



CSBAG BUDGET NEWS BRIEF



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Advocating for a People Centered Budget that Dignifies Humanity



Budgeting for a sustainable future

“This week, Development Partners added their voice to that of CSOs, citizens, private sector among others to caution Government over its 2017/18 budget priorities. Key concerns include Government preference to invest heavily in energy and infrastructure development at the expense of social development sector in FY 2017/18 as well as issues of budget efficiency. In line with this, CSBAG in this week’s Edition CSBAG shares with you a joint statement on the National Budget Framework Paper FY2017/18”.



Ministry of Finance in December 2016 tabled the 30 trillion National Budget Framework Paper FY 2017/18 to the Parliament of Uganda. | Photo © New vision

We are all hoping to see the positives increased revenues and trade, and we are working with partners to that end. But leaving people and the youth behind and under-investigating in basic quality services, carries social, economic and political risks.

The share of the budget dedicated to social sectors has declined from 37% in 2002/03 to 10% in the proposed budget for 2017/18, and this in a context of a population growth which Uganda is struggling to sustain. Without government bridging the funding gap rising from decline in external aid to the social sectors, the earlier results could be compromised.

With over one million new-borns annually, Uganda cannot afford to defer these investments. Inevitably, investment per pupil in Uganda has decreased over the years, leading to deterioration in education indicators such as basic numeracy and literacy levels. In health, earlier progress is either at risk, or almost entirely dependent on donor support, as in the fight against and management of HIV/AIDS.

Implementation is another concern. The energy and transport sectors-which represent 35% of the proposed budget traditionally records Uganda’s lowest budget execution rates, and value for money is an issue. Even if Uganda decides to go ahead with the proposed frontloading of infrastructure, including through loans mortgaged by future oil revenues, adequate sequencing in procurement and- quality execution is critical to address absorption challenges. Interest payments on external loans are already taking a large share of the budget, making up the third largest share.

The draft 2017/18 budget also implies increased domestic public borrowing. In 2016, government of Uganda already became the largest borrower from the domestic market and this is now set to rise further.

This means putting more scarce capital into the public administration, which accounts for less than 3% of the Uganda’s labour force, with the private sector finding it harder to access credit.

To help the private sector create jobs to the future tax payers, we believe the government should consider reducing domestic borrowing, and avoid adding further to the current sh2.3 trillion of arrears. Only then Uganda eventually see cheap private sector access to capital for productive private investments, which are paramount to future growth.

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Cutting services supposed to benefit the future generations, with future oil revenues as guarantees for loans, to pay interests on delayed infrastructure execution- in our view will make Uganda’s quest to reach the sustainable development goals more difficult. We wonder whether there is an implicit expectation that donors and international nongovernmental organizations (INGOs) will fill the gaps.

In short, while we understand the difficult need to prioritise, we pledge to support the government of Uganda to invest in both people and infrastructure, to unleash modern, sustainable and equitable economic growth. This in our view calls for the second largest market in the world. Lance between productive and social sectors, between future oil production and job creation and skills for the youth.

Finally, as we look to a future where trade and investments gradually replace aid and loans, we will continue to offer Uganda full zero tariffs access to the European Union, the second largest market in the world.

This article was originally published in The Independent Uganda and its authored by: Hugo Verbist, Ambassador of Belgium, Morgens Pedersen, Ambassador of Denmark, Stephanie Rival, Ambassador of France, Peter Blomeyer, Ambassador of Germany, Donal Cronin, Ambassador of Ireland, Dominic Fornara, Ambassador of Italy, Henk Jan Bakker, Ambassador of the Netherlands, Per Lindgarde, Ambassador of Sweden, Peter West, British High Commissioner, Günter Engelits, head of office, Austrian Development Cooperation, Kristian Schmidt, Ambassador, Head of Delegation of the European Union.

UPCOMING CSO EVENTS

Event: High level policy engagement on 2017/18 Tax measures with Ministry of Finance and Parliament

Date: 28th February 2017

Time: 8:00AM-10:00AM | **Venue:** Golf Course Hotel

Convener: CSBAG and SEATINI

CSBAG IN PICTURES



This week, CSOs and Revenue Officers from over 10 districts gathered to generate alternative local government tax proposals FY 2017/18 with an aim of improving local Government financing and accountability.

Understanding the National Budget Framework Paper FY 2017/18

Where will the money go?

SECTOR NOMINAL ALLOCATIONS	2017/18	%
Works and Transport	4,867.5	21.7%
Energy and Mineral Development	2,999.6	13.2%
Interest payments due	2,739.4	12.2%
Education	2,370.0	10.6%
Security	1,944.9	8.6%
Health	1,285.8	5.7%
Public Sector management	1,173.5	5.2%
Accountability	1,027.5	4.6%
Justice, Law and Order	950.0	4.2%
Agriculture	846.7	3.8%
Water and Environment	699.1	3.1%
Public Administration	508.1	2.3%
Legislature	442.3	2.0%
Lands, Housing, and Urban Development	217.7	1.0%
Social Development	172.7	0.8%
Tourism, Trade, and Industry	100.3	0.4%
ICT and national Guidance	89.9	0.4%
Total	22,435	100.0%

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