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THE REPUBLIC OF UGANDA

Ministry of Finance, Planning &
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6th July, 2021

PRESS RELEASE ON QUARTER ONE EXPENDITURE RELEASES FY 2021/22

1. I wish to welcome the media and other stakeholders to this media briefing on the Quarter One Expenditure for FY 2021/22. The objective of this briefing is to provide information to the Public on the first Quarter releases and projected Economic Performance for the first Quarter of Financial Year FY2021/22.

A. APPROVED BUDGET FY 2021/22

2. The Total Approved Budget for Financial Year 2021/22 is **Ushs 44.779 Trillion** detailed as follows:

• Wage	–	<i>Ushs 5.533 Trillion</i>
• Non-Wage	–	<i>Ushs 9.173 Trillion</i>
• GoU Development	–	<i>Ushs 8.059 Trillion</i>
• External Financing	–	<i>Ushs 6.868 Trillion</i>
• Debt and Treasury Operations	–	<i>Ushs 14.934 Trillion</i>
• Local Revenue	–	<i>Ushs 0.212 Trillion</i>
Total Budget	-	Ushs 44.779 Trillion

3. However, the Budget for FY 2021/22 has been affected by the effects of the Second Wave of the COVID-19 pandemic and the lockdown measures taken to curb its spread. Accordingly, we shall continue to monitor revenue performance and take remedial measures.

4. In order to manage the Second Wave of COVID-19, we have provided **Ushs 600 billion** for the first half of this Financial Year as summarised in Annex 1 attached.

B. HIGHLIGHTS OF QUARTER ONE RELEASES FOR FY 2021/22

5. In line with the Ministry's commitment to release funds before the 10th day of the first month of the quarter, we have issued the Quarter One Expenditure limits on **2nd July, 2021** to ensure timely execution of Government programs.

6. A total of **Ushs 5,673.28 billion** has been released for Quarter One expenditure. This represents 25% of the approved GOU Budget (excluding External Financing, Appropriation in Aid (AIA) and Public Debt).
7. The release for Quarter One FY 2021/22 has prioritised expenditure in the following areas:
 - i. Funding to adequately meet the expenditure requirements for Quarter One for managing the COVID-19 Pandemic under the health sector, support to the vulnerable population and other sectors;
 - ii. Funding to Security;
 - iii. Providing funding for the Agricultural Institutions in line with the Budget Strategy to cater for the agriculture planting cycle;
 - iv. Funding to cater for certificates for on-going contracts for key capital development projects under Roads, water and Energy.
8. In regard to the releases to Health, the Quarter One Release has prioritised the following:
 - i. Supplementary of **Ushs 206 billion** to cater for provision of oxygen (**Ushs 94.96 billion**), logistics (**Ushs 67.56 billion**), infrastructure which includes beds, ICUs and HDUs (**Ushs 11.56 billion**), staff costs, case management at National and Regional Referral hospitals, e.t.c;
 - ii. **Ushs 218.1 billion** to NMS to cater for purchase of COVID-19 Vaccines and Essential Drugs and medicines;
 - iii. **Ushs 19 billion** release to Mulago Hospital; and
 - iv. **Ushs 67 billion** release to Referral Hospitals.
9. The Supplementary expenditure also provides for **Ushs 53.5 billion** for relief funding to vulnerable groups, and **Ushs 53.74 billion** to Local Governments of which **Ushs 27.87 billion** has been allocated to Village Health Teams.
10. In addition, the release has catered for the requirement to increase Nurses and Midwives Lunch Allowances ranging from Ushs 2,000/Ushs 3,000 to Ushs 10,000/Ushs 15,000 based on the Salary Scale (**Ushs 32.3 billion**) and Operationalization of Cancer Reference Laboratory (**Ushs 7.3 billion**).

11. The table below shows a summary of the First Quarter FY 2021/22 Budget release:

Category	Amount (Ushs Billions)
Wage	1,390.11
Non Wage	1,726.87
Sub-Total recurrent	3,116.97
GOU Devt	1,699.53
Arrears	435.44
Supplementary for COVID	371.74
Supplementary for Nurses, Uganda Cancer Institute and Ministry of Defense	49.59
Total GoU Expenditure	5,673.28

12. The Key expenditure drivers are as follows:

- i. Local Government Grants - **Ushs 578 billion;**
- ii. Release for Domestic arrears- **Ushs 435.4 billion;**
- iii. Q1 funding for Health Institutions- **Ushs 373 billion;**
- iv. UNRA – **Ushs 250.1 billion;**
- v. Ministry of Science, Technology and Innovation - **Ushs 94.6 billion** for Innovations;
- vi. Uganda Road Fund - **Ushs 74.87 billion;**
- vii. Funding for Emyooga - **Ushs 50 billion;** UDB- **Ushs 21.4 billion;**
- viii. Funding for SAGE **Ushs 30.3 billion** and UWEP - **Ushs 7.3 billion;**
- ix. Release for certificates under Works and Transport (**Ushs 30.42 billion**), Water (**Ushs 90.5 billion**), Energy and Mineral Development (**Ushs 16.5 billion**), Judiciary (**Ushs 9.9 billion**), and Electoral Commission(**Ushs 19.9 billion**)
- x. Release for Agriculture Institutions, MAAIF - **Ushs 8.8 billion**, NARO – **Ushs 4.4 billion**, NAADS – **Ushs 3.8 billion;** and NAGRIC&DB **Ushs 7.1 billion.**

C. Policy Pronouncements from the Budget Execution Circular

13. In line with the PFMA 2015, this Ministry issued the Budget Execution Circular dated 30th June 2021. The Budget Execution Circular for FY 2021/2022 is issued to Accounting Officers to communicate:

- i. The Annual Cash Flow Plan of Government for FY 2021/2022;
- ii. The Budget Strategy for FY 2021/2022;

- iii. The Policy and Administrative Guidelines to execute the FY 2021/2022 Budget; and
- iv. The requirements to realign budgets to the NDPIII.

14. The Key Policy and Administrative guidelines for FY 2021/22 are as follows:

Management of Government Assets and Inventories

- i. Accounting Officers are required to undertake a thorough review of their Votes to assess the alignment of the NDPIII goals in the Budgets, Subprograms, Sub-Sub programs, Directorates, Departments, and Outputs with the outputs of the PIAPS.
- ii. Regular and proper maintenance of public assets to ensure maximum performance and efficiency for optimal economic benefits and service value derived in the delivery of public services;
- iii. Maintenance of complete, accurate and up-to-date asset registers, through the specified asset management systems.
- iv. Monitoring and evaluation of the performance of assets against the set outputs and targets to ensure optimal performance of those assets.
- v. Implementation of Board of Survey and Audit Recommendations relating to asset management.

Recurring Issues Impacting on Budget Execution

15. According to the Auditor General's Report for FY2019/2020, a number of key issues were identified and require immediate attention. These include:

- i. *Poor Project Implementation*: Accounting Officers should ensure that before commencing on implementation of projects, there should be feasibility studies, project designs and provide for realistic targets.
- ii. *Under Absorption of Loans*: This Ministry is undertaking a review of all projects to especially non-performing projects to minimize interest costs and commitment charges incurred by Government.
- iii. *Fleet Management*: A comprehensive review of the current public service vehicle standardization guidelines will be undertaken this FY2021/22.
- iv. *Misappropriation of public funds*: Accounting Officers should put in place effective systems of risk management, internal control and internal audit with respect to all resources and transactions of a Vote.

16. On Domestic arrears, this Ministry has developed and issued the “Domestic Arrears Strategy 2021” which has outlined actions to be implemented to clear and avoid accumulation of further arrears.

Payment of Taxes by Government Ministries, Agencies and Local Governments
17. A review of outstanding arrears to Government institutions has revealed that some Accounting Officers do not remit Pay-As-You Earn (PAYE), National Social Security Fund (NSSF) deductions for contract staff and with-holding tax due in spite of all appropriations being tax inclusive. Accordingly, Accounting Officers should ensure that relevant taxes are settled at the time of making payments to the relevant beneficiaries.

Non Tax Revenue (NTR)
18. As required under Section 29 of the PFMA, 2015, all Non-Tax Revenue (NTR) and Local Revenue should be collected and remitted to the Uganda Consolidated Fund. Any Accounting Officer who attempts to collect and use NTR at source or fails to remit NTR will be sanctioned accordingly.

D. CONCLUSION

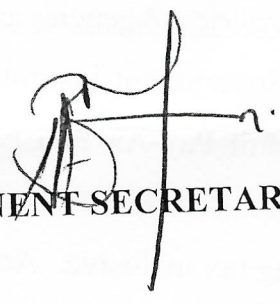
19. In conclusion, I would like to emphasize the following:

- i) All Accounting Officers must submit their accounting warrants by Friday 9th July 2021 for approval and execution of the Budget.
- ii) All Accounting Officers must ensure that they pay wages, salaries, pensions and gratuity by the 28th of every month.
- iii) Accounting Officers must prioritize payment of service providers on time and avoid accumulation of arrears.
- iv) There should be a display of the payrolls for salaries and monthly pension on Government institutions’ notice boards every month.
- v) Accounting Officers must ensure timely submission of performance reports and accountability.
- vi) Clearance of domestic arrears must be prioritized during this quarter.

20. 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 Ministry Website www.budget.go.ug.

21. Once again, I wish to thank the Press and Civil Society for supporting our budget transparency initiative and I urge you to make use of our website www.budget.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.

Patrick Ocailap



For: PERMANENT SECRETARY/SECRETARY TO THE TREASURY

Annex 1: Supplementary Expenditure for COVID-19

NO	FUNDING CATEGORY	AMOUNT (USHS. BN)
1	Health	206,360,000,000
2	Security	50,000,000,000
3	Relief	53,500,000,000
4	Local Governments	53,740,000,000
5	ICT	8,100,000,000
6	Contingency	228,300,000,000
	Total	600,000,000,000