



BMAU BRIEFING PAPER (11/14)

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Allocations and expenditures on non-core activities: What is the general trend especially in the education sector?

Overview

Over the past four years, Government of Uganda's (GoU) budget increased from Ug. Shs 7.376 trillion in Financial Year (FY) 2010/11, to Ug Shs 13.064 trillion in FY 2013/14. Every year, Ministries, Departments and Agencies (MDAs) allocate part of the budget to recurrent expenditures constituting of allowances, advertisement and public relations, workshops, seminars, printing, stationery, photocopying and binding.

There is a growing concern that these line items are consumptive in nature and that some allocations to them could be moved to other more productive areas.

This paper analyses government recurrent budget allocation and expenditures in general and the education sector in particular, to establish the trend in allocative efficiency.

Key Findings

- Despite the Finance Minister's directive in the budget speech of FY 2012/13 for sectors to reduce inefficiency and waste in public expenditures, MDAs continued to allocate more funds to non-core activities in their recurrent budgets of FY 2013/14.
- MDAs increased allocations to allowances; and workshops and seminars in FY 2013/14 compared to FY 2012/13.
- Allocations by MDAs to advertising and public relations in FY 2013/14 remained at the same level as in FY 2012/13.
- The MoES increased allocations to printing, stationary, photocopying and binding in FY 2013/14 compared to FY 2012/13. However the vote reduced allocations to the rest of the line items under recurrent expenditure.

Introduction

In the FY 2012/13 Budget speech, government proposed measures to eliminate inefficiency and waste in public expenditure by minimizing allocations to consumptive areas such as allowances, advertisements and public relations, workshops and seminars as well as printing stationery, photocopying and binding items. It was observed that these were some of the areas where government would make a saving in order to improve service delivery.

The final Budget Call Circular for FY 2014/15 also emphasizes that sectors have to improve allocative efficiency by reducing expenditure on

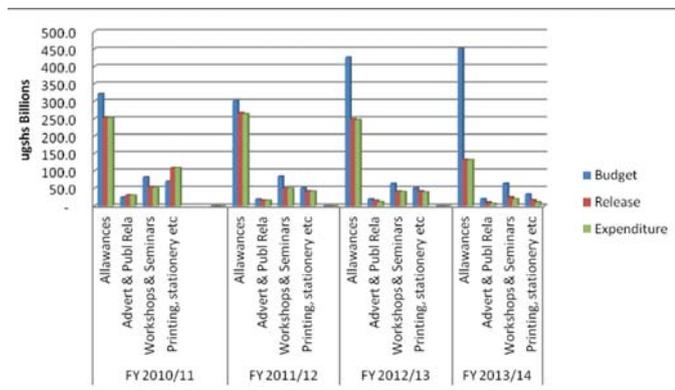
non-core activities such as administrative and consumptive items and redirect the resources to frontline service delivery under the respective sectors.

Trends in selected government recurrent expenditures

Figure 1: shows the varying trend in allocations, releases and expenditures to the four selected recurrent items (i.e allowances, advertisements

and public relations; workshops and seminars; and printing stationery, photocopying and binding) over the previous four financial years.

Figure 1: Trends in allocations to selected recurrent costs



Source: MFPEd

Allowances

An allowance in the Public Service is an additional payment to salary payable to an officer to facilitate the execution of an assignment or duty.

An allowance is paid to a public officer for two main reasons:-

- To compensate for extra exertion on his or her part arising out of the additional duties or responsibilities he or she may be required to carry out or shoulder over a period of time; and
- To meet out of pocket expenses that a public officer may incur from time to time in the course of official duties in furtherance of public interest.

There are twenty five different types of allowances with rates for the different categories of officers.

Analysis of the Government outturns shows that allocations to allowances increased from Ug Shs 322 billion in FY 2010/11 to Ug Shs 451.1 billion in FY 2013/14 (refer to figure 1). This therefore shows that despite the Finance Minister's directive that sectors reduce inefficiency and wastage of public expenditures, many sectors have continued to allocate more funds to this

item.

However, government's actual spending on allowances, reduced slightly from the previous years.

The government spent Ug. Shs 252.6 billion in FY 2010/11; Ug. Shs 263.6 billion in FY 2011/12; and Ug. Shs 246.7 billion in FY 2012/13.

Advertisements and Public Relations

Analysis shows that allocations and expenditures on advertising and public relations have been constant over the last four years. The allocation to this line item was Ug shs 20.08 billion in FY 2012/13 and slightly increased to Ug Shs 20.18 billion in FY 2013/14 (refer to figure 1)

Workshops and Seminars

Analysis of the government outturns shows that allocations and expenditures to workshops and seminars were highest in FY 2010/11 when Ug. Shs 82.1 billion was provided and Ug Shs 52.5 billion spent. During FY 2012/13 the budget was Ug Shs 63 billion while Ug Shs 40.4 billion was spent. Despite the Ministerial directive, allocation to this item for FY 2013/14 increased to Ug Shs 64 billion.

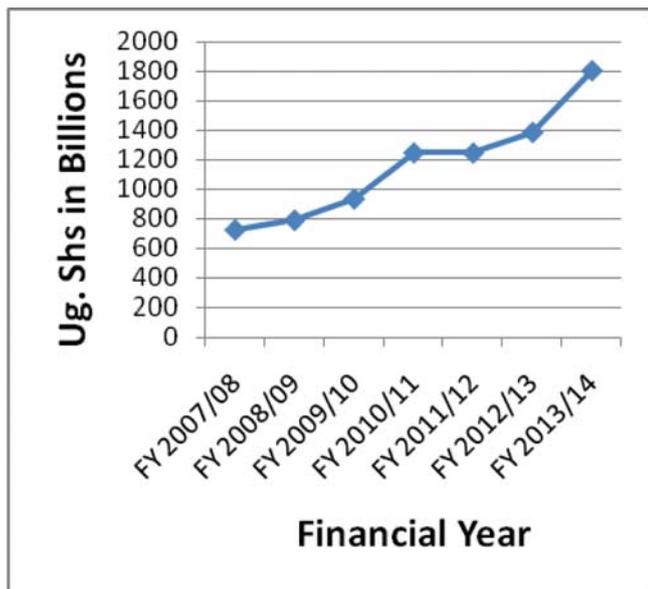
Printing, Stationary, Photocopying and Binding

Allocations to this line item reduced from Ug. Shs 70 billion in FY 2010/11 to Ug. Shs 33.87 billion in FY 2013/14.

On the other hand expenditures on this line item reduced from Ug. Shs 108.7 billion in 2010/11 to Ug. Shs 39.3 billion in FY 2012/13. Of the four line items, this is the only one where MDAs implemented the ministerial directive effectively.

Selected Education Sector Recurrent Expenditures

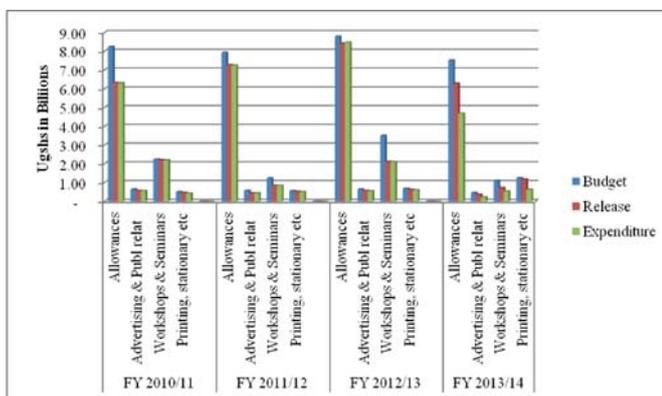
The total budget allocation to the education sector increased from Ug. Shs 767.09 billion in FY 2007/08 to Ug. Shs 1,801 billion in FY 2013/14 excluding external funding (refer to figure 2).



Source: MFPED

There have been varying trends in allocations, releases and expenditures to the four selected recurrent items in the education sector over the previous four financial years.

Figure 3: Trends in selected recurrent expenditures by the education sector



Source: MFPED

Allowances

Between FY2010/11 and FY2012/13, Vote 013 Ministry of Education and Sports (MoES) spent more funds on allowances followed by workshops and seminars. The budgets for allowances increased from Ug Shs 7.83 billion in FY 2010/11 to Ug. Shs 8.48 billion in FY 2012/13 (figure 3). However after the ministerial directive the budget to this line item reduced to Ug. Shs 7.5 billion in FY 2013/14.

On the other hand expenditures on allowances increased from Ug. Shs 6.31 billion in FY 2010/11 to Ug. Shs 8.48 billion in FY 2012/13. During FY 2012/13 MoES spent more than what was released on this item. While Ug Shs 8.42 billion was released, the ministry spent Ug. Shs 8.48 billion.

Advertising and Public Relations

The budgets for advertising and public relations averaged around Ug. Shs 0.60 billion between FY 2010/11 and 2012/13. However, after the ministerial directive, the allocation to this line item reduced to Ug Shs 0.46 billion in FY 2013/14.

Workshops and Seminars

The budget for workshops and seminars rose from Ug. Shs 2.24 billion in FY 2010/11 to Ug. Shs 3.51 billion in FY 2012/13. After the ministerial directive, the budget reduced to Ug. Shs 1.10 billion in FY 2013/14.

On the other hand, MoES spent Ug Shs 2.2 billion in FY 2010/11 on this line item. This slightly reduced to Ug shs 0.84 in FY 2011/12 and rose again to Ug. Shs 2.11 billion, in FY 2012/13. By the end of third quarter FY 2013/14 the vote had spent 0.53 billion on this item.

Printing, Stationary, Photocopying and Binding

The budget allocation to this line item increased from Ug Shs 0.50 billion in FY 2010/11 to Ug. Shs 0.68 billion in FY 2012/13. After the ministerial directive, the budget rose further to Ug. Shs 1.24 billion in FY 2013/14.

On the other hand, expenditures on this line item increased between FY 2010/11 and FY2012/13. A total of Ug. Shs 0.43 billion in FY 2010/11; Ug. Shs 0.50 billion in FY 2011/12 and Ug. Shs 0.53 in FY 2012/13 was spent.

By end of quarter three FY 2013/14, Ug. Shs 0.63 billion had been spent under this vote. This therefore shows that both allocations and expenditures on this line item have increased over time despite the ministerial directive.

Conclusion

A year after the 2012/13 budget speech, MDAs have not improved their allocative efficiency by reducing expenditures on the non-core/consumptive areas. That is why overall allocations to allowances and workshops and seminars increased.

However, MoES reduced allocations to three out of the four line items investigated after the ministerial directive.

Policy Recommendations

1. Projects within MDAs whose outputs have to be achieved through workshops and seminars could reduce these by using existing foras for learning and/or information sharing.
2. To reduce expenditures on advertising and public relations, MDAs should put the detailed adverts on their websites while using the print media to introduce them.
3. All MDAs should be connected to the National Back-born Infrastructure under NITA-U to ease sharing of documents and other pieces of information. This will enable MDAs to reduce expenditures on printing, stationary, photocopying and binding

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