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PRESS RELEASE ON QUARTER TWO EXPENDITURE RELEASES FY 2018/19

1. I wish to welcome the media and other stakeholders to this media briefing on the Quarter two release of funds for FY 2018/19. The objective of this briefing is to provide information to the Public on the Second Quarter releases and highlight priorities for Q2 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 4,244.43 billion</i>
• Non-Wage	–	<i>Ushs 5,309.09 billion</i>
• GoU Development	–	<i>Ushs 5,229.00 billion</i>
• Arrears	–	<i>Ushs 380.50 billion</i>
• External Financing	–	<i>Ushs 7,734.54 billion</i>
• Debt and Treasury Operations	–	<i>Ushs 8,741.72 billion</i>
• Appropriation in Aid (AIA)	–	<i>Ushs 1,063.54 billion</i>
Total Budget	-	Ushs 32,702.82 billion

B. HIGHLIGHTS OF QUARTER TWO RELEASES FOR FY2018/19

3. 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 Two on **2nd October, 2018** for both Central and Local Governments to ensure timely execution of Government programs.

4. A total of **Ushs 4,321.1 billion** has been released for Quarter two GOU expenditure. This represents 29.3% of the approved GOU Budget (excluding External Financing, Appropriation in Aid (AIA), Debt, Karuma and Isimba)

5. For Missions Abroad, no funds have been released except where frontloads were requested since a decision was taken to release funds twice in a financial year i.e 50% in July (First Quarter) and 50% in January 2019 (Third Quarter) purposely to guard against loss of poundage and to enable Missions to meet obligations that require one-off payment such as rent.
6. The Second and last release of funds to Public Universities excluding External Financing is scheduled for January 2019 in line with the semester system to cater for expenditures for Quarter 3 and 4.
7. Cumulatively a total of **Ushs 18,004.75 billion** has been released to finance expenditures as at half year representing 55.1%.

Table 1: Cumulative half year releases for FY2018/19

	Budget	Quarter One	Quarter Two	Half Year	Perf.
Wage	4,244.43	1,061.04	1,074.30	2,135.33	50.3%
Non Wage	5,689.59	1,724.36	1,611.71	3,336.06	58.6%
GOU Devt	5,229.00	1,708.72	1,647.00	3,355.72	64.2%
Debt	8,741.72	2,283.54	2,118.03	4,401.56	50.4%
Total GoU	23,904.74	6,777.65	6,451.03	13,228.68	55.3%
External Financing	7,734.54	1,447.53	2,924.39	4,371.92	56.5%
AIA	1,063.54	347.51	56.64	404.15	38.0%
Grand Total	32,702.82	8,572.69	9,432.06	18,004.75	55.1%
GoU ** excluding debt, Karuma/Isimba	15,115.94	4,481.81	4,321.11	8,802.92	58.2%

8. The following is a summary of the Second Quarter FY2018/19 Budget release for Central Government votes:
 - i. **UShs. 1,074.3 billion** has been released to cater for wages and salaries.
 - ii. **Ushs 145.16 billion** has been provided to cater for Pensions and Gratuity payments.
 - iii. UNEB has been provided with **Ushs 35 billion** to cater for requirements for procurement of examination materials;
 - iv. **Ushs 21.7 billion** has been released to cater for Salary, pension and gratuity arrears.
 - v. **Ushs 648 billion** has been provided to UNRA to cater for Q1 pending certificates of about **Ushs 300 billion**, and requirements under Q2

- vi. **Ushs 153 billion** has been provided to URF to meet the half year requirement for critical road maintenance.
- vii. **Ushs 95 billion** has been provided to National Medical Stores to meet the obligations for purchase of essential drugs.
- viii. **Ushs.10.085bn** has been provided to the Ministry of Gender, Labour and Social Development to cater for SAGE requirements .
- ix. **Ushs 222 billion** has been released to cater for domestic arrears.
- x. The Second and last release of funds for Public Universities excluding External Financing will be done in line with the semester system, i.e., in January (Q3-Q4).

Local Government releases

9. Q2 Releases to Local Governments have also been effected based on annual workplans, quarterly workplans and annual cashflow plans. A total of **Ushs 777.8 billion** has been released to Local Governments in Quarter two for FY2018/19 as follows:

• Wage	-	Ushs 505 billion
• Non-Wage	-	Ushs 52.9 billion
• Development	-	Ushs 149.1 billion
• Pension	-	Ushs 27.8 billion
• Gratuity	-	Ushs 21.1 billion
• Salary arrears	-	Ushs 4.9 billion
• Pension and Gratuity arrears	-	Ushs 16.7 billion

10. 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.

11. It is the responsibility of Accounting Officers to ensure timely transfer of funds to health units and all lower Local Governments directly to their institutional Bank Accounts.

C. THE QUARTERLY RELEASE PROCESS

12. 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.
13. MoFPED issues expenditure limits by the 10th day of the first month of the Quarter based on the above Quarterly workplans and revenue performance.
14. 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;
15. 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. REVENUE COLLECTIONS

16. 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.
17. For Local Governments, locally raised revenue will be released based on actual collections per Local Government and provision of evidence of remittance to the consolidated fund.

E. BUDGET IMPLEMENTATION ISSUES

18. In FY2018/19, all Local Government budgets were prepared using the Programme Budgeting System (PBS) for the first time. As a result, there were challenges experienced in budgeting that led to late submission of detailed budget estimates for FY2018/19. Consequently, some Local Governments were unable to timely access their funding. However, the challenges encountered have since been resolved and as such Local Governments are expected to implement their planned activities for Quarter two without any hindrances.

19. All procurements for the Financial year must be in Local Currency as already communicated to Accounting Officers.
20. Salary, pension and gratuity arrears released must be paid by the end of November 2018. Payments must be made only to verified claimants and only verified amounts should be paid according to the Schedule that will be sent to Accounting Officers in a separate communication.
21. With the decentralised salary and pension payroll, Accounting officers will be accountable for over and under payments made.

F. CONCLUSION

22. 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) 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.
- vi) Accounting officers whose votes have received Salary, Pension and gratuity arrears are expected to submit accountability within one month after payment with evidence of receipt of funds by the beneficiaries.

23. 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.

24. I wish to thank Parliament for passing the Excise Duty (Amendment) (No.2) Bill, 2018 timely to facilitate smooth budget execution.

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 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