

CSBAG BUDGET NEWS



Budgeting in Uganda: The growing reliance on supplementary budgets



Uganda parliament in plenary session. (Photo: Parliament of Uganda)

The FY2024/25 budget has been marred by an opaque process in the appropriation process, which led to the passage of a 72 trillion budget, up from the initial 58 trillion. Early this year, the Ministry of Finance, Planning and Economic Development (MoFPED) introduced a supplementary budget, increasing the total to 73.181 trillion. Now, barely months later, an additional 4.2 trillion supplementary budget has been approved, which will revise the total budget to 77.4 trillion following these two successive supplementary allocations.

Upon scrutinizing the recently approved supplementary budget of UGX 4.2 trillion, it is evident that UGX 1.1 trillion falls within the legal limit of 3% of the total budget, whereas UGX 3.142 trillion exceeds this threshold. The recurring supplementary budgets suggest poor planning and create an entry point for the misuse of public funds.

Furthermore, a significant portion of the supplementary budget, amounting to UGX 2.5 trillion (58.9%), is allocated for recurrent expenditure across local and central governments, which is predictable. In contrast, only 31.4% (UGX 1.3 trillion) is directed towards development expenditure, undermining long-term economic growth.

Certain allocations, such as wages for RDCs (UGX 3.6 billion), city cleaners (UGX 6.54 billion), and the construction of Mandle Stadium (UGX 88 billion) and Hoima Stadium (UGX 257 billion), demonstrate poor planning, as these expenses are predetermined. Furthermore, allocating funds to non-priority areas and underperforming projects, like the Atiak Sugar Factory (UGX 115 billion) and the Ntungamo Coffee Factory (UGX 60 billion), where the government lacks legal agreements, raises concerns.

Stalled projects, such as Lubowa Hospital (UGX 7.8 billion, 7.8% of the UGX 4.2 trillion), continue to incur penalties, increasing debt costs. Additionally, State House classified expenditure (UGX 367.035 billion, 8.7%) and prioritizing national celebrations (UGX 6.5 billion) and new vehicles for local leaders (UGX 35.2 billion) over the Uganda Heart Institute's needs (UGX 150 million, 0.16%) highlights the misuse of Section 25 (7) of the PFM Act in supplementary budgeting.

The persistent reliance on supplementary budgets underscores poor fiscal discipline and planning by government institutions. The prioritization of non-essential expenditures over critical health and infrastructure needs raises serious concerns about accountability and the effective utilization of public resources.

To address these issues, stricter adherence to budgeting principles, as outlined in the PFM Act 2015, is necessary. Additionally, Parliament must play a more robust role in scrutinizing and appropriating the budget.

MPs unhappy

Shadow Finance Minister Mr. Ibrahim Ssemujju Nganda who had attended the alternative budget workshop endeavored to implement the caution offered by CSBAG.

This was witnessed as he put up a spirited fight against the approval of the Shs4.2 Trillion budget that had been tabled by Ministry of Finance in a plenary sitting that was chaired by the Deputy Speaker Mr. Thomas Tayebwa who later referred the item to the Budget committee for scrutiny as required by law. The same fight was also witnessed for the entire session held on Wednesday morning when the House committee on budget convened to digest details of the Shs4.2 Trillion budget as shared by accounting officers in various government entities meant to benefit from the said funding defended their requests.

Similar fears were raised majority members of the budget committee including the Sheema Municipality lawmaker Mr. Dickson Kateshumbwa who served as the interim chairperson of the same committee as it grilled government officials. His specific concern was directed to the State Minister for Finance in charge of General Duties Mr. Henry Musasizi who was pressed over the recurrent supplementary budgets despite promise by the Permanent Secretary and Secretary to Treasury (PSST) Mr. Ramathan Ggoobi to reverse the practice.

"When we were starting [the tenure of] this [11th] Parliament, your Permanent Secretary said that the supplementary budgeting is going to be over. So, looking at your presentation, we are wondering whether there is an effort to do things better," Mr. Kateshumbwa told Minister Musasizi on Wednesday afternoon.

He also decried of government's failure to capture predictable and essential items in the main budget and instead choose to finance them through an emergency resource envelope.

Can you first assure us that you've addressed the important aspects raised by colleagues, such as support for local leaders? We previously mentioned these issues, but they weren't included. Are we going to continue like this? Is there an effort to review and refine the process before involving other sectors? Can you establish a procedure before moving forward?" Mr. Kateshumbwa asked.

As acknowledged the weaknesses, Mr Musasizi also pledged to undertake measures to scale down on the tendency of tabling supplementary budgets. "And I want to agree with you that there has been persistent occurrence of items which would appear to be provided for in the normal budget. But they don't find space and come in the supplementary. I agree with you. But why does this happen? We always struggle to find all the resources required to balance the budget at appropriation," Mr Musasizi told MPs.

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#UGBUDGET25

Last week, during a visit to the West Nile region, we joined other partners at an event hosted by CEFORD Uganda at Ringili Church in Arua. The gathering provided an opportunity to reflect on the modalities of citizens' agency in promoting downward accountability.

Over the past few years, supplementary expenditure has surged from US\$ 3.249 billion in 2019/2020 to US\$ 8.932 billion in 2023/2024. Notably, a funding gap of UGX 11.497 trillion exceeded the approved supplementary budget of UGX 8.932 trillion. This disparity indicates that the supplementary expenditure lacked a corresponding revenue source. Furthermore, the issue is exacerbated by the underutilization of allocated funds.

Source: OAG REPORT 2024

