



CIVIL SOCIETY BUDGET ADVOCACY GROUP

CIVIL SOCIETY PRESS STATEMENT

THEME: PRESIDENT'S RETURN OF THE APPROPRIATION BILL

Date: 30th June 2024 | **Venue:** CSBAG Office, Ntinda | **Time:** 10:00 am

FOR IMMEDIATE RELEASE



Mr. Julius Mukunda, Executive Director addressing the media about the President's decision not to sign the appropriation bill at CSBAG offices on 30th June 2024 Photo ©CSBAG 2024

A. Introduction:

1. Today, members of CSBAG (Civil Society Budget Advocacy Group) are here to share our perspectives on the President's decision not to sign the appropriations/budget bill passed by Parliament on 16th May 2024. As a result, the parliament has been recalled to reconsider the Appropriation Bill, 2024.

2. In his communication to parliament, the President declines to ascent to the appropriation bill 2024 because of the parliament tampering with the government priorities without consulting the executive. The president requires the parliament to reinstate the UGX 750 billion that he asserts was reallocated by parliament.

B. IMPLICATIONS OF THE PRESIDENT'S ACTION, 2024

3. The Uganda Constitution under **Article 154(4) and Sec 14 (3)** of the **PFMA 2015** provides for the President to authorize the issuance of funds from the Consolidated Fund where the Appropriation Act will not or has not come into operation by the start of the financial year in a process known as a vote on account which runs for four months from the beginning of the financial year.
4. We note that while the President has on several occasions returned bills to parliament to address specific clauses, this is the first time he is returning the Appropriations Bill,2024 with a clear concern of reinstating **UGX 750 billion** said to have been reallocated away from FY 2024/25 government priorities. The President contends that while Parliament has powers to adjust the budget, it should do so in consultation and agreement with the executive.
5. **The last-minute budget decisions.** Whereas the budget was finalized at **UGX 58 trillion**, the last-minute **UGX 14 trillion** corrigenda raised the budget to **UGX 72 trillion**. The parliament did not have enough time to scrutinize the budget and citizens were not consulted which could have created an opportunity for irregularities in the approval process. ***The government should undertake reforms on the budget process and ensure that the discussion of the final budget estimates by parliament is detailed.***
6. **Budgeting for corruption.** Parliament's decision to selfishly reallocate budget priorities demonstrates a disregard for the broader needs of society. Such actions prioritize narrow interests over the well-being of the entire population which is fundamentally wrong. These corrupt practices of reallocation of funds to benefit their interests for personal or political gain we refer to as budgeting for corruption and budgeting for self-preservation

There has been public outcry over these corruption tendencies in parliament which could have triggered the recent developments where three MPs have so far been detained on allegations of corruption and have so far been charged in court. Corruption if not checked has severe potential impacts including eroding public trust and depriving citizens of the much-needed services. We hope that all corruption cases will be investigated, and all culprits brought to book.

7. **Fear in the execution of government programs and projects.** As CSOs, we are concerned that the return of the Appropriation Bill, 2024 to parliament poses a risk of delay in the implementation of project and Programme activities slated for the next financial year due to the fear of government agencies to

committee government arising from the uncertainties surrounding the final budget decision/allocations.

In the FY2024/25 budget, the government laid down key interventions under different programmes meant to drive and accelerate growth in the economy like the operationalization of the 111 seed secondary schools, rehabilitation and equipping of dilapidated hospitals across the country including the Kampala Metropolitan area, construction of 52 large solar-powered water supply systems in 19 districts that are currently at less than 50% water coverage, and the rehabilitation of the metre Gauge Railway.

We fear that will also worsen the problem of low absorption capacity and the debt situation (**UGX 14.4 trillion** of undisbursed loans)

8. **Increased domestic arrears.** We are concerned that this uncertainty in spending government resources will likely increase domestic arrears because of urgent government actions that need spending at the start of the financial year. The government has allocated **UGX 199.9 billion** in the next financial year out of the **UGX 10.5 trillion** outstanding. At this rate, it will take the government of Uganda about 35 years to clear the arrears. **Therefore, we call upon the government to expedite the review process of the appropriation bill to minimize any adverse effects that may affect the execution of activities for FY2024/25.**
9. **Opportunity to correct erroneous budget allocations.** As CSOs, we commend the President for questioning the **750 billion** that was included in the FY2024/25 being reallocated away from government priorities. We believe, more expenses can be further corrected as the Parliament reconsiders the budget on 2nd July 2024. Certain government expenditures that are not productive can be removed from the budget so that we can live within our means. These include.
 - Emoluments for cultural leaders with **UGX 30.95 billion**
 - Ministry of Karamoja for procurement of iron sheets, maize seeds and ox ploughs worth **UGX 8 billion**
 - Ministry of Luweero, supporting families with income-generating projects worth **UGX 2 billion**
 - House rent for the principal judge and chief justice **UGX 450 million**
 - Arrears for tea seedlings for farmer **UGX 17.26 billion**
 - **UGX 8.93 billion** medical insurance for MPs and parliamentary staff
 - **UGX 2.5billion** for sensitizing citizens on financial crimes.
 - Reinstatement of the budget cut for the office of the President with **UGX 20.20 billion**.
 - Land for an industrial park in Kibaale worth **UGX 700 million**

These are expenses that can be removed or have the money reallocated to more pressing sectors like education, health, road and agriculture.

10. Increased debt distress and credibility. In May 2024 the Minister for Finance informed parliament that the additional corrigenda would breach government commitment to the Charter of Fiscal Responsibility (CFR) which could worsen Uganda's debt situation considering that Uganda's debt currently stands at **UGX 97.4 trillion** according to OAG. Our debt-interest ratio currently stands at **24%** against a benchmark of **12.5%** as per CFR, moreover out of 72.1 trillion, only 34.5 trillion (47.8%) is discretionary. **The current action by the president should therefore not require additional resources but rather take our proposal to cut.** From our experience, this short-term measure will either come from domestic or non-concessional borrowing. In the next FY, domestic borrowing will be at 8.9 trillion which will now increase to UGX 9.72 trillion if the UGX 750 billion is borrowed domestically. Additionally, this will further increase implications potential leading to higher interest payments and a greater portion of the budget revenue being allocated to debt servicing rather than essential services and development projects. Furthermore, investors and credit rating agencies may perceive Uganda as riskier and downgrade our credit rating.

11. Strengthening budget systems

We commend the government for establishing a strong legal framework for public finance management. However much the credibility of government budgets is a key driver of effective service delivery and public confidence in government systems, the budget credibility risk faced at the budget approval stage of the FY2024/25 budget calls for increased strengthening of the budget across different stages of the budgeting process (from planning to execution). There's a need to undertake the following measures;

- Enhance citizen participation at all stages of the budget process to have people-centred budget and also reduce the irregularities.
- Call for legislative tightening of reporting requirements to enhance budget credibility.
- Undertake National Budget monitoring and control for effective utilization of public finances.
- Ensure Proper and timely reporting on utilization and budget performance by MDAs & LGs

In conclusion, our response underscores the importance of transparency, accountability, and citizen engagement in budgetary matters. Our concerns regarding President Museveni's decision reflect broader issues related to governance and fiscal responsibility in Uganda.

For any inquiries, contact:

Civil Society Budget Advocacy Group
P. O. Box 660, Ntinda,
Plot 15 Vubyabiryenge close, Ntinda-Nakawa Road
Tel: +256 755202154
E-mail: csbag@csbag.org
Web: www.csbag.org

CSBAG