



CSBAG BUDGET NEWS BRIEF



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Advocating for a People Centered Budget that Dignifies Humanity



CSOs raise red flag overcompensation of traders who lost money in South Sudan

WHAT THE PFMA REQUIRES

Section 45 (2) requires that an Accounting officer shall in respect of **ALL RESOURCES** and transactions of a vote, put in place effective systems of risk management, internal control and internal audit.

Section 11 (2) (c) of PFMA requires the Secretary to the Treasury **to promote and enforce transparent, efficient, and effective management of the revenue and expenditure and the assets and liabilities of votes.**

Section 12 (2) of PFMA mandates Parliament to ensure transparent, accountable, effective and efficient utilization of public resources.

Civil Society Organizations have raised a red flag over the compensation of traders who lost money in South Sudan saying right claimants should be paid to avoid the country losing money. Under their umbrella organization Civil Society Budget Advocacy Group (CSBAG), they emphasized that the verification exercise should be conducted to avoid paying ghost traders.



South Sudan was Uganda's largest trading partner until the civil conflict that emerged in 2013.

OUR WORK IN PICTURES



(L-R) CSBAG's Programs Manager, Carol Namagembe, CSBAG's Executive Director, Julius Mukunda, and CSBAG's Budget Policy Specialist, Siraji Magara addressing a press briefing at CSBAG offices in Ntinda on 14th July. | ©CSBAG 2019



CSBAG's Budget Policy Specialist, Siraji Magara (2nd Right) attending a talk show on Radio one FM in Kampala to discuss issues of extractives revenue management and EITI on 11th July | ©CSBAG 2019

" We request Parliament to support the Executive to undertake the Verification exercise to be conducted by both external and public auditors and specifically call on the Speaker's direction on this matter. " Julius Mukunda the Executive Director of CSBAG mentioned during a press conference held at the organization's headquarters in Kampala on Sunday July 14, 2019.

officials from the two countries to verify the claimants. So far, we are aware that 10 companies have already been paid a total of 41 bn shillings. CSOs were concerned that since then new traders and companies have emerged which has increased the list of claimants.

"These new claimants need to be verified so that Government pays genuine companies," Mukunda said.

The CSOs were particularly concerned by Parliament's move to pay claimants without due diligence saying Ministry of Finance, Planning and Economic Development (MOFPED) should commission the independent audit to verify the rightful traders to be compensated.

The Ministry of Finance requires that all traders provide key documents like, Copies of contracts with the government of South Sudan to supply, Tax Identification Numbers or Certificate of Registration, Export Declaration Forms or Bills of Entry Issues by Uganda Revenue Authority, Tax returns, Good release orders and certificate of export issued by URA

Adherence to the 2015 PFMA

The Executive Director underscored that for compensation to be affected, the Public Finance Management Act, 2015 must be adhered to as it involves drawing money from the consolidated fund.

The Civil Society also raised concern about the MoU signed between the Government of Uganda and South Sudan for the latter to refund the fund saying it should be made public.

Namagembe told journalists that it was critical to safeguard against loss of public funds if wrong traders considering Uganda will still have to claim for refund from South Sudan. "South Sudan Government might refuse to refund Uganda on claims that wrong traders were paid out. If this happens its taxpayers who stand to lose Namagembe said

"If we have this verification, we shall be confident that the right claimants shall be paid?" Magara asked. "We are mindful of the law to do due diligence. he added.

The Civil Society actors hailed government for the efforts taken to bail out struggling companies who form a significant section of Uganda's private sector and if not compensated, their loss would have a significant effect on Uganda's economic growth.

Mukunda stressed that this shall ensure that the Public Finance Management Act 2015 (PFMA) is adhered to. He specifically urged Government to use the existing mechanisms that ensure transparency, efficiency and effective management of revenue and expenditure when paying the claimants.

He informed the audience that Uganda's exports to South Sudan was affected due to civil war citing Roofings, tea and cement which declined by 61%, 76% and 77% respectively.

Unknown compensation criteria

So far, a joint Verification exercise was conducted by

FACT: In 2016, the Government of Uganda (GOU) and that of South Sudan signed a Memorandum (Bi lateral Agreement) where the Uganda Government agreed to pay all the Uganda traders. South Sudan would refund GoU within a period of 5 to 10 years from the date of Agreement