

# **Continued Misuse and Wastage of Public Resources**

## **Statement of Members of Civil Society**

Presented to the

**Public Expenditure Review Workshop held**

**at Munyonyo on**

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### **UGANDA DEBT NETWORK**

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# 1 Preamble

**We** the members of the Civil Society gathered at Pope Paul Memorial Centre, Kampala, on 8<sup>th</sup> to 10<sup>th</sup> May 2005, and having deliberated on issues of the continued misuse and wastage of public resources in Uganda,

**AWARE** that the government has committed itself to Vision 2025 and the Millennium Development Goals (MDGs) targets by 2015, prioritized poverty eradication as contained in the Poverty Eradication Action Plan (PEAP) and to increase spending for Priority Poverty Areas (PPAs) in the Medium Term Expenditure Framework (MTEF),

**CONCERNED** that government's commitments to a) improving the quality of life of the poor b) increasing the incomes of the poor, and c) equal protection of rights are being undermined by current questionable expenditure patterns,

**DISMAYED** by recent government controversial decisions and proposals to a) bailout failed business people b) give cash handouts to MPs from unexplained sources c) extravagant spending on healthcare and education for a few privileged Ugandans d) purchase of expensive vehicles for Ministers e) pay for an expensive referendum instead of using less expensive options provided for in the constitution to change the political system,

**FURTHER CONCERNED** that, in spite of all the above, Uganda remains a net borrower and donor dependant, with a debt burden exceeding Ush8 trillion and having some of the lowest social indicators in sub-Saharan Africa,

**WE ARE THEREFORE COMMITTED** to advocating for pro-poor policies, prudent management and utilization of national resources for the benefit of all Ugandans.

# 2 **Priorities for Public Expenditure**

We recognize that government has since 1999 annually increased the allocations in the budget to the poverty priority areas such as UPE, Primary Healthcare, Water and Sanitation, improved road infrastructure and others.

Government has, however, failed to meet its obligations and commitments to the following:

- Payment of pension arrears for all public servants exceeding Ush300 billion.
- Provide a living wage for all public servants thus subjecting some of them such as the police force, teachers, medical workers, to a life of destitution and marginalization.
- Addressing the concerns of special interest groups such as women, people with disabilities of all categories and children.
- Ending the over 18-year war which has resulted in more than 1.5 million people living in internally displaced camps in the war-torn areas, who lack basic needs like sufficient food, clean drinking water, primary healthcare, quality education and are vulnerable to diseases like HIV/AIDS.
- Fundamentally transforming the quality of education especially the Universal Primary Education (UPE) and access and affordability to tertiary education.
- Improving maternal and child health, so as to reduce the high maternal mortality rate standing at 880 per 100,000 and the under five-years mortality rate standing at 140 per 1000 live births.

# 3 Wastage of Public Resources

We recognize government commitment to increase revenue collections so as to increase expenditure for poverty reduction programmes and all government services. However, we believe that government's first priority should be to prudently use available resources for productive investments. We are, therefore, concerned that government has instead made decisions that undermine its own commitments by:

- Bailing out failed businesses such as that of Hassan Bassajjabalaba to the tune of Ush19.9 billion. What criteria does the government use?
- Government's proposal to spend Ush7.6 billion to purchase Toyota Land Cruisers for 66 Ministers on the pretext that they need the cars to traverse Uganda's bad roads. This is irrational, uncalled for and not a priority, in view of the fact that only 6.7% of Uganda's road network is paved and large areas of the country are inaccessible in terms of goods and service delivery, transportation and markets.
- Government's decision to spend Ush2.5 billion to sponsor former Vice President Wandira Kazibwe to undertake a PhD in Medicine at Harvard University, which could have been better spent to train 50 new medical doctors in Uganda.
- Over Ush1.5billion paid to some Members of Parliament for mobilization and consultation on the government White Paper to amend the Constitution, which could have been put to better use such as settling pension arrears.
- The proposed expenditure of Ush30 billion on the referendum to change the political system when there are less expensive alternatives through Parliament and District Councils.
- We appreciate the government concern that dependency on Aid and External Financing is not in the best interest of the country as it undermines national sovereignty and ability to make independent political and economic decisions. Indeed we believe it is counterproductive to the interests of the poor people of

this country. However, given our current inability to raise sufficient resources to run government, and provide adequate social services we believe that there is still need for external aid. Government should therefore concentrate on the prudent use of external aid for national development and poverty production.

## **4** **Uganda's Spiralling Debt**

We appreciate that government has committed itself to reduce the country's debt burden and to limit future borrowing to US\$200 million per annum.

We, however, believe that government will not be able to fulfill this commitment given that a) revenue collection is still as low as 11% of Gross Domestic Product (GDP) b) Uganda's debt has increased over the last ten years from US\$2.9 billion in 1994 to US\$4.7 billion (over Ush8 trillion) in 2005, meaning that every Ugandan, including the new born child, carries a debt burden of Ush330,000 d) debt servicing stands at US\$ 142.5 million (2003/04).

We believe that Uganda's debt problem stems partly from government's inability to supervise and monitor the performance of loans and most of the loans being consumption rather than production oriented. Examples of such loans include the US\$100 million for the Northern Uganda Social Action Fund (NUSAF) and US\$36 million for Nutrition and Early Childhood Development Project (NECDP). These projects do not seem to have met their objectives either because of poor project design, implementation, monitoring and evaluation or because they ignore the concerns and interests of the targeted population. In some cases they have been hijacked by local politicians to advance their personal interests.

# 5 Uganda's Poverty Levels

**Table 1: Uganda's development indicators**

|  |                           |
|--|---------------------------|
| Population, total (2003)                                   | 25.3 million              |
| Poverty headcount, national (% of population) (2002/3)     | 38%                       |
| Poverty headcount, rural (% of population) (2000)          | 39%                       |
| Poverty headcount, urban (% of population) (2000)          | 10%                       |
| Infant mortality Rate (2003)                               | 81 per 1,000 live births  |
| Under five Mortality Rate (2003)                           | 140 per 1,000 live births |
| Maternal mortality rate (2000)                             | 880 /100,000              |
| Births attended by health staff (2000)                     | 39%                       |
| Child malnutrition, weight for age (% of children under 5) | 23                        |
| Life expectancy (Years) (2003)                             | 43.2                      |
| Population per physician (2000)                            | 18,570                    |
| Distance to the nearest health center (2000)               | 4.8km                     |
| Adult Literacy Rate (% for males 18 Years plus) (2002)     | 75                        |
| Adult Literacy Rate (% for females 18 Years plus) (2002)   | 54                        |
| Access to safe drinking water source, rural (2002)         | 55.7 %                    |
| Access to safe drinking water source, urban (2002)         | 93.2%                     |
| Expenditure, total (% of GDP) (2004)                       | 30%                       |
| Expenditure, total (current as % of GDP) (2001)            | 12.4%                     |
| Expenditure, total (development as % of GDP) (2001)        | 10.8%                     |
| Debt stock ( % of GDP%) (2005)                             | 60.%                      |

**Source:** WorldBank Group(2002), Uganda Bureau of Statistics(2004), World Development indicators (April 2005).

Uganda's poverty indicators as indicated in the table above, present a miserable picture of an impoverished nation that cannot afford a decent livelihood and survival for its population. Uganda's poverty also has many facets, which vary according to gender and location. The poor in Uganda face many hurdles such as insecurity, lack of basic necessities, unemployment, inaccessibility to social service, poor governance, lack of productive assets, limited access to services, and inability to meet basic needs and high expenditures especially on medical care, feeding and education.

From the table above, 38% of the population lives below the poverty line and are unable to meet their daily basic needs. The country is also ravaged by HIV/AIDS, and Government has not yet put in place a clear policy to ensure adequate access to Anti-Retroviral Drugs (ARVs).

The above startling revelations indicate that our leaders owe a lot to their impoverished people.

## **6 Civil Society Recommendations**

We therefore recommend as follows:

- Government should ensure prudent management of national resources and eliminate their wastage and misuse.
- Support the on-going international campaign for 100% unconditional debt cancellation, as the Commission of Africa report recommends.
- Put in place a Legal Framework to regulate and control government borrowing and contracts for loans.
- Put in place a mechanism to supervise and monitor the performance of loans.
- Urgently scrap the cabinet policy to purchase Toyota Land Cruisers for Ministers, which is insensitive and fails to appreciate the fact that our small economy cannot sustain luxurious and conspicuous consumption.
- We recommend that our leaders be fully committed to policies and practices that address the needs of the poor rather than the interests of the privileged few.