

Highlights of the
second quarter
budget release for
the FY 2023/24

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ECONOMIC HIGHLIGHTS

EDITORIAL

Greetings from the Civil Society Budget Advocacy Group (CSBAG).

Welcome to our latest issue of the Budget Trends Magazine for October 2023.

In this issue we highlight the role of Parliament in the Budget Process in Uganda and the important oversight role of civil society. We look at the cardinal roles of parliament that include representation, legislation and put emphasis on the oversight and appropriation role, which are key to the budget process.

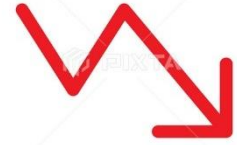
We also highlight the Ministry of Finance Quarter 2 Releases which amounted to UGX 9.2 trillion out of which Wages was UGX 1,824 billion, non-wage UGX 5,760 billion, GoU Development UGX 1,494 billion and Arrears UGX 103 billion.

Good Reading!

Julius Mukunda
CSBAG Executive Director

Inflation

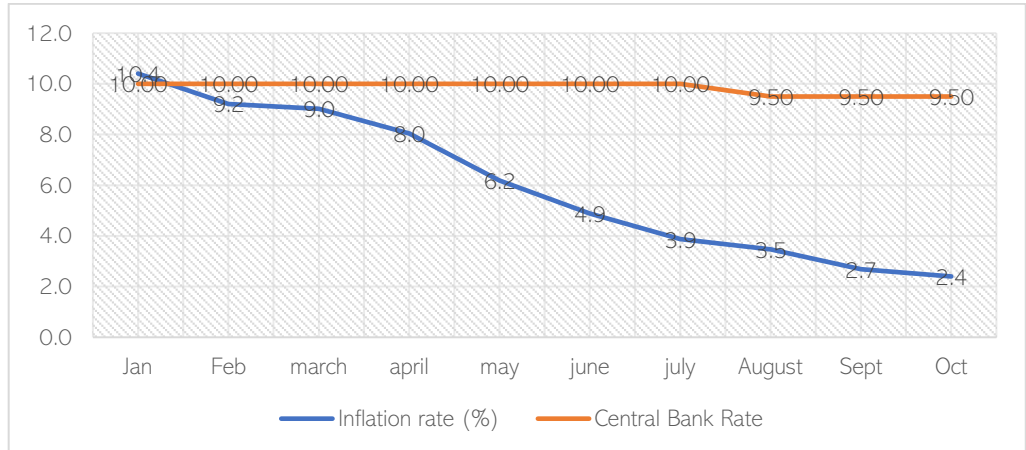
Headline inflation continued to decline to 2.4% in October 2023 when compared to the 2.7 in September 2023. According to UBOS the primary driver of this inflation is attributed to a drop in the annual core inflation which slowed to 2.0% from 2.4% previously. The downward trend in inflation is predicted to continue in the coming months due to lower imported inflation, further easing of food crop prices and subdued aggregate demand but will return to the target in the medium term. Inflation is forecast to be in the range of 3% to 4% in the fourth quarter of 2024 and back within 4% to 5% range in 2025. Source: [UBOS October 2023](#)



Central Bank Rate (CBR)

On 5 October 2023, the Monetary Policy Committee (MPC) maintained the Central Bank Rate (CBR) at 9.5%. According to the Bank of Uganda Monetary Policy Statement for the month of October, the inflation outlook has changed from the August 2023 forecast. [BoU October 2023](#)

Figure 1: Annual Headline inflation and CBR in Uganda



Source: UBOS

Interest Rate

Interest Rate in Uganda remained unchanged at 9.5 % in October 2023. The maximum level was 23 % and minimum was 6.5 %. Data published Monthly by Central Bank of Uganda.

URA Collections

For the period July-September 2023, which is quarter 1 of the FY2023/24, the Uganda Revenue Authority collected tax amounting to UGX 6.1 trillion against a target of UGX 6.326 trillion. This reflects a shortfall of UGX 226.27billion. URA however registered a 12% growth in revenue collection totaling to UGX651.06billion compared to collections in the same period in FY 2022/23. The major surplus was registered in **PAYE** at UGX 111.4bn and **Excise Duty** on fuel 74.18bn at. Major deficits were registered with **VAT on imports** 139.01bn and **VAT on local supplies** 68.88bn.



CIVIL SOCIETY BUDGET ADVOCACY GROUP

P.O. Box 660, Ntinda | Plot 11 Vubyabirengye Close, Ntinda Nakawa Rd | Fixed Line: Mob: +256-755-202-154
E-mail: csbag@csbag.org | Web: www.csbag.org | twitter: @CSBAGUGANDA | Facebook: CSBAG/Facebook.com

Parliament Focus

The Role of Parliament in the Budget Process in Uganda

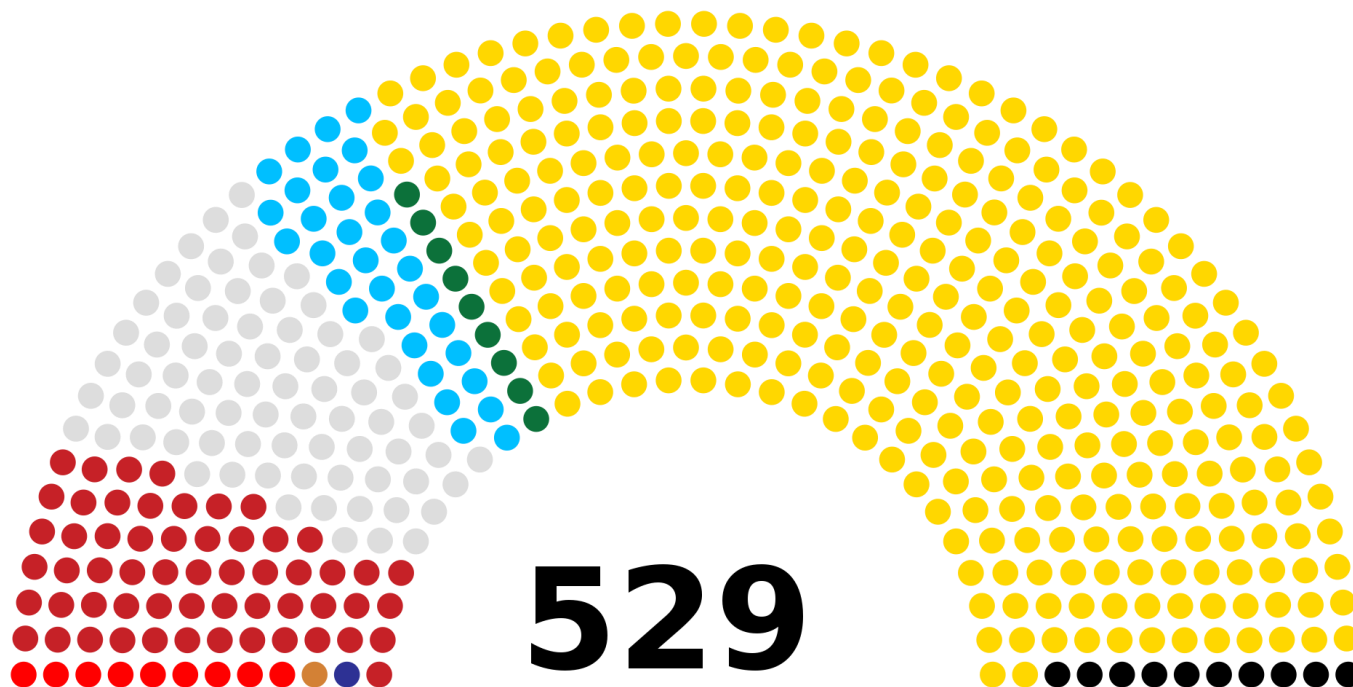


Illustration of 11th Parliament representing seats covered by political parties. Yellow- NRM with 336 MPs, Red is NUP represented by 57 MPs, Gray is Independent MPs composed of 74 MPs, Sky Blue is FDC composed of 32 MPs, Black is Military MPs represented by 10 MPs, , 28 Ex Official members, Green is DP which is made up of 9 MPs, Light red is UPC which has 9MPs, Navy Blue is Justice Forum composed of 1 MP, and brown is People's progressive party represented by 1 MP. | Photo Courtesy WIKIPEDIA

In accordance with Article 155 (The Parliament of Uganda is one of the three governing arms of government, alongside the Executive and Judiciary and playing four of its cardinal roles of legislation, representation, oversight, and appropriation. Reinforced by the Constitution of Uganda 1995 as amended, Chapter 6 spells out the establishment of the institution and Article 79 spells out functions which include among other things, the power to make laws for on any matter for the peace, order, development, and good governance of Uganda.

Background

In addition, the Public Finance Management Act 2015 Sections 12 and 14 bestow upon parliament the mandate to analyse Policy Issues and approval of the annual budget. Section 37 gives parliament the authority to raise loans. The other 2 cardinal roles are representation of their constituents as well as play the oversight function through holding the executive accountable and monitoring of the quality-of-service delivery. Key to the budget process is the role of appropriation which is further discussed in depth later in this publication.

The National Budget

The budget is a critically important document in ensuring transparency, accountability, comprehensiveness, and good governance. By providing a detailed description of proposed expenditure, it allows Parliament and the public to “know where the money goes” and thus increases transparency. In addition, the budget requires approval by Parliament before the government can spend money or raise revenue, making the executive accountable to Parliament. Finally, it provides a regulating and disciplining framework within which government departments must be managed and must perform their functions. Transparency and accountability should be constitutional requirements, especially about the national budgetary process. Together with transparency in the entire budgetary process, accountability is at the very heart of democracy.

Transparency and accountability

Accountability and transparency in the budgetary process are prerequisites for a democratic budgetary process. The responsibility for ensuring transparency and accountability in the budgetary process lies primarily with the parliament. In this context, accountability is the obligation on the part of the government to answer for its actions, coupled with its ability to respond to queries from the parliament. More specifically, financial accountability is the relationship between the executive and the legislature based on the government's fiduciary obligation to demonstrate and take responsibility for performance in the light of agreed expectations regarding the management and use of public funds. Parliament confers responsibility on the executive, and, at the same time, requires accountability reporting from the executive. At the same time, watchdog agencies, principally the Office of the Auditor General examine the performance of the executive and in turn reports to parliament.

A transparent process requires that: - The form and content of the budget and estimates be both informative and understandable; - Government reports be timely and give a fair presentation of the facts. It has been generally observed that budgets which are accompanied by multi-year frameworks allow for a greater understanding by parliament of the government's long-term economic strategy and vision and thus promote transparency in terms of the government's intentions.

A transparent process also requires that public audit reports be relevant and useful, and that parliamentary oversight be open (in that it encourages public participation), conclusive and make a difference. The bedrock of this system is the right to information. Access to and disclosure of information by government is crucial in the budgetary process for efficient budgetary management and monitoring of governmental action. The tradition of secrecy sometimes observed by the government in budget matters should be discouraged by guaranteeing the right to information in the constitution and laws.

The four cardinal roles of the Parliament of Uganda

In effect, the four major roles of a Member of Parliament are:

Legislation: MPs debate and pass laws through which the institutions of Government endeavor to guide the country's development.

Representation: MPs represent their constituents' views in Parliament and bring to the attention of relevant Ministers different matters of national concern.

Budget approval (also known as Appropriation): MPs analyse and pass (approve) the national budget for every fiscal year and approve loans.

Oversight: MPs monitor and bring to the attention of Ministers and the public the misuse of Government funds, violations of the rule of law and unlawful activities

Parliament's Appropriation role



Hon. Ssemujju Nganda making his case in the budget debate, May 2023. Photo Courtesy: The Independent

Key Highlights of Parliament's Appropriation role

A budget is the one single most crucial tool that a country's government can use to transform its society. All those who have the responsibility of determining budget appropriations are saddled with the responsibility of determining how well the country will perform on any of the above indicators of macro-economic management and hence citizen's welfare, and development. Appropriation is defined as an act of getting and putting aside an amount of money that is used or provided by a government for a specific purpose. An Appropriation Act is an Act of parliament passed by the Parliament of the Republic of Uganda which, allows the Ministry of Finance to issue funds out of the consolidated fund, as allocated to individual government ministries, departments, and agencies.

In exercising its appropriation function in accordance with Article 156 of the constitution of the republic of Uganda, and in accordance with Part III Section 14 and sixteen of the Public Finance Management Act (PFMA) 2015 as amended, the

Parliament of Uganda in every fiscal year is saddled with the responsibility of scrutinizing Government policies and proposals both monetary and or otherwise, Approving the estimates, and policies with recommendations, reflecting national priorities.

Provide oversight by following up the actions of the executive in the implementation and delivery of the policies of the appropriations done for the fiscal year; Sanctions, undertaking systematic inquiry and making pronouncements and recommendations for a course of action on errant or deviations from the approved and or appropriated policies and funds.

According to the Approved Budget Estimates for the FY 2023/24, Parliament approved the sum of Fifty-Two Trillion Seven Hundred Billion, Four Hundred Million Shillings (UGX 52,737,400,000,000) out of the Out of this, UGX 31.264 billion was appropriated by Parliament and UGX 21.473 billion is statutory.

Parliament's Scrutiny Role



Hon. Matia Kasaija Laying before Parliament the Annual Budget Estimates for FY2023/24 on 30th March 2023 as required by the PFMA 2015. Photo Courtesy, Parliament of Uganda.

This role involves receiving & reviewing the executive budget proposals in a multilevel approval process and making appropriate recommendations to the executive.

This is during the consideration of the Budget Framework Paper and the Ministerial Policy Statements. Most of this work is done by the parliamentary sessional and standing committees who interact with different stakeholders on the budget or any other matter of national importance and finally share their findings with the Budget Committee and the House.

This is in accordance with the provisions of Articles 90 and 155 (4) of the Constitution, Section 9(1) to 9(8) of the Public Finance Management Act 2015 and Rules 143 and 144 of the Rules of Procedure of Parliament, where Committees are mandated to among other things, consider, discuss and review the Budget Framework Papers and through the Budget Committee present a report to the House for approval by 1st of February of each year.

The other Parliament Committees that are key in guiding the revenue and expenditure framework of the country are the Parliamentary Committees on Finance and that of the National Economy. These alongside the Budget Committee make the final scrutiny of executive proposals and table their reports for debate and adoption by the committee of the whole house.

Parliament's Approval Role



CSBAG members engaging Parliament Committee of Health on the Health Sub program budget FY2022/23. Photo Courtesy, CSBAG 2022

Parliament is mandated with the approval of the national budget and all loan requests made by the executive arm. This section highlights the role of the Committee on Budget, Parliament Budget Office, CSOs among others.

Parliamentary Budget Office

The Parliamentary Budget Office provides technical support to the Parliament of Uganda in its role of ensuring transparency, fairness, and accountability in the national budget process. The Budget Office was established by the Budget Act, 2001 as a technical arm that provides Parliament and its committees with an objective, timely and independent analysis of the national budgetary proposals.

The role of the Budget Stakeholders

Ensuring accountability requires an effective engagement of budget stakeholders including Citizens, CSOs, Private Sector, among others who can participate in the budgetary process.

Of specific concern in this Edition is the CSO role which needs to be further strengthened to promote transparency, accountability, and good governance in the budget process. Civil society's role in most stages of the budgetary process in Uganda has increased overtime. CSBAG mobilises Civil Society Organisations to participate in the budget process at the National and Local Government Level. Including Budget consultations that kick start the planning and budgeting process of a new financial year. Later Civil society participates in analysing the

National Budget Framework Paper and Ministerial Policy Statements and interface with parliamentary sectoral committees to provide alternatives to the executive proposals during January of every year.

At the formulation stage of the budget, the Government can benefit from civil society inputs (including from women's and other special interest groups such as persons with disability, the youth and older persons associations and groups) that ensure that the government's identified priorities are consonant with the interests of the different segments of society and are implemented in a manner beneficial to these segments. In that regard, cooperation with governmental departments should be enhanced: attending hearings of governmental departments organised during the budget formulation stage is one possibility of strengthening cooperation.

As representatives of the people, parliamentarians should regularly consult civil society and relay its concerns to the government for inclusion in the debate on the formulation of the budget. Members of Parliament should therefore set up fora, at national and local level, wherein civil society, men, and women alike, can be consulted extensively on priorities to be addressed within the budget.

Parliament's own research and analytical capacities, including the collection of gender disaggregated data, can be enhanced by input from CSOs, academia, and professional bodies. In some countries, parliaments have developed personal petition systems, that are treated seriously by MPs, and which allow ordinary citizens to provide significant input to policy determination. There is a strong need to promote and enhance the economic literacy of all actors of society to facilitate their understanding of and involvement in the budgetary process.

Summary of the Business Transacted of the 1st and 2nd Sessions of the 11th Parliament of Uganda.

Item	Session 1	Session 2
Number of Sittings	100	105
Oaths Administered	555	8
Bills Enacted	24	38
Bills Withdrawn	2	0
Resolutions	63	39
To Authorize Government to borrow	2	2
To Grant Leave to introduce Private Members' Bills	12	10
To pay Tribute	9	7
Other resolutions	40	20
Ministerial Statements considered	83	73
Statements by Members	7	7
Urgent questions responded to (Matters of national importance)	123	280
Questions responded to during Prime Minister's Time	95	250
Questions for oral answers responded to	3	1
Committee Reports adopted	33	67
Statements from Leader of Opposition (LOP)	9	7
Petitions concluded	1	3

Source: Parliament of Uganda, Business Transacted of the 1st Session, 11th Parliament

It can be seen overall that the business of the 11th parliament between the 1st and 2nd sessions was checked across different items with a slight increase in the number of sittings, an increase in the number of bills enacted and petitions concluded. There was an exponential increase in the number of urgent questions responded to, questions responded to during the Prime Minister's time and Committee reports adopted. What experienced a decline was oaths administered (expectedly after an election year), resolutions made, Private members bills, ministerial statements considered and Statements from the Leader of opposition. What remained unchanged was statements by members and the authority for government to borrow. Overall, there was an increase in the business of the house in the 2nd session compared to the 1st session.

Conclusion

Parliament plays a key role in the budget process through its key appropriation and oversight functions. The strength of parliament is key in holding the executive accountable. Otherwise, it risks being a rubber stamp of the executive given that constitutionally the role of budget proposals lies with the executive. It therefore means that an independent legislative body is important in checking the excesses of an all too powerful executive which uses the hegemony of its numbers of the ruling party to get things done such as passing an ever-piling stock of loans with the recommendations of the National Economy Committee, without adequate scrutiny. Since Parliament represents its citizens, it is hoped that whatever decisions on appropriation that they make is in the interest of the citizens.

In its oversight role, Uganda's Parliament has attempted to hold the Executive accountable as has handled high profile cases through the Public Accounts Committee on Commissions, Statutory Authorities and State Enterprises on (COSASE) such as investigations on Uganda Railways, Uganda Airlines among others. Though it has authority to summon public officers and any other individuals, Parliament has no powers to prosecute or sanction the executive.

Overall, the 11th Parliament of Uganda has experienced an increase in the business transacted between the 1st and 2nd sessions. It however remains to be seen whether this overall upward trajectory of performance can be maintained.

Highlights of the second quarter budget release for the FY 2023/24



PS/ST Ramathan Goobi addressing stakeholders at the Qtr 2 Media Briefing held in Ministry of Finance Conference Hall, October 2023 Photo Credit @MoFPED, October 2023

Quarter 2 Releases

The government through the Ministry of Finance released UGX 9.195 trillion for the second quarter of the FY2023/24. According to figures released by the Secretary to the Treasury, Ramathan Ggoobi, UGX 1.842 trillion which represented 25.3% went towards wages whereas UGX529.7billion was for the Parish Development Model.

Ggoobi said half of the UGX 529.7 billion is meant to ensure that all parishes are provided with UGX 50 million each by half year whereas Emyooga program has received UGX 100 billion and UGX 42.5 billion is meant for the capitalization of Uganda Development Bank.

"Of the UGX 9.195 trillion, UGX 434.01 billion has been released for operations of security institutions with Ministry of Defense getting UGX 217.87 billion, police UGX 78.121 billion, prisons UGX 91.7 billion whereas ISO and ESO will get UGX 46.313 billion," Ggoobi said.

According to the release, UGX 420 billion was released for statutory votes including parliament at UGX 212.708 billion, Electoral Commission UGX 97.057 billion and UGX 60.28 billion for the judiciary.

The figures also indicated that UGX 289.558 billion has been released for paying pension and gratuity in the second quarter of the year whereas UGX221 billion will go to education institutions including Ministry of Education and Sports at UGX 84.3 billion whereas public universities, Uganda Management Institute

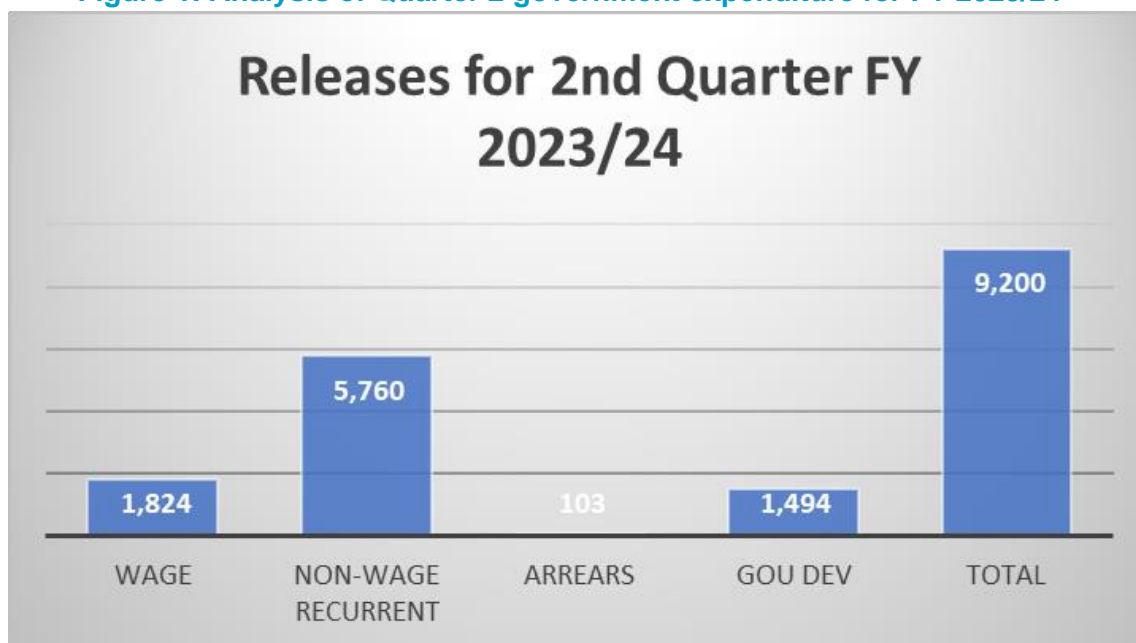
QTR 2 Releases FY2023/24

**UGX.
9.195 trillion**

and Law Development Centre will share UGX 108 billion, UGX 23.34 billion for UNEB and UGX 5 billion will go to the National Curriculum Development Centre. The release also saw UGX 21 billion provided for the operations of the Uganda Airlines and UGX 15 billion to National Council of Sports for support to sports federations in the country.

"All accounting officers must ensure that they pay wages, salaries, pensions, and gratuity by 28th of every month but must also prioritize payment of services providers in time to avoid accumulation of arrears. Accounting officers must ensure timely submission of performance reports and accountability," Ggoobi said. He also asked government institutions to ensure pre-payment of utilities including water and electricity, warning that failure to adhere to this, service providers should turn off non-compliant votes.

Figure 1: Analysis of Quarter 2 government expenditure for FY 2023/24



Source: Quarter Two Expenditure Release Statement-MoFPED October 2023

The releases

Wage, pension, and gratuity

Wages released accounted for UGX 1.824 trillion or 25.3% of the wage budget based on the actual payments made by the finance ministry during the first quarter. Whereas the ministry had received additional requests for wage, government was still waiting for the Audit report from the Auditor General to make an informed decision on any short falls that could arise.

Non-Wage Recurrent

Parish Development Model and Emyooga

UGX 529.7 billion was provided for the Parish Development Model (PDM) i.e. 50% of the budget to ensure that all parishes are provided with UGX 50 million each by half year. In addition, UGX 100 billion was released for the Emyooga Program and UGX 42.5 billion for the capitalisation of UDB.

Security

UGX 434.01 billion was released for operations of security institutions (Ministry of Defence UGX 217.868, Police, UGX 78.121 billion, Prisons,

UGX 91.7 billion, ISO and ESO, UGX 46.313 billion)

Statutory expenditures

Statutory votes got UGX 420 billion broken down thus: Parliament UGX 212.708, Electoral Commission UGX 97.057 of which UGX 58 billion would be for conducting merged elections for Women Councils and Election of LC Is and IIs, Judiciary, UGX 60.28 billion, among others.

Quarter 2 Budget Releases that Should Interest you (UGX, Billion)

National Curriculum Development Centre	5
Managemet of National Exams (UNEB)	23.34
Public Universities, UMI and LDC	108
Instructional materials, student loan scheme and examination bodies,	84.3
Capitalisation of UDB.	42.5
Emyooga Program	100
Parish Development Model	529.7
Pension and Gratuity.	289.558
Regional Referral Hospitals, Cancer & Heart Institutes.	47.932
Essential Drugs and medicines	240.303

Pension and Gratuity

UGX 289.558 billion was released for Pension and Gratuity. this included Pension and Gratuity for Local Governments.

Education

Under education the non-Wage release included UGX 221 billion for education institutions to include Ministry of Education and Sports (UGX 84.3 billion) to cater for instructional materials, student loan scheme and examination bodies, Public Universities, UMI and LDC (UGX 108 billion) UNEB (UGX 23.34 billion) for supervising, conducting, and managing exams, National Curriculum Development Centre (NCDC) UGX 5 billion.

Health

UGX 240.303 released to National Medical Stores to meet the obligation for purchase of essential drugs and medicines, translating into 67.8% of the budget for drugs released. Also, the Regional Referral Hospitals as well as Uganda Cancer and Heart Institutes received UGX 47.932 billion.

Government of Uganda Development

Government ensured a release of 50% of the development budget by half year.

Local governments received UGX 494 billion. This included the approved budget of UGX 315 billion and a Supplementary for UGIFT and USMID (UGX 179.125). This release ensured 50% release of the capital expenditure budget for Local governments.

Uganda National Roads Authority (UNRA) received – UGX 421.127 billion.

Ministry of Energy and Mineral Development received for Qtr. 2 UGX 253.087 billion.

Ministry of Water and Environment UGX 201.89 billion.

Ministry of Works and Transport, UGX 124.29 of which UGX 41 billion was for the Meter Gauge Railway

Members' Corner: CIDD-UG mobilised 603 Busoga & Bukedi youth & women to engage FY 2024/25 budget process.



The top leadership of Namutumba DLG during the 2024/25 budget conference. | © CIDD

"The continued limited, and sometimes non-existence of citizen consultation is what drives the mismatch between needs and the allocation of local public resources. I want to thank CIDD for this innovative approach to organizing youth to prepare and demand responsive plans and budgets for young people," said a youth beneficiary of CIDD's engagement.

During the local government planning and budgeting process for 2024/25, CIDD deliberately took up the position of mobilizing and organizing communities in Bukedi and Busoga Subregions, mainly women and young people, to embrace participatory budgeting with the overall objective of enhancing democracy, transparency, and accountability in government planning and budget formulation processes, including public expenditures. So far, 603 citizens have been mobilized and organized to engage in open and participatory budgeting at lower and local government levels within one month. Out of the 603 participants, 297 were females.

As a result, citizens and community members' voices were incorporated into lower and local government plans and budgets for the fiscal year 2024/25. Key community concerns, such as quality local revenue management, improvement of funding for WASH, infrastructure, schools, and health inspections, as well as extension services, were at the top of the priorities for the FY 2024/25 plans for communities in Bukedi.

and Busoga Subregions. Local government leaders pledged to thoroughly scrutinize these priorities and ensure they are reflected in the 2024/25 local government plans and budgets.

"CIDD will now continue nurturing youth and women to keep demanding citizen-responsive plans and budgets. Additionally, CIDD will continue to monitor their delivery to enable the achievement of the desired outcomes."

This article was authored by the Citizen Initiative for Democracy and Development Uganda (CIDD-UG) a CSBAG partner operating in Bukedi Sub Region

OUR WORK IN PICTURES, 2023



Edna Abiko- CSBAG Field Officer handing over a file containing citizen's service delivery needs to the Subcounty leadership at the Subcounty budget conference. Our Budget Our Responsibility. Photo Credit CSBAG 2023



CSBAG and ACODE EDs listening to the PSST remarks at the Press briefing on the performance of the economy and the expenditure limits for Q2 FY 2023/24 chaired by PS/ST on 6th October 2023. Photo Credit MoFPED 2023



CSBAG Team facilitating a meeting that saw community members select community monitors under CSBAG's participatory budget clubs in Paidha sub county, Nebbi district 6th October 2023. Photo Credit CSBAG 2023



CSBAG Economist (Right) Steven Alor during a session to review the Food and Nutrition Policy organised by Food Rights Alinec (FRA) Photo Credit FRA 2023

OUR WORK IN THE MEDIA, 2023

We want to thrive not to survive - Julius Mukunda on the Hard Questions



THE **HARD**
QUESTIONS

Full Article via @AIJ Youtube Channel: <https://www.youtube.com/watch?app=desktop&v=EC1RkOzd8Mk>

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Uproar greets proposal to create more speaker slots

Sunday, October 29, 2023



Full Article via @Daily Monitor <https://www.monitor.co.ug/uganda/news/national/uproar-greets-proposal-to-create-more-speaker-slots-4416936>

Our Vision

A Uganda with a people centered budget.

Our Mission

Working to ensure that resource mobilization, allocation and utilization is inclusive for a transformed Uganda.

Civil Society Budget Advocacy Group (CSBAG)

Plot 11 Vubyabirengye Close, Ntinda, Nakawa Road.

P.O.BOX 660, Ntinda

Fixed Line: +256 755 202 154 | Email: csbag@csbag.org | Website: www.csbag.org

