenance of Strategic Infrastructure in Energy and Transport to Accelerate the Country's Competitiveness

40. As part of the Government programme for increasing the stock and quality of physical infrastructure, the budget for the FY 2016/17 will maintain financing of the ongoing construction of major infrastructure projects.

Comment [w5]: Year corrected from 2016/16

Comment [w6]: The emphasis given to "main energy and transport to facilitate transmission lin under the rural electrification programme was moved forward, to insert text of emphasis on boosting value addition and exports.

41. Specific focus will be given to infrastructure which will directly benefit the urgent need to boost value addition and export. These projects will need to be completed in time while providing the necessary resources for proper maintenance of completed ones.

42. In the roads sub-sector, emphasis has been on upgrading of numerous gravel national roads to bitumen standard, and the rehabilitation and

reconstruction as well as maintenance of national, district, urban and community access roads. While resources will continue to be provided to facilitate the completion of the ongoing projects, priority will also be put on proper maintenance and sustainability of the completed projects.

43. To complement the road infrastructure, reduce damage to the roads network, lower cost of freight especially for bulky commodities and increase competitiveness of Ugandan economy, Government will fast track the construction of the Standard Gauge Railway (SGR) starting with the Eastern Route from Malaba to Kampala in FY 2016/17.

44. Government will also work with the private sector to improve the existing marine infrastructure so as to reduce the cost of transportation and increase connectivity. Specifically, Government will focus on increasing the volume of passenger and cargo traffic by marine transport.

45. Under air transport, emphasis will continue to be:

i). Upgrading to improving the quality of operation and maintenance at Entebbe International Airport. The scope of works upgrade includes, among others, construction of a new cargo center, new passenger terminal, strengthening runways, and the replacement of navigations aids.

ii). Further improvement of several regional aerodromes and an airport at Kabale (Hoima) to ease the development of the oil refinery will be fast-tracked.

46. Under the electricity sub-sector, emphasis will be on;

i). Accelerating the process for construction of the major projects such as Karuma, Isimba, Ayago hydropower projects, mini-hydro power projects such as Muzizi and Nyagak .

ii). Construction of transmission lines under the Rural Electrification Programme with specific focus on transmission of energy infrastructure to the prioritized activities to accelerate value addition for export.

47. Under the Oil and Gas sub-sector, the budget for the FY 2016/17 will also continue to facilitate the following programmes:

i). Further exploration and production of oil and other valuable minerals such as Iron Ore and Phosphates through issuance of Production Licenses;

ii). Streamlining petroleum supply and distribution, development of the petroleum refining and pipeline transportation infrastructure by concretizing the development of the Oil Refinery, Crude Oil Pipeline to the Indian Ocean and petroleum products pipelines.

iii). Strengthening the institutional framework by operationalizing the National Petroleum Authority and, establishment of the National Oil Company;

iv). Acquisition of land for the airport in Kabale, for the products pipeline and for the utility service line;

v). Implementation of the Local Content Policy and the Workforce Skills Development Strategy and Plan; and

vi). Exploitation and value addition to other strategic minerals by reviewing the mineral rights and streamlining award of licenses, fast tracking the establishment of the mineral analysis lab and mining equipment and provision of electricity to mineral rich areas.

48. Under ICT, focus will be on construction of the ICT park, finalization of the analogue to digital migration and completion of the third phase of the National Backbone Infrastructure to improve access to efficient and affordable ICT services and also lower the cost of doing business.

Comment [w7]: These paragraphs expanded paragraph 39 and elaborating on the specific proj work expected during the year.

Enhancing Human Capital Development by Improving the Quality and Access to Critical Social Services and Skills Development

49. The Government strategy for improving Human Capital Development has been on improving the state of facilities in sectors like Education and Health. This has greatly improved access to services in these sectors.

Comment [w8]: The words: Human capital Development replaced skills development, and th elaborated on the some of the specific interventi needed in thematic areas, under both health and education. For instance under education introduction of early child hood development wa highlighted for the medium to lonterm.

50. Under the Health sector, Uganda has registered improvement in key health sector indicators. For instance, under-five mortality rate has fallen from 169.5 per 1,000 live births to 54.5 in the last two decades.

51. There are also significant improvements in other indicators such as maternal mortality rates, HIV/AIDS prevalence, availability of essential drugs and medicines, malaria incidence and immunization against the major killer diseases, among other indicators.

52. However, it is also evident that Uganda is unlikely to meet the millennium development goal (MDG) targets for the various health indicators. Therefore the FY 2016/17, focus will be placed on improving Health Service delivery in key areas of:

i. Continue with the provision of adequate essential drugs an all health centres;
ii. Health infrastructure development with specific attention on continued rehabilitation, equipping and functionalization of health facilities including distric Hospitals and HCIIIs in all Sub counties;
iii. Strengthening Human resources for Health, including community extension workers and development of specialised care in heart and cancer;
iv. Strengthening the national referral system, including establishment of regional offices and operational structures and a fleet of ambulance vehicles and equipment & supplies;
v. Enhancing preventive health care, with particular focus on mass malaria screening, testing, treatment and larviciding as well as investing in sanitation at household, community and institutional levels;
vi. Address the challenge of health financing, by fast tracking establishment of the National Health Insurance Scheme and provision of a Medical Credit Fund for private health sector players; and

vii. Provision of family planning services to address the challenge of high fertility rates and its implications on other health indicators such as infant and maternal mortality rates.

53. Under Education and skills development, Government has made great advances in increasing access to primary education and thus towards achieving the millennium development Goal of ensuring that by 2015 all school going children will be able to complete primary schooling. However, reports such as the MDG report 2015 have indicated that the target on primary school completion is likely not to be achieved despite the increase from 46% in 2002 to 72% in 2014/15.

54. Among the key challenges faced under the education sector include the slow progress in improving the education outcomes such as completion rates, proficiency, numeracy, literacy and skills development, at various levels of the education system.

55. The medium to long-term development of human capital calls not only for immediate, but also concerted and coordinated investment in skills development. Government's priority will be in consolidation of the investments and gains made in the education sector by extending access to secondary education through the universal secondary education (USE) programme, while maintaining the already high enrolment at primary level; and improving quality in both primary and secondary education to improve learner performance and reduce system wastages such as drop-out and

repetition. Accordingly, the budget for the FY 2016/17 will prioritise the following:

i. Continue with the ongoing developent and maintenance of education infrastructure at primary, post primary and tertiary levels;
ii. Equipping of facilities like science and computer laboratories and libraries and completion of secondary school structures already started;
iii. Improving staff motivation through staff houses, salary enhancements and implementation of the scheme of service to provide for carrer growth forr teachers;
iv. Strengthening monitoring and supervision to address staff absenteism;
v. Support to early childhood development (ECD) as the indespensable foundation of the country's future workforce. This will include ECD components in education, health and community development;
vi. Continue with curriculum reviews and revisions to make the education system more apt in the production a more commensurate and competitive human capital.

56. On skills development, focus will be on:

i) Curriculum development in key skills to focus on producing relevant and skilled workforce as well as operationalization of a training levy in an effort to involve employers/industries in the training of the country's human resource;

ii) Building the capacity of key training and vocational institutions in particular the already existing skills training institutions, proposed centers of excellence and trainers to improve response to market demands; and

iii) Institute mechanisms for international standardization and certification of skills to make Ugandan labour force competitive.

57. To enhance Social Development and inclusive growth, this budget will focus on improving the capacity of youth to harness their potential and increase self-employment, productivity and competitiveness, with specific investment in:

i). Enhancing Youth Livelihoods and promoting economic empowerment of women, with specific investment in women Entrepreneurship capacity;

ii). Improving resilience and productive capacity of other vulnerable groups, with specific investment in the expansion of social protection interventions such as SAGE.

58. The strategy for employment creation will involve the development and prioritization of the following interventions:

i) Value addition in the sectors with higher multiplier effect to increase productivity, output and absorption of excess labour;

ii) Establishment of a labour market information system to link labour market demands to labour supply requirements, support data collection on labour and employment statistics;

iii) Development of a national content policy to promote local capacity in terms of labour, business and products;

iv) Enhance competences through making apprenticeship and internship mandatory, and support mind set change programmes.

Comment [w9]: These are new paragraphs introduced to give emphasis to skills developmen social development and employment creation.

59. In order to improve access to safe water and sanitation, government priority has been on improving key infrastructure through construction and expansion of piped water schemes, urban sanitation facilities, rural water facilities like boreholes, protected wells and gravity flow schemes among others. These have significantly contributed to access to improved water and sanitation facilities across the country.

60. The World Bank systematic country diagnostic study shows that nearly 65 percent of the Ugandan population has access to safe water but about 35 percent of the Ugandan population does not have access to safe water which includes over 10 million people in rural areas and 1.7million people in urban areas. The principle inequality lies in service delivery to rural versus urban households primarily because of infrastructure related costs of providing water in remote and rural areas.

61. Therefore, the budget for 2016/17 will aim to address these challenges by sustaining the ongoing programme for improving access to water and sanitation facilities in both urban and rural areas with emphasis on undeserved areas of the country.

Enhancing Domestic Revenue Mobilization;

62. Under the National Development (NDP2), Government committed to raise the revenue to GDP ratio from the current 12% to 15.1% by the end of FY 2015/16.

63. The strategy for Domestic Revenue Mobilization will focus on expansion of the tax base by gradually formalizing the large informal sector, improving efficiency in tax collection and compliance and efficiency in allocation of the available resources to facilitate faster growth and development for purposes of generating more domestic revenue.

64. The budget for the FY 2016/17 will therefore aim at refocusing the revenue enhancement strategy to enforcement of the current tax regime by URA to achieve the policy target of 0.5 percentage point of GDP through:

i). Improving taxpayer compliance through enforcement, tax payer awareness campaigns;
ii). Strengthen multi-institutional collaboration by URA, KCCA, URSB and Local Governments for revenue generation and management;
iii). Continue to strengthen the URA to raise their effort by tapping into the informal sector, and
iv). Conducting additional audits and build the audit capacity under tax administration as well as strengthening the current system for collection and administration of tax and Non-tax Revenue.

Strengthening the Quality of Public Service Delivery

65. The budget for the FY 2016/17 will also continue to facilitate the process of improving the quality of services offered by Government Ministries, Departments and Agencies (MDAs) through the following interventions:

i. Improving the entire Government project cycle management process including identification, design, appraisal, approval, financing, monitoring and evaluation of Govenrment projects with special focus on major projects in sectors like transport, energy, water and agriculture;
ii. Enforcing efficiency in Government expenditure to improve absorption of funds and ensure timely completion of projects;
iii. Strengthening Government procurement through better procurement planning, enforcment of procurement regulations, E-procurement, procurement audits and contract management, among others;
iv. Develop and implement a high level Result Matrix to Monitor and fast track the implementation of the strategic interventions presented in this Budget Strategy. This will clearly indicate the key undertakings, performance benchmarks, responsibility centres and implementation timelines.
v. Strengthen Monitoring and Evaluation of Government prigrammes including establishing of a Service Delivery Unit in Office of the Prime Minister and in all Minstries, Departments and Agencies to enhance monitoring and supervision of Government programmes;

vi. Enforcing performance contracts by including enforcement of sanction mechnisms and accountability as well aggressive enforcement of the Public Finance Management Act 2015 but putting priority on the major programmes and projects;

vii. Enhance budget transparency to promote the voice and accountability of citizens by encouraging citizen participation in monitoring supervision of government programmes.

E. FINANCING STRATEGY FOR THE FY 2016/17 BUDGET

66. The financing strategy for the FY 2016/17 budget will continue to be driven by the government objective of mobilizing more domestic revenue to reduce the risks associated with external financing. Therefore, the budget will largely be funded through mobilization of more tax and non-tax revenue including other non-traditional forms of financing such as social security funds, insurance funds and capital markets as well as public private partnerships (PPPs).

F. CONCLUSION

67. This budget strategy lays the ground for preparation of the budget for the financial year 2016/17 and provides a framework with which sector Ministries will bid for resources within the overall national priorities and in line with the overall Medium Term Revenue and Expenditure Framework. I call upon you all to embrace these proposals and urge the sectors to ensure that priorities are properly aligned to these interventions to facilitate faster

implementation of our national aspirations of socio—economic transformation of Uganda as envisaged in Vision 2040.

I thank you for listening to me.