



Citizen's Guide to the Budget for FY 2023/24

Produced By

**Ministry of Finance, Planning and
Economic Development**



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FOREWORD

The financial year (FY) 2023/24 marks the Fourth year of implementation of the third National Development Plan (NDP III).

The theme for the financial year (FY) 2023/24 budget is 'Full Monetization of the Ugandan Economy through Commercial Agriculture, Industrialization, Expanding and Broadening Services, Digital Transformation and Market Access.

The total approved budget for financial year 2023/24 is Ushs. 52.737Bn of this Ushs. 31.264Bn was appropriated by parliament and Ushs. 21.473Bn is Statutory Expenditure.

The Citizen's Guide to the Budget provides 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 service programmes.

All stakeholders are encouraged to take keen interest in the budget and to further enrich themselves with knowledge on the budget by visiting our budget website www.budget.finance.go.ug or calling the toll-free hotline 0800229229.

For God and my Country

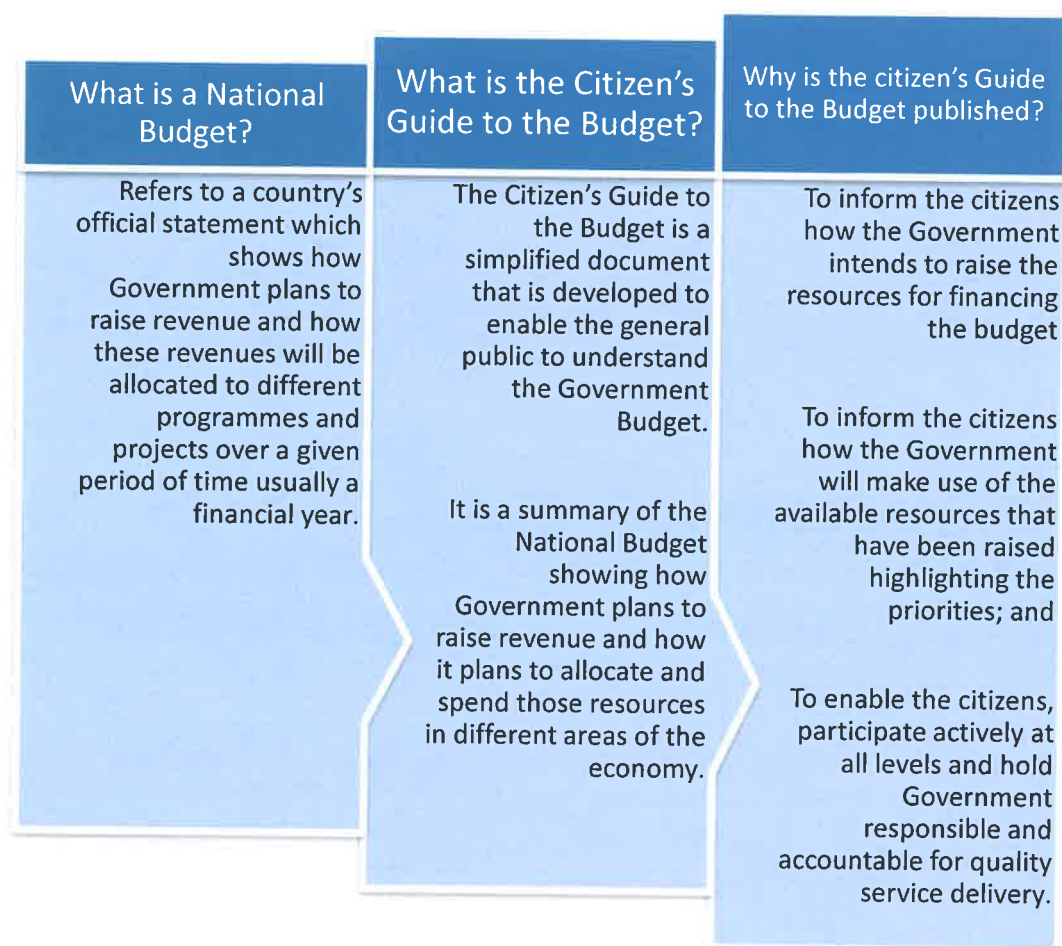


Matia Kasaija (MP)
Minister of Finance, Planning and Economic Development

ACRONYMS

NDP III	Third National Development Plan
GDP	Gross Domestic Product
UGIFT	Uganda Inter-Governmental Fiscal Transfers
FY	Financial Year
VAT	Value Added Tax
URA	Uganda Revenue Authority
EACOP	East African Crude Oil Pipeline
PDM	Parish Development Model
DUCAR	District Urban and Community Access Roads
GKMA	Greater Kampala Metropolitan Area
ICU	Intensive Care Unit
MTEF	Medium Term Expenditure Framework
IFMIS	Integrated Financial Management Information System
GoU	Government of Uganda
PBS	Programme Budgeting System

INTRODUCTION



Approval of the Budget

- In line with section 13 (3) of the PFM Act 2015, The Ministry of Finance, Planning and Economic Development after consultations with the relevant stakeholders is required to submit the National Budget Estimates to Parliament by 1st April for discussion and approval by 31st May prior to the beginning of the financial year.
- Parliament approved the Budget for FY 2023/24 on 18th May, 2023

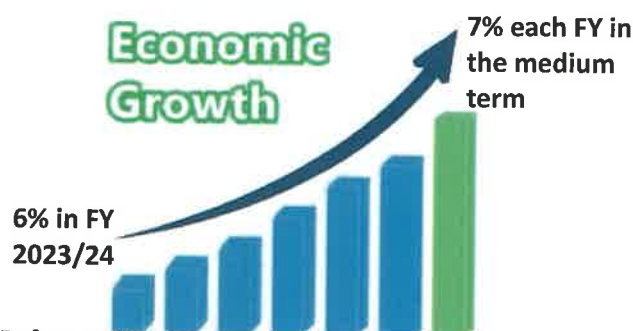
Focus of the FY2023/24 Theme of the FY 2023/24 Budget

- Full Monetization of Uganda's Economy through commercial Agriculture Industrialization, Expanding and Broadening Services Digital Transformation and Market Access

FY 2023/24 BUDGET BY CATEGORY

Category	Amount (Ushs. Trillion)
Wage	7.289
Non-Wage Recurrent	11.636
GoU Development Expenditure	6.108
External Financing Development	8.248
Debt and Treasury Operations	18.951
Arrears	215
Local Revenue	287
Total Budget	52.736

ECONOMIC PERFORMANCE AND OUTLOOK



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)



Refers to the increase in the general price of goods and services. The inflation has reduced steadily on the account of well-coordinated fiscal and monetary policy. In the month of May, the prices key items like sugar, soap, fuel and others reduced.



Between April 2022 and April 2023, the Ugandan shilling depreciated by 5.8% against the US dollar compared to an average depreciation rate of 8% within the East African region

Interest Rates

At the time of reading the budget speech the Central Bank Rate increased to 10%, which resulted into the commercial banks increasing their interest rate on loans to 19.3%.

Private Sector Credit

The total private sector credit increased from Ushs 19.5 Trillion in May 2022 to Ushs 20.5 Trillion in April 2023 representing an annual growth of 4.8%.

The growth in lending to industry and agriculture was 6.2% and 3.3% respectively.

Trade and personal lending recorded an annual growth of 14.1% and 19.1% respectively in the same period.

External Trade

By April 2023, Uganda's exports on merchandise goods amounted to US dollars 4.2 billion compared to US dollars 3.1 billion over the same period in the previous financial year.

This represents 35.5% increase mainly driven by increase in exports of gold, coffee, fish, sugar, beans, maize and light manufactured products to regional markets.

FY2023/24 BUDGET OVERVIEW

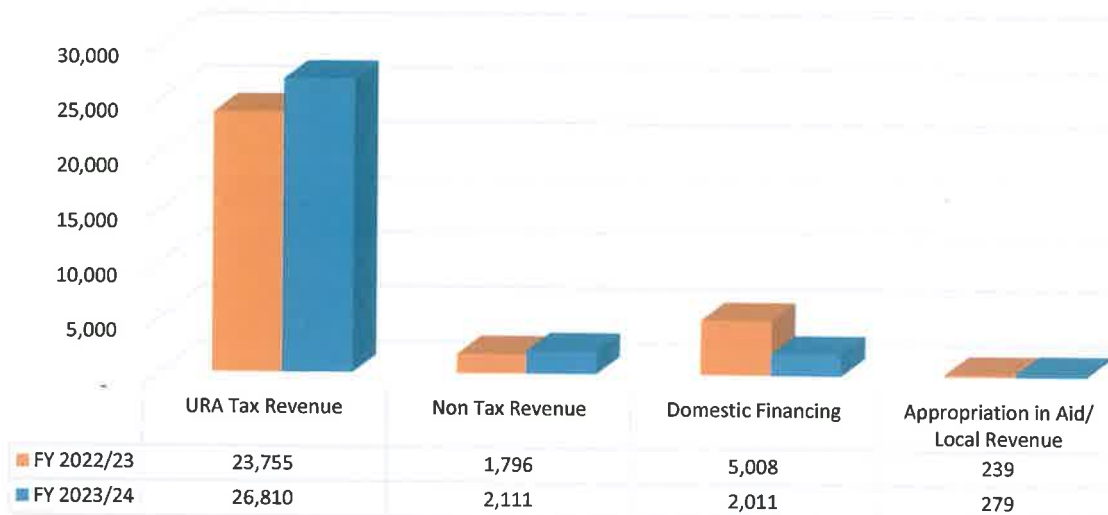
Where the money comes from /Government Sources of Revenue FY 2023/24

The Total budget for FY 2023/24 amounts to **Ushs. 52.7 Trillion** Comprised of domestic revenue and External financing. The budget will be financed as follows;

Domestic Revenue Funding Sources

Increased from **Ushs 31.211 Trillion** in FY 2022/23 to **Ushs 30.797 Trillion** in FY 2023/24 as shown in the chart below:

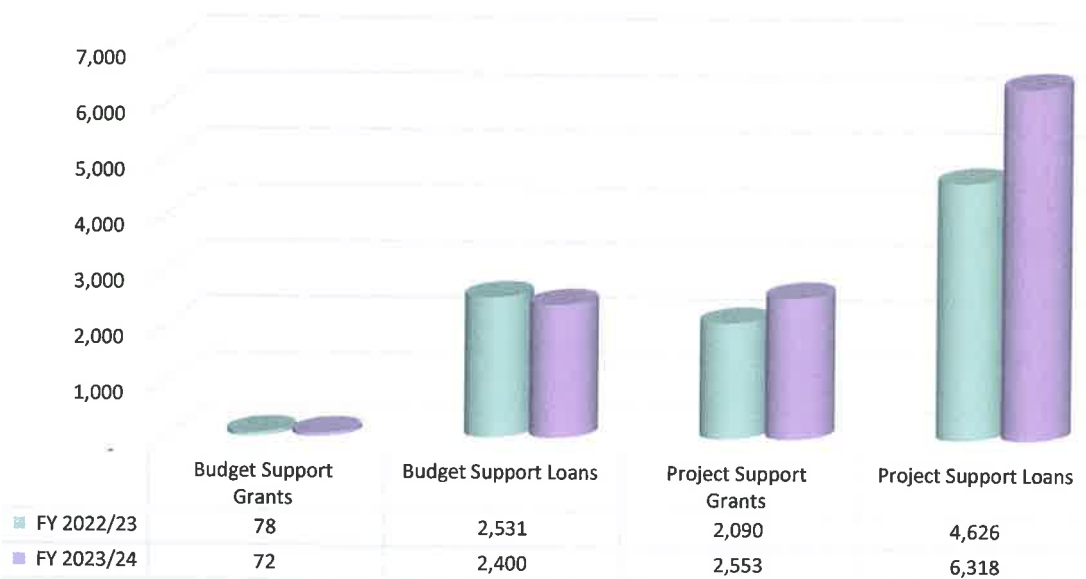
Comparison of Domestic Revenue Funding Sources for FY 2022/23 and FY 2023/24



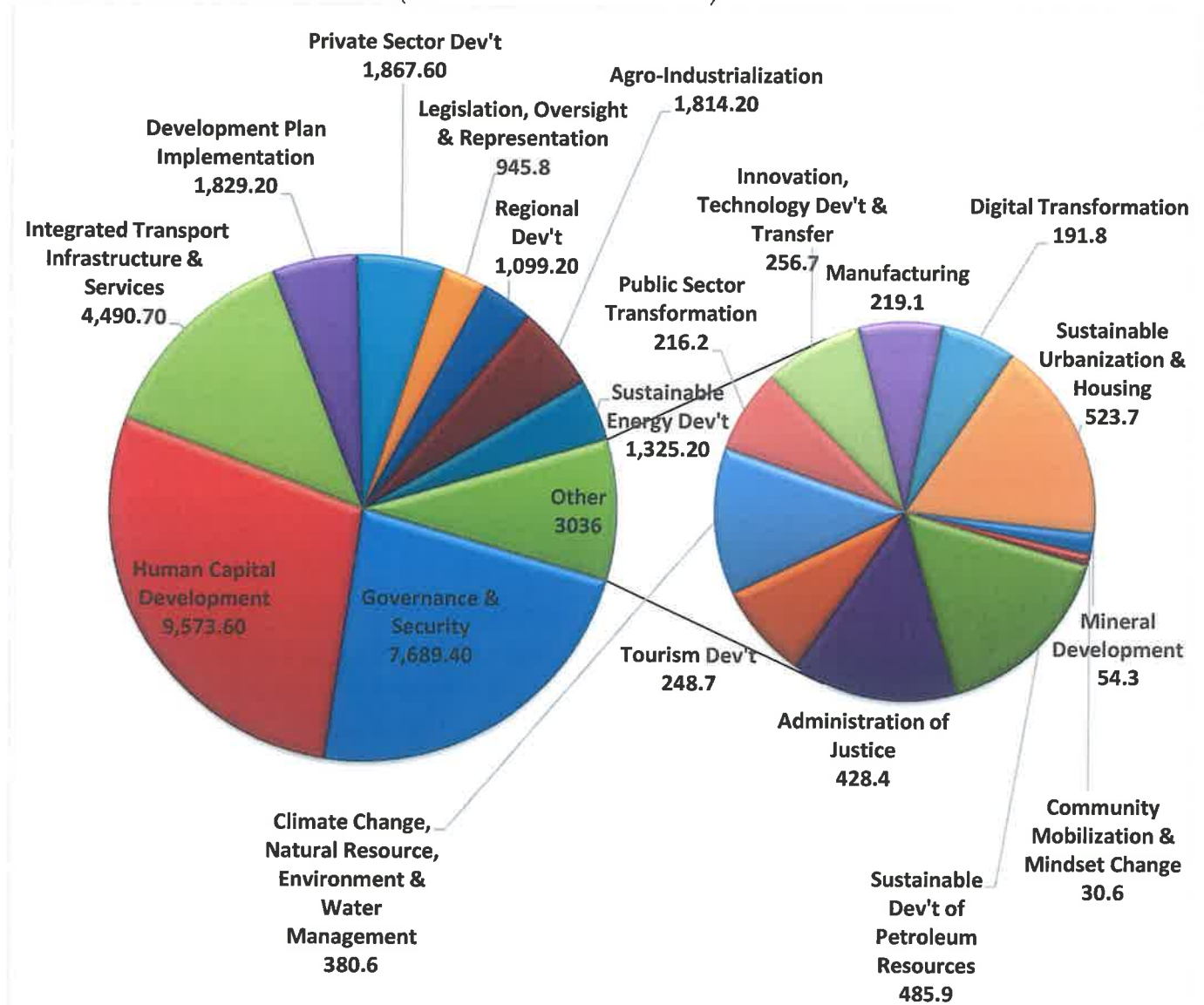
External Revenue Funding Sources

Increased from **Ushs 9.325 Trillion** in FY 2022/23 to **Ushs 11.342 Trillion** in FY 2023/24 as shown in the chart below:

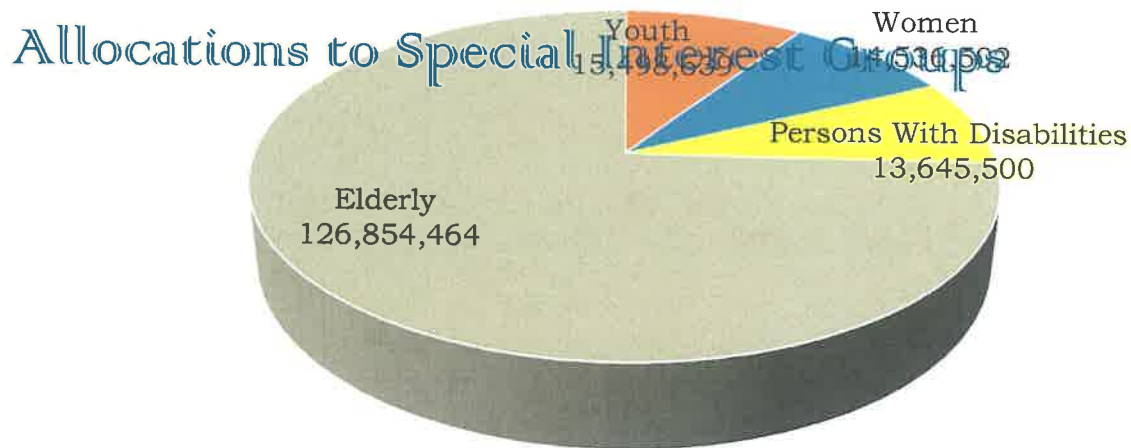
Comparison of External Revenue Funding Sources for FY 2022/23 and FY 2023/24



Programme Budget Allocations for FY2023/2024 (Ushs. Billions)



PROGRAMME ALLOCATIONS	GoU	External	Total	%
Governance & Security	7,446	243	7,689	14.58
Human Capital Development	7,158	2,416	9,574	18.15
Integrated Transport Infrastructure & Services	2,280	2,211	4,491	8.52
Development Plan Implementation	20,594	14	20,608	39.08
Private Sector Development	1,558	309	1,868	3.54
Legislation, Oversight & Representation	946	-	946	1.79
Regional Development	1,218	169	1,386	2.63
Agro-Industrialization	822	992	1,814	3.44
Sustainable Dev't of Petroleum Resources	486	-	486	0.92
Administration of Justice	428	-	428	0.81
Sustainable Energy Development	351	974	1,325	2.51
Tourism Development	249	-	249	0.47
Climate Change, Natural Resource, Environment & Water Management	223	157	381	0.72
Public Sector Transformation	216	-	216	0.41
Innovation, Technology Dev't & Transfer	198	58	257	0.49
Manufacturing	106	113	219	0.42
Digital Transformation	100	92	192	0.36
Sustainable Urbanization & Housing	39	485	524	0.99
Mineral Development	39	16	54	0.10
Community Mobilization & Mindset Change	31	-	31	0.06
TOTAL	44,488	8,249	52,737	100.00



Budget Output/ Description	Amount
Promotion of Arts & crafts	4,020,000,000
o/w Uganda National Culture Centre	1,510,000,000
o/w Religious and Cultural institutions	2,340,000,000
o/w Others	170,000,000
Support to special interest Groups	2,325,703,767
o/w National Children Authority - NCA	375,339,000
o/w National Youth Council - NYC	800,800,000
o/w Scholarships for the vulnerable children	50,000,000
o/w Skilling of out of school youth	104,500,000
o/w Support to the Street Children interventions	24,000,000
o/w Others	971,064,767
Enhance Women participation in development	20,209,378,200
o/w Coordination staff and other expenses of YLP and UWEP	5,440,000,000
o/w Support to Revolving funds under UWEP	13,056,502,000
o/w Transfer to the National Women's Council - NWC	1,480,000,000
o/w Others	232,876,200
Response to Gender based violence	100,000,000
Empowerment and protection	148,469,814,581
o/w Youth Livelihood Programme	8,704,000,000
o/w Disability Grant	13,200,000,000
o/w Support to SAGE and Operations of ESP	121,218,964,000
o/w Special Enterprise Grant for Older Persons (SEGOP)	5,000,000,000
o/w Provision of food and non-food items to PWDs & Elderly	115,500,000
o/w Others	231,350,581
Transfer to Statutory Councils	965,500,000
o/w National Council for Older Persons - Wage Subvention	300,000,000
o/w Support to National Council for Older PersonsNon Wage	335,500,000
o/w Support to National Council for Persons with Disabilities	330,000,000
Decent & productive employment	6,295,900,000
o/w Support Jua-kali Enterprises to transition into Formal Economy	3,000,000,000
o/w Support to Green Jobs Programme	800,000,000
o/w Contributions to the International Labour conferences	50,000,000
o/w Others	2,445,900,000
Grand Total	182,386,296,548

Key Achievements in FY 2022/23 and Corresponding Allocations to Priority Areas for FY 2023/24

Agro-Industrialization

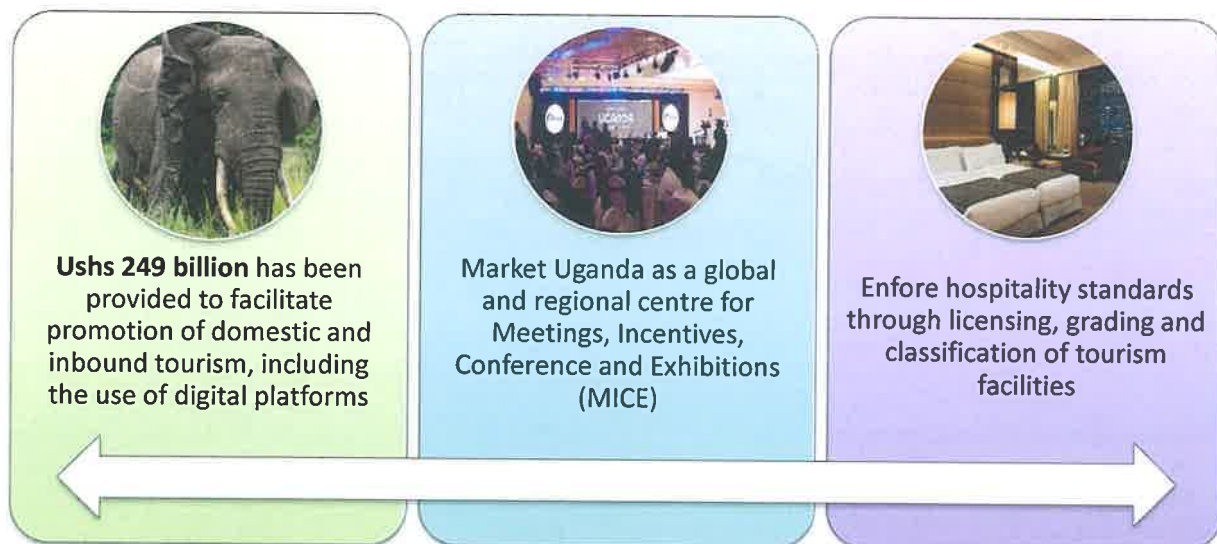
Agriculture has been allocated **Ushs. 1.8 Trillion** to cater for Food Security, Irrigation, Value Chain Development, Agricultural Research and disease Control among others.

Interventions in FY 2023/24



Tourism

Interventions in FY 2023/24



Human Capital Development

Health

Key Achievements in FY 2022/23

- ☐ 381 Health Center IIs have been upgraded to Health Center IIIs. In addition, 250 Health Center IIIs have been upgraded to Health Center IV and equipped, and are now functional
- ☐ Construction and equipping of 31 new Health Center IIIs in sub counties without any health facility is 90% complete
- ☐ The health referral system has also been enhanced by fully functionalizing 143 Intensive Care Units (ICUs) and 5 High Dependency Units (HDUs) in National and Regional Referral Hospitals across the country

Interventions in FY 2023/24

- ☐ The Mulago Super Specialized Hospital and the new state-of-the-art Intensive Care Unit at the Uganda Cancer Institute will be fully operationalized to provide specialized care to all Ugandans and reduce medical referrals abroad
- ☐ Health worker supervision and management will be strengthened to reduce absenteeism and the ban on health worker recruitment will be lifted
- ☐ Government will resolve the plight of medical interns and doctors designated as senior house officers, in view of their important role in supporting the healthcare system

Education

Key Achievements for FY 2022/23



Uganda's literacy rate improved from 70.2% in 2012 to 79% in 2021. Education enrolment in public schools is now 8.8 million children in primary school, 833,000 pupils in secondary, and 174,000 students in



3,100 teachers were trained, and inspection of learning institutions was enhanced using the e-inspection system.



Mountains of the Moon University was operationalized during the year and the upgrading of facilities was completed at Uganda Technical Colleges in the Lira, Elgon, and Bushenyi.

Interventions in FY 2023/24

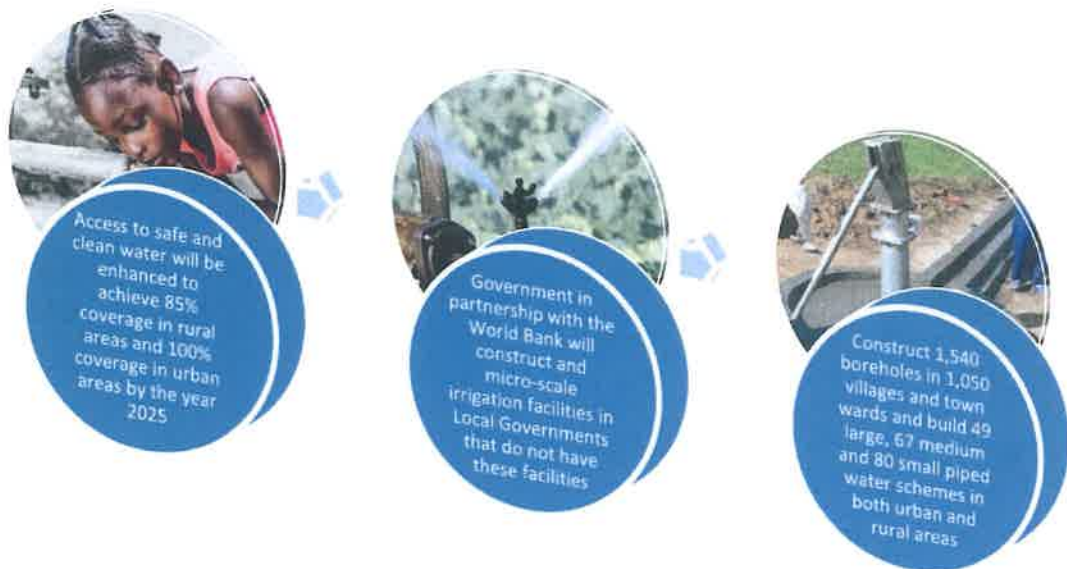
- i. The construction and equipping of two-Unit Laboratories in 21 secondary schools currently without any will commence, in line with the Science Technology Engineering and Mathematics (STEM) Policy.
- ii. Government will continue with the construction of 115 Seed secondary schools in sub-counties without any, under the Uganda inter-Government Fiscal Transfer programme.
- iii. The ban on recruitment will also be lifted to cover the staffing gaps in education.
- iv. Government will continue to support sports activities and entertainment talents, and enforce copyrights for performing artists

Natural Resources

Key Achievements for FY 2022/23

The national water coverage for safe and clean water for human consumption now stands at 70%, with 67% in rural areas and 72% in urban areas.

Interventions in FY 2023/24



Integrated Transport Infrastructure and Services



Key Achievements for FY 2022/23

- Completed emergency repairs of the Kampala - Malaba meter-gauge.
- Redevelopment and expansion of Entebbe International Airport is at 85% completion and is due for completion by July 2024.
- Construction of Kabalega International Airport stands at 91.7% and will be completed by September 2023.

Interventions for FY 2023/24

Complete 16 national road projects

Atiak-Laropi, Moroto-Lokitanyala, Kawuku-Bwerenga, Namugonde-Bugiri, Nsambya-Mukwano, the Kampala Flyover and Rushere Town and Kyamate Access roads

Maintenance of existing road network

National and District Urban and Community Access Roads (DUCAR)

Address flooding, traffic congestion, poor road infrastructure and unsigned junctions

Greater Kampala Metropolitan Area (GKMA) covering Kampala, Wakiso, Mukono and Mpigi districts and their municipalities.

Complete Ferries and landing sites

Bukungu-Kagwara-Kaberaimaido (BKK) Ferry and related landing sites as well as Lake Bunyonyi ferries and their landing sites

Sustainable Energy

Key Achievements in FY 2022/23



Power generation, transmission and distribution infrastructure have continued to expand. Generation capacity increased to 1378.1 MW as at March 2023 from 1,343.9 MW in March 2022, an increase of 34.3 MW.

With the commissioning of the Karuma Hydropower Project planned for September 2023, generation capacity will increase to 1978 MW. The 6 MW Nyagak III Hydropower project is also due for commissioning by end of July 2023 given completion of construction.

In transmission, a total of 417 km of transmission lines were added to the main grid during the year, bringing the total transmission line network to 4,011 Km

Next financial year, 761 km of transmission lines and associated power sub-stations will be constructed to improve the stability and reliability of the networks. We will also build capacity of the Uganda Electricity Generation and Transmission companies to manage the generation and distribution networks after the expiry of the ESKOM and Umeme concessions.

Ushs 1.3 trillion has been allocated for Electricity interventions.

Sustainable Petroleum

Ushs 447 billion to fast track the development of petroleum resources next financial year.

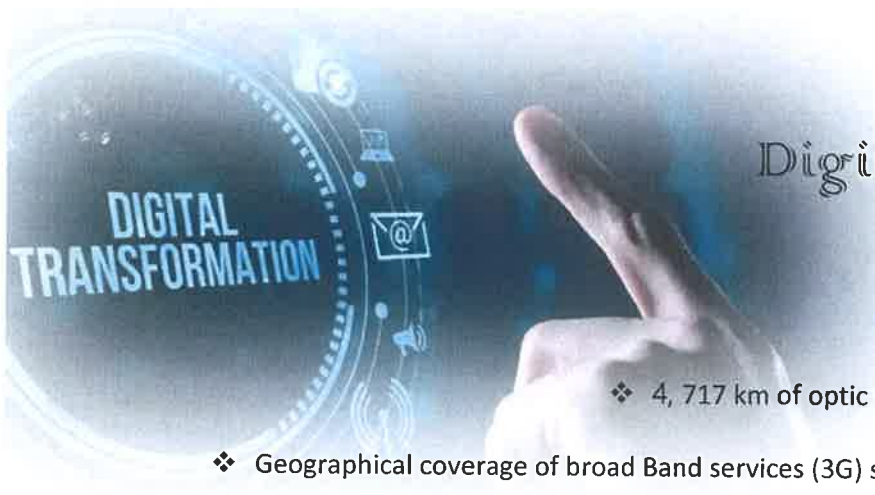


Interventions in FY 2023/24

Fast track the construction of the East African Crude Oil Pipeline (EACOP) and the National Oil refinery

Conclude and acquire the right of way for the Kabaale (Hoima) – Buloba refined products pipeline, and the financing for the refinery and associated infrastructure

Preparatory work for the development of a petrochemical industry at the Kabaale Petro-based Industrial Park will also be expedited



Digital Transformation

Key Achievements in FY 2022/23

- ❖ 4, 717 km of optic fibre has been laid across the country.
- ❖ Geographical coverage of broad Band services (3G) stands at 66% and 25 broad band sites have been upgraded to 3G providing services to over 700,000 Ugandans.
- ❖ Free wi-fi hotspots have been established at nine border posts namely Lwakhakha, Mpondwe, Mutukula, Busia, Vura, Katuna, and Elegu.

Interventions in FY 2023/24

- WiFi will be deployed to 820 locations, targeting schools, hospitals and markets in the selected sub-regions.
- The Greater Kampala Metropolitan Area network will be upgraded to monitor service provision over the national backbone infrastructure.
- Digitally transform public service delivery by connecting all essential services, such as schools, hospitals, tourism sites, and the police to the national backbone.

Ushs. 192 billion has been provided to accelerate digital transformation.



Tax measures and Reforms in Tax Administration to improve revenue mobilization.

Tax Measures for Financial Year 2023/24

No major changes in taxes rates for FY 2023/2024. The focus is on expanding the tax base without increasing the burden on the same taxpayers through the following amendments as undertaken by Parliament:

- ❖ Rationalization of Tax Exemptions
- ❖ Tax Law Amendments
- ❖ Income Tax Amendments
- ❖ Value Added Tax Amendments
- ❖ Excise Duty Act Amendments
- ❖ Tax Procedures Code Act Amendments

Tax Administration Reforms

The following measures are being undertaken to ensure sustainable revenue collection:

- ❖ Strengthening the Taxpayer Register Expansion Programme framework;
- ❖ Supporting Local Governments in revenue collection efforts using electronic systems;
- ❖ Leveraging ICT systems to enhance revenue collection, debt recovery, data analysis, supporting Local Governments as well as integrating with other Government systems;
- ❖ Improving taxpayer awareness to know their rights and obligations, enhance stakeholder engagements;
- ❖ Continuing tax education and awareness interventions;
- ❖ Further strengthening compliance of stakeholders;
- ❖ Utilizing the Alternative Dispute Resolution mechanism in revenue collection;
- ❖ Combating corruption; and
- ❖ Intensifying surveillance of wider coverage of porous borders.

Strengthening Regional Integration and Trade

Government agreed with EAC partner states to change the taxes paid on goods coming from outside the EAC as follows:

- ❖ 0% duty on imports of raw materials and capital goods;
- ❖ 10% duty on imports of intermediate goods;
- ❖ 25% duty on imports of finished goods not readily available in the region;
- ❖ A maximum rate of 35% duty charged on imports of finished goods readily available in the region; and
- ❖ Small adjustments to promote import substitution and value addition of our local industries.

PUBLIC DEBT

Uganda's public debt stood at **Shs. 80.8 trillion**, equivalent to **US\$ 21.7 Billion** as at end December 2022. Of this amount, external debt was **Shs 47.9 trillion** equivalent to **US\$ 12.9 billion** while domestic debt was **Shs 33.0 trillion** equivalent to **US\$ 8.9 billion**. Public debt is projected at **Shs. 88.9 trillion**, equivalent to **US\$ 23.7 billion** by 30th June 2023.

Glossary of selected Terms

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.

Budget Deficit: this refers to the difference between what Government Collects and what Government it spends.

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.

Concessional loans: loans extended on terms substantially more generous than market loans. The concessionality can be achieved either through interest rates below those on the market or by grace periods, or a combination of these. Concessional loans usually have long grace periods. These are usually provided by multilateral agencies e.g World Bank.

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: increase in the amount of goods and services produced in a country over a period of time, usually one year.

External Financing (Ext. 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.

MTEF: is an annual plan that shows the amount of money that Government intends to spend in the next five years.

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 represents a result or set of activities implemented by the vote which contribute to the achievement of set objectives. These are recurrent in nature.

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.

Sector: these are groups of institutions (votes) or parts of institutions which contribute towards a common function e.g Education, Health, Agriculture etc.

Trade Deficit: is an economic measure of a negative balance of trade in which a country's imports exceeds the exports. A trade deficit represents an outflow of domestic currency to foreign markets.

Taxes: these are financial charges or other levies imposed upon a taxpayer (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.

Vote: 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.

