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14th April 2022

PRESS BRIEF ON QUARTER FOUR EXPENDITURE RELEASES FY 2021/22

1. I wish to welcome the Media and other Stakeholders to this media briefing on the Economic Performance and Quarter Four (Q4) Expenditure Releases for FY 2021/22.
2. The objective of this briefing is to provide an overview of the economy, the releases made to institutions in the last Quarter of the Financial Year, and guidance to Accounting Officers on execution of the Budget.

A. ECONOMIC PERFORMANCE

3. Following the lifting of all Covid-19 related restrictions on economic activities in January 2022, the economy is projected to perform better this year. It is projected to grow by 3.8 percent this FY, higher than the growth of 3.4 percent registered last FY. The main drivers of this growth include; continued recovery in production, consumption and employment, and implementation of interventions to support households and business recovery.
4. High frequency indicators of economic activity have continued to trend upwards in recent months, which is an indication of a continued pickup in business activity. The Bank of Uganda's Composite Index of Economic Activity (CIEA) increased to 147.2 in February 2022 from 146.4 recorded in December 2021, while the Purchaser's Managers Index (PMI) has remained above the 50-mark threshold, also an indication of improving conditions. In addition,

the private sector is reporting positive sentiments about doing business going forward.

5. Nonetheless, there are risks to our growth prospects, most notably the external shocks in form of rising commodity prices, supply disruptions and the fall-out from the geo-political developments in Europe, which have contributed to rising prices of some essential commodities. Government is considering short- and medium-term interventions to ensure availability of essential commodities to mitigate the rising prices.
6. In spite of recent increases in prices of some essential commodities, annual inflation remains below the 5% target. Annual headline and core inflation were recorded at 3.6% and 3.7%, respectively during March 2022. The main causes of the recent increase in prices are the external, nonetheless, Government will continue implementing fiscal and monetary policy interventions to ensure that the high consumer prices are contained.
7. The exchange rate has remained relatively stable with the shilling averaging **3,562** in Quarter Two and **3,544** in Quarter three against the dollar, supported by; increased inflows from export earnings particularly coffee and foreign direct investments especially in the oil and manufacturing sectors.
8. Going forward, Government will continue to support households and businesses to recover their sources of livelihoods from the impact of the pandemic so that they can withstand shocks. The interventions through EMOOGA, the Small Business Recovery Fund are meant to

help Ugandans revive their businesses and offer employment and markets for products to ensure inclusive and sustained growth.

B. APPROVED BUDGET FOR FY 2021/22

9. The Total Approved Budget for the Financial Year 2021/22 is **Ushs 44.779 Trillion** detailed as follows:

• Wage	–	<i>Ushs 5.533 Trillion</i>
• Non-Wage	–	<i>Ushs 8.679 Trillion</i>
• GoU Development	–	<i>Ushs 7.997 Trillion</i>
• External Financing	–	<i>Ushs 6.868 Trillion</i>
• Debt and Treasury Operations	–	<i>Ushs 14.934 Trillion</i>
• Arrears	–	<i>Ushs 0.555 Trillion</i>
• Local Revenue	–	<i>Ushs 0.212 Trillion</i>
Total Budget	-	Ushs 44.779 Trillion

C. CUMULATIVE REVENUE PERFORMANCE FY 2021/22

10. The Domestic Revenue target as per the Approved Budget is **UShs 22.425 Trillion**. To date, the cumulative domestic revenue collections for the period July, 2021 to February, 2022 amounted to **UShs 13.74 Trillion** against the target of **UShs 14.74 Trillion** resulting in a deficit of **UShs 1 Trillion**. This lower than expected performance is attributed to:

- COVID-19 related restrictions on economic activity;
- Lower aggregate demand in the economy; and
- Implementation challenges related to Tax Administration reforms

11. The total revenue collections are projected to amount to **UShs 21.02 Trillion** at the end the Financial Year, implying a projected overall shortfall of **UShs 1.41 Trillion**.

12. Budget support loans amounting to **UShs 2.40 Trillion** were expected by end March 2022, however as at March 30th, 2022, only **UShs 1.99 Trillion** had been disbursed. The total budget support at the end of the Financial Year is projected to be **UShs 4.34 Trillion**.

13. Net domestic borrowing for fiscal purposes was projected to amount to **UShs 3.72 Trillion** billion by March, 31st 2022.

D. HIGHLIGHTS OF FOURTH QUARTER RELEASES FOR FY 2021/22

14. In line with the Ministry's commitment to release funds before the 10th day of the first month of the quarter, I issued the Quarter Four Expenditure limits on **4th April 2022** to ensure timely execution of Government programs.

15. The Total Q4 GOU release excluding debt is **Ushs 5.923 Trillion** which is 24% of the Approved Budget. Therefore by the end of the Financial Year, the total release is projected to amount to **Ushs 23.796 Trillion** which is 104.7% of the Approved Budget.

16. The Quarter Four release prioritised Health and Social Protection, Agriculture and Industry, Security and Presidency, Governance, URA and Judiciary summarised as follows:

Wage

17. **Ushs 1.4 Trillion** has been released for wage and this includes the enhanced lunch allowances for medical workers.

Non-Wage Recurrent and GOU Development

Health Institutions and Social Protection – Ushs 322.96billion;

18. The funding is mainly to cater for:

- i. National Medical Stores - **Ushs 112.96 billion** for essential drugs;
- ii. Ministry of Health - **Ushs 40.23 billion;**
- iii. Ministry of Gender, Labour and Social Dev- **Ushs 35.43 billion** of which SAGE - **Ushs 19 billion.**
- iv. Referral Hospitals - **Ushs 30.99 billion.**

Agriculture and Industry– Ushs 308.72 billion;

19. The funding is mainly to cater for:

- i. MAAIF (including funding for FMD vaccines and procurement of 200 tractors, implements and accessories unit & provision of water for agricultural production in Karamoja sub region)-
Ushs 81.2 billion;
- ii. Ministry of Trade, Industry and Cooperatives - **Ushs 131.76 billion.**
- iii. NAADs - **Ushs 16.26 billion;**
- iv. Uganda Coffee Development Authority - **Ushs 22.81 billion;**
- v. NARO - **Ushs 22.57 billion;**
- vi. NAGRIC - **Ushs 19.77 billion.**

Security and Presidency– **Ushs 1,391 billion;**

- 20. The funding is mainly to cater for:
 - i. Ministry of Defense - **Ushs 774.94 billion**
 - ii. Office of the President (including Ministry of Science, Technology and Innovation) - **Ushs 226.89 billion;**
 - iii. State House - **Ushs 50.55 billion;**
 - iv. Uganda Police - **Ushs 144.99 billion.**
 - v. Ministry of Internal Affairs - **Ushs 11.41 billion.**
 - vi. ISO - **Ushs 16.81 billion.**
 - vii. ESO - **Ushs 6.60 billion.**
 - viii. DGAL - **Ushs 6.49 billion.**
 - ix. OPM (including Supplementary for disaster relief and disarmament in Karamoja (intelligence and livelihood)- **Ushs 67.62 billion.**
 - x. Prisons - **Ushs 34.42 billion.**

Governance, Revenue Collection– **Ushs 273.15 billion;**

- 21. The funding is mainly to cater for:
 - i. MoFPED - **Ushs 158.18 billion** including capitalisation of UDB.
 - ii. URA - **Ushs 77.75 billion;**
 - iii. National Citizenship and Immigration Control - **Ushs 5.5 billion;**

Judiciary, Legislature, EC – **Ushs 250.88 billion;**

- 22. The funding is mainly to cater for:
 - i. Parliament - **Ushs 135.82 billion.**
 - ii. Judiciary - **Ushs 77.58 billion.**

iii. Electoral Commission - **Ushs 37.48 billion.**

23. Other expenditures include UNRA (**Ushs 207.225 billion**), Ministry of Works and Transport (**Ushs 172 billion**), Ministry of Energy and Mineral Development (**Ushs 100.85 billion**) and Ministry of Education and Sports (**Ushs 106.15 billion**).

Local Government Votes

24. Local Government releases are projected at **UShs 462.831 billion** to cater for Capitation Grant and UGIFT counterpart funding.

25. With regards to Local revenue, effective FY 2021/22, Government decided to release Local Revenue for Local Government Votes as and when they remit the collections to the Consolidated Fund. We have noted that some Local Governments have collected beyond their approved budgets and requested for supplementary funding, which will be consolidated and submitted to Parliament for appropriation.

26. Based on the above release, Accounting Officers were expected to submit their Accounting Warrants by **11th April, 2022**, in order to ensure timely public service delivery.

Salaries, Pension and Gratuity

27. Timely Processing of Wage and Monthly Pension: In line with our previous circulars, Accounting Officers must ensure that salary and pension dues are FULLY paid by the 28th of each month to prevent inconveniencing both serving and retired officers.

28. Mischarge on Wage and Pension budget items: It has come to my attention that some Accounting Officers use Wage budget lines to pay other non-Wage related activities like allowances for casual laborers, among others. This act is prohibited by law unless done with the explicit authorization from Ministry of Finance, Planning and Economic Development. As such, engaging in mischarges will result in immediate sanctions for the offending Accounting Officers.

29. Unauthorized and illegal payroll deductions. There have been cases where staff salaries are deducted even when they have never applied for loans or continue to be charged even after their full loan repayments. This has led to continuous claims for salary arrears and complaints by various Government Officers, sometimes resulting in costly legal action against Government. Accounting Officers are urged to be vigilant to ensure that deductions are lawfully managed and are accurately calculated based on existing loan obligations and in line with the Public Service Standing Orders and other relevant Circular Standing Instructions.

Parish Development Model

30. For Quarter four, zero funds have been released under the Parish Development Model. This is on account of pending information of enterprise groups, Parish Development Model SACCO's and opening of bank accounts across most parts of the country.

31. The above notwithstanding, my Ministry together with MOLG, MAAIF, UBOS, MOIST, MOGLSD, OPM and the PDM secretariat have developed a comprehensive roadmap to fast-track countrywide rollout of the parish development model before close of this financial year.

CONCLUSION

32. 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 28th of every month;
 - ii. There should be a display of the payrolls for salaries and monthly pension on Government institutions' notice boards every month;
 - iii. Accounting Officers must prioritize payment of service providers on time and clearance of domestic arrears to avoid further accumulation of arrears and penalties;
 - iv. NO recruitment should be done without clearance from Ministry of Public Service after ascertaining availability of adequate Wage.

- v. 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.
33. MoFPED remains committed to the timely release of funds and all stakeholders are requested to take note of information printed in the media and on our Budget Website ***www.budget.go.ug***.

Ramathan Ggoobi

PERMANENT SECRETARY/SECRETARY TO THE TREASURY