FOR GOD AND MY COUNTRY

THE REPUBLIC OF UGANDA

MINISTRY OF FINANCE, PLANNING AND ECONOMIC DEVELOPMENT

THE 2014/15 BUDGET AND YOU

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FOREWORD

In any home, decisions on how to spend income usually, although in most cases unwritten, require a budget which should take into account the family's income and planned spending needs. The family budget should ensure that the most important needs for the family in a given period are given priority. Similarly, the Government uses the budget to show how public resources will be raised, and where and how they will be spent to deliver public goods and services which ultimately lift the majority of Ugandans out of poverty. The budget highlights the priority areas for a given year in line with the objectives of the National Development Plan.

For the financial year (July 1st, 2014 to June 30th, 2015), the Government aims to ensure that the general level of price increases is kept low at below five percent, and that interest and exchange rates are predictable. Secondly, there is need to grow the economy (production of goods and services) at a rate of 6-7% by increasing production and productivity in agriculture, agro-business, manufacturing, and the services sector such as Information and Communication Technology (ICT). It is crucial that we improve revenue collection but also facilitate the private sector as the engine of growth of the national economy.

"The Budget and You", spells out the strategic objectives of the Financial Year 2014/15 budget, the reasons behind the taxes imposed, the allocation of available resources to different sectors and why resources have been prioritized to specific sectors. The budget for this financial year amounts to Shs 15.8 trillion, of which 81.8% will be locally raised from domestic resources. The remaining 18.2% is expected to come from external sources through loans and grants.

This year, the salaries of public servants have been raised. In particular, teachers and health workers have all had their salaries increased. This is expected to boost the morale of civil servants and reduce levels of absenteeism especially among teachers and health workers. However, in return, public servants will be expected to greatly improve service delivery in their respective jobs.

I encourage you to take keen interest in the implementation of the budget in your districts. For purposes of promoting transparency and accountability, my Ministry has introduced the budget ***website: www.budget.go.ug*** where you can access information on how money has been allocated to your sub county. A free hotline **0800 229229** has also been established which you can call to ask any information on the Government Budget.

I invite you to read this brief document, and also to share it with your friends and family.

For God and my Country

Maria Kiwanuka
Minister of Finance, Planning, and Economic Development

List of Acronyms

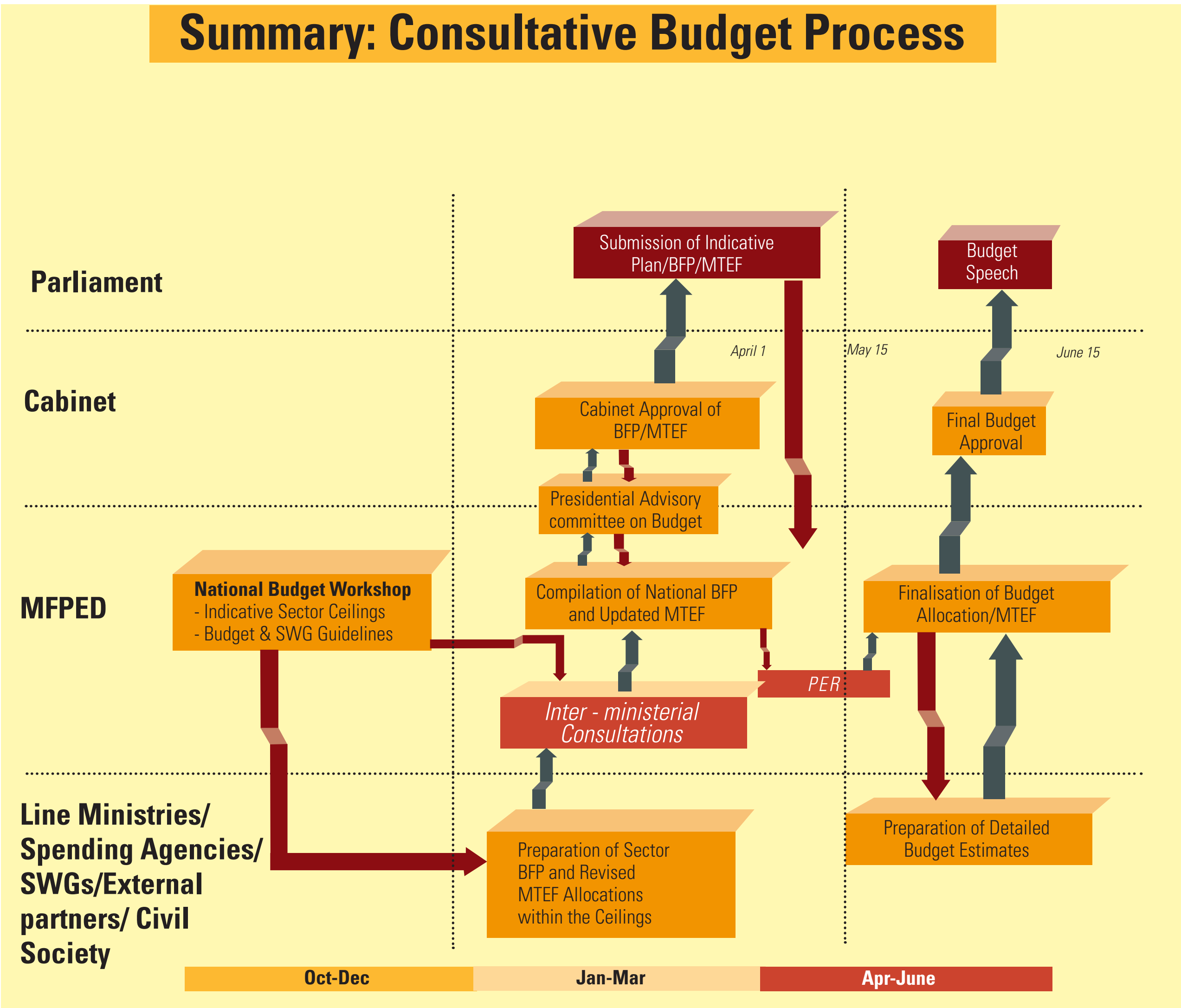
ATM	Automated Teller Machine
BFP	Budget Framework Paper
EAC	East African Community
ICD	Inland Container Depot
ICT	Information and Communication Technology
IRS	Indoor Residual Spraying
KCCA	Kampala Capital City Authority
LPG	Liquefied Petroleum Gas
MFPED	Ministry of Finance, Planning and Economic Development
MTEF	Medium Term Expenditure Framework
MW	Mega Watts
NAADS	National Agricultural Advisory Services
NHATC	National High Altitude Training Centre
NLIS	National Land Information System
NSISP	National Security Information Systems Project
PAYE	Pay As You Earn
PER	Public Expenditure Review
PTC	Primary Teachers' College
SACCO	Savings and Cooperatives
UIA	Uganda Investment Authority
UNRA	Uganda National Roads Authority
UTB	Uganda Tourism Board
VAT	Value Added Tax
SWG	Sector Working Group

Background

In June of each year, the Minister of Finance, Planning and Economic Development (MFPED) announces Government's spending, taxation, and borrowing plans as well as priorities for the next one year. This is called the National Budget. It describes how Government will raise money and how it will be spent. The national budget divides money between ministries, Government agencies, and districts for a particular financial year to enable them deliver public services such as roads, education, health, water, agriculture etc. The Government of Uganda financial year starts on July 1st each year and ends on June 30 the following year. The Government's Budget plans are implemented during this period.

How does the Government Come Up with the National Budget?

The Government consults widely before coming up with the national budget. The diagram below summarises this consultative process.



What is the theme of this financial year's budget?

This financial year, 2014/2015, the Government of Uganda adopted ***"Maintaining the Momentum: Infrastructure for Growth and Socio-Economic Transformation"*** as its national budget theme. This will enable the Government focus on implementing key development priorities within existing resources, develop infrastructure, while promoting economic productivity and diversification for better job creation to satisfy Ugandans.

What are the key drivers of economic growth this financial year?

The key areas that are expected to lead to economic growth are: agricultural productivity, agro- processing, and exports; services, infrastructure development, manufacturing; mining; and quarrying.

What are the key interventions on which the national budget strategy is built?

- Improving the Government Budget strategy is built on inter-linked interventions towards employees, the taxation system, and the inflation rate by undertaking key economic infrastructure investments, while maintaining peace, security, and economic stability
- Managing the limited resources to support agriculture, agribusiness, agro-processing, tourism, industry, and services such as Information and Communication Technology (ICT). Improving the productivity of Uganda's workforce by boosting the provision of quality education, health, and water services
- Strengthening Government institutions by ensuring they are accountable and transparent in their operations.

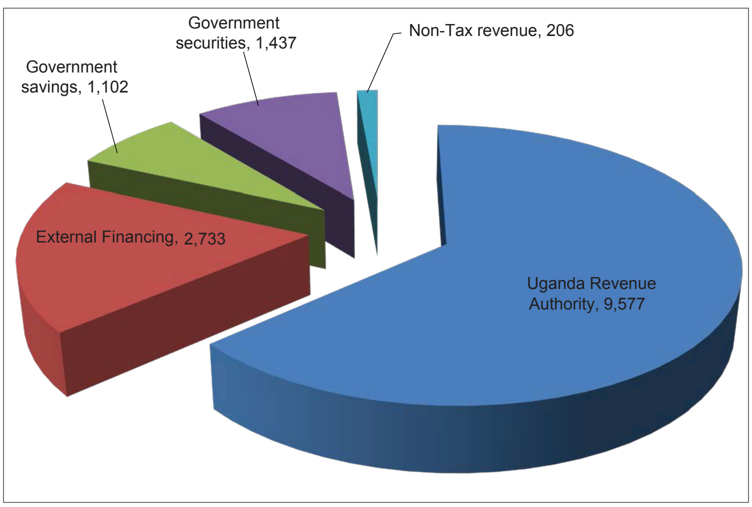
What are the key priorities of 2014/2015 budget?

The following areas will be priorities:
- Maintenance of national security and defense
- Infrastructure development in transport and energy
- Enhancement of scientific research, technology and innovation for industrialisation, competitiveness, and job creation
- Boost production and productivity in agriculture, agribusiness, tourism, trade and industrial development
- Continue developing the skills of Ugandans
- Ensure strong Government institutions to improve delivery of services to Ugandans.

How will the Government raise money to fund the Budget?

The chart below shows the amount of money and how it will be raised by the Government to fund the National Budget in 2014/2015.

The figures in the chart below represent billions in Uganda Shillings.



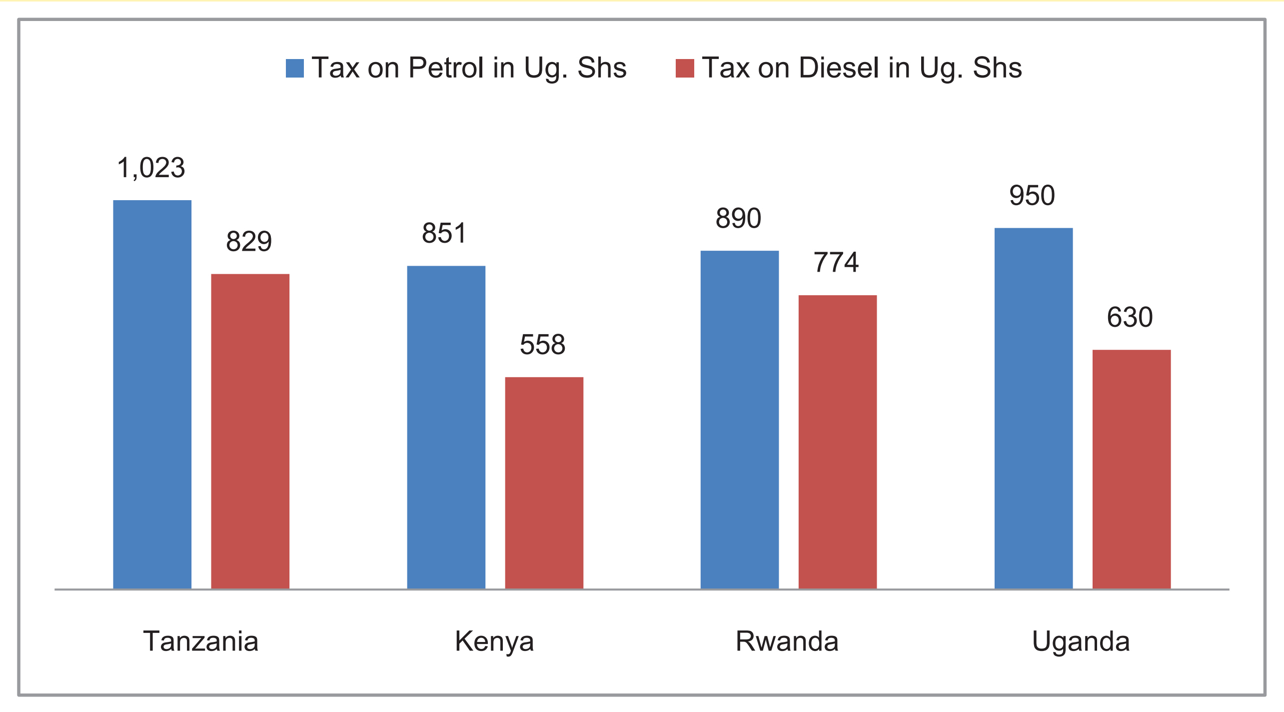
EXPLANATION OF TAXES

This financial year (2014/15), new taxes have been introduced while others have been reinstated. This section explains the reasons behind the Government's decision in this regard as well as the revenue that is expected to be generated.

Petrol and Diesel

The tax on Petrol and Diesel has been increased by Shs. 50. This means that the tax on Diesel has been increased from Shs. 580 to Shs. 630 and Petrol from Shs. 900 to Shs. 950 per litre. This tax should not lead to a significant increase in pump prices. For example, a 14-passenger commuter taxi to Masaka uses on average 15 litres from Kampala. The increase on each litre will be Shs.50 and the total increase on the 15 litres will be Shs.750. Assuming that there are 10 passengers, the increase in fares should be Shs.75 per person. **Note that this marginal increase will raise Shs. 60 billion, which will be used to develop and maintain our road network. With a developed road network, you will spend less time and money to travel from one place to another.**

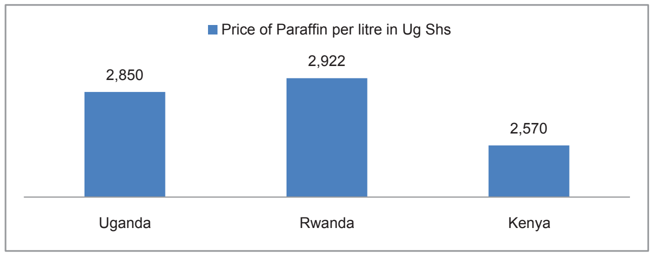
Comparison of taxes on Petrol and Diesel in East Africa in 2013/14



Paraffin

For the past two financial years, the tax on paraffin was reduced from Shs. 200 to zero. In the last five years, regardless of the tax removal, the actual price per litre has increased from Shs. 2,039 to an average of Shs. 2,819. Fuel dealers declined to reduce the price arguing that some people were using the cheaply available paraffin to mix it with Diesel to gain profit. These dealers added Shs. 200 per a litre as a measure to stop others from mixing Paraffin with Diesel. In Tanzania, the tax on Paraffin is Shs. 746.

Comparison of prices of Paraffin in East Africa in 2013/14



The Government has put measures in place to reduce the cost of transporting fuel into Uganda, such as the single customs territory, removal of non-tariff barriers like road blocks, and easier customs clearance procedures. **The tax from paraffin will attract income of Shs. 15 billion, which will be used to finance solar energy projects.**

Mobile Money

In the past, the Government introduced a 10% tax on charges for mobile money transfer services. The telecom companies instead transferred the charges to withdrawals making it impossible for Government to collect this money. From July 1, 2014, mobile money withdrawal charges will be taxed.

However, this tax will not affect the money being sent but the fee being charged by telecom companies to withdraw money. For example, if you are charged Shs. 1500 for withdrawing Shs. 200, 000, it is only the withdrawal fee of Shs. 1500 that will be taxed. In this case, the tax will be Shs.150 only. The expected revenue to be generated is **16 billion**

Sugar

The tax on sugar per kilogramme was Shs. 50 in the financial year 2010/11. In the following financial year (2011/12), the prices of commodities significantly went up. Traders were selling sugar at Shs. 4,062 per kilogramme. The Government then reduced the tax to Shs 25. Today, inflation has reduced to 5.4%. The number of companies producing sugar has also increased and the price per kilogramme has dropped to Shs. 2,500 in supermarkets and Shs. 2,318 in retail shops due to increased competition. This measure will generate Shs **7 billion**.

The Government has, therefore, decided to restore the tax per kilogramme to Shs. 50. This means that the tax charged per bag of sugar (50kg) will increase from Shs. 1,250 to Shs. 2,500. In light of the current stable economic environment, the price will remain affordable as the table below shows:

Table : Expected Impact on Retail Sugar Prices in Shs.

Local Region	Average Sugar Prices Per Kg	Expected prices after incorporation of new tax	Current Sugar price (for 50Kgs Sack)	Expected price after incorporation of new tax
Kampala	2,318.5	2,343.5	115,925	117,175
Eastern	2,297	2,322	114,850	116,100
Central	2,098	2,123	104,900	106,150
Western	2,296	2,321	114,800	116,050
Northern	2,360.5	2,385.5	118,025	119,275
West Nile	2,503.5	2,528.5	125,175	126,425

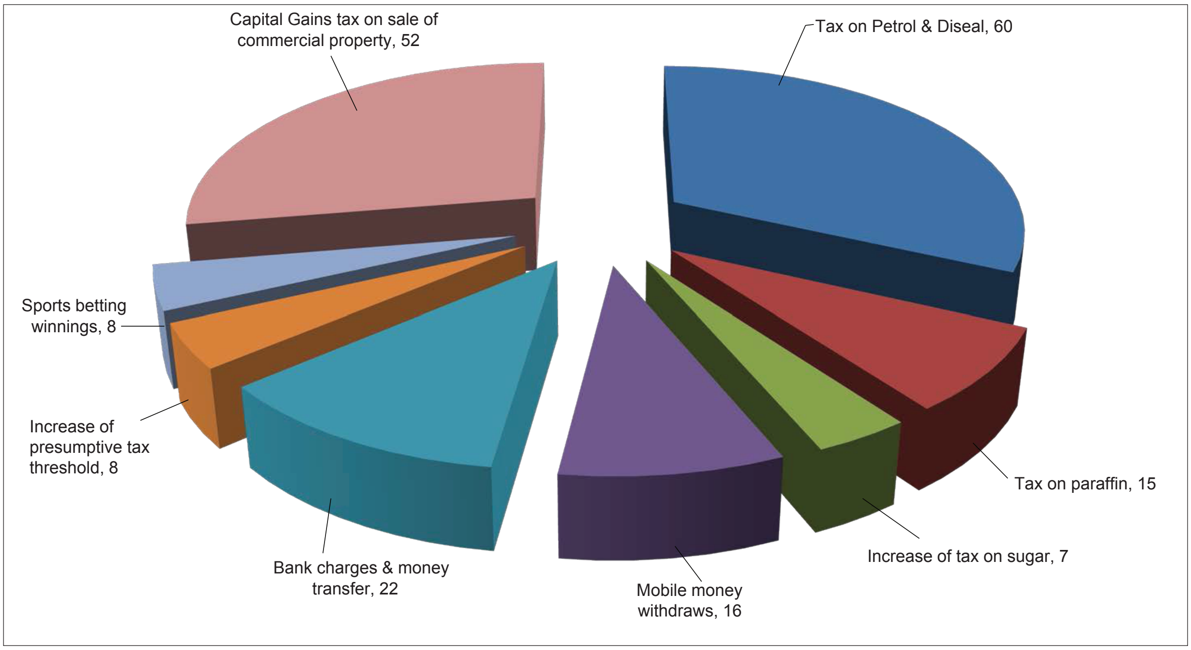
Note: April and May, 2014 prices are used

Financial Services

Banks charge their customers ledger fees, withdrawal fees, Automated Teller Machine (ATM) fees, and monthly charges. Such charges will attract a 10% tax from July 1, 2014. Financial service providers in Kenya and Zambia pay this tax. Therefore, Uganda is not the only country charging this. In fact, in South Africa, the Government collects Value Added Tax (VAT) on financial services. This measure is expected to generate **Shs 22 billion**.

Summary of new taxes and the expected income to be generated. These new taxes are expected to generate 188 billion shillings.

The figures in the chart below represent the income to be generated in billions in Uganda Shillings.



ELIMINATION OF VAT EXEMPTIONS AND APPLYING VAT AT 18%

*The expected income from elimination of VAT exemptions and applying VAT at 18% supplies to be generated is **Shs.215 billion**.*

Value Added Tax (VAT) is a tax designed for generating revenue and is paid by the final consumer. However, there have been many exemptions, which have now been removed as shown below. These exemptions have over the years proven to be difficult to implement.

The removal of these exemptions brings into the tax base some of the 2.4 million households who have not been paying taxes. It is important to note that once a person engaged in an economic activity is registered for VAT, he/she can claim the VAT they have paid on inputs and, therefore, bear no tax burden.

VAT on supply of new computers, computer software, and licenses

Previously, the supply of new computers, printers, computer parts, and accessories had been exempted from VAT and import duty. Computer software and licenses were also exempted from VAT. Although the exemption was being justified as facilitating the promotion of ICTs, there is no evidence that it directly led to affordable prices. In other East African Community (EAC) Partner States like Kenya where ICT penetration is higher, VAT is payable on computers. So, businesses will not be affected by the VAT as they will be able to claim it as an input.

Restoration of VAT exemption on hotel accommodation

The supply of hotel accommodation had been exempted from VAT for the last 12 years. VAT on this service was restored in 2013/14. However, it was agreed between the sector, Government and Parliament to delay implementation to give the sector enough time to adjust to the new requirement. The period requested for has expired and there is need to collect this tax.

Countries that charge VAT on hotel accommodation include among others: Kenya, Tanzania, Rwanda, Burundi, and Mauritius. The collection of VAT in these countries is not known to have curtailed the growth of the tourism sector.

However, the tourism sector can still benefit from the exemption of taxes on the importation of the following equipment by the East African Customs Management Act:

- Washing machines
- Kitchen ware
- Cookers
- Fridges and freezers
- Air conditioning systems
- Cutlery
- Televisions
- Carpets
- Furniture
- Linen and curtains
- Gymnasium equipment.

VAT on Supply of Liquefied Petroleum Gas

Liquefied Petroleum Gas (LPG), which is commonly referred to as cooking gas is mostly used by people in urban areas. Individuals who use LPG to cook or light their premises will pay just 18% more. For example, a cylinder of 12kg that currently costs Shs.100,000 will go up by Shs.18,000.

Agricultural input exemption

Although agriculture contributes 24% to the economy and employs more than 70% of Ugandans, it contributes only 0.3% as tax. The low tax returns from the sector is because farmers who were getting VAT free inputs such as machinery and fertilizers do not comply with tax obligations like paying Pay as You Earn tax (PAYE) for their workers or income tax on their profits.

Introducing VAT on these inputs will encourage people to run farms as enterprises. This will ensure that the sector develops from one where people grow food for consumption to one where they can make profit and transform their lives. This measure also includes the introduction of VAT on supply of feeds for poultry and animals. Government is also re-structuring the National Agricultural Advisory Services (NAADS) to address the real needs of the farmers.

Supply of packaging materials for cereals and dairy products

Exemption of VAT on such materials creates an administrative burden to establish that the materials were actually used for the intended purpose. It also undermines the VAT system where a producer pays VAT on all their inputs and offsets that VAT from the final VAT or receives a refund for all VAT paid in case of goods that do not attract this tax.

It should be noted that the exemption of such materials also favors goods from outside Uganda as they are imported without VAT, whereas a locally produced product will bear VAT on its inputs, which are embedded in the final product. This measure will rectify that problem.

Machinery used for the processing of agricultural or dairy products

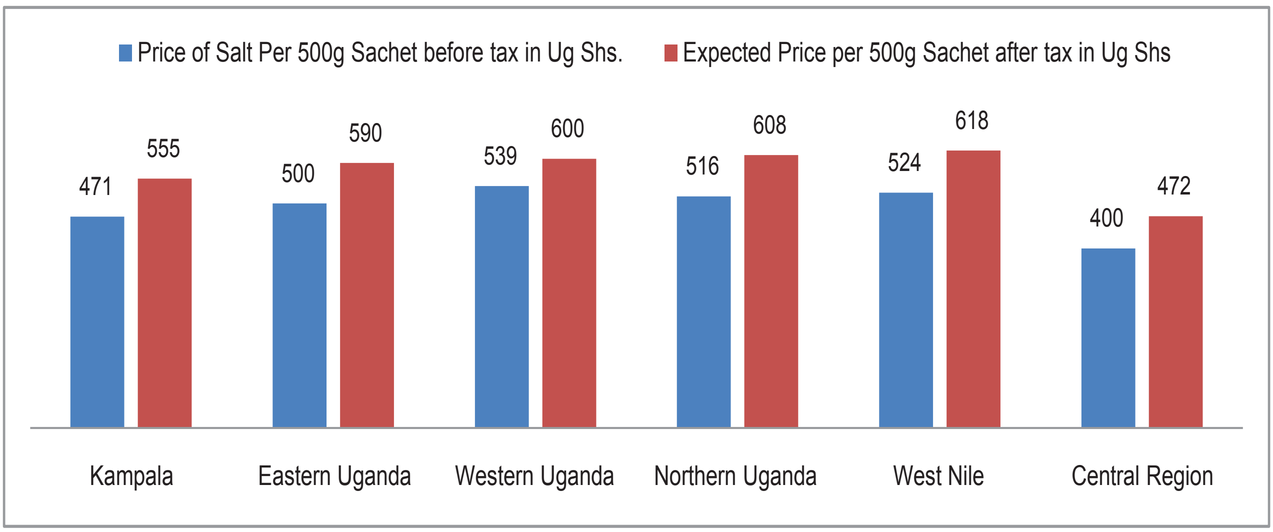
Once a person is registered for VAT, they are entitled to a VAT refund at importation. Machinery is free of import duty and also VAT free for persons engaged in producing taxable supplies like agro-products.

Salt

This should be a taxable supply to improve administration and ease compliance. Taxpayers who trade in different products that attract VAT and goods that do not tend to report everything as if it is exempt when filing their returns. The benefits of some of these goods not paying VAT are also not passed on to the consumer.

However, introducing VAT of 18% on salt may increase the price of salt slightly depending on the region. This increment will be very minor as the table below shows.

Table showing how the price of salt may change in regions



Insurance services; except life and medical insurance

Insurance services, apart from life and medical, will attract VAT. Countries like Kenya, Tanzania, Zambia, and South Africa also charge VAT on insurance services and therefore, it is not unique to Uganda.

Other services and supplies that will have to pay VAT

The list below shows other supplies and services to Government that will have to pay VAT. They are:

- Specialised vehicles, plant and machinery
- Feasibility studies
- Engineering designs
- Consultancy services
- Civil works related to hydroelectric power, roads and bridges construction, public water works, agriculture, education, and health sectors.

*****The VAT will not apply to contracts signed before July 1, 2014.***

ELIMINATION OF ZERO RATES

*The expected income from termination of zero rated supplies to be generated is **Shs.30.4 billion**.*

The principle of zero-rates applies to goods and services that are deemed to be taxable but to boost certain sectors, the Government may declare them free of VAT.

However, most of the items on which zero-rating is applied to in Uganda are agricultural products. This is contrary to the main VAT principle, which dictates that VAT is charged on goods in the country where they are consumed.

This anomaly of zero-rating agricultural products that are consumed in Uganda explains partly why VAT collections are low. It further highlights why the contribution of agriculture to taxes collected is low at 0.3% yet it employs majority of Ugandans. Its more prudent to provide infrastructure than subsidizing some sectors. For example, before the repair of Mbarara-Kazo road, the price paid to farmers for milk was Shs200. Today, it is Shs500-800 depending on the season.

From July 1, 2014, the following supplies will attract VAT:

Supply of printing services for educational materials

It is difficult to ascertain that all printing services have been made for educational materials. The VAT on these items will not increase the price of books as their manufacturers can claim a refund.

Supply of seeds, fertilisers, pesticides, and hoes

Agriculture has been contributing very little to the country's revenue. The zero-rate has largely benefited middlemen who import the supplies and claim VAT on their inputs, which has caused an administrative burden of processing refunds. For farmers who are registered for VAT, they will be able to recover the VAT as part of their input credit.

Elimination of zero-rating of VAT on cereals

Under the VAT principles, zero-rating is reserved for exports so that a product enters the international market without Ugandan taxes. This makes it competitive in the international market. However, as a way of building milling capacity in Uganda and adding value to agricultural products, supply of cereals was zero-rated in 2002. The incentive can no longer be sustained, as agriculture is a major contributor to the economy yet its tax contribution is so low as previously explained. This measure is expected to yield **Shs.7.57 billion**.

Supply of machinery, tools and implements for use only in agriculture

Many people who should be paying taxes do not register since they get their equipment without VAT. The removal of this facility will not affect persons who are VAT registered since they can get a tax refund if they purchase machinery locally. Those affected by the change in policy will be obliged to formally register their businesses thereby making a contribution to the VAT.

Supply of Milk

Milk being zero-rated means that any input tax incurred during the process of supply of milk is claimable, but output tax is zero. This has, however, proved difficult to administer and contrary to good VAT practice of zero-rating only exports. It also decreased the number of sectors that can be taxed and led to other sectors requesting to be treated like the milk sector. Taxing sectors differently demoralises taxpayers, which leads to low revenues being collected.

INCOME TAX

*The expected income from income tax supplies to be generated is **Shs.93.3 billion**.*

Termination of exemption on income derived from educational institutions

In 2008, the Government exempted education institution from paying income tax as an incentive to develop the sector. Today, the justification for their tax exemption does not exist anymore. Any person who makes profits from managing or running an educational institution is required to pay income tax. This will widen the tax base.

The tax of 30% will be paid on profits after subtracting expenses incurred in running schools like cost of buildings, salaries, food, books etc. The school owners will keep 70% of the profits and this should not lead to in an increase in fees.

Separating rental income from business income

Previously, the rental income on individuals was taxed at 20% and their deductions limited at 20%. This has been terminated. The new requirement eliminates the practice where individuals register companies in order to benefit from the expenses that limited companies usually incur while doing business. The new measure avoids situations where rental income is purportedly wiped out by losses incurred in other streams of income and limits expenses that are usually exaggerated by taxpayers whose sole business is rent.

Introduction of 15% tax on sports and pool betting winnings and designation of gambling houses to withhold the tax

The Government has introduced a 15% tax on the winnings from betting. For example, if you place a bet and win Shs. 100,000, the betting and gambling house where you registered this bet will retain 15% of the money you have won, which is Shs. 15,000. The sports betting and gambling house will pay this money (Shs. 15,000 in this case) to Uganda Revenue Authority. This measure is expected to generate **Shs.8.0 billion**.

Increase of the Presumptive Tax Threshold from 1% to 3%

Several businesses in Uganda are operating informally, making it difficult to apply the normal income tax regime on them. A presumptive tax system was developed for them but the rates of the tax on their income have not been revised since 1997. The rate has been revised from 1% to 3% effective from July 1, 2014.
A presumptive tax is a model of taxation where income tax is based on average income instead of actual income. For example, if the business is assumed to make annual gross sales of Shs. 1,000,000 the owner will be required to pay 3% of that, which is Shs. 30,000.

Termination of exemption on interest income on agricultural loans

When a financial institution gives you a loan for agricultural activities, they charge you interest. In the past, the interest the banks gain every time you pay your loan had been exempted from tax. However, the income that banks earn when they give you an agricultural loan will now be taxed.

OTHER TAX MEASURES

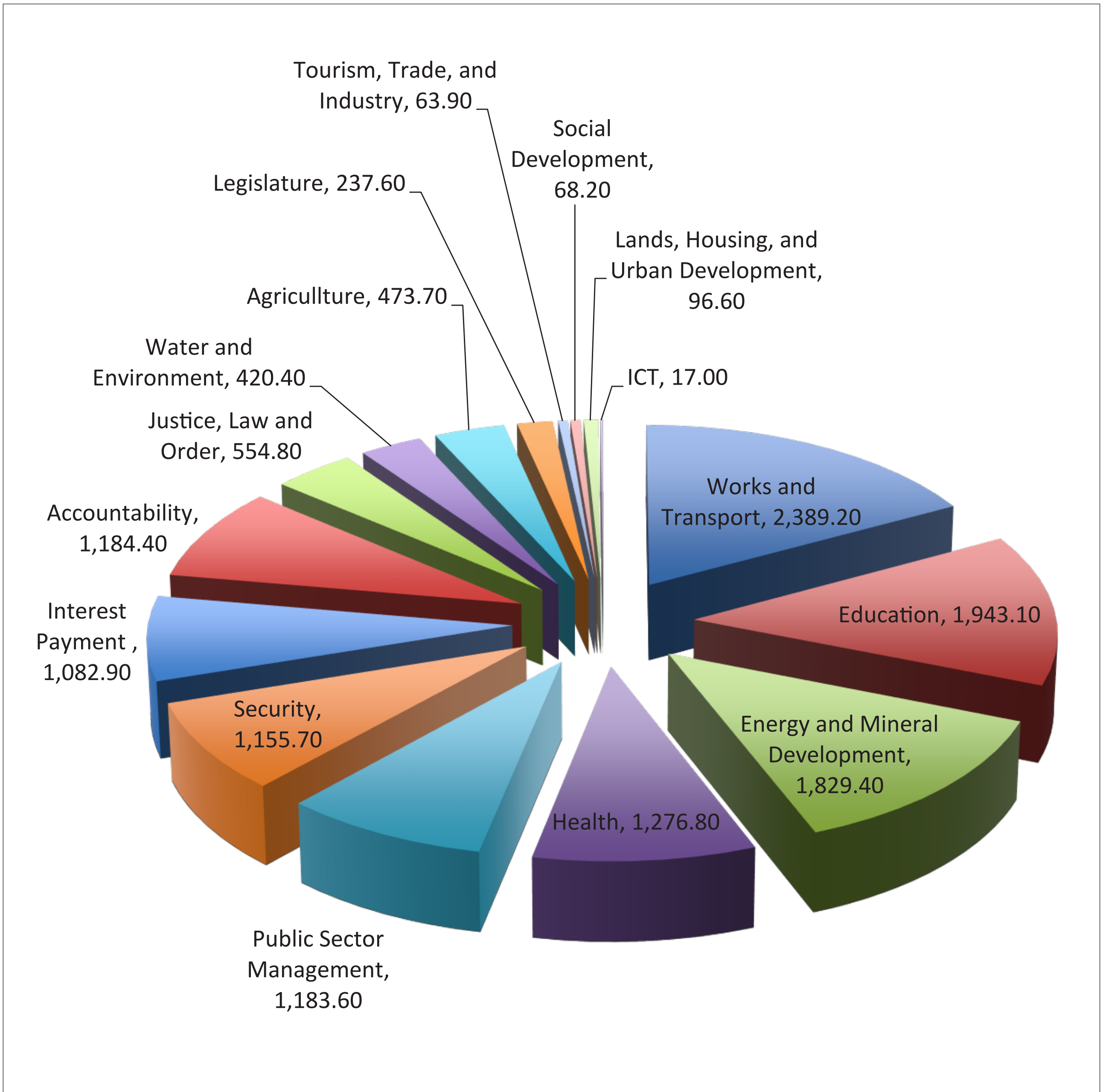
- Over time, Government has accumulated debts by not paying their tax arrears to the tune of about 400 billion including interest. This has undermined tax administration and affected compliance. The Government will waive all these (Local and Central Government) tax arrears excluding PAYE, Withholding Tax, and any other taxes withheld at source which must be accounted for by the responsible persons in accordance with the law. Government procured goods and services to pay tax (on going contracts will continue be exempt)
- All goods and services procured by the Government directly or with the donor support will be taxed
- The East African Community (EAC) will introduce a 1.5% infrastructure levy on some imports into the region to finance railway infrastructure developments.

How will the Government spend money to achieve the set targets and priorities?

Summary of government expenditure in 2014/2015

The chart below shows how Government has planned to spend its resources to achieve the objectives of the national budget.

The figures in the chart below represent in billions in Uganda Shillings. The Total Budget is ***Shs 15.8 trillion***



Composition of key sectors

Public Sector Management comprises of the Office of the Prime Minister, Ministries of Local Government, East African Affairs, and Information and National Guidance. It also comprises of Public Service Pension, Public Service Commission, National Planning Authority, and Local Government Finance Commission.

Security consists of Ministry of Defence, Internal Security Organisation (ISO), and External Security Organisation (ESO).

Accountability consists of Ministry of Finance, URA, Public Procurement and Disposable Authority (PPDA), Uganda Bureau of Statistics (UBOS), and the Inspectorate of Government (IGG).

Justice, Law and Order consists of the Ministries of Internal Affairs and that of Justice. It also consists of Uganda Police, Uganda Prisons, Directorate of Public Prosecution (DPP), Uganda Registration Services Bureau, the Judiciary, Office of the Attorney General, and Uganda Human Rights Commission.

Social Development consists of the Ministry of Gender, Labour, and Social Development. It also caters for Public Libraries and District Women, Youth, and Disability Councils.

Public Administration consists of Office of the President, State House, the Ministry of Foreign Affairs, Electoral Commission, and Uganda's embassies.

Energy and Mineral Development comprises of Ministry of Energy and Mineral Development as well as Rural Electrification Agency (REA).

Works and Transport comprises of the Ministry of Works and Transport, Uganda Road Fund, Uganda National Roads Authority (UNRA), District Roads Rehabilitation, the Transport Corridor Project, and KCCA Road Rehabilitation Grant.

Education comprises of the Ministry Education and Sports, Education Service Commission, District Primary Education, District Tertiary Institutions, District Health Training Schools, KCCA Education Grant, and public universities.

Health comprises of the Ministry of Health, Uganda AIDS Commission, Uganda Cancer Institute, Uganda Heart Institute, National Medical Stores, Health Service Commission, Uganda Blood Transfusion Service (UBTS), Mulago Hospital Complex, Butabika Hospitals, Regional Referral Hospitals, District NGO Hospitals/Primary Health Care, District Health Care, District Hospitals, District Health Sanitation Grant, and KCCA Health Grant.

Agriculture comprises of the Ministry of Agriculture, Animal Industry and Fisheries, Dairy Development Authority, National Animal Genetic Research Centre and Data Bank, National Agricultural Research Organisation (NARO), NAADS Secretariat, Uganda Cotton Development Authority, Uganda Coffee Development Authority, District Agricultural Extension, NAADS Districts, Production and Marketing Grant, and KCCA Agriculture Grant.

Water and Environment comprises of the Ministry of Water and Environment, National Forestry Authority, National Environment Management Authority, District Water Conditional Grant, District Natural Resources Conditional Grant, District Sanitation and Hygiene Grant, and KCCA Water, Environment and Sanitation Grant.

Key Sector Priorities

Defense

The Government has allocated Shs. 1,155.8 billion to the security sector. This will lead to:

- Professional development of security forces
- Consolidation of peace
- Promotion of defense diplomacy
- Resolution of conflicts.

Roads

The roads sector will receive Shs. 2,389.2 billion for:

- Upgrading from gravel (murrum) to bitumen (tarmac) of 250km of roads
- Reconstruction of 170 km of roads
- Construction of 10 new bridges
- Rehabilitation of seven bridges
- Re-grading of 12,875km of roads.

Continuation of construction of at least 1,700 km on the following ongoing road projects:

- Vura-Arua-Oraba (upgrade), **92km**
- Buteraniro - Ntungamo– Rwentobo, **59km**
- Ntungamo-Kabale–Katuna, **75km**
- Hoima–Kaiso–Tonya, **92km**
- Kampala - Mukono– Jinja, **52km**
- Gulu-Atiak-Nimule (upgrade), **35km**
- Ishaka-Kagamba, **35km**
- Kampala-Entebbe Expressway, **51km**
- Moroto–Nakapiripirit, **92km**
- Kafu– Kiryandongo, **43km**
- Luuku– Kalangala (upgrade), **66km**
- Fort Portal-Kamwenge, **65km**
- Mbarara Bypass, **40km**
- Mukono-Kyetume-Katosi/Kisoga– Nyenga, **74km**
- Mpigi-Maddu-Ssembabule, **137km**
- Kiryandongo-Kamdini, **58km**
- Kamdini-Gulu, **65km**
- Pakwach-Nebbi, **30km**
- Ntungamo-Mirama Hills, **37km**
- Kampala Northern Bypass (upgrade), **17km**
- Masaka-Bukakata, **41km**
- Kigumba-Bulima-Kabwoya, **135km**
- Olwiyo-Gulu-Kitgum-Musingo Road, **223km**
- Villa Maria–Sembabule, **38km**
- Musita-Lumino-Busia/Majanji, **104km**
- Mubende-Kakumiro-Kagadi, **104km**
- Mukono-Kayunga-Njeru, **94km.**

Kampala-Masaka road underpasses Kampala-Entebbe Expressway at Busega

Section of Moroto-Nakapripirit road at Kamusalaba under construction

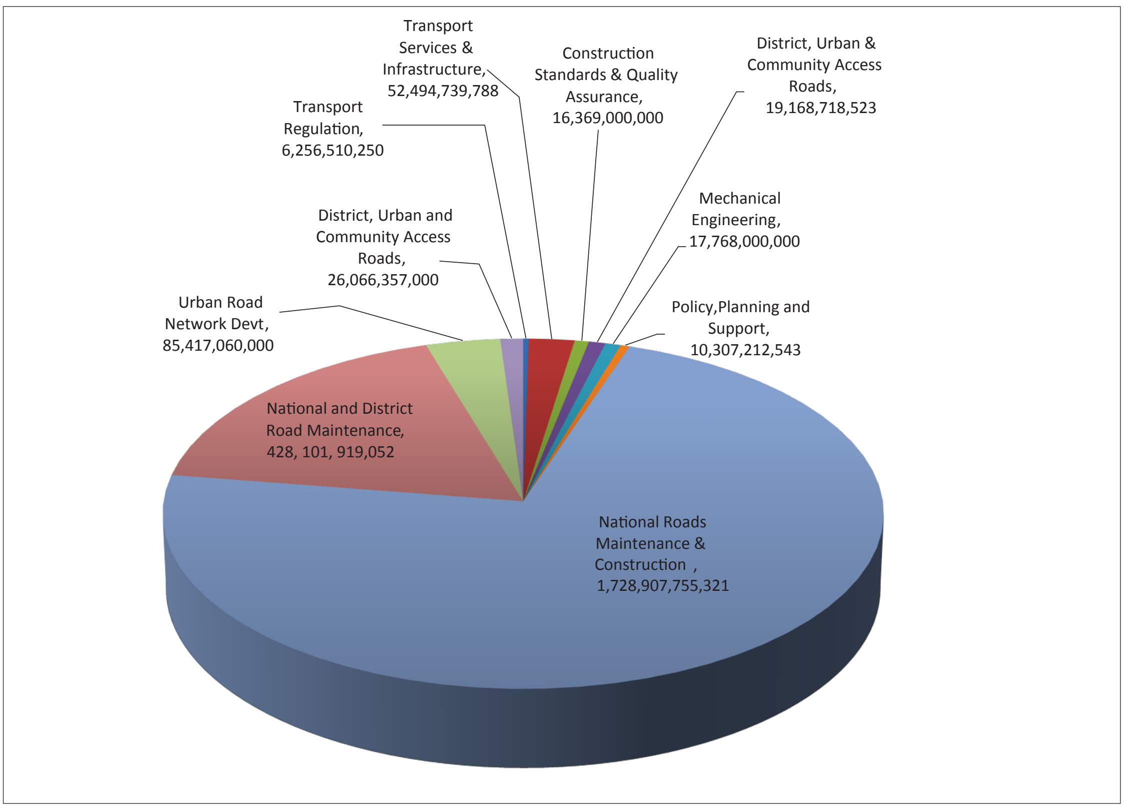
The Government will construct 772 km of the following new road projects in 2014/15:

- Kabwoya-Kyenjojo, **105km**
- Tirinyi-Pallisa-Kumi/Kamonkoli, **111km**
- Kapchorwa-Suam, **77km**
- Rukungiri-Kihihi-Ishasha-Kambuga, **78km**
- Kihihi-Kanungu-Kambuga, **78km**
- Mbale-Bubulo-Lwakhakha, **45km**
- Kyenjojo-Fort Portal, **50km**
- Gulu-Atiak, **75km**
- Ishaka-Rugazi-Katunguru, **55km**
- Sironko-Namunsi-Muyembe, **32km**
- Nansana-Busunju, **47km**
- Mbale-Nkokonjeru, **20km**

Uganda Road Fund: Will receive an additional Shs. 75 billion to maintain and rehabilitate approximately 10,000 km of urban, district, and national roads.

*The Total Budget is **Shs 426,107,300,052***

Budget allocation for the road sector



Bridges

The Government will continue the construction of several bridges to enable easy access to all parts of the country. These are:

- Mitaano Bridge in Kanungu distict
- Bridges destroyed by the recent floods in Kasese district.

Double span Wambabya concrete 23.6m span girder bridge (right) replaces the steel Bailey Bridge (foreground).

Nyangak Dam in Zombo district, financed by Government of Uganda and European Union.

Rail transport

The Government will:

- Construct an Inland Container Depot (ICD) at Mukono
- Redevelop Port Bell and Jinja piers.

Electricity

Construction of small hydropower stations that will add 130MW to the national grid will begin on the following sites:

- Kikagati
- Mitano
- Lubilia
- Nyagak III
- Siti
- Waki
- Rwimi
- Ndugutu
- Nkusi
- Nyamwamba
- Nengo Bridge
- Esia
- Muzizi

Electricity transmission and distribution: 6,250km of electricity lines will be constructed.

Districts to be connected with electricity:

- Buliisa
- Adjumani
- Moyo
- Amuru
- OtukeZombo
- Koboko
- Maracha
- Yumbe
- Nwoya
- Namayingo.

Major Hydropower Plants to be constructed:

- Karuma- 600mw
- Isimba-183mw.

The money to be spent is Shs 1,096.9billion

Oil and Gas

The engineering design of the Oil Refinery in Hoima district, will be completed this financial year paving way for construction to begin.

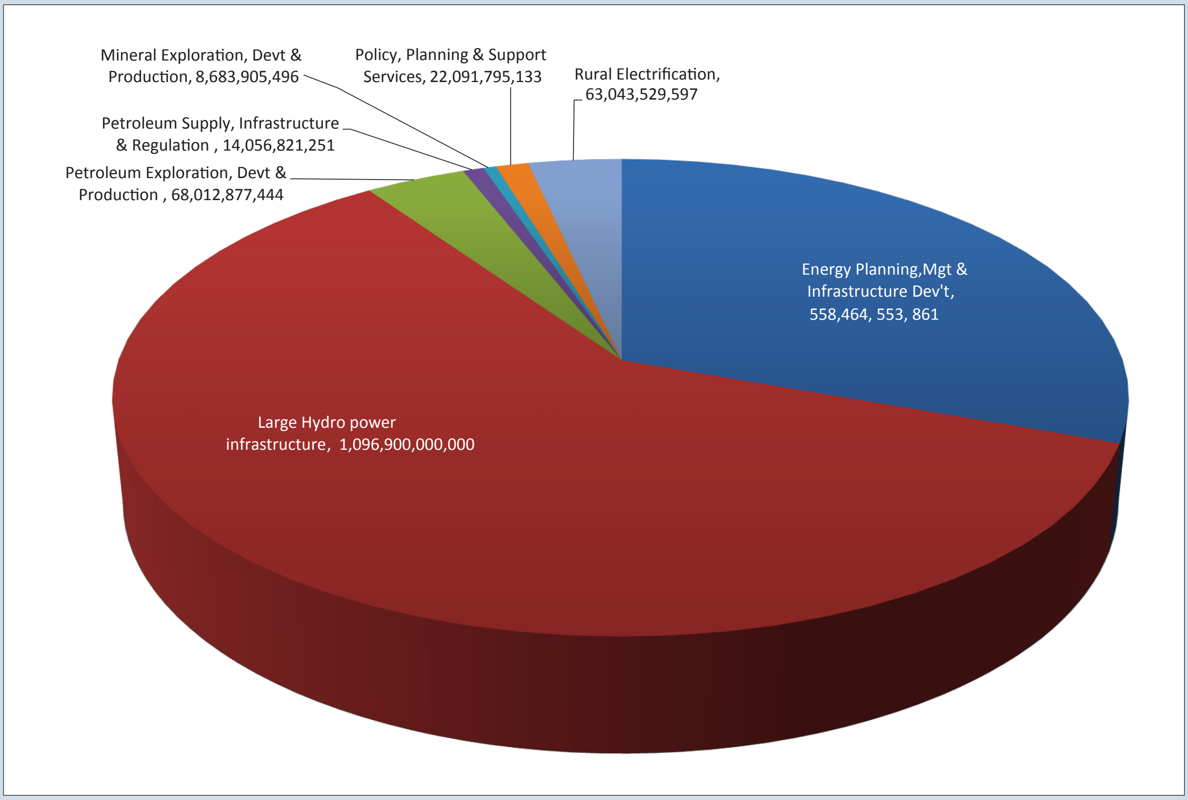
Mineral Development

There has been iron ore discoveries at Buhara, Nangara, Kisoro, Rugando, and Butogota with estimated total reserves at 116 million tons, with a gross value of US$ 15.6 billion. In addition, reserves of 7.8 million ounces (about 221, 126kg) of gold have been proven at Tiira and Alupe in Busia, Kamalenge in Mubende, Mashonga in Bushenyi, and Kampano in Ibanda. These gold reserves have a total gross value of US$ 10.9 billion.

Vermiculite, an industrial metal in Manafwa has been valued at US$ 11.5 billion while Limestone/Marble reserves in Hima, Dura, Muhokya, and Tororo have increased to over US$ 300 million. Government will support the development of these strategic mineral reserves to ensure Uganda, and the local areas where the reserves have been discovered benefit.

Money to be spent on this sector: Shs 1,829.4 billion.

Budget allocation for Energy and Mineral Development



Information and Communication Technology (ICT)

- The second phase of the National Backbone Infrastructure will be commercialised
- Construction of the National ICT Park and Innovation Center at Namamve will start

Money to be spent on this sector: Shs 17 bilion.

Agriculture

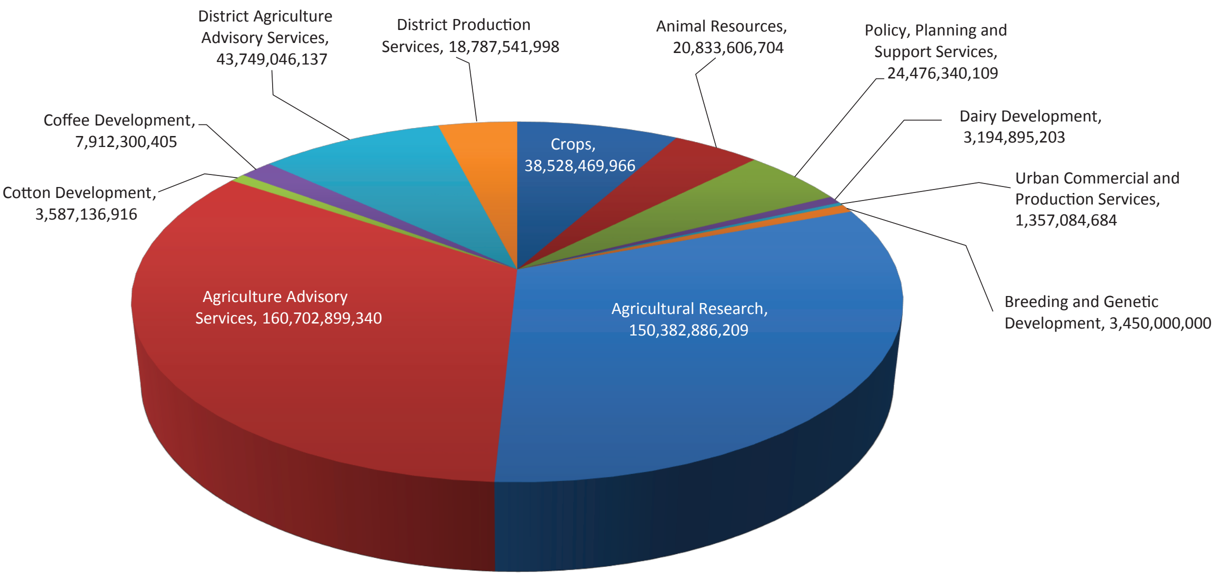
The Government will support the agricultural sector by:

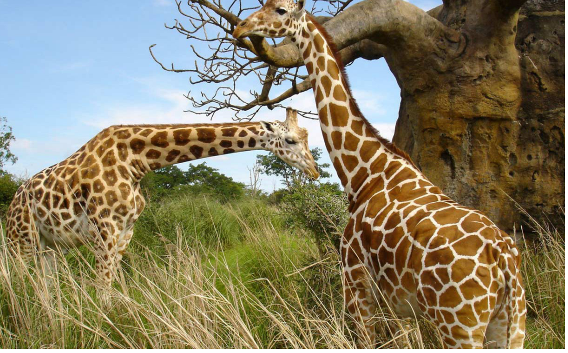
- Providing inputs, while minimizing expenditure on administrative costs, seminars, and workshops. Approximately, Shs. 400 billion is available for this purpose.
- Encouraging small holders farmers to focus on enterprises that provide high returns
- Encouraging medium and commercial scale farmers to get involved in ranching, large scale crop production, and processing their harvests instead of selling them straight from the farm
- Facilitating agriculture to ensure job creation, exports, and increased household incomes.
- Creating the single spine extension system.

Money to be spent on this sector: Shs473.7bilion.

Broadly defined based on the Maputo declaration on agriculture and rural development, the allocation to the Agriculture sector is Shs.473.7 billion which translates into 3.3% of the National Budget.

Budget allocation for the agriculture sector





Tourism

The Government strategy for tourism is:

- Financing and implementing the Tourism Promotion Strategy.
- Reducing the cost of visiting Uganda by promoting the Single Tourism Visa and easing cross border transits within East Africa.
- Ensuring tourism roads and power is available at the tourism sites.

Money to be spent on this sector: Shs63.9 billion. An additional Shs. 5 billion to the Uganda Tourism Board (UTB).

Education

Priorities for the education sector are:

- Increasing primary school teachers' salaries
- Providing Shs. 5 billion to teachers' SACCOs
- Providing Shs. 68.7 billion to Skilling Uganda program
- Rolling out the Student Loan Scheme starting with undergraduate students in both public and private universities
- Constructing the National High Altitude Training Centre (NHATC) in Kapchorwa
- Rehabilitating six regional stadiums
- Providing teaching materials to support the roll out of the new curriculum for 45 Primary Teacher Colleges Educational institutions and Special Needs Education (SNE) facilities.

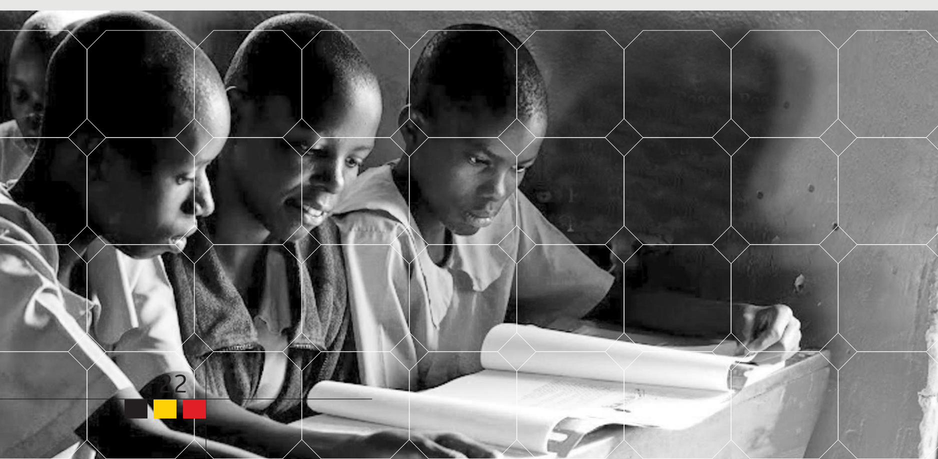
The Government shall also, construct workshops at the following technical schools:

- Kihanda in Kanugu
- Namasale in Amolator
- Namisindwa in Manafwa
- Bukoli in Bugiri
- St. Joseph Kyalubingo in Kamwenge

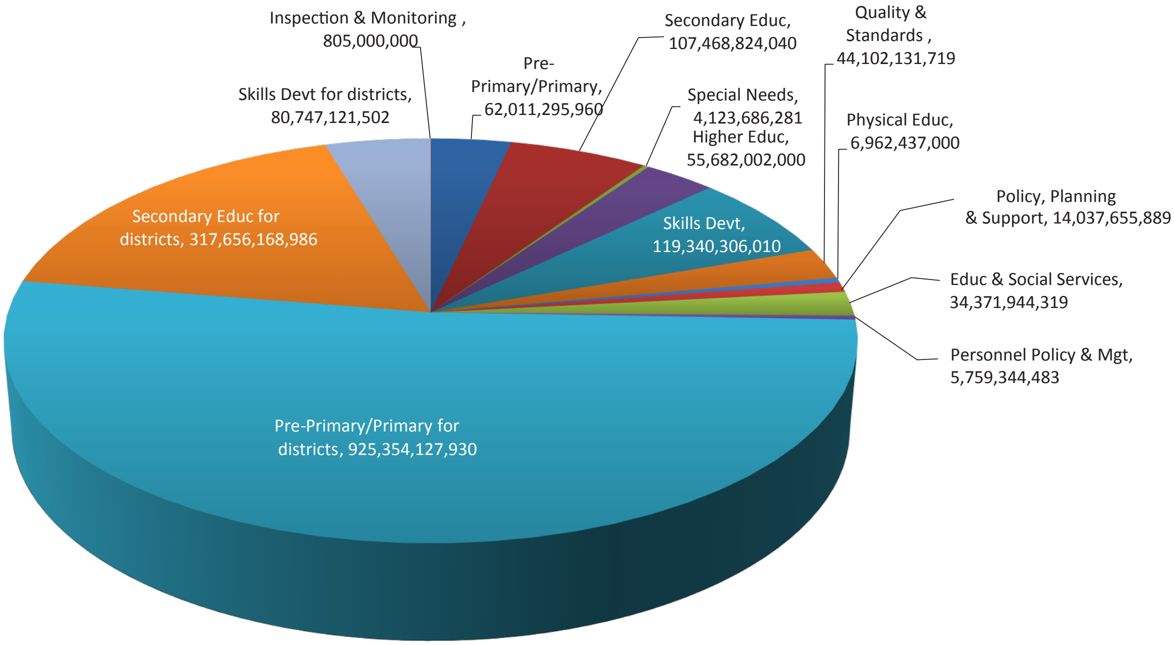
Construct eight Primary Teachers Colleges (PTCs) at:

- Buhungiro
- Paidha
- Bundibugyo
- Bukedea
- Kapchorwa
- Arua
- Ibanda
- Lira

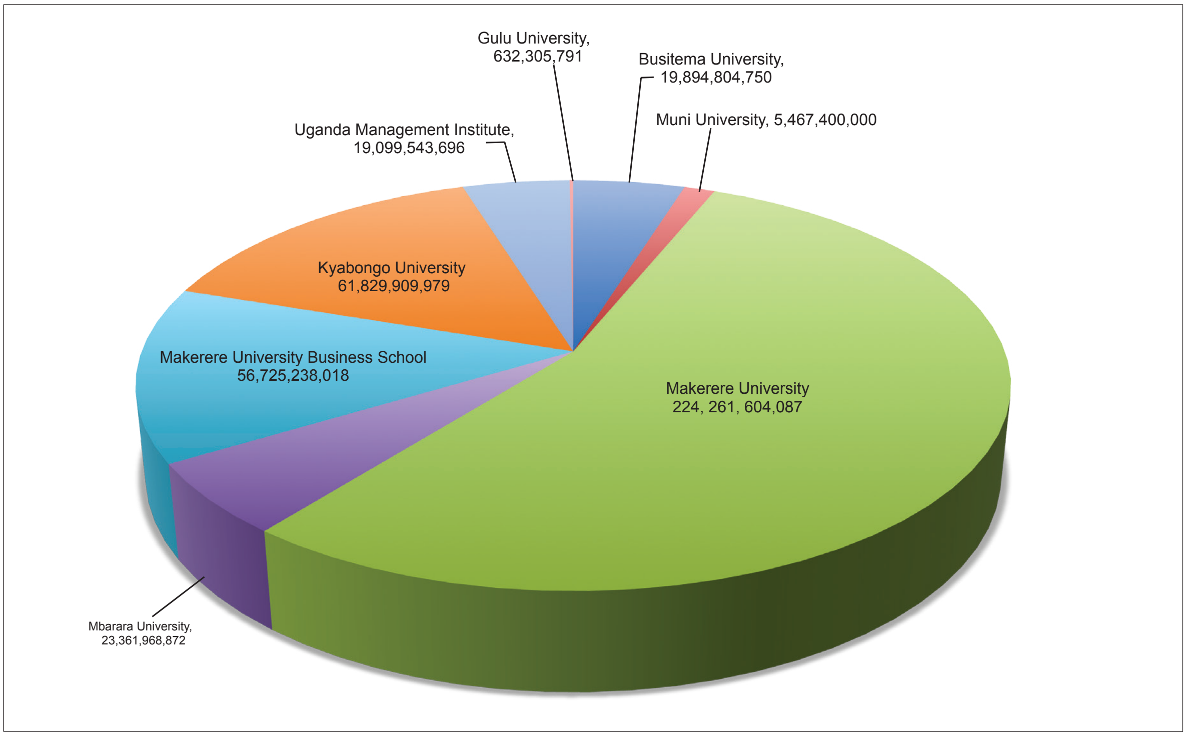
Money to be spent on this sector: Shs. 1,943.05 billion.



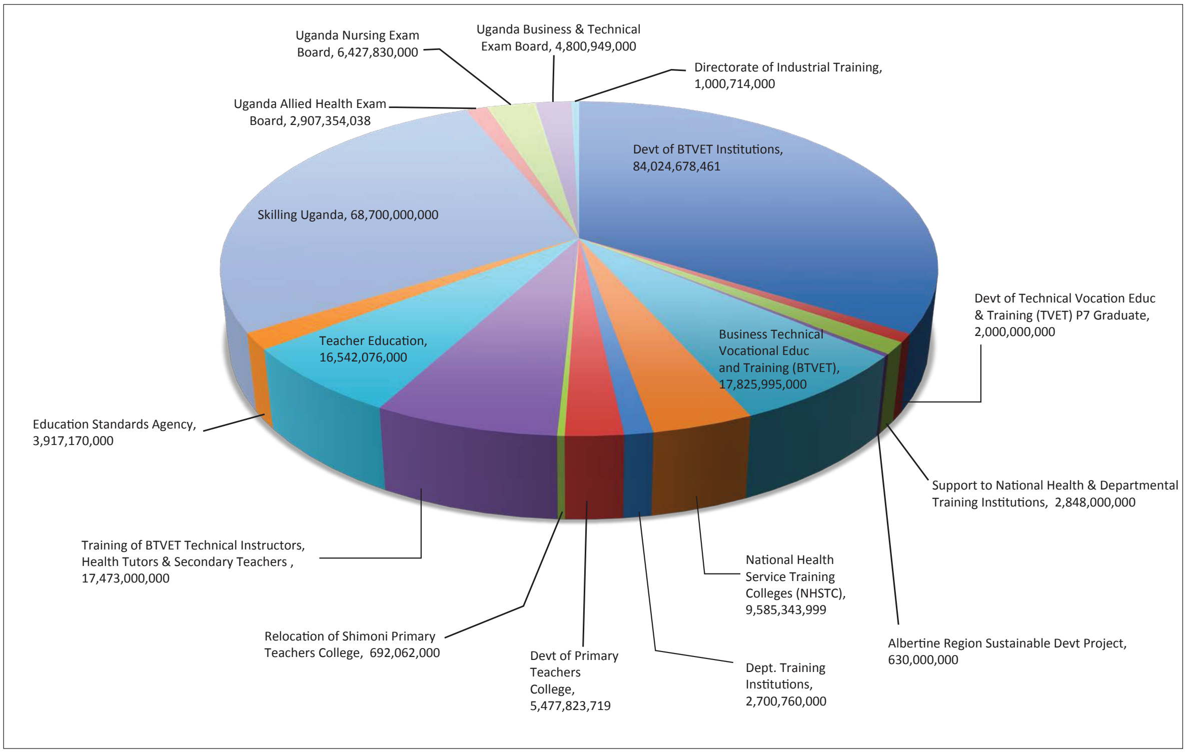

Budget allocation for the education sector



Budget allocation for Public Universities



Budget allocation for vocational education and training



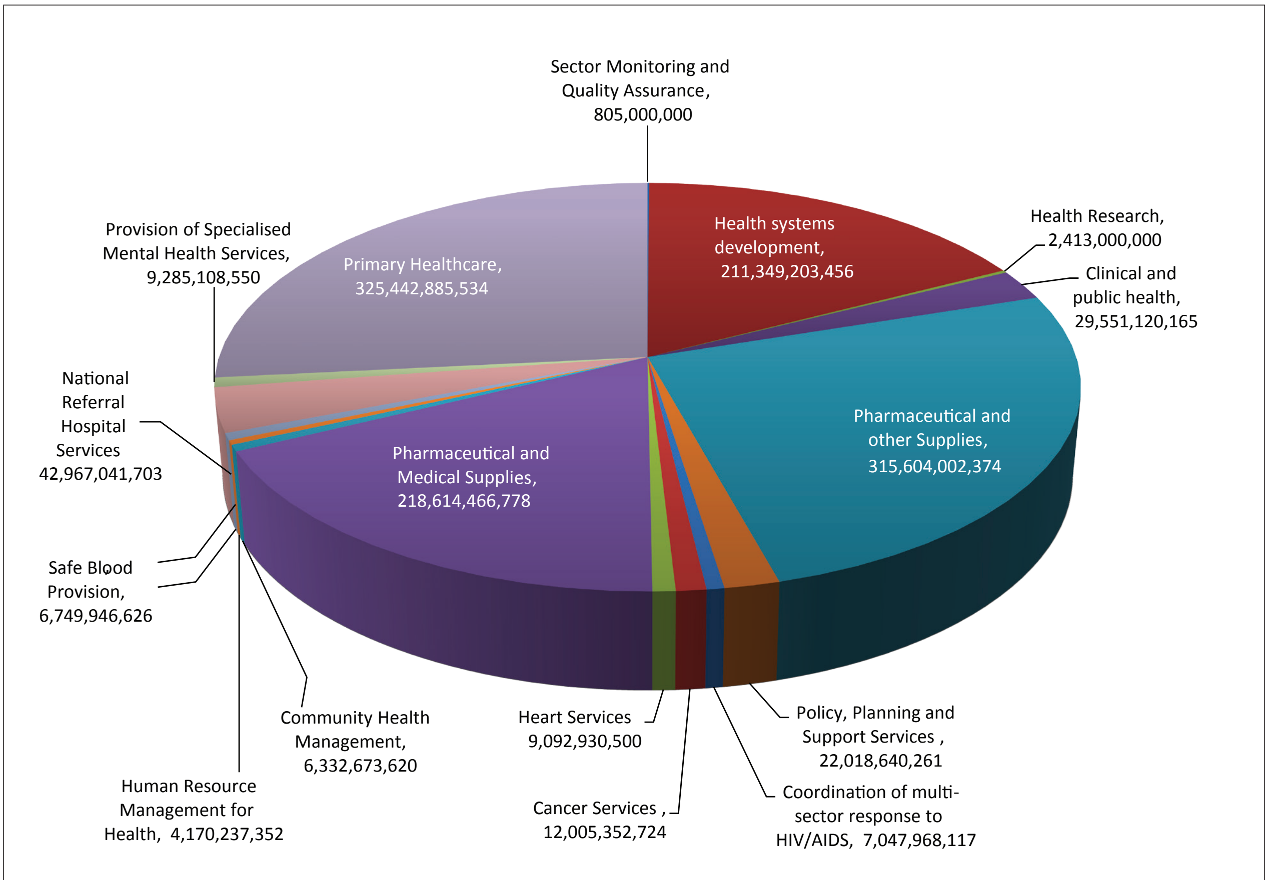
Health

The priorities for the health sector are:

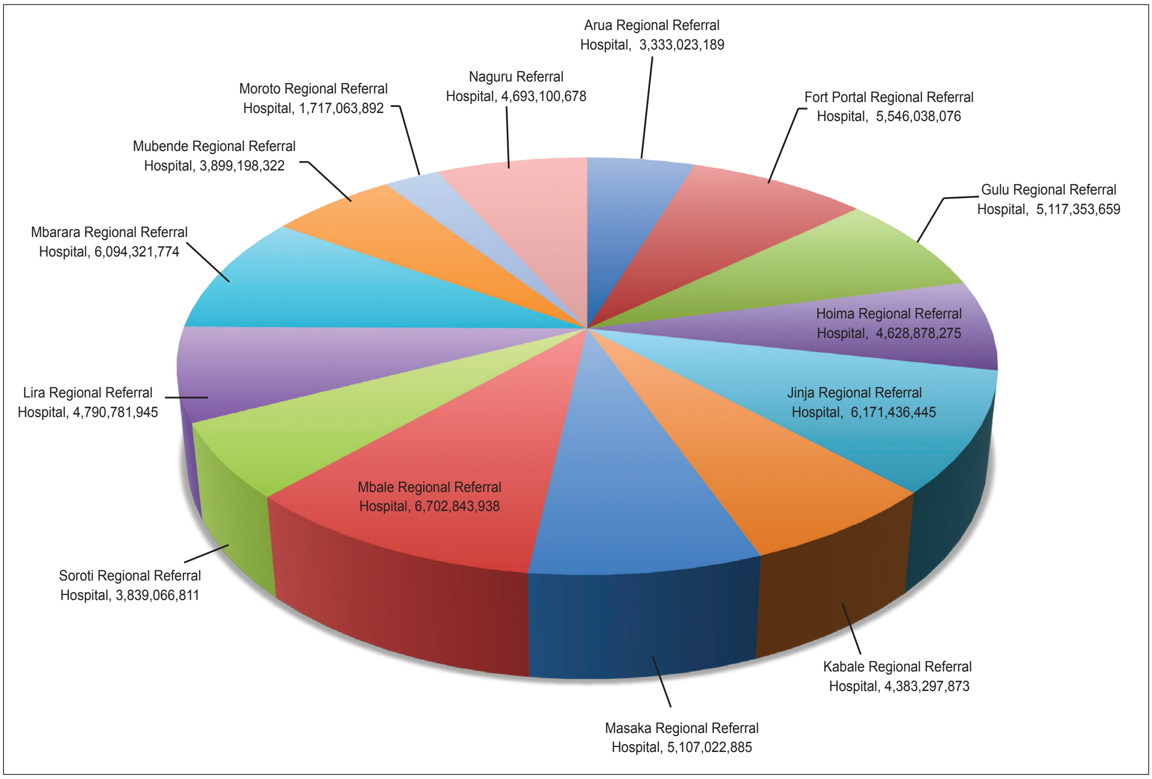
- Improving health workers' salaries
- Expanding health centres at both Local Government and referral levels
- Constructing additional staff houses
- Distributing mosquito nets and carrying out Indoor Residual Spraying (IRS) in areas around Lake Kyoga and Northern Uganda, since they have high malaria cases.

Money to be spent on this sector: Shs 1,276.8 billion.

Budget allocation for the Health sector



Budget allocation for regional referral hospitals



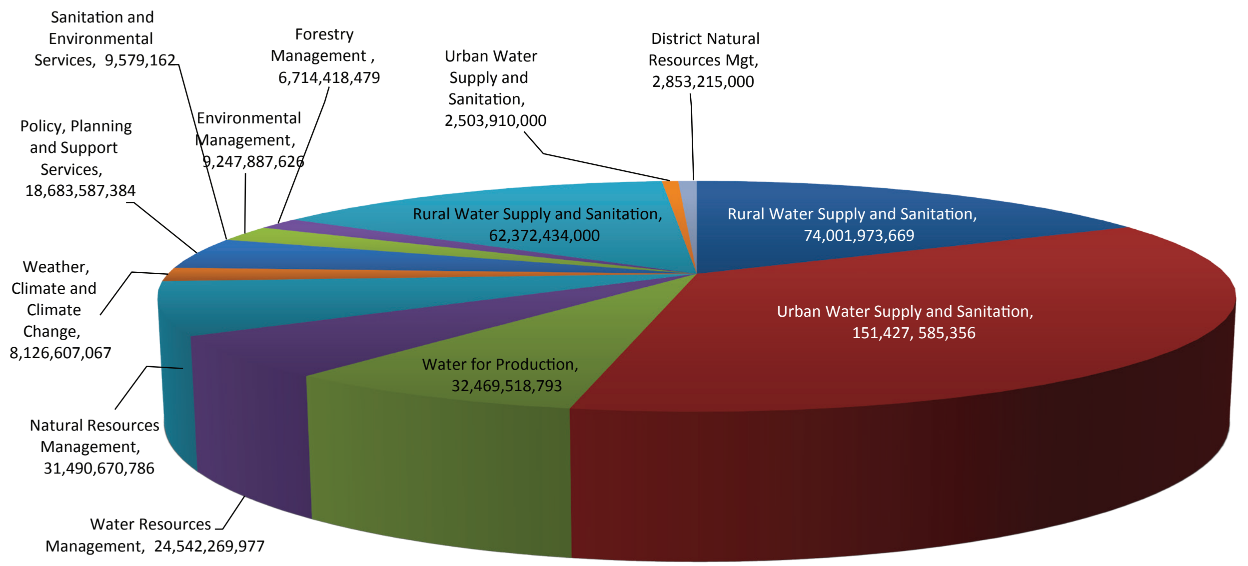
Water and Sanitation

The priorities for the water and sanitation sector are:

- Expanding Gaba Water Works to increase water production in Kampala from 180,000to 230,000 cubic meters per day
- Implementing the Kampala Sanitation Master Plan to increase sewerage coverage
- Constructing the Nakivubo Treatment Plant
- Rehabilitating and expanding the water supply systems in the towns of Arua, Gulu, Mbale, and Bushenyi.

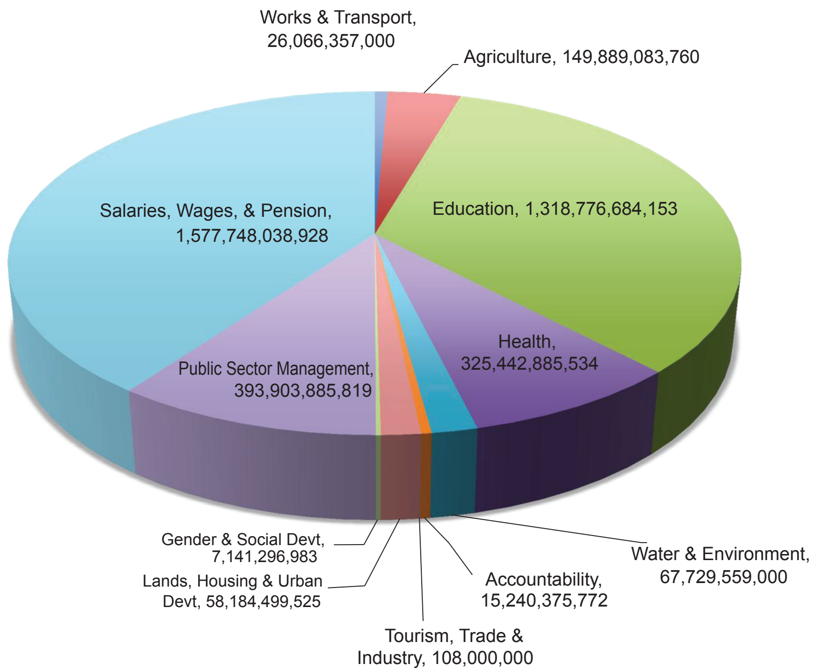
Money to be spent on this sector: Shs420.40billion.

Budget allocation for Water, Sanitation and Natural Resources Management sector



Local Government Transfers

The Government has allocated Shs 2,362 billion for districts as the chart below shows:



ADDITIONAL KEY PRIORITIES

Other key priorities for improving institutional governance, accountability, and efficiency measures will include the following:

- Conducting the National Population and Housing Census. **Budget provided: Shs. 40 billion to the Uganda Bureau of Statistics**
- Preparation for the 2016 General Elections. **Budget provided: An additional Shs. 105.6 billion to the Electoral Commission**
- Recruitment of required personnel and other activities in preparation for the elections by the Uganda Police Force. **Budget provided: Shs. 80 billion**
- Implementation of the National Security Information Systems Project also referred to as the National ID Project. **Budget provided: An additional Shs. 74 billion**
- Increase salary of all public servants. The salary of the lowest paid teacher will be increased by between 15% to 25%. This means that a teacher who has been earning for example Shs. 200,000 per month will now earn between Shs. 230, 000 and Shs. 250,000 per a month. ***Budget provided: Shs. 450 billion***

Measures to improve governance and accountability

The Government has made Budget and financial management reforms, which will improve accountability and service delivery. The Integrated Financial Management System (IFMS) has led to improved discipline in Budget management as well as reducing the time needed to process payments. The Enhanced Commitment Control System (CCS) has strengthened internal audit and inspection leading to enforced compliance. Performance contracts have been introduced, which means funds are released based on work plans. The Government Implements the Treasury Single Account (TSA) measurement is in place to ensure that Government agencies operate a limited number of bank accounts, a measure that minimises collusions that lead to loss of public funds.

Decentralisation of salary payments has been implemented, which will ensure that public servants are paid on the 28th of every month. This will eliminate irregularities on the payroll since accounting officers are responsible and accountable for payroll and salary transactions.

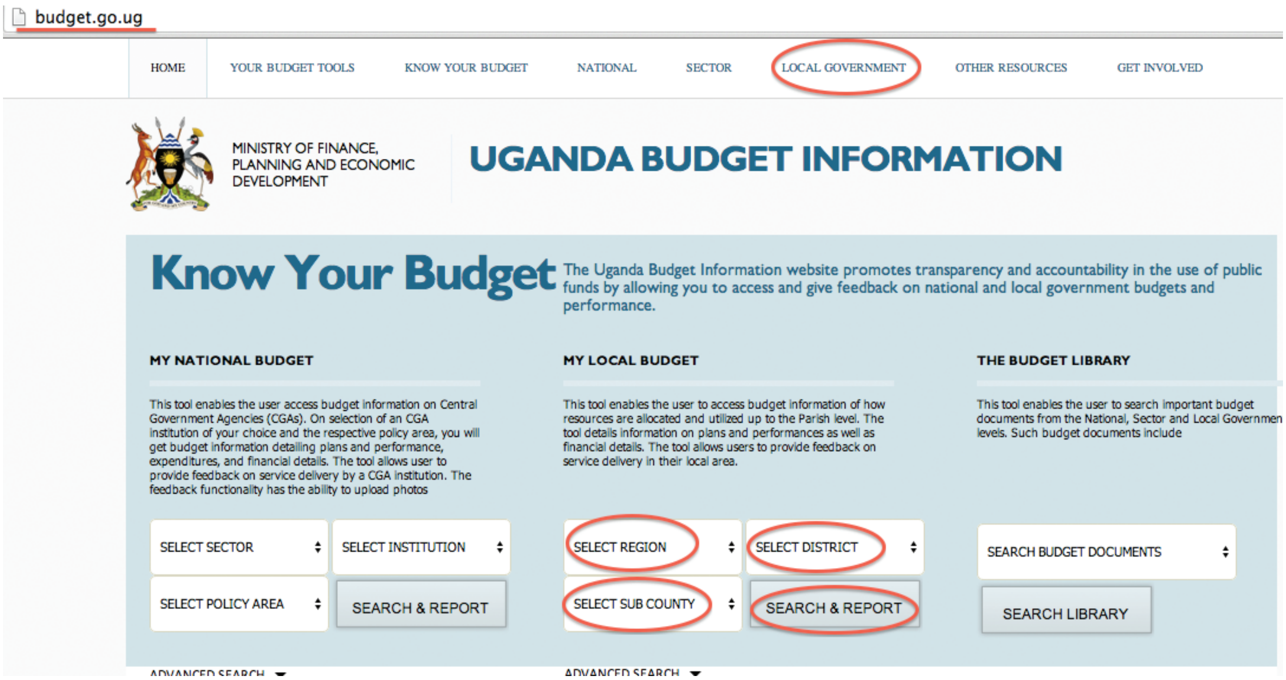
The Budget Monitoring and Accountability Unit (BMAU) is in existence to track the implementation of Government programmes and projects, leading to improved service delivery. A web based budgeting system; the Automation of the Output Budgeting Tool (OBT) is in place to ease the consolidation of Budget and reporting documents.

The Public Procurement Disposable of Public Assets (PPDA) Act has been amended to enable accounting officers assess the market price of supplies and services before commencement of a procurement process. The time it takes to award contracts has been also reduced.

The Public Finance Management Bill, once it becomes law, will ensure that the Budget is approved before May 30th every financial year. It will also give Parliament increased oversight, establish a contingency fund to cater for emergencies, and eliminate supplementary expenditures.

How can you demand for accountability?

The biggest part of the national budget is funded by the taxes that you pay. Since this is your money that the Government spends, it is important that you demand for its accountability. The Government has set up a budget website (www.budget.go.ug) where you can track how much money has been allocated to your sub county and what it is meant to do.



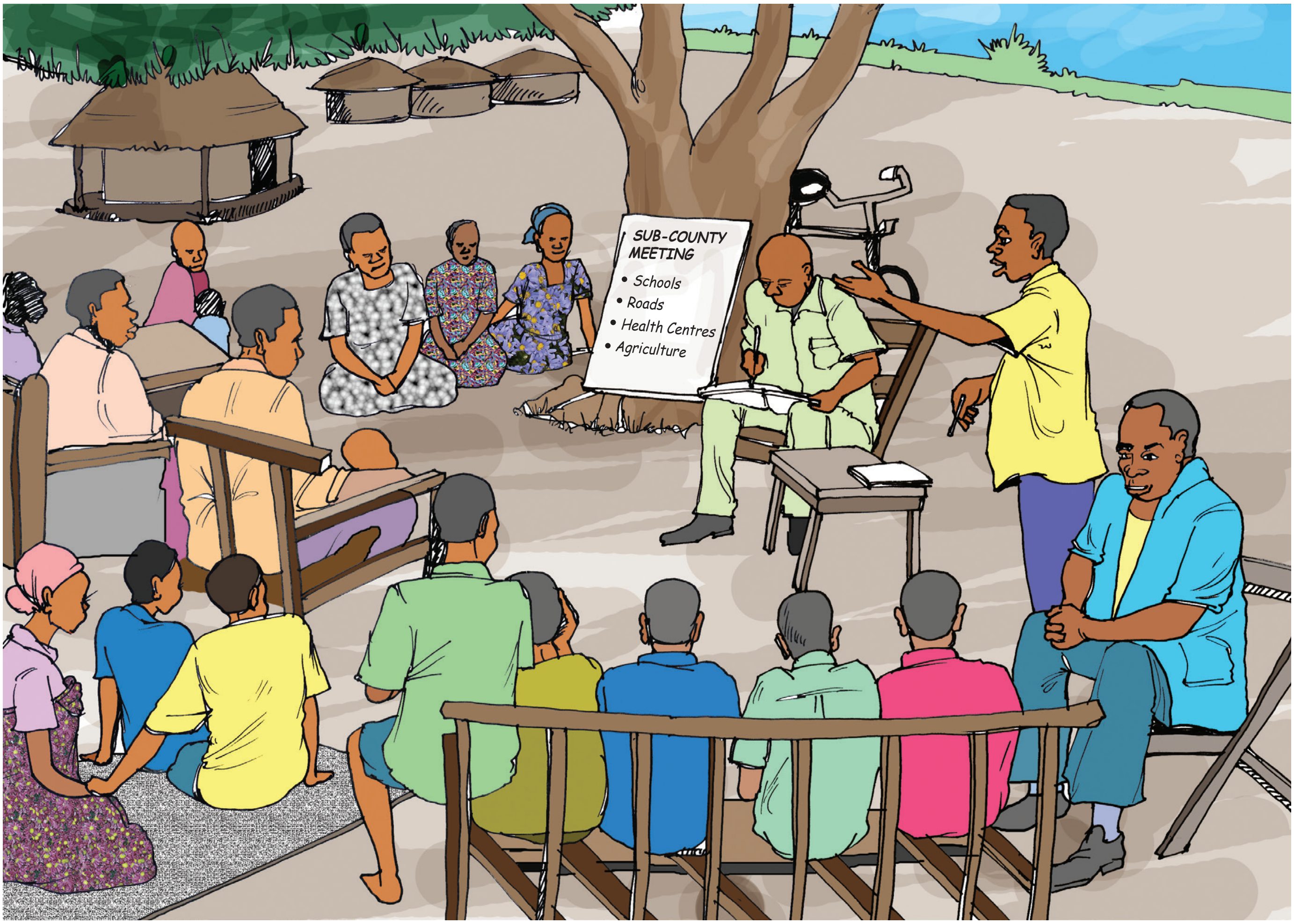
The areas circled red indicate where you should go when looking for information when you visit the budget website.

You should also visit your sub county and demand to know what your money is doing.

The ministry of finance is partnering with civil society organisations under the Budget Transparency Initiative to raise awareness among the citizens through opinion leaders on matters of budget processes, allocations and service delivery. The government will also seek your feedback on the implementation of government projects.

Budget allocations will be periodically published in newspapers and the ministry has set up a call centre to enable you follow up on the money as spent. This will be launched in October. The toll free hotline number is **0800229229.**

Demading for accountability



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