

Stakeholders caution Government on Implementation, Supplementary Budgets



(R-L) Assistant Commissioner, Domestic Taxes at URA, Mr Cyprian Chillanyang, Deputy Secretary to the Treasury at the Ministry of Finance, Mr. Patrick Ocailap, Executive Director CSBAG, Mr. Julius Mukunda, Executive Director PSFU, Mr. Gideon Bagadawa, and the Bank of Uganda Director for Research, Dr. Adam Mugume during a panel discussion this morning | @CSBAG 2019

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The 2019/2020 National Post Budget dialogue closed earlier this afternoon with caution to government not to squander the Shs40.4trillion budget.

There were also loud calls for government to show more accountability, close budget loopholes, build and respect institutions and more importantly ensure a return on investment on the numerous loans that are bulging the country's public debt portfolios. It was also evident that stakeholders who attended the National Post Budget dialogue, the first of its kind to be jointly organized by the civil society represented by the Civil Society Budget Advocacy Group (CSBAG), Uganda Revenue Authority and the Ministry of finance, were

concerned about government's commitment to implement the budget to its logical conclusion. Many dreaded the Budget wastage, others fear lack of coordination, while some wonder how small and medium enterprises (SMEs) will make it to another level, considering that the government's major borrower in the domestic market. Should the aforementioned among other things be dealt with, the Executive Director of CSBAG, Mr. Julius Mukunda, believes that it will not be long before the national budget begins to deliver on the aspirations of the citizens who in any case should naturally be part and parcel of its development and approval. Already, according to Mr. Mukunda, there are some good gestures from the government that will particularly see farmers in the districts of Bunyangabu, Kibuku, Kumi, Kyenjojo, Ntoroko and Nakaseke benefits from storage facilities, lack of which results in massive wastage of harvested produces.

“For the farmer, the sector allocation for agriculture has hit a trillion shillings with specific interventions for post-harvest handling including the provision of storage facilities and linking farmers to agro-processing facilities to support agro-industrialization,” Mr. Mukunda noted in his remarks. He continued: “This is a good start but our hope is that this is rolled out in many more districts.”

Although agriculture sector has now joined the one trillion club membership, Mr. Mukunda told the post budget dialogue audience comprising of stakeholders from across the country's economic sectors that he is concerned with the decision to continue putting resources in the Uganda Development Bank (UDB) as a mechanism for affordable financing for production and business, arguing that it might not work because the majority of the SMEs that need this credit do not even know about UDB. He expressed concern that borrowing from the experience of the Agriculture Credit Facility (ACF)'s failure to adhere to the set guidelines, this will turn out to be financing for the elite. As way forward, he urged the government to consider the revival of some parastatals like Uganda Commercial Bank (UCB) that played a critical role in providing affordable credit to common businessmen for agriculture production and also other business enterprises.

Supplementary worries

Mr. Mukunda was particularly wary of misuse of supplementary budgets, saying government has not been able to adhere to the PFMA regulation 18 (3) which stipulates that any supplementary expenditure should be unavoidable, unabsorbable and unforeseeable. He warned that should the vice continue in the FY 2019/20, then he is afraid that there will be reduced returns on the budget investments. The Deputy Secretary to the Treasury, Mr. Patrick Ocailap and the Bank of Uganda director for research, Dr. Adam Mugume were unequivocally opposed to this tendency, both admitting that its repercussions have far reaching implications on debt sustainability. Mr. Ocailap said he hates going to Parliament to justify supplementary budgets and as for Dr. Mugume, each time this comes up, it translates to increased public debt. For Mr. Mukunda, debt would be a problem only if it wasn't for the low capacity to deliver projects which is evidently delaying execution. This is further complicated by allocation of financing to projects that are not ready, crowding out implementation of NDPII ready projects.

Call for action

“I think the Budget document is excellent. The bigger challenge is implementation. Once that is done, we will all be home and dry,” Mr. Mugume said in a panel discussion. He continued: “We have been talking about Namanve industrial and Business Park for years now. All we need is to implement what we said and that seems to be the challenge we have to deal with.”

Mr Gideon Badagawa, the executive director of the Private Sector Foundation Uganda (PSFU), said that the recently read National Budget speaks to priorities of the private sector but came short in triggering the purchasing power of the consumers. He decried the \$25 increase in income of the population, saying it is too low to trigger the kind of impact that can turn around the economy. At this rate he said it will take not less than 400 years for the economy to fulfill its potential.

Meanwhile the tax collector appeared more concerned about the revenues the tax body is going to lose, describing the task ahead as more difficult. Representing Uganda Revenue Authority, the Assistant Commissioner, Domestic Taxes, Mr. Cyprian Chillanyang said that as a result of less measures on tax revenue generation, their work is going to be harder as they will have to collect taxes from the available sources, even as they close the revenue calendar with an excess of Shs300billion, nearly two times the budget allocated the ministry of trade.