

Telephone : 256 414707000  
: 256414232 095  
Fax : 256 414230 163  
: 256 41 4343 023  
: 256 41 4341 286  
Email : [finance@finance.go.ug](mailto:finance@finance.go.ug)  
Website : [www.finance.go.ug](http://www.finance.go.ug)  
In any correspondence on  
this subject please quote No. BPD86/150/01



Ministry of Finance, Planning &  
Economic Development  
Plot 2-12, Apollo Kaggwa Road  
P.O.Box8147  
Kampala  
Uganda

**25<sup>th</sup> July 2019**

## **PRESS BRIEF ON QUARTER ONE EXPENDITURE RELEASES FY 2019/20**

1. I wish to welcome the media and other stakeholders to this media briefing on the Quarter One release of funds. The objective of this briefing is to provide information to the Public on the first Quarter releases and highlight priorities for Q1 FY2019/20 for effective delivery of public services and the achievement of the projected GDP growth of 6.3% for FY 2019/20.

### **A. APPROVED BUDGET FY 2019/20**

2. The Total Approved Budget for Financial Year 2019/20 is **Ushs Forty Trillion Four Hundred Eighty-Seven Billion Nine Hundred Three Million Three Hundred Thirty-Five Thousand Two Hundred Eighty-Five (Ushs 40,487,903,335,285) Only** detailed as follows:

i. Wage	–	Ushs 4,664.5 billion
ii. Non-Wage	–	Ushs 7,099.5 billion
iii. GoU Development	–	Ushs 7,870.6 billion
iv. External Financing – Dev't	–	Ushs 9,433.6 billion
v. Debt and Treasury Operations	–	Ushs 10,583.2 billion
vi. Domestic Arrears	–	Ushs 449.5 billion
vii. Local Revenue & AiA	–	Ushs 387.0 billion
<b>Total Budget</b>	<b>–</b>	<b>Ushs 40,487.90 billion</b>

### **B. HIGHLIGHTS OF QUARTER ONE RELEASES FOR FY2019/20**

3. The 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.

4. In line with the Ministry's commitment to release funds before the 10<sup>th</sup> day of the first month of the quarter, we communicated the Expenditure limits for Quarter One on **9<sup>th</sup> July, 2019** for both Central and Local Governments to ensure timely execution of Government programs.
5. The GoU Budget (Excluding Debt & Treasury Operations, External Financing, Local Revenue, Karuma and Isimba, and BOU Capitalisation) is **Ushs Nineteen Trillion, Nine Hundred Eighty-Two Billion, Thirty-Five Million, Seventy-Two Thousand Thirty (Ushs 19,982,035,072,030/=) Only**. A total of **Ushs 5,743 billion** has been released for Quarter One Expenditure. This represents **28.7%** of the approved GOU Budget (excluding External Financing, Appropriation in Aid (AIA), Debt, Karuma and Isimba).
6. 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.
7. Release of recurrent funds for Public Universities will be done in line with the semester system, i.e., in July 50% (Q1-Q2) and 50% in January (Q3-Q4) to enable the smooth running of universities.
8. Consideration for Capitation Grants for Local Governments under the education sector has been provided to enable timely access to funds for the 3<sup>rd</sup> term. In addition, 33% of the Local Government Development Grants have been released. 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.
9. External Financing for MALGs during the First Quarter has been based on the work plans as submitted by the institutions.
10. 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 25.8% of the approved Budget.
11. Funds for the Electoral Commission have been provided to ensure timely execution of the electoral roadmap.
12. The following is a summary of the First Quarter FY2019/20 Budget release for Central Government votes:
  - i. Wage – **Ushs 1,183 billion;**
  - ii. UNRA – Obligations for ongoing road construction for Quarter One - **Ushs 585 billion;**
  - iii. Statutory Obligations (including pension and Gratuity) - **Ushs 284 billion;**

- iv. Domestic arrears **Ushs 250 billion**. All arrears for Pension and Gratuity have been released in Q1;
- v. Funding for the National Airline to enable the purchase of the next fleet of 2 bombadiers - **Ushs 445 billion**;
- vi. Local Government Grants – **Ushs 310 billion**;
- vii. Uganda Police (for contractual obligations and operations) – **Ushs 181 billion**;
- viii. Water and Environment Capital expenditure - **Ushs 86 billion**;
- ix. NMS to cater for essential medicines and drugs - **Ushs 128 billion**;
- x. Energy Capital expenditure – **Ushs 62 billion**;
- xi. Road Fund – **Ushs 109 billion**; and,
- xii. Missions **Ushs 76 billion** (50%) in order to hedge them against the loss of poundage.

### **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 962 billion** has been released to Local Governments in Quarter one for FY2019/20 as follows:

• Wage	-	<b>Ushs 531 billion</b>
• Non-Wage	-	<b>Ushs 158 billion</b>
• Development	-	<b>Ushs 153 billion</b>
• Pension	-	<b>Ushs 33.5 billion</b>
• Gratuity	-	<b>Ushs 25.2 billion</b>
• Pension and Gratuity Arrears	-	<b>Ushs 54.5 billion</b>
• Salary Arrears	-	<b>Ushs 7.4 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.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.

17. Approval/rejection of release warrants and transfers by MoPFED 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 2019/20**

##### **Revenue Collections**

18. The Domestic revenue projections for the budget of FY 2019/20 amount to **Shs. 20,499 billion** of which **Ush 18,877 billion** will be collected by URA as tax revenue and **Ushs 1,571 billion** as Non Tax Revenue.
19. For Local Governments, locally raised revenue amounting to **Ushs 201.1 billion** was appropriated and will be released based on actual collections per Local Government.

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

20. It has been noted that Accounting Officers are accumulating arrears through cancellation of LPOs and issuance of new ones for other activities. This leads to non-payment of service providers, thereby crowding them out of business. Starting from FY 2018/19, it was agreed that the Accountant General grants the authority to approve and cancel LPOs. This will continue in FY2019/20. Accordingly, any Accounting Officer who wishes to have any LPO cancelled will first seek approval from the Accountant General or myself with justifiable reasons.
21. As guided in the Budget Execution Circular for FY2019/20, Accounting Officers should ensure that they prioritize the clearance of domestic arrears. Therefore:
  - i) Quarter one expenditures should prioritize rent and utilities payments as well as ensuring connectivity to prepayment system; and,
  - ii) All outstanding arrears must be paid before new suppliers are paid against the relevant item.

## **E. PROJECTED GDP GROWTH FOR THE FY 2019/20**

22. The economy is projected to grow by 6.3% in FY2019/20. 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**

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

- i) Accounting Officers must prioritize payment of service providers on time and avoid accumulation of arrears;
- ii) There should be display of the payrolls for salaries and monthly pension on Government institutions' notice boards every month;
- iii) Accounting Officers must ensure timely submission of performance reports and accountability; and,
- iv) Clearance of domestic arrears must be prioritized during this quarter.

24. 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.

25. 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**