

Telephone : 256 41 4232095/341286
Fax : 256 41 4233524
Email : finance@finance.go.ug
: treasury@finance.go.ug
Website : www.finance.go.ug
Plot No. 2-8 Apollo Kaggwa Road
In any correspondence on
This subject please quote No.



Ministry of Finance, Planning &
Economic Development,
P.O Box 8147
Kampala, Uganda

BPD/86/427/03

18th July 2022

PRESS BRIEF ON QUARTER ONE EXPENDITURE RELEASES FY 2022/23

1. I wish to welcome the Media and other Stakeholders to this press briefing on the Economic Performance and Quarter One (Q1) Expenditure Releases for FY 2022/23.
2. The objective of this briefing is to provide an overview of the state of the economy, the releases made to institutions in the first Quarter of the Financial Year, and guidance given to Accounting Officers on execution of the Budget for FY 2022/23.

A. STATE OF THE ECONOMY

3. As you know, the overarching goal of Government is to transform the economy for the benefit of all Ugandans. To achieve this, Government will, beginning this FY 2022/23:
 - (i) Kick-start the process of getting households still stuck in subsistence into the money economy;
 - (ii) Support businesses and the overall economy to recover from the impact of Covid-19 and other emerging shocks to restore jobs and livelihoods
4. As at the end of June 2022, the size of our economy was projected at Shs 162.1 trillion or US\$ 45.7 billion, translating into a per capita of US\$ 1,046. This is the result of prudent economic policies that enabled recovery in economic activity leading the economy to grow at 4.6% up from 3.5% the previous FY 2020/21. There was continued recovery in wholesale and retail trade; education and tourism services, real estate activities, ICT, agriculture, manufacturing and construction services.
5. There was also increased revenue collections especially during the second half of the financial year. As a result, revenue collected was Shs 21.7 trillion leading to a modest shortfall of Shs 707 billion against a projected shortfall of Shs 939 billion.

6. This modest but impressive performance under, the circumstances, was dampened by a significant increase in the prices of some essential commodities and services such as soap, fuel, cooking oil, some food crop items, education services and building materials. As a result, monthly headline inflation increased from 2.7% in January 2022 to 6.8% in June 2022. However, annual headline inflation for FY 2021/22 rose to 3.4% from 2.5% in FY 2020/21.
7. The increase in prices was caused by the effect of the Covid-19 restrictions across the world which disrupted supply chains, leading to high transport costs; a rapid rise in demand for fuel, raw materials and other goods when the economies globally were opened; and the Russia-Ukraine conflict.
8. The shilling also faced pressure against the dollar especially from April to June 2022 on account of rising interest rates in advanced economies and disruptions in trade caused by the Russia-Ukraine conflict. However, Bank of Uganda has taken appropriate measures to avoid volatile fluctuation and as a result the shilling has remained relatively stable.
9. Despite the above challenges, the prospects for the economy for this year are positive and the economy is expected to grow at 6.5% on account of full reopening, increased production and exports, import substitution, commercialization of oil and gas, support to private sector, improved access to affordable credit for businesses, implementation of the Parish Development Model (PDM) and digitalization of the economy. The sentiments for recovery have been expressed by the private sector through a number of surveys reported in the various businesses indices such as the Purchaser Manager Index, the Composite Index of Economic Activity, and Business Tendency Index.

B. Alignment of Fiscal Policy to Monetary Policy

10. The current status and outlook on inflation as reported by the Bank of Uganda in its June 2022 Monetary Policy Statement emphasises the need to coordinate our fiscal policy with the monetary policy to stabilise inflation. This requires effective communication and management of the actions of both policies. Therefore, to mitigate the

current inflationary trend, Government is mindful of its aggregate level of spending and this partly underpins the cash limits that we have issued.

C. APPROVED BUDGET FOR FY 2022/23

11. The Total Approved Budget for the Financial Year 2022/23 is **Ushs 48,130.68 billion** detailed as follows:

i.	Wage –	Ushs 6,375.58 billion
ii.	Non-Wage –	Ushs 11,114.49 billion
iii.	GoU Development –	Ushs 7,849.81 billion
iv.	External Financing – Devt	Ushs 6,716.17 billion
v.	Debt & Treasury Operations –Ushs	15,174.17 billion
vi.	Arrears –	Ushs 661.94 billion
vii.	Local Revenue –	Ushs 238.52 billion
	Total Budget -	Ushs 48,130.68 billion

D. HIGHLIGHTS OF FIRST QUARTER RELEASE FOR FY 2022/23

In line with the Ministry's commitment to release funds before the 10th day of the first month of the quarter, I issued the Quarter One Expenditure limits on **8th July 2022** to ensure timely execution of Government programs.

12. The Expenditure limits for Q1 of FY 2022/23 were derived based on the Work plans and procurement plans of MDAs and the available resources for Q1 of FY 2022/23.

13. The Q1 release of Government of Uganda funds, excluding debt, amounts to **Shs 4.676 trillion**.

14. The highlights of the release are as follows:

Category	Q1 Projection (billions)	Released (billions)
Wage	1,595.8	1,603.6
Non-Wage	3,429.2	1,813.6
Development	2,380.4	596.738
Arrears	661.947	661.947

- i. Wage (**Shs 1,603.6 billion**) and Pension and Gratuity (**Shs 230 billion**) have been fully provided for this Quarter.
- ii. The Budget for arrears (**Shs 662 billion**) has been fully released;

- iii. Security agencies i.e. Defense, ESO and ISO have been provided with **(Shs 721 billion)**;
 - iv. **Shs 47.6 billion** has been provided for Judiciary;
 - v. **Shs 175 billion** has been provided to Parliament;
 - vi. The recurrent release for Health institutions **(Shs 160 billion)** has been prioritised
 - vii. **Shs 96 billion** has been provided for recurrent expenditure for Local Governments;
 - viii. **Shs 98 billion** has been provided for Universities
 - ix. **Shs 13 billion** has been provided for Agriculture institutions.
15. We have not made a release for capital expenditure as it will be prioritized in Quarter Two with the exception of Wage for contract staff salaries, Ministry of Defense, State House and Ministry of Works (Shs. 26 billion).

CONCLUSION

16. In conclusion, I would like to emphasise the following;
- i. The Quarter One release has been constrained by the state of the economy, especially the effort of Government to coordinate its fiscal policy with the monetary policy to arrest the inflation;
 - ii. All Accounting Officers must ensure that they pay wages, salaries, pensions and gratuity by the 28th of every month;
 - iii. There should be a display of the payrolls for salaries and monthly pension on Government institutions' notice boards every month;
 - iv. Accounting Officers must prioritise payment of service providers on time and clearance of domestic arrears to avoid further accumulation of arrears and penalties;
 - v. NO recruitment should be done without clearance from Ministry of Public Service after ascertaining availability of adequate Wage from this Ministry;
 - vi. Accounting Officers are required to ensure that every promotion and re-deployment of staff made to a different cost center should be backed up by adequate Wage provision; and
 - vii. All Government operations this financial year will underpin fiscal discipline, budget credibility, commitment to service delivery and timely project execution. This Ministry will not entertain supplementary expenditures that are not for security

or industrial policy purposes, themselves accommodated within the 3% of the appropriated budget as provided for in the law.

17. Finally, MoFPED remains committed to the timely release of funds and all stakeholders are requested to take note of information printed in the media and on our Budget Website www.budget.finance.go.ug.

A handwritten signature in blue ink, consisting of several overlapping loops and a long horizontal stroke extending to the right.

Ramathan Ggoobi

PERMANENT SECRETARY/SECRETARY TO THE TREASURY

