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THE REPUBLIC OF UGANDA

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11<sup>th</sup> July 2018

## PRESS RELEASE ON QUARTER ONE EXPENDITURE RELEASES FY 2018/19

1. I wish to welcome the media and other stakeholders to this media briefing on the Quarter one release of funds and the projected GDP growth for FY 2018/19. The objective of this briefing is to provide information to the Public on the first Quarter releases and highlight priorities for Q1 FY2018/19 for effective delivery of public services.

### A. APPROVED BUDGET FY 2018/2019

2. The Total Approved Budget for Financial Year 2018/19 is **Ushs 32,702.82 billion** detailed as follows:

• Wage	–	<i>Ushs 4,242.15 billion</i>
• Non-Wage	–	<i>Ushs 6,636.09 billion</i>
• GoU Development	–	<i>Ushs 5,240.89 billion</i>
• External Financing	–	<i>Ushs 7,734.54 billion</i>
• Debt and Treasury Operations	–	<i>Ushs 7,785.61 billion</i>
• Appropriation in Aid (AIA)	–	<i>Ushs 1,063.54 billion</i>
<b>Total Budget</b>	<b>-</b>	<b>Ushs 32,702.82 billion</b>

3. Out of the **Ushs 32,702.82 billion** approved **Ushs 22,535.3 billion** was appropriated and **Ushs 10,167.5 billion** is statutory expenditure.
4. A daily levy of **UShs. 200** on Over the Top Services (OTT) as one of the measures to widen the tax base, is projected to generate revenue amounting to **Ushs 284 billion** in this Financial year.

A handwritten signature in blue ink, appearing to be the name of an official, located at the bottom of the page.

## B. HIGHLIGHTS OF QUARTER ONE RELEASES FOR FY2018/19

5. In line with the Ministry's commitment to release funds before the 10th day of the first month of the quarter, our Ministry communicated the Expenditure limits for Quarter One on **5<sup>th</sup> July, 2018** for both Central and Local Governments to ensure timely execution of Government programs.
6. A total of **Ushs 4,398.79 billion** has been released for Quarter One expenditure. This represents 26.8% of the approved GOU Budget (excluding External Financing, Appropriation in Aid (AIA), Debt, Karuma and Isimba)
7. For Missions Abroad, funds will be released twice in the course of the financial year: in July (First Quarter) and in January (Third Quarter) purposely to guard against loss of poundage and to enable Missions to meet obligations which require one-off payment such as rent.
8. Release of funds for Public Universities excluding External Financing will be done in line with the semester system, i.e., in July 50% (Q1-Q2) and 50% in January (Q3-Q4).
9. In the FY 2018/19, Local Government Development Grants shall continue to be released 100% by Quarter Three (Q3) to avoid having unspent balances at the end of the Financial Year.
10. External Financing for MALGs during the First Quarter will be based on the projected disbursements by the Development Partners. For AIA, Expenditure Limits issued are 25% of the Budget and subsequent quarter releases will depend on collections and confirmation of deposits in the consolidated fund of the previous quarters.
11. For Local Revenue, Parliament has appropriated it as part of the overall budget for purposes of the Auditor General issuing a Grant of Credit that covers all funds under Local Governments. All Local Governments must remit their Local Revenue collections to the Consolidated Fund for release in the subsequent quarter. For First Quarter, Expenditure Limits issued are 25% of the approved Budget
12. The following is a summary of the First Quarter FY2018/19 Budget release for Central Government votes:
  - i. **Ushs 557.8 billion** has been released to cater for wages and salaries.
  - ii. **Ushs 80.5 billion** was provided to cater for Pensions and Gratuity payments.

- iii. **Ush 196 billion** has been released to Ministry of Works and Transport to cater for the deposit on the National carrier and expenses of Kalangala Infrastructure Services.
- iv. **Ushs 401 billion** approximately 25% of the approved budget was provided to UNRA for road development.
- v. **Ushs 133 billion** was provided to Road Fund to cater for road maintenance.
- vi. **Ushs 66 billion** that is about 25% of their approved budget was provided for National Medical Stores to meet the obligations for purchase of drugs.
- vii. Under the Education Sector, the First Quarter releases have catered for the education capitation requirements for Term 3 of the School Year 2018 amounting to **Ushs 97 billion**.
- viii. NAADS/OWC was provided with **Ushs 89 billion** to cater for purchase of planting materials in time for the coming season and UCDA was provided with **Ushs 45.6 billion**.
- ix. **Ushs 145 billion** has been released to cater for domestic arrears. This will ensure that utility arrears are fully cleared whereas Pension and gratuity arrears will be released in October 2018.

#### **Local Government releases**

13. Q1 Releases to Local Governments have also been effected based on annual workplans, quarterly workplans and annual cashflow plans. A total of **Ushs 839 billion** has been released to Local Governments in Quarter one for FY2018/19 as follows:

• Wage	-	<b>Ushs 503.1 billion</b>
• Non-Wage	-	<b>Ushs 138 billion</b>
• Development	-	<b>Ushs 149 billion</b>
• Pension	-	<b>Ushs 27.4 billion</b>
• Gratuity	-	<b>Ushs 21 billion</b>

14. You will note that the **Development Budget for Local Governments is 33% of the approved budget**. This is in line with Government commitment to release funds for Local Governments timely in order to minimise procurement delays and by giving them enough time for implementation of Government programmes so as to avoid unspent balances at the end of the FY.

15. Transfers to educational institutions, health units and all lower Local Governments are transmitted directly to their institutional Bank Accounts.

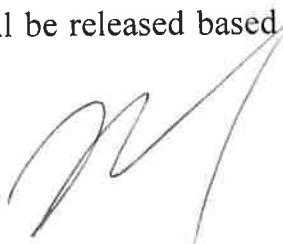
## C. THE QUARTERLY RELEASE PROCESS

16. PFMA 2015 requires this Ministry to issue the Annual Cash plan at the beginning of the Financial Year. The Annual Cash plan contains projections of expenditure for Ministries, Departments and Agencies (MDA's) and Local Governments and is derived from Work plans and procurement plans submitted by the MDAs and LGs.
17. MoFPED issues expenditure limits by the 10th day of the first month of the Quarter based on the above Quarterly workplans and revenue performance.
18. Following the issuance of Quarterly expenditure limits, Accounting Officers are required to submit to MoFPED requests for Accounting Warrants for wage, pension/gratuity, other non-wage and development budget within a week of issuance of the limits;
19. Approval/rejection of release warrants and transfers by MoFPED for MDA's is done within 48 hours of receipt of warrants. Regarding Local Governments, based on the approval of the warrant by MoFPED, Accounting Officers enter invoices for Direct Transfers to health facilities, sub counties, Town Councils, schools and Tertiary institutions. Payments can then be effected by Accounting Officers.

## D. KEY POLICY ISSUES FOR FY 2018/19

### Revenue Collections

20. The Domestic revenue projections for the budget of FY 2018/19 amount to **Shs. 16,358.80 billion** of which **Ush 15,938.8 billion** will be collected by URA as tax revenue and **Ushs 420 billion** as Non Tax Revenue.
21. For Local Governments, locally raised revenue amounting to **Ushs 157.107 billion** was appropriated and will be released based on actual collections per Local Government.



## **Payment of Service Providers and Settlement of Domestic Arrears**

22. It has been noted that Accounting Officers are accumulating arrears through cancellation of LPOs and issuing new ones for other activities. This leads to non-payment of service providers and crowding them out of business. With effect from FY 2018/19, the Accountant General will grant the authority to approve and cancel LPOs. Accordingly, any Accounting Officer who wishes to have any LPO cancelled will first seek approval from the accountant General or myself with justifiable reasons.
23. With effect from FY2018/19 Procurement of Air tickets will be made directly from the respective Airlines as guided by Cabinet. This is aimed at eliminating arrears for travel companies.
24. As guided in the Budget Execution Circular, Accounting officers should ensure that they prioritise the clearance of domestic arrears. Therefore;
- i) Quarter one expenditures should prioritise rent and utilities payments as well as ensuring connectivity to prepayment system;
  - ii) All outstanding arrears must be paid before new suppliers are paid against the relevant item; and
  - iii) Monthly reports must be provided to this Ministry with a copy to Office of the Prime Minister, on the status of clearing domestic arrears.

## **E. PROJECTED GDP GROWTH FOR THE FY 2018/19**

25. I wish to give highlights of the projected performance of the economy for FY2018/19. Annual headline Inflation is projected to average 3.6%.

### **Economic Growth**

26. The economy is projected to grow by 5.8% in FY2018/19  
The above growth will be supported by the following;
- i) Commercialization of agriculture
  - ii) Industrialization and productivity enhancement; and
  - iii) Financing of private sector Investment

## F. CONCLUSION

27. In conclusion, I would like to emphasize the following:

- i) All Accounting Officers must ensure that they pay wages, salaries, pensions and gratuity by the 28<sup>th</sup> of every month.
- ii) Accounting Officers must prioritize payment of service providers on time and avoid accumulation of arrears.
- iii) There should be display of the payrolls for salaries and monthly pension on Government institutions' notice boards every month.
- iv) Accounting Officers must ensure timely submission of performance reports and accountability.
- v) Clearance of domestic arrears must be prioritized during this quarter. Salary, Pension and Gratuity arrears will be released in October 2018.

28. Over the last three years, MoFPED has been committed to the timely release of funds and all stakeholders are requested to take note of information printed in the media.

29. Once again, I wish to thank the Press and Civil Society for supporting our budget transparency initiative and I urge you to make use of our website [www.budget.go.ug](http://www.budget.go.ug) where we post more detailed information. You may also call our Budget Call Centre on 0800 229 229 for any information on the Budget.



Keith Muhakanizi

**PERMANENT SECRETARY/SECRETARY TO THE TREASURY**