



Civil Society Budget Advocacy Group (CSBAG).

WASTEFUL GOVERNMENT SPENDING

**CSBAG analysis is extracted from the
Annual Report of the Auditor General
to Parliament for the Financial Year
Ended 30th June 2024**

Audit Findings of Wasteful Government Spending FY2023/24 was produced by the Civil Society Budget Advocacy Group (CSBAG). The contents of this publication are the responsibility of CSBAG and not our development partners.

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1.0 Background.

The Civil Society Budget Advocacy Group (CSBAG) is a coalition formed in 2004 to bring together CSOs at national and district levels to influence Government decisions on resource mobilization, allocation and utilization for equitable and sustainable development.

CSBAG has over the years complemented the work of the Office of the Auditor General (OAG) in ensuring accountability and transparency in resource allocation, and utilization for improved service delivery in Uganda. In doing so, CSBAG collaborates with OAG to increase citizen participation and engagements in audit processes, which has made meaningful contributions in shaping Uganda's public finance management reforms. This is through **production of Simplified Audit Information** of the Auditor General's reports, which in turn increases citizens' access to credible facts regarding public financial management AND the **rollout of the Citizen Feedback platform (CFP)** intended for citizens to provide information on the state of service delivery and accountability in the country.

For FY2023/24 Audit, CSBAG **analysed and produced issue briefs on 13 audited areas** of Debt Management, Public Investment Management, Education Sector, Roads and Infrastructure, Performance of the Parish Development Model (PDM), Water and Environment, Energy and Extractives, Revenue Losses, Risky Ventures and Loss-Making Enterprises, Health, Agriculture, Pension Crisis, Procurement and misuse of supplementary funding. These can be accessed via the CSBAG website.

1.1 Roles of the Auditor General

The Office of the Auditor General (OAG) of Uganda is the Supreme Audit Institution responsible for auditing and reporting on all public accounts in Uganda. As mandated by the Constitution of the Republic of Uganda (1995), Article 163, the OAG audits the public accounts of all public offices, central and local government administrations, universities, public institutions, and any public corporation or organization established by an Act of Parliament. The OAG conducts financial and value-for-money audits for projects involving public funds and submits an annual report to Parliament for debate and consideration.

1.2 About this brief

As part of building a more transparent and accountable public sector, CSBAG has produced this analytical brief on Wasteful Government spending in FY 2023/24 as identified by OAG.

This brief provides insights and raise public awareness about the state of public financial management and enables citizens to understand how public resources are being managed and fosters civic engagement. On the side of policy makers and government technocrats, the briefs contain information crucial for government agencies to implement corrective actions and improve overall efficiency and effectiveness.

2. Introduction

This analytical brief focuses on wasteful spending within government entities and provides recommendations for improvement based on the findings of the 2024 OAG Audit. in FY 2023/24. Wasteful spending refers to inefficient expenditures and nugatory expenditures characterized government spending without achieving any beneficial outcomes or value for money. Specifically, CSBAG in identified spending as identified by OAG with the following characteristics Unnecessary purchases, Inefficient use of resources, Duplication of services or provision of unnecessary services, Lack of proper planning, Inadequate management of resources and Overpayment.

3. Analysis of Government Wasteful Expenditures in FY 2023/24

Based on the analysis derived from the OAG report, the government in FY2023/24 lost approximately UGX 2.9 trillion, equating to 5.5% of the approved resource envelope for FY 2023/24. These losses are attributed multiple factors, including unused or underutilized assets, unreconciled transactions, overpayments, and unnecessary commitment fees. These inefficiencies highlight the urgent need for reform. Redirecting these wasted resources will help address community needs and priorities, support the population, and ensure economic growth while providing quality services. For more details See Annex Table 1.

Table 1: Summary of the quantified Wasteful Spending FY2023/24 (Amount UGX. Bn)

Entity/Co/ Category	Justification	Amount (UGX. Bn)	Source (OAG Report Page, No)
Double Benefit (Emyooga and PDM)	608 beneficiaries benefited from both Emyooga and PRF this amounted to UGX 1.025 billion and UGX 0.603 billion respectively and yet the financial pillar guidelines ensure that households/individuals who have benefited from Emyooga should not benefit from PRF loan. Those who benefited are not able to repay the amounts they obtained	1,628,000,000,000	136
MDAs & LG Supplementary Funding	In the FY 2023/2024, 185 MDAs along with LGs received supplementary funding for pension and gratuity expenses without submitting a formal request, which is contrary to Public Finance Management Regulations. Additionally, they did not reconcile the actual amounts received with the amounts requested from the MoFPED	382,000,000,000	24
National Medical Stores	Drug supplies and other items, such as COVID-19 vaccines, ARVs, and test kits worth UGX 316.65 billion, were declared expired and non-viable given that this addition to UGX.33Bn in FY2022/23 amounts to an 860% increase in one year	316,650,000,000	64
Commitment Fees (MoWT)	Commitment fees incurred from Transport Infrastructure and Services fund projects amounted to USD.21,568,332.16 (UGX 79.504 billion) and UAH 1,444,813.87 (UGX 129.734 billion) this is incurred for funds committed but not utilized this entails financial implications to the government. This accumulation of fees could be avoided by timely disbursement of the money.	209,238,000,000	70
36 MDAs & LG	Irregular Initiation without approval and 63 unplanned procurements	101,810,000,000	149,150
Commitment Fees	Continued payment of commitment fee on undisbursed	73,904,000,000	47

UNCST Unused Equipment	UNCST acquired 214 pieces of construction equipment in May 2022 of this, 105 pieces of equipment worth UGX.72.45Bn were not being used and were parked at parking yards in Lyantonde, Namanve, and Rwebitete. This is a waste of resources in terms of both finances and potential productivity.	72,450,000,000	94
MoWT (Road Maintenance Grant)	Out of 303 roads inspected, 159 had anomalies; uninstalled culverts, unconstructed headwalls, silted culverts, and bushes on roadsides, among others.	35,820,000,000	284
Uganda Police Force	Procured an aircraft which does not suit certain terrain (USD7.84Mn)	28,982,000,000	341
Pension Overpayment	Overpayment of the gratuity to 1,502 pensioners in 134 MDAs and LGs for instance was noted in the Ministry of Water and Environment. The overpayment is attributed to wrong computation, system errors, and intentional by those in charge. Consequently, this money can not be recovered for non-existing pensioners. And 23 MDAs and 104 LGs (UGX 8.98 Bn) overpayment of pension benefits to 2,193 pensioners.	20,373,000,000	30,102
National Population Council	Nonfunctional National Data Bank	8,740,000,000	338
Kampala-Jinja Expressway (Commitment Fees)	The Government has incurred commitment fees totalling USD 1,718,445, further escalating project costs.	6,529,291,000	400
MEDM	2 projects were not functioning despite having been completed	4,710,000,000	435
Uganda Railways Corporation	Overpayments in the refurbishment of the Kampala-Namanve-Mukono railway line section (26.8km) revealed inconsistencies in the quantities of works certified	4,634,770,901	242
Service Delivery in MDAs and LGs	The government completed construction projects in 4 LGs that are not in use	3,960,000,000	116
LGs (outside item code)	9 LGs spent on activities not in the plan activities (item code) under the PBS	3,330,000,000	295
National Animal Genetic Resource Centre and Data Bank	The entity completed five structures worth UGX.2.95Bn but these remained non-functional.	2,950,000,000	458
District LGs(overpayment)	Local government on road rehabilitation & Market construction for no actual works done Variations in some of the quantities certified in projects on road rehabilitation and market construction resulted in overpayments.	2,733,727,000	236
KCCA Unused Asphalt Machines-Kampala City Roads Rehabilitation Project	Machines idle due to untrained staff	2,470,000,000	325
22 Municipal Councils	Inconsistencies in some of the quantities certified resulted in overpayments under the USMID Project	1,746,961,000	244
PDM Funds Mismanagement	There was a failure to account for the Parish Revolving Fund for the 212 PDM inspected SACCO. Specifically, UGX 1.544 billion was received and withdrawn from the bank account but was not disbursed to households. This oversight undermines efforts to transition 3.5 million people from subsistence farming to commercial farming and hinders financial inclusion.	1,544,000,000	126
Dairy Development Authority	3 complete Structures of nonfunctioning	887,000,000	366
MAAIF Idle Equipment (Idle Farm Machinery)	Farm machinery equipment worth UGX0.76Bn was lying idle in the Ministry yard and at the various police posts more than 15 months after delivery	758,000,000	375
LGs (unaccounted)	Unaccounted funds in 4 LGs worth UGX 0.67 billion	670,000,000	295
Staff Absenteeism HC Ivs and Soroti RRH	206 staff Absenteeism on average for 88 days & 10 staff were absent from duty for an average of 14 days in June 2024 in Soroti RRH	643,000,000	414,278
PDM SACCOs	567 PDM SACCOs in 41 LGs' registered offices did not exist	567,000,000	33

GKMA Implementing Entities	Inconsistencies in some of the quantities certified and the Executed Work	377,567,873	245
Directorate of Ethics and Integrity (Unaccounted Funds)	The entity did not account for UGX.294.4Mn relating to IMF Structural Benchmarking funding by the time of the audit	294,400,000	328
Busitema University	2 projects in Busitema University	245,000,000	360
HCIVs	UGX.0.063Bn in 3 HCIVs in 3 HLGs was spent on unapproved activities while UGX.0.153Bn was not accounted for.	216,000,000	277
Entebbe RH	The oxygen Plant constructed in Entebbe Referral by UPDF has not been operationalized	55,000,000	407
Excess Payment (OPM)	Overpayment to Uganda Veterans Assistance Board	25,000,000	318
Total		2,917,313,717,774	

Source: Author's construction using data from OAG Report, 2024

The section below is a detailed account of each the identified expenditure items as identified by OAG

3.1 Expired Drugs and Medical Supplies.

In the report, drug supplies and other items, such as COVID-19 vaccines, ARVs, and test kits worth UGX 316.65 billion, were declared expired and non-viable. This adds to UGX.33 billion in FY2022/23 an 860% increase in one year. This wastes government resources that would have been utilized for other dire needs to provide healthcare services. According to the Uganda Aids Commission estimates for 2024, the prevalence of HIV/AIDS is 5.1% overall, with significantly higher rates among women (6.6%) compared to men (3.6%) with 38,000 people newly infected.

Table 2: HIV/AIDS estimates prevalence by population group and AIDS-Related Deaths

Population Group	PLHIV	AIDS-related Death
Adults & Children	1,492,407	20,000
Adults 15+	1,400,000	17,000
Women 15+	910,000	8,200
Men 15+	490,000	7,800
All Young people 15-24	150,000	1,900
Young Men 15-24	40,000	800
Young Women 15-24	110,000	1,100
All Adolescent 10-19	85,000	1,100
Children 0-14	72,000	3,200

Source: Uganda AIDS Commission, Fact Sheet 2024

In total, about 1,492,407 adults and children are living with HIV/AIDS, which represents roughly 3% of the current population. This underscores the urgent need to reduce the prevalence of HIV/AIDS, to end the epidemic by 2030. However, the expiration of ARV medication deprives 3% of the population of the right to health.

Recommendation

National Medical Stores should stock essential drugs and medical supplies based on the demand from health facilities to reduce waste that may hinder the delivery of health services.

3.2 Underutilization and non-functionality of resources, especially equipment.

The government invested approximately UGX 240.257 billion in machinery, equipment, and other assets. However, these resources according to OAG were not utilized to their full potential, resulting in significant inefficiencies and underutilization. For example, in May 2022, the Uganda National Council Science & Technology acquired 214 pieces of construction equipment, of which 105 pieces worth UGX 72.45 billion are parked and unused in Lyantonde, Namanve, and Rwebitete. Similarly, the Kampala Capital City Authority (KCCA) has an unused asphalt machine valued at UGX 2.47 billion, and the Ministry of Agriculture, Animal Industry and Fisheries (MAAIF) has idle farm machinery worth UGX 0.76 billion lying in various locations for over 15 months. Additionally, UGX 12.24 billion from the National Environment Fund remains unspent and idle.

Despite the implementation of the e-GP system to improve procurement, irregular and unplanned procurements totalling UGX 101.81 billion still occurred. OAG also observed that the e-GP system's supplier and oversight portals are non-functional, affecting the intent of the automating public procurement systems. The OAG report identifies several underutilized and nonfunctional medical equipment in hospitals, including two ultrasound machines and Intensive Care Unit (ICU) beds in Kabale Hospital, as well as a nonfunctional oxygen plant and kitchen for the private wing in Kayunga Referral Hospital. Additionally, the isolation ward for the ICU in Entebbe Referral Hospital has remained not fully utilized. Various medical equipment in Butabika, Kiruddu, Kawempe, China Naguru, and Women Specialized Hospitals are also nonfunctional (footnote). This underutilization not only highlights inefficiencies in resource management but also undermines the socio-economic benefits these investments were intended to achieve.

These inefficiencies highlight the need for better asset utilization, improved procurement practices, and effective oversight to ensure that public resources are maximized for the benefit of the country

Recommendation

- Reallocate unused resources say machinery to agencies or regions where they are urgently needed.
- There is a need for deployment and training of necessary personnel, essential accessories to fully utilize the idle equipment, and infrastructure to extend critical services to the community.
- Strengthen oversight bodies to monitor the utilization of assets and hold responsible MDAs accountable for delays and inefficiencies.

3.3 Multi-funding of beneficiaries amongst households in both Emyooga and PDM

OAG established that in FY2023/24, 608 beneficiaries benefited from both Emyooga and Parish Revolving Fund (PRF) this amounted to UGX 1.025 billion and UGX 0.603 billion respectively and yet the financial pillar guidelines specify that households/individuals who have benefited from Emyooga should not benefit from PRF loan.

Table 3: Double Beneficiaries from Both Wealth Creation Initiatives

SN	Category	Number	Emyooga Amount (UGX)	PRF Amount (UGX)
1	Same NIN, Same Telephone No. and Same Name	81	128,324,150	78,780,000
2	Same NIN and Name	80	114,693,500	78,600,000
3	Same Telephone No. and Name	381	662,663,450	379,550,000
4	Same Telephone No. and Different Name	66	119,346,250	65,650,000
	Total	608	1,025,027,350	602,580,000

Source: OAG Report 2024

Money in both programs would be channelled to the same individuals negating the wealth creation initiative to boost households but further widening income inequality since it eliminates the opportunity for the other would-be benefiting households. Furthermore, 41 LGs registered 567 PDM SACCOs which did not exist at the time of audit therefore approximately UGX. 567 million is nowhere or even accounted for.

There is need for,

- MoFPED ought to come up with a clear strategy to address the double benefit. It could also explore running one program to overcome the duplicative nature of the wealth creation initiatives and have one harmonized database of the beneficiaries.
- The Ministry of Gender, Labour, and Social Development should devise a clear mechanism for recovering funds, especially through beneficiary profiling.

3.4 Unregistered PDM SACCOs

OAG established that whereas Section 36(1) of the Tier 4 Microfinance Institutions and Money Lenders Act 2016 requires that whereas Savings and Credit Cooperative Organizations (SACCOs) must be registered and licensed to conduct any financial business. The Parish Development Model (PDM) SACCOs have only partially fulfilled this requirement. default on repayments, the government lacks the legal authority to pursue them, as their operations are deemed informal under the Act. This situation increases the risk of losing the cumulative amount of UGX 3.4 trillion that has been disbursed to date to all the SACCOs under the PDM.

We therefore recommend that,

PDM SACCOs must adhere to Section 36 (1) subsection(1b) of the Tier 4 Microfinance Institutions and Money Lenders Act 2016 to reduce financial risks and improve the effectiveness of the program.

3.5 Overpayments.

The OAG observed that in FY 2023/24, government agencies made overpayments totalling UGX 29.81 billion. A significant example is the Ministry of Water and Environment, where overpayments were due to incorrect calculations, system errors, and intentional actions by responsible individuals. Other instances include the Office of the Prime Minister, which issued an excess payment of UGX 25 million to the Uganda Veteran Board, exceeding the budgeted amount of UGX 500 million. Additionally, approximately 1,502 pensioners were overpaid a total of UGX

20.37 billion in gratuities across various MDAs and LGs. These funds are unlikely to be recovered from non-existent pensioners.

In Local Governments, UGX 2.73 billion was excessively paid by accounting officers for road rehabilitation and market construction projects that have not been completed. These findings underscore the urgent need to strengthen internal controls, enhance oversight mechanisms, and implement corrective measures to prevent future occurrences and ensure the proper utilization of public resources.

Table 4: Overpayments at Local Government level.

DLG	Project	Overpayment (UGX)
Adjumani	Upgrading of Administration Road (1.43km), Market Road (1.09km), and Illa Road (0.66km) to Bituminous surface in Adjumani District	231,477,509
Arua	Construction of 2 bridges: Enyau-1 on Odianyadri-Congo road and Enyau-2 bridge on Awindiri-Ajono road under USMID-AF	603,203,850
Isingiro	Construction of Eight (8) Sealed Roads (7.09) km Under USMID-AF	271,886,808
Kamwenge	Construction of Market Shed and Taxi Park at Nkoma-Katalyeba Town Council Under USMID-AF	141,707,795
Kiryandongo	Construction of Alaro-Ongwalo-Yabwengi Road (1.448km), Kololo-Laboke Road (11.842km), and Karuma-Okweche-Alero Road (18.66km)	301,858,740
Lamwo	Rehabilitation of Lamwo Town Council-Palabek Ogili Sub-County Road (25.125km)	631,793,250
Madi-Okollo	Construction of Play Field at the District Headquarters	52,845,300
Moyo	Construction of Moyo Town Market in Moyo Town Council in Moyo District	60,312,032
Obongi	Construction of Ndirindiri Market Phase One and Two	176,342,169
Terego	Construction of a Resource Centre at Leju Town Council in Terego District	44,010,755
Yumbe	Rehabilitation/Construction of Ariwa-Kiri Road 34.76km	218,288,913.04
Total		2,733,727,121.04

Source: OAG Report 2024

Recommendation: Government should establish a robust, proactive system for financial monitoring and accountability across government entities and reprimand the responsible officers for irregular financial management.

3.6 Commitment fees

The OAG established that government entities incurred commitment fees amounting to UGX 1.67 billion, which are fees resulting from inefficiencies, as they are charged by lenders for unused public loans. Notable ones include, the Ministry of Works and Transport incurred UGX 209.24 billion in commitment fees for the Infrastructure Services Fund project, which remained unutilized. Additionally, there were fees associated with borrowed funds for the Kampala-Jinja Express project, totaling approximately USD 1.72 million (about UGX 6.53 billion). These examples underscore the need for improved financial management and more effective utilization of borrowed funds to avoid unnecessary costs and enhance service delivery.

Recommendation: The Ministry of Finance and the implementing government agencies should be ready to implement a project before the acquisition of a loan to avoid incurring the commitment fees on undrawn loan amounts.

3.0 Conclusion

The analysis of wasteful spending in Uganda for fiscal year 2023/24 from the audit findings reveals critical systemic inefficiencies that significantly impact national resource management. From our analysis government lost approximately **UGX 2.7 trillion** (equivalent to **5.5%** of the approved budget) key waste highlights are expired medical supplies (**UGX 316.65billion**), receivables (**UGX.43.05Bn**), Double beneficiary funding (**UGX1.63 trillion**) Overpayments (**UGX 14.15billion**), and underutilization of resources (**UGX.120.86 billion**). This undermines public service delivery, efficient resource allocation, and the potential to widen economic inequalities. In conclusion, the findings underscore an urgent need for comprehensive optimization of resource utilization, ensure transparency, and maximize the impact of public expenditure on Uganda's socioeconomic develop

