

**POSITION PAPER ON THE
NATIONAL BUDGET FRAMEWORK PAPER
FINANCIAL YEARS 2007/08 – 2009/10**

**DOES THE BUDGET ADDRESS KEY POVERTY
REDUCTION PRIORITIES?**

Prepared by:

Civil Society Budget Advocacy Group (CS BAG)
c/o Uganda Debt Network (UDN)
P.O. Box 21509, Kampala, Uganda
Tel: 256 414 533840/ 543974
Fax: 256 414 534856

CSBAG Members: Uganda Debt Network, Forum for Women in Democracy, Environmental Alert, Oxfam GB, Uganda Coalition for Sustainable Development, Action Aid International Uganda, Uganda National NGO Forum, African Centre for Trade and Development (ACTADE), Uganda National Health Consumers' Organisation, Caritas Uganda, World Vision International, Africa Leadership Institute, CEEWA, Mbarara NGO Forum, Forum for Education NGOs in Uganda, Gulu NGO Forum and Apac Anti Corruption Coalition.

MAY 2007

Does the Budget Address Key Poverty Reduction Priorities?

1.0 BACKGROUND

- In order to enhance meaningful and effective participation in budget processes, it is necessary to broaden knowledge and understanding of all the key actors including the civil society. This paper, which is a step in that direction, has been developed by the Civil Society Organizations (CSOs) in Uganda under the CS BAG Initiative.¹
- The CSO Budget Initiative was formed with a major purpose of ensuring that the design, implementation and monitoring of local government and national budgets are pro-poor and gender sensitive. For a government budget to be effective in the eradication of poverty, it has to be guided by a poverty-oriented policy framework, which in the case of Uganda is the Poverty Eradication Action Plan (PEAP). The CSOs in Uganda have actively participated in the last two PEAP revision processes, and desire to extend their involvement in national policy processes to ensuring that the commitments made in the revised PEAP are translated into reality, first, by being reflected in the government budgets.

2.0 KEY AREAS OF CONCERN

- The national budget needs to be re-oriented towards releasing funds for the more pragmatic and direct poverty reduction and growth strategies as captured in the PEAP 2004/06-2007/08, Rural Development Strategy and the NRM Manifesto. As CSOs, we strongly believe that Uganda's financial challenges do not emanate from the lack of resources as such, but rather the expenditure priorities. In order to release funds for key national development priorities the following areas need urgent attention and rationalization.

2.1 MACROECONOMIC FRAMEWORK

2.1.1 Real GDP Growth

- The budget strategy for FY 2007/08 has targeted GDP growth of 6.2% based on improvement in agriculture, but Agriculture contribution to GDP growth has been experiencing a declining trend from 1.6% in 2000/01 to 0.1% in 2005/6 (Background

¹ CSBAG is a loose coalition of CSOs in Uganda working to ensure that national and local budgets are pro-poor. Members of the Group include: Uganda Debt Network, Forum for Women in Democracy, Environmental Alert, Oxfam GB, Uganda Coalition for Sustainable Development, Action Aid International Uganda, Uganda National NGO Forum, African Centre for Trade and Development (ACTADE), Uganda National Health Consumer's Organisation, Caritas Uganda, World Vision International, Africa Leadership Institute, CEEWA, Mbarara NGO Forum, Forum for Education NGOs in Uganda, Gulu NGO Forum and Apac Anti Corruption Coalition.

to the Budget 2006/07). It is unrealistic for government to project growth of 6.2% considering that the agricultural sector is still experiencing productivity constraints (high vulnerability to extreme weather and climate variation) and limited funding (only 3.5% of the national budget).

- The widening gap between the rich and the poor as measured by the Gini coefficient² currently stands at 0.43. This means that the benefits of growth and income distribution have continued to be in the hands of the richest 20% of the population. The continued decline in the agriculture growth has compounded the problem of income inequality. Unfortunately, government's commitment to develop the agricultural sector continues to be more of lip service than actual funding and strategic policy intervention.

2.1.2 Inflation

- We appreciate that low inflation rates are conducive to private sector growth and investment. However, we are concerned that the stringent measures in controlling inflation are an impediment on increasing government spending on poverty reduction programmes, especially in health and water. According to the UNDP (International Poverty Centre), the IMF concerns about safeguarding macroeconomic stability in Africa prevented governments from spending over 70 per cent of the Official Development Assistance (ODA) that they received during 1999-2005.³ We believe that increased aid flows should enable fiscal policies to become more expansionary while monetary policies supports such fiscal expansion. Otherwise, Government will have little chance of undertaking the public investment needed to achieve the Millennium Development Goals (MDGs).

2.1.3 Competitiveness and Private Sector Growth

- In order to enhance competitiveness and private sector growth, government needs to revise the 1991 Investment Code and develop a clear competition policy that will encompass the interests of potential investors, both local and foreign.
- In addition, there is need to merge or harmonize and empower the relevant institutions such as Uganda Investment Authority (UIA), AGOA Secretariat, Uganda Export Promotion Board, Public-Private Partnership Unit, Department of Investment in MFPED that work towards the promotion of investment in the country. This will reduce investors' transaction costs (time and resources) spent in undertaking investment in Uganda. The harmonization will reduce expenditure pressures and free money for another development programmes.
- There is also need to classify and prioritize investment sectors in line with the country's needs so as to find the badly needed investors: for instance, trends continue to indicate that Uganda needs job-creating and export-promoting investments. This will help in increasing incomes and revenue inflow from exports.

² The Gini Coefficient measures inequality and takes the values 0 if everyone has the same income and 1 if one household has all the income. A score of 0.43 puts Uganda in the relatively high-inequality group among African countries (PEAP 2004).

³ Why Is Africa Constrained from Spending ODA? (<http://www.undp-povertycentre.org/pub/IPCOnePager34.pdf>)

- Furthermore, there is need to improve investor confidence through fighting corruption, improving governance and timely clearance of government arrears to the private sector.

2.1.4 Employment Creation and Pension Reforms

- With annual growth in labour force of 3.5%, it is pertinent that government invests more in sectors that have a direct impact on employment creation such as agriculture (agro-processing, value addition). In addition, government should provide a conducive environment (access to farm inputs, credit, market information, etc) and legislation that can support the development and strengthening of farmers' cooperatives and saving associations to protect the members. Government should expedite the process of implementing the National Employment Policy with special emphasis on youth employment and investment in employment-generating sectors.
- We are concerned about the slow pace of reforming the National Social Security Fund (NSSF) and Government Pension Schemes. The reforms are vital in creating efficiency and freeing money for national development. Considering the fact that life expectancy in Uganda drastically oscillates between 40 and 45 years, government should not be blind to this glaring reality; hence the relevant laws should be amended to take care of the short life expectancy of the country's labour force. Pension funds should be prudently invested in development projects that benefit low-income earners through employment and investment opportunities.

2.1.5 Resource Projections over the MTEF 2007/08

- We are apprehensive that the development of the Medium Term Expenditure Framework (MTEF) has continued to be the preserve of the macroeconomists in the MFPED with little input of other stakeholders such as Parliament, research and academic institutions and CSOs. Government should ensure that the MTEF is more needs-based rather than relying entirely macro-economic considerations; and its development should involve broad discussion and consensus.
- We are concerned that there are increasing project loans over the MTEF (on average 76% of external financing is project loans (Budget Framework Paper 2007/08) which is in contradiction to the Donor-Government commitment to aid harmonization and effectiveness under the Paris Declaration. This declaration aims to reorient the national budget to the country's priorities.
- We would like to know from the relevant Ministry and Government departments why Government is continuing to pay large sums of money on amortization of external debt in a range of \$80 million per year, yet the country benefited from the Multi-lateral Debt Relief Initiative (MDRI) in 2005 and is borrowing on concessional terms from the World Bank and IMF. Government should publicly declare how much the country is receiving from debt relief and what impact it is making on the overall budget or resource envelope.
- We welcome the new proposal towards improving the management of external loans and grants through Parliamentary approval and legal opinion of the Attorney General. Nevertheless, Government needs to develop a comprehensive legal framework (law) on loan contraction processes and debt management. The process of acquiring loans

and grants should be open and transparent and the memoranda of understanding (MoUs) signed between Government and donors should be made public.

2.1.6 Revenue Generation

- While we acknowledge government's efforts to increase domestic revenue from 13.9% in 2006/07 to 14.1% of GDP in 2007/08, we are concerned that the projected growth in tax revenue of 0.2% is too small compared to the projected growth in GDP of 6.2%. We would have expected the growth in domestic revenue to be commensurate with the growth in GDP. Questions that merit asking here are: how feasible are these projections and what are the implications on the overall resource envelope?
- We are concerned that the problems that hamper effective tax administration such as tax avoidance and evasion, corruption and leakages in tax management and lack of a clear policy framework on tax incentives to investors have continued to limit the growth of the country's tax revenues. Unfortunately, the National Budget Framework Paper does not provide adequate proposals to comprehensively address these loopholes.
- Given the poor performance in sectors on which tax increments were levied in the last Financial Year (such as excise duty on beer, cement, soft drinks and sugar), government should ensure that adjustments in tax rates or new tax proposals do not stifle some sections of the already over-burdened formal sector, but should explore other sources in the informal sector.
- The poor still absorb high tax incidences of VAT, import duties and excise tax which will most probably face increased attention of government in an effort to raise more domestic revenue. Evidence from the Household Survey indicates that the poor increasingly pay more VAT as percentage of their total income. This is further compounded by the continued scarcity of small currency denominations (100, 50, 20, 10, 5) which increases the magnitude of price movements for low-priced commodities such that the poor pay an increasing share of the consumption taxes. For example, a bar of washing soap and a small piece (*Ekitole*) that would have cost shs.850/= and shs.133/= respectively are often rounded off to shs. 900/= and shs. 200/=.
- We are cognizant of the fact that the urge to increase the PAYE threshold from shs.130,000/= will lead to revenue loss amounting to about shs. 90 billion shillings. However, we believe that the current threshold is too low to accord the poor income earners (especially those in formal employment) a minimum level of livelihood and disposable income (for instance the monthly consumption expenditure per household in Kampala stands at around shs.320,000/=). Government should seriously consider raising the threshold to at least shs. 200,000/= and subsequently making it more progressive for higher income levels.
- We are concerned that at approximately 0.5% of GDP Uganda's Non Tax Revenue (NTR) has continued to be very low in comparison with 11% and 9% in Kenya and Tanzania respectively (ADB, 2004). Government should address the inefficiencies in agencies that collect and remit Non Tax Revenue. Furthermore, the dividends from public companies and proceeds of privatized companies should be audited by the Auditor General and reflected in the national budget.

2.1.7 Resource Allocation over the MTEF 2007/08

- We are concerned that Government is not setting her budget priorities clearly and in relation to PEAP objectives. The majority of the additional funding as presented in the BFP (page 148) is being allocated to sectors which have little direct impact on poverty reduction. For instance, while public administration takes 23% (shs.55.5bn) human capital only takes 15% (shs.37bn). Worse still, there is no allocation to essential drugs which require an additional shs.29 bn, while the Parliamentary Commission has been allocated all the additional shs.17.52 bn required (as shown in Table 1).

Table 1: Proposed Budget Allocations of Additional Resources FY 2007/08 (Shs bn)

Sector	Additional Requirements	Total Proposed Additional Allocations FY 2007/08	Funding Gap	Percentage Funding Gap
Infrastructure	293.5	91.0	202.5	69.0%
Human Capital	192.2	37.0	155.2	80.7%
o/w Essential Drugs	29.0	0.0	29.0	100.0%
Rural Dev't	174.0	70.2	103.8	59.6%
o/w N. Uganda Reconstruction	0.0	0.0	0.0	0.0%
Public Administration	129.5	55.5	74.0	57.1%
o/w Parliamentary Commission	17.5	17.5	0.0	0.1%
o/w G-Tax Compensation	20.0	8.0	12.0	60.0%
Total	789.24	253.7	535.54	67.9%

Source: National Budget Framework Paper for FYs 2007/08- 2009/10

- While we do appreciate all the efforts being made to resolve the conflict in Northern and North Eastern Uganda, we enjoin government not to lose sight of the commitments made under the Security, Conflict Resolution and Disaster Preparedness pillar as enshrined in the country's PEAP. As CSOs, we believe that in addition to extending immediate relief to the internally displaced people (IDPs) for resettlement purposes, a more protracted strategy which takes into account the need to develop social and economic infrastructure must be adopted. We are concerned that the BFP neither reflects additional funding requirements nor proposes additional funding for the FY 2007/08. This contradicts the current social economic crisis in the region characterized by high poverty and illiteracy levels, high infant and maternal mortality rates, dilapidated infrastructure and insecurity. Government should provide budgetary resources that are commensurate with the magnitude of the challenges in the region.
- In addition, a large portion of the budget is allocated to central government programmes rather than local government programmes where actual service delivery takes place. For instance, over the MTEF, 77% of the proposed budget projects will

be spent at the Centre and only 23% for Local Government programmes (conditional, non-conditional and equalization grants). This contradicts the decentralization policy and effective service delivery demands. There should be a progressive increase in projected spending on Local Government programmes over the MTEF.

2.1.8 Budget Indiscipline

- We have realized that there has been a very big variations between approved budget figures and actual releases in some government agencies over time. There are persistent and perpetual supplementary expenditures, especially by the “so called” powerful ministries; Public Administration and Security sectors yet there other pressing development needs. For example, the released budget performance for Energy sector in the FY2005/06 was only 49% compared to State House 150 % (BFP 2007/08). Supplementary expenditures have continued to favour certain sectors at the expense of others, and thus grossly counteract the original objective of budgeting by skewing actual spending in favour of sectors that may not have much direct impact on poverty.
- The budget call circular of 2006/07 and 2007/08 required that all accounting officers must show how they intend to address gender and equity issues in their sectors. We are concerned that majority of sectors did not follow these instructions. We therefore call upon the Ministry of Finance, Planning and Economic Development to enforce the use of budget call guidelines to ensure that resource allocation equitably address the needs of regional and marginalized groups such as the very poor and people with disabilities (PWDs).

3.0 RURAL DEVELOPMENT

3.1 Agriculture

- ✧ Basing on the fact that Agriculture contributes 32% of GDP, 68% of the households depend on subsistence farming for their livelihood and 71% of the working population are engaged in subsistence agriculture as their main occupation (UBOS, 2005), we are concerned that has continued to be ignored in terms of strategic policy intervention and funding. Allocating only 4.1% of the national budget to Agriculture does not only defeat the Government’s commitment to poverty reduction the improved incomes of the poor is a violation of Uganda’s commitment to achieve the MDGs by 2015. Government needs to show commitment beyond mere rhetoric with concrete increased funding to the sector.
- ✧ We are concerned that the agriculture sector has continued to face severe productivity constraints as shown by the declining contribution of the sector to GDP growth from 1.6% in 2000/01 to 0.1% in 2005/6. We are convinced that some of the constraints such as limited research and development; pest and disease control can not be addressed by the private-sector driven conceptual framework as indicated in the PMA. We have also noted that the NAADS model is failing to address these constraints. For instance, only 14% of the households in Uganda have access to extension services. Government should consider reviewing the conceptual framework of PMA and its sister programme NAADS with a view making concrete interventions in supporting the subsistence farmers in the country. Deliberate investment in

research and development, pest and disease control, farmer education, price stability is very pertinent.

- ✦ We are cognizant of the fact that the NAADS programme has so far covered 47% of the country, representing 595 sub counties in 29 districts. However, we are concerned that the programme is thin on the ground even in the districts of current operation. We therefore propose that NAADS first fully covers and consolidates its work in the current districts of operation before expanding to new ones.

3.2. Lands and Housing

- ✦ We are aware of the fact that without adequate housing employment is difficult to secure and maintain, physical and mental health is threatened, education is impeded, people are more prone to perpetrate violence, privacy is impaired and relationships are strained. Poor housing conditions are associated with pests and diseases that are menace to the health of the people. Inadequate sanitation and hygiene arising out of poor housing and sanitary facilities is a major cause of poor health and poverty.
- ✦ In view of the above, we are concerned that the national budget has continued to focus on housing for the President and cultural leaders only and no resources are allocated for the poor especially slum dwellers. According to the international conventions to which Uganda subscribes, housing should be accessible to all, including the poor, and priority should be given to the most vulnerable, especially given the fact that 81% of households in Uganda live in temporary houses.

4.0 INFRASTRUCTURE DEVELOPMENT

4.1 Works and Transport

- ✦ We are concerned about the poor state of roads in Uganda, especially in urban centres. The sector is characterized by high maintenance backlog, coupled with poor quality of workmanship and shoddy work; yet it is the third most highly funded sector in the national budget (11.3% in 2006/07).
- ✦ We demand that Government takes serious measures to eliminate corruption in the tendering and procurement procedures in works. With increased spending in the sector, we are afraid that a lot of funds might be misused if no serious measures are taken to clean up the Ministry of Works and Transport.

5.0 TRADE, INDUSTRY AND TOURISM

5.1 Trade, Marketing and Cooperative Development

- We are concerned about the lack of financial support and advice to district trade development activities which leads to the lack of or limited market information at the farmer level. Currently, funding for such an activity is not available.
- In addition, the Ministry of Tourism, Trade and Industry (MTTI) does not allocate resources towards interventions for promotion of small and medium scale enterprises

and internal trade which employ the majority of the population in Uganda. Government should provide and strengthen funding to the department of internal trade (and domestic marketing) to provide advice and undertake trade development activities.

6.0 HUMAN DEVELOPMENT

6.1 Education

- We appreciate government's efforts in allocating 16.8% (shs.752.3bn) of the national budget to education of which shs.392.4bn and shs.145.4 bn are for primary education and secondary education respectively. Our concern is the poor quality primary education which is a result of high drop out rates (above 80%, the majority of whom are girls)(Poverty Status Report 2005). This is compounded by inadequate funding and advocacy for HIV/AIDS, school sanitation and hygiene.
- While we appreciate the creation of HIV/AIDS unit in the Ministry of Education and Sports, we note gender concerns have not been prioritized under unit. Needles to mention is that gender inequality is one of the causes and also one of the factors responsible for the spread of HIV/AIDS, with girls being more vulnerable than boys to HIV/AIDS infection. Government should establish a gender office at the ministry level to handle the following key gender concerns (sanitary, senior women, career guidance, and social psycho support) in liaison with HIV/AIDS office in the ministry.
- Furthermore, we are concerned that the allocation of shs.1.2bn for the bursary scheme for bright and poor students under secondary education. We note that this is inadequate and will most probably benefit boys more than girls since the latter have a higher drop out rate at the primary level, and are also likely to perform poorer than boys because of their culturally defined gender roles. We also recommend affirmative action of 60% for girls on the bursary scheme under the secondary education. This will increase girls' enrolment in secondary education.

6.2 Health

- We recognize Government's effort towards providing adequate health care and bring health services closer to the people especially in Rural Areas. However, we are concerned that the funding to the sector is still very low if we are to meet the recommended Minimum Health Care Package of US \$ 28. As noted above, the BFP has allocated zero funding for essential drugs which require an additional 29 billion in 2007/08 budget.
- In addition, the health sector has continued to suffer from inefficiencies in the distribution of drugs to health units. Whereas consignments of drugs continue to expire at the National Medical Stores, most health units have no drugs to serve the people. The Ministry of Health should address the issue of funding, access and distribution of essential drugs.

6.3 Water, Sanitation and Natural Resources

6.3.1 Water

- We recognize the current efforts indicated by the increase in projected sub sector funding to shs.128.3 bn financial year 2007/08 up from shs. 99.2 bn. However, we are concerned about the progressive decline over the MTEF as shown by the projected funding of shs. 100.4bn in FY 2008/09. Water insecurity as a result of ground water depletion is linked to climate change with far reaching effects to food productivity in many sub Saharan countries falling by more than 20% thus posing grave threat to agricultural systems, food security and livelihood (*Human Development Report, 2006*).
- We are further concerned about the narrow scope of focus by the sector indicated by the nature of interventions towards water supply through mainly infrastructural developments. Water is a diminishing resource and thus issues of sustainability should be an integral part of the plans. The water issue should not be looked at in isolation of other Natural resource that support water recharges e.g. Wetlands and Forests as crucial systems for storing and recharging water systems to ensure sustainable supply. The adoption of a bigger scope would go a long way in reducing the non-functionality of water points, which is a problem in communities where water points are being setup.
- We therefore recommend cross sector planning and integration of activities that address cross cutting resources. Water sector in particular needs to work closely with Wetland Management institutions; and also co-finance interventions to safeguard critical eco-systems responsible for maintaining water flow. Financing such mechanisms can be made possible through introduction of levy to non-poor water consumers for purposes of investing back in restoration and control of those critical water recharge systems.

6.3.2 Environment and Natural Resources (ENR)

- Despite its contribution to GDP estimated at 54% (ENR SIP version 8), with Fisheries' economic value estimated at US\$ 301 million per year, forestry at US\$112 million, the sector has largely remained marginalized in funding but also increasingly by detrimental actions such as indiscriminate forest giveaways which continue to threaten the sector and its benefits to the economy. According to the Uganda Participatory Poverty Assessment (UPPAP) 2004, the Land resource constitutes over 50% of the value of items in the asset basket of the poor people in Uganda, yet it continues to be degraded, which affects productivity and Gross National Income. We are concerned that no attention is directed towards soil nutrient management and further compounded by challenges in extension/advisory services on the NBFP.
- Despite its vital contribution to agriculture production and revenue generation, the ENR sector remains heavily under funded and largely donor dependent. For instance only about shs. 29 bn has been allocated to the sector. The heavy dependence on donor funding has made it susceptible to conditionalities, and sometimes project design challenges, that have affected absorption capacity and implementation (Environmental Alert, 2006). We are concerned that according to the NBFP under the IDA funding arrangements to NEMA, funding will stop in December 2007 and Government is will take over, yet the MTEF projections do not indicate increased government funding. This will certainly affect the Natural resource departments and functions at district that are largely NEMA funded by over 90%.

- Government should increase her direct funding to the ENR sector. Source of funds could be part of revenue generated by these resources for sustainable management of the resource. Policy strategies for investment in ENR including carbon credits as an alternative to deforestation, payment for environmental services should be explored. Afforestation for household income should be promoted and facilitated. The sector investment plan should be informing sector funding.
- The Meteorology Department and its associated critical function in assisting farmers adapt to diverse effects of climate change need special attention. Agricultural growth should be based on scientific projections of weather conditions rather than mere guess work.

6.4 Social development

- Despite its pronounced contribution to social and human development, the funding to the sector is very minimal (only 1.7 % of the budget for Economic Functions and Social Services). Unfortunately, the sector has a big number of Ministers, thus making the allocation go towards administrative expenditures and none for service delivery.
- We are concerned that the equal opportunity commission is miserably under-funded. The shs. 0.45bn that has been budgeted for 2007/08 is too small a budget to support the operation and set up of the Commission.

7.0 GOVERNANCE AND SECURITY

7.1 Public Administration

- We appreciate the role of Ministry of foreign affairs in promoting development through trade, investment and resource mobilisation. However we are concerned that the Ministry is securing markets for only flower and coffee. We recommend that the ministry should diversify Widen the marketing of Uganda's products beyond flowers and coffee to include maize, fruits, groundnuts, etc. In addition, the ministry should harmonise trade and investment activities with the line ministries to streamline expenditure and avoid duplication of activities (e.g. organising trade meetings and exhibitions).
- We are concerned that half of the ministry's budget is for CHOGM (shs.45bn out 79bn). This will most likely hamper the performance of the ministry towards delivery of its mandate. Government should source funding for CHOGM from other commonwealth members and secretariat. In addition, we demand for a transparent and accountable process towards CHOGM fund alongside poor persons issues tabled and decided upon during CHOGM and to ascertain value for money.
- We are concerned that the activities in the Budget Framework Paper for the Office of the President and State House are not costed (that is, it is a block budget). For instance, spending priorities of both sectors in the NBFP (2007/8-2009/10) are not clearly stated. We are worried that the lack of budget breakdown might result into

inadequate monitoring and evaluation of activities, encourage misallocation and poor utilisation of public resources.

- Furthermore, we are concerned that State House and the Office of the President have continued to take a large portion of the Public Administration budget in relation to other government agencies. In addition, the same agencies continue to command a high portion of the supplementary budget expenditures. For instance in 2005/06 State House and the Office of the President received over 35% and 50% above the approved budget respectively. This is an indication that both offices are failing to clearly state their priorities, so that they can be incorporated in the overall resource envelope, so as not encourage budget indiscipline and distortions.
- There are also tendencies of duplication and multiplicity of spending such as State House scholarships, yet there are already similar government programmes e.g. tertiary government sponsorship. The Presidency should re-consider, prioritise and rationalise allocations and free money for other critical national development priorities.
- We are concerned about the huge fleet of Government vehicles and the subsequent cost incurred on purchases and maintenance. The proposed expenditure of shs 221 bn to purchase government vehicles during FY 2007/08 is definitely a big and non-priority expenditure for direct intervention considering the need for direct intervention in poverty reduction
- Worse still, a big fleet of 12004⁴ (6,571 government vehicles and 5,433 motorcycles) by December 2005, excluding all those managed under government projects in the country slaps a hefty burden through buying fuel, oils and lubricants. The bill of over shs. 91 bn on fuel, oil and lubricants and repair of the huge Government fleet during FY 2007/08 is irrational.
- We propose that government exercises restraint regarding indiscipline among some civil servants, particularly those who use motor vehicles for personal reasons; yet they obtain fuel requisitions from the offices they occupy. We demand that such resources like cars should be parked if the officers are on duty or in office.

7.3 Accountability and transparency

- We are concerned about the continued misuse of public resources as reflected in the reports of the Auditor General, Parliamentary Public Accounts Committee, Commissions of Inquiry and the Media. More specifically, we are concerned about the abuse of the Consolidated Fund and flouting of the laws and regulations governing public financial discipline in Uganda. For instance, according to the Auditor General's Report 2005, the Bank of Uganda Balance Sheet on domestic borrowing reflected shs. 981 bn of which up to shs. 923 bn was overdrawn without authority. The Government should provide a clear explanation on where the money

⁴ Parliament of Uganda, Annual Expenditure on Government vehicles, Oct. 2005

for bailouts of private business people, institutions and other agencies comes from, since it is never reflected in the national budget.

- The Auditor General's Office has not been given it is autonomy and funding to effectively execute its duties. Furthermore, Government has not shown commitment towards implementing the recommendations of the Auditor General and Parliamentary Public Accounts Committee. Government should expedite the process of enacting the Audit Bill to strengthen accountability and transparency in Uganda.
- We appreciate Government efforts in the reporting of budget performance in form of releases and outputs. However, we are concerned that the outcomes of the budget releases are not reflected in the budget. We believe that value for money audits will capture the outcomes of the budget and will facilitate prudent resource allocation, utilization and accountability.
- We challenge government and Parliament to enact legislation that requires corrupt officials to, first of all, refund lost/embezzled funds and or suffer imprisonment for given terms and forthwith forfeit office. This will serve to deter the practice and enforce zero tolerance to corruption.