

OPPOSITION RESPONSE TO THE  
NATIONAL BUDGET FRAMEWORK PAPER  
FY2022/23 – 2026/27

January 2022

## 1.0 INTRODUCTION

This response to the National Budget Framework Paper FY2022/23–2026/27 is in accordance with Section 6E(2) and (4) of the Administration of Parliament (Amendment) Act, 2006 as well as Rule 53 of the Rules of Procedure.

### 1.1 Overview

The economy of Uganda has outstanding economic challenges that were compounded by COVID-19 pandemic. The country is debt laden and its government has to rely on borrowing so as to meet its expenditures. Its debt position is worsened by ineffective and inefficient operations of government.

As a consequence, the citizenry is faced with excessive costs of living particularly in accessing health care, education, fuel, housing and food among others on account of a decimally regulated free market economy. The situation is further deteriorated by the reserved entrenchment of multiparty dispensation. Instead of ensuring peaceful and fair elections, security forces are engaged in protecting a patronage system and associated expenses in espionage. The brutal actions of security forces create negative publicity, deter investment and socio-economic development.

Relatedly the country is engaged in military adventures anchored on show of prowess rather than focusing peaceful neighborhood. An approach hinged on diplomatic relations and dialogues would lead to cost effective regional security interventions. Otherwise, security spending continues to constrain fiscal space for development priorities. For instance, the operations of the UPDF in the Democratic Republic of Congo cost over UGX 249 million per day<sup>1</sup>. This is sufficient to meet rehabilitation costs of over 20 schools. Access to quality education and other social services is the foundation of human capital development in the country.

This response highlights structural areas that require urgent attention to ensure effective and efficient utilisation of public resources.

## 2.0 STRUCTURING OF BUDGET FRAMEWORK PAPER

### 2.1 Unclear Fiscal Regime

While it has been projected that domestic revenue will rise by UGX 3.09 trillion from UGX 22.42 trillion in FY2021/22 to UGX 25.51 trillion in next FY2022/23, the framework paper is short of detailing how the additional revenue will be realized. It is silent on the tax measures and what will accrue from them. This

---

<sup>1</sup> Ministry of Defence and Veteran Affairs, 2022. Presentation to the Defence and Internal Affairs Parliamentary Committee on the Ministry of Defence and Veteran Affairs Budget Framework Paper FY2022/23

has for years been a gap in the budget framework and needs to be addressed urgently. Otherwise, Parliament approves additional resource without interrogating how it will be realized.

***In each budget framework paper, government should highlight the tax measures that are being considered for the subsequent financial year and how much funds will accrue from them.***

## **2.2 Budget Cuts**

The Opposition notes that the proposal of dealing away with wasteful expenditures advanced in the Minority report on annual budget estimates for FY2020/21 has been adopted by government. However, concern arises from the way it is been done.

It is disturbing to note that budgets cuts amounting to UGX 1.05 trillion are proposed and at the same time unfunded priorities amounting to UGX 2.62 trillion are presented in the budget framework paper.

More still the votes whose budgets were fronted for cuts are presented with far higher budget deficits. The cuts have also not been rationalised to meet critical interventions flagged in the budget framework paper. For instance, the Parish Development Model fronted as a game changer in economic recovery requires UGX 1 trillion. However, it benefited partial allocations of UGX 465 billion and a deficit of UGX 594 billion is declared in the unfunded priorities.

**Table 1: Selected budget cuts and their corresponding unfunded priorities for FY2022/23**

<b>Vote</b>	<b>Budget Cut (UGX Billion)</b>	<b>Unfunded Priorities (UGX Billion)</b>
Office of the President	1.38	30
Office of the Prime Minister	0.52	12
Ministry of Finance, Planning and Economic Development	5.05	110.98
Ministry of Education and Sports	161.89	2.39
Ministry of Trade, Industry and Cooperatives	8.36	100

Source: NBFP FY2022/23 – FY2026/27

It is inconceivable that when the country is grappling with fuel shortages and depleted fuel reserves, Uganda National Oil Company (UNOC) is reflected in unfunded priority with a budget deficit of UGX 77 billion.

Instead, the proposed cuts and allocations are geared towards recurrent expenditures that do not generate economic growth. These include salaries

(UGX 400 billion), ex-gratia (UGX 500 million), wage and pension shortfalls (UGX 246 billion) and new administrative units (UGX 148 billion).

***All funds realised from budget cuts should be allocated to development rather than recurrent or consumptive expenditures.***

### **2.3 Contempt of Parliament**

The budget framework paper indicates that funds amounting to UGX 205.5 billion are being reallocated from wealth funds into Parish Development Model in contravention of resolution of Parliament resolution. It was resolved that the existing poverty alleviation programmes or wealth funds are maintained and government finds new resources for the Parish Development Model<sup>2</sup>.

***The Resolution of Parliament deterring government from reallocating funds from existing poverty alleviation programmes or wealth funds should be adhered to.***

### **2.4 Parish Development Model**

Government has embarked on rolling out the Parish Development Model as a national development strategy. However, the model is already challenged with unfilled parish structures, political labelling and haphazard alignments within government. It is marred with conflicting approaches and duplications within the programme-based budgeting approach. This is mainly attributed to poor planning and weak alignment across the programmes.

***Aware that all government agencies already had allocated resources, they should decentralise their services to parish model other than creation of new execution structures.***

### **2.5 Programme Based Budgeting**

The adopted programme based budgeting is less transparent and weakens oversight for there is a complete obscuring of activities that are allocated public funds. Activities or interventions determine resource allocations not the outcomes.

Instead, it is mainly populated with indicators for which majority of the general public will be challenged in identifying what their tax payments accrue to in their localities. Besides, the budget framework paper is loaded with non-financial indicators. Hence a risk of following up budget allocations. This raises the risk of programmes not corresponding to their outputs as well as budget allocations.

---

<sup>2</sup> Parliament of Uganda, 2021. Hansard of Wednesday, 28<sup>th</sup> April 2021



**A hybrid approach of programme and output budgeting should be adopted so as to ensure tracking of outcomes, improve transparency, oversight and accountability.**

### 3.0 MACROECONOMIC FORECAST ANALYSIS

#### 3.1 Public Debt Pandemic

While it is indicated that stock of public debt by June 2021 was UGX 69.51 trillion, it had risen to UGX 73.78 trillion within the months of June – October 2021. This is mainly attributed to commitment of new domestic debt during the period of UGX 1.67 trillion<sup>3</sup>. This is non concessional, market based, increases risks of rollover i.e. endless 'pits' of debt recycling and debt servicing costs. The debt management costs are a lost resource that would be channeled towards provision of quality health care, education, housing, protection of environment and innovations among others.

The debt management costs have risen from UGX 8.58 trillion in FY2017/18 to UGX 15.11 trillion in FY2021/22. The costs are mainly attributed to domestic debt.

**Table 2: Costs of Debt Management in FY2017/18 – 2021/22**

Item	Approved Budget FY2017/18 (UGX 000)	Approved Budget FY2018/19 (UGX 000)	Approved Budget FY2019/20 (UGX 000)	Approved Budget FY2020/21 (UGX 000)	Approved Budget FY2021/22 (UGX 000)
Loan interest	380,386,967	340,832,532	544,648,699	868,934,344	1,054,536,553
Commitment charges	67,026,309	25,837,622	15,614,958	52,824,053	20,678,365
Debt management fees	-	15,000,000	65,000,000	103,461,024	132,133,579
Treasury Bills (interest)	825,212,974	388,436,993	564,955,534	597,502,527	857,066,221
Bonds (interest)	1,246,796,609	1,742,500,000	2,043,700,000	2,361,885,916	2,763,749,759
External debt repayment (Budgeting)	589,773,562	894,059,493	723,318,387	1,228,943,808	1,903,015,501
Treasury Bills Redemption (Budgeting)	3,875,090,529	3,991,800,000	4,514,800,000	5,291,270,998	6,483,239,054
Treasury Bonds Redemption (Budgeting)	1,598,389,600	1,279,688,098	1,847,102,620	2,194,869,972	1,901,472,123
<b>Total</b>	<b>8,582,676,550</b>	<b>8,678,154,738</b>	<b>10,319,140,198</b>	<b>12,699,692,642</b>	<b>15,115,891,155</b>

Source: MoFPED

<sup>3</sup> Bank of Uganda, 2021. State of the Economy Report

**Government consider concessional loans and cease commitment of non-concessional loans for all its development projects.**

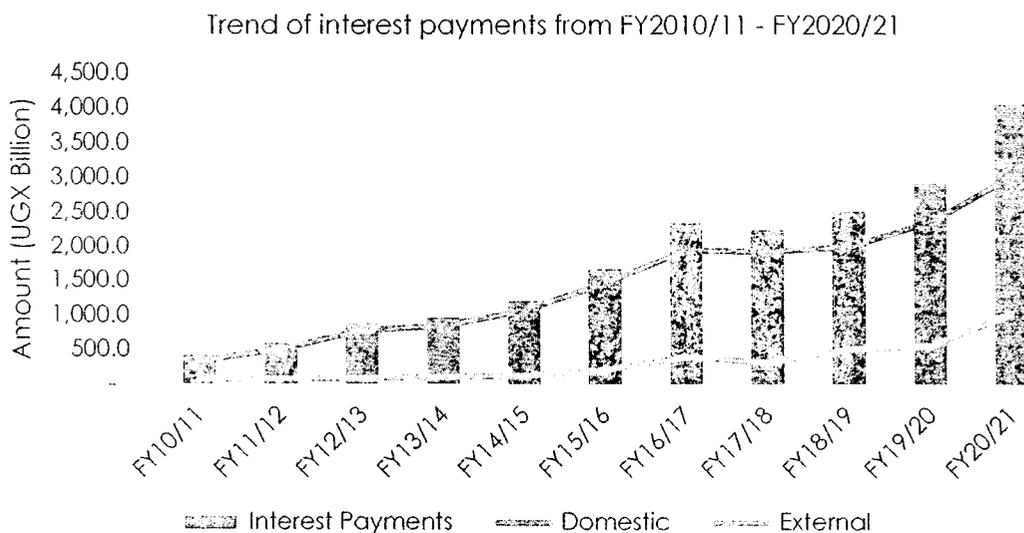
**Whereas the proposed debt consolidation attempts are welcome, there is need for a public, extensive and participatory enquiry of committed debt beyond the initiatives undertaken by the Ministry of Finance, Planning and Economic Development. The debt audit should target the entire cycle of identification, appraisal, negotiation, approval, implementation, monitoring and evaluation. It is best suited that a Select Committee of Parliament is constituted to undertake the enquiry.**

### 3.2 Domestic Borrowing

The country is struggling to attract concessional loans. It is increasingly relying on costly non-concessional loans that are projected to influence the increase in amortization (payment of principal) from UGX 1.78 trillion in this FY2021/22 to UGX 2.46 trillion in FY2022/23. This subsequently contributes to increase in the cost of interest payments. They are projected to increase from UGX 4.69 trillion in FY2021/22 to UGX 5.08 trillion in FY2022/23.

Domestic borrowing constitutes a greater portion of interest payments. Since FY2010/11, interest payments attributed to domestic borrowing has been deviating wider from external loans. This is a cause of hemorrhage for the lenders mainly commercial banks majority of whom are foreign owned repatriate profits out of the country. There is no indication of a reversal in the near future given the non-stringent provisions under Section 36(5) of the Public Finance Management Act. Parliamentary approval is not required for loans raised through issuance of securities.

**Figure 1: Trends of interest payments from FY2010/11 – FY2020/21**



Source: MFPED

***There is need to spearhead reforms in the structuring and operations of government so as to improve its effectiveness and efficiency.***

***Section 36 of the Public Finance Management Act should be amended to create a mechanism through which Parliament approves all loans raise through issuance of securities without undue delay.***

### **3.3 Return on Investment**

The country's return on public investment is quite deplorable. For every dollar invested a return of only 0.8 worth of economic activity is realized. This is largely attributed to myriad of factors that include adhoc implementation of investments, lack of counterpart funding, compensation challenges, delayed completion of projects, corruption, political interference, procurement flaws, weak coordination and monitoring among others<sup>4</sup>. Critical is the fact that most of the investment projects being flagged in the National Development Plan and Public Investment Plan lack feasibility studies for they are adopted based on concepts or idea. Hence it is difficult to determine their costing forecast with certain level of certainty and subsequently their return in terms of economic activity. No wonder, it is indicated in the budget framework paper that government has realized after years of wasteful expenditures that 17 projects were at risk and due for renegotiation or canceling. So far government had spent USD 457 million (approximately UGX 1.7 trillion) and USD 757 million (approximately UGX 2.8 trillion) was undisbursed.

***Section 43 of the Public Finance Management Act should be amended to create a provision that demands a project that is to be funded by loans and grants to present a feasibility study.***

***Through a Motion, Parliament should critically enquire into each of the 17 projects so as to address the persistent wastage in terms of commitment fees and interest payments for non-productive debt.***

### **3.4 Unsustainable Alternative Financing**

Due to difficulty in attaining concessional financing, government has resorted to more costly alternatives such as Public Private Partnership (PPP), prefinancing, contract financing and promissory notes among others. These lock out local investors that lack sufficient capital to investment in huge infrastructural projects.

Government has also resorted to mechanisms that entrench inequalities in society by committing to collateralized private debt which guarantees revenue streams such as Entebbe Express Highway. On other instances,

---

<sup>4</sup> World Bank, 2016. Uganda Economic Update 7<sup>th</sup> Edition. From Smart Budgets to Smart Returns: Unleashing the Power of Public Investment Management

government has considered issuance of sovereignty guarantees such as promissory notes as was the case for the stalled Lubowa Hospital as well as forfeiting sovereignty through creation of escrow accounts in event of default.

Unfortunately, apart from PPPs, the rest of the alternative financing mechanisms lack elaborate policy and legal frameworks.

***Legal frameworks should be developed for emerging alternative financing mechanisms particularly prefinancing and contract financing among others.***

***Effort should be geared towards improving governance of public corporations so as to improve their worthiness for capital market financing models such as selling of equity.***

#### **4.0 FISCAL FORECAST ANALYSIS**

##### **4.1 Unclear Criteria for determination of Contingent Liabilities**

There is an escalating rise in contingent liabilities which when they materialize lead to accumulation of public debt and erosion of sustainability of public finances<sup>5</sup>.

As of June 2020, contingent liabilities were over UGX 5 trillion<sup>6</sup>. Liabilities accruing from public corporations amounted to UGX 2.18 trillion for guarantying of loans. Other liabilities arise from grants and government contributions UGX 3.24 trillion, legal proceedings UGX 10.40 billion and local governments UGX 136.88 billion. Liabilities are also incurred for public private partnerships such as Kampala – Jinja Expressway, Kampala Waste Management treatment facility at Dundu in Mukono district, ICT park in Entebbe, National Council of Sports Complex in Lugogo, National Theatre, Nommo Gallery, Mulago Hospital Car Park, Gulu logistics Hub and Uganda Rural Water Development Project<sup>7</sup>. However, the value of guarantees of these projects could not be established.

There also guarantees made to private enterprises amounting to UGX 10.43 billion as at end of June 2020 as indicated in table below<sup>8</sup>. The criteria of determining who qualifies for the guarantees is ambiguous. This raises the risk of abuse through discretionally selection. The value of guarantees of private enterprises could not be established.

---

<sup>5</sup> Bank of Uganda, 2021. BOU Views on the Charter for Fiscal Responsibility

<sup>6</sup> Ministry of Finance, Planning and Economic Development, 2021. Report on Public Debt, Guarantees other Financial Liabilities and Grants for FY2020/21

<sup>7</sup> Ministry of Finance, Planning and Economic Development, 2021. Contingent Liabilities Annual Fieldwork Report FY2019/2020

<sup>8</sup> ibid

**Table 3: Private Enterprises that have on-lent loans**

<b>Debtor Name</b>	<b>Directors</b>	<b>Balance in UGX as at 30.06.2020</b>
Akamba Uganda Limited	Mohamood Noordin Thobani Zulfikar Noordin Thobani Niaz Hassanali Nathoo Nazir Nathoo	329,045,798
Baggrey Trading Company Limited	Godfrey Kirumira Moses Kalungi Kalungi Kirumira	358,326,024
BTS (U) Limited		173,730,610
Central Purchasing Company Limited		5,326,322,326
Dick Kizito		169,378,642
G M Combine		368,008,078
G M Turnpeco Limited		55,576,260
HighWay Motors Limited		101,965,214
Jasaba Pharmacueticals Limited	James Sali Babumba Anne Babumba Edith Mary Babumba	209,906,779
Kibuguma Coffee Growers Limited	Johnson Saimon Kiwanuka Sowedi Nsibambi Haji Ahamed Munafu	58,300,476
Makyo Enterprises Limited		36,624,535
Marks Pharmaceuticals Ltd	Musiitwa Robert Namutebi Harriet Kavuma Barbara	72,487,473
Mpiima Trading Company Limited	Dick Musisi Mpiima Elizabeth Nakungu	58,673,804
Oscar Industries Limited		2,703,785
Seki Trading Company Limited	Gordfrey Sekiwunga Angel Peace Rwanjagarara Daphine Ann Nabatanzi	145,683,024
Sembule Steel Mills Limited	Christopher C. Tonny Edward Francis Sembuya	385,862,329
Tank Hill Quarry Limited	George Kyaligonza Joshua Kwezi Jackson Doleera Lalji Premji	37,343,399
Uganda Motors Ltd	Managing Director Director of Operations Marketing Manager Director of Finance Purchasing Manager	118,469,894
UPET		2,424,794,521
<b>Total Loans</b>		<b>10,433,202,971</b>

Source: MoFPED



**The criteria for benefiting from government guarantees should be disclosed to ensure transparency and fairness in their access.**

**The budget framework paper should explicitly declare the stock of contingent liabilities and beneficiaries that are likely to fall due within the subsequent financial year.**

## 4.2 Capital Flight

Majority of the beneficiaries of public contracts and incentives are foreign owned companies that repatriate profits or close business once the contracts and incentives cease. This is mostly pronounced in the construction particularly roads, water and manufacturing sub sectors.

**Table 4: Selected major roads projects and contractors in Uganda**

S.No	Project	Works Contract Value (UGX)	Source of Funding	Works Contractor and Origin
<b>Development Projects – New Roads Under Construction</b>				
1	Kampala – Entebbe Expressway (51km)	USD 479.172m (UGX 1,725 bn)	China EXIM Bank	China Communications Construction Company (CCCC) - China
2	Kampala Northern Bypass Project (KNBP) Expansion (17km)	Euros 67.934 m (UGX 258.2 bn)	European Union (EU)/EIB	Mota Engil Engenharia E Contrucao SA - Portugal
<b>Reconstruction/Upgrading Projects</b>				
3	Hoima – Kaiso – Tonya Road (92km)	UGX 360.605 bn	GoU	Kholin Construction Company - Turkey
4	Vurra – Arua – Oraba Road (92km)	UGX 138.861 bn	World Bank	Chongqing International Construction Corporation (CICO) - China
5	Mbarara – Kikagati – Murongo Bridge (74km)	UGX 178.227 bn	GoU	China Communications Construction Company (CCCC) - China
6	Gulu – Atiak Road (74km)	UGX 89.669 bn	World Bank	China Henan International Corporation Group (CHICO) - China
7	Atiak – Nimule Road (35km)	UGX 53.74 bn	Japan International Corporation Agency (JICA)	China Railway (Wuju) Group 5 Corporation - China
8	Ishaka – Kagamba Road (35.4km)	UGX 111.6 bn	GoU	General Nile and Dott Services Ltd JV – India/Uganda
9	Moroto – Nakapiripiriti (93km)	UGX 228 bn	GoU	China Road and Bridge Corporation - China

S.No	Project	Works Contract Value (UGX)	Source of Funding	Works Contractor and Origin
10	Fort Portal – Kamwenge Road (66km)	UGX 117.942 bn	World Bank	China Railway Seven Group Co. Ltd (CRSG) - China
11	Ntungamo – Mirama Hills (37 km)	UGX 85.90 bn	Trademark East Africa (TMEA)	Zhongmei Engineering Group Ltd - China
12	Mpigi – Kanoni Road (65km)	UGX 123.770 bn	GoU	Energoprojekt – Niskogradnja AD - Serbia
13	Kanoni – Sembabule – Villa Maria Road (110 km)	UGX 239.120 bn	GoU	China Railway No. 3 Engineering Group Co. Ltd - China
14	Mukono – Kyetume – Katosi/Nyenga Road (74 km)	UGX 253.940 bn	GoU	SBI/Reynolds Construction Company (RCC) JV - Israel
15	Olwiyo – Gulu Road (70.3 km)	UGX 164.025 bn	GoU	Zhongmei Engineering Group Ltd - China
16	Gulu – Acholibur Road (77.7 km)	UGX 164.199bn	GoU	China Railway No. 5 Engineering Group Co. Ltd - China
17	Acholibur – Kitgum – Musingo Road (86.4 km)	UGX 195.102 bn	GoU	Chongqing International Construction Corporation (CICO) - China
18	Musita – Lumino – Busia/Majanji (104 Km)	UGX 206.784 bn	GoU	China Railway 18th Bureau (Group) Co. Ltd - China
19	Bulima – Kabwoya (66 Km)	UGX 141.9 bn	African Development Bank (AfDB)/ DFID	China Railway No. 5 Engineering Group Co. Ltd - China
20	Kyenjojo – Kabwoya Road (100 km)	UGX 215 bn	International Development Association (IDA)/World Bank (WB)	Shengli Engineering Construction (Group) Co. Ltd of Shengli Oilfield - China
21	Mubende – Kakumiro – Kagadi Road (107 km)	UGX 484.887 bn	GoU	China Communications Construction Company (CCCC) - China
22	Bumbobi – Lwakhakha Road (44 km)	UGX 140.724 bn	African Development Bank (AfDB)	China State Construction Engineering Ltd - China
<b>Rehabilitation Projects</b>				
23	Tororo – Mbale Road (49 km)	UGX 63.804 bn	GoU	Dott Services Ltd – India/Uganda
24	Mbale – Soroti Road (102 km)	UGX 108.124 bn	GoU	Dott Services Ltd – India/Uganda

S.No	Project	Works Contract Value (UGX)	Source of Funding	Works Contractor and Origin
25	Jinja – Kamuli Road (57 km)	UGX 79.846 bn	GoU	Dott Services Ltd – India/Uganda
26	Buteraniro – Rwentobo road (59 km)	Euros 51.123 m (UGX 194.3 bn)	European Union (EU)	Reynolds Construction Company (RCC) - Israel
27	Rwentobo – Kabale – Katuna Road (65 km)	Euros 65.808 m (UGX 250.1 bn)	European Union (EU)	Reynolds Construction Company (RCC) - Israel
28	Mbarara Bypass Project (41 km)	Euros 49.042 m (186.4 bn)	European Investment Bank (EIB)	China Railway Seven Group Co. Ltd - China
29	Kiryandongo – Karuma – Kamdini Road (59 km)	UGX 56.705 bn	GoU	China Communications Construction Company (CCCC) - China
30	Kamdini – Gulu Road (62 km)	UGX 71.436 bn	GoU	China Communications Construction Company (CCCC) - China
31	Mukono – Kayunga – Njeru Road (94 km)	UGX 223.126 bn	GoU	SBI International Holdings - Israel
32	Namunsi – Sironko – Muyembe/ Kapchorwa Road (65 km)	UGX 50.150 bn	GoU	China Civil Engineering Construction Corporation (CCECC) - China
33	Nansana – Busunju Road	UGX 54.29 bn	GoU	Spenco Services Ltd – India/Uganda
34	Nakalama – Tirinyi – Mbale Road (102 km)	UGX 73.36 bn	GoU	Dott Services Limited – India/ Uganda
35	Kyenjojo – Fort portal Road (50 km)	UGX 71.435 bn	GoU	China Wu Yi Co. Ltd - China
36	Hima – Katunguru Road (60 km)	UGX 83.258 bn	GoU	China Railway No. 3 - China

Source: Department of Research Services

While the country commits huge amounts of external financing that accrue high amortization and interest payments, the economy suffers hemorrhage through capital flight. It should be noted that for the last 6 financial years, the country has been experiencing average capital flight of 69% of the capital injected into the economy.

**Table 5: Capital inflow and flight for FY2015/16 – FY2020/21**

	Capital Inflow (US \$Millions)	Capital Flight (US \$Millions)	% of Capital Inflow
2015/16	681.68	391.75	57%
2016/17	714.20	609.78	85%
2017/18	929.03	777.46	84%
2018/19	1217.44	747.56	61%
2019/20	967.96	554.45	57%
2020/21	890.41	599.71	67%

Source: BOU

**Local Content law should be developed and passed so as to maximize utilization of local expertise, goods, services and other resources in all undertakings where public funds are utilized.**

**Government should deliberately and competitively venture into investing into infant industries such as construction and mining industries among others where a lot of public funds are spent.**

**Funds should be allocated towards undertaking a study on how to facilitate reinvestment of proceeds from foreign investments into the country.**

#### 4.3 Economy Leakages

There are many leakages in the economy through tax expenditures, undisbursed loans, interest payments, poor project management, deemed energy, debasing and reallocations among others. These distort the economic base and spending priorities of the country.

**Table 6: Revenue foregone in FY2016/17 – 2020/21**

Exemptions Category	FY 2016/17 (UGX Bn)	FY 2017/18 (UGX Bn)	FY 2018/19 (UGX Bn)	FY 2019/20 (UGX Bn)	FY2020/21 (UGX Bn)
Total income tax Loss	391.85	453.79	1,009.84	851.21	2,358.67
VAT Exemptions	815.15	1,323.55	1,434.34	1,855.49	2,195.34
Customs Tax Exemptions	960.02	912.46	1,716.37	2,065.15	3,168.51
<b>Total Exemptions</b>	<b>2,167.02</b>	<b>2,689.80</b>	<b>4,160.55</b>	<b>4,771.85</b>	<b>7,722.52</b>

Source: URA

Interestingly, government defaults at its obligations. It never penalizes itself but heftily penalizes an individual or company that defaults on tax obligations. The greatest defaulter is the Ministry of Finance, Planning and Economic Development which is in charge of tax policy.

**Table 7: Government Tax Arrears as at October 2021**

<b>Responsibility Center</b>	<b>Total Taxes</b>
Ministry of Finance Commitments	151,788,705,934
Office of The Prime Minister	30,925,620,519
Ministry of Energy	13,280,433,213
Government Projects	6,494,125,095
State House	3,449,989,445
Ministry of Health	2,038,743,569
Ministry of Water	677,174,540
Ministry of Gender	444,883,175
Ministry of Local Government	252,816,228
Ministry of Education And Sports	164,101,497
Ministry of Agriculture	116,019,121
Ministry of Foreign Affairs	97,839,000
Ministry of Trade	69,071,262
Ministry of Works	49,019,753
Ministry of East African Community	43,425,396
Ministry of Justice	27,740,596
Ministry of Internal Affairs	165,996
<b>TOTAL</b>	<b>209,919,874,339</b>

Source: MoFPED

***Funds should be allocated towards undertaking a study on the effectiveness and productivity of tax expenditures in Uganda. This should inform reforms in the determination and issuance of development incentives in the country.***

#### **4.4 Low Funding for Infrastructure Maintenance**

As the country undertakes massive infrastructure developments, it has been noted that meagre allocation are made towards their operations and maintenance. This constrains the realization of the dividends of the expansionary fiscal interventions and facilitates degradation of infrastructural developments. For instance, it has been established that roads maintenance annually requires in between UGX 800 billion to UGX 1.2 trillion<sup>9</sup>. Unfortunately, agencies such as Uganda Road Fund that is charged with maintenance of roads is projected to be allocated only UGX 487 billion leaving it with a maintenance deficit of UGX 100 billion in its budget request for FY2022/23.

***As a best practice, all infrastructure projects should be allocated at least 20% for operations and maintenance within any given financial year<sup>10</sup>.***

<sup>9</sup> Uganda Road Fund, 2019. Annual Report 2018/19. Financing Road Maintenance

<sup>10</sup> World Bank, 2016. Uganda Economic Update 7<sup>th</sup> Edition. From Smart Budgets to Smart Returns: Unleashing the Power of Public Investment Management