



**NATIONAL PLANNING AUTHORITY**

**PRESENTATION AT THE NATIONAL BUDGET CONSULTATIVE  
CONFERENCE**

**STATEMENT ON THE BUDGET STRATEGY 2016/17**

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# **NPA STATEMENT ON THE BUDGET STRATEGY 2016/17**

## **1.0 Introduction**

1. My statement presents insights into the National Budget Strategy for the FY 2016/17 that has been presented. The statement highlights the following issues; Alignment of planning to budgeting, budget implementation, resource mobilization, Current Account imbalance, among others.
2. NPA acknowledges the achievements so far made during the first half year of implementation of the NDPII, with regard to the implementation of budget reforms, including the alignment of the budget process and the implementation of the provisions of the PFMA.
3. NPA further appreciates the very close collaboration with MOFPED so far exhibited and will strive to enhance this team work to a higher level in the current process and in the future. In the same vein, we also appreciate the close collaboration we have with sectors, the private sector, civil society, the academia and of course the development partners.

## **2.0 NPA's Participation in the Budget Process**

We recognize the consultative process conducted at both local and national levels, led by the MOFPED. Indeed NPA participated in the development of the budget strategy through joint activities with Finance at both local government consultations and during the preliminary budget processes, providing inputs into the draft **Budget Strategy Paper** and leading the key stakeholders in developing the **Export Promotion Action Plan**, as part of the initiative to address the serious Current Account imbalance, in the key export areas highlighted by the Hon Minister.

## **3.0 Key Issues for the Budget Strategy**

### **3.1. Alignment of the Budget Strategy to the NDPII**

Whereas alignment of the budget strategy has been achieved at the theme, objective and budget priority levels, we need to pay closer attention to the following levels;

- i. **At the sector and MDA levels:** Most of the sectors and MDA's do not have development/strategic plans aligned to the NDPII.
- ii. **At the Local Government levels:** Over 50% of the local governments, both districts and municipalities, have not yet finalized their development plans.

This has, therefore, affected the coherence of annual planning and budgeting and ultimately has a regressive effect on the implementation of the NDPII. In order to ensure successful implementation of the NDPII and budget appropriately in line with that Plan, all sectors, MDA's and LGs should endeavor to complete their 5 year development plans, and ensure alignment to the NDPII.

*In this new arrangement, all institutions without development plans will have difficulty in accessing budget allocations in the 2016/17 budget, until they have presented clear plans.*

*NPA will continue to review the plans so far submitted from both local Authorities and MDA's. NPA has also planned training for sector planners this month, on subject of plan preparation, using the Sector Planning Guidelines already disseminated.*

#### **4.0 NDP II and Budget Implementation**

During the first half year of the NDPII, we have witnessed stagnation in the implementation of the projects uploaded from NDPI and in the commencement of those under NDPII, across all MDA's. In our assessment, this has been occasioned mainly by;

- i. Limited preparedness to implement core projects, due to lack of technical capacity to carry out project preparation, appraisal and credible feasibility studies.
- ii. Slow decision making in Government and unfulfilled financing arrangements, including Government's counterpart funding, that has affected the kick starting of most of the projects as planned; and
- iii. Procurement malpractices, poor contract management and all the related bottlenecks.

*Therefore, we agree with all the current efforts for the urgent strengthening of Government's internal capacity for public investment preparation, appraisal and management.*

#### **5.0 Private Sector Coordination and Involvement**

The NDPII financing is premised on the involvement of both the Government and the private sector. The successful realization of the Plan results depends, to a large extent, on Government's effective collaboration with and a "**smart incentive scheme**" for the private sector.

*Therefore, we urge Sectors, MDAs and LGs to ensure high involvement and facilitation of the private sector in the development and execution of their plans.*

## **6.0 Domestic Resource Mobilization**

For the Budget strategy to achieve its objectives, innovative and sustainable mechanisms for domestic revenue mobilization are a key imperative. Critical in this process is the development of a transparent and effective National Tax Policy, which opens avenues for new innovative and realistic sources of revenue (including on idle land) and promotes compliance. Furthermore, building capacity to organize and undertake Public Private Partnerships and consolidate development finance resources will be very important. The newly launched Post 2015 Agenda for Sustainable Development Goals calls for deliberate efforts by individual countries to raise efforts on domestic revenue mobilization, in light of the new AID architecture and the severe limitations on both ODA and FDI flows.

## **7.0 Worsening Current Account Balance**

The worsening Current Account imbalance has, over time, been occasioned mainly by: the low manufacturing capacity and narrow export base, coupled with declining export volumes and prices; Uganda's low competitiveness in terms of cost of production, products' value, quality and market strategy and the huge import bill for consumables, which results in limited impact on production and job creation. These are issues for urgent action and focus by all stakeholders, on both the planning and budgeting fronts.

NPA commends the initiative by the MOFPED to address this issue directly by developing, together with all key stakeholders, a special **Action Plan for the Promotion of Investments and Export**, to enhance the implementation of the **National Export Development Strategy (NEDs)**.

For the country to halt and reverse the CA imbalance, the budget strategy has prioritized investments in export led growth, starting with the lowest hanging fruits in this current FY.

## **8.0 Other Issues on the Budget Strategy**

**NPA would like to add a strong voice on the need for the next budget and in the medium-term to address the following issues:**

- Provision of adequate allocations for Operation and Maintenance of infrastructure facilities and public assets, across sectors.
- Putting in place a public procurement policy to address issues of 'BUBU'(Be-Ugandan buy- Ugandan)
- Under the priority area of strengthening the quality of public service delivery, and in the interest of reaping the full benefits of the agricultural sector, the urgent need to provide for complete and functional extension services, at the district and sub county levels.
- On issues of Human Development, effective supervision, remuneration, equipping of institutions and effective skills delivery are all for urgent attention.

**As NPA**, we look forward to the outcome of today's consultations and the entire process, up to budget day.

**THANK YOU FOR YOUR KIND ATTENTION**