



CITIZEN'S GUIDE TO THE BUDGET FY 2022/23

**PRODUCED BY:
MINISTRY OF FINANCE, PLANNING AND ECONOMIC DEVELOPMENT**

TABLE OF CONTENTS

FOREWORD	1
ACRONYMS	2
INTRODUCTION	3
ECONOMIC PERFORMANCE AND OUTLOOK	4
OVERVIEW OF FY 2022/23 BUDGET	5
TAX MEASURES FY 2022/23	6
FY 2022/23 PROGRAMME ALLOCATIONS	7
KEY PROGRAMME INTERVENTIONS	9
AGRO-INDUSTRIALIZATION	9
HUMAN CAPITAL DEVELOPMENT	10
NATURAL RESOURCES, ENVIRONMENT, CLIMATE CHANGE, LAND AND WATER	11
INTEGRATED TRANSPORT INFRASTRUCTURE AND SERVICES	12
PARISH DEVELOPMENT MODEL	13
GLOSSARY	14

FOREWORD

The Financial Year (FY) 2022/23 marks the third year of implementation of the Third National Development Plan (NDP III). The preparation of the Budget for FY 2022/2023 was guided by the NDP III and policy pronouncements by H.E. the President.


The theme for the financial year (FY) 2022/23 budget is **'Full Monetization of the Ugandan Economy through Commercial Agriculture, Industrialization, Expanding and Broadening Services, Digital Transformation and Market Access.'**

In a bid to promote transparency, accountability and ease access to all relevant information on the Budget, The Ministry of Finance, Planning and Economic Development in partnership with Uganda Revenue Authority (URA), the Civil Society Budget Advocacy Group (CSBAG), the Private Sector Foundation Uganda (PSFU), Uganda Debt Network (UDN) and other Civil Society Organizations (CSOs) engages in the number of activities during the Budget Month which include Corporate Social Responsibility, Service Excellence Exhibition and other activities to popularise on the budget.

In addition, an abridged version of the budget is prepared & uploaded on the website. This citizen's guide therefore presents an abridged version of the budget for FY 2022/23. It pronounces highlights on key frontline service delivery programmes namely agro-industrialization, human capital development, natural resources, environment, climate change, land and water, integrated transport infrastructure and services programmes.

The detailed budget is accessible on the Ministry budget website. All stakeholders are therefore encouraged to take keen interest in understanding the budget and to further enrich yourselves with knowledge by visiting our budget website www.budget.finance.go.ug or calling the toll free hotline 0800229229.

For God and my Country



Matia Kasaija

Minister of Finance, Planning and Economic Development

ACRONYMS

NDP III	Third National Development Plan
GDP	Gross Domestic Product
COVID-19	Corona Virus Disease 2019
FY	Financial Year
VAT	Value Added Tax
URA	Uganda Revenue Authority
UNOC	Uganda National Oil Company
GDP	Gross Domestic Product
NARO	National Agricultural Research Organization
OPEC	Organisation Petroleum Exporting Countries
PDM	Parish Development Model
VHT	Village Health Teams
STEM	Science Technology Engineering and Math
TELA	Teacher Education and Learning Assessment
UPE	Universal Primary Education
NIN	National Identification Number
TIN	Taxpayer Identification Number
MTEF	Medium Term Expenditure Framework
IFMIS	Integrated Financial Management Information System
GoU	Government of Uganda
PBS	Programme Budgeting System
PBB	Programme Based Budgeting

INTRODUCTION

What is the Citizen's Guide to the Budget?

The Citizen's Guide to the Budget is a simplified document that is developed to enable the general public to understand the Government Budget.

It is a summary of the National Budget priorities for a given year and how Government plans to raise revenue and how it was allocated to different programmes and priorities.

Why does Government publish the Citizen's Guide to the Budget?

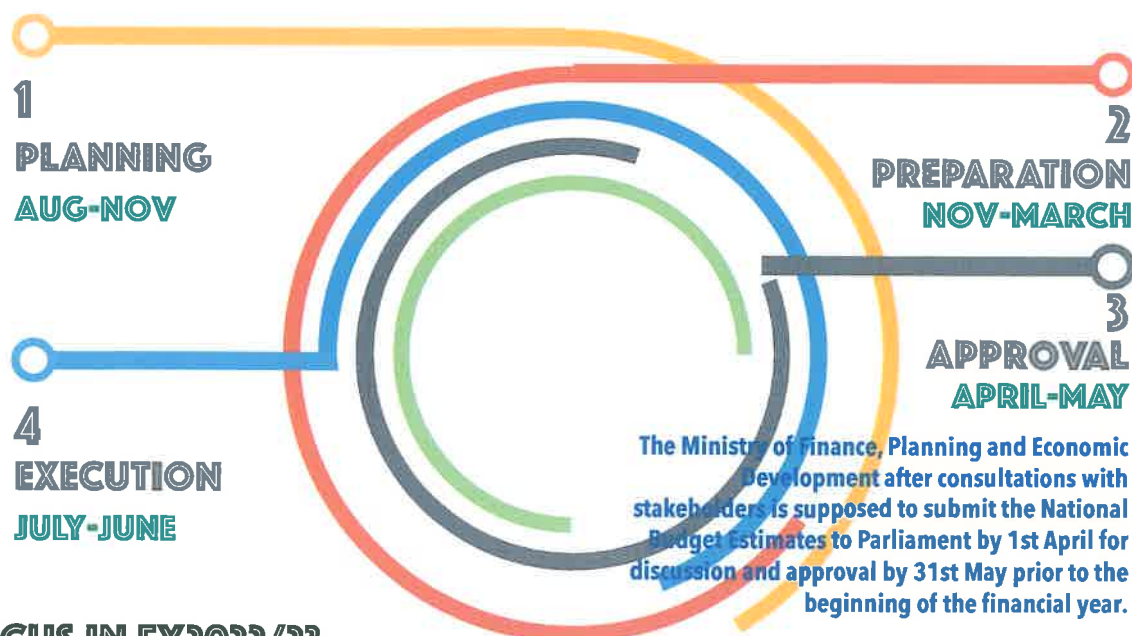
The guide is published to enable citizens to:

1. Know the Government priorities for FY 2022/23;
2. Know how the Government intends to raise the resources for financing the budget;
3. Know how the Government appropriated the available resources that have been raised to enable the citizens know the priorities; and
4. Participate actively at all levels and hold Government responsible and accountable for quality service delivery.

What is a National Budget?

Refers to a country's official statement which shows how Government plans to raise revenue and how these revenues will be allocated to different programmes and projects over a given period of time usually a financial year.

THE BUDGET PROCESS AND CYCLE



FOCUS IN FY2022/23

The Budget Strategy for FY 2022/23 is to address the social and economic challenges caused by the Coronavirus Pandemic. In the medium term Government will ensure that it achieves the socio-economic transformation goal by creating wealth and jobs. Government will also foster industrialization, particularly based on agriculture, and promote exports. In order to attain these goals, Government will ensure peace, stability and good economic management which are key foundations for growth and development.

Uganda's Economic Performance and Outlook

Economic Growth: Global growth is now projected to slow down from an estimated 6.1 percent as at end of 2021 to 3.6 percent in 2022 and 2023 and to decline to about 3.3 percent over the medium term. Fuel and food prices have increased rapidly, hitting vulnerable populations in low-income countries including Uganda. The increase in prices was caused by the effect of the Covid-19 restrictions across the world which disrupted supply chains, leading to high transport costs and a rapid rise in demand for fuel, raw materials and other goods when the economies globally were opened. In addition, the increase in prices is also as a result of the Russia-Ukraine conflict. However, Uganda's economy registered growth of 4.6 percent in FY 2021/22 compared to the growth of 3.5 percent in FY 2020/21 and is projected to grow at 6.5 percent in FY 2022/23.

Inflation: The COVID-19 economic lockdown disrupted the supply and production chains thereby resulting into inflation. However, the impact varies between advanced emerging and developing economies. Inflation is projected at 5.7 percent in advanced economies and 8.7 percent in emerging market and developing economies

Change in prices: The overall change in prices in Uganda was 4.9% between April 2021 and April 2022, despite a significant increase in prices for some essential consumer goods and services like: laundry bar soap, petrol and diesel, cooking oil, some food crop items such as wheat, sugar, potatoes, and onions.

Building materials such as cement and steel have also experienced price increases. This has pushed the overall inflation considerably from 2.7 percent in January 2022 to 6.3 percent in May 2022, causing considerable discomfort among the public.



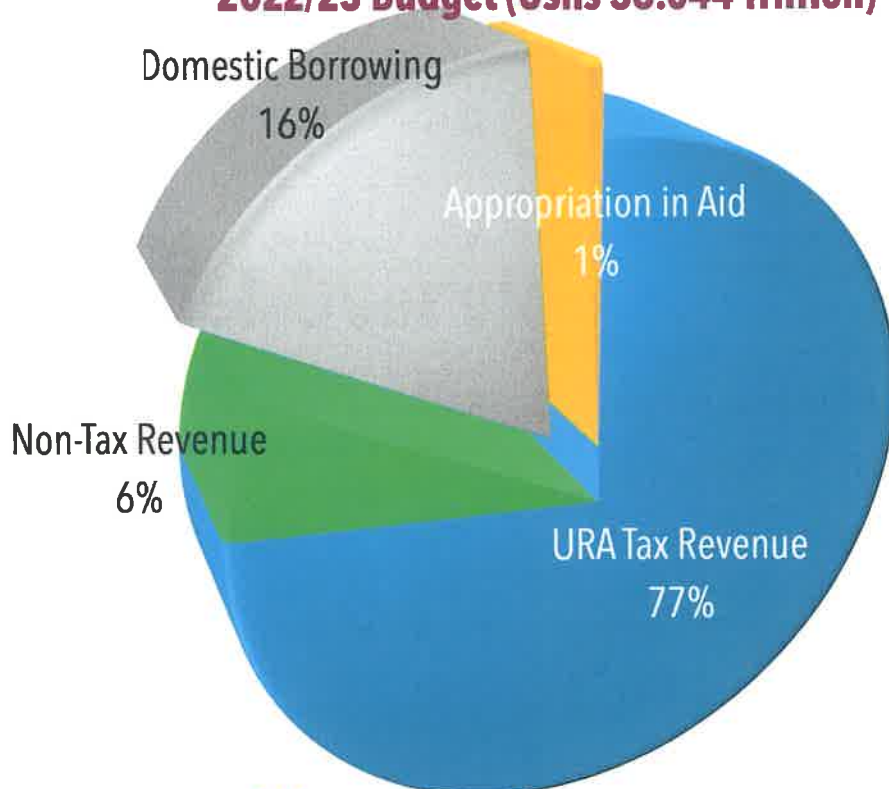
Exchange Rates: Over the 12 months, the Shilling strengthened against the US Dollar, appreciating by 5.8% to a monthly average of Ushs 3,747.4/USD in June 2022 from Ushs 3,540.4/USD recorded in June 2021.

Interest Rates: Commercial bank lending rates for Shilling denominated loans marginally declined to 18.3 percent in the eleven-month period to May 2022, down from 19.55 percent in the same period in the previous year.

FY2022/23 Budget Overview

The Budget for FY 2022/23 amounts to **Ushs 48.130 Trillion**. It will be financed through domestic revenue amounting to **Ushs 36.044 Trillion** and External Financing amounting to **Ushs 9.325 Trillion**.

Domestic Revenue funding sources for FY 2022/23 Budget (Ushs 36.044 Trillion)



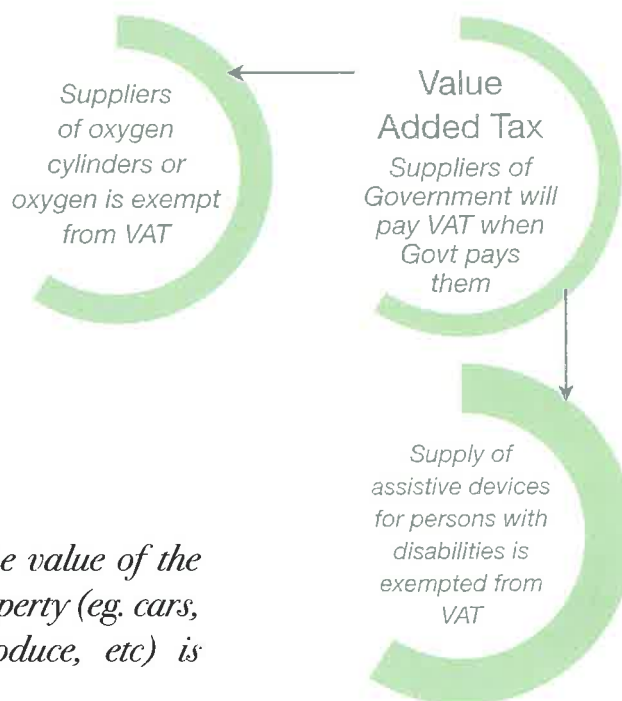
External Funding Sources for the FY 2022/23 Budget (Ushs 9.325 Trillion)



Tax Measures For FY 2022/23

In Financial Year 2022/23, the objective of Government is to increase revenue by 0.8% of GDP, which is higher than the 0.5% target contained in the Domestic Revenue Mobilization Strategy (DRMS) and the National Development Plan III. This means that in FY 2022/23, our domestic revenues will fund a portion of 53% of the total budget.

Whereas Government projects to increase domestic revenue by Ushs 4 Trillion. It will not introduce any new taxes because of the need to foster speedy economic recovery and ensure stability and certainty of the tax regime which is critical for decision making in any business. Therefore, to deliver our revenue projection for FY 2022/23, Government shall continue to implement the DRMS, focusing on improvements in efficiency in tax collection and enforcement of compliance by supporting Uganda Revenue Authority to enhance their capacities, in human resources, equipment and Information and Communications Technology (ICT). The existing tax framework was reviewed to eliminate ambiguity. The specific tax amendments for FY 2022/23 include the following:

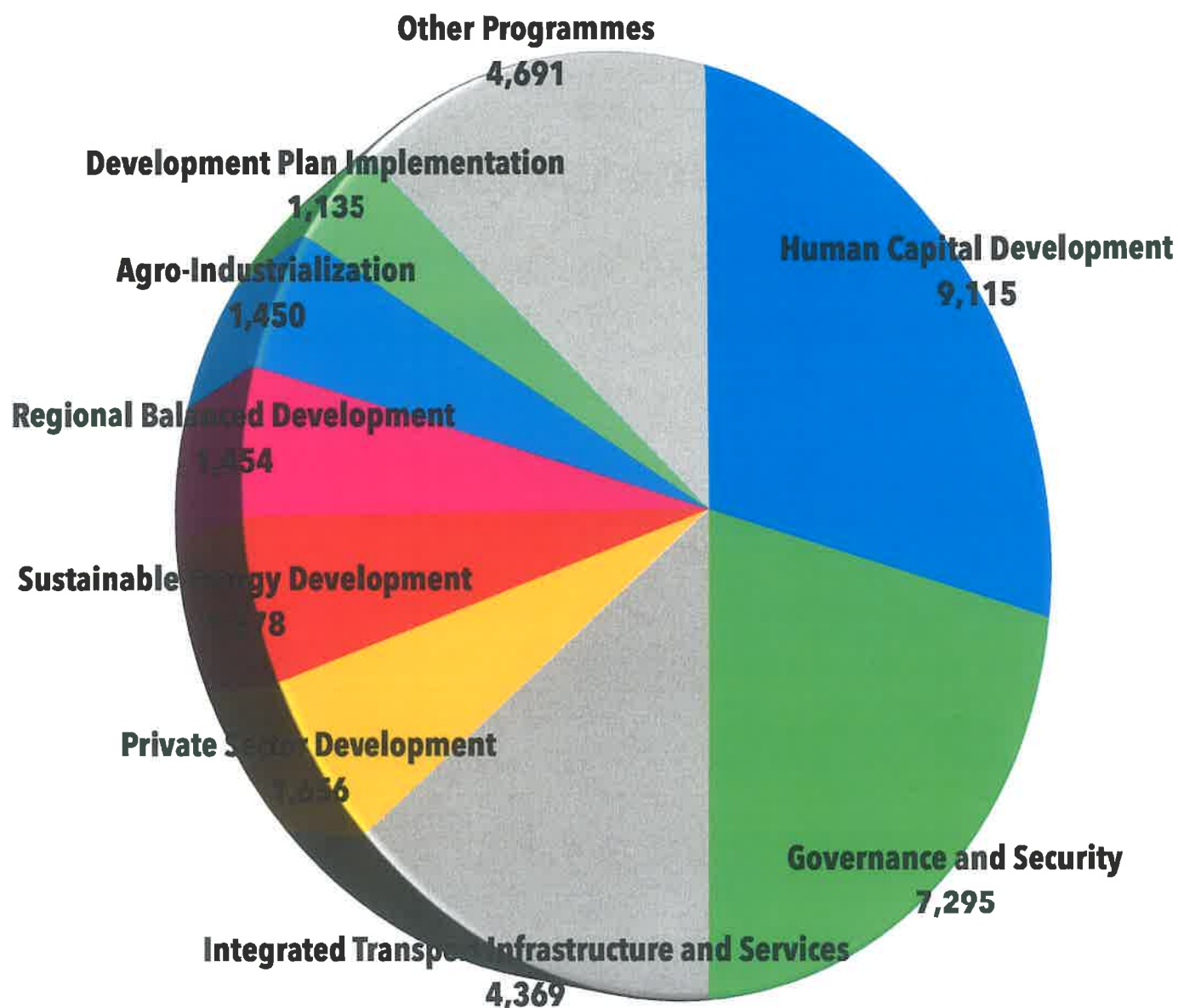


Stamp Duty

- *NIL stamp duty (from 1% of the value of the loan facility) where movable property (eg. cars, equipment, livestock, farm produce, etc) is pledged as collateral;*
- *NIL stamp duty on Agricultural Insurance Policy instruments.*

FY 2022/23 Programme Allocations

The Budget has been allocated as shown in the pie chart below. The Human Capital Development and Governance and Security Programmes have the highest allocations of **Ushs 9,115 Billion** and **Ushs 7,295 Billion** respectively.



The Community Mobilization and Mindset Change and Mineral Development Programmes have the least allocations of **Ushs 89.43 Billion** and **Ushs 31.79 Billion** respectively as seen in table 1 below.

Table 1: Budget Allocations to all Programmes

Programme	GoU	Ext. Fin	Total	%
HUMAN CAPITAL DEVELOPMENT	6,892.74	2,222.49	9,115.24	18.94%
GOVERNANCE AND SECURITY	6,824.45	470.45	7,294.90	15.16%
INTEGRATED TRANSPORT INFRASTRUCTURE AND SERVICES	2,959.30	1,409.45	4,368.75	9.08%
PRIVATE SECTOR DEVELOPMENT	1,584.91	71.35	1,656.26	3.44%
SUSTAINABLE ENERGY DEVELOPMENT	546.96	1,030.92	1,577.88	3.28%
REGIONAL BALANCED DEVELOPMENT	1,381.88	71.69	1,453.56	3.02%
AGRO-INDUSTRIALIZATION	904.59	545.44	1,450.03	3.01%
DEVELOPMENT PLAN IMPLEMENTATION	1,107.11	27.96	1,135.08	2.36%
LEGISLATION, OVERSIGHT AND REPRESENTATION	915.06	-	915.06	1.90%
SUSTAINABLE PETROLEUM DEVELOPMENT	869.32	-	869.32	1.81%
NATURAL RESOURCES, ENVIRONMENT, CLIMATE CHANGE, LAND AND WATER	374.32	285.40	659.72	1.37%
MANUFACTURING	198.49	221.25	419.74	0.87%
SUSTAINABLE URBANISATION AND HOUSING	103.52	304.45	407.97	0.85%
ADMINISTRATION OF JUSTICE	400.52	-	400.52	0.83%
INNOVATION, TECHNOLOGY DEVELOPMENT AND TRANSFER	230.17	44.25	274.42	0.57%
PUBLIC SECTOR TRANSFORMATION	223.52	-	223.52	0.46%
DIGITAL TRANSFORMATION	201.41	3.69	205.09	0.43%
TOURISM DEVELOPMENT	194.84	-	194.84	0.40%
COMMUNITY MOBILIZATION AND MINDSET CHANGE	89.43	-	89.43	0.19%
MINERAL DEVELOPMENT	24.41	7.38	31.79	0.07%
Sub-Total	26,026.96	6,716.17	32,743.13	68.03%
<i>DEBT & TREASURY OPERATIONS</i>	<i>15,387.55</i>	<i>-</i>	<i>15,387.55</i>	<i>31.97%</i>
Grand Total	41,414.50	6,716.17	48,130.68	100.00%

In a bid to enhance the Decentralization Policy, a total of **Ushs 5.1 Trillion** has been provided as direct funding to the Local Governments.

PROGRAMME INTERVENTIONS FOR FY 2022/23

Agro-Industrialization

Ushs 1.450 Trillion has been allocated to the Agro-Industrialization programme to enable increase in production and productivity.

KEY INTERVENTIONS

1. Development of value chains for the following key commodities to transform the 39 percent of households in subsistence into the money economy.



2. Expansion of irrigation schemes and providing community and individual on-farm water for production to minimize reliance on rain-fed agriculture and ensuring sustained agricultural production.

3. Enhancement of research, breeding and appropriate technology development through the National Animal Genetic Resources Centre and Data Bank (NAGRC & DB) and the National Agriculture Research Organization (NARO).
4. Investment in and effective regulation of production, multiplication and certification of quality agricultural inputs including seeds, seedlings, stocking materials, and fertilizers.
5. Enhancement of enterprise selection through enhanced farmer education and general agricultural extension as well as pest and disease control at Parish level.
6. Promotion of appropriate land use, mechanization, cooperatives, and development of partnerships with large-scale farmers to produce for export and industrial value addition.
7. Supporting fishing communities through development of hatcheries, fish ponds, and equipping them with engines, nets etc.

Human Capital Development

The programme has been allocated Ushs 9.115 Trillion in FY 2022/23.

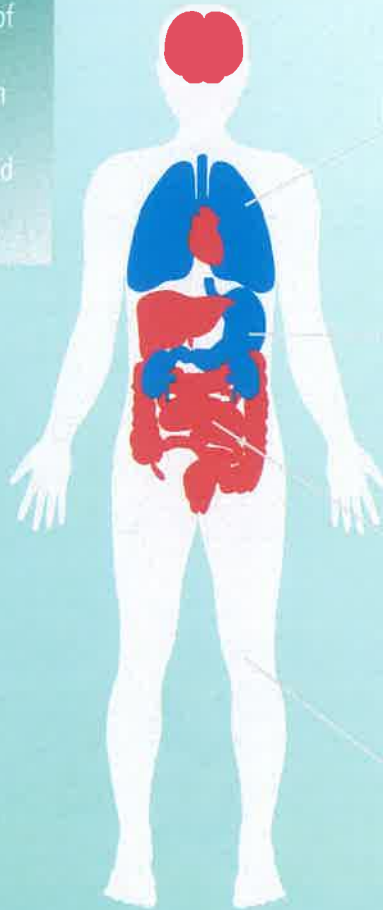
To address absenteeism and low morale of personnel, salaries of medical workers, scientists, and science teachers have been enhanced by Ushs 495 billion in aid to increase the functionality of education and health facilities

Health

ALLOCATION TO SUB-PROGRAMME



Ushs 3.722 trillion



C

Construction and equipping of 100 health centres in the following sub-counties – Kanyamba, Kanyamba, Kanyamba, Kanyamba, Kanyamba, Kanyamba, Kanyamba, Kanyamba, Kanyamba, Kanyamba

C

Rehabilitation and expansion of the following General Hospitals – Itojo, Kaabong, Abim, Kambuga, Masindi, Kanungu, Kapchorwa, Bugiri and Amudat

C

Upgrade of 43 Health Centre IIs to Health Centre IIIs, and construction of 17 Health Centre IIIs in sub counties without health facilities

C

Construction and equipping of a modern heart facility in Naguru as well as construction of 75 staff houses in Karamoja region

Education

Education and skilling sub-programmes have been allocated Ushs 4.14 trillion for FY 2022/23 to undertake the following:

Training teachers on the new abridged curriculum as well as rolling out of the lower secondary curriculum.

Strengthening of inspections across all learning institutions using the Teacher Education and Learning Assessment (TELA) system.

Operationalization of the Moroto Constituent College of Agriculture, Mountains of the Moon University and Busoga University.

Completion of construction, upgrading and equipping of Vocational Education Centres of Excellence in Bushenyi, Lira, and Elgon technical institutions

Construction and equipping of Two-Unit Laboratories in 21 secondary schools currently without any, in line with the Science Technology Engineering and Math (STEM) Policy.

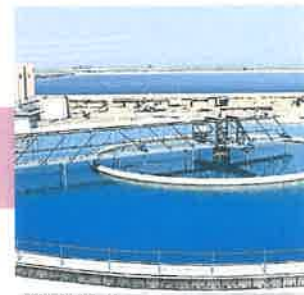
Filling of staffing gaps in Primary and Secondary Schools as well as fully rolling out of continuous assessment

Natural Resources, Environment, Climate Change, Land and Water

The programme has been allocated Ushs 0.659 Trillion in FY 2022/23.

Water Projects Implemented in FY 2021/22

- ☀ Five medium-scale irrigation schemes in Ngenge (Kween), Rwengaju (Kabarole), Tochi (Oyam), Mubuku II (Kasese), and Doho II (Butaleja);
- ☀ 106 small scale irrigation schemes in the Districts of Bugiri, Bukedea, Tororo, Iganga, Mbale, Kapchorwa, Pakwach, among others;
- ☀ Upgrading of Kapeeka Water Supply System to 5 million liters per day (double the current capacity); and
- ☀ Completion of Katosi Water Treatment Plant, which will produce 160 million litres of water per day.

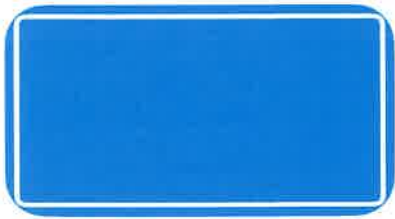


Interventions for FY 2022/23

- ☀ Constructing 80 kms water supply infrastructure from River Nile to serve 484,000 people in Acholi and Lango sub-regions;
- ☀ Constructing Water Infrastructure from River Kagera to serve an additional 75,000 people in Isingiro, Mbarara and Masaka sub-regions;
- ☀ Rehabilitation and expansion of Mbale Water Supply Scheme; and
- ☀ Construction of the Wastewater Treatment Plant targeting Kiruddu Hospital.



Integrated Transport Infrastructure and Services



INTERVENTIONS IN FY 2022/23

Ushs 4.3 trillion has been allocated to the Programme. The key interventions are:

- Commence Uganda Airlines' flights to London and China.
- Construction of 400 kilometers equivalent of roads to bitumen standards.
- Rehabilitation/reconstruction of 200 kilometers equivalent of roads, and construction of 30 bridges on the National roads network.
- Rehabilitation of 928 kilometres of District roads and 126 kilometres of Community roads.
- Continue the development of the Bukasa Inland Port.

PARISH DEVELOPMENT MODEL

In financial year ending June 2022, **Ushs 234 billion** was provided for the implementation of the PDM. More efforts have been focused on preparatory activities to prepare for full implementation of the model. These include:

RECRUITMENT OF
PARISH CHIEFS
BY ALL DISTRICTS



DATA COLLECTION

VERIFICATION OF
BENEFICIARIES



ESTABLISHMENT
OF SACCOS

SETTING OF OF THE PARISH
DEVELOPMENT UNIT IN THE



SENSITIZATION AND
MOBILIZATION AMONG
OTHERS

Table 2: Allocation of PDM Funding in FY 2022/23

Institution	Total (Ushs Bns)
Revolving Fund	
Ministry of Finance, Planning and Economic Development	1,059.40
Sub Total for Revolving Fund	1,059.40
National Coordination	
Ministry of Local Government	21.98
Ministry of Information, Ccommunication, Technology & National Guidance	13.80
Local Governments	10.50
Uganda Bureau of Statistics	4.00
Ministry of Finance, Planning and Economic Development	1.60
Ministry of Gender, Labour and Social Development	1.00
Kampala Capital City Authority	0.98
Sub Total for National Coordination	53.86
Grand Total	1,113.26

For FY 2022/23 a total of **Ushs 1.113 trillion** has been provided for full implementation of the Model. Each of the 10,594 Parishes in the country will receive **Ushs 100 million** as a revolving fund, earmarked for purchase of agricultural inputs by households still in subsistence. Additional information on the above is available in the PDM guidelines which can be accessed on the Budget website.

The Parish Development Model will be complemented by other Government programmes such as:

- ❖ Emyooga Fund under UDB;
- ❖ Microfinance Support Centre credit to other SACCOs and Village Savings Groups that is managed by UDC;
- ❖ Small Business Recovery Fund under BoU; and
- ❖ Other wealth creation initiatives.

Glossary

Appropriation Act: authorizes Government Ministries and Agencies to allocate and spend funds on selected programmes and projects.

Approved Budget: this is the appropriated budget and statutory expenditure by the Parliament of the Republic of Uganda, for a financial year from 1st July to 30th June.

Budget: This is an estimation of revenue and expenditure for specified future period of time usually a year.

Chart of Accounts: this is a complete list of items against which budgets allocations are made and appropriated through the Integrated Financial Management System (IFMS). This forms basis of the detailed Budget Estimates.

Contingencies Fund: this is a fund created to meet some urgent or unforeseen expenditure of Government.

Development Partner: a country that offers assistance in form of funds, machinery, experts and several others to another country.

Domestic Financing: is the amount of money raised by Government, in local currency and from its own residents mostly

through the commercial banks and issuing Government securities.

Economic Growth: refers to the increase in the capacity of an economy to produce goods and services compared from one period of time to another. Economic growth is measured using the Gross Domestic Product (GDP).

Exchange Rates: refers to the value of Ugandan shillings against other currencies.

External Financing (External Fin.): this refers to the category of expenditure that was previously referred to as donor in the budget documents. The change in name is ensure conformity in the international nomenclature.

GoU: This refers to the category of expenditure on domestic development funded by the Government of Uganda.

Grants: are non-payable funds or products disbursed by one party often a Government Department, Cooperation, Foundation or Trust. These are provided for mostly by bi-lateral development partners.

Grants and subsidies (Outputs Funded): these are services funded by the Vote but delivered by another institution. They relate to expenditures on grants and transfers in the chart of accounts.

Gross Domestic Product (GDP): Is the monetary value of all finished goods and services produced within a country's borders in a specific time period, though GDP is usually calculated on an annual basis.

IFMS: this is an IT based budgeting and accounting system that manages spending, payment processing, budgeting and reporting for Governments and other entities.

Inflation: is a sustained increase in the general price level of goods and services in an economy over a given period of time.

Investment (capital purchases): these relate to purchase of capital assets in the chart of accounts.

Item: these are the lowest operational level of the budget and represent and represent the resources necessary to carry out activities e.g staff salaries, travel inland, printing and stationery etc.

Non-Tax Revenue: is revenue from other sources apart from taxes collected and sent to the consolidated fund. These include fees and licenses.

Programme Based Budgeting (PBB): Practice of developing budgets based on the relationship between programme funding

levels and expected results from that programme.

Programme Budgeting System (PBS): is the online budgeting system that describes and gives the detailed costs of every activity that is to be carried out with a given budget.

Project: these represent the result or set of activities implemented by the vote which contribute to the achievement of the set objectives. They primarily involve capital purchases and maybe financed by the Government of Uganda and Development Partners e.g Emergency constructions of primary school classrooms.

Programmes: this represent a result or set of activities implemented by the various votes which contribute to the achievement of set objectives.

Public Debt: is the debt owed by a central Government.

Release: Central Government transfer of funds to MDAs (including supplementary schedule) from the consolidated fund.

Taxes: these are financial charges or other levies imposed upon a tax payer (an individual or legal entity) by a state or the functional equivalent of the state to fund various public expenditures. In Uganda, tax revenues are collected by URA these include

income tax, VAT, excise duty, custom duties among others.

Note: these are institutions (Ministries, Departments, Agencies and the Local Governments) which are the basis for accountability e.g Ministry of Education, Ministry of Public Service etc.

