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BPD/103/155/01

20<sup>th</sup> April 2023

## PRESS RELEASE ON QUARTER FOUR EXPENDITURE RELEASES FY 2022/23

1. I wish to welcome the media and other stakeholders to this meeting whose objective is to brief the media on the Fourth Quarter releases and the State of the Economy.

### A. APPROVED BUDGET FY 2022/23

2. As stated at the previous briefing, the total Approved Budget for Financial Year 2022/23 is **Ushs 48,130 billion** as summarised below:

i. Wage –	Ushs	6,375.58 billion
ii. Non-Wage –	Ushs	11,113.89 billion
iii. GoU Development –	Ushs	7,849.81 billion
iv. External Financing – Devt	Ushs	6,716.17 billion
v. Debt and Treasury Operations –	Ushs	15,174.17 billion
vi. Arrears –	Ushs	661.95 billion
vii. Local Revenue –	Ushs	239.11 billion
<b>Total Budget -</b>	<b>Ushs</b>	<b>48,130.68 billion</b>

3. The GoU discretionary Budget i.e the Budget available for allocation to agencies amounts to Ushs **26,001.22 billion**.

4. The Ministry is committed to releasing funds by 10<sup>th</sup> of the first month of the quarter to ensure timely execution. Accordingly, the First Quarter (July-September) releases were made on 8<sup>th</sup> July 2022, in the Second Quarter (October-December) the releases were made on 30<sup>th</sup> September 2022, whereas in the Third Quarter (January-March) the releases were made on 4<sup>th</sup> January, 2023.

5. This Fourth Quarter (April-June), we communicated the release of funds on the 6<sup>th</sup> April, 2023.

#### Mission

*"To formulate sound economic policies, maximize revenue mobilization, ensure efficient allocation and accountability for public resources so as to achieve the most rapid and sustainable economic growth and development"*

**B. BUDGET PERFORMANCE AS AT END OF Q3 FY 2022/23**

6. As at end of the Third Quarter, this Ministry had released **Ushs 20,428.92 billion**, representing 78.6% of the Approved GoU Budget as disaggregated as follows:

Budget Category	Approved Budget (Ushs Bn.)	Released as at end Q3 (Ushs Bn.)	%
Wage	6,375.58	5,397.25	84.7%
Non-Wage	11,113.89	9,174.05	82.5%
GoU Devt	7,849.81	5,112.28	65.1%
Arrears	661.95	745.34	112.6%
<b>Total GoU</b>	<b>26,001.22</b>	<b>20,428.92</b>	<b>78.6%</b>

**C. EXPENDITURE LIMITS FOR THE FOURTH QUARTER OF FY 2022/23**

7. This Quarter (April-June), **Ushs 5,084.59 billion** has been released representing **22.6%** of the GoU Budget as follows:

Budget Category	Approved Budget (Ushs Bn.)	Q4 Release (Ushs Bn.)	%
Wage	6,375.58	1,600.62	25%
Non-Wage	11,113.89	2,125.55	19.1%
GoU Devt	7,849.81	1,334.23	17.0%
Arrears	661.95	24.19	3.7%
<b>Total GoU</b>	<b>26,001.22</b>	<b>5,084.59</b>	<b>22.6%</b>

The above release translates into a cumulative outturn of 106.2% of the Approved GoU Budget. The key areas of release are as follows:

**Central Government**

- i) **Ushs 1,600 billion** to cater for wages and salaries across Government;
- ii) **Ushs 193.63 billion** to Local Governments including Education Capitation Grants (**Ushs. 111.71 billion**) to cater for Term 11 of the school year;



- iii) **Ushs 137.974 billion** to Uganda Road Fund for maintenance of roads. This ensures 100% of releases to Road Fund i.e **Ushs. 485 billion;**
- iv) **Ushs 110.388 billion** to National Medical Stores for purchase of essential drugs and medicines. This ensures 100% of releases to NMS i.e **Ushs 489 billion;**
- v) Kampala Capital City Authority – **Ushs 60.458 billion** under GOU development expenditure including funds for road maintenance and drainage (**Ushs 40 billion**). This is an increase from **Ushs 13.9 billion** which was released in Quarter Three and ensures that the total GOU development expenditure for KCCA has been released .
- vi) Health institutions operational funds have been released for
- Ministry of Health - **Ushs 4.575 billion;**
  - Regional Referral Hospitals - **Ushs 20.305 billion;**
  - Mulago - **Ushs 18.703 billion;**
  - Butabika - **Ushs 1.826 billion;**
  - Uganda Cancer Institute - **Ushs 5.696 billion;**
  - Uganda Heart Institute - **Ushs 3.725 billion;**
  - Uganda Blood Transfusion Services - **Ushs 3.863 billion;**
  - Uganda Virus Research Institute - **Ushs 1.817 billion.**
  - Under GOU development expenditure for Health Institutions, **Ushs 8.9 billion** has been released to Mulago, **Ushs 5.5 billion** for Cancer Institute, **Ushs 1.71 billion** for Heart Institute and **Ushs 12.267 billion** for Regional Referral hospitals.
- vii) **Ushs. 264.566** to MoFPED for Parish the Development Model. This makes the total release to PDM to **Ushs 1,059.4 billion;**
- viii) **Ushs 311.202 billion** to UNRA for road construction;
- ix) MoWT – **Ushs 30.769 billion** of which for support to Uganda Airlines **Ushs 27 billion;**
- x) **Ushs 9.791 billion** to Ministry of Education and Sports;
- xi) **Ushs. 228.377 billion** for Pension and Gratuity.

8. The above releases will translate into a cumulative release **106.2%** of the Approved GoU Budget.





## Local Governments.

9. **Ushs 1,001.208 billion** (23.85% of the approved Local Government budget) has been released to local governments as follows:
- |                         |   |                             |
|-------------------------|---|-----------------------------|
| i) Wage (28.0%)         | - | <b>Ushs 799.517 billion</b> |
| ii) Non-Wage (29.3%)    | - | <b>Ushs 193.634 billion</b> |
| iii) Development (1.2%) | - | <b>Ushs 8.057 billion</b>   |

10. Please note that the end of Quarter Three 100% of the Local Government Development Grants were released to enable Local Governments implement projects timely. This is in line with GoU's commitment to minimise procurement delays and avoid unspent balances at the end of the Financial Year.

## D. MACRO ECONOMIC PERFORMANCE FOR FY 2022/23 TO DATE

11. **Inflation:** Annual headline inflation during the month of March 2023 declined to 9.0% from the 9.2% registered in the previous month of February. This was largely driven by a slowdown of price increases in the annual Core inflation basket particularly for goods like sugar, refined cooking oil, laundry bar soap, among others during the month.
12. **Economic Activity:** While economic activity has continued on a recovery path from the shocks experienced over the past two years, the Composite Index of Economic Activity marginally declined by 0.1% from 152.5% in January to 152.3% in February 2023. This was due to weaker growth particularly in the industry sector on account of lower output from manufacturing and mining & quarrying sub sectors during the month.
13. **Exchange rate:** During March 2023, the Ugandan Shilling traded at a period average of **Shs 3,744.52/USD** compared to a period average of **Shs 3,685.72/USD** in February 2023. This represents a depreciation of 1.6% largely on account of global strengthening of the US Dollar against major currencies and increased corporate demand for the dollar particularly to pay dividends to foreign investors
14. **Interest rates:** The Central Bank Rate (CBR) remained at the prevailing 10% as of March since there was no Monetary Policy Committee (MPC) meeting in March 2023.



15. **Private Sector Credit (PSC):** The stock of outstanding private sector credit in February 2023 was Shs 20,103.6 billion, a 0.2% decline from Shs 20,138.9 billion in January 2023 partly driven by the tight monetary policy stance and increased lending rates. During the month, the shilling denominated credit accounted for 69.4% (Shs 13,955.72 billion), while foreign currency denominated credit was 30.6% (Shs 6,147.85 billion) of the total stock.
16. **Trade deficit:** Uganda traded at surplus with all EAC partner states save for Tanzania during the month. Kenya remained Uganda's biggest trading partner accounting for USD 71.88 million worth of exports and USD 70.09 million worth of imports during the month. Other notable surpluses included South Sudan (USD 47.13 million) and the DRC at USD 56.08 million. Exports to Tanzania amounted to USD 4.34 million while imports amounted USD 13.92 million hence the USD 9.58 million trade deficit in February 2023.
17. **Fiscal Development:** Government operations in March 2023 resulted in a fiscal deficit of **Shs 822.88 billion**. This was higher than the programmed deficit of **Shs 431.53 billion** due to a combination of shortfalls in revenues and higher than planned expenditure for the month. Domestic revenue and grants were short of their target for the month by **Shs 251.90 billion** while total expenditure was above plan by **Shs 139.44 billion**.

## CONCLUSION

18. In conclusion, I would like to highlight the following:
- i) All Accounting Officers must ensure that they pay wages, salaries, pensions and gratuity by the 28<sup>th</sup> of every month.
  - ii) Accounting Officers must prioritize payment of service providers on time and avoid accumulation of arrears.
  - iii) There should be display of the payrolls for salaries and monthly pensions on government institutions and cost centre (schools, health centres, departments etc.) notice boards every month.
  - iv) Accounting officers must ensure timely submission of performance reports and accountability.
  - v) The national identification numbers will be used in the confirmation of payment of wages, pensions and gratuity.



- vi) All Government institutions should ensure pre-payment of utilities (water and electricity). Failure to adhere to this, the service providers should turn off services to the non-compliant voters.
19. Over the last three years, this Ministry has been committed to the timely release of funds and all stakeholders are requested to utilize the information printed in the media.
20. Once again, I wish to thank the Press and Civil Society for supporting our budget transparency initiative. I urge you to make use of our website [www.budget.finance.go.ug](http://www.budget.finance.go.ug) where we post more detailed information. You may also call our Budget Call Centre on **0800 229 229** for any information on the Budget.



Ramathan Ggoobi

**PERMANENT SECRETARY/ SECRETARY TO TREASURY**