

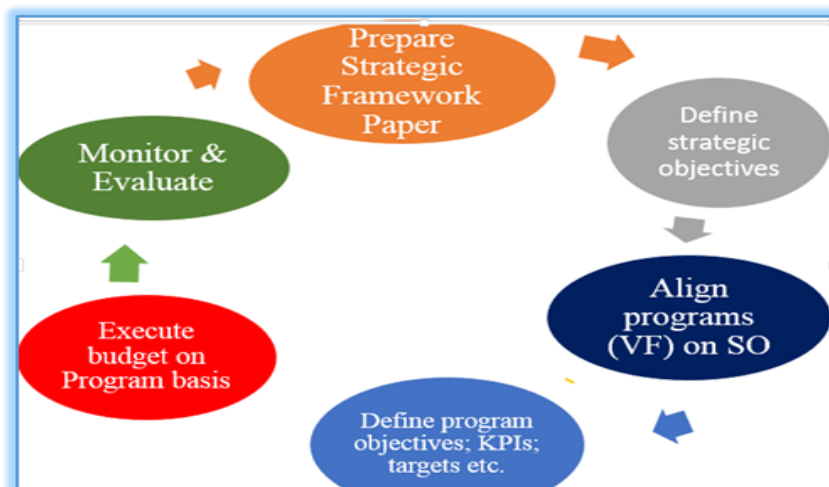


Advocating for a People Centered Budget that Dignifies Humanity



## Government Shifting to Program based budgeting

**Starting the financial year 2017/18, Government of Uganda plans to roll out the 'Program Based Budgeting' (PBB) aimed at improving budget efficiency and transparency. In this week's Edition CSBAG discusses the key components of Programme based budgeting.**



Program based budgeting, program design with key steps. Source: Ministry of Finance

Additionally, performance contracting will now be linked with performance indicators used in the program. As programs are comprised of various projects, Government will now be required to implement a Public Investment Management System that details the following:

**Identification:** The National Development Plan will now be supported with more detailed, operational and annually-updated sector planning documents. All proposed projects will require project concept notes detailing why the project is being proposed and what outputs and outcomes are expected to be achieved. Thus the proposed projects will now be screened on the basis of their profiles and a formal decision to proceed to appraisal is made on the basis of the findings.

**Appraisal:** This stage is to be governed by well-defined procedures for multi-stage appraisal and decision making. It will also be based upon sufficient budget funding and viability of project.

**Independent review:** Government proposes an autonomous agency to critically assess the appraisal to ensure quality assurance as regard the selection of projects. However for this body to be effective, it will require to be effectively equipped and staffed to verify numerous project appraisals in order to be able to select the best projects.

**Project Selection and budgeting:** Transparent criteria must be in place to ensure project selection/prioritization within credible medium-term ceilings. Within the MTEF, it will be imperative for selected multi-year projects to receive sufficient funding to allow meaningful physical implementation progress. The annual budgeting exercise must take into consideration the broader multi-year framework and forward looking estimates should be binding and approved by Parliament.

**Implementation and adjustment.** MDAs will be expected to exhibit Value for money in procurement. They will also be expected to conduct regular reporting and monitoring, including total project cost management, unlike currently where adhoc monitoring is carried out and constrained by limited funding to monitoring and evaluation function. Specifically MDAs will now have more autonomy over use of virements and have flexibility to conduct justifiable project adjustments to ensure Implementation of these projects. Periodic review of off-track projects will be conducted to enable relevant action be taken in order to address this concern.

**Evaluation:** Policy and guidance on post-project review and a systematic approach to project impact evaluation will have to be instituted. The role of Office of Auditor General remains critical, however its recommendations should feed into budget decisions as reflected in the Treasury Memorandum which is yet to be implemented.

To make program budgeting an effective system, Uganda needs sustained political commitment to support the implementation of the PBB. There is need for redefining our budget process to allow spending ministries define clear policy and funding target. There will be need for strengthened analytical and planning capacity in both the spending ministries and the Ministry of Finance, Clear definition of institutional responsibilities to ensure achievement of results for example program review, appraisal, monitoring and evaluation, among others.

### EXPECTED CHANGES

**FORM:** Format and volume of budget documents will change – merging of MPS, Estimates and part of the BFP into a new program template document under consideration by Ministry of Finance

**SUBSTANCE:**

- Emphasis on outputs & outcomes to assess achievement of strategic objectives;
- Introduce and strengthen key performance indicators;
- Enforcing accountability on the basis of KPIs;
- Output Budgeting to be replaced by Performance Budgeting System

projects being implemented to enable adequate financing and supervision.

There is need to review and strengthen the Monitoring departments and agencies especially the role of the Budget Monitoring and Accountability Unit (BMAU) to assess performance measurement. The need for a strategic plans that feeds into the national development plan and planning process needs to be in place for each line ministry. The need to update the Government accounting and information systems to mirror the new system of budget formulation and execution. Budget documents will now reflect program performance information to enable Members of Parliament, citizens and Civil Society assess budget performance.

Civil Society approves of Government's movement towards Program Based Budgeting as it will ensure effective budget transparency in achieving set outcomes and objectives as well as enhancing Results Based Performance. Implementation of PBB across various countries has proved successful for example elimination of wasteful projects and ensuring Value for Money especially in the Works and Transport sector where numerous construction projects have far exceeded the initial planned cost. In South Korea for example, should a project exceed more than 20% of the total cost, a Reassessment Feasibility of Study (RFS) is conducted, and its results inform the decision to continue, re-design or halt this project

The process of shifting to Program Based Budgeting is not easy. CSOs and citizens are however keen on full implementation of this reform which will enhance the ability of Government to deliver better service deliver outcomes for the benefit of citizens.



CSBAG and other CSOs last Sunday had played a friendly match with Uganda police on commemoration Police week. Police won 3-0

Julius Mukunda @JuliusMukunda · Oct 7 @CSBAGUGANDA #AMCSO16 at the launch on reducing inequality index



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