

Telephone: 256 41 707000/232095  
Fax : 256 41 4233524  
Email: [finance@finance.go.ug](mailto:finance@finance.go.ug)  
[treasury@finance.go.ug](mailto:treasury@finance.go.ug)  
Website : [www.finance.go.ug](http://www.finance.go.ug)  
Plot No. 2-8 Sir Apollo Kaggwa Road  
In any correspondence on  
This subject please quote No.



Ministry of Finance, Planning &  
Economic Development,  
P.O. Box, 8147  
Kampala, Uganda

**BPD/103/155/01**

**16<sup>th</sup> July 2024**

**PRESS RELEASE ON FIRST QUARTER EXPENDITURE RELEASES  
FOR FY 2024/25**

1. I wish to welcome the media and other stakeholders to this press briefing whose objective is to: a) Communicate to the Country the release of funds to Government institutions for the First Quarter (Q1) of FY 2024/25; and b) provide guidance to Accounting Officers on execution of the Budget.
2. Let me start by summarising the State of Economy.

**A. STATE OF THE ECONOMY**

**Economic Growth**

3. Uganda's economy has fully recovered from various the shocks, crises and false alarms. You recall that when Covid-19 happened, leaders were told it would be worse than the financial crisis of 2008 and potentially as bad as the Great Depression of the 1930s. Instead, a fast and strong recovery has unfolded.
4. GDP grew by 6 percent last financial year 2023/24 up from an average of 4.1 percent in period between FY 2019/20 and FY2022/23. Remember that GDP growth had previously reduced to 3.0%.
5. This impressive growth was on account of higher growth in all sectors. The services sector grew by 6.6%, up from 5.9%; while the industry sector increased by 5.8%, up from 4.0%. The agriculture, forestry, and fishing sector saw growth of 5.1%, compared to 4.5% previously.

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Mission

*"To formulate sound economic policies, maximize revenue mobilization, ensure efficient allocation and accountability for public resources so as to achieve the most rapid and sustainable economic growth and development"*

6. This is in line with recent trends in the high frequency indicators of economic activity. In FY 2023/24, the Purchasing Manager's Index (PMI) averaged at 52.7, remaining above the 50-mark threshold and indicating an improvement in business conditions. The Business Tendency Index (BTI) also remained above the 50-mark threshold throughout the financial year indicating optimism from investors about doing business in the Ugandan economy.
7. Economic growth in FY2024/25 is projected between 6 and 6.5 percent, rising above 7 percent in the subsequent years driven by our *Tenfold Growth Strategy*. This strategy is hinged on increased investment and growth in agro-industry; tourism development; mineral development including oil and gas activities; and science, technology and innovation (STI) including ICT.

### **Inflation and Exchange Rate**

8. At 3.9 percent in June 2024, inflation has been contained within the target thanks to the strong coordination of monetary and fiscal policies. Uganda has sustained good food supply chains leading to low food crop inflation.
9. Government has also implemented a pro-active industrial policy that has helped to add value to agricultural and mineral commodities, replace some of the hitherto imported manufactured products, and boost export earnings. Manufactured products are increasingly becoming a significant contributor to Uganda's export earnings.
10. In 2023, for example, Uganda exported cement worth USD 91.1 million, sugar USD 75.8 million, plastics USD 62.6 million, soap USD 33.9 million, and beer USD 25.8 million. The increased inflow of foreign exchange has led to a relatively stable shilling. In the last quarter, the exchange rate has reduced to an average of Shs 3,787 per US dollar last month from an average of Shs 3,857 in March 2024.



11. These deliberate efforts by government have complemented the Bank of Uganda's tight monetary policy actions and improved global economic condition to arrest the inflation.

### **Interest Rates**

12. The commercial bank lending interest rates for shilling-denominated loans has reduced to 17.7 percent in April 2024 compared to 19.3 percent in April 2023. Interest rates in the domestic debt market have remained broadly stable averaging 11.2 percent on the one-year Government Treasury Bills.

13. Government is continuing with provision of several funds to support micro enterprises, SMEs, farmers, and large businesses to access investment capital that is patient and low cost.

### **B. APPROVED BUDGET FOR FY 2024/25**

14. The approved Budget for FY 2024/25 amounts to **Shs 72.137 trillion** as summarized below:

	<b>Category</b>	<b>Amount (Shs Billion)</b>
i.	Wage	7,934.75
ii.	Non-Wage	13,633.00
iii.	GoU Development	5,902.33
iv.	External Financing – Devt	9,583.46
v.	Debt and Treasury Operations	34,589.16
vi.	Arrears	199.90
vii.	Local Revenue	293.90
	<b>Total Budget</b>	<b>72,136.50</b>

15. The GoU discretionary Budget (excluding debt and treasury operations, external financing and Local Revenue) is **Shs 27.670 trillion**.

### **C. HIGHLIGHTS OF EXPENDITURE LIMITS FOR THE FIRST QUARTER OF FY 2024/25**

16. The Q1 Expenditure Limits for FY 2024/25 were derived from the Work Plans and Procurement Plans of Ministries, Departments and

Agencies and taking into consideration the available resources for Q1 of FY 2024/25.

17. For this Quarter (July – September 2024), **Shs 5.899 trillion**, has been released representing 21.3% of the discretionary budget as follows:

Category	Released (Shs billion)
Wage	1,990.28
Non-Wage	3,371.91
GoU Development	337.53
Arrears	199.83
<b>Total</b>	<b>5,899.54</b>

18. The key highlights of the release per category are as follows:

Wages and Salaries

- i. **Shs 1.990 trillion** to cater for wages and salaries across Government;

Non-Wage Recurrent

- ii. **Shs 323.50 billion** for Pension and Gratuity;
- iii. **Shs 308.75 billion** to Local Governments including Education Capitation Grants (**Shs. 112.28 billion**) to cater for Third Term of the school year;
- iv. **Shs 95.26 billion** to all Public Universities, Uganda Management Institute and Law Development Centre in line with the semester requirements;
- v. **Shs 43.77 billion** for examination bodies i.e. Uganda National Examination Board (UNEB) and Uganda Business and Technical Examinations Board (UBTEB);
- vi. All Missions Abroad – **Shs 100.58 billion** (representing 50% of the Annual Budget) in order to hedge them against loss of poundage;
- vii. National Council of Sports – **Shs 124.63 billion** including payment of AFCON commitment fees, equivalent to USD 30 million;
- viii. Health institutions' operational funds have been released for:

- a. Referral Hospitals – **Shs 22.58 billion**;
  - b. Uganda Cancer Institute – **Shs 12.31 billion**;
  - c. Uganda Heart Institute – **Shs 7.06 billion**;
  - d. Uganda Blood Transfusion Services (UBTS) - **Shs 4.1 billion**;
  - e. Subventions under MoH- **Shs 21.85 billion** for medical interns' salaries;
  - f. In addition, **Shs 173.68 billion** has been released to National Medical Stores (NMS) for the purchase of essential drugs and medicines.
- ix. Operational funds for Security institutions:
- a. Ministry of Defense and Veteran Affairs – **Shs 253.30 billion**;
  - b. Uganda Police Force – **Shs 56.43 billion**;
  - c. Uganda Prisons Services – **Shs 44.79 billion**;
  - d. ISO – **Shs 28.08 billion**; and,
  - e. ESO – **Shs 19.44 billion**.
- x. Parliament – **Shs 153.60 billion**;
  - xi. Judiciary – **Shs 47.40 billion**;
  - xii. Auditor General – **Shs 10.11 billion**;
  - xiii. Science Technology and Innovation – **Shs 124.63 billion**;
  - xiv. Uganda National Oil Company (UNOC) – **Shs 124 billion** for Equity acquisition in the East African Crude Oil pipeline (EACOP).

19. Domestic arrears amounting to **Shs 199.83 billion** and the International Court of Justice (ICJ) award to DRC of **Shs 247 billion**.

#### GoU Development Budget

20. Development funds have been provided to cater for the following;

- i. Contract staff salaries – **Shs 21.76 billion**;
- ii. URA – **Shs 14.34 billion**;
- iii. KCCA – **Shs 22.67 billion**;
- iv. MoFPED -- **Shs 14.53 billion** to cater for Resource Enhancement and Accountability Programme (REAP) and Uganda Inter-governmental Fiscal Transfers Programme (UGIFT);
- v. Local Government grants – **Shs 229.27 billion**, representing one third of the development grant allocations; and,



- vi. All Missions abroad – **Shs 29.4 billion.**

## **CONCLUSION**

21. In conclusion, I would like to highlight the following:

- i. The Q1 release is in line with our continued effort of fiscal consolidation through coordinated fiscal and monetary policy;
- ii. All Accounting Officers must ensure that they pay salaries, pensions and gratuity by the 28<sup>th</sup> of every month;
- iii. There should be a display of the payrolls for salaries and monthly pension on Government institutions' notice boards every month;
- iv. Accounting Officers must prioritize payment of service providers on time and clearance of domestic arrears to avoid further accumulation of arrears and penalties. I wish to emphasize this – **there should be no creation of arrears;**
- v. NO recruitment should be done without clearance from the Ministry of Public Service after ascertaining availability of adequate wage from this Ministry;
- vi. Accounting Officers are required to ensure that every promotion and re-deployment of staff made to a different cost center should be backed up by adequate wage provision; and
- vii. All Government operations this financial year will underpin fiscal discipline, budget credibility, commitment to service delivery and timely project execution.

22. Once again, I wish to thank the Press and Civil Society for supporting our budget transparency initiative. I urge you to make use of our website [www.budget.financc.go.ug](http://www.budget.financc.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.



Ramathan Ggoobi

**PERMANENT SECRETARY/ SECRETARY TO TREASURY**